

# Introduction to Vector Capital plc

February 2021

# Disclaimer

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, JAPAN, OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH IT WOULD BE UNLAWFUL TO DO SO.

The information contained in this confidential document (the "Presentation") relating to Vector Capital plc (the "Company") has been prepared by the Company. By reading the information contained in this Presentation and this notice, the recipient agrees to be bound by the following limitations. This Presentation is not an approved prospectus or other equivalent offering document under the securities laws of any jurisdiction.

For the purposes of this document, the Presentation shall mean and include the slides that follow, the oral briefing provided by the Company in connection with the information herein, the question and answer session that follows that oral presentation, hard copies of this document and any materials distributed at, or in connection with the Presentation.

Neither this Presentation, its contents, nor any part thereof have been approved (for the purposes of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) by an authorised person within the meaning of FSMA. Reliance on this Presentation for the purposes of engaging in any investment activity may expose an individual to a significant risk of losing all the assets invested.

The information contained in this Presentation is being supplied to a very limited number of persons for information purposes only. This Presentation is not an offer or invitation or solicitation of any offer to acquire securities of the Company, nor does it form a prospectus or part of any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) nor does it constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of sections 85(1) and 102B of FSMA. It shall not form the basis of, or be relied on in connection with, or act as invitation or inducement to enter into, any contract or commitment whatsoever. No offer of securities is being or will be made in circumstances which would require a prospectus or similar document to be approved.

The Presentation is strictly confidential, is being supplied to you solely for your information and may not be distributed or re-distributed (including to the press) or passed to any other person, may not be copied in any form and may not be published, in whole or in part, for any purpose. Failure to comply with this restriction may, inter alia, constitute a violation of applicable securities laws. Certain information contained in the Presentation is non-public, proprietary and highly confidential. Accordingly, by accepting and using this document, you will be deemed to agree not to disclose any information contained herein except as may be required by law.

This Presentation is directed at persons in member states of the European Economic Area ("EEA") who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation (Regulation 2017/1129) as amended from time to time and in the United Kingdom to (a) persons who have professional experience in matters relating to investments and who fall within the category of person set out in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (b) high net worth companies within the meaning set out in Article 49 of the Order.

Persons falling within one of the categories of persons described above must comply with the terms of this disclaimer and they will conduct their own analyses or other verification of the data set out in this presentation and bear the responsibility for all or any costs incurred in doing so. Persons who do not fall within one of the categories of persons described above should not rely on this presentation nor take any action upon it.

Neither this Presentation nor any copy of it may be (a) taken or transmitted into Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction in which it would be unlawful to do so or their territories or possessions; or (b) distributed to any individual outside Australia, Canada, Japan or the Republic of South Africa who is a resident thereof or who is a resident of any other jurisdiction in which it would be unlawful to take or transmit this Presentation in any such case for the purpose of offer for sale or solicitation or invitation to buy or subscribe any securities or in the context where its distribution may be construed as such offer, solicitation or invitation, in any such case except in compliance with any applicable exemption. The distribution of this Presentation in or to persons subject to other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Any other person who receives this Presentation should not rely or act upon it and should return it immediately to the Company. By accepting this Presentation, the recipient represents, warrants and undertakes to the Company that they are a person who falls within the above description of persons entitled to receive the Presentation and that they will not forward the Presentation to any other person, or reproduce or publish this document, in whole or in part, for any purpose and they have read and agree to comply with the contents of this notice

Certain of the information contained in this Presentation has been obtained from published sources prepared by other parties. Certain other information has been extracted from unpublished sources prepared by other parties which have been made available to the Company. The information contained in the Presentation, which does not purport to be comprehensive, has been provided by the Company's management and has not been independently verified as to its accuracy, completeness or otherwise by any of the Company's advisers and may be subject to updating, completion, revision and/or amendment and such information may change materially at any time without further notice.

Allenby Capital Limited ("Allenby") is acting in the provision of corporate finance business to the Company, within the meaning of the Financial Conduct Authority's Conduct of Business Sourcebook ("COBS"), and no-one else in connection with the proposals contained in this Presentation. Accordingly, recipients should note that Allenby is neither advising nor treating as a client any other person and will not be responsible to anyone other than the Company for providing the protections afforded to clients of it under the COBS nor for providing advice in relation to the proposals contained in this Presentation.

While the information contained herein, which does not purport to be comprehensive, has been prepared in good faith, the Company, Allenby and their respective shareholders, directors, officers, agents, employees or advisers or any other person do not give, have not given and do not have authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability, fairness or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as "Information") and liability therefor is expressly disclaimed. Accordingly, the Company, Allenby, and their respective shareholders, directors, officers, agents, employees or advisers or any other person do not take any responsibility for, nor will they accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy, reliability, fairness or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this Presentation. Each recipient must conduct its own independent investigation and analysis of the Company and of the information contained in this presentation and bear all the costs of doing so.

