

Bromford and LGIM co-create sector first £50m funding partnership

24 August 2023 - Bromford and Legal & General Investment Management's ("LGIM's") Private Credit team have co-created an innovative new funding deal which provides the housing association with £50m of investment under Bromford's Sustainable Finance Framework. The funding deepens their existing relationship and helps Bromford as it aims to deliver over 12,000 new energy efficient and affordable homes by 2031.

In a first for the social housing sector¹, the funding has been delivered through re-couponsing Bromford's existing £100m private placement with LGIM, which was originally agreed in 2020. That original funding has contributed towards several important delivery milestones for Bromford over the past three years, including 3,400 new affordable homes and energy efficiency improvements on its existing homes, with 87% of homes now at EPC C or above. Bromford's relationship with LGIM began in 2012, when they entered into their first private placement. Since then LGIM has been one of the housing association's leading investment partners.

The re-couponsing, which was supported by Newbridge Advisers LLP, releases £50m of embedded value in the private placement as immediate cash proceeds. It is repaid over 40 years with an amortising repayment curve, well suited to the long-term horizon of LGIM's pension clients. The new funding represents Bromford's first proceeds under its updated 2023 Sustainable Finance Framework which was published in June and accredited by DNV Business Assurance Services UK Limited.

The funds will help accelerate Bromford's strategic plan to become more sustainable by coaching customers into employment or training, employing more graduates and apprentices, and seeking to reduce carbon emissions to under three tonnes per home. They will also contribute to the construction of 12,000 more homes over the next eight years.

With over one million households on local authority waiting lists in England², Bromford is committed to playing its role in providing more affordable housing across the West Midlands and West of England. Bromford built a record 1,265 new homes last year and in recent months has secured planning permission for its biggest land-led developments to date, for 180 and 100 homes respectively at two sites in Gloucestershire. Bromford has been a top three developer of social rented homes in England for three consecutive years and aspires for 25% of its new homes pipeline to be in large-scale brand-new communities by 2035.

Imran Mubeen, Director of Treasury, Bromford said: "In an elevated rate economy with limited market activity, we are facing into new challenges and we must rise to meet them with innovative thinking to deliver fresh solutions. Working with LGIM to retrofit our legacy private placement created a more agile pathway to new funding without the full weight of new legal documents, a full security charging cycle or an extended roadshow. The funds were received quickly following our first discussion, and the immediacy of pricing was a key attraction in a rising rate environment. The creativity and expediency of the deal is a testimony to our decade long partnership. We hope it will set a further precedent for our sector and sit alongside conventional routes to new funding so housing associations have a full menu of options from which to select, as we optimise our funding strategies in a challenging economic climate.

"The transaction immediately strengthens our liquidity and will be complimented by further funding for later this year. We still have over eight thousand households on local authority waiting lists across our core geographies, and the delivery of new energy efficient homes is a core component of our framework and new corporate strategy with its focus on scale, place and impact."

Steven Bolton, Head of Corporate Private Credit, LGIM Real Assets added: "This funding demonstrates how we can work collectively to invest in the UK's towns and cities and deliver new, much needed social and affordable homes. This investment supports our clients' long-term pension

commitments and helps provide for housing, jobs and increased economic activity. As a leading organisation in the sector we're pleased to strengthen our existing partnership with Bromford and help deliver an innovative funding solution for them."

Grant Vaughan, Partner at Newbridge Advisers LLP, added: "Newbridge are pleased to have supported Bromford and LGIM as they continue to push boundaries and lead the social housing sector to create new models for funding. Both organisations have once again shown their ability to adapt to meet evolving market conditions, and this re-coupon represents the strength of their relationship to work as trusted partners and at pace to deliver innovation. We would encourage other housing associations to follow Bromford's lead and examine potential opportunities with their investors to restructure legacy funding to create new routes to the market."

ENDS

[1] – Based on publicly available data for the sector as at 17.08.2023

[2] – According to UK Government statistics report on [Social housing lettings in England, tenants, April 2021 to March 2022](#)

Notes to editors

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*As at 30 June 2023

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Bromford.



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* LGIM internal data as at 30 June 2023. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions

About Bromford

Bromford is one of the UK's largest housing associations, with its 46,000 properties in the West Midlands and West of England providing homes to more than 110,000 people. It believes in providing warm, safe and secure homes and is consistently one of the biggest builders of new affordable homes every year.

But at its core, Bromford is a people business and wants its customers to thrive. It believes that having a great place to call home is just the start and with the right relationships and someone who believes in your potential almost anything is possible. That's why it continues to make a difference through investing in building relationships with its customers through its neighbourhood coaches so its customers get to where they want to be.

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