

ARA VENN SUPPORTS THE LAUNCH OF AN INNOVATIVE MORTGAGE PRODUCT FOR FIRST-TIME BUYERS IN THE UK

Inaugural mandate of up to £280m for home-finance plans to be provided by affiliated origination platform

London, June 20th 2022 - ARA Venn, a specialist investment manager of private debt in the residential sector, has completed a fund-raise of up to £280m to invest in home-finance plans to be originated by StrideUp, a digital home finance group that is co-owned by ARA Venn.

Over the past decade, house price growth has outstripped income growth, meaning that the average house price to income ratio for first-time buyers in the UK now stands at 6.9¹. However, the vast majority of traditional mortgage lending is capped by regulation at a loan to income ratio of 4.5, which puts home-ownership out of reach for huge swathes of the market. The StrideUp product addresses this problem by providing finance at a loan to income ratio of up to 6.5, subject to prudent affordability tests.

This significant investment mandate from funds managed by ARA Venn will enable StrideUp to roll-out this product to around 1,000 customers and is intended to be the first in a series of mandates in this important and large segment of the market.

With the StrideUp product, buyers with a 10% deposit can purchase up to 80% of their new home in partnership with StrideUp, and rent the remaining 20% share from StrideUp until they are ready to acquire more (in increments of their choosing).

The value of the remaining share is frozen at the initial purchase price, enabling them to buy it at the same price even as house prices rise, ensuring they receive the full benefit of any increase in value of their property. On the other hand, any losses on this share from house price falls are shared with StrideUp.

The StrideUp product therefore provides first-time buyers with a strong credit record with financing at levels that are in line with today's price to income ratios as well as a clear pathway to full home-ownership at today's house prices, thereby addressing the challenges presented by both the mortgage market and the rental market and delivering social benefits within ARA Venn's ESG strategies. The product will be available on existing housing stock as well as new-build properties.

StrideUp has developed a digital platform covering the end to end buying process. Getting a mortgage is often both a stressful and confusing experience for first-time buyers; by investing in its technology, and building automated solutions for its onboarding, application and approval processes, StrideUp hopes to significantly speed up and simplify the process for its customers.

The product draws on elements of the UK Government's successful Help to Buy Equity Loan scheme which has supported the purchase of over 350,000 homes with loans worth £22 billion since 2013². The timing of its launch is highly relevant given the Government's recently stated plans to close that scheme to new applications on October 31st this year.

ARA Venn manages funds for a diverse range of government entities, global institutions and private investors. Among other private debt strategies, the firm is also delivering the UK government's £3 billion Affordable Homes Guarantee Scheme to provide cost-effective long-term financing to registered providers of affordable homes.

Gary McKenzie-Smith, Managing Partner, ARA Venn said: "The UK first-time buyer market has been crying out for new solutions for a long time. The situation has been exacerbated by the pandemic as house prices continued to grow and people want more space while the traditional mortgage market has failed to evolve."

"We are delighted to have partnered with StrideUp and look forward to working with their dynamic team to deliver an innovative mortgage product that will enfranchise many customers who are effectively shut-out from the market and provide the attendant benefits of home-ownership to families, communities and wider society."

Sakeeb Zaman, Co-founder and CEO of StrideUp commented: "StrideUp's mission is to build a more affordable and accessible way for first-time buyers to get on the housing ladder and that has never been more relevant. With surging house prices and constraints on traditional mortgage lending, deposits are often falling short, and at the same time people are spending more on rent and living costs. With this new funding deal, StrideUp is uniquely positioned to offer a genuine alternative. We're excited to be partnering with investors who share our vision of building a fairer and more accessible housing market."

ENDS

Notes to Editors

1. <https://www.lloydsbankinggroup.com/media/press-releases/2022/halifax/halifax-first-time-buyer-review-2021.html> and <https://www.lloydsbankinggroup.com/assets/pdfs/media/press-releases/2021-press-releases/halifax/2021.01.22-halifax-first-time-buyer-review.pdf?optoutmulti=0:0%7Cc1:1%7Cc3:1%7Cc5:1%7Cc4:1%7Cc2:1&optmessage=1>
2. <https://www.gov.uk/government/news/350000-households-supported-to-buy-a-home-through-help-to-buy>

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About ARA Venn

ARA Venn (the trading name of Venn Partners LLP) (“the firm”) is an investment manager in European real estate private debt. The firm specialises in creating investment products that provide investors with access to compelling risk-adjusted returns, whilst satisfying borrower demand for competitive, efficient and transparent loan product. ARA Venn serves the investment needs of a diverse range of government entities, leading global institutions and private investors. Founded in 2009, the firm has AUM and active mandates totalling in excess of £9.9 billion. With offices in the UK, Spain and an affiliate office in the Netherlands, ARA Venn comprises a team of experienced professionals that pull together credit origination, underwriting, liability structuring and risk management skills with a deep understanding of investor and borrower requirements.

ARA Venn is the credit subsidiary of ARA Asset Management Limited (“ARA”) which is part of the ESR Group (the “Group”), APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With over US\$140.2 billion in total assets under management (AUM), the Group’s fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. It provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion.

Its purpose – Space and Investment Solutions for a Sustainable Future – drives it to manage sustainably and impactfully and it considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

More information is available at www.ara-group.com, www.esr.com

About StrideUp:

StrideUp is a digital home finance provider with a vision of building a fairer and more accessible housing market. The business is authorised by the FCA to provide regulated home finance.

Based in London, StrideUp's team is made up of individuals from mortgage, capital markets and technology backgrounds. The business is backed by ARA Venn and leading European tech venture capital and angel investors.