

**MORhomes**



**Business Review**  
**Quarter ending 30 September 2025**



## Developments over the quarter

- Financial results for the year ended 31 March 2025 released:
  - Underlying net loss significantly reduced from £59k to £13k, almost breakeven
  - Results continue to be supported by strong cost control, with operating costs down by over 3%
  - Cash balance increased from £2.1m to £2.4m during the year
  - 2 new loans undertaken during the year
  - 2 new shareholders during the year
- Annual review of borrower credit undertaken – portfolio remains resilient
- Other developments
  - One further loan fully secured during the quarter. 100% of loans now fully secured, 166% cover
  - All borrowers continue to perform



## Developments over the quarter - Mergers

- Mergers amongst our borrowers: during the quarter one potential merger – already announced – continues to progress while a further potential merger was announced. They are:
  - South Yorkshire HA (borrower) is progressing a potential merger with Places for People (borrower)
  - Elim (borrower) is progressing a potential merger with 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



## 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 – Jun 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 7 percentage points stronger than industry average

	MORhomes	Peer Group
Operating Margin	22.2%	16.9%
EBITDA Margin	32.0%	26.3%
EBITDA MRI Margin	21.7%	13.3%

### Notes

Peer group = Regulated English HAs.

Source: <https://www.gov.uk/government/publications/2024-global-accounts-of-private-registered-providers>



## Borrower Performance – Jun 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 1.95% vs 1.80% industry average
  - Gross tenant arrears at 3.35%, below industry average of 3.50%

	MORhomes	Peer Group
Unsold Units as % total stock	0.26%	0.29%
Unsold >6mths as % total stock	0.10%	0.12%
Void losses	1.95%	1.80%
Gross arrears	3.35%	3.50%

### Notes

Peer group = Regulated English HAs.

Source: <https://www.gov.uk/government/collections/quarterly-survey-of-registered-providers>



## Security charging - 30 Sep 2025

- Security position at 30 September 2025
  - All loans fully secured – overall £538.6m (100%) charged
  - Asset cover minimum 105% (EUV-SH valuation) or 115% (MV-ST)
  - On average loans 47% over-secured above minimum, with total asset cover of 166%
- 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	4	7%	A+	A1	-
Level 2	28	49%	AA-/ A+/ A	A2 / A3	A+ / A
Level 3	23	40%	A / A-	A3	-
Level 4	2	4%	-	-	-
Level 5/fail	-	-	n/a	n/a	n/a
Total	57	100%			

Public ratings breakdown					
Public rating	AA-	A+ / A1	A / A2	A- / A3	Total
# with that rating	1	12	6	6	25

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 25 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





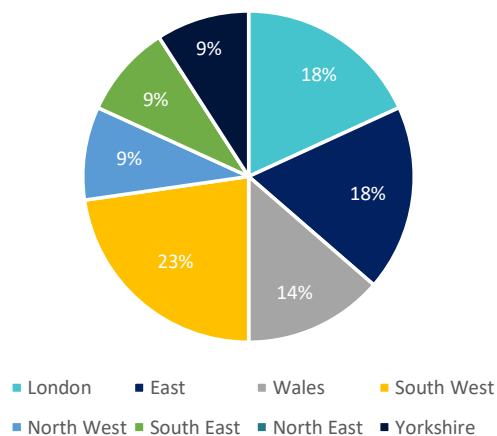
## Appendix



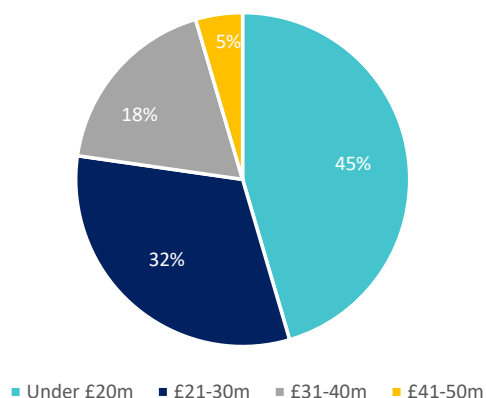
# Analysis of MORhomes loans

- 22 borrower groups (23 entities) with 24 loans at 30 Sep 2025
  - Geographically diverse
  - Split between rated (1x AA-, 3x A+, 4x A, 1x 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

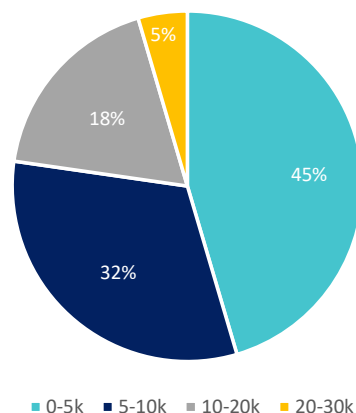
Geographic Region in the UK



Loan Size



Size of borrower groups - units



## Mix of borrowers (entities)

Public Rating	#	% of Loans	Total loans
Rated	9	45%	£244.2m
Unrated	14	55%	£294.4m

## 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 2024. Ratings source: Chatham Financial, rating agencies. Geographic location refers to Head Office.

## Loan portfolio – 30 September 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/V1)	£30m
Eastlight Community Homes (G1/V1/C2)	£30m
South Yorkshire Housing Association (G3/V3)	£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
Elim Housing (N/A)	£13.0m
North Devon Homes (G1/V2/C1)	£12.5m
Synergy Housing (G1/V1)	£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