This Presentation may contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. Forward-looking statements are identified by, amongst other things, the use of such terms as "anticipate", "assumes", "believe", "could", "envisage", "estimate", "expect", "forecast", "potential", "intend", "may", "plan", "should", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are statements, which are intended as a guide only, regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, prospects, growth, strategies and the industry in which the Company operates. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other important factors that relate to events and depend on circumstances that may or may not occur in the future and/or which are beyond the control of the Company (including, but not limited to, future market conditions, legislative and regulatory changes, the actions of governmental regulators, changes in the political, social, regulatory and/or economic framework in which the Company operates and the form of global economic recovery following the Covid-19 pandemic). These forward-looking statements are not guarantees of future performance of the Company and reflect assumptions and subjective judgements by the Company that are difficult to predict, qualify and/or quantify. These forward-looking statements speak only as of the date of this Presentation and the Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Presentation.

In all cases, recipients should conduct their own investigation and analysis of the information contained in the Presentation, and obtain separate and independent verification of information and opinions contained in this Presentation as part of their own due diligence. This Presentation is being delivered to interested parties for information only and upon the express understanding that such parties will use it only for the purpose set out above. No representation or warranty is made or assurance given that the statements, projections and forecasts contained in this Presentation will be borne out in practice or that the Company will perform as projected and the Company does not assume responsibility for verifying any of such statements, projections or forecasts. Neither the Company nor any other person shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this Presentation. This Presentation has been made available to recipients for information only. The Company gives no undertaking to provide the recipient with access to any additional information or to update this Presentation or any additional information or to correct any inaccuracies in it which may become apparent.

Neither the issue of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction and the right is reserved to terminate any discussions or negotiations with any prospective investors. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.

The Company reserves the right without any notice or liability to the recipient of this Presentation or its advisers to: (i) change any of the procedures, timetable or requirements or terminate negotiations at any time prior to the signing of any binding agreement with investors; (ii) provide different information or access to information to different persons; (iii) agree variations to the property, rights and liabilities comprised in the Company; and (iv) negotiate at the same time with more than one person. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. This Presentation should not be considered a recommendation by the Company or any of its affiliates in relation to any prospective acquisition of shares in the Company.

If you are in any doubt about the investment to which this Presentation relates, you should consult a person authorised by the Financial Conduct Authority who specialises in advising on securities of the kind described in this document.

# Investment Case

---

Trusted  
Lender for  
20 Years

We provide non-regulated B2B loans secured against land and property in England and Wales

- **Well-established and profitable secure lender**
- Credit facilities of **£25m** from established wholesale banking relationships
- **Progressive dividend policy** and anticipated capital growth
- **Highly experienced** management team
- **Effective and disciplined** credit and risk management controls
- Admitted to AIM and raised £3m in Dec 2020 to **increase lending capacity**

# Leadership Team

---



Agam Jain  
Chief Executive Officer

Agam is responsible for the strategic management of the business and leads the management team. He has been building the secured finance business for over 20 years and maintains the relationships with banks, investors, advisors and brokers. Agam has extensive experience in business IT systems and team development.



Jon Pugsley FCCA  
Finance Director

Jon is a Chartered Certified Accountant and has been with Vector for more than 10 years. His key role is the responsibility for the financial operations of the business including monthly management accounts, cash flows, budgets and interfacing with external auditors.

# Leadership Team

---



Robin Stevens FCA  
Non-Executive Chairman

Robin is a Chartered Accountant and the former Head of Capital Markets of Crowe UK LLP. He has had an extensive career in corporate finance. Robin is responsible for guiding Vector's growth plans and providing senior financial oversight. He sits on both the Audit and Remuneration Committees.



Ross Andrews  
Non-Executive Director

Ross brings extensive financial, commercial and corporate governance experience to the board. He is an experienced senior non-executive director and sits on both the Audit and Remuneration Committees.

