MORhomes PLC

Investor Update

Published 27 January 2020

Your presenters today

MOR

Patrick Symington, Director and Chief Executive

- Over 30 year's experience within financial services
- Finance professional, originally from the private sector, with long experience in the housing sector as an exec director, NED and consultant.
- Most recently Executive Director at First Wessex responsible for Finance, IT, Governance and Business Transformation. Until recently he was also a Board Member and Chair of Risk at Stonewater HA.

Malcolm Cooper, NED, Chair of New Issue Committee and Senior Independent Director

- Finance professional with wide experience in infrastructure, property and construction.
- Over 15 years as Group Treasurer for National Grid plc
- Non-executive director at CLS Holdings plc where he Chairs the Audit Committee and is Senior Independent Director at Morgan Sindall plc where he Chairs the Audit Committee and the HSE Committee. He is also a member of the Audit Committee of Local Pensions Partnership Ltd and independent non-executive director and chair of the Audit Committee of Southern Water Services Limited

David Carton, Credit Committee Member

- Previously Senior Credit Analyst with Legal & General Investment Management
- Experience in analysing financial strength and business position of companies, covering a number of sectors including Social Housing
- Was part of the L&G Rating Committee, evaluating strength of investments, including HA private placements
- Member of the Audit Committee of Evolve Housing + Support since 2016
- Board position at Mount Green Housing Association

Summary

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- Loan book and pipeline are building
- Strong bond performance
- Operating efficiency
- Strong credit policy and processes
- Loans performing well
- Good progress with security charging
- Demonstrable social impact
- Rating confirmed

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1. Introduction

MORhomes – thumb-nail sketch

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Purpose

"To support the provision of social and affordable housing in UK by acting as a central borrowing vehicle designed to facilitate access to the capital markets for not for profit distribution registered social housing providers"

Governance

- PLC owned by eligible HA borrowers
- Applies UK Corporate Governance Code
- Social bond

Capital structure

- 4 layers of financial buffers for senior debt (See Appendix A)
- Second secured debt maintained at 3.5% of loans
- Equity and CoCo maintained at a minimum of 1.65% of loans
- Funds on-lent 'back to back'

Loan book

- Attractive asset class
- Dynamic credit management policy

2. Business Progress

Building loan book
Bond performance
Operational Efficiency

Building loan book

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Successful tap issues growing loan book

	Loan book £m
Initial issue - Feb 2019	260
Tap - Oct 2019	40
Tap - Nov 2019	12.5
Loans at 31 Dec 2019	312.5

Strong proposition for borrowers

- Fast access to bond market
- Efficient on HA resources
- Minimum amount only £10m – cost of carry savings
- Limited business covenants and restrictions
- Flexible and efficient use of security
- Security charging not required at drawdown
- Low transaction cost
- Interest pricing competitive, depending on borrower options

Market leading aggregator for the sector

Bond issues by aggregators Calendar year 2019	£m	%
MORhomes	302	59%
THFC	73	14%
Blend	135	26%
Others	0	0%
Total	510	100%

Source: JCRA

Strong pipeline for future borrowing

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	Year to March 2019	April to mid-Jan 2020	Cumulative total
Shareholders[1]	60	1	61
Credit rated by MORhomes[2]	21	9	30
Standby liquidity agreements		7	7
Loans	11	2	13
Borrowing groups	9	2	11

Notes

1. HA groups who are shareholders adjusted for mergers

2. Cumulative total includes those pending renewal

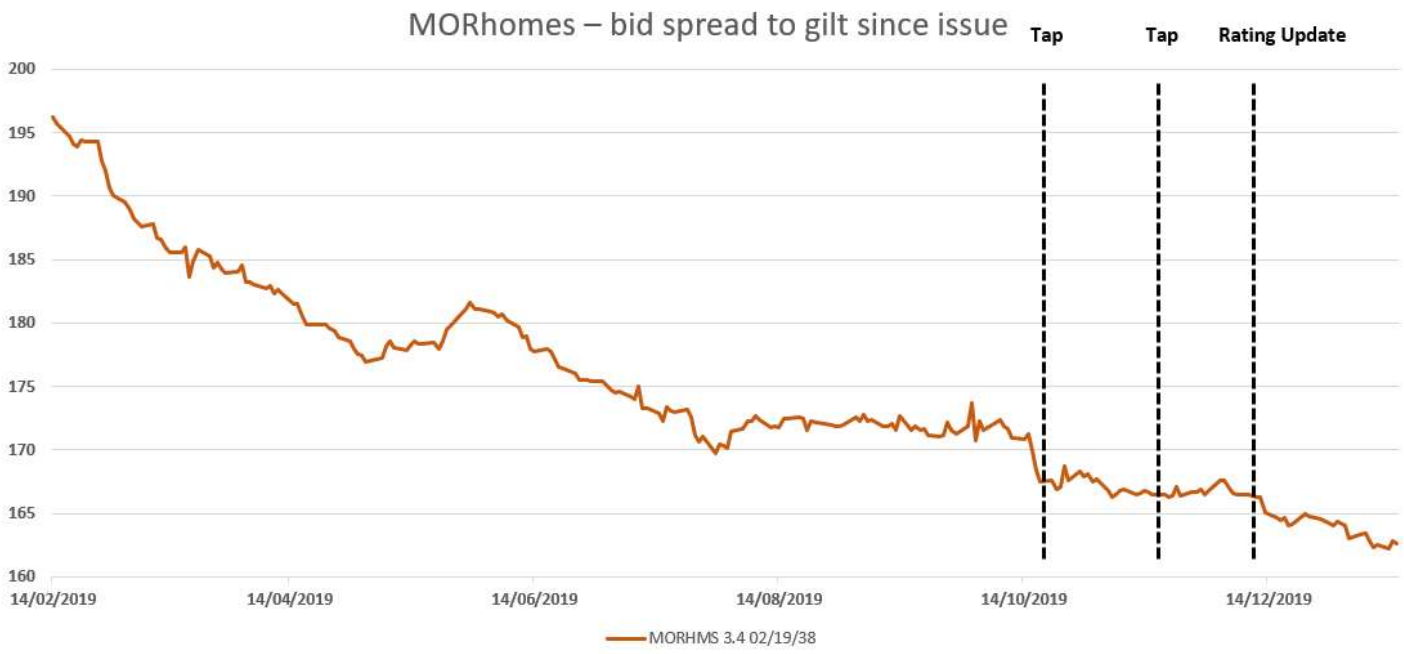
Standby liquidity agreement

- Borrower gets credit clearance
- Borrower prepares all documentation and CPs in advance. Held in escrow at MORhomes' solicitors
- Access to market in 2 weeks or less*
- Documentation fee £25k, recoverable against issue costs (compare typical £50m standby credit facility cost around £250k per year)

