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VENN PARTNERS GROUP ISSUES €347m PUBLIC SECURITISATION OF PRIME DUTCH RESIDENTIAL MORTGAGES ORIGINATED BY ITS LENDING ARM, VENN HYPOTHEKEN

Another step in Venn's establishment of its Dutch mortgage lending business

Venn Partners LLP ("Venn"), a leading investment manager of residential mortgages and other asset-backed loans, is pleased to announce Cartesian Residential Mortgages 2 S.A. ("Cartesian 2"). The transaction is Venn's second issuance under the Cartesian RMBS programme, and the first to be secured by mortgages originated by its own lending arm, Venn Hypotheken B.V. ("Venn Hypotheken"). The first issuance was used to finance a Dutch mortgage portfolio acquired from GE Capital in 2013, in what was the first publicly placed Dutch RMBS by a non-bank since the 2008-09 financial crisis.

Cartesian 2 raised €347m, including €72m of pre-funding which is available to finance mortgages that Venn Hypotheken had underwritten but not funded by the deal date. 90.5% of the portfolio were awarded a AAA rating by Fitch and Moody's, reflecting the strength of Venn's platform as well as of the Dutch residential mortgage market and the transaction structure.

All rated notes, equal to 97% of the aggregate collateral balance, were successfully placed with investors. The Venn consortium retained 5% first loss through the Class E Note and a 2% reserve fund. The deal was well received all the way down the capital structure and 2.5x oversubscribed, with final order books reaching a combined total of €880.5m. On the back of strong investor appetite, Venn was able to tighten pricing from initial guidance and issue the AAA notes at a margin of 27bps over 3 month Euribor, only 10bps wider than the latest benchmark Dutch RMBS issue by Rabobank's Obvion, the largest originator of residential mortgages in the Netherlands.

The transaction attracted interest across a broad geographical range: approx. 20% of bonds were placed in each of the UK, the Netherlands, France and Germany, with the remainder being sold to other continental European investors.

At a time when the Dutch RMBS and indeed the wider European ABS markets are squeezed by central bank buying and reduced supply by traditional bank issuers, who are scaling down public securitisation programmes for regulatory reasons, Cartesian 2 presented an attractive proposition to investors, which was duly rewarded with strong demand and tight pricing and went to show that non-bank lenders are becoming an increasingly important source of supply of RMBS in Europe.

Gary McKenzie Smith, Managing Partner at Venn, commented: "The Cartesian 2 transaction was the culmination of nearly 5 years of work since our decision to enter the Dutch mortgage market as an alternative lender. The rating agency feedback and wide investor participation is an important endorsement of our business model as we look to increase our volumes to €2 billion per annum within the next 18 months."

Marc de Moor, CEO of Venn Hypotheken, commented: "The Cartesian 2 deal confirms our ability to raise senior term funding at levels which allow us to offer competitive mortgage terms to our customers. We were particularly pleased with the geographical spread of the investor base and look forward to returning to the capital markets during 2018."

ENDS

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About Venn Partners:

Venn Partners is an investment manager focused on direct private lending opportunities in Europe. Its current investment activity extends across commercial real estate finance and residential mortgage finance and other asset backed lending markets. Venn has originated over £1.3 billion of commercial real estate debt, runs a discretionary real estate investment fund, has been mandated by the UK government as the operator and manager of a £3.5 billion government guaranteed lending scheme for UK private rental housing, led the first non-bank issuance of publicly placed Dutch RMBS since the financial crisis and has established its own branded Dutch residential mortgage lending business in the Netherlands. In addition, it has developed a proprietary risk analytics system for asset-backed credit which is used to support the management by Venn and external managers of £1.2 billion of loans.