P2P GLOBAL INVESTMENTS PLC

Annual Financial Report for the year ended to 31 December 2016

The Directors present the Annual Financial Report of P2P Global Investments plc (the "Company") for the year ended 31 December 2016. A copy of the Company's Annual Report will shortly be available to view and download from the Company's website, www.p2pgi.com. Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this announcement.

The following text is copied from the Annual Report & Accounts:

INTRODUCTION TO THE COMPANY

P2P Global Investments plc (the "Company") is the first UK listed company dedicated to investing in credit assets originated by non-bank lending platforms ("Platforms") and other originators of alternative credit assets globally. At the end of 2016, after three further share issuances since the initial public offering ("IPO") the Company had 84,525,803 ordinary shares in issue at a price of 799p giving a total market capitalisation of £675m. The Company offers its investors the ability to gain diversified, liquid exposure to an otherwise illiquid asset class that has traditionally been the preserve of global banks.

The innovative technology and receptive government policies, combined with stricter regulations of banks, are fuelling the proliferation of online Platforms and the wider alternative finance market. Furthermore, big data analytics and new distribution channels have allowed Platforms and other technology start-ups to compete effectively with traditional banks in credit scoring and origination. These changes are likely to solidify over the next five to ten years. The Company is therefore well positioned to grow with the emerging asset class. It aims to deliver an attractive dividend income and capital growth via exposure to diversified credit assets and selective equity stakes in Platforms.

INVESTMENT OBJECTIVES

The Company's investment objectives are to:

a) Provide shareholders with an attractive level of dividend income and capital growth through exposure to investments in alternative finance and related instruments;
b) Achieve investment diversification across Platforms, geographies, asset classes and credit grades; and
c) Allow shareholders to participate in the equity upside by investing (in aggregate) up to 10% of gross assets in equity or equity linked securities issued by Platforms.

The Company's net asset value ("NAV") as at 31 December 2016 was £851m (cum income) and its market capitalisation was £675m

STRATEGIC REPORT

PERFORMANCE

COMMENTARY

- The Company achieved positive Net Asset Value ("NAV") returns in every month of 2016, delivering a total NAV return of 4.1% for the ordinary shares.
- The Company delivered a total of 44.5p of interim dividends relating to the 2016 financial year and paid those in May 2016, August 2016, November 2016 and March 2017.

- The Company completed the first securitisation of consumer loans originated via a marketplace platform in the EMEA region. The securitisation is backed by UK consumer loans originated via the Zopa platform.
- The Company's July 2015 C shares converted to ordinary shares on 21 March 2016. The conversion ratio was 0.9888 ordinary shares for every one C share held.

CAPITAL STRUCTURE AS AT 31 DECEMBER 2016 ORDINARY SHARES

£846,360,195 Net Assets (Ex Income)	£850,741,972 Net Assets (Cum Income)
799p Share Price (30 December 2016 Close)	£675,361,166 Market Capitalisation
4.10% YTD NAV per Share Return*	-20.62% Discount to NAV (Cum Income)*
84,525,803 Ordinary shares in Issue	1,000p Issue Price as at 29 May 2014
1,001.30p NAV per Share (Ex Income)*	1,006.49p NAV per Share (Cum Income)*

CAPITAL STRUCTURE AS AT 31 DECEMBER 2015 ORDINARY SHARES

£467,320,091 Net Assets (Ex Income)	£473,754,605 Net Assets (Cum Income)
1,007p Share Price (31 December 2015 Close)	£470,822,034 Market Capitalisation
6.56% YTD total NAV per Share Return*	-0.62% Premium/(Discount) to NAV (Cum Income)*
46,754,919 Shares in Issue	1,000p Issue Price as at 29 May 2014
991.51p NAV per Share (Ex Income)*	1,013.27p NAV per Share (Cum Income)*

* Alternative performance measures- see glossary in the Annual Report for detail of calculation
31 December 2015 C share details not included as converted in 2016.

MONTHLY PORTFOLIO COMPOSITION

PERFORMANCE AND DIVIDEND HISTORY

TOP TEN INVESTMENT POSITIONS

Link to graph and tables in relation to the 'Monthly Portfolio Composition', 'Performance and Dividend History' and 'Top Ten Investment Positions':

http://www.rns-pdf.londonstockexchange.com/rns/6993D_-2017-4-28.pdf

CHAIRMAN'S STATEMENT

INTRODUCTION
I am pleased to present P2P Global Investments PLC's (the "Company") third Annual Report, for the year to 31 December 2016.

2016 was a year of significant challenges, both for the Company and its markets. The Board of the Company has announced a review of its investment management arrangements, following a year of disappointing performance both on dividend yield and share price. The Board expects to update Shareholders on the outcome of this review in due course.

INVESTMENT PERFORMANCE AND DIVIDENDS
The Company achieved positive NAV returns in each month of 2016. It delivered a NAV return of 4.1% and paid 44.5p per ordinary share in relation to the 2016 calendar year. However, during 2016, the dividend payment was not fully covered by earnings in the final quarter.

The Investment Manager's report details some of the adverse winds that have buffeted the Company during the past year. These included an increase in costs of funding as US interest rates rose and loan margins increased by some banks due to challenges in some platforms, a significant but temporary rise in cash balances which was in part required due to the uncertainty surrounding Brexit and some rise in default rates due to the "seasoning" of certain loans in the portfolio.

The Investment Manager considers that performance can be improved by diversifying the portfolio away from a concentration in US consumer loans (which were primarily included in the portfolio in the early life of the Company) and towards new and attractively priced opportunities such as secured lending opportunities originated by loan originators in the UK.

SHARE PRICE AND BUYBACKS
The Company's share price total return over the period was -15.97% and the shares have traded at discounts to NAV of between -0.13% and -27.71%. The Board and the Investment Manager have taken action to try to narrow the discount in two key areas as noted below.

The Company has initiated a share buyback programme. In total during 2016, 2% of ordinary shares in issue were repurchased at an average price of 813p, which represents approximately a 19% discount to NAV.

Shareholder communication has also been addressed with a greater degree of transparency in the quarterly newsletter from the Investment Manager. It now contains additional detail on the assets and reviews current issues affecting performance, such as the concept of "seasoning" mentioned above.

MANAGEMENT FEES
The Investment Manager volunteered to reduce its management fee charged on leverage by 0.5% in June 2016 and by another 0.5% in January 2017 (taking the total management fee charged on leverage to zero). This, together with the increment to NAV derived from the increase in the share buy-back programme, flows through to an immediate improvement in returns to Shareholders.

CONCLUSION
The Board remains focused in carrying through its strategy to improve performance, fully recognising its primary duty to safeguard the interests of the Shareholders in the Company as a whole. The first quarter of 2017 has involved a number of meetings of the Board to consider ways to achieve this strategy and the Board intends to continue its work in this regard. The Board welcomes comments from Shareholders. The Board has every confidence that the performance and returns of the Company can be significantly improved.

Stuart Cruickshank
Chairman
28 April 2017

INVESTMENT MANAGER'S REVIEW

SUMMARY

The Investment Manager continued to invest primarily in higher rated loans and continued to use modest leverage to enhance returns for shareholders. Thus far, this strategy has offered an attractive risk-adjusted return relative to investing in higher yielding, riskier loans, evidenced by their relative recent credit performance.

During the year, the Investment Manager has also actively pursued increasing exposure to secured loans and asset backed structures with a view to positioning the Company's portfolio defensively and increasing its diversification. Although there were significant deployment opportunities in the US Consumer sector, the Investment Manager decided against increasing its exposure to US Consumer assets and chose to limit the utilisation of its available funding facilities.

The Investment Manager's core focus remains its fundamental credit analysis of each opportunity regardless of the form of investment or the nature of the originating platform (i.e. whether investing in loans directly or indirectly.)

THE MARKET UPDATE

2016 was a year of significant historical global events. These events have had an impact on financial markets in various ways, including the assets of the Company:

- Exchange rates: GBP has depreciated 16.3% against USD in 2016 which increased the value of the Company's USD assets, but was fully offset by foreign exchange (FX) positions held to hedge currency risk.
- Interest rates: A more pronounced divergence of interest rates between GBP and USD has taken place, primarily due to the following events:
  1. Brexit vote and subsequent rate cut by the Bank of England
  2. US Election results
  3. Federal Reserve's rate hikes

These events have contributed to a rise in the cost of USD floating rate debt as well as in the cost of currency hedging (GBP/USD) due to the increased interest rate differential. The Investment Manager maintained a large cash position to protect the Company's portfolio from the effects of large FX movements. This is in line with the Company's investment strategy of hedging all foreign currency exposures where possible. The combination of these events resulted in lower loan income than planned. Cash balances peaked at around 20% of NAV in June.

Despite the turbulence in global markets, both fixed income and equity indices posted gains in 2016. Fixed income yields moved lower globally. Indicators deemed relevant to the Company's loan assets, such as unemployment rates and consumer confidence levels in the UK and US remained relatively firm.

Well publicised problems at some US consumer platforms had a negative impact on funding spreads in the middle of the year but improved towards the year-end. The Company's total cost of borrowing has increased in 2016 as USD Libor has steadily increased during the course of the year.

In the US, the marketplace lending industry witnessed significant changes. The second half of 2016 saw a drop in origination volume from the major platforms in the unsecured consumer lending space as they managed significant internal restructuring. Investors demanded more from marketplace platforms, including increased focus on operations, tighter credit standards, increased rates and improved servicing.

COMPANY PERFORMANCE

The Company delivered 4.45% dividend return on the issue price and 4.1% of NAV growth vs its target return of 6% to 8%. The NAV per share (Cum Income) was 1006.49p as of 31 December 2016.

The Company was challenged by a number of factors in 2016 that had a negative impact on its returns including FX volatility which resulted in a maintenance of a larger than anticipated cash balance, a gradual seasoning of its loan portfolio as well as the diverging interest rate policies between US and UK impacting the value of USD returns going forward.

Despite the challenging environment in 2016, the Company achieved a positive return in every month in the financial year. The Investment Manager continues to pursue new opportunities for achieving robust risk-adjusted returns in the direct lending space.

Gross Yields

Gross yields across the Company's portfolio remained relatively stable in 2016. Whilst there was a small increase in US consumer loan gross yields, the prime segment of UK consumer credit saw slight downward pressure. The Company's portfolio offered a yield pickup vs traditional fixed income markets which have tightened significantly during the year, making yield opportunities in the liquid fixed income space evermore scarce.

Credit Performance

Loans are generally subject to a seasoning effect which is effectively the aging profile of a loan portfolio. Loans have a higher tendency to turn delinquent around the middle of their term. In the early period of the Company's operations, high volumes of new loans contributed to low average delinquencies. As the portfolio ages and reduces its percentage of new loans, delinquencies will naturally rise and then stabilise at an average level.

http://www.rns-pdf.londonstockexchange.com/rns/6993D_1-2017-4-28.pdf

The Investment Manager starts impairing a loan as soon as it is 15 days past due. The level of impairment is based on the probability of default depending on the number of days past due, using recent historical rates of default on loan portfolios. In line with current applicable accounting standards the Company does not hold a loan loss reserve for future losses. Therefore, depending on the level of seasoning monthly returns may vary whilst total expected return on the portfolio remains unchanged.

- US Consumer (55.4% of NAV) – Loan vintages from late 2015 and early 2016 marginally underperformed the Investment Manager's expectations. However, adjustments to the platforms' credit scorecards and small increases in interest rates helped newer vintages deliver more attractive total returns.
- European Consumer (15.6% of NAV) – Vintage by vintage, loan losses remained stable and within the Investment Manager's expectations. There were gradual improvements in newer vintages of the riskier credit grades, driven by the continued development and implementation of scorecards. At the same time the prime segment saw yield pressure in the region of 20 to 30bps per annum. This was due to increased competition from traditional lenders.
- Cash balances and liquid bonds accounted for 12.4% of the Company's portfolio at 31 December 2016.
- European Real Estate (5.1% of NAV) – The Company's portfolio in this asset class had and currently has no delinquent loans. New issuance is attracting similar yields. The Investment Manager intends to increase allocation to this asset class over time.
- European SME (3.1% of NAV) – The Company's European SME portfolio performance remained within the Investment Manager's expectations. For certain older vintages, recoveries are contributing to an improvement in total return expectations.

Leverage

At the end of 2016, the Company's ordinary share class had a net debt to equity ratio of 82%. The Investment Manager currently has a target gearing ratio between 90% and 110% (net debt to equity) which it expects to achieve over the course of 2017.

The Investment Manager further broadened the Company's funding options by entering into a number of new debt facilities in 2016 including the first UK consumer loan securitisation of marketplace lending loans in September 2016 which resulted in a cheaper cost of funding for the Company.

During the course of 2016, the overall cost of borrowing for the Company was influenced by the following factors:

1. the turbulence in US consumer marketplace lending caused spreads to widen in the first half of 2016 and restricted the Company to access the term markets;
2. a subsequent tightening of credit spreads towards year end, driven by banks and other investors returning to the marketplace. A series of securitisations were placed at tighter spreads, showing that capital markets remain supportive to fund these assets.

Despite short-term turbulence in the first half of 2016, the Company was able to finance at a lower cost of funding in the latter part of 2016 compared to prior years. The Investment Manager intends to further access the securitisation markets and expects the overall cost of funding to decline as market conditions improve.

The Company does not fully hedge all of its interest rate risk and thus has some exposure to movements in interest rates. Whilst GBP Libor remains close to historic lows after the UK base rate cut in Q3 2016, with a relatively flat forward curve, the 1-month USD Libor has increased to 77bps from 42bps at the beginning of 2016, with further hikes possible in 2017.

PORTFOLIO COMPOSITION

As at 31 December 2016, the Company's exposures consisted of small and medium sized enterprises (SMEs), consumer and real estate loans, invoice receivables as well as equity investments in selected platforms and a portfolio of liquid fixed income securities.

The positions outside the 'Top Ten Investment Positions' include individual borrower loans and therefore a full portfolio listing is not set out below. Allocation of the Company's resources is undertaken by the Investment Manager within the portfolio's limits set out in the Investment Policy below.

http://www.rns-pdf.londonstockexchange.com/rns/6993D_2-2017-4-28.pdf

EQUITY INVESTMENTS

The Company has a mandate to invest up to 10% of gross assets in the listed or unlisted securities issued by Platforms. As at 31 December 2016, the Company was invested in the equity of 16 Platforms representing 4.32% of NAV. The Investment Manager intends to maintain the percentage of NAV exposed to equity of Platforms around 5%. During 2016, the Company realised one of its equity positions at a profit.

