

**MORhomes**



**Business Review**  
**Quarter ending 31 December 2025**



## Developments over the quarter

- Annual review undertaken by S&P – rating affirmed as A- and outlook revised upwards to Stable (from Negative)
- Financial results for the 6 months ended 30 September 2025:
  - Underlying net loss significantly reduced from £61k to £22k, almost breakeven
  - Results continue to be supported by strong cost control, with operating costs down by almost 3%
  - Cash balance increased from £2.0m to £2.2m
  - 1 new SLA signed
- Other developments
  - All loans fully secured, 165% cover
  - All borrowers continue to perform



## Developments over the quarter - Mergers

- Mergers amongst our borrowers: during the quarter two mergers – already announced – completed. They are:
  - South Yorkshire HA (borrower) became a subsidiary of Places for People (borrower)
  - Elim (borrower) became a subsidiary of Places for People (borrower)
- MORhomes has a transparent credit process for managing the risk of mergers
  - This is set out in the appendix to the presentation



## MORhomes' S&P rating

- S&P affirmed A- rating in December – “The ratings continue to reflect low to moderate risks of lending to the U.K. social housing providers, the relatively strong creditworthiness of MORhomes' borrowers, its adequate capital position supported by the existence of contingent convertible notes, and its strong liquidity.”
- Outlook revised upwards due to further growth in the loan book and reduced underlying loss
- S&P positive about MORhomes' capabilities and portfolio:
  - “We view the company's risk management policies as sophisticated”
  - “It assesses credit risk effectively and closely monitors the asset quality of its lending portfolio”
  - “relatively strong creditworthiness of MORhomes' borrowers”
  - Match-funding policy “ensures that the company will not form significant funding or liquidity gaps”
  - “MORhomes' liquidity assessment remains strong”



## Portfolio Performance

- Portfolio strength has been gradually improving – despite the challenges facing the sector:
  - % rated Level 2 (equivalent S&P A+) or better increased from 53% in 2019 to 62% in 2025
  - Majority of ratings stable over time, with 7 upgrades since 2019 launch and 4 downgrades
  - Average credit score improved from 2.33 in 2019 to 2.20 in 2025 (where lower is stronger)
  - No Level 4 borrowers in 2025 vs 2 in 2022

Internal Credit Ratings (annual review)	2019	2020	2021	2022	2023	2024	2025
% Level 1 + 2 (min 50%)	53%	60%	60%	62%	65%	68%	62%
Average credit score (lower = better)	2.33	2.29	2.14	2.07	2.14	2.22	2.20
# Upgrades	1	0	2	0	1	1	2
# Downgrades	0	1	0	0	1	1	1
# Unchanged	8	11	14	20	18	18	19

## Borrower Performance – Sep 2025

- **MORhomes borrowers have margins significantly stronger than average**
  - Operating margin over 5 percentage points stronger than industry average
  - EBITDA margin also over 5 percentage points stronger than industry average
  - EBITDA MRI margin over 8 percentage points stronger than industry average

	MORhomes	Peer Group
Operating Margin	22.5%	17.3%
EBITDA Margin	32.4%	27.0%
EBITDA MRI Margin	21.0%	12.8%

### Notes

Peer group = Regulated English HAs.

Source: <https://www.gov.uk/government/publications/2025-global-accounts-of-private-registered-providers>



## Borrower Performance – Sep 2025

- **Less impacted by sales activity than average**
  - Unsold units as % of total stock lower than industry average
  - Unsold >6 months as % of total stock also below industry average
- **Tenant arrears lower than average, voids fractionally higher**
  - Voids losses at 1.87% vs 1.80% industry average
  - Gross tenant arrears at 3.31%, below industry average of 3.60%

	MORhomes	Peer Group
Unsold Units as % total stock	0.22%	0.26%
Unsold >6mths as % total stock	0.11%	0.13%
Void losses	1.87%	1.80%
Gross arrears	3.31%	3.60%

### Notes

Peer group = Regulated English HAs.

Sources: <https://www.gov.uk/government/collections/quarterly-survey-of-registered-providers> and  
<https://www.gov.uk/government/publications/2025-global-accounts-of-private-registered-providers>



## Security charging - 31 Dec 2025

- Security position at 31 December 2025
  - All loans fully secured – overall £538.6m (100%) charged
  - Asset cover minimum 105% (EUV-SH valuation) or 115% (MV-ST)
  - On average loans 46% over-secured above minimum, with total asset cover of 165%
- Security charging process
  - Max 12 months unsecured
- Processes in place to speed up security pledging
  - Typically completed within 6 months, and additional fees payable if not

For further detail see loan portfolio analysis schedule posted on our website <https://morhomes.co.uk/investor-relations/>





## Potential borrower credit ratings

- Analysis of number of credit cleared shareholders / potential borrowers by lending level and how MORhomes lending levels map across to public ratings

Credit rated shareholders / potential borrowers					
MORhomes Credit level	#	%	S&P	Moody's	Fitch
Level 1	<b>4</b>	<b>7%</b>	A+	A1	-
Level 2	<b>27</b>	<b>47%</b>	AA-/ A+ / A	A2 / A3	A+ / A
Level 3	<b>24</b>	<b>41%</b>	A / A-	A3	-
Level 4	<b>3</b>	<b>5%</b>	-	Baa1	-
Level 5/fail	-	-	n/a	n/a	n/a
Total	58	100%			

Public ratings breakdown						
Public rating	AA-	A+ / A1	A / A2	A- / A3	Baa1	Total
# with that rating	<b>1</b>	<b>12</b>	<b>6</b>	<b>6</b>	<b>1</b>	26