*Subject to market conditions

- New 'standby liquidity agreement' product (see box) – take-up building
  - Maximises MORhomes' speed and efficiency benefits for borrowers
  - Strong potential to convert to borrowers
  - Source of additional income to MORhomes
- There are around 160 other potential borrowing HAs not shareholders. A significant number of future borrowers could come from this pool

Strong bond performance



- Steady reduction in spread since issue
- Attracting new investors
- Taps had no effect on secondary spread

Chart shows bid spread to benchmark 2038 gilt (in basis points). Source: Bloomberg

Operational update

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Operating systems and controls in place

- Operating effectively since inaugural issue
- First Semi annual coupons due 19 August 2019 - all paid and received on time
- Completed loans and executed taps with market-leading speed & efficiency

New accounting and administration outsourced contract

- Operator experienced in bond administration
- Improved efficiency, costs reduced and linked to income longer-term
- Flexibility to provide service at different levels of business activity

Capacity committed on the second secured debt

Credit monitoring systems in place and operating above expectations

- Strong relationships established with borrowers
- Monitoring and review systems operating robustly

EMTN Programme updated Jan 2020 (S&P programme rating confirmed A-)

"We were very impressed with how quickly and efficiently the MORhomes team completed this deal. The credit process was quick and MORhomes' standard documentation added to the speed and efficiency of the process which lasted just four weeks from Board approval to confirmation of funds."

Sue Bate, Exec Director Resources
Wandle Housing Association

"The credit and documentation process was very straightforward and only took 6 weeks to complete from our initial expression of interest. Once we committed to borrow, it took just two working days to secure the funding. Overall the time and resources required from us were far less than for any previous funding exercise I have been involved in"

Philippa Butler, Finance Director
North Devon Homes

3. Credit policy and processes

Credit application and management process

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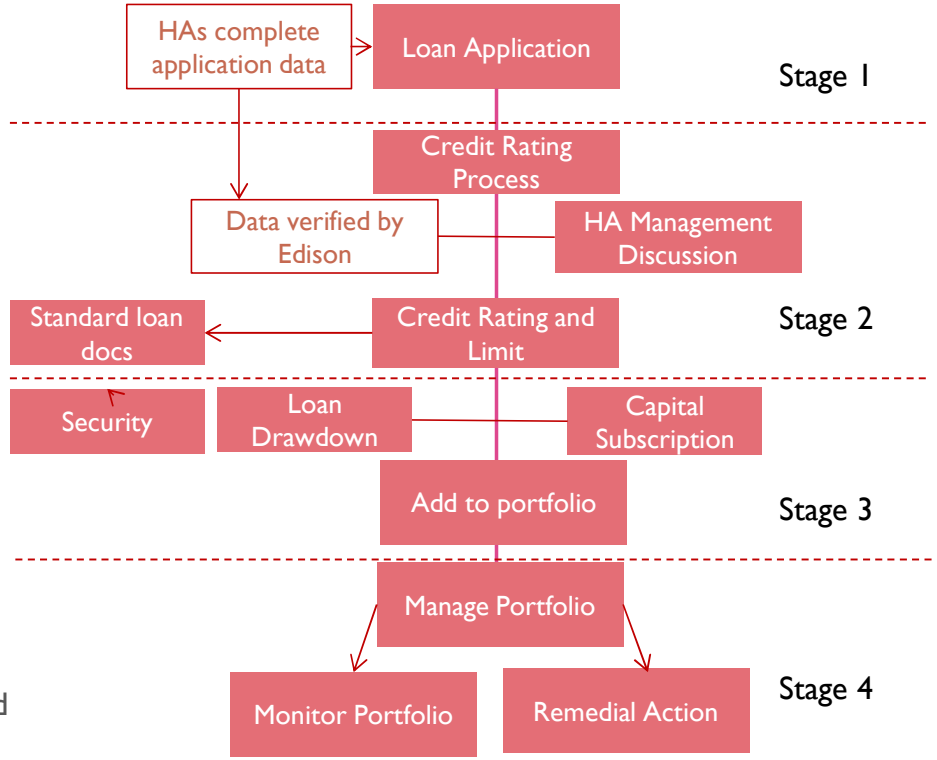
A credit scoring model supported by a transparent process of investigation and oversight - disclosed to investors

A unified process covering credit approval and portfolio management

- Using both public and non public information
  - last 5 years of audited accounts
  - next 5 years approved regulatory business plan (FFR)
  - quarterly management accounts with performance matched to budget
  - credit review/downgrade on significant deviation
- Using Rating Agency metrics
  - 8 key financial ratios
  - grading borrowers into 5 categories, including "fail"
  - supported by independent verification and a detailed credit report from Edison
  - overseen by a specialist credit committee, approved by the board
- Holistic portfolio management
  - feeds into a publicly disclosed portfolio management policy
  - borrower diversification, single name exposure limits
  - lending limits on each category/bias to better credits
  - mechanism to adjust for credit deterioration



Credit Process

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10 years of key credit ratios to generate an initial credit score

- ✓ Adjusted EBITDA margin
- ✓ Adjusted EBITDA interest cover
- ✓ SH EBITDA interest cover
- ✓ Net Debt/EBITDA
- ✓ Net Debt/Voids
- ✓ Net Debt per Unit
- ✓ Liquidity
- ✓ Capacity

See appendix for definitions

Category	Exposure
Level 1	12.0% of MORhomes total issuance
Level 2	10.0% of MORhomes total issuance
Level 3	8.0% of MORhomes total issuance
Level 4	6.0% of MORhomes total issuance
Fail	Does not meet the requirements

Until MORhomes has issued £500m, single name exposures are based on a notional £500m issue

Key business considerations that influence the credit score

- ✓ Quality of management
- ✓ Development programme
- ✓ Open market sales
- ✓ Mix of business activities
- ✓ Regulatory ratings
- ✓ Public credit rating
- ✓ Operational KPIs
- ✓ Quality and location of stock
- ✓ Debt portfolio
  - Types of funding
  - Fixed/floating mix
  - Refinancing risk
  - Standalone swaps

Credit Committee - reviews the outcome - can amend the credit score*

Peter Shorthouse
NED & Chair of Credit Committee

Malcolm Cooper
SID, Chair of New Issue Committee

Ann Santry
NED

David Carton

Andrew Newberry

***The Credit Committee can increase the rating by half a notch but reduce it to any level considered appropriate**

Dynamic Credit Management Policy

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Each borrower allocated an initial Lending Level