# Leadership Team

---

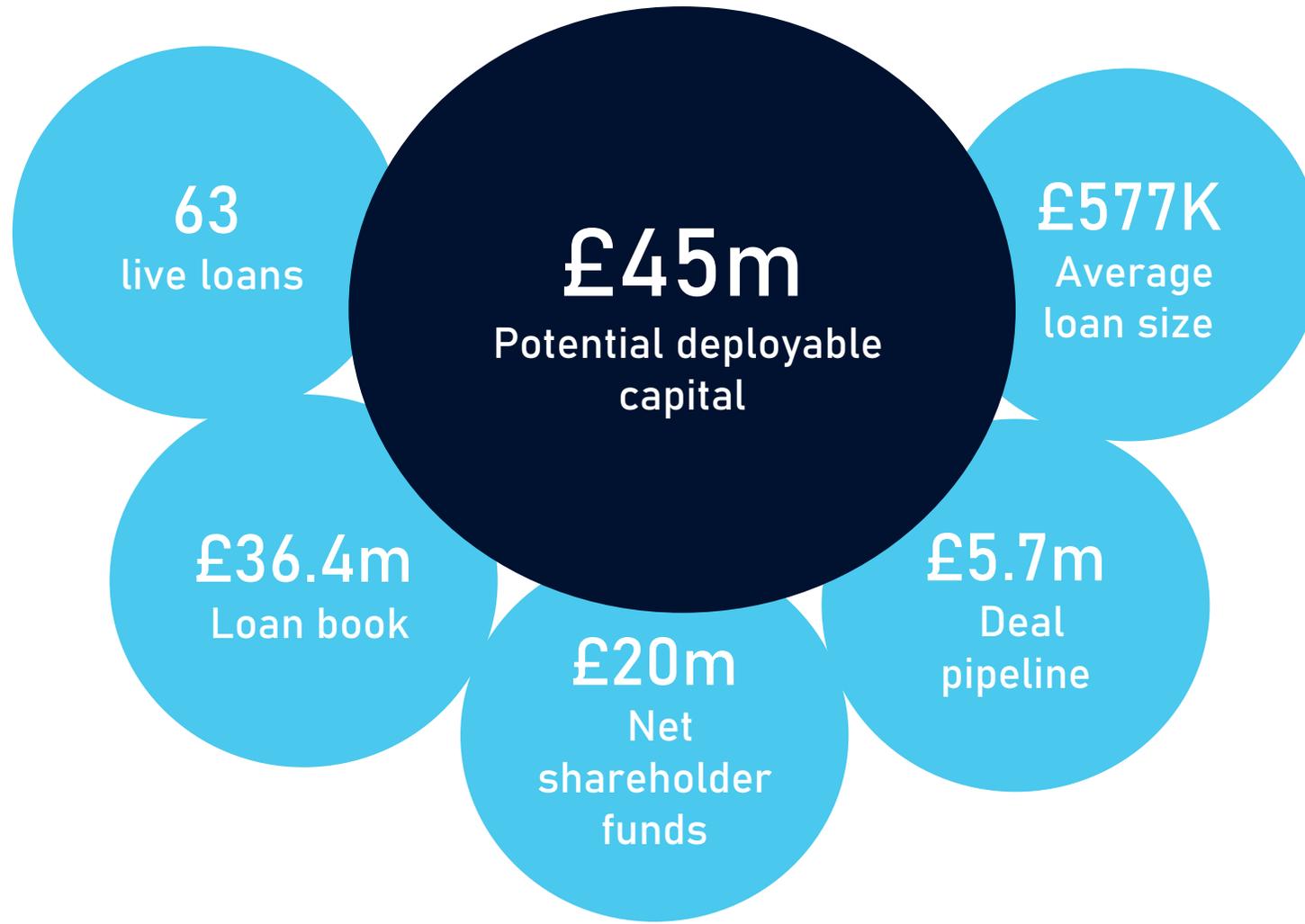


Neil Dhanani  
Chief Operations Officer (non-board member)

Neil has worked with the Group for over 12 years and is responsible for operations and compliance. He also oversees the internal financial and operational reporting. He has an aggregate of 45 years of experience in business administration, finance and operations. He is a member of the Credit Committee and works with the intention of ensuring the consistent application of policy for new loan facilities.

# A Scalable Business

---



Figures as at 31 December 2020

# Our Strategy

---

- Target loan book of **£100m** over the **medium term**
- Maintain and build existing and **new broker relationships**
- Source **debt facility** (deployable against land & new build)
- Continue to invest in **training** and **skills development**
- Continued **strong credit** and **risk management**

# Competitive Market Position

Provision of commercial loans for general working capital purposes, bridging ahead of refinancing, land development and property acquisition

