Pollen Street Capital

P2P Global Investments plc
Specialist Lending Credit
Managed by Pollen Street Capital Limited (“PSC”)

Interim Results 2019

GLOBAL INVESTMENTS

P2P Global Investments

Performance

- **5.1%** per annum NAV return[1] in H1 2019 (3.3% H1 2018) which was **5.6%** prior to one-off Urica write down
- **23.5%** inception to date NAV return
- **4.8%** dividend yield, fully covered by NAV return

Strategy remains unchanged

- Continuing portfolio is delivering attractive and stable risk adjusted returns
- 5 new deals in the first half year
- Continuing portfolio was 90%[2] of investment assets and discontinued portfolio was 10%

Looking ahead

- Proceeds from sale of Castlehaven position to be deployed over the coming months
- Robust, diversified pipeline supporting selective new deployment
- Fund to be renamed

1. NAV (Cum Income) at the end of the period, plus dividends declared during the period, divided by NAV (Cum Income) at the start of the period calculated on a per share basis and annualised
2. Portfolio based on NAV exposure to investment assets as a percentage of total NAV before deducting topco debt excluding cash, working capital and equity positions.

P2P Global Investments

Asset-secured direct lending to specialty finance sector

Asset-secured direct lending

- We lend to the **specialty finance sector** and structure our investments with **asset security** and strong downside protection
- The sector is **highly fragmented with high barriers to entry** and therefore we believe is not well served by generalist credit asset managers
- **Our sector specialism** gives us the **expertise, access and monitoring edge** to obtain premium returns while minimizing relative risk in each investment

Premium returns with low risk

- We identify specialty finance firms who are **targeting parts of the market which are not competing with banks' lending activities,** and who focus on delivering a business model **driven by performance, not scale**
- **Exposure is typically secured** with first loss protection and/or asset security collateral, providing strong downside protection
- Limited competition in the market means **pricing** and **terms** remain **attractive**

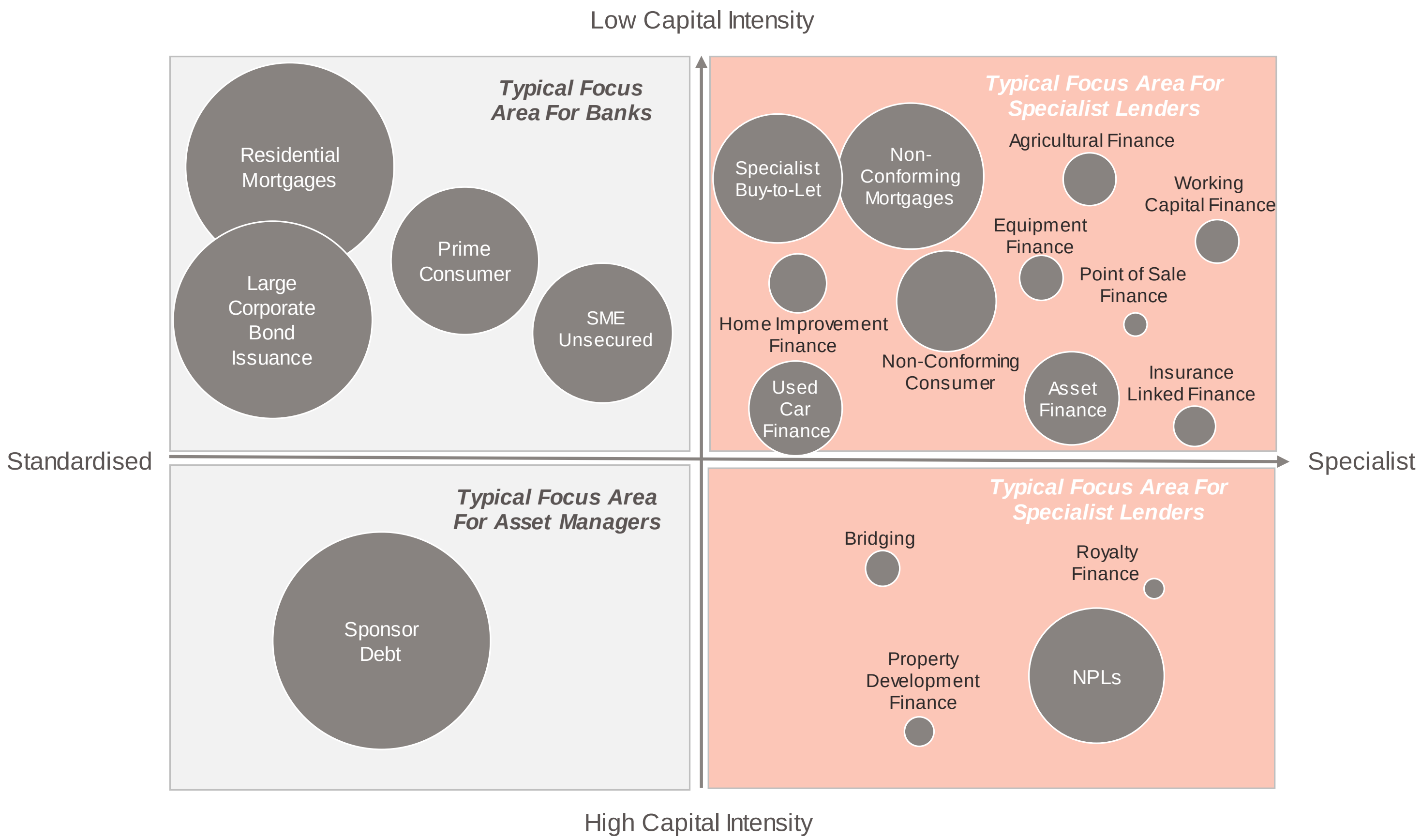
Sustainable, scalable investment strategy