- Determines individual loan limits, and
- Feeds into the portfolio loan limits

Portfolio loan limits control borrowings at each level

- L1 - unlimited, L2 - 60%, L3 - 30%, L4 - 20%

(The board has limited discretion to merge Levels)

Loan Limits are continuously monitored

- Quarterly against budget
- Annually (or more often) against the business plan/ financial forecasts

Material changes in performance affect the Lending Level

- Raised/lowered as appropriate

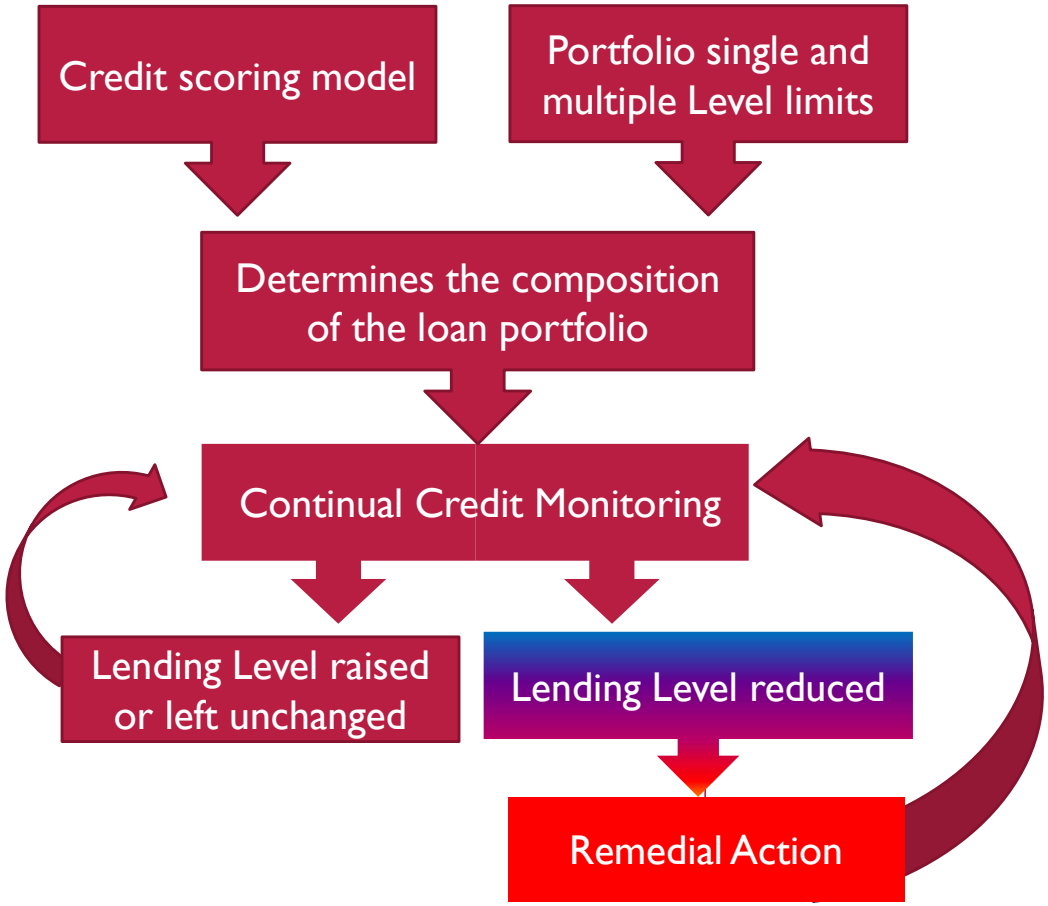
Changes to the Lending Level

- Affects the loan portfolio, restricting future borrowing
- Alters the borrowers individual loan limit

If the borrower exceeds its new lending limit

- It must pledge cash against the loan

Means effective action is taken to protect loan credit quality



Remedial Action on Credit downgrade or Merger

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Where there is a reduction in Borrower's Credit Level that results in a breach of the single name limits, the Borrower will be required to do the following:

- For a 1 notch fall – place 6 months' interest in a blocked deposit to the order of MORhomes
- For a 2 notch fall – place 12 months' interest in a blocked deposit to the order of MORhomes
- For a 5 (fail) – place 18 months' interest in a blocked account or
  – 12 months plus added security cover
  – in either case engaging with MORhomes to rectify the situation

In the event of exceeding a Credit Level caused by a merger, the Borrowers will be required to meet the same requirements plus further penalties where the overall single name exposure limit is exceeded. E.g. for a Level 1

Exposure	12%	13-15%	16-20%	21-25%
Penalty deposit required	Credit Level	1yr Interest	2yr Interest	3yr Interest

Anything above these will require the new merged entity to at least partially redeem the loan.

4. Loan portfolio performance

Introduction

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MORhomes credit monitoring process includes

- Review of quarterly borrower management accounts
  - Including review of quarterly regulatory return, development programme and property sales risk
- Continuous update on borrower intelligence (eg management changes, regulatory judgements, external ratings)
- In-depth review of annual published accounts
- Annual review of borrower business plan and credit model
  - Full update of credit model metrics and overall credit score
  - Unique access to unpublished information

Full 2019 annual credit renewal review was completed for all borrowers

- One upgrade no downgrades to credit levels
- Overall metrics stable

Individual borrower forecast and management accounts data is confidential but:

- The slides that follow use public information from our review of the 2019 published accounts
- Aggregate results from latest quarterly management accounts are also shown below

A Balanced Portfolio

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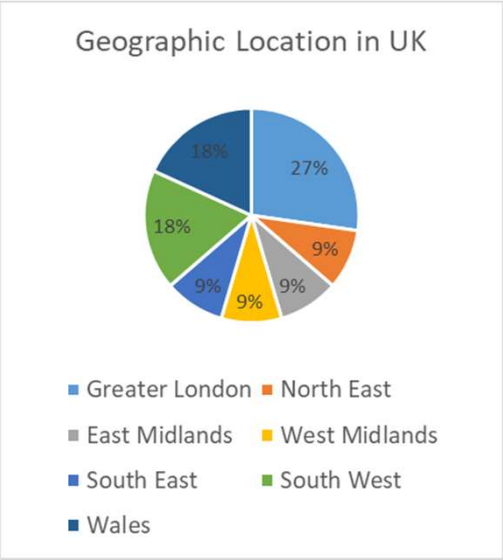
Borrowing Group	Units under Management	Turnover (£m)	Operating surplus (£m)	Profit Before Tax (£m)	Public Rating
A2D	38,133	372.2	53.6	25.5	A+ Fitch
Aster	30,791	211.9	59.3	55.4	A+ S&P
EMH	20,534	103.8	30.9	15.9	A+ S&P
North Devon	3,418	16.2	4.6	1.0	n/a
Pobl	17,297	134.7	22.7	10.2	n/a
MHS	9,064	61.4	26.4	16.5	Private
SYHA	5,753	48.7	6.3	2.3	n/a
Hafod	6,097	55.4	8.3	4.0	n/a
Melin	4,174	24.3	3.7	0.7	n/a
Local Space	2,378	29.1	18.2	4.7	AA- S&P
Wandle	7,538	68.6	21.6	18.8	n/a