OUTLOOK

The universe of global alternative lending opportunities continues to expand. The Investment Manager believes various specialty finance markets continue to offer attractive investment opportunities as a result of bank deleveraging, regulatory changes and central bank distortions.

With a steeper forward curve in the US and better priced opportunities elsewhere, it is likely that the US consumer loan asset class will further decrease as a percentage of the Company's overall portfolio. Whilst unsecured consumer loans in the UK benefit from lower funding costs (both through base rate and spread), there is some competitive tension in the most prime grade loans in which the Company typically invests. At the same time, new and more attractively priced opportunities are evolving in other parts of the lending market. Secured and unsecured SME lending in the UK and Europe offers an attractive risk return profile, the small balance property backed lending sector remains underserved and non-bank trade finance originators are increasing their reach and ability to scale. The Investment Manager expects growth in these areas of the Company's portfolio.

The Investment Manager believes that economies of scale will continue to play an important role in driving down the cost of funding with larger facilities and enabling it to repeat securitisations achieving lower pricing into the future.

Scale is also paramount when gaining access to, and achieving economies with leading originators. The Company aims to offer that scale to its origination and funding partners.

In an effort to improve returns, the Investment Manager will seek to continue to:

- Increase the Company's average net yield by:
  - reducing exposure to the tighter priced parts of the market and to underperforming assets
  - increasing exposure to higher net yielding assets without increasing its total portfolio risk
  - investing in assets with attractive cost of funding
- Access capital markets for flexible term funding and continue to reduce its cost of funding

The global disintermediation of banks continues to drive an exciting structural opportunity, widening the Company's investment universe. Despite a climate of geopolitical uncertainty, the Investment Manager believes that the Company is well positioned to deliver a reliable dividend income.

SUMMARY AND ANNOUNCEMENTS FOR THE YEAR

The financial and business highlights of the Company for 2016 are as follows:

- Share Buyback Programme (December 16 2016). The Company appointed Liberum Capital Limited to manage the share buy-back programme.
- Appointment of prime broker (November 11 2016). The Company appointed Deutsche Bank AG acting through its London Branch as a prime broker under the terms of a prime brokerage agreement dated 11 November 2016.
- FCA Authorisation (November 7 2016). On 28 October 2016 the Company received full authorisation from the FCA for its credit-related regulatory activities.
- Dividend Announcement (October 27 2016). On the 26 October 2016, the Directors declared an interim dividend of 11p per ordinary share for the three-month period to 30 September 2016.
- Securitisation of consumer marketplace loans (September 27 2016). The Company completed the first securitisation of consumer loans originated via a marketplace platform in the EMEA region. The securitisation is backed by UK consumer loans originated via the Zopa platform. The bonds were rated by Moody's and Fitch Ratings, and given the ratings of Aa3/AA- on the most senior notes, the highest achieved so far for a marketplace transaction.
- Dividend Announcement (July 26 2016). The Company declared an interim dividend of 11p per ordinary share for the three-month period to 30 June 2016.
- Directorate Changes (June 9 2016). The Company announced the appointment of Mahnaz Safa as an independent non-executive director with effect from 10 June 2016.
- Dividend Announcement (April 21 2016). The Company declared an interim dividend of 11.5p per ordinary share for the three-month period to 31 March 2016.
- July 2015 C Share Conversion Ratio Announcement (March 17 2016). The net asset values ("NAVs") attributable to the ordinary shares and the C shares as at the Calculation Date, being the close of business on 15 March 2016, were 1007.47p per ordinary share and 996.14p per C share respectively. The Conversion Ratio, as calculated in accordance with the Company's articles of association and the prospectus dated 28 July 2015 (the "Prospectus"), is 0.9888 ordinary shares for every one C share held as at close on the conversion record date of 21 March 2016.
- Announcement of the Company's Discount Management Policy (March 4 2016).
- Dividend Announcement (January 28 2016). The Company declared interim dividend of 13.7p per ordinary share and 9.5p per C share for the three month period to 31 December 2015. The total ordinary share dividend declared for the first three quarters of 2015 was 45.5p, bringing the total ordinary share dividends declared for 2015 to 59.2p.

INVESTMENT OBJECTIVE

The Company's investment objective is to provide Shareholders with an attractive level of dividend income and capital growth through exposure to investments in alternative finance and related instruments.

INVESTMENT POLICY

The Company's investment policy was amended pursuant to a resolution passed at the Annual General Meeting held on 9 June 2016 in order to provide increased flexibility for the investment and management of the Company's assets. The new investment policy as adopted at that meeting is as follows:

The Company invests in consumer loans, SME loans, corporate loans, and advances and loans against corporate trade receivables and other assets, which have been originated via Platforms or by other originators including, from time to time, the Company or its affiliates. The Company may also invest in facilities, securities or other interests backed by a portfolio of any of the aforementioned loans, assets or receivables (all of the foregoing, "Credit Assets"). The Company will typically seek to invest in Credit Assets with targeted net annualised returns of 5 to 15 per cent.

The Company invests in Credit Assets directly, via Platforms or by other originators and may also invest in Credit Assets indirectly via other investment funds (including those managed by the Investment Manager, the Sub-Manager or their affiliates) that it deems suitable with a view to enhancing Shareholder returns and providing diversification of the Company's assets. The Company will generally only seek to invest via other investment funds where these enable investments in Credit Assets from Platforms or other originators that the Company either cannot gain direct access to or could only gain direct access to on less favourable terms than an investment via another investment fund. The Company's investments in Credit Assets may be made through subsidiaries of the Company.

The Company may also invest (in aggregate) up to 10 per cent. of Gross Assets (at the time of investment) in the listed or unlisted securities issued by one or more Platforms. This restriction shall not apply to any consideration paid by the Company for the issue to it of any convertible securities by a Platform. However, it will apply to any consideration payable by the Company at the time of exercise of any such convertible securities or any warrants issued by a Platform.

The Company invests across various Platforms, originators, asset classes, geographies (primarily US and Europe) and credit risk bands in order to ensure diversification and to seek to mitigate concentration risks. The following investment limits and restrictions apply to the Company, to ensure that the diversification of the Company's portfolio is maintained and that concentration risk is limited.

PLATFORM RESTRICTIONS

The Company will not invest more than 33 per cent. of Gross Assets via any single Platform or single originator. This limit may be increased to 66 per cent. of Gross Assets via any single Platform or single originator, provided that where this limit is so increased in respect of any Platform or originator, the Company does not invest an amount which is greater than 25 per cent. (by value) of the total loan origination of the preceding calendar year through such Platform or originator.

ASSET CLASS AND GEOGRAPHICAL RESTRICTIONS

No single loan acquired by the Company will have an Expected Average Life of greater than 5 years. No single trade receivable asset acquired by the Company will be for a term longer than 180 days.

The Company will not invest more than 20 per cent. of Gross Assets, at the time of investment, via any single investment fund investing in Credit Assets. The Company will not invest, in aggregate, more than 60 per cent. of Gross Assets, at the time of investment, in other investment funds that invest in Credit Assets.

The Company will not invest more than 10 per cent. of its Gross Assets, at the time of investment, in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds.

The following apply, in each case at the time of investment by the Company, to both Credit Assets acquired by the Company directly and on a look-through basis to any Credit Assets held by another investment fund in which the Company invests (proportionate to the percentage interest the Company has in such investment fund). It is intended that:

No single consumer loan shall exceed 0.25 per cent. of Gross Assets.
No single SME loan shall exceed 5.0 per cent. of Gross Assets.
No single advance or loan against a trade receivable asset shall exceed 5.0 per cent. of Gross Assets.
No single corporate loan shall exceed 5 per cent. of Gross Assets.
No single facility, security or other interest backed by a portfolio of loans, assets or receivables (excluding any borrowing ring-fenced within any SPV which would be without recourse to the Company) shall exceed 20 per cent. of Gross Assets.

For illustrative purposes only, if the Company acquires a 10 per cent. interest in another investment fund which invests in Credit Assets, at the time of investment in that other investment fund, no single consumer loan held by that investment fund may exceed 2.5 per cent. of Gross Assets.

The following restrictions apply to both Credit Assets acquired by the Company directly and on a look through basis to any Credit Assets held by another investment fund in which the Company invests (proportionate to the percentage interest the Company has in such investment fund):

At least 10 per cent. of Gross Assets will be maintained in consumer Credit Assets, not more than 50 per cent. of Gross Assets will be maintained in SME Credit Assets and not more than 50 per cent. of Gross Assets will be maintained in trade receivable assets.

The Company will maintain at least 10 per cent. of Gross Assets in Credit Assets in Europe and at least 10 per cent. of Gross Assets in Credit Assets in the United States.

OTHER RESTRICTIONS
The Company may invest in cash, cash equivalents and fixed income instruments for cash management purposes and with a view to enhancing returns to Shareholders or mitigating credit exposure. However, the Company will only invest in fixed income instruments of investment grade.

The Company will not invest in CDOs.

Definition
Credit Assets: (i) consumer loans, SME loans, corporate loans, and advances and loans against corporate trade receivables and other assets, which have been originated via Platforms or by other originators including, from time to time, the Company or its affiliates; and (ii) facilities, securities and/or other interests backed by a portfolio of any of the aforementioned loans, assets or receivables.

BORROWING POLICY
Borrowings may be employed at the level of the Company and at the level of any investee entity (including, without limitation, any other investment fund in which the Company invests or any special purpose vehicle ("SPV") that may be established by the Company in connection with obtaining leverage against any of its assets or any issuer vehicle of facilities, securities or other interests backed by a portfolio of Credit Assets).

The aggregate leverage of the Company and any investee entity (on a look-through basis, proportionate to the percentage interest the Company retains in the most junior tranche of such investee entity) shall not exceed 1.5 times Net Asset Value.

The Company may seek to securitise portfolios of Credit Assets and may establish one or more SPVs in connection with any such securitisation.

The Company may also use SPVs in connection with obtaining leverage against Credit Assets to seek to protect the levered portfolio from group level bankruptcy or financing risks. The Company may also, in connection with seeking such leverage or securitising its loans, seek to assign existing assets to one or more SPVs and/or seek to acquire loans using an SPV. The Company will ensure that any SPV used by it to acquire or receive (by way of assignment or otherwise) any loans to UK consumers shall first obtain any required authorisation from the FCA for consumer credit business.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

STRATEGY & BUSINESS MODEL

FIRST MOVER ADVANTAGE

The emergence of marketplace lending, originally funded by retail capital as well as other non-bank lenders, is rapidly attracting the interest of professionally managed capital seeking to gain exposure to attractive returns with lower correlation to traditional asset classes. The Company and the Investment Manager pioneered a number of developments within the marketplace and direct lending industry that allowed them to capture a first mover advantage and position themselves well for the growth of the non-bank finance space. Firstly, by introducing permanent, listed capital, the Company allows investors to gain instant, direct exposure to the space whilst maintaining the liquidity advantages of holding shares in a listed entity. Secondly, the Company was one of the first to pioneer a global strategy spread across a number of asset classes, allowing for further diversification compared to strategies focused on single asset classes and single geographies. The Company will look to continue to stay at the forefront of the fast-growing industry with an aim to capture new Platform opportunities, where superior returns can be attained.

CREDIT PROCESS

Despite the market enthusiasm for the process of marketplace lending itself, and the ability of such low cost originators to offer risk-based priced loans to borrowers in a quick and efficient manner, the Investment Manager remains focused on the underlying creditworthiness of the borrowers. The Investment Manager is of the belief that, irrespective of origination source or the convenience of the product to the borrower, credit performance will vary depending on the quality of verification, underwriting, servicing, and the ability to construct diversified portfolios of selective loans. Due diligence on the credit process and overall business of the Platform operators is of primary importance to the Investment Manager and its global team of credit professionals.

STRUCTURING CAPABILITIES

The Investment Manager is focused on assessing opportunities in a variety of forms and structures, ensuring that the direct or indirect exposure subscribed to in each case offers the best risk adjusted returns for investors. Whilst the Investment Manager has executed whole loan purchases of assets and has put in place a variety of such arrangements, it also places significant focus on ensuring debt financing can be sourced in an efficient and low cost way where levered exposure is sought. In other cases, the Investment Manager has partnered up with originators and provided financing that sits senior to the originator’s position allowing the Company to benefit from stable income and first loss protection on its capital.

GLOBAL OPPORTUNITIES

To date, successful originators have based their growth and credit performance on a number of characteristics in the markets where they operate including:

- high quality credit data to enable accurate assessment of creditworthiness and pricing;
- focus on geographies where oligopolistic credit markets allow traditional lenders to enforce large spreads between deposit rates and borrowing rates; and

- a focus on types of lending where the overhead cost of traditional lenders bears the biggest weight on gross margin and makes lending unprofitable, unless conducted at high interest rates.

By acknowledging these characteristics, which enable disruptive lenders to offer borrowers a high quality product and their lenders an attractive return for the level of risk they are taking, the Company is seeking opportunities to meet these criteria, in order to extract additional value for shareholders. As non-bank lending becomes more mainstream in certain geographies and asset classes, the Company will look to position itself to take advantage of the next wave of Platforms that repeat these characteristics, in new asset classes and new geographies.

CAPITAL PRESERVATION AND INCOME STABILITY
The Investment Manager is focused on delivering a combination of strong income with relatively low duration and volatility compared to traditional fixed income products. With traditional credit and fixed income products trading at all time low yields with the duration of such securities spanning out to more than 5 years at issuance, the Investment Manager recognises the attractiveness of the private credit sector, particularly in small ticket lending where price competition is less prevalent. The illiquidity premium that is available in the private sector, combined with the short duration nature of these assets, can offer investors a yield pick-up in an otherwise yield-starved market. The diversification across hundreds of thousands of individual credits and the low duration of the overall portfolio should allow the Company to deliver a level of stability in its income and protect the Company from capital losses that may be incurred in longer duration traded instruments.

PRINCIPAL RISKS

The Group is exposed to a number of potential risks and uncertainties which could have a material impact on the Group's financial performance and position and could cause actual results to differ materially from expected and historical results.

The Board has in place a robust process to assess and monitor the risks of the Group. A core element of this is the Group's risk register, which identifies the risks facing the Group and assesses the likelihood and potential impact of each risk, and the quality of the controls operating to mitigate the risk.

The register, its method of preparation and the operation of the key controls in the Investment Manager's systems of internal control are reviewed, and reported to the Board, on a regular basis by the Audit and Valuation Committee. In order to gain a more comprehensive understanding of the Investment Manager's risk management processes and how these apply to the Group's business, the Board periodically receives on-site presentations from the Investment Manager.

