

# GLI Finance Limited

GLI Finance

Geoff Miller CEO

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# Strategy

- To become a leading alternative provider of SME finance
- Build a range of partnerships with online and offline platforms with:
  - Sustainable competitive advantage
  - Strong, experienced management teams
  - Complementary approach to existing finance industry
  - Strong qualitative and quantitative approach
- Invest in and through these platforms to optimise return to shareholders
- Focus on ROE:
  - Maintain high level of income to support the dividend
  - Whilst building shareholder equity

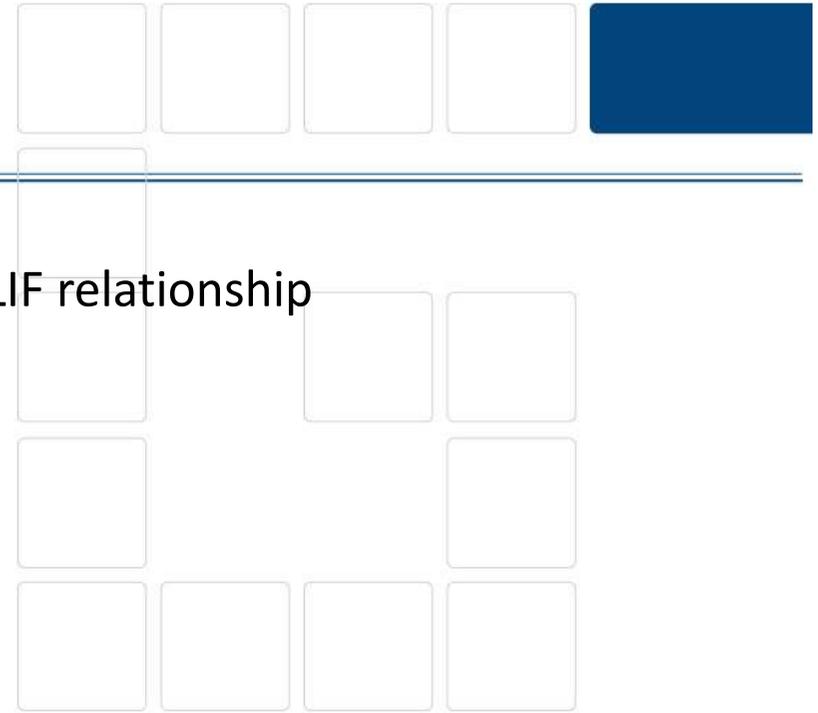
# Progress in 2013 and beginning of 2014

- BMS Finance bedded down well
  - Strong growth in equity
  - Business Bank funding obtained
  - Restructured non-core assets
- Agreed terms on a series of partnerships with other origination platforms:
  - TradeRiver Finance                      Global Trade finance
  - FundingKnight                              UK SME lending
  - Finpoint UK                                  UK SME lending
  - Raiseworks                                    US SME lending
  - Sancus    Offshore lending
  - Platform Black                                UK invoice discounting
  - European Receivables Exchange      European invoice discounting
  - Crowdshed                                    Global multi-asset crowd funding
  - Proplend                                        UK property-backed lending
- CLO business to be exited over time

# Fourth Quarter 2013

- NAV 50.0p vs 51.8p at end-June
  - Mainly dues to a drop in the sterling value of US\$ CLO assets
- CFO appointed
- FundingKnight passed £3m in lending vs less than £1m when GLIF invested
- Platform Black average size of invoice rising, cost of funds falling
- Lombardia CP warrant buy back and loan repayment
- Shareholder approval for a new investing policy and a delisting from the Channel Islands Stock Exchange
- Secured Loan Investments Limited formed as a subsidiary

# Strategy for 2014



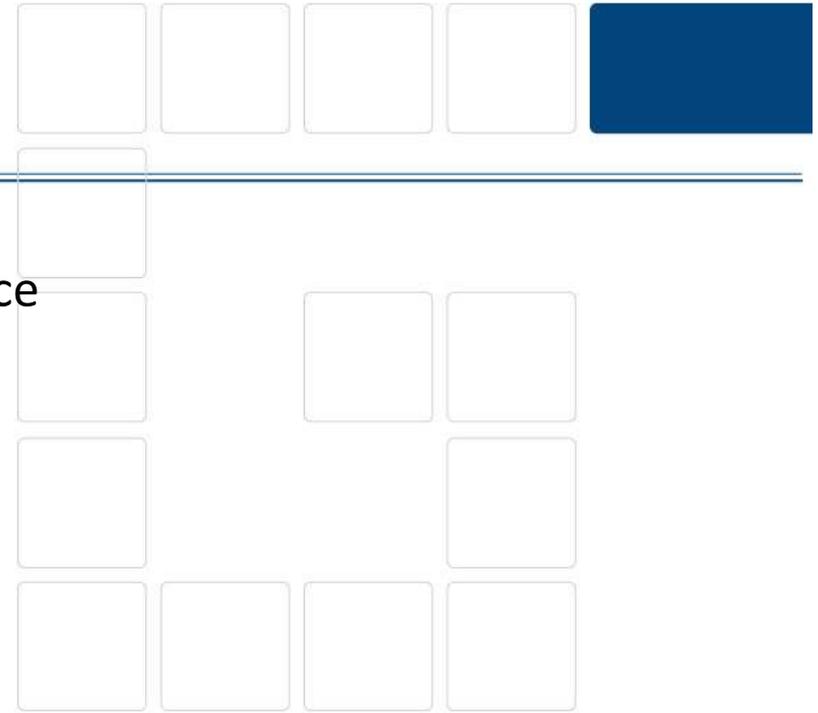
- Add value to each platform through the GLIF relationship
  - Make capital available to fund lending
  - Cross referral of business
  - Cross referral of institutional investors
  - Pooling of knowledge
  - Efficiencies from service providers
- Realisation of CLO investments
- Redeploy assets across origination platforms
- Blend of traditional lending and online models
- Main market move when appropriate
- Look for opportunities to diversify the origination business further

