Pollen Street Capital

GLOBAL INVESTMENTS

P2P Global Investments PLC

Strategy Update Presentation – 30 November 2017

Executive Summary

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Large opportunity exists for non bank lending to generate attractive risk adjusted returns

Merger Completed

- Merger of Pollen Street and PSC Eaglewood completed 15th September and integration complete
- Created an asset manager with gross assets of over £2bn across specialist lending sectors
- Opens up wider range of origination channels and investment opportunities, managed by seasoned credit specialists who have deep experience investing throughout the credit cycle
- Propose amendments to the investment policy to take full advantage of the opportunity set

Strategy update

- Since completion, conducted detailed review of all originators
- Implemented a rigorous framework to assess each originator and opportunity
- Accelerated re-positioning; increased exposure to assets with a higher risk adjusted return, based on strategic origination partnerships with greater control of underwriting and servicing
- Two thirds of the credit assets now at, or exceeding target returns
- £400m strong pipeline of assets identified with existing and new partners with attractive returns and measured risk
- Increased confidence to achieve returns to cover a dividend of at least 15p per quarter by the end of Q2 2018, and continue to build beyond

Enhancing the Investment Case

- Following the reduction of management fees through 2017, the Manager will introduce a 5% hurdle on the performance fee in January 2018
- The Investment Manager is acutely aware of the dislocation between the current share price and the underlying value of the portfolio. The Investment Manager is therefore committing to a more pro-active share buyback program with immediate effect
- Given confidence in its strategy, the Company intends to pay no less than 12p per quarter dividend during the transition period

Pollen Street Capital Group

Capabilities and Market Opportunity

Pollen Street Capital Group

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Combined experience and heritage with pioneering approach to new market opportunities

Combining Private Equity and Private Debt Asset Management

- **£2bn[1] gross AUM** across private equity and credit focussed on financial services and specialist lending
- Established / helped to grow many lending businesses, strategic partnerships and loan portfolios
- Team of 55 with 30 investment professionals

Highly Experienced Team and Capability

- Highly seasoned **credit specialists** with **deep experience** in investing and managing a range of financial asset classes, throughout the cycle
- Highly technologically enabled; in-house developed systems that enable **high speed execution and scalability**

Sector Specialism Provides Competitive Advantage

- **Proprietary eco-system** provides **access to high-quality origination** and portfolios
- **Sector expertise**, combine with a structured assessment of key industry drivers enables sourcing of attractive opportunities
- **Long-term partnerships** support diverse and differentiated deal flow in a competitive market

(1) All fund sizes are as at September 2017

Evolving the Investment Thesis

Strong core themes across a wider opportunity set

Bank re-positioning provides opportunity to **dis-intermediate** specialist markets :

- **Regulatory backdrop**: regulatory capital changes create inefficiencies in certain assets classes
- **Banks' heavy cost structure** has impaired their competitiveness on small loans: branch infrastructure cost, payroll and other costs
- Demographics: a growing part of the economy is **underserved** by traditional banks
- Scale: **specialist lending opportunities** driven by banks' focus on commoditised and large scale markets

Wider set of investment opportunities

Behavioural change and Technology facilitates an alternative lending model:

- Development of Big Data and transparency has been **leveling the playing field** with banks in terms of information access
- Creating **strong risk models** and large datasets to evaluate the creditworthiness and default probability of borrowers
- High quality operators able to compete with **attractive service proposition**
- Entrepreneurial leaders create new winning models and go the extra mile to deliver **customer service**
- Technology enabled platforms benefit from **lower infrastructure costs** as compared to brick-and-mortar traditional banks