Supported by facilities at 6.5%



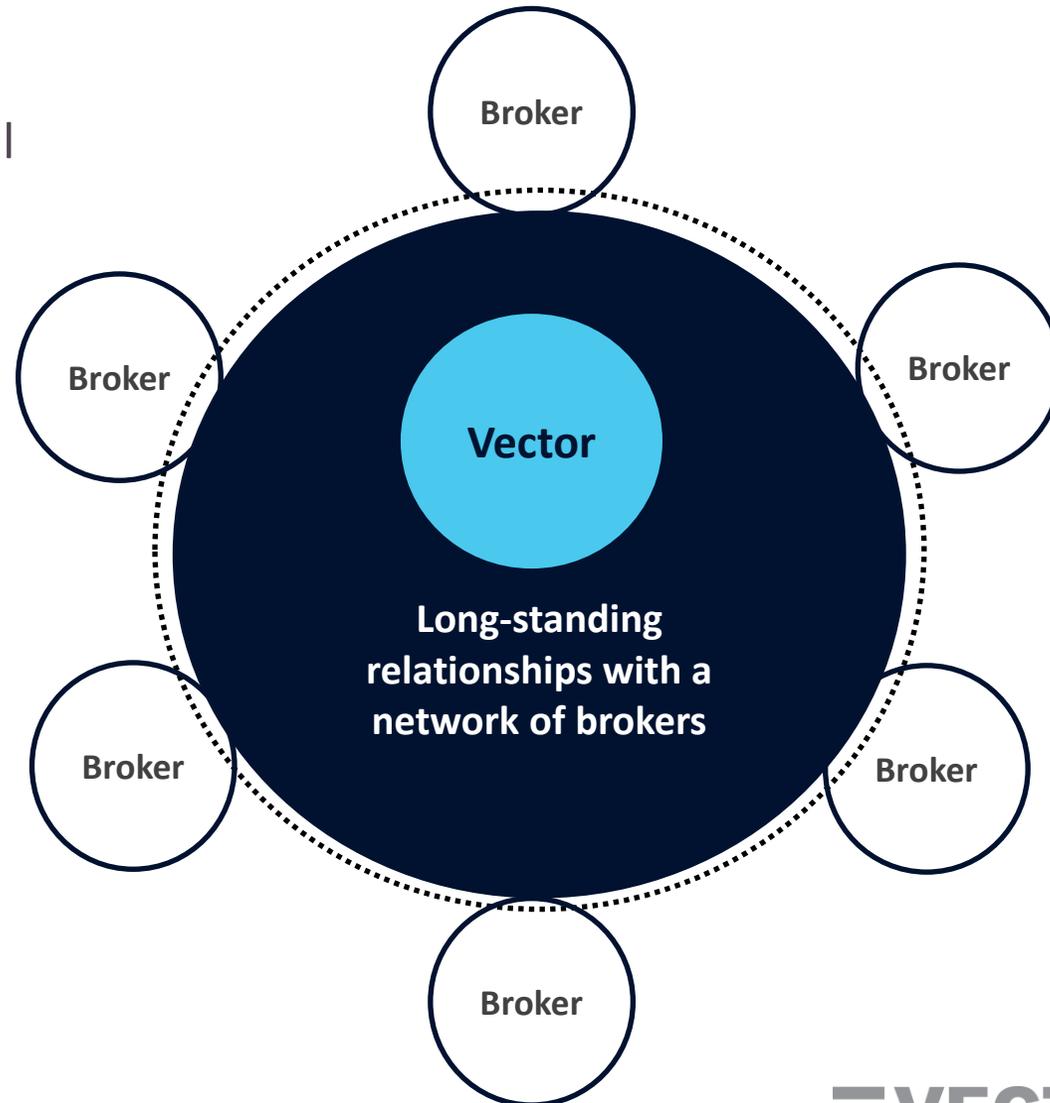
Lend to customers at 11-14%

Fast decisions and quick turnarounds  
Robust, reliable and scalable IT infrastructure

Ability to increase lending capital through the extension of debt facilities and further fundraisings

# Deal Origination

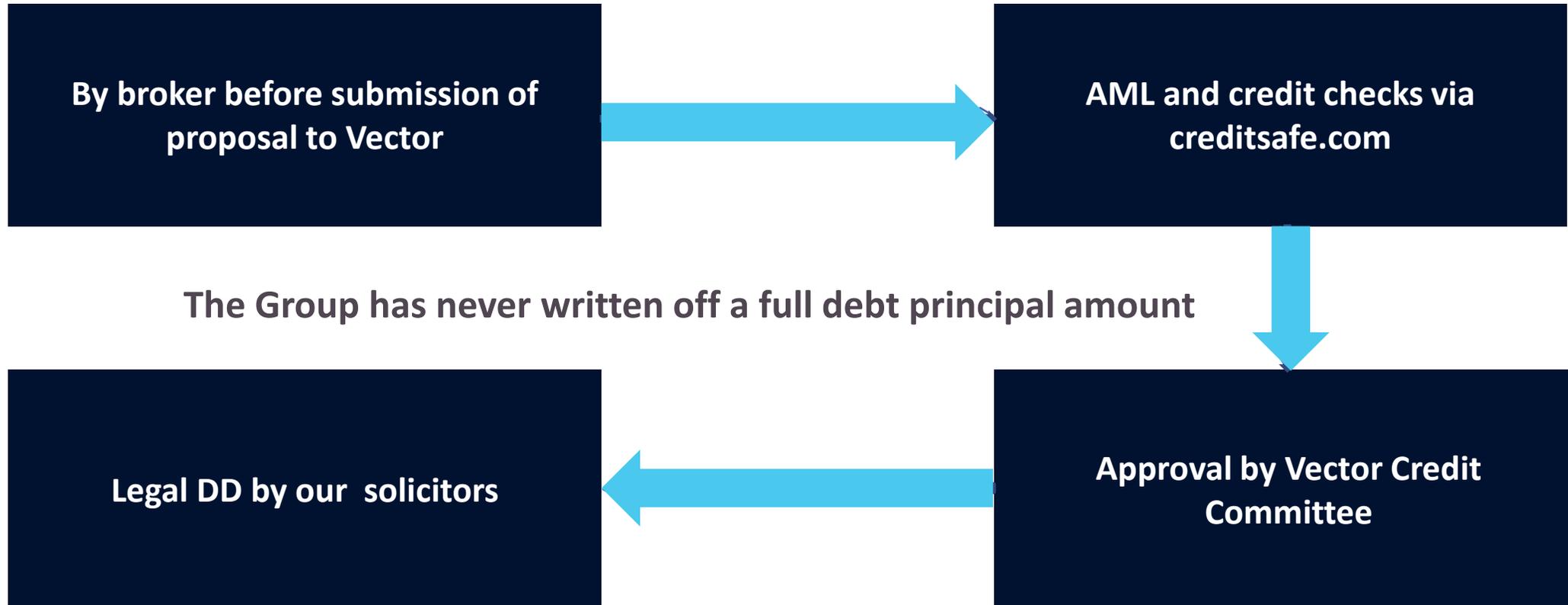
- Deals are introduced by a network of commercial finance brokers, some of whom have worked with the management team since 2002
- Brokers “pre-assess” deals before proposing to Vector on the Vector portal
- Member of the Association of Short Term Lenders