The Investment Manager also has responsibility for risk management for the Group. It works with the Board to identify and manage the principal risks and to ensure that the Board can continue to meet its UK corporate governance obligations.

The Board has undertaken a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. Those principal risks have been described in the table below together with an explanation of how they are managed and mitigated. The Board will continue to assess these risks on an ongoing basis.

Principal Risk	**Mitigation/Control**
Investment Performance The returns achieved are reliant primarily upon the performance of the portfolio. The Board is responsible for:	To manage this risk the Board: ▪ regularly reviews the Company's investment mandate and long term

▪ setting the investment strategy to fulfil the Company's objective; and ▪ monitoring the performance of the Investment Manager and the implementation of the investment strategy. An inappropriate investment strategy, for example in relation to asset allocation or the level of leverage may lead to: ▪ poor relative performance; ▪ a reduction or permanent loss of capital; and ▪ dissatisfied shareholders and reputational damage.	strategy; ▪ has set investment restrictions and guidelines which the Investment Manager monitors and reports quarterly to the Board on; and ▪ receives from the Investment Manager a quarterly explanation of portfolio allocation decisions, large exposures, leverage levels and any changes in leverage and the rationale for the composition of the investment portfolio.
Market Adverse macroeconomic conditions may delay or prevent the Group from making appropriate investments that generate attractive returns and thereby cause "cash drag" on the Group's performance. To the extent that there is a delay in making investments, the Group's returns will be reduced. Adverse market conditions and their consequences may have a material adverse effect on the Group's investment portfolio default rate, yield on investment and, therefore, cash flows. To the extent that there is a delay in making investments, the Group's returns will be reduced. The full impact of Brexit is still unknown. As at 31 December 2016, the Company has approximately 15% of its investments in UK unsecured consumer debt and 5% in secured UK property loans. The Board considers a Brexit driven downturn in the UK economy and a subsequent decline in the debt market and property market as a principal risk to the company.	The Board considers asset allocation, stock selection, leverage (both direct and indirect), on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.
Financial The financial risks faced by the Group include credit risk, market price risk, interest rate risk, foreign currency risk and liquidity risk. The Group has substantial investments in debt instruments and the credit risk is the primary financial risk of the Group. Credit risk is the risk that borrowers do not fully repay the loans made by the Group or do so with significant delays, causing principal losses and write-offs. Brexit has been a driver for exchange rate volatility and the devaluation of sterling. The Board's policy	Details of these risks are disclosed in note 8 to the financial statements, together with a summary of the policies for managing these risks. The Group will invest across various Platforms, asset classes, geographies (primarily United States and Europe) and credit bands in order to ensure diversification and to seek to mitigate concentration risks. The Investment Manager and its partner Platforms strive to employ best-in-class credit underwriting processes, and engage in continuous monitoring of

is to hedge exchange rate risk. This in turn can create liquidity risk due to potential large cash margin calls.	actual performance. The Investment Manager monitors that debt collection responsibilities are carried out in accordance with arrangements that are in place between the Investment Manager and partner Platforms.
Discount Volatility As with many investment trust companies the price of the Company's shares and its discount to NAV are factors which are not within the Group's total control. Some short term influence over the discount may be exercised by the use of share repurchases at acceptable prices within the parameters set by the Board.	The Company's share price, NAV and discount volatility are monitored daily by the Investment Manager and considered by the Board at each of its meetings. The Company's Board and the Investment Manager, strongly believe in a disciplined approach to the allocation of shareholder capital. As an important part of that approach, the Company is committed to an active share price discount management strategy which works in the interest of all shareholders. In the first instance, the Company's Board and Investment Manager believe the best defence against the share price trading at a discount to NAV is an attractive dividend policy, with quarterly distributions driven from the pursuit of attractive risk adjusted returns in loans and equity. With regard to repurchasing shares, the Board may use its discretion during periods of market dislocation to opportunistically buyback shares where it believes such a purchase would be accretive over and above the long term attractions of investing in further loan and equity portfolios and it is in the best long term interest of all shareholders to do so. On the 16 December 2016 the Board appointed Liberum Capital Limited to manage a share buy-back programme.
Borrowing Risk The Group's investment strategy may involve the use of leverage, including borrowings. Leverage may be generated through borrowing money or increasing levels of market exposure through the use of derivatives. Leverage provides an opportunity for greater returns where the return on the Company's underlying assets exceeds the cost of borrowing. It is likely to have the opposite effect where the return on the underlying assets is below the cost of	The Company's Articles of Association limit borrowings to an aggregate amount equal to 150% of the value of the net assets of the Group. The Investment Manager will only use leverage when confident that conditions and opportunities exist to enhance investment returns. As at the year end the Group's net debt to equity ratio was 82% (net debt being borrowings less cash). The Board monitors the Investment Manager's leverage strategy to ensure it is consistent with the

borrowings. Consequently, the use of borrowings by the Company may increase the volatility of the NAV.	investment objectives of the Company. The Board receives regular presentations on the leverage strategy and reviews, the details of the loan agreements, changes in levels and rationale for the change.
Operational The Group has no employees and relies on the services provided by third parties. Accordingly, it is dependent on the control systems of the Investment Manager, Deutsche Bank Luxembourg S.A. (the Depositary) and Citco Fund Services (Ireland) Limited (the Administrator), who maintain the Group's assets and accounting records. In addition, the Group predominantly uses Platforms to acquire and service loans. Accordingly, it is dependent on the Platforms' credit underwriting and control systems and collection capabilities. The security of the Group's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of the third party service providers. Failure by any service provider, or Platforms, to carry out its obligations to the Group in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group. The Group is reliant on the Investment Manager's relationships with Platforms. Should the Investment Manager cease to continue to be investment manager there is a risk that the Group will not be able to successfully pursue its investment management objective and policy. Resilient IT systems and associated infrastructure are essential for maintaining high service levels to the Group by the Platforms and the third party service providers. These service levels are at risk from cyberattack, component failure or unplanned disasters.	Due diligence is undertaken before contracts are entered into with third party service providers and Platforms. Thereafter, the performance of the provider is subject to regular review and reported to the Board. The reporting from the Platforms reviewed by the Investment Manager contains loan balances, including arrears and performance reports. In order to gain a more comprehensive understanding of the Investment Manager's internal processes, controls and risk management, the Board periodically receives on-site presentations from the Investment Manager. The Administrator and Depository are monitored by the Investment Manager throughout the year. Their controls and procedures are evidenced through their Service Organisation Control (SOC 1) reports, these reports are provided to the Audit and Valuation Committee. The Group's financial assets are subject to a strict liability regime and in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control. The Board reviews the overall performance of the Investment Manager and all other third party service providers on a regular basis. The Board also considers the business continuity arrangements of the Group's key service providers. The Board also has the ability to terminate agreements if it is in breach of obligations. The Board reviews arrangements that the Investment Manager has put in place to ensure that in event of a Platform bankruptcy back up loan servicers are available and able to take on the Group's loans. The Investment Manager has a robust cyber security and disaster recovery policy. The Investment Manager also assesses cyber security and disaster recovery of the Company's third party service providers and Platforms. The Board

	reviews these arrangements.
Accounting, Legal and Regulatory In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). The Company has been approved by HM Revenue & Customs as an investment trust. Were the Company to breach Section 1158, it would lose its investment trust status and, as a consequence, gains within the Company's portfolio could be subject to Capital Gains Tax.	The Section 1158 qualification criteria are continually monitored by the Investment Manager and the results reported to the Board. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and the Disclosure, Guidance & Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, the Investment Manager and its professional advisers to ensure compliance with the Companies Act, the UKLA Listing Rules, DTRs and the Alternative Investment Fund Managers Directive.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the "Code"), the Directors have assessed the prospects of the Company over the four year period to the Annual General Meeting ("AGM") in 2021. The Directors believe this period to be appropriate as they will be required by the Articles of Association to put a proposal for the continuation of the Company at that meeting and therefore cannot presume that it will continue to operate as an investment trust thereafter.

In their assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed above. The Directors have also considered the Company's revenue and expenditure projections, working capital requirements and the fact that the Company's investments do not comprise readily realisable securities which can be sold to meet funding requirements if necessary.

Based on the Company's current position, the principal risks that it faces and their potential impact on its future development and prospects, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the four year period to the AGM in 2021.

ENVIRONMENTAL, HUMAN RIGHTS, EMPLOYEE, SOCIAL AND COMMUNITY ISSUES

The Company is required, by company law, to provide details of the environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; including information about any policies it has in relation to these matters and the effectiveness of those policies. The Company does not have any employees nor, as an investment trust, does it have any direct impact on the community or environment and as a result does not maintain specific policies in relation to these matters. In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

Modern Slavery Act
The Company is not within the scope of the Modern Slavery Act 2015 because it has insufficient turnover and is therefore not obliged to make a human trafficking statement.

GENDER DIVERSITY

The Board of Directors of the Company comprises three male Directors and one female Director. Further information in relation to the Board's policy on diversity can be found on page 25 of the Annual Report.

On behalf of the Board
Stuart Cruickshank
Chairman
28 April 2017

BOARD OF DIRECTORS

Stuart Cruickshank
Simon King
Michael Cassidy
Mahnaz Safa

GOING CONCERN

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The full Annual Report contains the following statements regarding responsibility for the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the Directors, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of P2P Global Investments plc
Stuart Cruickshank
Chairman
28 April 2017

NON-STATUTORY ACCOUNTS

The financial information set out below does not constitute the Company's statutory accounts for the year ended 31 December 2016 but is derived from those accounts. Statutory accounts for the year ended 31 December 2016 will be delivered to the Registrar of Companies in due course. The Auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditors' report can be found in the Company's full Annual Report and Accounts on the Company's website at www.p2pgi.com

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	31 December 2016 £	31 December 2015 £
Non current assets			
Investment assets designated as held at fair value through profit or loss	4	204,496,985	587,047,140
Loans at amortised cost	4	973,989,695	311,114,121
		1,178,486,680	**898,161,261**
Current assets			
Derivative financial instruments	5	710,352	897,005
Cash and cash equivalents	9	81,211,669	45,639,509
Cash pledged as collateral	9	40,012,074	25,640,000

Interest receivable		7,792,172	1,458,208
Other current assets and prepaid expenses		6,717,872	945,632
		136,444,139	**74,580,353**
Total assets		**1,314,930,819**	**972,741,614**
Current liabilities			
Amounts due to brokers		330,446	–
Derivative financial instruments	5	12,043,687	11,470,531
Investment management fees payable	11	974,559	212,736
Performance fees payable	11	916,183	342,256
Accrued expenses and other liabilities		4,273,787	2,503,220
		18,538,662	**14,528,743**
Total assets less current liabilities		**1,296,392,157**	**958,212,871**
Non current liabilities			
Borrowings	12	414,959,490	85,000,000
Other liabilities	12	30,690,694	–
Total net assets		**850,741,973**	**873,212,871**
Equity attributable to Shareholders of the Parent Company			
Called-up share capital	18	863,068	4,467,549
Share premium account		27,791,880	24,187,399
Capital reserves		2,532,207	1,479,199
Revenue reserve		4,505,276	10,430,809
Special distributable reserve	18	815,049,542	832,647,915
Total equity		**850,741,973**	**873,212,871**
Net Asset Value per Ordinary Share	17	**1,006.49p**	**1,013.27p**
Net Asset Value per C Share	17	**–**	**998.65p**

The financial statements were approved by the Board of Directors on 28 April 2017 and signed on its behalf by:

Stuart Cruickshank
Chairman
28 April 2017

See notes to the consolidated financial statements

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	31 December 2016	31 December 2015

	Note	£	£
Non current assets			
Investment assets designated as held at fair value through profit or loss	4	701,260,292	587,047,140
Investment in debt securities at amortised cost	4	34,047,662	28,336,581
Loans at amortised cost	4	226,006,825	202,334,542
		961,314,779	**817,718,263**
Current assets			
Derivative financial instruments	5	308,527	537,880
Cash and cash equivalents	9	24,600,070	41,979,609
Cash pledged as collateral	9	36,629,097	25,640,000
Interest receivable		4,649,982	1,361,497
Other current assets and prepaid expenses		2,347,060	490,333
		68,534,736	**70,009,319**
Total assets		**1,029,849,515**	**887,727,582**
Current liabilities			
Amounts due to brokers		330,446	–
Derivative financial instruments	5	12,043,687	11,470,531
Investment management fees payable	11	268,485	212,736
Performance fees payable	11	916,183	342,256
Accrued expenses and other liabilities		3,389,669	2,489,188
		16,948,470	**14,514,711**
Total assets less current liabilities		**1,012,901,045**	**873,212,871**
Non current liabilities			
Borrowings	12	162,159,072	–
Total net assets		**850,741,973**	**873,212,871**
Equity attributable to Shareholders of the Company			
Called-up share capital	18	863,068	4,467,549
Share premium account		27,791,880	24,187,399
Capital reserves		2,532,207	1,479,199
Revenue reserve		4,505,276	10,430,809
Special distributable reserve	18	815,049,542	832,647,915
Total equity		**850,741,973**	**873,212,871**
Net Asset Value per Ordinary share	17	**1,006.49p**	**1,013.27p**
Net Asset Value per C Share	17	**–**	**998.65p**
Net Profit on Ordinary activities after taxation		**30,974,511**	**27,533,467**

The financial statements were approved by the Board of Directors on 28 April 2017 and signed on its behalf by:

Stuart Cruickshank
Chairman

28 April 2017

See notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	Revenue £	Capital £	Total £
Net gains on investments		–	1,055,572	1,055,572
Income		63,930,998	–	63,930,998
Total return	**6**	**63,930,998**	**1,055,572**	**64,986,570**
Expenses				
Investment management fee	11	3,516,737	2,564	3,519,301
Performance fee	11	916,183	–	916,183
Administration fee	11	371,212	–	371,212
Impairment of loans	10	16,291,238	–	16,291,238
Other expenses		5,678,985	–	5,678,985
Total operating expenses		**26,774,355**	**2,564**	**26,776,919**
Net profit on ordinary activities before finance costs and taxation		37,156,643	1,053,008	38,209,651
Finance costs		7,235,140	–	7,235,140
Net profit on ordinary activities before taxation		29,921,503	1,053,008	30,974,511
Taxation on ordinary activities	16	–	–	–
Net profit on ordinary activities after taxation	7	29,921,503	1,053,008	30,974,511
Profit per Ordinary Share (basic and diluted)	7	35.40p	1.25p	36.65p

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations. There is no other comprehensive income.

See notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	Revenue £	Capital £	Total £
Net gains on investments		–	1,491,938	1,491,938
Foreign exchange loss		–	(12,003)	(12,003)
Income		38,369,003	–	38,369,003
Total return	6	**38,369,003**	**1,479,935**	**39,848,938**
Expenses				
Investment management fee	11	2,146,419	19,278	2,165,697
Performance fee	11	342,256	–	342,256
Administration fee	11	299,928	–	299,928
Impairment of loans	10	5,850,609	–	5,850,609
Other expenses		2,586,715	–	2,586,715
Total operating expenses		**11,225,927**	**19,278**	**11,245,205**
Net profit on ordinary activities before finance costs and taxation		27,143,076	1,460,657	28,603,733
Finance costs		1,070,266	–	1,070,266
Net profit on ordinary activities before taxation		26,072,810	1,460,657	27,533,467
Taxation on ordinary activities	16	–	–	–
Net profit on ordinary activities after taxation		26,072,810	1,460,657	27,533,467
Profit per Ordinary Share (basic and diluted)	7	47.62p	2.85p	50.47p
Profit per Ordinary Share C (basic and diluted)	7	9.49p	0.07p	9.56p

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations. There is no other comprehensive income.

See notes to the consolidated financial statements

CONSOLIDATION AND PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS
For the year ended 31 December 2016

	Called up share capital £	Share premium £	Capital reserve £	Revenue reserve £	Special distributable reserve £	Total £
Net assets attributable to Shareholders at the beginning of the year	4,467,549	24,187,399	1,479,199	10,430,809	832,647,915	873,212,871
Conversion of C Shares to Ordinary Shares	395,519	394,404,481	–	–	–	394,800,000
Cancellation of C Shares converted to Ordinary Shares	(4,000,000)	(390,800,000)	–	–	–	(394,800,000)
Amounts paid on buyback of Ordinary Shares	–	–	–	–	(14,525,745)	(14,525,745)
Return on ordinary activities after taxation	–	–	1,053,008	29,921,503	–	30,974,511
Dividends declared and paid	–	–	–	(35,847,036)	(3,072,628)	(38,919,664)
Net assets attributable to Shareholders at the end of the year	**863,068**	**27,791,880**	**2,532,207**	**4,505,276**	**815,049,542**	**850,741,973**

CONSOLIDATION AND PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS
For the year ended 31 December 2015

	Called up share capital £	Share premium £	Capital reserve £	Revenue reserve £	Special distributable reserve £	Total £
Net assets attributable to Shareholders at the beginning of the year	200,000	196,889,944	617,765	2,643,436	–	200,351,145
Reclassification of prior year capital to revenue	–	–	(599,223)	599,223	–	–
Amounts receivable on issue of Ordinary Shares	20,000	21,479,989	–	–	–	21,499,989
Amounts receivable on issue of C Shares	6,500,000	643,500,000	–	–	–	650,000,000
Conversion of C Shares to Ordinary Shares	247,549	247,210,422	–	–	–	247,457,971

Cancellation of C Shares converted to Ordinary Shares	(2,500,000)	(244,957,971)	–	–	–	(247,457,971)
Share issue costs	–	(7,287,070)	–	–	–	(7,287,070)
Transfer of share premium to special distributable reserve	–	(832,647,915)	–	–	832,647,915	–
Profit on ordinary activities after taxation	–	–	1,460,657	26,072,810	–	27,533,467
Dividends declared and paid	–	–	–	(18,884,660)	–	(18,884,660)
Net assets attributable to Shareholders at the end of the year	**4,467,549**	**24,187,399**	**1,479,199**	**10,430,809**	**832,647,915**	**873,212,871**

See notes to the consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2016

	31 December 2016 £	31 December 2015 £
Cash flows from operating activities:		
Net return on ordinary activities after taxation	30,974,511	27,533,467
Adjustments to reconcile net return on ordinary activities after taxation to net cash outflow from operating activities:		
Unrealised gain/(loss) on investment assets	(4,146,545)	12,778,208
Realised gain on investment assets	188,747	(3,837,587)
Increase in fair value of SPV	(133,076,516)	(37,080,908)
Increase in cash pledged as collateral	(10,989,097)	(24,610,000)
Increase in other assets and prepaid expenses	(6,181,891)	(2,066,033)
Increase in amounts due to brokers	330,446	–
Increase in trade and other payables	1,972,593	2,574,419
Impairment of loans	16,291,238	5,850,609
	(104,636,514)	**(18,857,825)**
Capital expenditure and financial investments		
Purchase of investments	(218,293,895)	(436,893,640)
Sale of investments	202,876,537	45,046,784
Net purchases and sales of money market funds	38,998,330	(34,500,000)

Purchase of loans	(78,761,804)	(255,650,567)
Cash acquired on acquisition of subsidiary	44,892,453	–
Net cash outflow from capital expenditure and financial investments	**(10,288,379)**	**(681,997,423)**
Net cash outflow from operating activities	**(114,924,893)**	**(700,855,248)**
Cash flows from financing activities:		
Proceeds from subscription of Ordinary Shares	–	21,499,989
Proceeds from subscription of C Shares	–	650,000,000
Proceeds from debt issued	203,942,462	85,000,000
Share issue costs	–	(7,287,070)
Amounts paid on buyback of Ordinary Shares	(14,525,745)	–
Dividends declared and paid	(38,919,664)	(18,884,660)
Net cash provided by financing activities	**150,497,053**	**730,328,259**
Net change in cash and cash equivalents	35,572,160	29,473,011
Cash and cash equivalents at the beginning of the year	45,639,509	16,166,498
Net cash and cash equivalents	**81,211,669**	**45,639,509**

See notes to the consolidated financial statements

PARENT COMPANY CASH FLOW STATEMENT
For the year ended 31 December 2016

	31 December 2016 £	31 December 2015 £
Cash flows from operating activities:		
Net return on ordinary activities after taxation	30,974,511	27,533,467
Adjustments to reconcile net return on ordinary activities after taxation to net cash outflow from operating activities:		
Unrealised gain/(loss) on investment assets	(7,704,500)	12,647,333
Realised gain on investment assets	2,602,849	(3,837,587)
Increase in fair value of SPV	(133,076,516)	(37,080,908)
Increase in cash pledged as collateral	(10,989,097)	(24,610,000)
Increase in other assets and prepaid expenses	(5,145,212)	(1,514,024)
Increase in amounts due to brokers	330,446	–
Increase in trade and other payables	1,530,156	2,560,387
Impairment of loans	15,895,431	4,871,501
	(105,581,932)	**(19,429,831)**
Capital expenditure and financial investments		
Purchase of investments	(252,087,497)	(464,740,221)
Sale of investments	232,145,609	45,046,784
Net purchases and sales of money market funds	38,998,330	(34,500,000)

Purchase of loans	(39,567,713)	(145,891,880)
Net cash outflow from capital expenditure and financial investments	**(20,511,271)**	**(600,085,317)**
Net cash outflow from operating activities	**(126,093,203)**	**(619,515,148)**
Cash flows from financing activities:		
Proceeds from subscription of Ordinary Shares	–	21,499,989
Proceeds from subscription of C Shares	–	650,000,000
Proceeds from debt issued	162,159,073	–
Share issue costs	–	(7,287,070)
Amounts paid on buyback of Ordinary Shares	(14,525,745)	–
Dividends declared and paid	(38,919,664)	(18,884,660)
Net cash provided by financing activities	**108,713,664**	**645,328,259**
Net change in cash and cash equivalents	(17,379,539)	25,813,111
Cash and cash equivalents at the beginning of the year	41,979,609	16,166,498
Net cash and cash equivalents	**24,600,070**	**41,979,609**

See notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

1. GENERAL INFORMATION

P2P Global Investments plc (the "Company") is a closed-ended investment company incorporated in England and Wales on 6 December 2013 with registered number 8805459. The Company commenced operations on 30 May 2014.

The investment objective of the Company is to provide shareholders with an attractive level of dividend income and capital growth through exposure to investments in alternative finance and related instruments.

The Company's investment manager is MW Eaglewood Europe LLP (the "Investment Manager"). MW Eaglewood Americas LLC, an affiliate of the Investment Manager and an SEC registered investment adviser, has been appointed as sub investment manager (the "Sub-Manager") to the Company. The Investment Manager has, pursuant to the Sub-Management Agreement, delegated certain of its responsibilities and functions, including its discretionary management of the Company's portfolio of credit assets, to the Sub-Manager.

The Investment Manager is authorised as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD"). The Company is defined as an Alternative Investment Fund and is subject to the relevant articles of the AIFMD.

The Company invests, directly and indirectly, in consumer loans, small and medium sized enterprises ("SME") loans, advances against corporate trade receivables and/or purchases of corporate trade receivables ("Credit Assets") which have been originated via Platforms. The Company will typically seek to invest in Credit Assets with targeted net annualised returns of 5 to 15%. The Company will seek to purchase Credit Assets directly (via Platforms or via other originators) and may also invest in such assets indirectly via funds, partnerships or special purpose vehicles (including those managed by the Investment Manager, the Sub-Manager or their affiliates) that it deems suitable with a view to enhancing Shareholder returns and providing diversification of the Company's assets.

As at 31 December 2016 the Company had total issued equity in the form of 86,306,803 ordinary shares (31 December 2015: 46,754,919) of which 84,525,803 were outstanding, 1,781,000 were held as treasury shares (31 December 2015: Nil) and Nil were held as C shares (31 December 2015: 40,000,000). These shares are listed on the Premium listing segment of the Official List of the UK Listing Authority and trade on the London Stock Exchange's main market for listed securities.

Citco Fund Services (Ireland) Limited (the "Administrator") has been appointed as the Administrator of the Company. The Administrator is responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value ("NAV") and maintenance of the Company's accounting records.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements for the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"). They comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Reporting Committee, interpretations issued by the International Accounting Standard Committee that remain in effect, to the extent they have been adopted by the European Union. The consolidated financial statements are also in compliance with relevant provisions of the Companies Act 2006 as applicable to companies reporting under IFRS. The accounting policies have been applied consistently year on year.

Consolidation

Subsidiaries are investees controlled by the Company. The Company controls an investee if it is exposed to, or has the rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether it has control if there are changes to one or more elements of control. Subsidiaries are valued at fair value which is deemed to be net asset value. The Company does not consider itself to be an investment entity for the purposes of IFRS 10, as it does not hold substantially all of its investments at fair value. Consequently it consolidates its subsidiaries rather than holding at fair value through profit or loss.

As at 31 December 2016 the Company controls three subsidiaries, P2PCL1 PLC, Eaglewood SPV I LP and Marketplace Originated Consumer Assets 2016-1 PLC (together "the Group").

Name of entity	**Registered Office**
P2PCL1 PLC	Winchester House, 1 Great Winchester St, London, EC2N 2DB, United Kingdom
Eaglewood SPV I LP	350 Park Avenue, 25th Floor, New York, NY 10022, USA
Marketplace Originated Consumer Assets 2016-1 PLC	350 Great St. Helen's, London EC3A 6AP, United Kingdom

The Company controls P2PCL1 PLC, a limited liability company incorporated in England and Wales, through its ownership of one class A Share which confers control of 100% of the voting rights in that entity.

The Company invests in a special purpose vehicle, Eaglewood SPV I LP (the "SPV" or the "Subsidiary") and at 31 December 2016 is the sole Limited Partner in that SPV. The principal activity of Eaglewood SPV I LP is to invest in alternative finance investments and related instruments, including marketplace loans, which is aligned with the Company's investment objective. The Company's position with regards to the SPV is that of an investor where its maximum loss is restricted to its investment in the vehicle and in return for this receives a quarterly income distribution. Previously the financial statements of the Company did not consolidate the SPV as the Company did not exercise control over its activities, which were instead exercised by the General Partner. It was our judgement that the General Partner had a significant exposure to the SPV through its performance fee arrangements. As the General Partner had the decision making powers and in our judgement was acting as the principal, our determination was that the Group did not have control over the SPV and as a result did not consolidate it as at 31 December 2015.

The parent of the General Partner has undertaken a review of the legal and corporate governance arrangements of the SPV. As a result of that review, on 31 December 2016, the SPV's Limited Partnership Agreement was amended. This included, amongst other alterations, the addition of a clause by which the General Partner of the SPV can be replaced by notice from at least 75% of the Limited Partner interests. Furthermore, the composition of the board of managers of the General Partner was changed. Two of the three representatives from the group of the Investment Manager resigned and, on 22 December 2016, Stuart Cruickshank and an independent non-executive were both appointed to the board as managers.

These changes resulted in the Group determining that the General Partner was then exercising its decision making powers in a capacity as an agent for the Group. Therefore the Group has determined that it controls the SPV and consolidates it from 31 December 2016. Prior year comparatives are not restated. Further details of the impact of this consolidation can be found in Note 3.

The Company also controls Marketplace Originated Consumer Assets 2016-1 PLC ("MOCA") a public limited company incorporated under the Laws of England and Wales. MOCA is a securitisation vehicle for UK consumer loans and operates in a pre-determined manner. The Company is considered to control MOCA by virtue of being its sponsor whilst having exposure to the variable returns of the vehicle through the holding of junior notes issued by it.

All entities within the Group have co-terminous reporting dates.

Intra-group balances and transactions, and any unrealised income and expenses (except for currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Advantage has been taken of the exemption under section 408 of the Companies Act 2006 and accordingly the Company has not presented a Statement of Comprehensive Income for the Company alone. The net profit on ordinary activities after taxation of the Company for the year ended 31 December 2016 was £30,974,511 (2015: £27,533,467).

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the valuation of investments and derivative financial instruments at fair value. The Directors consider that the Group has adequate financial resources to enable it to continue operations for a period of no less than 12 months from the reporting date. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the consolidated financial statements on a basis compliant with the recommendations of the SORP.

The Group's presentational and functional currency is Pounds Sterling (£). Pounds Sterling is the denomination of the Company's share capital and the primary economic environment of its shareholders. Foreign currency exposures arising from its investments are hedged back into Pounds Sterling.

(b) Presentation of Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income. Net profit on ordinary activities before finance costs and taxation in the revenue column is the measure the Directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 1158 of the Corporation Taxes Act 2010.

In respect of the analysis between revenue and capital items presented within the Consolidated Statement of Comprehensive Income, all expenses and finance costs, which are accounted for on an accruals basis, have been presented as revenue items except those items listed below:

- expenses are allocated to capital where a direct connection with the maintenance or enhancement of the value of the investments can be demonstrated. Investment management fees and finance costs are allocated to capital in accordance with accounting policy 2(d); and
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

The following are presented as capital items:

- gains and losses on the realisation of investments;
- increases and decreases in the valuation of investments held at the year-end;
- realised and unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature;
- realised and unrealised exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to capital in accordance with the above policies.

