

MORhomes



Business Review
Quarter ending 31 March 2025



Developments over the quarter

- New £13.0m loan extended to Elim Housing during the quarter:
 - Executed at another record low issuance spread of G+108 (vs Dec 2038 gilt)
 - Follows on from £13.2m loan to Soho Housing in previous quarter
- Annual EMTN programme update issued in January, following on from affirmation of A-(Neg) rating from S&P in December:
 - S&P – “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.”
- 1 new shareholder in the quarter
- 1 new credit application undertaken in quarter
- 1 new SLA taken out by a potential borrower during the quarter
- Other developments
 - Rochdale Boroughwide Housing upgraded to G2 by RSH
 - 95% of loans fully secured (all bar Dec 24 loan to Soho Housing and Mar 25 loan to Elim Housing), 161% cover
 - All borrowers continue to perform



MORhomes' S&P rating

- S&P affirmed A- rating in December – an outcome which highlighted the inherent strength of the platform and its borrowers
- 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”
- Outlook remains negative due to recent short-term industry-wide reduction in long-term borrowing / skew towards short-term borrowing



Borrower Performance – Dec 2024

- **MORhomes borrowers have margins significantly stronger than average**
 - Operating margin 9 percentage points stronger than industry average
 - EBITDA margin also over 9 percentage points stronger than industry average
 - EBITDA MRI margin over 11 percentage points stronger than industry average

	MORhomes	Peer Group
Operating Margin	25.9%	16.9%
EBITDA Margin	35.8%	26.3%
EBITDA MRI Margin	24.9%	13.3%

Notes

Peer group = Regulated English HAs.

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



Borrower Performance – Dec 2024

- **Less impacted by sales activity than average**
 - Unsold units as % of total stock slightly lower than industry average
 - Unsold >6 months as % of total stock still below industry average
- **Arrears significantly lower than average, voids fractionally higher**
 - Voids losses at 1.77% vs 1.70% industry average
 - Gross arrears at 3.06%, well below industry average of 3.70%

	MORhomes	Peer Group
Unsold Units as % total stock	0.28%	0.30%
Unsold >6mths as % total stock	0.11%	0.13%
Void losses	1.77%	1.70%
Gross arrears	3.06%	3.70%

Notes

Peer group = Regulated English HAs.

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



Security charging - 31 Mar 2025

- Security position at 31 December 2024
 - Overall £512.4m (95%) charged
 - Only loans extended in Dec 2024 and Mar 2025 are not yet charged
 - Asset cover minimum 105% (EUV-SH valuation) or 115% (MV-ST)
 - On average loans 43% over-secured above minimum, with total asset cover of 161%
- 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	22	39%	A / A-	A3	-
Level 4	3	5%	-	-	-
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	7	5	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



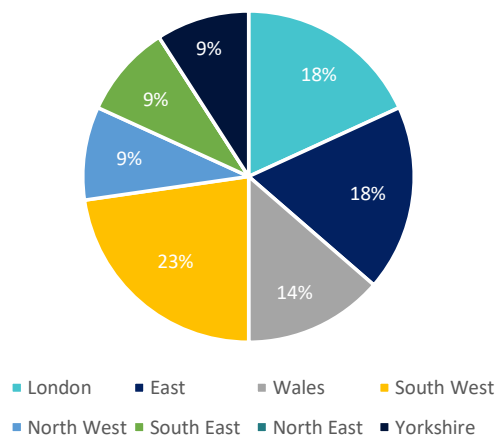
Appendix



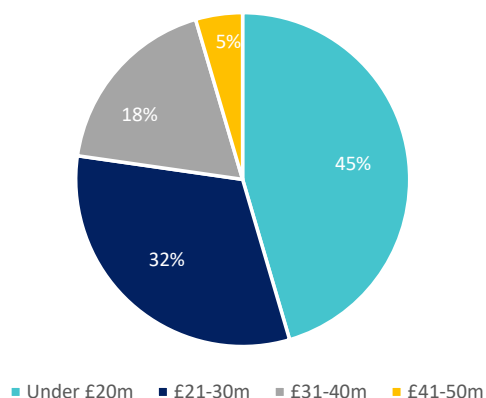
Analysis of MORhomes loans

- 22 borrower groups (23 entities) with 24 loans at 31 Mar 2025
 - Geographically diverse
 - Split between rated (1x AA-, 3x A+, 3x 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

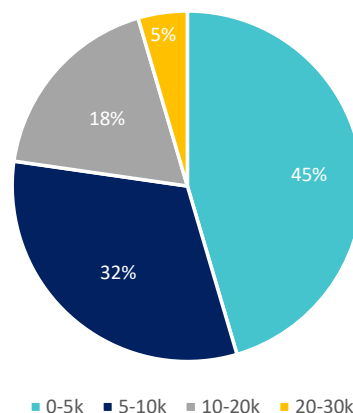
Geographic Region in the UK



Loan Size



Size of borrower groups - units



Mix of borrowers (entities)

Public Rating	#	% of Loans	Total loans
Rated	8	45%	£244.2m
Unrated	15	55%	£294.4m

Lending Level

Lending Level	#	% of Loans	Total Loans
Level 1	1	4%	£19.3m
Level 2	13	61%	£329.2m
Level 3	8	33%	£177.1m
Level 4	1	2%	£13.0m

Public rating of MORhomes portfolio (where available)

S&P	Moody's	Fitch
AA-/ A+/ A/A-	A3	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 – 31 March 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)	£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)	£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 (N/A)	£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:
 - 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

NOTE: Only one party to each of the 3 mergers involving borrowers is a borrower – concentration N/A