- We review over **£3bn opportunities annually and deploy c.£150m per quarter**[1]
- **Current investment pipeline in excess of c.£1bn**[1]
- We believe that the shift from traditional banks to the specialty finance sector is a **structural trend**, supporting a sustainable pipeline of investment opportunities

1. Across all PSC strategies.

Attractive market opportunity

Well established and growing markets which have had limited institutional focus



£330 billion
Unpaid Principal Balance[1]

1,340
FCA registered companies and non bank lenders[2]

3,330
New non bank lenders founded globally[3]

1. Source: Bank of England, E&Y, Financing & Leasing Association and PSC Internal estimates
2. Source: FCA registered companies, FLA members and EY bridging market survey
3. Goldman Sachs & E&Y
4. Loan origination volumes sourced from the Office of Nation Statistics, Finance & Leasing Association, British Business Bank SME Report 2019, Apex, Close Brothers, Deloitte and EY.
5. Diagram is intended to show indicative proportional relationships and is informed by Pollen Street Capital industry experience.

Continuing Portfolio Composition

PSC uses two capital structures to deliver downside protection and low volatility assets

Structured: Direct lending to specialist lenders

- Typically senior secured loans to specialty finance companies
- The security on our investment are the assets originated by the specialty finance company
- The company provides the 'first loss' in the form of 'real capital' whilst we are providing the senior capital
- Corporate guarantees also typically taken

Structured: Capital Structure[1]

Senior Secured Loans

PSC FOCUS

Equity (real assets)

Equity (goodwill)

Whole Loan: Purchase of portfolios of whole loans

- Portfolios can be sourced from established relationships and network
- There is very limited competition for portfolios of less than £100m
- Often property backed with 'first loss' provided by the underlying customer
- Seasoned assets typically provide stable cash flows

Whole Loan: Capital Structure[1]

