

Press Release

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MORhomes passes £500m loans landmark with £30m Sustainability Bond deal for Broadland and RBH

Following on from the launch of its new [sustainability bond](#) in November, MORhomes PLC, the housing association bond aggregator owned by 66 housing associations, has made a further issue tapping the Sustainability Bond.

The tap of the 29-year maturity enabled MORhomes to lend £15m each to new borrowers Broadland Housing Association and Rochdale Boroughwide Housing (RBH). This deal means that MORhomes has passed the £500m landmark with the total loan book now £522m.

In December S&P revised the Outlook on MORhomes' [credit rating upward](#) from A- (Negative) to A- (Stable), commenting 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." MORhomes now has in issue 22 loans to 21 different housing association entities. Growing the loan book beyond 20 borrowers is an important landmark in its transition from 'start-up' to established company.

MORhomes' unique capital structure means that around 95% of the loan funds are raised from the associated bonds, with around 5% from second secured debt, equity and contingent loans providing a financial buffer for bondholders. MORhomes has now issued £500m of bonds made up of £47m on this 2.508% bond maturing in 2051 and £453m on the 3.4% bond maturing in 2038. MORhomes intends to continue to build the 2051 bond to benchmark size.

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

MORhomes once again demonstrated its ability to execute deals quickly in a busy and volatile market. In this case pricing the loan was completed within less than a week of the instruction being received from the borrowers, ensuring that long term gilt rates could be locked in amid fears of imminent gilt rate rises. The yield on the tap was 2.729%.

The sole Bookrunner on this tap issuance was NatWest.

Neil Hadden, Chair of MORhomes said: “We are delighted to have passed the landmarks of £500m of loans and 20 borrowers, cementing the success of MORhomes. We are pleased to welcome new borrowers Broadland and RBH. 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”.

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 Broadland and RBH 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. We are pleased to be able to demonstrate to investors the excellent sustainability work which they are doing.”

Iain Grieve, Executive Finance Director at Broadland, said: “At Broadland we are focused on sustainability across all parts of our organisation. Our involvement with MORhomes and their Sustainability Bond has provided us with an opportunity to demonstrate our ESG credentials and obtain competitively priced long-term funding that will allow us to develop new affordable homes.”

Nickie Hallard, RBH Deputy Chief Executive and Director of Resources, said: "We are really pleased to be working with MORhomes. As a mutual housing society, our new funding agreement will help us to deliver on the priorities set out by our tenant and employee members - including building more new homes, continuing our regeneration programme and helping us to move our existing homes towards the ambitious Greater Manchester carbon neutral target of 2038".

Broadland were advised by Centrus. Lawrence Gill, Director Corporate Finance, said: “It was a pleasure to work with Broadland and MORhomes to deliver this successful and competitively priced long-term funding. This financing will enable Broadland to continue to deliver its development programme and meet the needs of its customers.”.

RBH were advised by Chatham Financial. Patrick Reim, Associate said: “We were delighted to support RBH as they accessed the capital markets for the first time through MORhomes; diversifying their debt portfolio and securing the liquidity they need to continue delivering homes and services with even more social impact around the Borough”.

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 £522m. 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 Sustainable Housing Assessment

Broadland and RBH undertook MORhomes' Sustainable Housing Assessment (independently verified by pan-European real estate consultancy, RITTERWALD) and achieved a very strong overall ESG scores in the 70-80% range. We recognise 50% as a positive score, so both borrowers are performing extremely well on sustainability. Some highlights from their assessments are as follows:

- Average EPC¹ rating of existing stock already in band 'C' (70-80), well above the national average for England of 63 (band D)².
- New build stock built to a minimum EPC standard of B
- Broadland has 15% of stock already equipped with low carbon heating
- Strong programmes of tenant information on ventilation, heating, fire safety and energy saving measures
- RBH has issued an Environmental, Social and Governance report for Investors aligned with the [Sector Reporting Standard](#) for Social Housing.

About Broadland Housing Association

Broadland Housing Association was set up in 1963 and is one of the largest traditional housing associations in Norfolk and north Suffolk. It provides more than 5,400 homes, ranging from modern apartments and family homes to sheltered housing and 'housing with care' schemes. Broadland currently has an ambitious programme of 600 new homes in development. This includes social housing, shared ownership and open market sales.

Broadland is strongly committed to supporting and engaging with tenants, helping to develop their life opportunities. It is SHIFT Gold-Award accredited and committed to reducing the impact of its operations on the environment. Broadland Housing is a member of Placeshapers and a founding member of the Homes for Cathy group, which is focused on tackling homelessness.

In 2021 Broadland received a 2-star 'Outstanding' accreditation by Best Companies for employee engagement. As an organisation to work for, Broadland is included in:

- the 10 Best Housing Associations
- the 75 Best Companies in the East of England
- the UK's 100 Best Large Companies.

Find out more at www.broadlandgroup.org

¹ Energy Performance Certificates (EPCs) tell you how energy efficient a building is and give it a rating from A (very efficient) to G (inefficient). See [Guide to Energy Performance Certificates - Energy Saving Trust](#)

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898344/Energy_Report.pdf

About Rochdale Boroughwide Housing

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