

Press Release

Issued: 24 March 2021

MORhomes issues at another record low spread, closing £28m loan deal for Calico Homes

Following on from the record low spread achieved in its January 2021 issuance, MORhomes PLC, the housing association bond aggregator owned by more than 60 housing associations, has achieved another record low spread, again issuing via a reverse enquiry significantly below the current bid price, this time to a new investor.

MORhomes raised £28m for a new borrower, Calico Homes, who only became a shareholder in MORhomes in February 2021. This is MORhomes' 19th housing association loan, and the deal brings MORhomes' total loan book up to £457m.

The majority of the funds were raised via a tap to the existing 3.4% bond maturing in 2038 and brings the total issued on the bond to £438m. Allia C&C acted as sole lead manager on the deal. MORhomes took advantage of strong demand for its bonds and issued the bond at a yield of 2.768%, a spread of 154bps (1.54%) over the benchmark gilt rate, which was significantly below the current bid price. This is the lowest spread that has been achieved since the launch of the bond in February 2019.

Against a backdrop of continuing economic uncertainty this once again underlines the attractions of the structure developed by MORhomes to permit rapid market access for borrowers so that they can execute deals at the right time and the right price.

Patrick Symington, Chief Executive of MORhomes, said: "We are delighted to have executed this transaction and achieved an excellent price for our new borrower, Calico Homes. Our flexible and efficient processes enable our borrowers to move quickly and borrow the amount they need at a time that is right for them and right for the market. In this case we were able to execute the deal within 3 days of receiving the instruction from the borrower. With a range of other benefits such as flexible use of security and minimal business covenants we are becoming one of the leading options for fixed term debt for housing associations."

Neil Hadden, Chair of MORhomes said: "MORhomes was set up to improve access for housing associations to the financial markets. We are delighted to welcome new shareholder and borrower Calico Homes. Our model of quick and efficient access to the market is proving more relevant than ever. Each new loan strengthens the platform and puts us in a better position to provide more loans in the future".

Karen Cunliffe, Assistant Director of Finance at Calico Homes said: "At Calico, we are committed to continuing our ambitious development strategy and are delighted that we have been able to secure funding from MORhomes, which will help us to achieve further growth. We are impressed by how quick and efficient the process has been. The minimal

covenants, the flexibility in the security arrangements, ease of putting the funds in place, as well as the competitive rates, made this option particularly attractive. This funding will allow us to develop over 400 additional properties over the next 4 years, creating homes and investing in communities where everyone thrives”.

ENDS

Notes to editors

MORhomes is a unique and innovative borrowing vehicle for the UK social housing sector. It is constituted as a PLC and applies the highest standards of corporate governance. Its shares are owned by over 60 major not-for-profit UK housing associations. Its public debt is traded on the London Stock Exchange. It raises finance on the bond markets and lends it on to housing associations, who must be shareholders.

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 100% owned and controlled by housing associations. It 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, and in February 2021 MORhomes launched its Sustainability Bond Framework which will enable all future MORhomes bonds to be Sustainable Bonds.

MORhomes’ first issue was completed in February 2019 enabling it to on-lend £260m. The loan portfolio has now increased to £457m. 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
Thrive Homes	Thrive Homes
Origin Housing Limited	Origin
Eastlight Community Homes	Eastlight
Housing Solutions	Housing Solutions
Calico Homes	Calico

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CALICO HOMES

Calico Homes, part of **The Calico Group**, owns and manages over 5,000 homes in Lancashire. They aim to make a difference to the quality of life of individuals and the wider communities in which they work, providing accommodation for families, individuals and older people, plus supported housing and services for those homeless.

Find out more at <https://calicohomes.org.uk/>

The Calico Group is made up of several innovative charities and businesses working together across the North West to make social profit, rather than financial profit; this is the driving force behind a wide range of high-quality services.

Each part of The Calico Group has its own specialism and expertise. Together, they have a track record of providing a complete community service across domestic abuse, homelessness and addiction support, housing, healthcare, employability, training and construction.

In 2020, The Calico Group ranked No.5 in the prestigious [Inclusive Top 50 UK Employers List](#).

Find out more at <https://calico.org.uk/>