Whole Loans

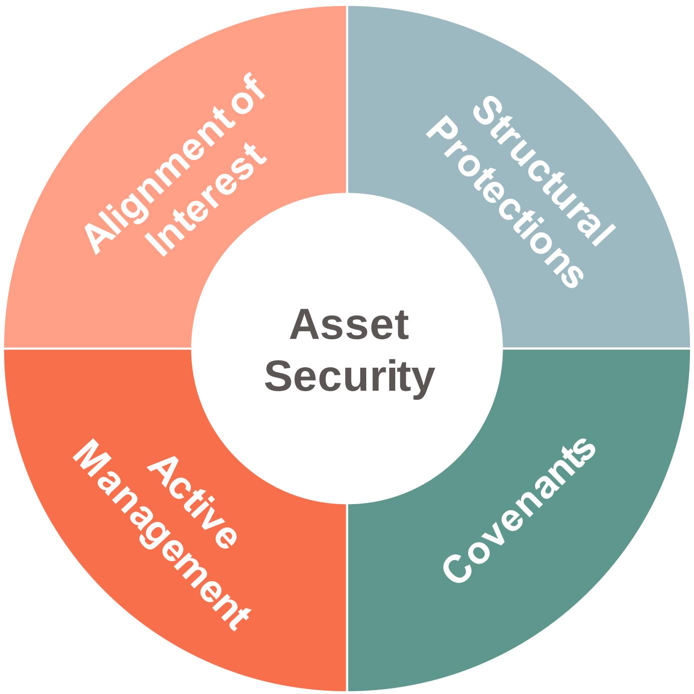
PSC FOCUS

Customer equity / Purchase discount / Excess spread

1. Example of typical structures

Disciplined Investment Model

Combining the best disciplines of ABS and Direct Lending



Asset Security

- Foundation upon which each deal is built whereby assets generate the cash to repay principal and interest

Structural Protections

- First loss equity provided by the borrower providing equity cushion in a downside scenario

Robust and Comprehensive Covenants

- Cover the performance of the assets and the borrower group

Control and Active Management

- Extensive operating and work-out capability within PSC enables early action

Alignment of Interest

- First loss equity and / or back ended performance fees drive alignment of interest with the borrowers

PSC Origination Edge

One of the largest dedicated teams in Europe

Founding Partner team

Lindsey McMurray


Matthew Potter


James Scott


Michael England


Ian Gascoigne


13 years experience working together

Investment Team


Howard Garland
Partner


William Cumming
Partner


Michael Katramados
Head of Structured Lending


James Scotcher
Portfolio Director


Regi Athwal
Investment Director


Peter Madouros
Investment Director


Mo Gong
Investment Director


Ben Jackson
Investment Manager

+6

Investor Relations

Amy Ward
Partner


+2

Legal & Compliance

Chris Palmer
General Counsel


+6

The Hub

4

Operations and Support(1)

Steve Plowman
COO


+36

Private Equity

7

PSC Expert Network

60+

- Market not well served by institutional capital
- Premium obtained for finding and structuring transactions
- PSC has one of the largest teams dedicated to the specialty finance space
- Majority of deals executed on a proprietary basis
- £3bn of new opportunities reviewed in 2018 with £150m+ completed per quarter

Information as of 1 June 2019.
1. Includes contractors.