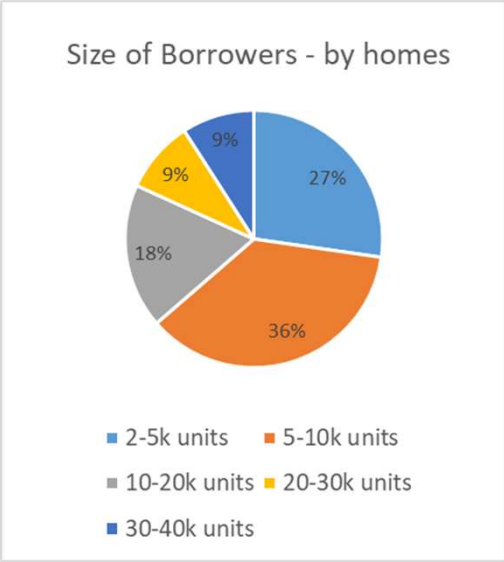
Source: borrowers' published accounts 2019. Public ratings from Fitch and S&P January 2020

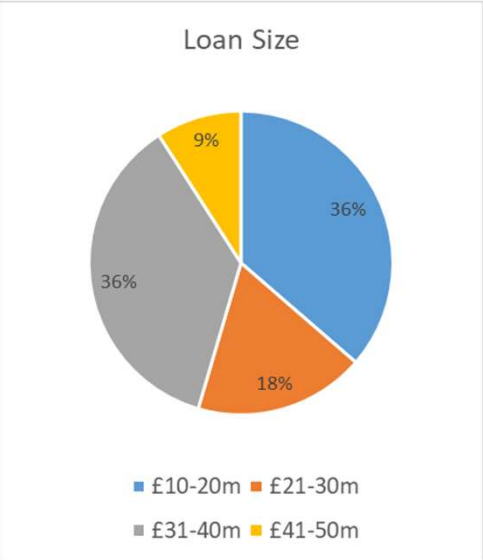
Diverse with strong internal credit ratings

- 11 borrowers with 13 loans
  - Geographically diverse
  - Split between rated and unrated borrowers
  - Broken down between public and non public ratings
  - Wide spread of unit sizes
  - Variety of different business models
  - Varying commitment to development

Mix of borrowers			
Rating	#	% of Loans	Total loans
Rated	5	54%	£167.5m
Unrated	6	46%	£145.0m
Credit Level	**#**	**% of Loans**	**Total Loans**
Level 2	6	66%	£207.5m
Level 3	5	34%	£105.0m







Public rating of MORhomes portfolio (where available)		
S&P	Moody's	Fitch
AA-/ A+	-	A+

Data includes all borrowers as at 31 December 2019. Ratings as at 17 Jan 2020 (source: JCRA, rating agencies). Geographic location refers to Head Office. Borrower homes from 2019 accounts.

MORhomes shareholder credit ratings

Analysis of number of credit cleared shareholders by lending level and how MORhomes lending levels map across to public ratings

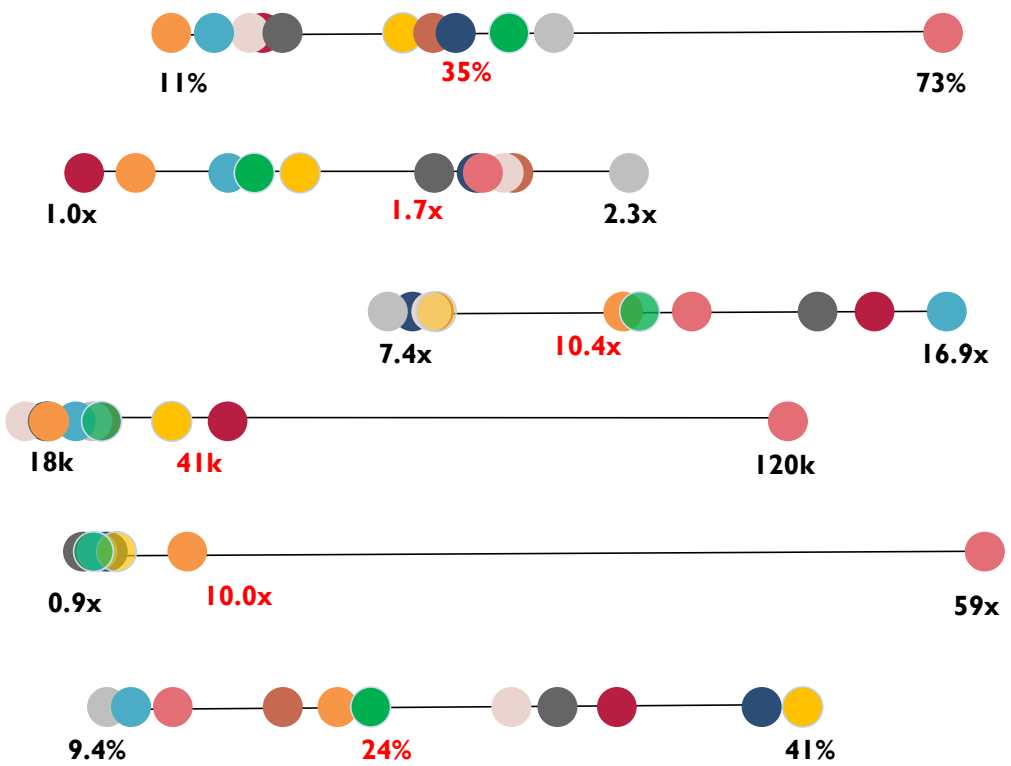
Credit rated shareholders					
MORhomes Credit level	#	%	S&P	Moody's	Fitch
Level 1	**2**	**7%**	-	A1	-
Level 2	**14**	**47%**	AA-/ A+	A2	A+
Level 3	**13**	**43%**	A+/A	A3	A+/ A
Level 4	**1**	**3%**	-	-	-
Level 5/fail	**-**	**-**	n/a	n/a	n/a
Total	30	100%			

Shows strength of potential pipeline of MORhomes borrowers

Agency ratings show range of credit ratings for 19 shareholders who have been rated by MORhomes and also have agency ratings (as at Nov 2019).

