

AHF's EIB II Facility outprices own name credit spreads

08 November 2017

For Immediate Release

This week, The Government guaranteed aggregator, Affordable Housing Finance (AHF) has priced a further two transactions under its £1bn EIB II facility.

On Monday, AHF agreed a drawdown of £70,000,000 for Yorkshire Housing. This 30-year amortising loan is to be accessed in December, priced at a fixed rate of 1.852% and a tight spread of only 1 basis point (0.01%) over UK Government Gilts. The issuance marks yet more competitive lending under the AHGS, regardless of the Government backed programme nearing the end of its underwriting period.

Yorkshire Housing's Director of Finance, Guy Millichamp, said: "This is a great boost to help us provide much needed affordable homes across Yorkshire. The funding unlocks the next phase of our programme to provide 3,000 new homes in the region."

On Wednesday, AHF agreed a drawdown of £25,000,000 for Orbit South's existing EIB Loan priced at a fixed rate of 1.702% for 10 years, revising in January 2028. The funds are going towards the HA's ambitious plans to build 12,000 homes by 2020.

Orbit South's Treasury Director, Jonathan Wallbank, said: "As the second largest developing housing association, Orbit is committed to building homes that meet need and aspiration of our customers now and in the future. This low-cost funding will support our target of providing 12,000 much-needed new homes by 2020."

Both HA's priced significantly inside spreads being achieved on HA standalone bonds, such as the recent Catalyst bond which priced at an all-in cost of 3.21%. Orbit's pricing comes an estimated 0.70% per annum inside L&Q's recent benchmark 12-year deal. This gives further evidence that own name bond credit spreads have widened since Moody's sovereign downgrade and emphasises the competitive nature of AHF facilities.

AHF still has £206.5M remaining of their much-desired EIB II facility funding. This will be allocated by the end of 2017, alongside a further £50m of retained bonds to on lend by the time of the scheme's conclusion.

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