**astl**  
member

# Loan Appraisal Process

---



# Loan Security

---

1<sup>st</sup> legal charge on property

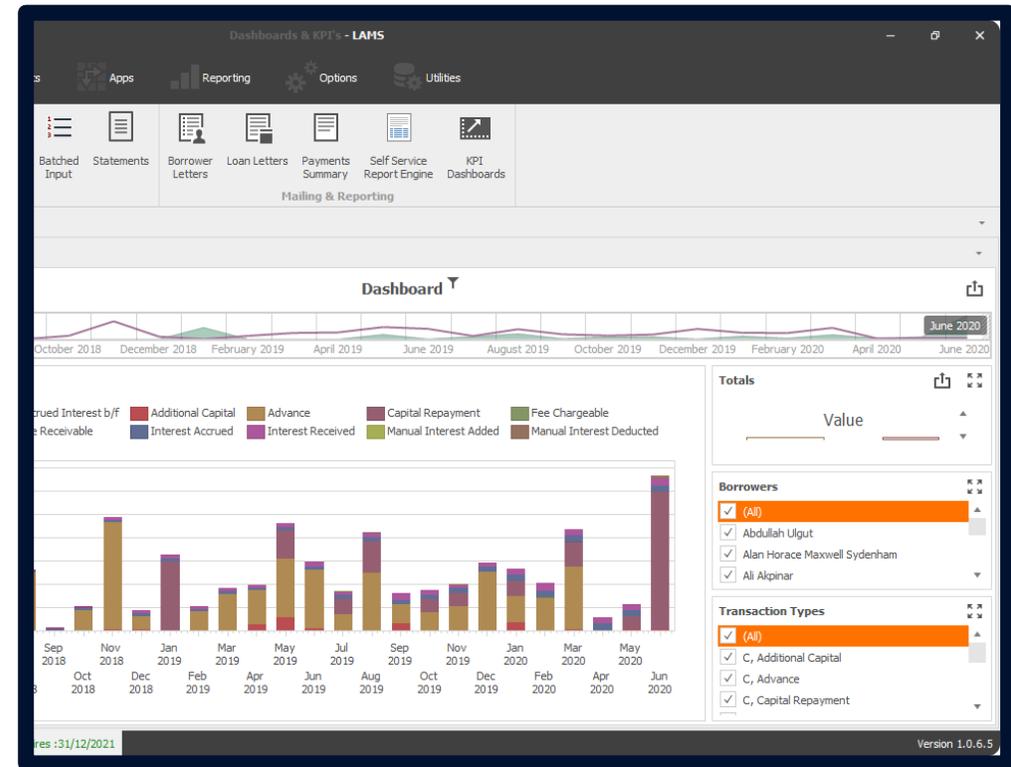
Average loan to value (LTV) 44.17%  
(31 December 2020)

Debenture over the borrowing company  
where considered appropriate

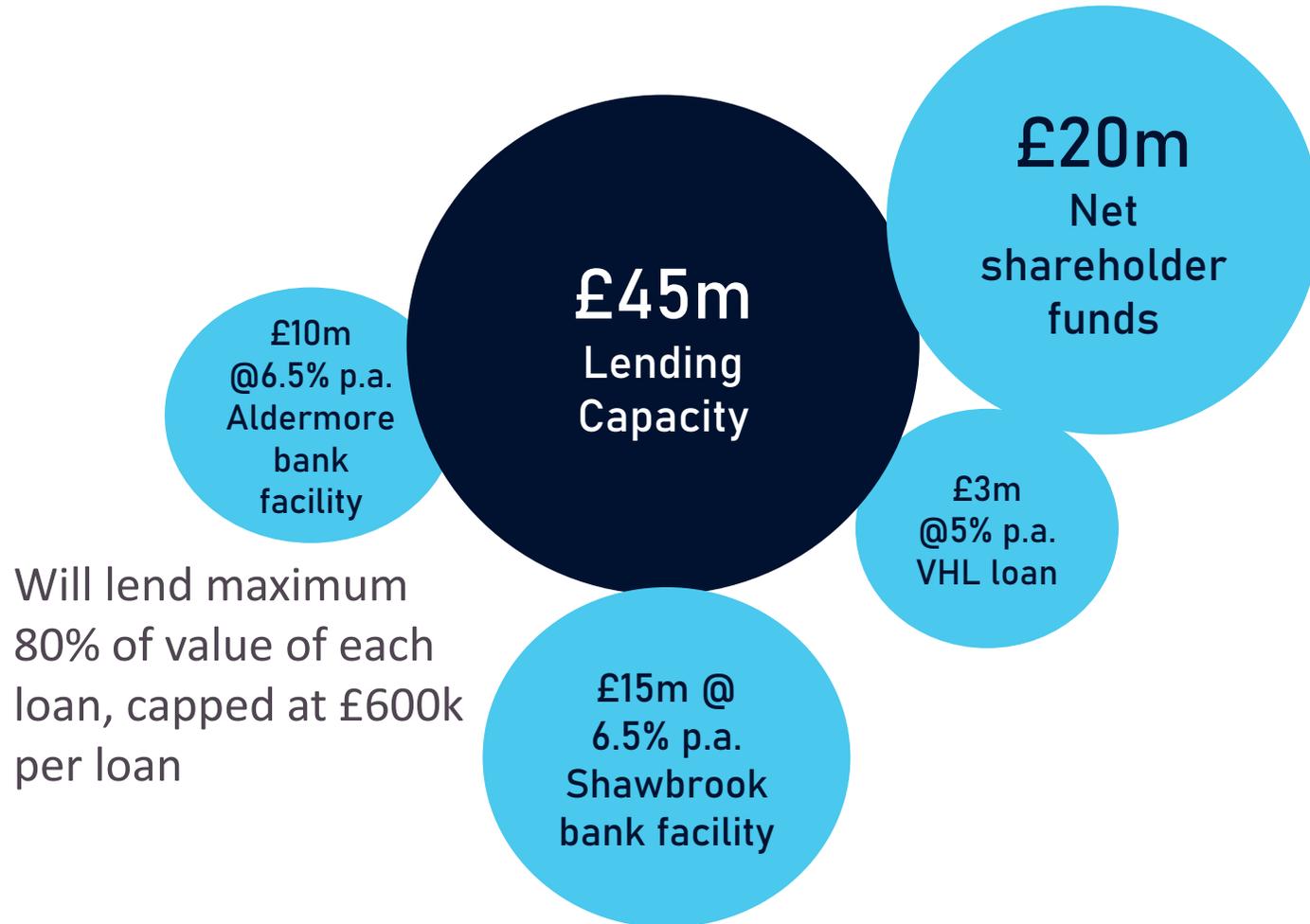
Directors' guarantees when lending to  
SPVs