Select and unbundle most attractive asset classes

Source: Pollen Street Capital Group

UK Market Overview – Substantial Opportunity

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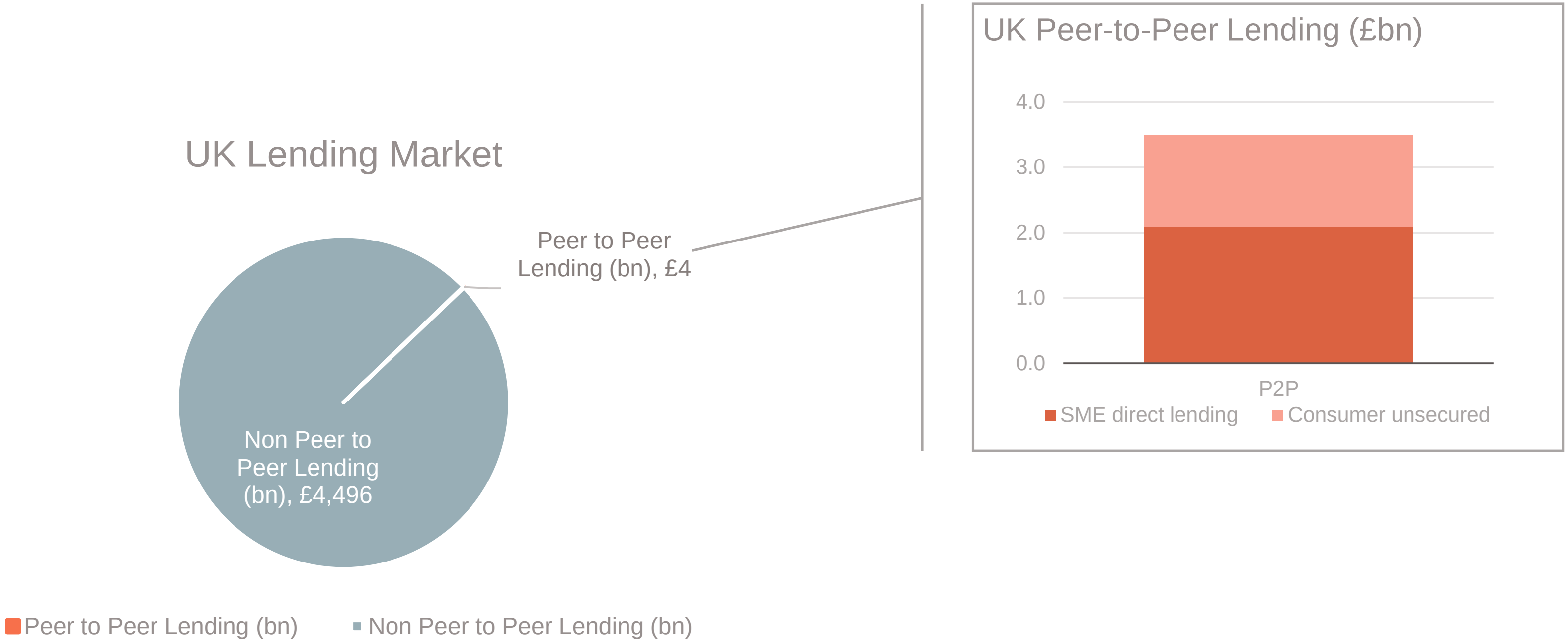
Alternative lending has evolved beyond Peer-to-Peer lending



- To date the Company has focused on Peer-2-Peer lending, which targets one specific approach to origination mainly in unsecured consumer & SME lending, which account for just 0.09% of the UK's total outstanding lending.
- We are now building strong partnerships with several hybrid originators, enabling access to a broader market with attractive yield opportunities

Opportunity Set £4.5 trillion

Source: Bank of England, P2P Finance News 'UK P2P market breaks £7bn barrier', Jan 18, 2017

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Investment Strategy

Investment Strategy

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Investment philosophy based on control, partnership and alignment of interests

Difficult to replicate

- Contractual relationships and expertise create barriers to other forms of capital
- Insulation from ‘hot money’ generates more stable and attractive returns

Capital allocation

- Allocate capital to markets with attractive through the cycle returns
- Proactively adjust as economic environment changes
- Relative value assessments

High quality portfolio management

- Control servicing of the assets
- Proactive collection of capital
- Active feedback loop

Active underwriting

- Control the underwriting decisions
- Input into underwriting journey
- Active feedback loop

Partner of choice

- Partner with highly experienced teams
- Ensure deal structures deliver alignment of interests
- Contractual arrangements which secure long-term access
- More than providers of capital

Downside protection

- Deal structures that provide downside protection
- Structural protection sought
- Granular underlying collateral

Asset Allocation

Combination of active origination and a strong risk management framework

Origination

- Use network to actively identify and select the highest quality originators
- Sector expertise and partnership approach key to value add proposition – providing more than just capital - to secure the privilege to work with the highest quality originators
- Increase exposure to specialist and secured assets
- £400m strong pipeline assets identified with attractive returns and measured risk

Risk Management Framework

- Three stage investment approval process in place for all new assets and originators
- Adoption of a consistent framework to assess relative value across asset classes and originators
- Returns and risks modelled with stress tests to reflect through-the-cycle performance
- Security of underlying collateral stressed in downside scenarios
- Financial stability and risk of originator and servicer assessed

