

Press Release

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MORhomes issues at another record low spread, closing £16m loan deal for Broadacres HA

Following on from the record low spread achieved in its earlier issuances this year, MORhomes PLC, the housing association bond aggregator now owned by 66 housing associations, has achieved another record low spread of 130bps which was a remarkable 9bps below the prevailing screen bid price. The issue was placed in response to a 'reverse enquiry' from a new investor.

MORhomes raised £16.1m for a new borrower, Broadacres Housing Association, who only became a shareholder of MORhomes in mid-October 2021. This is MORhomes' 20th housing association loan, and the deal brings MORhomes' total loan book up to £473m.

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 £453m. Barclays acted as sole lead manager on the deal. MORhomes issued the bond at a yield of 2.47%, a spread of 130bps (1.30%) over the benchmark gilt rate, which was 9bps below the Bloomberg screen bid price at the time. This placement following reverse enquiry shows the strength of the demand for MORhomes bonds and is the lowest spread that has been achieved since the launch of the bond in February 2019.

Against a backdrop of continuing economic uncertainty and increasing long-term interest rates, the borrower was keen to lock into current rates. The whole process of documenting and pricing the loan was completed within 3 weeks. With the market surprised by last week's budget, gilt rates dropped by about 0.2% and MORhomes was able to move quickly and secure an excellent rate on Monday.

Patrick Symington, Chief Executive of MORhomes, said: "We are delighted to have executed this transaction and achieved an excellent price for our new borrower, Broadacres HA. 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 document and execute the deal from a standing start within 3 weeks. 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 borrower Broadacres HA, 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".

David Smith, Director of Resources at Broadacres HA said: “We are delighted with the outcome of this exercise with MORhomes Plc, which completes our comprehensive refinancing cycle. The process of securing £16.1m, from a new lender for Broadacres, was swift, at a time of considerable economic uncertainty and represents excellent value for money. Broadacres will use the funds to continue investing in new and existing homes, across North Yorkshire, focussing on energy efficiency and environmental sustainability coupled with maintaining our excellent customer experience.”

Sam Goldman from Centrus, who advised the borrower, said: “This transaction provides Broadacres with flexible financing that supports its funding needs over the longer term. The process moved quickly, enabling Broadacres to take advantage of the recent drop in gilt rates. We were delighted to advise Broadacres on this transaction.”

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 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. 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 £473m. 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

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BROADACRES HOUSING ASSOCIATION

Broadacres is a successful, innovative, not for profit housing association based in the market town of Northallerton in North Yorkshire. We provide a range of services to over 6,500 homes. Our vision is 'to be the best rural housing association in the country' delivering Great Homes, Great Customer Experience and Great Places.

Established in 1993, Broadacres continues to grow with homes throughout North Yorkshire and beyond including Hambleton, Darlington, Richmondshire, Harrogate, Redcar and Cleveland, Ryedale, Scarborough, Selby, East Riding of Yorkshire, York and Leeds. We are focused on energy efficiency which delivers for our customers and the planet as a whole.

Find out more at www.broadacres.org.uk