# Scalable and Bespoke IT Infrastructure

- Loan Agreement Management System (LAMS)
- Cloud back up of all data
- Holds database of Borrowers including contact details and loan details
- Audit trail for transactional details
- Live payments and redemptions
- Online integrated portal for Brokers and Customers
- Ability to provide lending banks access for audit purposes



# Funding Sources



Will lend maximum 80% of value of each loan, capped at £600k per loan

Will lend maximum 80% of value of each loan, capped at £800k per loan

- Amount drawn from banks at 31/12/2020 – £14.8m
- Banks offer 12 months fixed interest rates on the debt facilities, reducing the impact of interest rate fluctuations

# Income Statement

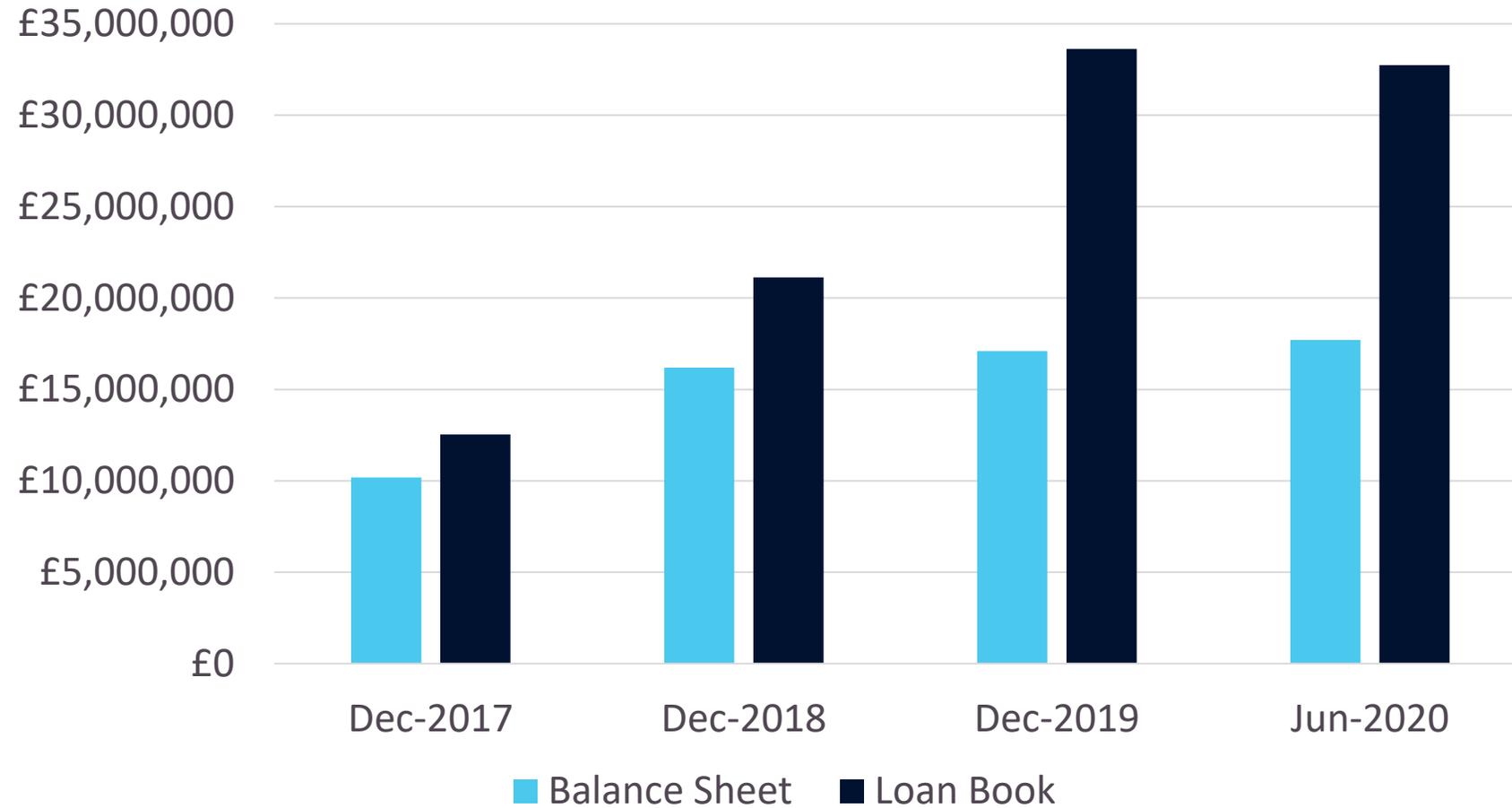
	Year ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2019	Six months to 30 June 2019 (Unaudited)	Six months to 30 June 2020 (Unaudited)
	£000	£000	£000	£000	£000
Revenue	304	1,835	3,593	1,593	2,130
Cost of sales	(36)	(296)	(484)	(259)	(132)
<b>Gross profit</b>	<b>268</b>	<b>1,539</b>	<b>3,109</b>	<b>1,334</b>	<b>1,998</b>
Administrative expenses	(24)	(123)	(350)	(49)	(214)
<b>Operating profit</b>	<b>244</b>	<b>1,416</b>	<b>2,759</b>	<b>1,285</b>	<b>1,784</b>
Finance costs	(11)	(175)	(792)	(331)	(526)
<b>Profit on ordinary activities before taxation</b>	<b>233</b>	<b>1,241</b>	<b>1,966</b>	<b>954</b>	<b>1,258</b>
Income tax expense	(45)	(236)	(374)	(181)	(239)
<b>Profit after taxation</b>	<b>188</b>	<b>1,005</b>	<b>1,593</b>	<b>773</b>	<b>1,019</b>
<b>Dividends</b>	<b>-</b>	<b>-</b>	<b>(699)</b>	<b>-</b>	<b>-</b>
<b>Profit after dividends</b>	<b>188</b>	<b>1,005</b>	<b>894</b>	<b>773</b>	<b>1,019</b>