Good Financial Metrics

- **Operating margins**
  - Adjusted EBITDA margin
- **Interest Cover**
  - Adjusted EBITDA ICR
- **Debt repayment**
  - Net debt/EBITDA
- **Gearing**
  - Net DpU
- **Liquidity**
  - Cash + undrawn facilities/ contractual commitments
- **Capacity**
  - Value of unsecured assets/ Housing loans



2019 MORhomes Average[1]	Sector average[2]
35%	25%
1.7x	1.5x
10.4x	9.96x
£41.3k	£25.6k
10.0x	n/a
24%	n/a

A2Dominion, Hafod, MHS, Wandle, Aster, Local Space, Pobl, North Devon, EMH, Melin, SYHA

Source for individual borrower data: published accounts 2019
[1] Average is for English borrowers only, from their 2019 financial accounts
[2] Global Accounts 2019 – Includes English HAs over 2,000 units

And Strong Operating Performance

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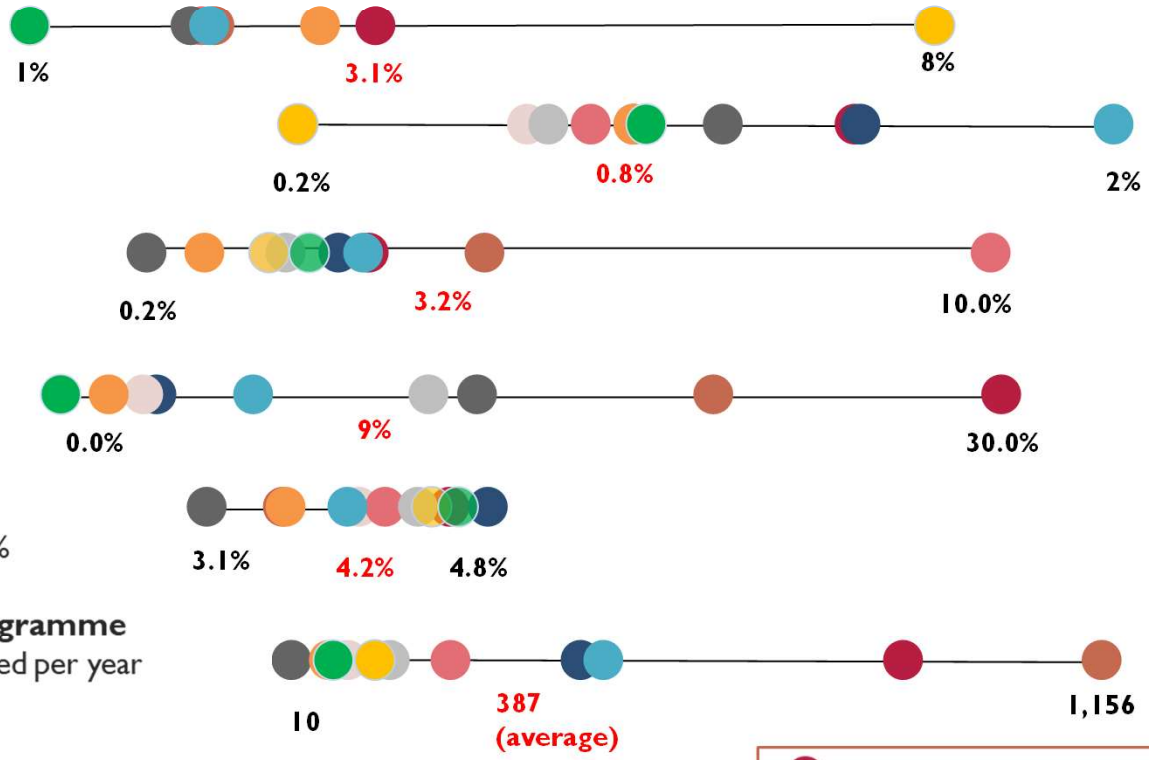
- **Rent arrears**
  - % arrears
- **Voids**
  - % rent lost to voids
- **New homes**
  - % of portfolio
- **Property sales**
  - % of turnover
- **Cost of funds**
  - Average cost of debt %
- **Annual development programme**
  - Average units developed per year

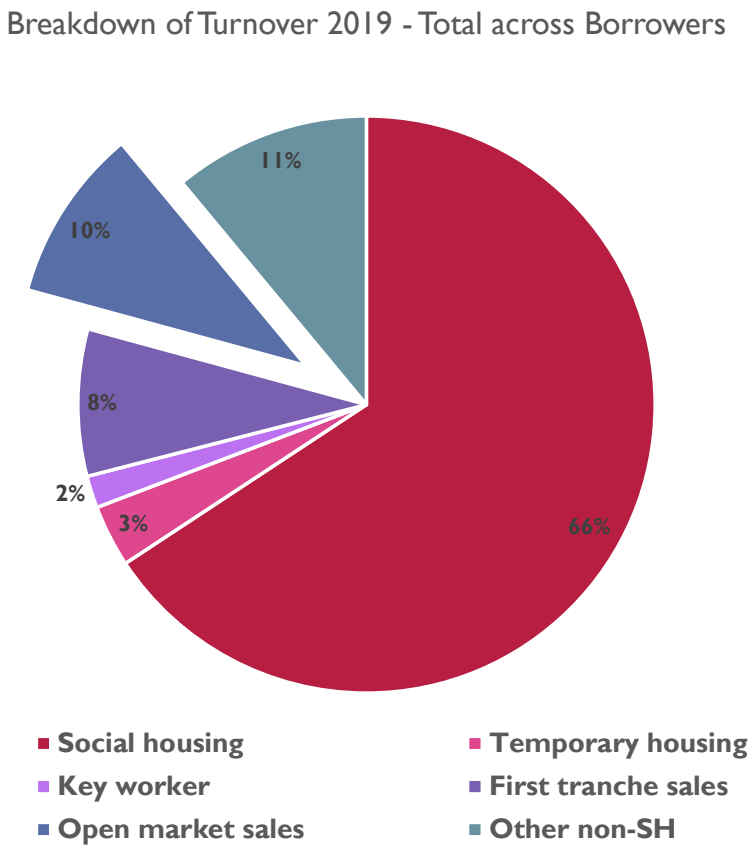


	2019 MORhomes Average[1]	Sector average[2]
Rent arrears	3.1%	4.7%
Voids	0.8%	1.52%
New homes	3.2%	1.6%
Property sales	8.5%	7.1%
Cost of funds	4.2%	4.7%
Annual development programme	387	226