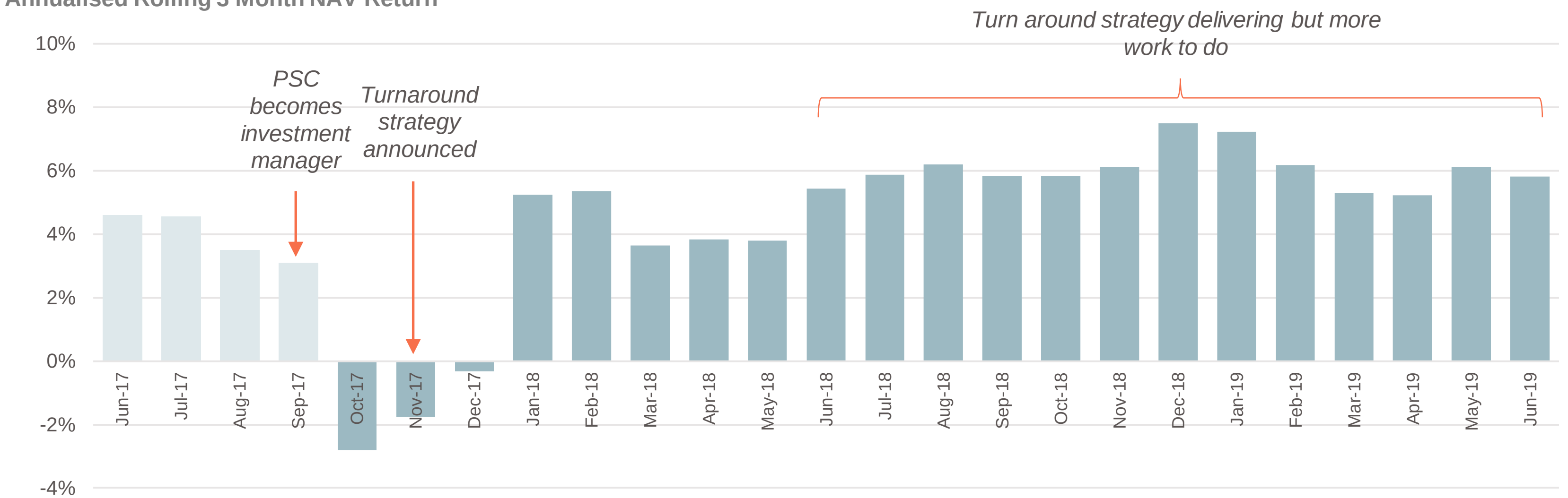
Financial Performance

GLOBAL INVESTMENTS

Financial Highlights

The strategy is delivering

Annualised Rolling 3 Month NAV Return[1]



Success delivered to date

- Repositioned portfolio into assets with higher and more stable risk adjusted returns
- Introduced stronger performance monitoring and controls
- Increased downside risk protection by
    - Increase in structured loans, with first loss equity
    - Reduction in unsecured consumer whole loans
    - Reduction in leverage
- Actively managed down the discontinued portfolio

Focus of further work

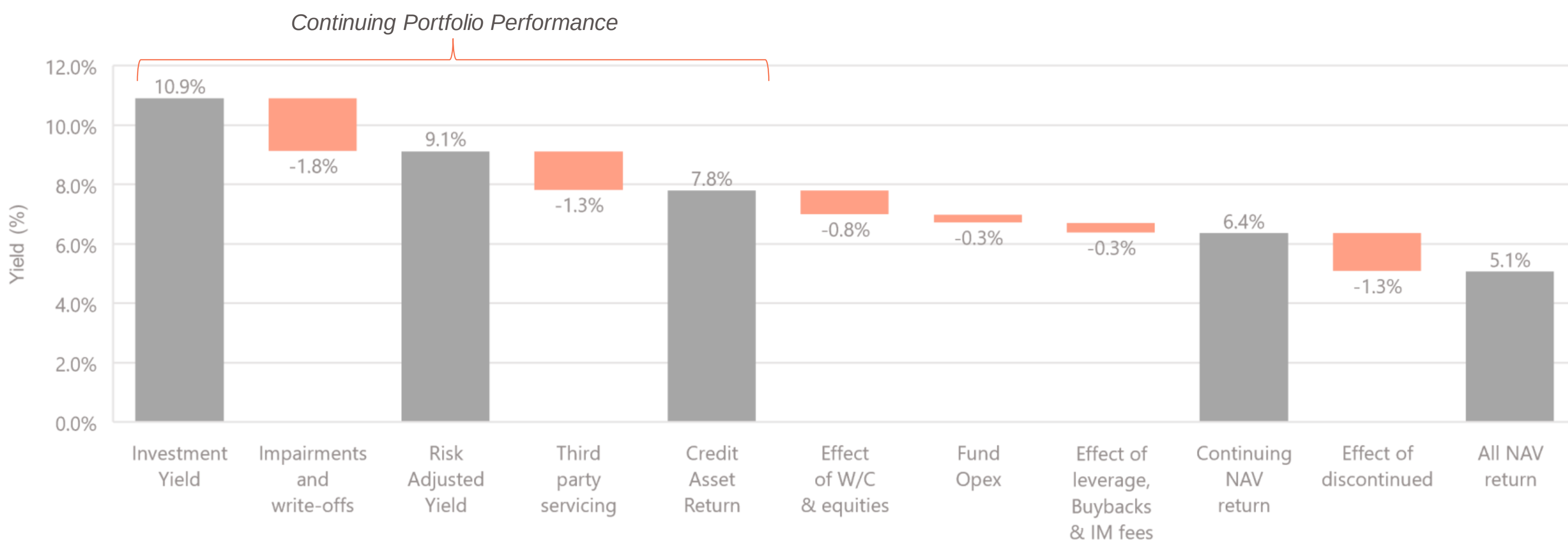
- Maximising value from remaining tail in the discontinued portfolio
- Optimise leverage, exploiting attractive terms offered by single sector funding providers
- Minimise drag and volatility created by the equity portfolio
- Continue delivering performance improvement across all areas of the portfolio