# External Events 2014

- Regulation will be crucially important in 2014
  - JOBS Act in the US
  - FCA regulation of P2P in UK
- Brings online platforms into the mainstream
- Institutional interest in alternative finance taking off
- Management of supply and demand will be critical
- Miss-pricing almost inevitable
- Consolidation likely
- Blurring of the lines between peer-to-peer and other forms of alternative finance

# Conclusion

- Unique origination capability in SME finance
- Diversified by:
  - Geography
  - Industry
  - Size of lending
  - Type of lending
- Ability to put significant capital to work
- Flexibility to adapt to changing conditions



## Platform Profiles



# BMS Finance

- Financing of high growth SMEs, predominantly in the UK
- Typically up to £25m of revenue, don't require a 3 year track record of profits
- 1-2% initial fee, 10-15% interest rate plus warrant or exit fee
- 2-3 year senior secured amortising loan of £500k-£4.5m
- Focus on business services and technology companies
- Relationship banking - close engagement with borrowers for monitoring. Covenants set as an 'amber' warning level allowing time for remedial action to be taken
- GLIF owns £14.1m out of a total £14.6m enterprise value (67% of equity plus £12.6m debt)

# Funding Knight

- SME finance through crowd funding
- Maximum loan size £150k
- Maximum term five years
- Underwritten by experienced in-house team
- Less than £1m written at the time of GLIF investment in July 2013
- More than £3.5m loans now agreed
- Expect rapid growth during 2014
- Traditional small business banking delivered through modern architecture
- GLIF invested £1.5m for at least 20% of the business
- By year end GLIF had invested over £1m in FK originated loans

# Finpoint UK

- Online financial matchmaking service that efficiently connects
  - SMEs that wish to borrow with
  - Banks and financial institutions that are registered and ready to lend.
- Launched in Germany in 2010
- Finpoint UK, a JV between German founders and GLIF, has the UK license to the platform in perpetuity
- Connecting businesses with transformative funding for growth, and helping institutions to assess and access new lending opportunities.
- Expect to build on the success and experience from Germany to build a unique platform in the UK
- GLIF invested £1.25m for a 75% stake in Finpoint UK

# Raiseworks

- US peer-to-peer SME lending business
- The past two years building the platform, developing the credit underwriting model, establishing partnerships, and securing a broker dealer license
- Utilises one of the largest private company databases in the United States
- Suite of proprietary, predictive algorithms in an effort to provide community members with an informational advantage
- GLIF invested \$1.5m for at least a 30% stake in the business.

# Sancus

- Offshore lending on a peer to peer basis
- Initially Channel Islands but will grow
- Formalising informal offline networks
- Will develop both online and offline
- Filling the bespoke banking gap the banks can no longer service
- GLIF has an initial 7.4% stake in the business

# European Receivables Exchange

- Invoice discounting exchange, based in Denmark
- Single bidder, no fractional bidding
- Single day auctions
- Highly scaleable, entirely online model
- Significant presence in the Danish market
- Potential to build across geographies
- GLIF has acquired a 5% stake in the business.

# Platform Black

- UK-based peer to peer invoice discounting business
- £36.5m traded in 2013
- Investors are funds, corporates or sophisticated investors
- Invoice discounting c. £300bn market in the UK
- GLIF invested £2m for at least a 20% stake

# TradeRiver Finance

- Entirely online SME lending business
- Provides short term funding to import businesses
- GLIF has provided a £2m subordinated loan facility which will support the growth of the loan book
- In addition to the loan facility, GLIF has acquired a 10% stake in the business

# CrowdShed

- Multi-asset, multi-jurisdictional crowd funding platform
  - Not for profit
  - Rewards based
  - Equity funding
  - Factoring
  - Lending
- Working with organisations prepared to be socially responsible
- Can provide the regulatory, technological and administrative umbrella for new financial models
- GLIF has acquired a 26% stake

# Proplend

- Secured property-backed peer to peer lending
- Unique model to address the property market
- Company operates online and offline
- GLIF invested £1m for at least a 22.5% stake in the business