A2Dominion, Hafod, MHS, Wandle, Aster, Local Space, Pobl, North Devon, EMH, Melin, SYHA

Source for individual borrower data: published accounts 2019
(1) Average is for English borrowers only, from their 2019 financial accounts
(2) Global Accounts 2019 – Includes English HAs over 2,000 units

With Limited Exposure to Open Market Sales



Source: 2019 financial accounts. All borrowers (including Wales)

Credit monitoring – latest analysis

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Latest borrower management accounts show almost all outcomes favourable to budget

- Operating surplus and net profit up
- Turnover is down due to some falling behind on property sales. However this highlights that net profit budgets are not necessarily dependent on property sales. Unsold units monitored and not a cause for concern overall
- Cash and debt indicators favourable to budget
- All borrowers have at least 18 months available liquidity

6 Months to September 2019	Total (9 borrowers in initial issue)		
	Actual £k	Budget £k	Variance £k
Turnover (£000)	515,904	545,909	-30,006
Operating surplus (£000)	137,843	134,030	3,813
Op Margin - %	**27%**	**25%**	2%
Net Profit(£000)	79,755	65,678	14,078
Net Financing Costs	80,871	81,893	1,022
Cash Deposits	314,410	268,569	45,841
Total Debt	4,380,747	4,420,804	40,057
Net Debt	4,066,337	4,152,235	85,898
Net Debt per unit	31.3	31.9	0.6
Net Debt/EBITDA*	11.6	12.1	0.5
EBITDA MRI%	**30%**	**26%**	4%
EBITDA MRI% - Interest Cover	**190%**	**172%**	18%

5. Security charging update

Approach to security charging

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Rationale for MORhomes approach to security at drawdown

- Security charging is very time-consuming and administratively complex for HAs
- Can slow down borrower access to new funds by 6 months or more
- MORhomes borrowers are credit checked and must have security available to charge. Liquidity and available security are key credit metrics in the credit model
- Option not to charge at drawdown – speeds up access to funds. Very low risk for MORhomes
- Fee penalties to incentivise borrowers to charge as quickly as possible

Update on policy and process

- For future loans (including recent taps) max unsecured period reduced from 24 to 12 months[1]
- Deferred drawdown loans must be secured on drawdown
- Joint borrower/ lender legal initiative to speed up process has been very successful
- Additional incentives to get charge in place very quickly and confirm valuation within 12 month deadline

(1) This commitment is included in annual Programme Memorandum update January 2020

Security charging progress

MOR

Current security position (20 Jan 2020)

Loans in initial issue (£260m)

- £186m (72%) secured
- For remainder property identified and due diligence in progress
- On course to be secured by first anniversary of loan (19 Feb 2020) when penalty fee applies

New loans (£52.5m)

- £40m (76%) secured using new faster processes
- Remainder on course to be charged within 6 months of drawdown

Overall £226 (72%) charged

(1) Policy decision by MORhomes Board, not reflected in Programme Memorandum. Policy could be changed in future

6. Social impact update

Social impact report highlights

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Social impact of our borrowers

- Borrowers are not-for-profit housing associations
- 83% turnover high social impact activities
- Remaining turnover has some social impact and/or helps subsidise social activities

Use of MORhomes loans funds

- All proceeds applied to social projects
- Identified down to specific schemes1
- Over 2,000 social homes funded (see box)
- Other social impact (see box)
- Specific social impact case studies

Full report due to be published early February

Social housing impact	
Loans	£260m
Number of homes funded	2,233
Average cost per home	£180k
MORhomes funding per home	£116k

Other social impact of schemes
Apprenticeship schemes, free training and job clubs
Money management support
Health classes
Holiday and lunch clubs for children
Regeneration of existing communities
Local employment initiatives

All MORhomes bonds are Social Bonds in accordance with the ICMA Social Bond Principles 2018

(1) For the majority of MORhomes' funding we have identified specific projects for which the funding has been used. For the rest of the funding we have indicative projects.

7. Rating update

S&P MORhomes Rating Update

MOR

Rating confirmed at A-

The Capital Adequacy Assessment is the Key Driver Impacting the Outlook

- 'Very Weak' Business Position driven by the 'Start-Up' nature of the business as defined by S&P methodology – not a view of the current actual business position
- Financial Risk Profile move from Strong to Adequate is driven by the reduction in 'Capital Adequacy' due to the number of borrowers being less than previously expected - therefore a higher concentration charge applied in S&P capital calculation
- The PICRA is decided by S&P semi-annually and is outside the control of MORhomes to influence

S&P research update confirms

- Progress in establishing operational structure, management policies, governance standards, operational challenges
- Financial risks largely mitigated by match-funding principle and collateralization
- 'The company assesses its credit risk policies effectively and monitors the asset quality of its lending portfolio'

S&P Ratings Score Snapshot*

Rating Component	Dec 12th 2019	Jan 11th 2019
Enterprise Risk Profile	Adequate (3)	Adequate (3)
PICRA**	Low Risk (2)	Low Risk (2)
Business Position	Very Weak	Very Weak
Financial Risk Profile	Adequate (3)	Strong (2)
Capital Adequacy	Adequate	Very Strong
Funding and Liquidity	Adequate	Adequate
Overriding Factors		
Start-Up Phase	N/A	One Negative Notch
Outlook	Negative	Positive
Rating	A-	A-

Source: S&P
***PICRA = Public-sector industry and country risk assessment*

7. Conclusion

Conclusion

We have an unchanged focussed strategy which is progressing well:

- Building our loan book by marketing our borrowing proposition
- Attracting more investors and progressively improving spread
- Improving our operating efficiency

