



RATING ACTION COMMENTARY

Fitch Rates Metropolitan Thames Valley Housing Group's GBP2billion EMTN Programme 'A'

Wed 28 Jul, 2021 - 4:03 AM ET

Fitch Ratings - London - 28 Jul 2021: Fitch Ratings has assigned Metropolitan Thames Valley Housing Group's (MTVH) GBP2 billion EMTN programme a final rating of 'A'. This follows the receipt of final documents conforming to information already received and details regarding the amount, coupon rate and maturity. We have also assigned MTVH's GBP250 million senior secured bond issued under the EMTN programme a final rating of 'A'.

The final rating is the same as the expected rating assigned on 19 July 2021 (see Fitch Rates Metropolitan Thames Valley Housing Group 'A': Outlook Stable at www.fitchratings.com).

MTVH is using the proceeds to finance or refinance, in whole or in part, eligible projects in accordance with the MTVH Group's 2021 Sustainable Finance Framework. In addition to the general credit quality of the issuer the bonds are secured against around GBP350 million in housing assets.

KEY RATING DRIVERS

The rating of the EMTN programme is aligned with MTVH's Long-Term Issuer Default Rating (A/Stable) as the notes of each series will constitute direct, unconditional, unsubordinated and secured, or unsecured, obligations of MTVH and will rank pari passu among themselves. As such they will rank equally with all other direct obligations of MTVH.

MTVH is a social housing (SH) registered provider (RP) based primarily out of London and the south-east, providing around 57,000 affordable homes. MTVH is one of the largest RPs in the UK and a constituent member of the G15, the biggest RP in London.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-Upgrade of MTVH's Long-Term IDRs

Factors that could, individually or collectively, lead to negative rating action/downgrade:

-Downgrade of MTVH's Long-Term IDRs

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

LIQUIDITY AND DEBT STRUCTURE

MTVH currently has GBP1.3 billion in unencumbered assets ready to be secured. Its development programme delivers a net additional 7,600 social units over 10 years. Based on current market values this enables a further GBP0.75 billion in security by

2031, allowing for a total of around GBP2.1 billion in security. This is sufficient to cover the RP's forecast borrowing requirements, including the GBP2 billion EMTN programme.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

DATE OF RELEVANT COMMITTEE

12 July 2021

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Metropolitan Housing Trust Limited				
● senior secured	LT	A	New Rating	
Metropolitan Thames Valley Housing Group				
● senior unsecured	LT	A	New Rating	A(EXP)

[VIEW ADDITIONAL RATING DETAILS](#)

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Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

[Government-Related Entities Rating Criteria \(pub. 30 Sep 2020\)](#)

[Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 23 Feb 2021\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

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Metropolitan Thames Valley Housing Group

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