Shows underlying credit rating of MORhomes loans approximately equivalent to A+/A (S&P, Fitch) or A2/A3 (Moody's)

Agency ratings show range of credit ratings at time of MORhomes rating for 26 shareholders / potential borrowers who have been rated by MORhomes and also have agency ratings. Where shareholders are rated by more than one agency, only one rating is incorporated. Small samples merged to preserve borrower anonymity



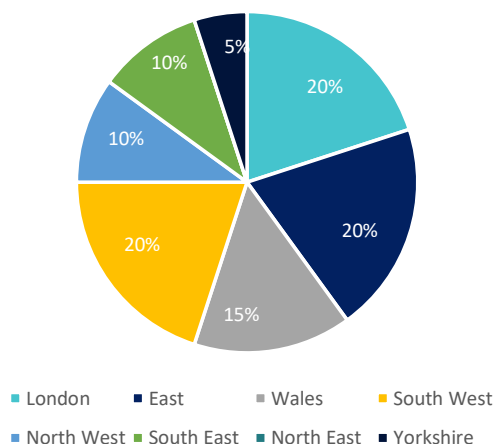
## Appendix



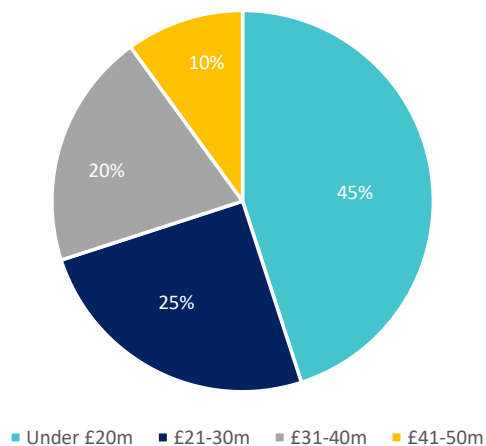
# Analysis of MORhomes loans

- 20 borrower groups (23 entities) with 24 loans at 31 Dec 2025
  - Geographically diverse
  - Split between rated (1x AA-, 3x A+, 4x A, 3x A-) and unrated borrowers
  - Broken down between public and non-public ratings
  - Wide spread of unit sizes
  - Variety of different business models
  - Varying commitment to development

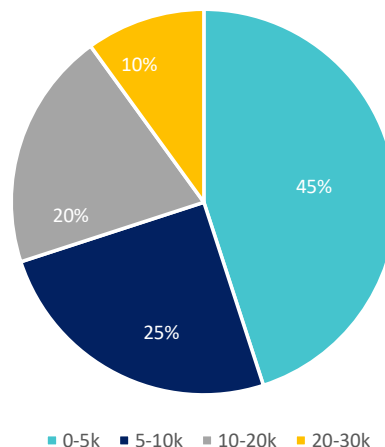
Geographic Region in the UK



Borrowing per Group



Size of borrower groups - units



## Mix of borrowers (entities)

Public Rating	#	% of Loans	Total loans
Rated	11	53%	£287.2m
Unrated	12	47%	£251.4m

## Lending Level

Lending Level	#	% of Loans	Total Loans
Level 1	1	4%	£19.3m
Level 2	13	58%	£315.3m
Level 3	9	38%	£204.0m
Level 4	0	0%	£0.0m

## Public rating of MORhomes portfolio (where available)

S&P	Moody's	Fitch
AA-/ A+/ A/A-	A3	A/A-



Data includes all borrower Groups as at 31 December 2025. Ratings source: Chatham Financial, rating agencies. Geographic location refers to Head Office.

## Loan portfolio – 31 December 2025

Borrower (Regulatory Rating)	Nominal Loan
Local Space (G1/V1)	£50m
POBL Homes and Communities (C/C)	£40m
Wandle Housing Association (G1/V2)	£40m
EMH Housing and Regeneration (G1/V2/C2)	£37.5m
Aster Communities (G1/V2)	£30m
Eastlight Community Homes (G1/V1/C2)	£30m
Places for People – South Yorkshire Housing Association (G1/V2/C1)	£30m
Places for People – Origin Housing (G1/V2/C1)	£30m
Calico Homes (G2/V2/C2)	£27.8m
Thrive Homes (G1/V2)	£25m
Melin Homes (C/C)	£22.5m

Borrower (Regulatory Rating)	Nominal Loan
Housing Solutions (G1/V1)	£21.7m
Selwood Housing (G1/V2)	£20m
Cornerstone Housing (G1/V1)	£19.3m
Broadacres Housing Association (G2/V2/C2)	£16.1m
Broadland Housing Association (G1/V2/C2)	£15m
Rochdale Boroughwide Housing (G2/V2)	£15m
Soho Housing (N/A)	£13.2m
Places for People – Elim Housing (G1/V2/C1)	£13.0m
North Devon Homes (G1/V2/C1)	£12.5m
Synergy Housing (G1/V2)	£10m
Heart of Medway Housing Association (G1/V1/C1)	£10m
Hafod Housing Association (C/C)	£10m



## Appendix - Merger Policy

- When mergers happen, the following process is followed:
  - MORhomes will determine whether a Lending Level Reassessment Event has occurred
  - If so, the MORhomes credit level will be reviewed:
    - No change to credit levels = no impact
    - Change to credit levels and:
      - Still within credit limit = no impact
      - Exceeds credit limit (either due to merger involving 2 different MORhomes borrowers, or due to the MORhomes credit level weakening) = 6 - 18 months interest reserve
  - Where 2 or more borrowers combine:
    - Exceeds maximum 12% portfolio concentration = 12 - 36 months interest reserve
    - Exceeds 25% portfolio concentration (> 6 months) = prepay down to 25% on demand

