

Press Release

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MORhomes launches 30-year Sustainability Bond with £19m loan deal for Cornerstone

Following on from the launch of its ground-breaking [Sustainability Bond Framework](#) earlier this year, MORhomes PLC, the housing association bond aggregator owned by 66 housing associations, has now launched its first Sustainability Bond.

The initial issue of the new 30-year maturity enabled MORhomes to lend £19.3m to a new shareholder and borrower, Cornerstone Housing Ltd. This is MORhomes' 21st housing association loan, and the deal brings MORhomes' total loan book up to £492m. MORhomes intends to build this new maturity to benchmark size, and this provides a platform to provide greater issuance flexibility to housing associations and to showcase their sustainability credentials.

The Framework requires borrowers to undergo a Sustainable Housing Assessment independently certified by the pan-European real estate consultancy, RITTERWALD. Cornerstone achieved a strong result from the assessment, surpassing the Environmental, Social and Governance (ESG) standards defined in the framework. These criteria are based on the core criteria in the [Sector Reporting Standard](#) for Social Housing. (Further details on Cornerstone's ESG performance are given below).

MORhomes once again demonstrated its ability to execute deals quickly in a volatile market. In this case pricing the loan was completed within a few days of the instruction being received from the borrower, ensuring that very low long term gilt rates could be locked in.

This follows [MORhomes' tap](#) of its 17-year bond and on-lending of £16.1m to Broadacres Housing Association on 8 November 2021.

Patrick Symington, Chief Executive of MORhomes, said: "We are proud to have developed a genuinely unique approach to assessing the sustainability impact of our housing association borrowers. Borrowers like Cornerstone who meet our standards are going above and beyond current requirements and helping meet the Government's zero carbon target and the United Nations Sustainable Development Goals. From this initial issue we intend to build up the new 30-year sustainability bond alongside our existing 17-year social bond."

Neil Hadden, Chair of MORhomes said: "The social housing sector can clearly demonstrate a powerful, long-term impact on individuals, communities and society as a whole. MORhomes is proud to have launched this new sustainability bond which enables our housing association borrowers to demonstrate to investors the excellent sustainability work which they are doing. We are delighted to welcome new borrower Cornerstone, one

of four new shareholders this year. 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”.

Tom Woodman, Chief Executive at Cornerstone said: “We are in both a climate crisis and a housing crisis, so it’s very timely to be part of this new sustainability bond that will help Cornerstone deliver much-needed new affordable homes at high energy-efficiency standards. The MORhomes process was swift and effective, and we are pleased to be part of this”.

NatWest, who acted as sole lead manager on the deal and also acted as sole ESG structuring bank on the development of the Sustainable Bond Framework. George Flynn, Corporate Financing and Risk Solutions at NatWest said: “We are delighted to have supported MORhomes on their inaugural Sustainability Bond having supported the team on the establishment of their Sustainable Bond Framework earlier this year. This provides a further maturity for potential MORhomes borrowers and provides access to both Social and Sustainability Bonds for social housing providers that wishing to tap into the sustainable capital markets for modest funding requirements”

ENDS

NOTES TO EDITORS

MORhomes

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 66 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.

In February 2021 MORhomes launched its [Sustainability Bond Framework](#) which enables all future MORhomes bonds to be Sustainable Bonds in accordance with the ICMA (International Capital Markets Association) ‘Sustainability Bond Guidelines’. Existing bonds are Social Bonds in accordance with the ICMA Social Bond Principles 2018. Sustainalytics has independently reviewed MORhomes’ Framework and provided a positive Second Party Opinion.

MORhomes’ first issue was completed in February 2019 enabling it to on-lend £260m. The loan portfolio has now increased to £492mm. Its current borrowers are:

<u>Borrower Name</u>	<u>Borrower Group Name</u>
A2Dominion South Ltd	A2Dominion
Aster Communities Ltd	Aster
Synergy Housing Ltd	Aster
EMH Housing and Regeneration Ltd	EMH
Hafod Housing Association Ltd	Hendre
Local Space Ltd	Local Space
Melin Homes Ltd	Melin
North Devon Homes	North Devon
Heart of Medway Housing Association Ltd	MHS
Pobl Homes and Communities Ltd (previously two loans, now consolidated)	Pobl
South Yorkshire Housing Association Ltd	South Yorkshire
Wandle Housing Association	Wandle
Thrive Homes	Thrive Homes
Origin Housing Limited	Origin
Eastlight Community Homes	Eastlight
Housing Solutions	Housing Solutions
Calico Homes	Calico
Broadacres Housing Association	Broadacres
Cornerstone Housing Ltd	Cornerstone

For more information please contact Patrick Symington, CEO MORhomes
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Results of Cornerstone’s Sustainable Housing Assessment

Cornerstone undertook MORhomes’ Sustainable Housing Assessment (independently verified by pan-European real estate consultancy, RITTERWALD) and achieved a very strong overall ESG score of 78%, with good scores on each of the Environmental, Social and Governance strands. We recognise 50% as a positive score, so Cornerstone is performing extremely well on sustainability. Some highlights from their assessment are as follows:

- Average EPC* rating of existing stock already a high ‘C’ (score of 75)
- New build stock built to a minimum EPC standard of B*
- Around 6% of stock already equipped with low carbon heating

- Strong programme of tenant information on ventilation, heating, fire safety and energy saving measures
- Sustainability strategy aligned with the Government's deadline of zero carbon by 2050.

*EPC = Energy Performance Certificate, the industry standard measure of property energy performance, which uses a scale of 0-100 in bands G to A.

Cornerstone Housing Ltd

Cornerstone offer affordable, high-quality, rented and shared ownership homes across Exeter and the surrounding areas. Every year we build more homes to meet the growing need in our region. We manage 1,400 properties across Exeter, Teignbridge, Mid Devon and East Devon. In 2021 we have agreed a new strategy that will significantly increase the number of new affordable homes we deliver each year.

Find out more at www.cornerstonehousing.net