9 June 2016

P2P Global Investments plc

Chairman's AGM Statement

P2P Global Investments plc is holding its Annual General Meeting at 3pm today, where the following statement by the Chairman will be read out.

Highlights

- Board confident of continuing ability of company to deliver target rate of return in 2016.
- Underlying performance of portfolio stable and within expectations.
- Board sees additional opportunities during current market turbulence.
- Mahnaz Safa to join board.

Welcome to the second annual meeting of P2P Global Investments. My name is Stuart Cruickshank, chairman of the board, and I am here with my fellow independent directors, Simon King and Michael Cassidy together with representatives of the investment manager, MW Eaglewood.

I am going to say a few words about 2015 and also talk about recent events in the industry, current trading and what we see as the positive outlook for the company. We will take some questions and then go on to vote on the resolutions we are considering today.

As you know, P2P GI's strategy is to target higher credit quality assets, combined with modest leverage, in order to offer investors an attractive risk-adjusted alternative in comparison to other credit asset classes.

This is especially attractive at a time when investors everywhere are struggling to find a sustainable income. 2015 proved to be another challenging year for both equity and debt markets. Geopolitical tensions, an economic slowdown in emerging markets, a decline in commodity prices and uncertainties over US interest rates contributed to a heightened volatility in all markets. More than ever before, yield opportunities are sparse in credit markets and to some extent, in equity markets too. More than $7 trillion in government bonds are trading at negative yields and more than $40 trillion of the Barclays Multiverse Index is yielding below 3%.

Given this environment, as your chairman, I am pleased to be able to report a year of strategic progress for the company and the industry. Marketplace lending continued to experience a rapid expansion throughout 2015, with a wave of new funders fuelling growth. The two largest platforms in the US, Lending Club and Prosper, reached record originations of $8.4 billion and $3.7 billion respectively, while in the UK over £1bn was originated by Zopa and Funding Circle in 2015.

P2P GI diversified and deepened its relationships with some of the largest marketplace platforms in the world, commencing originations through 6 new platforms, including ventures in New Zealand and Australia, making a total of 18 platforms with which we have such agreements.

The Company also achieved its stated deployment plan, fully investing the proceeds of the C shares issued in June 2015, allowing conversion into ordinary shares within 7 months. The Company's NAV return was 6.56% for the ordinary shares.

To further its diversification of funding sources, the investment manager negotiated new debt facilities with several banks with a committed amount of over $400m in the US and of £300m in Europe. The board looks forward to working with the investment manager in incrementally driving down its cost of funding as the market continues to mature.

The underlying credit performance of the portfolio has been stable and remains within the board's expectations. The majority of the Company's exposure is in prime consumer loans, the performance of which is linked to the general macroeconomic conditions. With a favourable employment market, increased house prices over the past five years, and improved consumer affordability, consumers' creditworthiness in our markets remains strong.

The Company paid a total dividend of 59.2p per ordinary share in 2015. The ordinary shares thus delivered a yield of 6.12% on the average NAV for the year, within its target range. The board and the investment manager are also confident of the company's ability to continue to deliver its target dividend yield over the next 12 months.

Recent developments in Marketplace lending and Outlook

Let me now turn to more current events in the industry, since the 2015 year end. In the last few months new loan originations have slowed on several platforms as some lenders have chosen to cut back on new investments. Marketplace lenders also face heightened regulatory scrutiny on both sides of the Atlantic.

Our view is that the recent white paper from the US Treasury is actually a very constructive step towards a unified regulation of the industry. Whilst some marginal platforms may struggle with increased regulatory requirements, the more established players are expected to benefit as a result of additional validation from regulators thus strengthening their business practices.

During this time, the discount in the P2P Global Investments share price to NAV has widened. The board is conscious of this and keeps the discount under regular review. As we have stated previously, we do have the discretion to order the investment manager to buy back shares in such situations and have regular meetings with the investment manager to hold them to account.

The permanence of the Company's capital confers a strong strategic advantage during times of temporary market dislocation, such as we have been seeing. When funders are withdrawing in part or in whole from the market, your Company has the ability to point to its reliable capital base as a differentiated strength as a partner for platforms. This relative funding advantage allows us to be viewed as the preferred partner for many maturing and emerging lending platforms, and profoundly strengthens its negotiating position with counterparties.

After careful consideration, our current view is that while a buyback would deliver a one-off accretion to shareholders, it would also mean forgoing the multi-year opportunities we see in deepening our relationships with platforms at a time when other, flightier, investors are pulling back. This is a classic example of weighing up the short term versus the long term. Our opinion is that shareholders' interests, at this time, are best served by implementing the company's existing strategy.

Market place lending is an industry which is still, relatively speaking, in its infancy. Temporary setbacks will occur. But the medium and long term potential remains very compelling and is transformative for society, lenders and borrowers alike.

The powerful proposition of low cost non-bank lending will continue to accelerate demand for loans from high quality borrowers creating new markets and growth avenues.

The board is continuously engaged in working with MW Eaglewood to benefit from the increased opportunities we see and to ensure it delivers on its investment mandate. The investment manager has created a diverse and broad based platform and investment capability from which to deliver long term sustainable returns for investors and we are therefore confident that our returns targets for the full year will be achieved in 2016.

I would like to welcome Mahnaz Safa to the board as a non-executive director with effect from 10 June 2016. Mahnaz has more than 20 years' experience in finance and is currently a managing director, corporate and investment banking, at Citi. She was previously co-head of EMEA debt capital markets at UBS and I know she will bring to the board a powerful mix of knowledge and experience.

We have some important resolutions for you to vote on today but before we do that please do ask any questions you may have.

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