

## Press Release

Issued: 2 December 2020

### **MORhomes' Credit Rating Reaffirmed as A- by S&P**

In line with its regular calendar, S&P Global Ratings (S&P) has conducted its annual review of MORhomes and has reaffirmed MORhomes' credit rating of A-.

While coronavirus remains a hot topic, this reaffirmation is a significant sign of confidence in MORhomes which S&P says "is making progress in building a stronger market share and continues to attract shareholders". S&P highlights the "relative resilience of the U.K. housing sector, the credit risk management that prevents lending to less-creditworthy housing associations, and the different layers of protection in MORhomes such as equity, subordinated debt, and access to standby liquidity facilities.". The rating also comments on MORhomes' strengthening of its management team with the resultant growth in both current loan book and future pipeline. As S&P indicates, "business is expanding and has reached the level of some of the other bond aggregators in the U.K.".

Regarding risk management S&P says "funding policies mitigate interest rate, currency, and asset-liability mismatches, the company assesses its credit risk policies effectively and closely monitors its lending portfolio's asset quality".

MORhomes is still defined as a "start-up" by S&P. S&P's methodology indicates that a "start-up" is generally rated one or two notches lower for a four-year period<sup>1</sup>. MORhomes started trading as a private company in March 2018, was established as a public company in June 2018, and completed its first bond issuance and on-lending in February 2019. S&P states that "the rating continues to be constrained by our view that MORhomes will continue operating as a startup-like entity in the next two years".

Patrick Symington, CEO of MORhomes said: "We are very pleased at this demonstration of confidence that S&P has shown in MORhomes' business. We have shown that in difficult times we have a very relevant funding offer for our Housing Association shareholder / borrowers and look forward to continued steady growth in our business in the year to come".

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.

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<sup>1</sup> See Table 16 in para 107 at [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/type/HTML/id/2481510](https://www.standardandpoors.com/en_US/web/guest/article/-/view/type/HTML/id/2481510)

Its mission is to support the provision of Social and Affordable Housing in the United Kingdom by acting as a central borrowing vehicle designed to facilitate access to the capital markets by not for profit, registered social housing providers

MORhomes is an initiative created by the housing association sector, for the housing association sector. It allows associations regular access to the capital markets.

MORhomes provides its borrowers with

- 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
- Immediate access to funds with up to a year to put security in place
- Simple documentation and reduced costs and resources in going to the market
- Minimal corporate financial covenants
- Transparent predictable credit process and annual credit limit.

MORhomes is a plc 100% owned and 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. All MORhomes bonds are Social Bonds in accordance with the ICMA Social Bond Principles 2018.

MORhomes' first issue of £250m was completed in February 2019 and it has now issued and on-lent £408m. Its current borrowers are:

<u>Borrower Name</u>	<u>Borrower Group Name</u>
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 HA
Wandle Housing Association	Wandle

# MORhomes PLC



Thrive Homes Origin Housing Limited Eastlight Community Homes	Thrive Homes Origin Eastlight
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