Appendix A
Funding structure

Funding MORhomes

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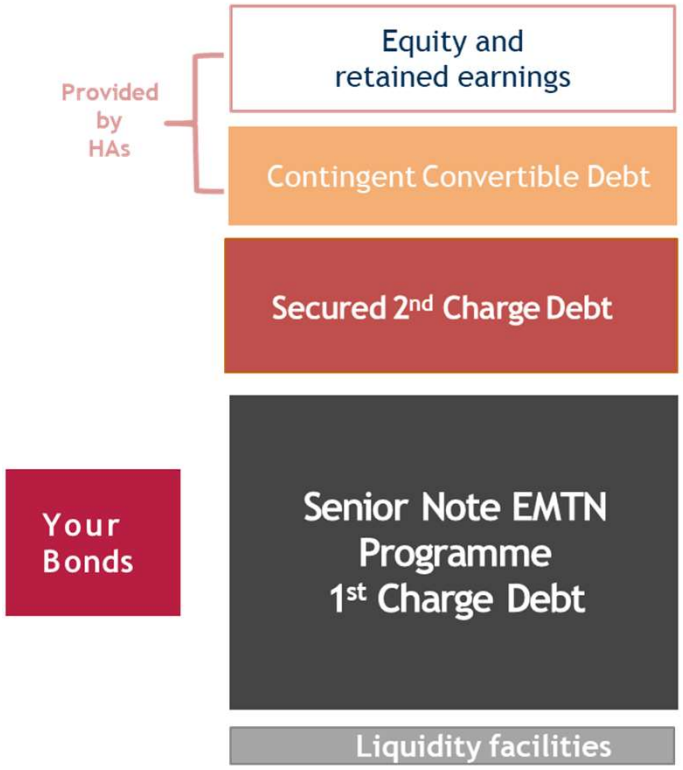
MORhomes has five sources of funding

- Equity: initial subscription + 0.5% loans
- Contingent convertible debt: 1.15% loans
- 2nd Charge secured debt: 3.5% of loans
- Senior 1st Charge secured debt
- Standby liquidity facility

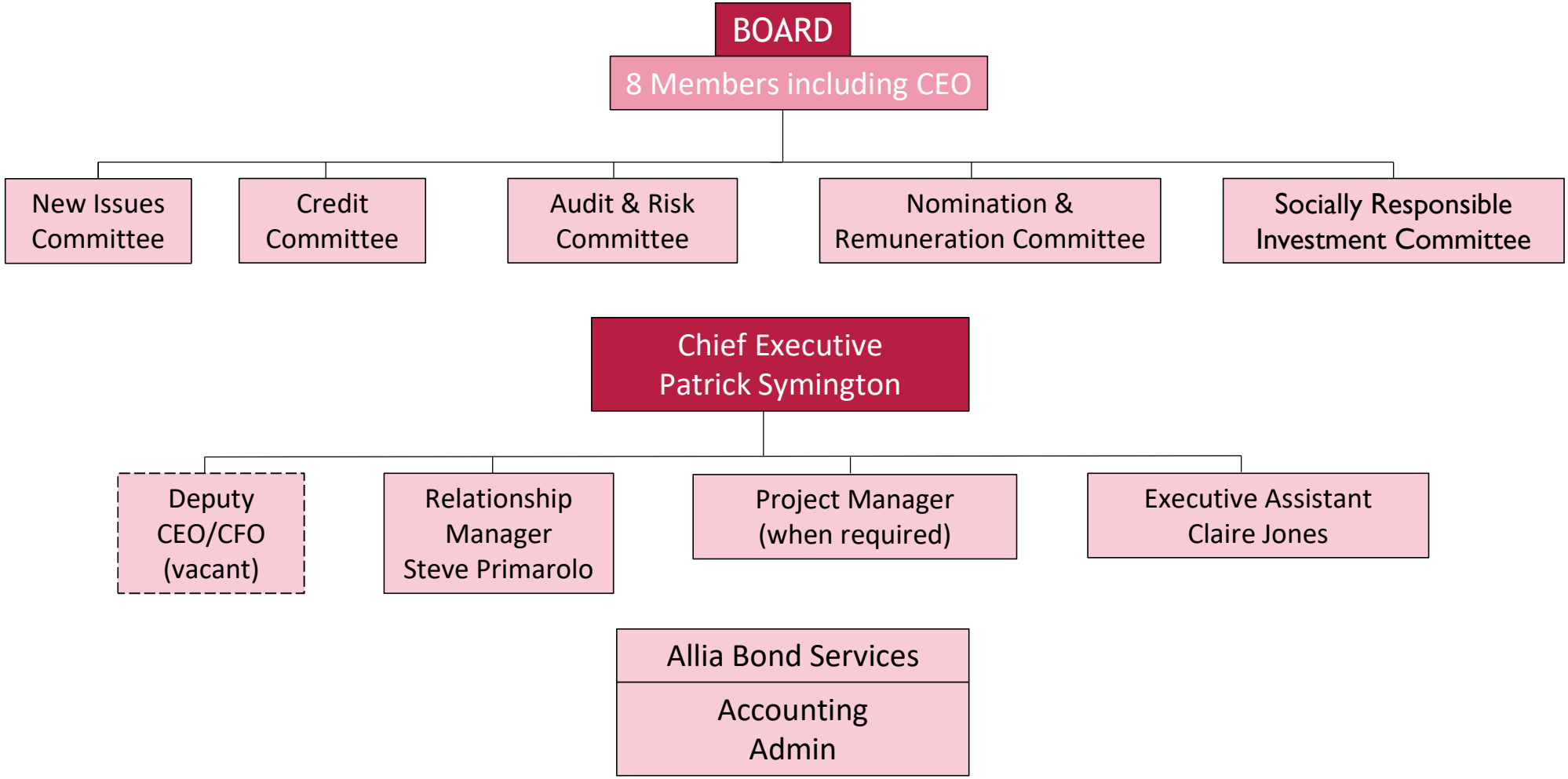
MORhomes take no funding or rate risk

- On-lending on a back to back basis
- Charging a margin over its own average cost of debt
- Requiring HAs to pay interest before it is due on MORhomes' own funding



Appendix B
Organisation chart and Board members' CVs

MORhomes Organisation Chart



The Board of MORhomes (1)

The Board of MORhomes PLC has been created in accordance with the requirements of the Memorandum and Articles of Association.

It currently consists of 8 members under the chair of Neil Hadden

CEO elected to Board in 2019, no other changes

Their C.V.'s are set out below:

Neil Hadden, Chair

- Entered the housing sector in 1978 and spent 27 years at the Housing Corporation, then industry regulator
- Moved to Aldwyck Housing Association in 2005 as group Chief Executive.
- Became Chief Executive of Genesis in October 2009. Stepped down in 2018 on the merger of Genesis with Notting Hill
- Chair of Golden Lane Housing Association

Ann Santry, CBE, NED

- Over 20 years' experience as Chief Executive within the housing sector and most recently CEO of Sovereign Housing Association until June 2018
- Was awarded the CBE in 2012 for services to social housing.
- At Sovereign, successfully led 5 mergers, 2 bond issues and managed the growth of the business from 11k to 56k homes
- Ann is a NED on the Board of the States of Jersey Development Company as well as Chair of the Remuneration Committee. She is also Chair of the Barnwood Trust and was previously Vice Chair of the National Housing Federation.