Each asset class and originator robustly assessed to select high quality stable performance

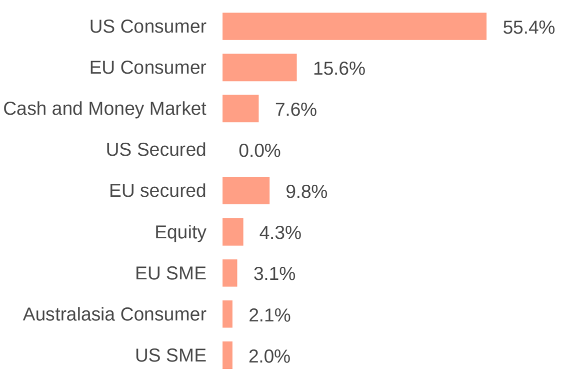
Portfolio Optimisation

Clear path to target returns by Q2 2018

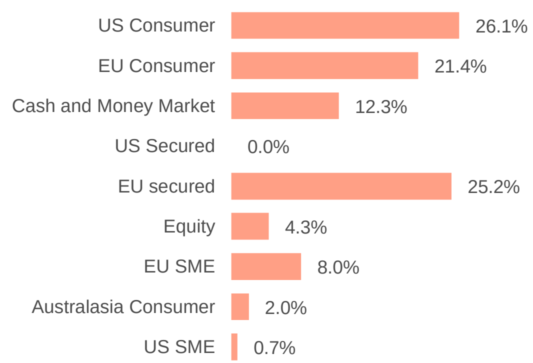
Portfolio optimisation

- Reduction of below target yielding assets
  - Accelerated reduction in mainstream US consumer as evidenced by the £167m sale of exposure
  - 5% of the portfolio allocated to equity, which will take time to realise value
  - 12% of the portfolio in cash following the sale of exposure to certain non-core assets, awaiting redeployment
- Redeployment into more attractive yielding assets
  - £400m strong pipeline to support re-deployment and continued re-positioning
- Aim to increase the risk adjusted returns through increasing exposure to secured and specialist assets with higher risk adjusted margins and lower volatility

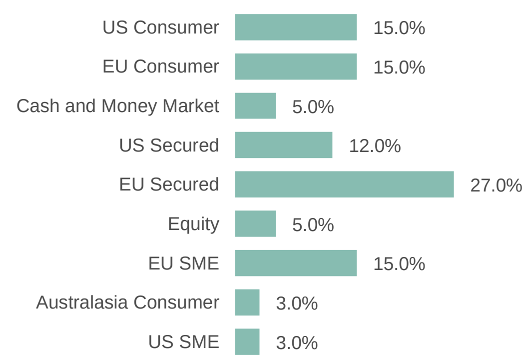
Portfolio Composition December 2016



Portfolio Composition October 2017



Portfolio Composition Q2 2018



Leverage Strategy and Opex

The Investment Manager will deploy a prudent leverage strategy

Prudent Leverage Strategy

The Investment Manager intends to adopt a disciplined and controlled approach to leverage

- The Company reduced its net debt to equity ratio to 0.72x in October vs 0.78x in September
- Focus on delivering return from asset yield and enhancing returns through leverage
- Diversity of source of funding and its stability are the key tenets of the funding strategy

Reduction Of Funding Costs

The Investment Manager intends to reduce its funding cost and the complexity of leverage structures. During the year, the Investment Manager:

- Successfully completed the securitisation of UK consumer loans originated by Zopa and achieved L+70bps on the most senior tranche vs L+145bps in 2016
- Refinanced expensive facilities with cheaper cost of funding
- Up-sized the term facility from £150m to £200m with slightly higher advance rate and changed its funding mix to GBP from USD
- Overall, resulted in reduction of the funding spread from 260bps to 180bps for the Company

Reduction Of Opex

Operational expenses continue to run at a high level as “first to market” upfront costs are amortised.