# Balance Sheet

Statement of financial position	As at 31 December 2017 £000	As at 31 December 2018 £000	As at 31 December 2019 £000	As at 30 June 2020 £000
<b>Non-current assets</b>				
Borrower loans	-	2,968	1,400	-
	-	2,968	1,400	-
<b>Current assets</b>				
Trade and other receivables	111	1,824	623	587
Borrower loans	12,528	18,156	32,227	32,740
Cash and bank balances	68	97	337	1,612
	12,707	20,077	33,187	34,939
<b>Total assets</b>	12,707	23,045	34,587	34,939
<b>Current liabilities</b>				
Trade and other payables	1,915	41	736	1,854
Investor loans	559	5,695	16,391	14,366
Income tax payable	45	236	374	613
	2,519	5,972	17,501	16,833
<b>Net current assets</b>	10,188	14,105	15,687	18,106
<b>Non- Current liabilities</b>				
Investor loans	-	880	-	-
	-	880	-	-
<b>Net assets</b>	10,188	16,194	17,087	18,106
<b>Equity attributable to owners of the parent</b>				
Ordinary shares	170	170	170	170
Group reorganisation reserve	9,830	14,830	16,830	16,830
Accumulated profit	188	1,193	87	1,106
<b>Total equity</b>	10,188	16,194	17,087	18,106

# Balance Sheet Growth

---



# Cash Flow

<b>Statement of cash flows</b>	<b>Year ended 31 December 2017 £'000</b>	<b>Year ended 31 December 2018 £'000</b>	<b>Year ended 31 December 2019 £'000</b>	<b>Six months to 30 June 2019 £'000</b>	<b>Six months to 30 June 2020 £'000</b>
<b>Cash flow from operating activities</b>					
Profit for the period before taxation	233	1,241	1,967	954	1,258
<b>Adjustment for:</b>					
Interest expense	11	175	792	331	526
<b>Operating cash flows before movements in working capital</b>	<b>244</b>	<b>1,416</b>	<b>2,759</b>	<b>1,285</b>	<b>1,784</b>
Decrease/(Increase) in trade and other receivables	(12,640)	(8,635)	(12,975)	(8,868)	924
(Decrease)/Increase in trade and other payables	10,605	10,994	9,939	6,661	(2,169)
<b>Cash generated from/(absorbed in) operating activities</b>	<b>(1,791)</b>	<b>3,775</b>	<b>(277)</b>	<b>(922)</b>	<b>539</b>
Interest paid	(11)	(158)	(760)	(331)	(526)
Income tax paid	-	(45)	(236)	-	-
<b>Net cash generated for/(absorbed in) operating activities</b>	<b>(1,802)</b>	<b>3,572</b>	<b>(1,263)</b>	<b>(1,253)</b>	<b>13</b>
<b>Cash flows (for)/from financing activities</b>					
Advances from parent company	1,624	(3,297)	2,200	1,256	1,265
Advances from/(withdrawals) by directors	246	(246)	2	-	(3)
Equity dividends paid	-	-	(699)	-	-
<b>Net cash from/( used) in financing activities</b>	<b>1,870</b>	<b>(3,543)</b>	<b>1,503</b>	<b>1,256</b>	<b>1,262</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>68</b>	<b>29</b>	<b>240</b>	<b>3</b>	<b>1,275</b>
Cash and equivalent at beginning of period	-	68	97	97	337
Cash and equivalent at end of period	68	97	337	100	1,612