1. NAV (Cum Income) at the end of the period, plus dividends declared during the period, divided by NAV (Cum Income) at the start of the period, calculated on a per share basis and averaged over a rolling 3 month period. Write down of URICA equity position in June 2018 and asset write off in May 2019 has been excluded from the calculation to show trend

Returns Bridge

Strong returns from continuing credit assets

H1 Returns Bridge[1]



Strong continuing credit asset return

- H1 2019 continuing credit asset return was 7.8% annualised
- The exposure to Funding Circle is being managed down. The fund started originating with this platform in 2014 and terminated the relationship in 2018 following Pollen Street Capital becoming the investment manager
- The continuing assets now represent 90%[2] of the portfolio
- The growth over H1 2019 has been delivered from a combination of growing with the platforms and 5 new deals that completed in the period

Sources of volatility

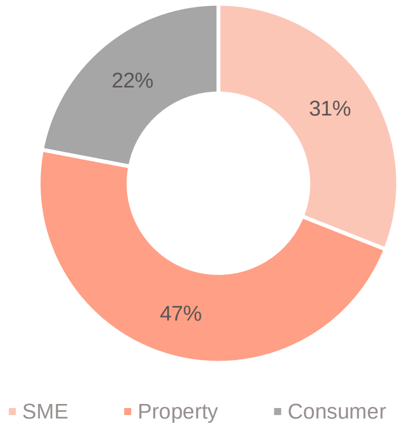
- Two key elements of volatility:
  - Discontinued portfolio
  - Equity portfolio
- Large movements in market FX rates have also created some volatility despite hedging arrangements

[1] See appendix for definition of terms
[2] Portfolio based on NAV exposure to investment assets as a percentage of total NAV before deducting topco debt excluding cash, working capital and equity positions

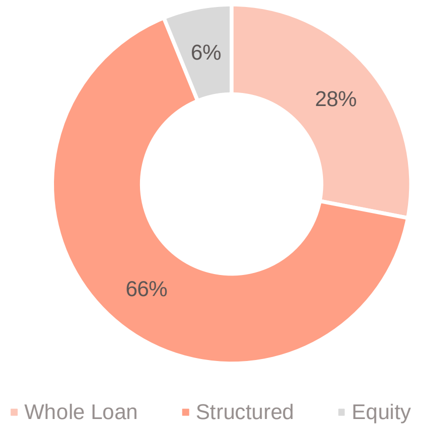
Continuing Portfolio Composition

Well Diversified Portfolio with Downside Protection

Continuing Portfolio by Sector[1]



Continuing Portfolio by Structure[2]



Portfolio

- 19 deals
- 5 Property related platforms with Castlehaven and Zorin representing £367m across 124 loans[3]
- 14 SME and Consumer with average balance outstanding per deal ~£20m[3]
- Good diversification by sector & structure

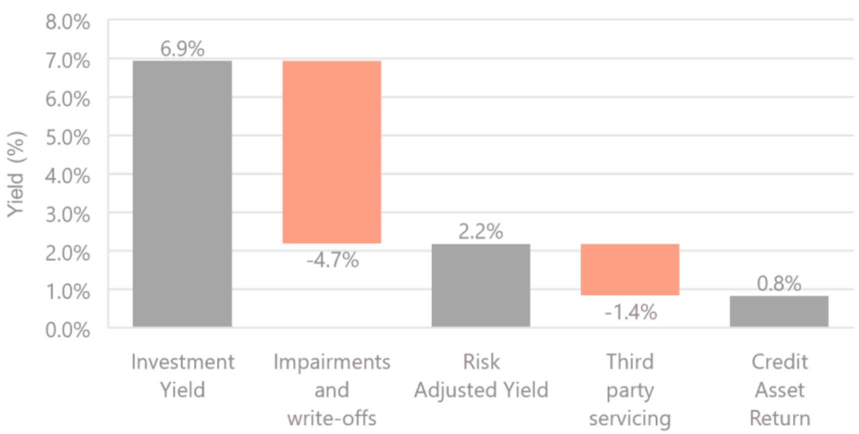
1. Outstanding balances of continuing portfolio, excluding Equity Assets, stratified by the sector on a gross asset basis
2. Outstanding balances of continuing portfolio, including Equity Assets, stratified by structure net of continuing asset specific leverage and working capital
3. Position as at Q2 2019

