

## **For Immediate Release**

**5 May 2015**

### **AHF Retained Bond Sale achieves tightest spread yet**

In the week leading up to the General Election, the Government guaranteed aggregator Affordable Housing Finance (AHF) priced a retained bond sale transaction for Orwell Housing, the 3,500 unit Ipswich based Housing Association, at a new record low for a public bond. With a cost of Gilts + 0.30% for 27 years, the £5m transaction is the lowest spread yet achieved under the AHF programme.

Orwell drew the first half of their £10m participation in the £194m tap transaction in March at a cost of 2.92%. The latest retained bond, at 2.78%, allowed Orwell to mitigate so called cost-of-carry, while achieving all-in costs for their entire funding comfortably below 3%.

Piers Williamson, AHF's Chief Executive highlighted the competition between investors to purchase the bonds: "this is the first time we have had multiple reverse enquiries (from investors) to purchase retained bonds. The competition allowed us to tighten our spreads. Particularly as we enter a period of market uncertainty, it is great to see this demand for our bonds".

Volatility has mostly manifested itself in a rise in Gilt yields. In the week since AHF last issued retained bonds, the cost of the reference Gilt has risen 0.17%.

Chris Wyer, Director of Finance and Resources at Orwell said "the proceeds from this retained bond are the final part of the funding required to deliver all our new homes under the National Affordable Housing Programme 2015-2018. We are delighted to have obtained this at such competitive long term rates and achieving the lowest credit spread in the sector to date is the icing on the cake".

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