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VENN PARTNERS LAUNCHES VENN HYPOTHEKEN, A NEW RESIDENTIAL MORTGAGE LENDER IN THE NETHERLANDS TARGETING €2BN OF ANNUAL MORTGAGE LENDING BY 2018

Venn Partners LLP, an operator and manager of real estate debt and secured consumer lending businesses, today announced the launch of Venn Hypotheken, a new Dutch residential mortgage lender based in the Netherlands.

Venn Hypotheken plans to offer competitive pricing across the mortgage product spectrum, passing on to customers the benefits of its lower cost-base and its access to long-term and lower-margin funding channels that have been historically only been open to banks.

Venn Hypotheken plans to increase its mortgage lending to €2 billion annually by the end of 2018. Its products will be marketed through well-developed financial intermediary networks in the Netherlands, which are responsible for around 60-70% of new mortgage lending.

Venn Hypotheken will finance its loans through a range of long-term financing solutions, including RMBS, fund products and direct investment, with the majority of its funding expected to come from insurance companies and pension funds. Its access to these markets will be supported by Venn Partners, who in 2014 launched the first publicly placed Dutch RMBS transaction by a non-bank since the financial crisis (Cartesian Mortgages 1 SA) when it successfully refinanced the €500 million portfolio of prime Dutch residential mortgages that its consortium had acquired from GE Artesia in late 2013.

Mortgage loans are a good match for the long-term liabilities of insurance companies and pension funds, whilst the low risk profile of the Dutch mortgage market and the lower regulatory capital requirements means that these investments are a compelling alternative to government bonds and other traditional asset classes.

Venn Hypotheken's specialist mortgage team is based in Breda and led by Marc de Moor, who previously built a Dutch residential mortgage business for Argenta, Belgium's fifth largest banking group. Marc has over 30 years of experience in residential mortgages, social housing funding, retail banking and insurance, and at Argenta he established a successful Dutch retail operation and built it up to include a €15 billion residential mortgage portfolio and a €2.5 billion savings and complementary life insurance business.

Venn Hypotheken is supported by the Venn Partners' team in London, including its managing partner Gary McKenzie-Smith who led the Cartesian transaction in 2014 and has worked on the build-out and operation of each of the group's other lending businesses, including the £3.5 billion lending scheme for UK private rental housing which is guaranteed by the UK government.

The Dutch mortgage market is one of the strongest credit markets in Europe, but mortgage rates remain higher than other comparable mortgage markets following the withdrawal of several international lenders and the increased regulation of bank lending in response to the financial crisis. Annual volumes have increased since 2008 to around €60-70 billion. Currently, around 70% of new origination is provided by domestic banks but this is expected to fall closer to 50% in the coming years in light of these changes, with the resulting market share going to more competitively priced non-bank lenders.

The launch of Venn Hypotheken forms part of Venn's wider strategy to develop a sustainable and growing presence in the Dutch consumer lending sector with simple, transparent products to increase borrower choice.



Gary McKenzie-Smith, Managing Partner and co-founder at Venn Partners, commented:

“We are delighted to announce the launch of Venn Hypotheken. This initiative is an important milestone for Venn and supports our ambition to expand our prime asset-backed lending activities in Europe, offering a viable and long-term alternative to deposit-funded bank lending.”

Marc de Moor, Managing Director of Venn Hypotheken, commented:

“We believe that the Dutch mortgage market will benefit from the entry of a new lender as it will spur competition and give consumers a greater choice of borrowing options. It is the second biggest mortgage market in Europe, has recovered well with the revival of house price growth and has characteristics, such as a strong intermediary network and a limited pool of domestic mortgage lenders, which makes it very attractive for a non-bank lender such as Venn to expand its operations and build a sustainable business.”

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