Past Performance is not indicative of future results.

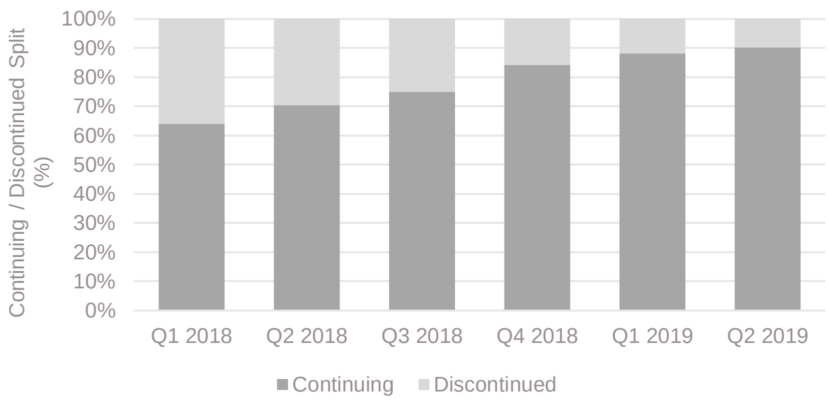
Discontinued Portfolio Composition

The discontinued portfolio remains a drag on returns, but this is reducing

Return on Discontinued Assets over H1[1]



Investment Assets[2]



Exposure & returns

- The portfolio has been actively managed down and collected out and is now only 10%[2] of the book
- Despite this the portfolio continues to produce some volatility:
    - Consumer unsecured loans delivering poor results with high bad debt charge
    - The residual exposure to Urica was written off in Q2 following an adverse ruling by the French courts
- 0.8% credit asset return on the discontinued portfolio represents a 1.3% drag on the overall NAV return of the fund

1. Investment Yield calculated as interest income less amortised acquisition costs over opening credit assets, annualised. Impairments and Write Offs calculated as impairments, including stages 2 & 3, over opening credit assets annualised. Third Party Servicing calculated as servicing costs over opening credit assets, annualised. Credit Asset Return calculated as the net of the above
2. Portfolio based on NAV exposure to investment assets as a percentage of total NAV before deducting topco debt excluding cash, working capital and equity positions.

Castlehaven

Exit at attractive price

Transaction Overview

- The Company reached an agreement on the 23 August to sell its interests in Castlehaven Finance, an alternative residential development and bridging finance lender in Ireland, to Avenue Capital Group
- The Company has supported Castlehaven since 2016 and provided in excess of €380m of financing since that time
- The current strategy of Castlehaven is to expand its lending into the Irish private rental sector and commercial market, which is a different risk profile than its traditional residential development financing
- The sale included a 25% equity stake along with other loan and debt interests. The gross proceeds from the sale were approximately €250 million
- The transaction represents a modest premium to the Company's holding value with the income on disposal expected to be recognised in August

Deferred settlement to aid redeployment

- Half of the proceeds from the sale will be received on a deferred basis over 6 months to reduce the cash drag on redeployment
- The deferred settlement accrues income

Robust pipeline and significant growth opportunities

- There are significant opportunities to continue to grow with our clients as well onboarding new partners
- The manager has built a pipeline of £1bn of opportunities that are being actively pursued
- Real estate and Ireland both remain attractive sectors and the manager will continue to identify opportunities to deploy capital in these areas on an appropriate risk adjusted returns basis
- There is a large market opportunity

Case Studies

Zorin Finance

The Market

- UK residential development and bridging loans are not well served by high street banks
- There is a need for an efficient lending process with bespoke underwriting
- Developers must be Help-to-Buy qualified prior to selling their homes to consumers. These homes are lower priced, have a lower stamp duty and are more liquid