(c) Income

For financial instruments measured at amortised cost the effective interest rate (EIR) method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

In calculating the EIR, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, early redemption penalty charges) but does not consider future credit losses. The calculation includes all fees received and paid and costs borne that are an integral part of the effective interest rate and all other premiums or discounts above or below market rates.

Once a financial asset or a group of similar financial assets becomes impaired, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss and is recognised over the period to which the expected cash flows relate.

Dividend income from investments is taken to the revenue column of the Statement of Comprehensive Income on an ex-dividend basis.

Bank interest and other income receivable are accounted for on an accruals basis.

The increase in the Group's share of the distributable profit in SPV vehicles prior to consolidation was treated as revenue return provided that the underlying assets of the SPV comprised solely of income generating loans, or investments in lending Platforms which themselves generated net interest income.

(d) Expenses, fees and commissions

Fees and commissions not directly attributable to generating a financial instrument are recognised as services are provided, or on the performance of a significant act which means the Group has become contractually obligated to settle those amounts.

The Group currently charges performance fees to revenue return as it is the current expectation that the majority of the Group's return will be generated through revenue rather than capital gains on investments. Investment management fees are allocated between the revenue and capital accounts based on the prospective split of the gross revenue between revenue and capital. The percentage of management expenses allocated to capital is less than 1% of the total. Refer to Note 11 for further details of the management and performance fees.

Gains and losses arising from derivative instruments are credited or charged to the Statement of Comprehensive Income. All other expenses are accounted for on an accruals basis.

(e) Dividends payable to shareholders

Dividends to shareholders are accounted for in the period which they are paid or approved in general meetings. Dividends payable to shareholders are recognised in the Statement of Changes in Equity when they are paid, or have been approved by shareholders in the case of a final dividend and become a liability to the Group.

(f) Taxation

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) Financial assets and financial liabilities

The Group classifies its financial assets and financial liabilities at inception into the following categories:

(i) Financial assets and financial liabilities at fair value through profit or loss

This category consists of forward foreign exchange contracts, option contracts, money market funds, unlisted equities positions, equities, fixed income securities, investment in other funds and the investment in the SPV for prior year. Assets and liabilities in this category are carried at fair value.

The fair values of derivative instruments are estimated using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties.

Investments in money market funds, the SPV prior to consolidation and the subsidiaries (other than debt securities issued by them) are carried at fair value. This is determined using the NAV for the units at the balance sheet date as provided by the relevant fund administrator.

Investments in other funds are carried at fair value. This is determined using the NAV for the units at the balance sheet date as provided by the relevant fund administrator.

The unlisted equities are valued at fair value. The fair value is based on primary issuance of stock, secondary market transactions, earnings multiples or third party valuations which are considered representative of the fair value. Gains and losses arising from the changes in the fair values are recognised in the Consolidated Statement of Comprehensive Income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loan assets are classified as loans and receivables.

Loans are recognised when the funds are advanced to borrowers. Loans and receivables are carried at amortised cost using the effective interest rate method less provisions for impairment.

(iii) Purchases and sales of financial assets

Purchases and sales of financial assets are accounted for at trade date. Financial assets are derecognised when the rights to receive cash flows have expired or where the assets have been transferred and substantially all of the risks and rewards of ownership have been transferred.

(iv) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether, as a result of one or more events that occurred after initial recognition, there is objective evidence that a financial asset or group of financial assets is impaired.

Evidence of impairment may include:

- indications that the borrower or group of borrowers is experiencing significant financial difficulty;
- default or delinquency in interest or principal payments;
- breach of loan covenants or conditions;
- debt being restructured to reduce the burden on the borrower; or
- deterioration in value of collateral in the case of secured lending.

The Group assesses whether objective evidence of impairment exists either individually for assets that are separately significant or collectively for assets that are not separately significant. Where there is no indicator of impairment the assets are assessed collectively for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The resultant provisions are deducted from the appropriate asset values in the Consolidated Statement of Financial Position.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the provision is adjusted and the amount of the reversal is recognised in the Consolidated Statement of Comprehensive Income.

SME and consumer loan impairment allowance

The impairment allowance for SME and consumer loan losses that have been incurred but are not separately identified at the reporting date is determined on a collective basis.

For unsecured consumer and SME lending portfolios, the impairment trigger is generally when the balance is one or more payments in arrears. While the trigger is based on the payment performance of an individual loan, the assessment of future cash flows uses historical experience of cohorts of similar portfolios such that the assessment is considered to be collective. Assets are included into a cohort of financial assets with similar risk characteristics and collectively assessed for impairment. The characteristics currently utilised are product type and geographical location, as different borrower behaviours are observed based on these characteristics.

Future cash flows are estimated on the basis of the contractual cash flows and historical loss experience for assets in such a cohort. Historical loss experience is estimated from the roll rate to default and loss given default for historical loans that would or had formed part of such a cohort.

These historic loans will be either those previously held by the Group or, where available, the complete historic loan book from the marketplace lending platforms.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Secured real estate loan impairment allowance
Due to their size and nature, the impairment allowance for secured real estate loans is determined on a specific basis.

In assessing objective evidence of a loss event for secured real estate loans, the following key indicators are considered:

- contractually due payments being in arrears
- breach of covenants
- the probability of the borrower entering bankruptcy
- restructuring of the debt relating to the borrower's financial difficulties ('forbearance')
- deterioration in value of collateral due to either idiosyncratic events or macroeconomic conditions

Where there is objective evidence of impairment, cash flows are assessed on a case by case basis considering the following factors:

- aggregate exposure to the customer
- the viability of the customer's business model and their capacity to trade successfully out of financial difficulties to service debt obligations
- the amount and timing of expected receipts and recoveries of collateral
- the extent of other creditors' claims ranking ahead of the Group's
- the likely deduction of any costs involved in recovery of amounts outstanding

(v) Financial liabilities
Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired.

(vi) Derivatives
Derivatives are entered into to reduce exposures to fluctuations in interest rates, exchange rates, market indices and credit risk and are not used for speculative purposes.

Derivatives are carried at fair value with movements in fair values recorded in the Consolidated Statement of Comprehensive Income. Derivative financial instruments are valued using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties.

All derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative. Where there is the legal ability and intention to settle net, then the derivative is classified as a net asset or liability, as appropriate.

(vii) Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to set off

the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

(h) Other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated impairment.

(i) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with a maturity of 3 months or less that are readily convertible to known amounts of cash.

Cash pledged as collateral comprises cash posted to derivative counterparties to mitigate credit risk arising on the mark to market of the underlying derivative position.

(j) Current liabilities

Current liabilities, other than derivatives, are not interest-bearing and are stated at their nominal value.

(k) Shares

Ordinary and treasury shares are classified as equity. The costs of issuing or acquiring equity are recognised in equity (net of any related income tax benefit), as a reduction of equity on the condition that these are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The costs of an equity transaction that is abandoned are recognised as an expense. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties.

The Group's equity NAV per unit is calculated by dividing the equity – net assets attributable to the holder of redeemable shares divided by the total number of outstanding shares.

Treasury shares have no entitlements to vote and are held by the Company.

(l) Rates of exchange

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, liabilities and equity investments in foreign currencies at the Consolidated Statement of Financial Position date are translated into sterling at the rates of exchange ruling on that date. Profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Consolidated Statement of Comprehensive Income. Foreign exchange gains and losses arising on investments held at fair value are included within changes in fair value.

(m) Capital reserves

Capital reserve – arising on investments sold includes:

- gains/losses on disposal of investments;
- exchange differences on currency balances and on settlement of loan balances;
- cost of own shares bought back; and
- other capital charges and credits charged to this account in accordance with the accounting policies above.

Capital reserve – arising on investments held includes:

- increases and decreases in the valuation of investments held at the year end.

All of the above are accounted for in the Statement of Comprehensive Income except the cost of own shares bought back which is accounted for in the Statement of Changes in Shareholders' Funds.

(n) Segmental reporting

The Chief Operating Decision Maker is the Board of Directors. The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment of the Group's capital in financial assets comprising consumer loans, small and medium sized enterprise ("SME") loans, corporate trade receivables and/or advances thereon plus the equity of Platforms.

(o) Critical accounting estimates and assumptions

Estimates and assumptions used in preparing the consolidated financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The results of these estimates and assumptions form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Impairment of loans held at amortised cost

The Group's loans and receivables are held at amortised costs less impairments. Impairment is measured as the difference between an asset's carrying amount and the present value of management's estimate of future cash flows discounted at the asset's original effective interest rate.

The Group applies a collective provisioning basis for consumer and SME loans. The impairment trigger for such loans will generally be a payment being more than 15 days in arrears. Key assumptions included in the measurement of impairment are:

- the roll rate to default as a function of the number of days a payment is past due; and
- the bucketing of such roll rate data; and
- the loss given default; and
- the emergence period in respect of loans and receivables that have not shown objective evidence of an impairment trigger.

These assumptions applied by the Group are initially drawn from the assessment of observed historical data reported by the peer to peer lending platforms which are used by the Group.

The loss given default assumptions are made considering any security posted against a loan, any platform sale agreements for non-performing loans, actual recoveries observed over time on comparable loans, or as determined by the Investment Manager and approved by the Valuation Committee. Such data may be limited to the loans held by the Group or will comprise the entire loanbook of the platform. The historical data is collated, and then applied, by product type and geography. Where a specific platform has materially different risk profile, then those loans will be treated separately based on the historical data in relation to that platform only.

The roll rate data is bucketed into the following categories, 15-30 days late, 31-60 days late, 61-90 days late and 90+ days late. This is on the basis that loans generally pay monthly and therefore each bucket represents an increasing number of missed payments.

Whilst an area of judgement, the Investment Manager continually monitors the performance of the Group's portfolio against these assumptions. The probabilities of roll rate to default and probabilities of loss given default are evaluated using current data to in order to inform the Group's assessment of their continued appropriateness, and where appropriate will be updated to reflect current economic conditions.

The emergence period for loans that have incurred losses that have not yet been reported is mostly relevant for unsecured consumer loans. Given the underlying cause of a default is usually the loss of a borrower's income, it is assumed that the emergence period of an observable impairment trigger will typically be short and weighted towards the shorter periods.

Loans are determined to be in arrears once they are in excess of 15 days overdue. Whilst this represents a judgement by the Group, it has been the Group's experience that loans which are less than 15 days past due are typically late due to operational reasons.

Sensitivity analysis about significant areas of estimation uncertainty and critical judgements in relation to the impairment of loans are described in Note 10.

The secured real estate loans held by the Group, due to their size and nature, are individually assessed for impairment. In calculating the provisions for secured loans, estimates of discounted cash flows are made on the basis of the planned strategy for each loan (such as working out, divestment etc). These estimates are judgemental as they include assumptions for underlying property values and future expected cash flows for income and any development costs. Judgement is also required when assessing the losses incurred but not reported on the secured real estate loans. They have prudent loan to value parameters, with the weighted average being below 70%; i.e. it would require an average reduction of 30% in the value of property collateral for the loans not to be fully covered in case of default.

Valuation of unquoted investments

Estimates and assumptions made in the valuation of unquoted investments and investments for which there is an inactive market may cause material adjustment to the carrying value of those assets and liabilities. These are valued in accordance with the techniques set out in Note 2(g).

Consolidation

Determining whether the Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement may involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

Eaglewood Fund

The Group has an investment in the Eaglewood Income Fund I LP (the "Eaglewood Fund"), a Delaware limited partnership. As at 31 December 2016, the SPV held 79% of the limited partner interests (2015: 66%).

The Eaglewood Fund makes leveraged investments primarily into loans originated by a marketplace lending platform. Its investment activity is undertaken by the appointed Investment Manager, MW Eaglewood Americas LLC ("the Eaglewood Fund Investment Manager"). The appointment of the Investment Manager is the responsibility of the General Partner ("GP") of the Eaglewood Fund. The GP is an associate of the Eaglewood Fund Investment Manager. The Group has no kick out rights over the GP or the Eaglewood Fund Investment Manager.

The GP has an exposure to the variable returns to the Eaglewood Fund through an arrangement where it collects as a performance allocation a proportion of the increase of the NAV of the Eaglewood Fund subject to a hurdle for each accounting period.

It is our judgement that the GP has a significant exposure to the Eaglewood Fund through its performance fee arrangements. As the GP has power over the decision making powers and in our judgement is acting as principal, our determination is that the Group does not have control over the Eaglewood Fund and as a result does not consolidate it.

The total exposure to the Eaglewood Fund can be found in Note 13.

(p) New standards and amendments to existing standards

Accounting standards effective

IAS 1, 'Disclosure Initiative', effective 1 January 2016. The amendments to IAS 1 provide clarifications on a number of issues including: materiality (an entity should not aggregate or disaggregate information in a manner that obscures useful information), disaggregation and subtotals (line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position of performance), notes (notes do not need to be presented in a particular order), and OCI arising from investments accounted for under the equity method. This amendment does not have any impact on the presentation or performance of the Group.

IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations', effective 1 January 2016.
The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. This amendment does not have any impact on the presentation or performance of the Group.

IAS 16 and IAS 38, 'Clarification of Acceptable Methods of Depreciation and Amortisation', effective 1 January 2016. The amendments to IAS 16 and IAS 38 clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. This amendment does not have any impact on the presentation or performance of the Group.

IAS 27, 'Equity method in separate financial statements', effective 1 January 2016. The amendments to IAS 27 allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. This amendment does not have any impact on the presentation or performance of the Group.

IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and it's associate or joint venture', effective 1 January 2016. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes a 'business' (as defined in IFRS 3 Business Combinations). This amendment does not have any impact on the presentation or performance of the Group.

IFRS 10, IFRS 12 and IAS 28, 'Investment entities: Applying the consolidation exception', effective 1 January 2016. These amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities, an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities, and entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. This amendment does not have any impact on the presentation or performance of the Group.

Accounting standards issued but not yet effective
At the date of this document, the following applicable standards were in issue but not yet effective:

IFRS 15, 'Revenue from contracts with customers', effective 1 January 2018. This is the converged standard on revenue recognition and replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations. This new standard is not expected to have any significant impact on measurement and presentation.

