

Tuesday 19 November 2019

## **MORhomes closes £12.5m North Devon Homes deal**

MORhomes PLC, the funding agency owned by more than 60 housing associations has today announced that it has raised £12.5m for North Devon Homes (NDH), executing the deal in just two working days. NDH becomes MORhomes' 11th housing association borrower.

In a volatile market this underlines the attractions of the structure developed by MORhomes to permit rapid market access for borrowers so that they can take advantage of pricing opportunities.

The tap was to the existing 3.4% bond maturing in 2038 and brings the total issued to over £300m. NatWest Markets acted as sole bookrunner and the issue was priced at 105.9 to give a total yield of 2.98%

The proceeds of the issue will be used to make a loan to NDH which has plans to develop new affordable homes in North Devon and invest in its current services to benefit local communities.

Philippa Butler, Finance Director at NDH, said;

“This is a great outcome for NDH, allowing us to continue and develop our plans to invest in services and bring forward more affordable homes across North Devon.

“It is important and reassuring to have the stability this brings during these uncertain times. There was excellent collaboration from all involved and ultimately MORhomes was an attractive option for us due to the flexibility and responsiveness of their team in delivering the funding within our agreed targets. This will help us to continue creating communities where people want to live.”

MORhomes is owned by some 60 housing associations and is rated A- with a positive outlook by rating agency Standard & Poor's.

In its recent rating analysis, S&P highlighted MORhomes' strong financial profile and structure, which mitigates credit risk, and said the rating could be upgraded within two years if its business plan is met.

Neil Hadden, chair of MORhomes said; “Our team prides itself on flexibility and efficiency and the fast turnaround of this deal shows what we can achieve for our borrowers. I'm delighted we have been able to secure this all important funding for North Devon Homes and look forward to seeing how this supports them in achieving their ambitions to improve lives and communities.”

The Programme also benefits from a second party opinion from Sustainalytics on its compliance with Social Bond principles.

Patrick Symington, CEO of MORhomes added; “This is a brilliant outcome for NDH and for the future of MORhomes. It gives us a sense of pride that we were able to execute the deal so quickly in a volatile market to achieve a great result and take advantage of current low interest rates.”

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.

The borrowers in the issue 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 South Yorkshire Housing Association Ltd Wandle Housing Association	Pobl South Yorkshire (SYHA Wandle
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This issue will bring the total loans advanced by MORhomes to housing associations to £312.5m.

**Ends**

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