

Press Release

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MORhomes PLC Outlook Upgraded by S&P

Following completion of its regular annual review of MORhomes PLC, S&P has upgraded the Outlook on MORhomes PLC's credit rating from Negative to Stable. [The resultant credit rating is now A- \(Stable\).](#)

In setting out its rationale for the upgrade, S&P states that “The outlook revision reflects our view that MORhomes will continue strengthening its business operations and its borrowers will maintain solid credit quality. Our view is supported by maintained growth in the company's shareholders base, new product offering, and a longer track record of consolidating operations.”

S&P also indicates that “We continue to adjust the rating down because of our view that MORhomes will continue operating as a startup-like entity in the next 12-18 months.”

Regarding risk management S&P says, “In our view, risk management policies provide certainty that MORhomes financial risk profile will remain adequate, and we expect its borrowers' creditworthiness will be upheld”.

This follows two new loans made by MORhomes in November: a tap of its 17-year bond in a £16m [deal for Broadacres Housing Association](#) and a £19m loan [deal for Cornerstone](#) which marked the launch of its 30-year Sustainability Bond.

S&P sees it as positive that “the company has expanded its product offering by launching a 30-year sustainability bond. In addition, management continues focusing on its alignment towards environmental, social, and governance principles”. They note that the Sustainability Bond was issued via MORhomes' [Sustainability Bond Framework](#) launched earlier this year. The ground-breaking Framework requires borrowers to undergo a Sustainable Housing Assessment independently certified by the pan-European real estate consultancy, RITTERWALD, using criteria based on the [Sector Reporting Standard for Social Housing](#).

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.

Patrick Symington, CEO of MORhomes said: “We are pleased that S&P has recognised the growing strength of MORhomes through the upgrade of our outlook from Negative to Stable. We are also encouraged by the scope for further upgrade in the near future as we continue to grow through the remainder of the 4-year startup period specified by S&P's methodology”.

Neil Hadden, Chair of MORhomes said: “As a Company owned by housing associations, we are particularly pleased at S&P’s recognition of our strong risk management, focus on ESG principles and the launch of our sustainability bond. The social housing sector can clearly demonstrate a powerful, long-term impact on individuals, communities and society as a whole. MORhomes is proud to help our housing association borrowers demonstrate to investors the excellent sustainability work which they are doing alongside strong long-term financial management.”

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 £492m. MORhomes has made 21 loans to the following borrowers:

<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 (two loans)	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

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