The Board of MORhomes (2)

Malcolm Cooper, NED, Chair of New Issue Committee and Senior Independent Director

- Finance professional with wide experience in infrastructure, property and construction.
- Over 15 years as Group Treasurer for National Grid plc
- Non-executive director at CLS Holdings plc where he Chairs the Audit Committee and is Senior Independent Director at Morgan Sindall plc where he Chairs the Audit Committee and the HSE Committee. He is also a member of the Audit Committee of Local Pensions Partnership Ltd and independent non-executive director and chair of the Audit Committee of Southern Water Services Limited

Rob Young, NED

- Over 30 years' experience at the 'Chief Officer' level within the housing sector
- Held a number of Executive and Non-Executive positions, including with Torus and the NHF North West Regional Chief Executives Forum
- Trustee and Chair of Port Sunlight Village Trust. Non-executive director, Prima Housing Group

Andrew Kitchingman, NED, Chair of Audit Committee

- A chartered accountant, corporate financier and Board level adviser
- Holds a number of NED positions, including with Incommunities Group and the non-executive Director of the Andrews Sykes Group PLC and is Chairman of The British Board of Agreement Ltd.
- Participated in over 25 IPOs, 50 fundraisings, 100 M&A transactions, and number of strategic reviews

Patrick Symington, Director and Chief Executive

- Finance professional, originally from the private sector, with long experience in the housing sector as an exec director, NED and consultant.
- Most recently Executive Director at First Wessex responsible for Finance, IT, Governance and Business Transformation. Until recently he was also a Board Member and Chair of Risk at Stonewater HA.

Peter Shorthouse, NED, Chair of Credit Committee

- Over 30 year's experience within financial services
- Director of Treasury at Paragon Banking Group, specialising in all aspects funding and cash management, together with serving on the company's Executive and ALCO committees.

Charles Tilley OBE, NED, Chair of Nom & Rem Committee

- Former CIMA Chief Executive and partner of KPMG
- Extensive involvement in the Accountancy profession, through roles supporting organisations such as CGMA and IFAC
- Undertaken a variety of NED roles, including with Great Ormond Street Hospital Foundation Trust
- Chairman of IFAC's Professional Accountants in Business Committee and CEO of International Integrated Reporting Council.

Co-opted Credit Committee Members

In addition to the non executive directors, there is a provision to co-opt members to serve on key committees.

At present MORhomes has two co-opted member on the credit committee:

David Carton

- Previously Senior Credit Analyst with Legal & General Investment Management
- Experience in analysing financial strength and business position of companies, covering a number of sectors including Social Housing
- Was part of the L&G Rating Committee, evaluating strength of investments, including HA private placements
- Member of the Audit Committee of Evolve Housing + Support since 2016
- Board position at Mount Green Housing Association

Andrew Newberry

- Andrew is a fellow of the Institute of Chartered Accountants in England and Wales
- Over 20 years of experience in housing as a Director of Finance
- Worked in industries including Financial Services, Construction and Property Development, after working for an international firm of chartered accountants in the UK and Africa. He is a NED at TPT Retirement Solutions, a Pension Master Trust

MORhomes Advisors

Contract/ service area	Advisor Name
Auditors	KPMG
Legal (documentation)	Devonshires
Legal Advisers – (EMTN Programme: arrangers and dealers counsel)	Allen and Overy
Legal (corporate governance)	Wedlake Bell
Legal (security charging)	Addleshaw Goddard
Financial advisers	JCRA
Accounting and company admin service	Allia Bond Services
Business planning model	AFTS (formerly Altair)
Tax advice	RSM
Bond paying agent and bankers	Bank of New York Mellon
Bond Trustee	Law Debenture

Appendix C
Definitions of metrics in MORhomes credit model

DEFINITIONS OF RATIOS

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Ratio	Definition
1. Adjusted EBITDA / Revenues	a. Adjusted EBITDA – the total operating profits (before fixed asset sales) as taken from the financial statements, adjusted for property depreciation and impairment (add back) and capitalised major repairs (deduct). b. Revenues – the total turnover of the borrower as taken from the financial statements
2. SH EBITDA / Interest	a. The total EBITDA from social housing activities – usually taken from note to the accounts detailing turnover, operating surplus and business segment but excluding shared ownership first tranche sales. It is the total social housing activities, not just social housing lettings b. Interest – the total cash interest paid (as taken from the cash flow statement in the financial statements) less the total cash interest received
3. Adjusted EBITDA (all) / Interest	a. Adjusted EBITDA – as calculated in "1" above. The total EBITDA including all activities (social and non-social) b. Interest – the total cash interest paid (as taken from the cash flow statement in the financial statements) less the total cash interest received
4. Net Debt / EBITDA	a. Net Debt – total net debt from the financial statements. The total of short and long term outstanding debt less cash holdings (which can be allocated to the borrower's discretion) b. EBITDA – as taken in "1" above but does not include capitalised major repairs
5. Net debt / (annual voids x OMV values)	a. Net Debt – total net debt from the financial statements. The total of short and long term outstanding debt less cash holdings (which can be allocated to the borrower's discretion) b. Annual voids – the number of voids that the borrower usually encounters each year for the general needs portfolio c. OMV values – a calculated estimate of the average open market value of each general needs property in the portfolio
6. Net Debt by total whole units	a. Net Debt – total net debt from the financial statements. The total of short and long term outstanding debt less cash holdings (which can be allocated to the borrower's discretion) b. Total whole units – the total number of units – amended to exclude car spaces, leaseholds, bed spaces, commercial units and the proportion of shared ownership properties which have been sold (either first tranche or staircasing) c. The committee may wish to take into account those borrowers who have the majority of their stock in Central London, where average cost of a new property will be as high as £200k
7. Cash & undrawn facilities as % of commitments	a. Cash - cash holdings (which can be allocated to the borrower's discretion) b. Undrawn facilities – total documented facilities less the outstanding drawn balance c. Commitments – the contracted and committed spend agreed by the board. Commitments can include contracted housing grant receipts but not sales receipts. Can be from the annual accounts or calculated by management.
8. Uncharged assets as a % of debt	a. Uncharged assets – those assets which could be charged to a MORhomes loan. Management can determine the valuation methodology (EUV, MVT etc) based on the actual pool of uncharged stock and prepare a calculated estimate of its valuation. b. Debt – total net debt from the financial statements. The total of short and long term outstanding debt less cash holdings (which can be allocated to the borrower's discretion)

DISCLAIMER

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