IFRS 9, 'Financial instruments', effective 1 January 2017 replaces IAS 39 Financial Instruments: Recognition and Measurement. It includes requirements for the classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The principal requirement of IFRS 9 are as follows:

Classification and measurement
The classification of financial assets will be based on the objectives of the Group's business model and the contractual cash flow characteristics of the instruments. Financial assets will then be classified as held at amortised cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVTPL). The changes in this regard from the accounting treatment under IAS 39 are not expected to be significant.

Impairment of financial assets
IFRS 9 changes the basis of recognition of impairment on financial assets from an incurred loss to an expected credit loss (ECL) approach for amortised cost and FVOCI financial assets. This introduces a number of new concepts and changes to the approach to provisioning compared with the current methodology under IAS 39:

- Expected credit losses are based on an assessment of the probability of default, loss given default and exposure at default, discounted to give a net present value. The estimation of ECL should be unbiased and probability weighted, taking into account all reasonable and supportable information, including forward looking economic assumption and a range of possible outcomes. IFRS 9 has the effect of bringing forward recognition of impairment losses relative to IAS 39 which requires provisions to be recognised only where there is objective evidence of credit impairment.
- On initial recognition, and for financial assets where there has not been a significant increase in credit risk since the date of advance, IFRS 9 provisions will be made for expected credit default events within the next 12 months.
- A key requirement of IFRS 9 compared with the existing provision approach under IAS 39 relates to assets where there has been a significant increase in credit risk since the date of origination. Provisions will be made for those assets expected to default at any point over their lifetime reflecting the asset's full expected loss. This change to lifetime loss provisions for significantly credit deteriorated assets is expected to lead to increases in impairment provisions, although the

size of the change will depend on a number of factors, including the composition of asset portfolios and the view of the economic outlook at the date of implementation.

- For assets where there is evidence of credit impairment, provisions will be made under IFRS 9 on the basis of lifetime expected credit losses, taking account of forward looking economic assumptions and a range of possible outcomes. Under IAS 39 provisions are based on the asset's carrying value and the present value of the estimated future cash flows. IAS 39 does not explicitly take account of a range of possible economic outcomes including forecasts of any downturn of the economic cycle.

The Directors are currently evaluating the impact of this standard upon the Group. However, it is noted that measurement will involve increased complexity and judgement including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimates of exposures at default and assessing increases in credit risk. It is expected to have a material financial impact, but it will not be practical to disclose reliable financial impact estimates until the implementation programme is further advanced.

3. BUSINESS COMBINATION

As at 31 December 2016, the Company gained control of the SPV. This control was gained following an amendment to the constitutional documents of the SPV by which the General Partner could be replaced by consent of at least 75% of the Limited Partners (see Note 2(a) for further details). The SPV is consolidated from this date forward.

The consolidation impacts the presentation of the Consolidated Statement of Financial Position. In the 2015 Annual Report and the comparatives included within this report, the SPV is presented as a single line item contained within Investment assets designated as held at fair value through profit or loss. The current period Consolidated Statement of Financial Position shows the underlying assets and liabilities of SPV as detailed below. There is no impact to the Parent Company Statement of Financial Position.

As the SPV is consolidated from 31 December 2016, its net income during the year is shown on an unconsolidated basis as a single line item (see Note 6). Subsequent to this date, the Consolidated Statement of Comprehensive Income will present the underlying income and expenses of the SPV.

The fair value of the assets and liabilities of the SPV at the date control was gained was as follows:

	Carrying value as at 31 December 2016 US$	**Carrying value as at 31 December 2016 £**
Assets		
Investment assets designated as held at fair value through profit or loss	149,245,134	120,782,693
Investments at amortised cost	741,890,448	600,405,008
Cash and cash equivalents	55,471,360	44,892,453
Cash pledged as collateral	4,180,176	3,382,977
Interest receivable	3,322,903	2,689,194
Other receivables	4,897,477	3,963,482
Total assets	**959,007,498**	**776,115,807**

Liabilities		
Management fees payable	872,460	706,074
Administration fees payable	22,414	18,139
Professional fees payable	35,610	28,819
Borrowings	155,712,941	126,017,028
Accrued expenses and other liabilities	1,370,404	1,109,055
Other non current liabilities	32,301,978	26,141,689
Total liabilities	**190,315,807**	**154,020,804**
Total net assets	**768,691,691**	**622,095,003**

At the date of acquisition of control, the SPV also had an accrued performance allocation of £4,549,005, attributable as a partnership allocation to the General Partner of the SPV, which on consolidation is treated as a non current liability, as it is considered payable to a third party.

On consolidation, all assets and liabilities, are translated from USD to GBP at the year end rate. The Company's investments held at fair value through profit and loss were reduced by £617,545,998. Prior to consolidation the net asset value of the Company's interest in the SPV were deemed to be the fair value of the investment. Upon consolidation therefore there is no impact to the net asset value of the Company.

4. FAIR VALUE MEASUREMENT

Financial instruments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – Pricing inputs for the asset or liability that are not based on observable market data (unobservable inputs).

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement and is specific to the investment.

Group at 31 December 2016

The following table analyses within the fair value hierarchy the Group's assets and liabilities measured at fair value at 31 December 2016:

	Total	Level 1	Level 2	Level 3
	£	£	£	£
Investment assets at fair value through profit or loss				
Fixed income	54,648,494	–	9,402,625	45,245,869

Investment in money market funds	5,001,670	5,001,670	–	–
Investment in other funds	112,025,624	–	–	112,025,624
Unlisted equities	32,575,147	–	–	32,575,147
Equities	246,050	246,050	–	–
Total	**204,496,985**	**5,247,720**	**9,402,625**	**189,846,640**
Derivative financial assets				
Forward foreign exchange contracts	1,091	–	1,091	–
Option contracts	709,261	–	709,261	–
Total	**710,352**	**–**	**710,352**	**–**
Derivative financial liabilities				
Forward foreign exchange contracts	(12,043,687)	–	(12,043,687)	–
Total	**(12,043,687)**	**–**	**(12,043,687)**	**–**

The following table presents the movement in the Group's Level 3 positions for the year ended 31 December 2016.

	Fixed income £	**Unlisted equities £**	**Investments in other funds £**	**Investments in the SPV £**	**Total £**
Opening balance	2,509,318	13,033,545	–	484,034,539	499,577,402
Purchases	65,337,380	22,889,833	–	376,353,148	464,580,361
Sales	(23,027,421)	(15,750,088)	–	(375,918,203)	(414,695,712)
Net change in realised/ unrealised gains	426,592	3,644,789	–	133,076,516	137,147,897
Impact of consolidation*	–	8,757,068	112,025,624	(617,546,000)	(496,763,308)
Closing balance	**45,245,869**	**32,575,147**	**112,025,624**	**-**	**189,846,640**
Change in unrealised gains on investments still held as at 31 December 2016	**263,023**	**3,790,166**	**38,910,520**		

* This reflects the impact of the consolidation of the SPV. Prior year figures do not consolidate the SPV, therefore the investment in the SPV itself is included as a Level 3 opening position. During the year ended 31 December 2016, control was gained of the SPV (refer to Note 2 for details) therefore the closing balance above does not reflect investment in the SPV but instead reflects all the underlying Level 3 positions held by the SPV at year end.

The net change in realised/unrealised gains is recognised within gains on investments in the Consolidated Statement of Comprehensive Income.

Quantitative information regarding the unobservable inputs for the Group's Level 3 positions is given below:

	Fair value at 31 December 2016 £	Valuation technique	1% change in price £
Fixed income*	10,730,454	Recent transactions	107,305
Fixed income*	34,515,415	Broker quotes	345,154
			5% change in price
Unlisted equities	29,177,632	Recent transactions	1,458,882
Investments in other funds	112,025,624	Net Asset Value	5,601,281
			Earnings multiple increased by 1
Unlisted equities	3,397,515	Earnings multiple	522,695

* A 1% sensitivity to change in price has been presented for fixed income positions to better reflect the perceived uncertainty in the valuation of these positions.

The investments in other funds are valued based on the net asset value as calculated by the funds' administrators at the balance sheet date. The constitutional and offering documentation of each fund sets out the valuation methodology, the applicable generally accepted accounting principles and the frequency, by which its assets are to be valued and the NAV are to be calculated. No adjustments have been determined to be necessary to the NAV as supplied by the administrator as this reflects the fair value of the underlying investments under the relevant valuation methodology. The NAV is the value of all the assets of the funds less their liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards. The net asset value of the other funds are sensitive to movements in interest rates due to their investment in fixed rate loans.

The investments in unlisted equities are valued using several different techniques, primarily recent transactions and recent rounds of funding by the investee entities. During the period, a new valuation methodology was utilised, being a price/earnings multiple. The investee company has become profitable and therefore this is deemed an appropriate valuation technique. In addition, a further unlisted equity that was purchased during the period was valued using a milestone analysis. This is due to transformative events occurring subsequent to the last funding rounds.

The investments in fixed income securities included within Level 3 of the above hierarchy are valued based on, if available, recent transactions and otherwise broker quotes.

The Group's Level 2 positions are valued by Citco Fund Services (Ireland) Limited, acting in their capacity as the External Valuer, in accordance with the valuation policy. Fixed income positions are valued using prices from an independent market data provider. Forward foreign exchange contracts are valued using interpolated FX forward points from Bloomberg. The option contracts are valued using yield curves from Bloomberg.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table presents the fair value of the Group's assets and liabilities (by class) not measured at fair value through profit and loss at 31 December 2016 but for which fair value is disclosed:

	Total £	Level 1 £	Level 2 £	Level 3 £
Assets				
Cash and cash equivalents	81,211,669	81,211,669	–	–
Cash pledged as collateral	40,012,074	40,012,074	–	–
Interest receivable	7,792,172	–	7,792,172	
Loans at amortised cost	973,989,695	–	–	973,989,695
Total	**1,103,005,610**	**121,223,743**	**7,792,172**	**973,989,695**
Liabilities				
Amounts due to brokers	330,446	–	330,446	–
Investment management fees payable	974,559	–	974,559	–
Performance fees payable	916,183	–	916,183	–
Borrowings	414,959,490	–	414,959,490	–
Other liabilities	30,690,694	–	4,549,005	26,141,689
Total	**447,871,372**	**–**	**421,729,683**	**26,141,689**

The table below provides details of the loans at amortised cost held by the Group at 31 December 2016.

	Amortised cost before impairment £	Accumulated impairment £	Amortised cost £	Carrying value £
Loans at amortised cost	1,018,199,789	(44,210,094)	973,989,695	973,989,695
Total	**1,018,199,789**	**(44,210,094)**	**973,989,695**	**973,989,695**

Accumulated impairment included in the Consolidated Statement of Financial Position for the year is reported in impairment of loans.

Group at 31 December 2015

The following table analyses within the fair value hierarchy the Group's assets and liabilities measured at fair value at 31 December 2015:

	Total £	Level 1 £	Level 2 £	Level 3 £
Investment assets at fair value through profit or loss				
Investments in the SPV	484,034,539	–	–	484,034,539
Fixed income	45,505,318	–	42,996,000	2,509,318
Investment in money market funds	44,000,000	44,000,000	–	–
Unlisted equities	13,033,545	–	–	13,033,545
Equity	473,738	473,738	–	–
Total	**587,047,140**	**44,473,738**	**42,996,000**	**499,577,402**

Derivative financial assets				
Forward foreign exchange contracts	165,588	–	165,588	–
Option contracts	731,417	–	731,417	–
Total	**897,005**	**–**	**897,005**	**–**
Derivative financial liabilities				
Forward foreign exchange contracts	(11,470,531)	–	(11,470,531)	–
Total	**(11,470,531)**	**–**	**(11,470,531)**	**–**

The following table presents the movement in the Group's Level 3 positions for the year ended 31 December 2015.

	Fixed income £	**Unlisted equities £**	**Investment in the SPV £**	**Total £**
Opening balance	–	1,026,715	111,965,038	112,991,753
Purchases	2,450,000	10,923,131	333,750,465	347,123,596
Sales	–	(285,349)	–	(285,349)
Net change in realised/ unrealised gains	59,318	1,369,048	24,538,168	25,966,534
Distributed income re-invested	–	–	13,780,868	13,780,868
Closing balance	**2,509,318**	**13,033,545**	**484,034,539**	**499,577,402**
Change in unrealised gains on investments still held as at 31 December 2015	**59,318**	**1,385,414**	**34,645,357**	**36,090,089**

The net change in realised/unrealised gains is recognised within gains on investments in the Consolidated Statement of Comprehensive Income.

Quantitative information regarding the unobservable inputs for the Group's Level 3 positions is given below:

	Fair Value at 31 December 2015 £	**Valuation technique**
Fixed income	2,509,318	Recent transactions
Unlisted equities	13,033,545	Recent transactions
Investment in the SPV	484,034,539	Net Asset Value

The investment in the SPV is valued based on the net asset value as calculated by the administrator at the balance sheet date. The constitutional and offering documentation of the SPV sets out the valuation methodology, the applicable generally accepted accounting principles and the frequency, by which its assets are to be valued and the NAV is to be calculated. No adjustments have been determined to be necessary to the NAV as supplied by the administrator as this reflects the fair value of the underlying investments under the relevant valuation methodology. The NAV is the value of all the assets of the SPV less its liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards. The net asset value of the SPV is sensitive to movements in interest rates due to its investment in fixed rate loans.

The investments in unlisted equities are valued based on recent transactions and recent rounds of funding by the investee entities. The investments in fixed income securities included within Level 3 of the above hierarchy are valued based on recent transactions.

If the price of the investment in the SPV and unlisted equities held at 31 December 2015 year end had increased/decreased by 5% it would have resulted in an increase/decrease in the total value of the investment in the SPV of £24,201,727 and the unlisted equities of £651,677. If the price of fixed income had increased/decreased by 1% it would have resulted in an increase/decrease in the total value of fixed income of £25,093.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table presents the fair value of the Group's assets and liabilities (by class) not measured at fair value through profit and loss at 31 December 2015 but for which fair value is disclosed:

	Total	**Level 1**	**Level 2**	**Level 3**
	£	**£**	**£**	**£**
Assets				
Cash and cash equivalents	45,639,509	45,639,509	–	–
Cash pledged as collateral	25,640,000	25,640,000	–	–
Interest receivable	1,458,208	–	1,458,208	–
Loans at amortised cost	312,876,221	–	–	312,876,221
Total	**385,613,938**	**71,279,509**	**1,458,208**	**312,876,221**
Liabilities				
Investment management fees payable	212,736	–	212,736	–
Performance fees payable	342,256	–	342,256	–
Borrowings	85,000,000	–	85,000,000	–
Total	**85,554,992**	**–**	**85,554,992**	**–**

The table below provides details of the loans at amortised cost held by the Group at 31 December 2015.

