

Chairman's statement

A focus on risk-adjusted returns

“The Board is committed to high standards of corporate governance and instilling the right culture, behaviour and approach to how we do business.”

I am pleased to present my first Chairman's statement following our successful IPO.

The Group continues to focus on achieving a well-deployed loan book generating strong cash flow in the form of fee and interest income, and diversified income from asset management fees during the 'ramp-up' period (explained further in the CEO's Review). New loans will replace redeeming loans, creating churn on our capital naturally throughout the year and, at that stage Minimum Income will become less relevant as actual income becomes recognised. This scenario remains the short- to medium-term target for the Group and will drive shareholder value. Pursuing this plan will enable the business to become cash generative, and able to grow dividends at a constant rate, produce a high return on equity and deliver a greater total shareholder return relative to risk.

Trading and dividend

Whilst reporting a loss for the Period, projected aggregate income on the loan book is positive. Income recognition is explained within the Finance Review on page 21 and, as stated above, though we ultimately wish to move away from reporting Minimum Income, it is worth reiterating that this provides a comfortable basis for paying dividends whilst recognition of income is deferred in the financial statements.

Costs are commensurate with the growth phase of the business, and within an acceptable ratio of the value of executed transactions.



“We are focused on building a large, modestly-g geared loan portfolio that generates strong risk-adjusted returns, serving best-in-class SME developers with a competitive product, exemplary customer service and loan structuring with a solutions-based focus, incorporating flexibility and ingenuity.”

We have accelerated expansion plans in order to capitalise on the opportunity we identified at IPO, firmly believing that we can capture the capital looking to enter our sector. We are focused on building a large, modestly-g geared loan portfolio that generates strong risk-adjusted returns, serving best-in-class SME developers with a competitive product, exemplary customer service and loan structuring with a solutions-based focus, incorporating flexibility and ingenuity.

The Board declared an interim dividend of 0.83 pence per share paid in January 2019 and is recommending a final dividend of 1.67 pence per share to be paid on 7 May 2019 (with a record date of 12 April 2019).

Board and governance

The Board is committed to high standards of corporate governance and instilling the right culture, behaviour and approach to how we do business.

Nigel Greenaway, Andrew Baddeley and I continue to assist in steering the Group through the risk, governance and regulatory requirements of a newly listed business, and to challenge the Executive function of the business when appropriate.

Overall, we enter 2019 in a robust position, with a high quality loan book, a stronger team in place, and a healthy pipeline of loans and asset management opportunities to execute in the forthcoming period.

Our people

We know our business is nothing without our talented team and so investing in it is critical to how we intend to grow. We foster an environment that offers meaning and purpose through aligning personal values with business objectives.

Learning & development

We have cultivated a learning environment through providing various experiential learning opportunities for all.

Diversity

We believe that building diverse and inclusive teams is not just a generic business objective but good for business. We are committed to promoting an inclusive and empowering working environment for all.

Flexible working

We recognise how important it is for our employees to be able to balance responsibilities at work with responsibilities at home.

Gender equality

Gender parity is important to us and we want to be accountable for what we are doing to improve it. We want to ensure that we have equality in our hiring practices, equal representation across the different functions and fair treatment for all.



William McKee, CBE
Chairman