

Press Release

For immediate release: Wednesday 11 December

MORhomes PLC S&P A- rating affirmed (outlook revised to negative)

S&P Global Ratings has today affirmed its 'A-' long-term issuer credit rating and 'A-2' short-term rating on MORhomes, and its 'A-' issue rating on the company's £5 billion EMTN senior secured debt program. At the same time S&P has revised the outlook from positive to negative on 'prolonged expansion'.

While we are very disappointed by the revised outlook, due to revising our targets for growing our loan book, we have achieved a great deal in our first year: becoming an operational lending business, establishing our social bond programme, making a successful debut benchmark issue and two recent taps bringing our loan book up to £312.5m. From start-up we have become the sector market leading aggregator in our first year, lending a greater amount to more housing association borrowers than all other aggregators combined. However, under the S&P rating methodology our rating continues to be constrained because of our start-up status.

MORhomes remains well capitalised with equity and loans from borrowers, second secured debt and standby liquidity facilities that provide 4 layers of financial buffer for the bondholders. It also holds substantial cash balances.

S&P research update confirms the progress we have made is establishing our operational structure, management policies and governance standards, and tackling operational challenges. The report also confirms that our 'match-funding principle and collateralization largely mitigate financial risks' and that 'the company assesses its credit risk policies effectively and monitors the asset quality of its lending portfolio'.

ENDS

Notes to editors

MORhomes was established in response to the concerns about the capacity of the sterling bond market to fund the needs of housing associations.

MORhomes is an initiative created by the Housing Association sector, for the Housing Association sector. MORhomes is a new funding agency to allow associations regular access to the capital markets.

MORhomes provides its Borrowers;

- Flexibility to borrow in amounts from £10m upwards - saving the cost of having to borrow larger amounts which might be more than is needed at any one time

- Quick access to the market, reducing uncertainty over the price of funds
- Flexibility on types of security offered and efficient use of security
- Simple documentation and reduced costs and resources in going to the market
- No onerous corporate financial covenants
- Transparent predictable credit process and annual credit limit.

Over time, it aims to expand the investor base beyond the UK and is specifically targeting socially responsible investors. MORhomes is a plc 100% controlled by housing associations. It follows the UK Code of Corporate Governance and aspires to the highest levels of corporate governance and transparency. MORhomes is capitalized by equity and subordinated debt provided by its borrowers, and third party junior debt.

MORhomes' borrowers are:

Borrower Name	Borrower Group Name
A2Dominion South Ltd	A2Dominion
Aster Communities Ltd	Aster Group
Synergy Housing Ltd	Aster Group
EMH Housing and Regeneration Ltd	EMH
Hafod Housing Association Ltd	Hendre
Local Space Ltd	Local Space
Melin Homes Ltd	Melin Homes
North Devon Homes	North Devon Homes
Heart of Medway Housing Association Ltd	MHS
Charter Housing Association Ltd	Pobl
Tai Gwalia Cyf	Pobl
South Yorkshire Housing Association Ltd	South Yorkshire (SYHA
Wandle Housing Association	Wandle

For more information please contact Patrick Symington, CEO MORhomes
patrick.symington@morhomes.co.uk / 01256 862005/ 07867 537373