	Amortised cost before impairment	**Accumulated impairment**	**Amortised cost**	**Carrying value**
	£	**£**	**£**	**£**
Loans at amortised cost	317,483,761	(6,369,640)	311,114,121	311,114,121
Total	**317,483,761**	**(6,369,640)**	**311,114,121**	**311,114,121**

Accumulated impairment included in the Consolidated Statement of Financial Position for the year is reported in impairment of loans.

Company at 31 December 2016

The following table analyses within the fair value hierarchy the Company's assets and liabilities measured at fair value at 31 December 2016:

	Total	**Level 1**	**Level 2**	**Level 3**
	£	**£**	**£**	**£**
Investment assets at fair value through profit or loss				
Investment in subsidiaries	617,546,001	–	–	617,546,001
Fixed income	54,648,494	–	9,402,625	45,245,869
Investment in money market funds	5,001,670	5,001,670	–	–
Unlisted equities	23,818,077		–	23,818,077
Equities	246,050	246,050	–	–
Total	**701,260,292**	**5,247,720**	**9,402,625**	**686,609,947**
Derivative financial assets				
Forward foreign exchange contracts	1,091	–	1,091	–
Option contracts	307,436	–	307,436	–
Total	**308,527**	**–**	**308,527**	**–**
Derivative financial liabilities				
Forward foreign exchange contracts	(12,043,687)	–	(12,043,687)	–
Total	**(12,043,687)**	**–**	**(12,043,687)**	**–**

The following table presents the movement in the Company's Level 3 positions for the year ended 31 December 2016.

	Fixed income	**Unlisted equities**	**Investments in subsidiaries**	**Total**
	£	**£**	**£**	**£**
Opening balance	2,509,318	13,033,545	484,034,540	499,577,403
Purchases	65,337,380	22,889,833	376,353,148	464,580,361
Sales	(23,027,421)	(15,750,088)	(375,918,204)	(414,695,713)
Net change in realised/ unrealised gains	426,591	3,644,789	133,076,516	137,147,896
Closing balance	**45,245,868**	**23,818,079**	**617,546,000**	**686,609,947**
Change in unrealised gains on investments still held as at 31 December 2016	**263,023**	**3,790,166**	**125,544,867**	

The net change in realised/unrealised gains is recognised within gains on investments in the Consolidated Statement of Comprehensive Income.

Quantitative information regarding the unobservable inputs for the Company's Level 3 positions is given below:

	Fair Value at 31 December 2016 £	**Valuation technique**	**1% change in price £**
Fixed income	10,730,454	Recent transactions	107,305
Fixed income	34,515,415	Broker quotes	345,154
			5% change in price
Unlisted equities	20,420,562	Recent transactions	1,021,028
Investment in subsidiaries	617,546,001	Net asset value	30,877,300
			Earnings multiple increased by 1
Unlisted equities	3,397,515	Earnings multiple	522,695

The investments in the subsidiaries are valued based on the net asset values as calculated by the funds' administrator at the balance sheet date. The constitutional and offering documentation of the subsidiaries sets out the valuation methodology, the applicable generally accepted accounting principles and the frequency, by which their assets are to be valued and the NAVs are to be calculated. No adjustments have been determined to be necessary to the NAVs as supplied by the administrator as this reflects the fair value of the underlying investments under the relevant valuation methodology. The NAV is the value of all the assets of the subsidiaries less its liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards. The net asset value of the SPV is sensitive to movements in interest rates due to its investment in fixed rate loans.

The investments in unlisted equities are valued using several different techniques, primarily recent transactions and recent rounds of funding by the investee entities. During the period, a new valuation technique was used being a price/earnings multiple. The investee has become profitable and therefore this is deemed an appropriate valuation technique. In addition, a further unlisted equity that was purchased during the period was valued using a milestone analysis. This is due to transformative events occurring subsequent to the last funding rounds.

The investments in fixed income securities included within Level 3 of the above hierarchy are valued based on, if available, recent transactions and otherwise counterparty valuations.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table presents the fair value of the Company's assets and liabilities (by class) not measured at fair value through profit and loss at 31 December 2016 but for which fair value is disclosed:

	Total £	Level 1 £	Level 2 £	Level 3 £
Assets				
Cash and cash equivalents	24,600,070	24,600,070	–	–
Cash pledged as collateral	36,629,097	36,629,097	–	–
Interest receivable	4,649,982	–	4,649,982	–
Investment in debt securities at amortised cost	34,047,662	–	–	34,047,662
Loans at amortised cost	226,006,825	–	–	226,006,825
Total	**325,933,636**	**61,229,167**	**4,649,982**	**260,054,487**

	Total £	Level 1 £	Level 2 £	Level 3 £
Liabilities				
Amounts due to brokers	330,446	–	330,446	–
Investment management fees payable	268,485	–	268,485	–
Performance fees payable	916,183	–	916,183	–
Borrowings	162,159,072	–	162,159,072	–
Total	**163,674,186**	**–**	**163,674,186**	**–**

The table below provides details of the loans at amortised cost held by the Company at 31 December 2016.

	Amortised cost before impairment £	Accumulated impairment £	Amortised cost £	Carrying value £
Loans at amortised cost	247,539,685	(21,532,860)	226,006,825	226,006,825
Total	**247,539,685**	**(21,532,860)**	**226,006,825**	**226,006,825**

Company at 31 December 2015

The following table analyses within the fair value hierarchy the Company's assets and liabilities measured at fair value at 31 December 2015:

	Total £	Level 1 £	Level 2 £	Level 3 £
Investment assets at fair value through profit or loss				
Investment in the SPV	484,034,539	–	–	484,034,539
Fixed income	45,505,318	–	42,996,000	2,509,318
Investment in money market funds	44,000,000	44,000,000	–	–
Unlisted equities	13,033,545	–	–	13,033,545
Equity	473,738	473,738	–	–
Total	**587,047,140**	**44,473,738**	**42,996,000**	**499,577,402**
Derivative financial assets				
Forward foreign exchange contracts	165,588	–	165,588	–

Option contracts	372,292	–	372,292	–
Total	**537,880**	**–**	**537,880**	**–**

Derivative financial liabilities

Forward foreign exchange contracts	(11,470,531)	–	(11,470,531)	–
Total	**(11,470,531)**	**–**	**(11,470,531)**	**–**

The following table presents the movement in the Company's Level 3 positions for the year ended 31 December 2015.

	Fixed income £	**Unlisted equities £**	**Investment in the SPV £**	**Total £**
Opening balance	–	1,026,715	111,965,038	112,991,753
Purchases	2,450,000	10,923,131	333,750,465	347,123,596
Sales	–	(285,349)	–	(285,349)
Net change in realised/ unrealised gains	59,318	1,369,048	24,538,168	25,966,534
Distributed income re-invested	–	–	13,780,868	13,780,868
Closing balance	**2,509,318**	**13,033,545**	**484,034,539**	**499,577,402**
Change in unrealised gains on investments still held as at 31 December 2015	**59,318**	**1,385,414**	**34,645,357**	**36,090,089**

The net change in realised/unrealised gains is recognised within gains on investments in the Consolidated Statement of Comprehensive Income.

Quantitative information regarding the unobservable inputs for the Company's Level 3 positions is given below:

	Fair Value at 31 December 2015 £	**Valuation technique**
Fixed income	2,509,318	Recent transactions
Unlisted equities	13,033,545	Recent transactions
Investments in the SPV	484,034,539	Net Asset Value

The investment in the SPV is valued based on the net asset value as calculated by the administrator at the balance sheet date. The constitutional and offering documentation of the SPV sets out the valuation methodology, the applicable generally accepted accounting principles and the frequency, by which its assets are to be valued and the NAV is to be calculated. No adjustments have been determined to be necessary to the NAV as supplied by the administrator as this reflects the fair value of the underlying investments under the relevant valuation methodology. The NAV is the value of all the assets of the SPV less its liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards. The net asset value of the SPV is sensitive to movements in interest rates due to its investment in fixed rate loans.

The investments in unlisted equities are valued based on recent transactions and recent rounds of funding by the investee entities. The investments in fixed income securities included within Level 3 of the above hierarchy are valued based on recent transactions.

If the price of the investment in the SPV and unlisted equities held at 31 December 2015 year end had increased/decreased by 5% it would have resulted in an increase/decrease in the total value of the investment in the SPV of £24,201,727 and the unlisted equities of £651,677. If the price of fixed income had increased/decreased by 1%, it would have resulted in an increase/decrease in the total value of fixed income of £25,093.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table presents the fair value of the Company's assets and liabilities (by class) not measured at fair value through profit and loss at 31 December 2015 but for which fair value is disclosed:

	Total £	**Level 1 £**	**Level 2 £**	**Level 3 £**
Assets				
Cash and cash equivalents	41,979,609	41,979,609	–	–
Cash pledged as collateral	25,640,000	25,640,000	–	–
Interest receivable	1,361,497	–	1,361,497	–
Investment in debt securities at amortised cost	28,336,581	–	–	28,336,581
Loans at amortised cost	203,120,064	–	–	203,120,064
Total	**300,437,751**	**67,619,609**	**1,361,497**	**231,456,645**
Liabilities				
Investment management fees payable	212,736	–	212,736	–
Performance fees payable	342,256	–	342,256	–
Total	**554,992**	**–**	**554,992**	**–**

The table below provides details of the loans at amortised cost held by the Company at 31 December 2015.

	Amortised cost before impairment £	**Accumulated impairment £**	**Amortised cost £**	**Carrying value £**
Loans at amortised cost	207,725,074	(5,390,532)	202,334,542	202,334,542
Total	**207,725,074**	**(5,390,532)**	**202,334,542**	**202,334,542**

5. DERIVATIVES

Typically, derivative contracts serve as components of the Group's investment strategy and are utilised primarily to structure and hedge investments to enhance performance and reduce risk to the Group (the

Group does not currently designate any derivatives as hedges for hedge accounting purposes as described under IAS 39). Derivative instruments may also be used for trading purposes where the Investment Manager believes this would be more effective than investing directly in the underlying financial instruments. The derivative contracts that the Group currently holds are forward foreign exchange contracts and option contracts.

The Group records its derivative activities on a fair value basis. See Note 2(g)(vi) for valuation of financial instruments.

Forward contracts

Forward contracts entered into by the Group represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date/year end date and is included in the Consolidated Statement of Comprehensive Income.

As of 31 December 2016, the following forward foreign exchange contracts were included in the Group's Consolidated Statement of Financial Position at fair value through profit or loss:

Assets

Settlement date	Purchase currency	Purchase	Sale currency	Sale amount	Fair value £
07 March 2017	GBP	708,028	AUD	(1,210,000)	1,091
					1,091

Liabilities

Settlement date	Purchase currency	Purchase amount	Sale currency	Sale amount	Fair value £
07 March 2017	GBP	14,553,639	EUR	(17,200,000)	(150,375)
07 March 2017	GBP	28,631,973	NZD	(51,250,000)	(190,499)
07 March 2017	GBP	516,459,377	USD	(653,600,000)	(11,702,813)
					(12,043,687)

As of 31 December 2015, the following forward foreign exchange contracts were included in the Group's Consolidated Statement of Financial Position at fair value through profit or loss:

Assets

Settlement date	Purchase currency	Purchase	Sale currency	Sale amount	Fair value £
4 January 2016	USD	34,700,000	GBP	(23,377,393)	165,588

					165,588

Liabilities

Settlement date	Purchase currency	Purchase	Sale currency	Sale amount	Fair value £
3 March 2016	GBP	642,774	EUR	(910,000)	(28,809)
3 March 2016	GBP	8,509,705	NZD	(19,332,000)	(437,362)
3 March 2016	GBP	12,568,459	NZD	(28,468,000)	(606,854)
3 March 2016	GBP	296,464,013	USD	(446,400,000)	(6,376,528)
3 March 2016	GBP	202,632,097	USD	(304,600,000)	(4,010,441)
3 March 2016	GBP	550,535	AUD	(1,140,000)	(10,537)
					(11,470,531)

All forward contracts held by the Group are held at the Company level, therefore no separate tables are presented for the Company.

Option contracts
The option contracts presented in the tables in Note 4 are interest rate caps entered into by the Group. An interest rate cap is an interest rate agreement in which the seller agrees to compensate the buyer for the amount by which the reference rate exceeds a specified rate on a series of dates during the life of the contract.

Offsetting
The Group may be eligible to present net on the Consolidated Statement of Financial Position, certain financial assets and financial liabilities according to criteria described in Note 2(g)(vii).

At 31 December 2016 and 31 December 2015, none of the financial assets and financial liabilities met the eligibility criteria and therefore none were presented net on the Consolidated Statement of Financial Position. Accordingly the amounts disclosed in the following tables as “Net amounts of recognised assets presented in the Consolidated Statement of Financial Position” are the same as the gross amounts.

The following tables provide information on the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement at 31 December 2016 and 31 December 2015.

The columns “related amounts not eligible to be set-off in the Consolidated Statement of Financial Position” disclose the amounts with respect to derivative financial instruments which are subject to master netting arrangements but were not offset due to not meeting the net settlement/simultaneous settlement criteria or because the rights to set-off are conditional upon the default of the counterparty only.

Financial assets and collateral received by counterparty

	Net amounts of recognised assets	Related amounts not eligible

31 December 2016	presented in the Consolidated Statement of Financial Position £	to be set-off in the Consolidated Statement of Financial Position Financial instruments £	Collateral received £	Net amount £
Counterparty				
Deutsche Bank	710,352	(1,091)	–	709,261
Total	**710,352**	**(1,091)**	**–**	**709,261**

Financial liabilities and collateral pledged by counterparty

31 December 2016	Net amounts of recognised liabilities presented in the Consolidated Statement of Financial Position £	Related amounts not eligible to be set-off in the Consolidated Statement of Financial Position Financial instruments £	Collateral pledged £	Net amount £
Counterparty				
Deutsche Bank	(12,043,687)	1,091	12,042,596	–
Total	**(12,043,687)**	**1,091**	**12,042,596**	**–**

Financial assets and collateral received by counterparty

31 December 2015	Net amounts of recognised assets presented in the Consolidated Statement of Financial Position £	Related amounts not eligible to be set-off in the Consolidated Statement of Financial Position Financial instruments £	Collateral received £	Net amount £
Counterparty				
Deutsche Bank	897,005	(165,588)	–	731,417
Total	**897,005**	**(165,588)**	**–**	**731,417**

Financial liabilities and collateral pledged by counterparty

	Net amounts of recognised liabilities presented in the Consolidated Statement of Financial	Related amounts not eligible to be set-off in the Consolidated Statement of Financial Position Financial	Collateral	Net

31 December 2015	Position £	instruments £	pledged £	amount £
Counterparty				
Deutsche Bank	(11,470,531)	165,588	11,304,943	–
Total	**(11,470,531)**	**165,588**	**11,304,943**	**–**

6. INCOME AND NET GAINS ON INVESTMENTS

	31 December 2016 £	31 December 2015 £
Income		
Loss on foreign exchange	(531,141)	–
Distributed income from the SPV*	27,651,303	21,026,739
Interest income	37,039,776	17,034,657
Loss on IR/currency swap	(336,078)	–
Other income	107,138	307,607
	63,930,998	**38,369,003**
Net gains on investments		
Gain on investment in unlisted equities	563,835	1,417,591
Gain on investment in other funds	105,213,476	17,413,598
Gain on fixed income	278,054	737,820
Loss on option contracts	(124,917)	(232,214)
Loss on listed equities	(288,618)	–
Loss on foreign exchange	(104,586,258)	(17,856,860)
Total	**1,055,572**	**1,479,935**

*Distributed income from the SPV arises in the period prior to consolidation of the SPV on 31 December 2016.

