MORhomes

Business Review
Quarter ending 30 June 2025

Developments over the quarter

- Financial results for the year ended 31 March 2025 released in July:
  - 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
- 1 new SLA taken out by a potential borrower during the quarter
- Other developments
  - One further loan fully secured during the quarter. 98% of loans now fully secured (all bar Mar 25 loan to Elim Housing), 165% cover
  - All borrowers continue to perform

Developments over the quarter - Mergers

- Mergers amongst our borrowers: during the quarter one merger – already announced – was completed while a further merger is in progress. They are:
  - Melin (borrower) completed its merger with Newport City Homes on 1 April 2025, with the combined entity now known as Hedyn
  - South Yorkshire HA (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

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 – Mar 2025

- **MORhomes borrowers have margins significantly stronger than average**
  - Operating margin over 3 percentage points stronger than industry average
  - EBITDA margin also over 5 percentage points stronger than industry average
  - EBITDA MRI margin over 6 percentage points stronger than industry average

	MORhomes	Peer Group
Operating Margin	20.2%	16.9%
EBITDA Margin	31.7%	26.3%
EBITDA MRI Margin	20.0%	13.3%

Notes

Peer group = Regulated English HAs.

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

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Borrower Performance – Mar 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 3.40%

	MORhomes	Peer Group
Unsold Units as % total stock	0.25%	0.29%
Unsold >6mths as % total stock	0.11%	0.12%
Void losses	1.87%	1.80%
Gross arrears	3.31%	3.40%

Notes

Peer group = Regulated English HAs.

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

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Security charging - 30 Jun 2025

- Security position at 30 June 2025
  - Overall £525.6m (98%) charged
  - Only loan extended in Mar 2025 is not yet 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	**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

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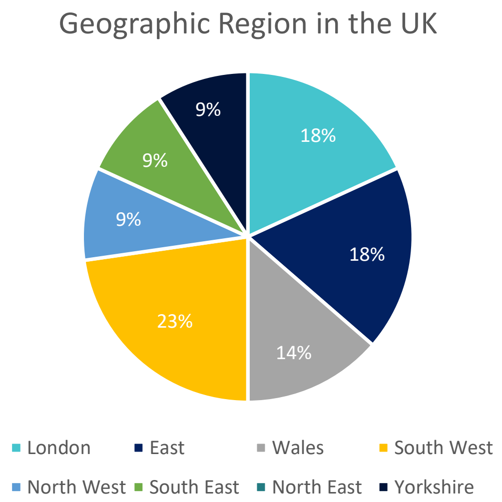
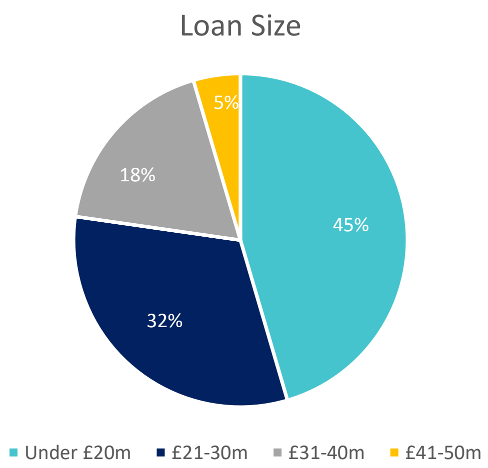
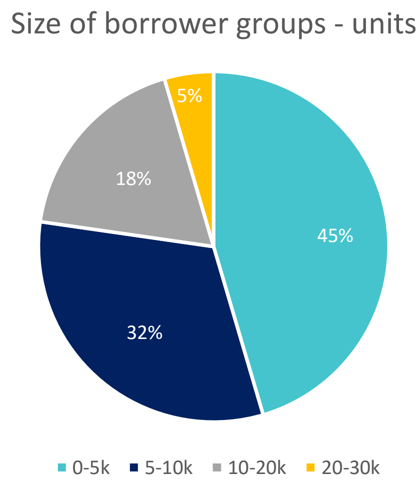
Appendix

Analysis of MORhomes loans

- 22 borrower groups (23 entities) with 24 loans at 30 Jun 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







Mix of borrowers (entities)

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

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-

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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 June 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/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 (N/A)	£10m
Hafod Housing Association (C/C)	£10m

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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

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