# A Robust Full Year Performance

---

	As at 31/12/20	As at 31/12/19
<b>Loan book</b>	£36.4 million	£33.6 million
<b>Number of live loans</b>	63	56
<b>Average loan size</b>	£577,000	£600,485
<b>Average loan to value</b>	44.2%	57.46%

- Temporarily ceased issue of new loans between April and June 2020
- Some customers offered interest payment holiday - all have now recommenced payments
- Since June, trading has recommenced
- £3.7m of net new lending between July and 31 December
- Loan book at 31 December 2020 was £36.4m up 8% compared to the previous year

# Dividend Policy

---

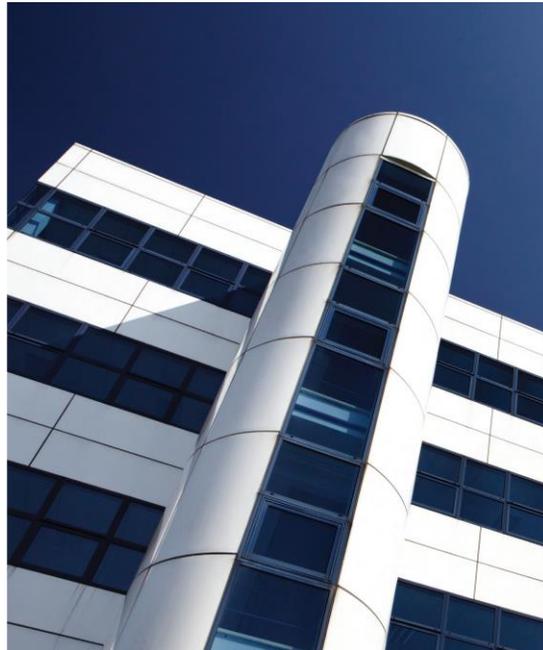
- A track record of paying dividends:
  - I. 2019 dividend - £699K
  - II. 2020 interim dividend - £400k
- Intention to pay progressive dividends going forward
- The first dividend post admission is expected to be 2020 final dividend\*
  - To be declared following publication of 2020 results

\*Subject to sufficient distributable reserves

# Case Study 1

25/09/2017 to date

- The Developer acquired this opportunity in the heart of the West Midlands. It comprises 88,325 square feet of office space in 5 storeys spread over 3.4 acres with 336 car parking spaces.



- The Developer is a repeat client and we advanced over £1m in the first tranche. We took a first charge over the freehold and directors' guarantees.

# Case Study 2

24/07/2017 to date

- The Developer was introduced by one of our long standing Brokers. The client had acquired a large office block with plans to convert to 61 flats. We provided £1m to enable the conversion works to take place.



- The client provided the 1st charge on the freehold. Cash was released within 4 weeks of the request by our client who is an experienced construction company with several ongoing projects at any one time.

# Case Study 3

30/11/2017 to 02/07/2018

- The Developer bought this 2-storey office building called Kian Court in Eynsham and obtained planning consent to convert into 16 one and two-bedroom flats. We advanced £1,450,000 against a purchase price of £2,850,000. The Developer has several projects to his credit and we had a high level of comfort with them.



- We lent to the SPV with a first charge over the building along with Directors' Guarantees. The project is now complete with the flats being successfully marketed by a local agency. The office block was situated in a somewhat industrial area but within easy walking distance of the village centre and local amenities. The site offers country walks along the River Thames.

# Case Study 4

August 2019 to date

- Vector funded auction purchase by borrowers of a buy to let in Ampthill, Bedfordshire
- Purchase price £322,500, loan of £225,750 representing 70% LTV



- Borrower paid regular monthly interest on time so Vector recently extended for another year
- Interest of 11% p.a.

# Summary

---

Trusted  
Lender for  
**20 Years**

- **Strong track record** in commercial lending
- **Experienced** management team
- **Established industry network** of wholesale banks, commercial finance brokers, surveyors and advisers
- **Same-day decision** in principle response to loan applications
- Provision of **bespoke solutions** on a case by case basis
- **Custom designed**, cloud based, software platform that provides audit trail, loan documentation, relationship management and accounts interface
- **A track record of profit and cash generation**
- **Progressive dividend policy** and anticipated capital growth

Vector offers a track record of profitability, an experienced management team, a robust lending model and, the Directors believe, a realistic pathway to continued growth

[www.vectorcapital.co.uk](http://www.vectorcapital.co.uk)