- The Investment Manager is focused on steadily reducing costs over time, through simplifying the structure
- Reduced the number of funding vehicles from 12 to 9

IFRS9

New accounting standard that brings forward the recognition of losses

- From 1 January 2018, IFRS 9 replaces IAS 39 accounting for financial instruments held at amortised cost. The most relevant change for the Company relates to credit impairment: instead of recognising only objectively observed losses under IAS 39, provisions are required for expected losses over at least the following year on both performing and non-performing loans
- Expected credit losses are determined by probability of default, loss given default and expected exposure at default, including undrawn commitments. Instruments that have not experienced a significant increase in credit risk since initial recognition (for example performing loans) will require a provision held against them equal to the expected credit losses over the following 12 months, while instruments that have experienced a significant increase in credit risk will require a provision held against them equal to expected lifetime credit losses
- It should be stressed that IFRS 9 is an accounting change and that cash flows will not be affected. However, the new rules may introduce new effects; for example, a company with an expanding loan book (with stable expected credit losses) is likely to see continued downwards pressure on NAV as new loans will be written down on day one
- Therefore in line with the adoption of the standard, the Investment Manager anticipates an increase in provisions (predominately related to performing loans) which will have an impact on January NAV

Conclusion

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Confidence to deliver strong returns to investors

- A growing opportunity exists for non bank capital to earn attractive returns from a broad origination universe
- Pollen Street Capital has the capability to target new origination channels and investment opportunities
- Amendments to the investment policy proposed to take full advantage of the wider opportunity set
- The Investment Manager has made substantial progress in repositioning the portfolio which will continue into 2018
- £400m strong pipeline of opportunities and a robust risk management framework has been implemented to carefully select high quality assets with attractive returns and measured risk
- Increased confidence to achieve returns to cover a dividend of at least 15p per quarter by the end of Q2 2018, and continue to build beyond
- Following the reduction of management fees through 2017, the Manager will introduce a 5% hurdle on the performance fee in January 2018
- Due to the implementation of IFRS 9, the Investment Manager anticipates an increase in provisions (predominately related to performing loans) which will have an impact on January NAV
- The Investment Manager is acutely aware of the dislocation between the current share price and the underlying value of the portfolio. The Investment Manager in therefore committing to a more pro-active share buyback program with immediate effect
- The Company expects to pay no less than 12p per quarter dividend during the transition period

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Appendix

Senior Investment Team

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Supported by experienced and dedicated specialists

Lindsey McMurray

- Managing Partner of Pollen Street Capital, and led the team whilst at RBS since 2005
- Pollen Street Capital is dedicated to the Financial Services sector, and has established lending businesses as well as built up portfolios of loan assets
- Non-executive director of Shawbrook Bank and a number of other portfolio companies , and was previously a non-executive director of Banca Sistema, Arrow Global plc and Intermediate Capital Group

Simon Champ

- Partner at Pollen Street Capital and founding partner of PSC Eaglewood Europe LLP
- Founder and former board Director of Liberum, part of a number of transactions in the equity space and has advised many new technology companies in equity and debt raisings
- Involved in the UK marketplace lending industry as an investor and advisor building extensive relationships with many of the originators

James Scott

- Partner of Pollen Street Capital, and has been with the team since 2004
- A non-executive of Freedom Finance (c.£2.3bn of loan applications L12M) and Chairman of Pay4Later, and was previously a non-executive director of Target Group
- Key recent transactions also include acquiring a pool of consumer loans from Citi, and investing in portfolios of leveraged loans/high yield bonds and mid-market leveraged loans.

Abror Ismailov, CFA

- Partner of Pollen Street Capital and has been with the team since 2014.
- Previously a Director within Lazard's Structured Credit Advisory group, was a Senior Portfolio Manager for Union Investment in Frankfurt, a Portfolio Manager at CPIM. Started his career at Deutsche Bank.
- Previously responsible for managing over €3.5 billion of funds invested in structured credit, real estate and private equity investments

Matthew Potter

- Partner of Pollen Street Capital, and joined the team in 2009
- Non-executive of 1st Stop Group, and was previously a non-executive of Banca Sistema and a member of the Asset and Liability, Group Pricing and Credit and Audit Risk Committees of Shawbrook Bank.
- Key recent transactions also include acquiring a pool of consumer loans from GE and Citi, establishing Capitalflow Group, acquiring 1st Stop Group and acquiring Shawbrook Bank.

Indraveer Srivastava, CFA

- Director at Pollen Street Capital and responsible for executing the Real Estate strategy as well as a broader focus on the execution of investments across asset classes and geographies for PSC Eaglewood since 2014
- Previously part of the Financial Institutions Group at Lazard gaining experience across M&A, Structured Credit, Debt Advisory and Restructuring. Prior to which he worked at Aegon Religare Life Insurance in India
- Master's degree in Finance from the London School of Economics