

NEWS RELEASE

Saluda Grade Ventures Successfully Exits Spring EQ Investment Via Cerberus Acquisition

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Acquisition affirms Saluda Grade's early mover strategy in Home Equity and Alternative Assets

NEW YORK--(BUSINESS WIRE)-- **Saluda Grade**, a private alternative real estate advisory and asset management firm, announced today a successful exit for a portfolio company in Saluda Grade Ventures (SGV), its growth equity investment management business.

SGV, through its Saluda Grade Alternative Lending & Fintech Growth Fund I LP & Saluda Grade Alternative Lending & Fintech Growth Fund II LP had invested equity capital into **Spring EQ** to fuel its growth in the home equity debt origination sector. Saluda Grade has developed a strong relationship with mortgage entrepreneur Jerry Schiano, Spring EQ's chief executive. The sale of Spring EQ to an affiliate of Cerberus Capital Management, L.P. represents Mr. Schiano's third successful monetization of a platform he launched and subsequently scaled into an attractive acquisition target.

SGV's strategy centers around identifying and partnering with high potential originators in nascent alternative asset classes, and then leveraging the capabilities of Saluda Grade's asset management division (SGAM) and advisory arm (SGA) with the goal to deliver accretive asset production capital and deep capital markets experience to facilitate exceptional growth for portfolio companies.

After SGV's initial growth equity investment into Spring EQ, SGA and SGAM collectively purchased over \$750 million of Spring EQ's home equity origination and issued over \$725 million of securitizations, including placing the first rated securitization of newly originated second lien mortgages since the Global Financial Crisis, GRADE 2022-SEQ2, which received a rating from Kroll Bond Ratings. DBRS Morningstar and Fitch have since entered the market,

providing ratings for other home equity debt securitizations.

"While this exit is a huge success story that worked out perfectly according to our thesis and strategy, it's absolutely bittersweet to have Spring EQ leave the portfolio" said Ryan Craft, Saluda Grade CEO. "Jerry Schiano has become a very close friend and mentor, and both the SG and Spring EQ teams had a lot of fun working so closely together over the past few years – even through wildly challenging market cycles," Craft added.

According to the Board of Governors of the Federal Reserve System, the home equity market was valued at over \$28 trillion as of Q1 20231. Across 83.7 million homeowners in TransUnion's consumer credit database, the median tappable equity stood at \$242k as of Q1 20232. As homeowners seek to tap their home equity to facilitate repairs and remodeling of their homes or to consolidate personal debt, among other uses of proceeds, demand for home equity credit access should remain robust, particularly as first lien mortgage rates have increased considerably, rendering cash out refinances of first lien mortgages uneconomical in most cases.

"Expanding access to home equity has been a core investment thesis at Saluda Grade and we are pleased to see further institutional recognition of and interest in the asset class. Spring EQ's monetization serves as a strong proof point for Saluda Grade's ability to identify, partner with and drive value creation for all stakeholders in alternative asset origination platforms" said John Stepp, Head of Ventures at Saluda Grade. "We are proud to have partnered with the Spring EQ team to help advance one of the country's leading home equity debt originators and we look forward to seeing them thrive under new ownership."

"Without the support of Saluda Grade, we would have never been able to grow our home equity platform. I value the relationship and friendship with Ryan and his team" said Jerry Schiano, CEO of Spring EQ. "Spring EQ hopes to continue to work with SGAM to drive origination volumes in the next chapter with its new ownership group."

About Saluda Grade

Saluda Grade is a synergistic and vertically integrated advisory and asset management platform focused on investments in the alternative non-bank lending sector, real estate debt and equity, and hard assets sector. Headquartered in New York City, the Firm was founded in 2019. See www.saludagrade.com for additional information.

About Spring EQ

Spring EQ is a national home equity lender providing flexible and tailored financing solutions directly to consumers with a national network of experienced brokers and partners. Since its founding in 2016, Spring EQ is among the fastest growing and highest-rated home equity financing partners in the United States. Spring EQ offers a broad

range of home equity products and delivers a simple and streamlined process that results in faster funding, trustworthy loans, and less frustration for consumers today. To learn more about Spring EQ, visit www.springeq.com.

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1 Board of Governors of the Federal Reserve System (US), Households; Owners' Equity in Real Estate, Level [OEHRENWBSHNO], retrieved from FRED, Federal Reserve Bank of St. Louis, as of Q1 2023, updated September 5, 2023.

2 TransUnion Credit Industry Insights Report, Q2 2023 Webinar.

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