



21 November 2016

VENN LAUNCHES GBP265M INAUGURAL BOND ISSUANCE FROM THE GBP3.5BN PRIVATE RENTED SECTOR GOVERNMENT GUARANTEE SCHEME

Increased investment will help provide much needed purpose built new homes in the private rented sector designed to improve standards and increase choice for tenants

Scheme is open for loan applications from PRS operators until December 2017 with funding available upon project completion and stabilisation

Venn Partners (“Venn”), a leading investment manager of real estate and other asset-backed loans, is pleased to announce the launch of the first private rented sector (PRS) bond issued through the UK Government’s Private Rented Sector Guarantee Scheme (“the Scheme”). The bond issue will raise a total of GBP265m, of which GBP175m is funded immediately and the balance is retained for applications currently being processed and expected to fund in the coming months. The funds will be made available to property operators whose projects are eligible for long-term PRS funding from the Scheme.

The bond issue is Government guaranteed, which enabled it to be competitively priced and issued on tight spreads over gilts. It has a maturity of ten years and HSBC and RBS were joint lead managers.

PRS Finance Plc, a wholly-owned subsidiary of Venn Partners LLP, through which the bond was issued, will become a regular issuer of bonds with varying maturities, of typically between 10 and 30 years, over the coming years. In total the Scheme is targeting to fund GBP3.5bn of PRS product, to help boost the long-term growth of the sector in the UK, in response to growing demand for professionally managed rental blocks and a lack of supply of good quality stock. This should help improve standards of rental properties and increase choice for tenants across the whole of the UK.

PRS operators have shown a strong interest in the Government’s PRS Scheme funding, which is open to new applications until the end of 2017. PRS projects eligible under the Scheme include any UK-based project that is aimed to be held as PRS in the long term, with a minimum aggregate value of GBP10m per application through one or several schemes. In order to be eligible, projects should have started building on site from June 2013 onwards. An application to obtain funding under the Scheme can be submitted, and indeed is encouraged to be submitted, at any time post receipt of planning permission. The subsequent financing of the loan, which can be after the application deadline, will be available from stabilization of the individual PRS scheme.

PRS is now the UK’s second largest housing tenure and this Scheme is key to addressing the country’s housing needs. It is central to the Government’s wider efforts to create a bigger, better PRS to continue to deliver homes across the UK and will ensure that operators are able to participate in this growing market and help strengthen the viability of PRS.

Buyers of the PRS Finance Plc’s Government-guaranteed bond, which carries the UK Government’s credit rating, have been largely institutional investors, which were attracted to the long-term nature of these bonds, their liability matching features and the premium the bond pays over ordinary government bonds.

PRS has witnessed significant progress in recent years as institutional investors have been drawn to the industry’s long-term, stable, low-correlated returns and have recognised its potential to develop into an attractive asset class. With the first developments now complete and rented out to tenants, and with many more projects in the planning and construction stages, PRS is becoming established across the UK and is regularly forming part of the mix of properties in large housing developments.

Aside from its role as delivery partner on the Scheme, Venn is active in more traditional private lending markets in Europe, with an established commercial real estate lending business and a Dutch residential mortgage lending platform.

Gavin Barwell MP, Housing and Planning Minister, said: “This government is committed to supporting a bigger, better private rented sector and is providing up to £10bn government-backed guarantees to build more quality rental homes. This bond is an important step in strengthening the sector and increasing supply so that it meets the need of tenants well into the future.”

Paul House, Head of Real Estate and Managing Partner at Venn Partners, commented: “We were very pleased to be awarded the UK Government’s PRS Scheme mandate, which is testament to the depth and breadth of Venn’s real estate and credit markets expertise, solid business infrastructure and proven track record of delivering long-term financing solutions to institutions across the whole spectrum of debt products.

We are encouraged by the strong response from PRS operators keen to access the Government’s backed PRS funding. We have met with over 300 PRS operators over the last year, representing over GBP3bn worth of PRS schemes, and have great confidence on the breadth, depth and long term potential of this market. We have seen a multitude of PRS schemes across the country, with a variety of features from smaller single site projects to larger multiple site developments. The PRS Scheme, underpinned by the bond’s Government guarantee and rating, is designed to provide competitively-priced financing and work around the various needs of PRS operators across the country as they cater to local demands from tenants.

Richard Green, Head of PRS Operations Ltd. and Partner at Venn Partners, commented: “We are delighted to see such interest from institutional investors in the inaugural PRS Finance Plc’s Government-guaranteed bond. This new long-term funding source should help to further stimulate the private rented sector across the UK.

Over the next few months and years, Venn will be a regular issuer of bonds with varying maturities. We expect investor appetite for the PRS Finance’s Government-Guaranteed bonds to remain very high, as the present low interest rate environment continues to pose challenges for investors looking to fund long-term liabilities. The availability of attractively-priced funding should assist PRS operators to come to market and supply housing units into this much needed, quality, long term rental sector. With a significant pipeline of projects in the planning and development stages, which the Government’s PRS scheme will assist fund, we expect PRS operators to be able to accelerate their projects and create value for investors and tenants alike.”

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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 GBP1.3bn of commercial real estate debt, has been mandated by the UK government as the operator and manager of a GBP3.5bn 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 it uses internally and licenses to external asset managers on portfolios in excess of GBP2bn since inception.