The Partner

- Zorin has lent over £400 million in connection with property development projects and bridging loans with a focus on the London and the South East market
- The Zorin team is very experienced in the property and finance sector with strong origination relationships and specialised product knowledge

Key Statistics[1]	
Facility:	Senior Secured
Industry:	Property backed loans
Outstanding Balance:	£162m across 52 underlying loans
LTV:	~67%
Country Exposure:	UK
Sourcing:	Direct

iwoca

The Market

- SMEs are notoriously under-served by traditional banks
- New technology and data mean specialists are able to source and underwrite effectively

The Partner

- The company has identified a gap providing short term working capital loans
- Developed a proprietary scoring model, overlaid with manual underwriting, has demonstrated strong ability to price for risk
- In 2018 raised equity on £250m valuation
- Lent over £850m to more than 27,000 customers

Key Statistics[1]	
Facility:	Senior Secured
Industry:	SME
Facility Size:	£20m (total syndicate £110m)
Effective advance rate:[1]	70%
Country Exposure:	UK
Sourcing:	Direct

1. As at June 2019. Effective advance rate calculated as outstanding loan balance divided by total collateral value. This excludes any goodwill attributable to the companies we have security over but includes customer first loss equity as well as borrower equity.

Summary

- Continuing portfolio performing well
- Discontinued portfolio and equity continues to produce some volatility in returns but steadily reducing
- Exit of Irish real estate development book at attractive valuation
- Robust, diversified forward opportunity pipeline
- Focused on re-deploying Castlehaven proceeds

Questions

Appendix

About Pollen Street Capital

Investment manager dedicated to Financial Services

An Established Independent Asset Manager

- Manage **£2.6bn**[1] in credit and private equity strategies for leading pension funds, insurance companies and asset managers
- **Led by the five founding partners**, with an average of 21 years' experience, **investing together for 14 years**[2]
- Founded in 2013, **76 employees**[3] in London headquarters and NYC office

Demonstrable Strong Track Record

- In credit, we manage P2PGI and Honeycomb Investment Trust
- We have invested **£2.0bn across 66 deals in the last 3.5 years**, delivering attractive returns from typically senior secured exposures
- By targeting harder to access markets, we have delivered compelling returns from sector specialism and proprietary deal flow, not increased risk

Sector specialism drives superior performance

- One of the **most experienced specialty finance teams in the market**, these long-term industry relationships enable diverse and differentiated deal flow
- Established a number of leading non-bank and challenger lenders (**Shawbrook, Arrow, Sistema**) and service providers to the non-bank lending market (**Freedom Finance, Target Group**)
- Proprietary PSC Network provides access to high-quality origination, with the **majority of investments sourced internally and negotiated bi-laterally**

1. Defined as the total statutory assets for Honeycomb Investment Trust plc and P2P Global Investments plc, and fund commitments or residual asset value for the private equity funds. As at 30 June 2019.
2. Including its predecessors RBS Equity Finance
3. As at 5 July 2019

Return Bridge Definitions

- Investment Yield includes continuing assets only calculated as interest income less amortised acquisition costs net of FX hedging costs over opening Credit Assets, annualised
- Impairments and Write Offs includes continuing assets only calculated as impairments, including stages 1, 2 & 3, over opening credit assets, annualised
- Third Party Servicing includes continuing assets only calculated as servicing costs over opening credit assets, annualised
- Equity & W/C shows the effect on returns of NAV consumed by Equity Assets and working capital, annualised
- Fund Opex includes the effect of administrator, depositary, audit, custodian and other fund expenses, annualised
- Effect of Leverage, buybacks and IM fees includes the effect of the fund's leverage facilities as well as buybacks and attributable management and performance fees
- Effect of Discontinued includes the effect of all discontinued assets and an associated leverage facilities, net of attributable management and performance fees
- Net Return calculated as NAV (Cum Income) at the end of the period, plus dividends declared during the period, divided by NAV (Cum Income) at the start of the period, all calculated on a per share basis and annulised. This is equivalent to the net of the above

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