The gain on investment in other funds primarily arises from the investment in the SPV. The gain during the period is driven by the movement in GBP USD spot rates from 1.47 to 1.24 during the period. The associated foreign exchange exposure is hedged using forward contracts leading to an offsetting loss on foreign exchange.

Realised and unrealised gains and losses on financial instruments are shown in the table below:

	31 December 2016		
	Gains £	**Losses £**	**Total £**
Realised on financial instruments	106,037,502	(105,621,525)	415,977
Unrealised on financial instruments	4,499,223	(3,859,628)	639,595

	31 December 2015		
	Gains £	**Losses £**	**Total £**
Realised on financial instruments	18,666,165	(8,937,236)	9,728,929
Unrealised on financial instruments	2,267,485	(10,504,476)	(8,236,991)

7. EARNINGS PER SHARE

Basic earnings per share is calculated using the number of shares held at year end, excluding the number of shares purchased by the Company and held as treasury shares.

	31 December 2016	31 December 2015
Profit for year	£30,974,511	£27,533,467
Number of ordinary shares held at year end	84,525,803	46,754,919
Earnings per ordinary share (basic and diluted)	36.65p	50.47p
Number of C shares held at year end	–	40,000,000
Earnings per C share (basic and diluted)	–	9.56p

The Company has not issued any shares or other instruments that are considered to have dilutive potential.

8. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Management of risk

The general risk analysis undertaken by the Board and its overall policy approach to risk management are set out in the Strategic Report above. This note is incorporated in accordance with IFRS 7 and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

The Company's financial instruments may comprise:

- Loans
- Equity shares and investment funds held in accordance with the Company's investment objective and policies;
- Derivative instruments which could include forward currency contracts; and
- Cash, liquid resources and short term debtors and creditors that arise from its operations.

The risks identified by IFRS 7 arising from the Group's financial instruments are market risk (which comprises market price risk, interest rate risk and foreign currency risk), liquidity risk, counterparty risk, credit risk and derivative instrument risk.

The sensitivity analysis in this note is used by management to measure the Company's exposure to these risks. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies have remained unchanged since the beginning of the accounting period.

The investment objective and operating environment of the Subsidiaries are consistent with that of the Company. Therefore the risks and uncertainties detailed below are applicable to both the Company and the Group.

In seeking to implement the investment objectives of the Group while limiting risk, the Group is subject to the investment limits restrictions set out in the Credit Risk section of this note.

Market risk

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity prices and interest rates. The Group is exposed to market risk primarily through its Financial Instruments.

The Investment Manager regularly reviews the investment portfolio and industry developments to ensure that any events which may impact the Group are identified and considered. This also ensures that any risks affecting the investment portfolio are identified and mitigated to the fullest extent possible.

Market price risk
The Group is exposed to price risk arising from the investments held by the Group for which prices in the future are uncertain. Primarily, the exposure arises from investment in money market funds, fixed income products, equities and the investment in the SPV prior to consolidation. Refer to Note 4 for further details on the sensitivity of the Group's Level 3 investments to price risk.

The value of certain investments held by the Group are determined by market forces and there is accordingly a risk that market prices can change in a way that is adverse to the Group's performance. The Group has adopted a number of investment restrictions which are set out in the prospectus which limit the exposure of the Group to market risk.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Loans held by the Group at amortised cost, with a fixed interest rate, are not exposed to interest rate changes. Fixed income securities with fixed interest rates are exposed to fair value interest rate risk. At 31 December 2016 the Group had 0.42% (2015: 0.21%) of the total assets classified as bonds with a fixed interest rate.

Financial instruments with a floating interest rate that resets as market rates change are exposed to cash flow interest rate risk. At 31 December 2016 the Group had 9.22% (2015: 7.33%) of total assets classified as cash and cash equivalents and 3.47% (2015: 4.42%) of fixed income securities with floating interest rates. At 31 December 2016, if interest rates had increased/decreased by 1% with all other variables held constant, the change in the value of future expected interest cash flows of these assets would have been £1,671,774 (2015: £1,142,755). 1% is considered to be a reasonably possible movement in interest rates.

The Group has entered into revolving bank credit facilities which are subject to a variable interest rate. At 31 December 2016 the Group had £255,146,924 (2015: £85,000,000) drawn down under the facility. Please see note 12 for further details.

The Group does not intend to hedge interest rate risk on a regular basis. However, where it enters floating-rate liabilities against fixed-rate loans, it may at its sole discretion seek to hedge out the interest rate exposure, taking into consideration amongst other things the cost of hedging and the general interest rate environment.

Currency risk

Currency risk is the risk that the value of net assets will fluctuate due to changes in foreign exchange rates. Relevant risk variables are generally movements in the exchange rates of non-functional currencies in which the Group holds financial assets and liabilities.

The assets of the Group are invested in Credit Assets and other investments including unlisted equities which are denominated in US Dollars, Euros, Pounds Sterling and other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Group hedges currency exposure between Pounds Sterling and any other currency in which the Group's assets may be denominated, in particular US Dollars and Euros.

Concentration of foreign currency exposure

The Investment Manager monitors the fluctuations in foreign currency exchange rates and may use forward foreign exchange contracts to hedge the currency exposure of the Group's non GBP denominated investments. The Investment Manager re-examines the currency exposure on a regular basis in each currency and manages the Group's currency exposure in accordance with market expectations.

The below table presents the net exposure to foreign currency at 31 December 2016. The table includes forward foreign exchange contracts at their notional exposure value and excludes all GBP assets and liabilities recorded on the Consolidated Statement of Financial Position.

	Total asset	**Total liability**	**Forward contract**	**Net exposure after forward contract**
	£	**£**	**£**	**£**
Australian Dollar	733,530	(16,516)	(706,937)	10,077
Euro	13,975,254	–	(14,704,013)	(728,759)
US Dollar	618,712,597	(92,622,674)	(528,162,190)	(2,072,267)
New Zealand Dollar	27,533,170	(1,615,324)	(28,822,472)	(2,904,626)

If the GBP exchange rate simultaneously increased/decreased by 5% against the above currencies, the impact on profit would be an increase/decrease of £284,779. 5% is considered to be a reasonably possible movement in foreign exchange rates. The total GBP exposure as of 31 December 2016 is £241,161,024.

The below table presents the net exposure to foreign currency at 31 December 2015. The table includes forward foreign exchange contracts at their notional exposure value and excludes all GBP assets and liabilities recorded on the Consolidated Statement of Financial Position.

	Total asset	**Total liability**	**Forward contract**	**Net exposure after forward contract**
	£	**£**	**£**	**£**
Australian Dollar	474,223	–	(561,072)	(86,849)
Euro	473,320	–	(671,583)	(198,263)

US Dollar	485,949,041	(254,334)	(485,940,098)	(245,391)
New Zealand Dollar	22,518,677	(402,500)	(22,122,380)	(6,203)

If the GBP exchange rate simultaneously increased/decreased by 5% against the above currencies, the impact on profit would be an increase/decrease of £26,835. 5% is considered to be a reasonably possible movement in foreign exchange rates. The total GBP exposure as of 31 December 2015 is £375,564,088.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. Ordinary shares are not redeemable at the holder's option.

The Investment Manager manages the Group's liquidity risk through active capital management, including monitoring of amortising cash flows, monitoring of debt requirements and monitoring and forecasting of cash flows.

Financial liabilities consisting of forward foreign exchange contracts, amounts due to brokers, dividends and interest payable, broker fees payable, and accrued expenses and other liabilities are all due within three months.

The liquidity profile of the Group's borrowings is detailed in Note 12.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's credit risks arise principally through exposures to loans acquired by the Group, which are subject to risk of borrower default and disclosed as loans held at amortised cost on the Statement of Financial Position. The ability of the Group to earn revenue is completely dependent upon payments being made by the borrower of the loan acquired by the Group through a Platform. The Group (as a lender member) will receive payments under any loans it acquires through a Platform only if the corresponding borrower through that Platform (borrower member) makes payments on the loan.

Consumer loans are typically unsecured obligations of borrowers. They are not secured by any collateral, not guaranteed or insured by any third party and not backed by governmental authority in any way. SME loans are typically not secured against collateral but are backed by personal guarantees of the business' director(s). Real estate loans are secured against collateral. The Group must rely on the collection efforts of the Platforms and their designated collection agencies and has no direct recourse against borrower members.

The Group will invest across various Platforms, asset classes, geographies (primarily United States and Europe) and credit bands in order to ensure diversification and to seek to mitigate concentration risks.

Presentation of comparative information relating to the credit risk within the SPV

As at 31 December 2015, the Group also had indirect credit risk exposure in relation to loans and receivables and other investments held through its investment in the Eaglewood SPV I LP. As at 31 December 2016 the SPV is consolidated within the Group, owing to a change in circumstances set out in Note 3, and therefore the exposures held through the SPV are included within the 2016 Group figures. For comparative information purposes, the standalone exposures held through the SPV as at 31

December 2015 are also presented. Such exposures are not directly reconcilable to the 2015 Annual Report.

Loans at amortised cost
The analysis of lending has been presented based upon the type of exposure and geography.

	Secured	Unsecured					
	Real Estate UK	**SME UK**	**SME US**	**Consumer UK**	**Consumer US**	**Consumer Other**	**Total**
Group as at 31 December 2016	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Neither past due nor impaired	49,101,547	31,276,927	23,992,419	263,608,464	570,181,388	20,821,437	958,982,182
Past due but not impaired	–	–	–	–	–	–	–
Impaired	–	2,708,433	4,284,232	23,905,838	26,094,868	2,224,236	59,217,607
Gross	**49,101,547**	**33,985,360**	**28,276,651**	**287,514,302**	**596,276,256**	**23,045,673**	**1,018,199,789**
Allowance for impairment losses	–	(2,203,601)	(2,916,346)	(18,613,742)	(18,844,520)	(1,631,885)	(44,210,094)
Net loans at amortised cost	**49,101,547**	**31,781,759**	**25,360,305**	**268,900,560**	**577,431,736**	**21,413,788**	**973,989,695**

	Secured	Unsecured					
	Real Estate UK	**SME UK**	**SME US**	**Consumer UK**	**Consumer US**	**Consumer Other**	**Total**
Group as at 31 December 2015	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Neither past due nor impaired	18,200,277	51,973,779	933,862	220,279,811	–	17,344,599	308,732,328
Past due but not impaired	–	–	–	–	–	–	–
Impaired	–	993,831	387,702	6,794,920	–	574,980	8,751,433
Gross	**18,200,277**	**52,967,610**	**1,321,564**	**227,074,731**	**–**	**17,919,579**	**317,483,761**
Allowance for impairment losses	–	(766,141)	(254,318)	(4,946,674)	–	(402,507)	(6,369,640)
Net loans at amortised cost	**18,200,277**	**52,201,469**	**1,067,246**	**222,128,057**	**–**	**17,517,072**	**311,114,121**

		Unsecured					
	Secured Real Estate UK	**SME UK**	**SME US**	**Consumer UK**	**Consumer US**	**Consumer Other**	**Total**

Company as at 31 December 2016	£	£	£	£	£	£	£
Neither past due nor impaired	49,101.547	31,276,927	263,465	118,886,856	–	20,821,437	220,350,232
Past due but not impaired	–	–	–	–	–	–	–
Impaired	–	2,708,433	512,034	21,744,750	–	2,224,236	27,189,453
Gross	**49,101,547**	**33,985,360**	**775,499**	**140,631,606**	**–**	**23,045,673**	**247,539,685**
Allowance for impairment losses	–	(2,203,601)	(458,960)	(17,238,414)	–	(1,631,885)	(21,532,860)
Net loans at amortised cost	**49,101,547**	**31,781,759**	**316,539**	**123,393,192**	**–**	**21,413,788**	**226,006,825**

		Unsecured					
	Secured Real Estate UK	SME UK	SME US	Consumer UK	Consumer US	Consumer Other	Total
Company as at 31 December 2015	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Neither past due nor impaired	18,200,277	51,973,779	933,862	111,911,452	-	17,344,599	200,363,969
Past due but not impaired	-	-	-	-	-	-	-
Impaired	-	993,831	387,702	5,404,592	-	574,980	7,361,105
Gross	**18,200,277**	**52,967,610**	**1,321,564**	**117,316,044**	**-**	**17,919,579**	**207,725,074**
Allowance for impairment losses	-	(766,141)	(254,318)	(3,967,566)	-	(402,507)	(5,390,532)
Net loans at amortised cost	**18,200,277**	**52,201,469**	**1,067,246**	**113,348,478**	**-**	**17,517,072**	**202,334,542**

		Unsecured					
	Secured Real Estate UK	SME UK	SME US	Consumer UK	Consumer US	Consumer Other	Total
SPV as at 31 December 2015*	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Neither past due nor impaired	–	–	10,391,167	–	397,039,838	–	407,431,005
Past due but not impaired	–	–	–	–	–	–	–
Impaired	–	–	–	–	7,913,653	–	7,913,653
Gross	–	–	**10,391,167**	–	**404,953,491**	–	**415,344,658**
Allowance for impairment losses	–	–	–	–	(4,413,141)	–	(4,413,141)
Net loans at amortised cost	**–**	**–**	**10,391,167**	**–**	**400,540,350**	**–**	**410,931,517**

* For comparative information purposes only.

Credit risk categorisation	Description
Neither past due nor impaired	Loans that are not in arrears and which do not meet the impaired asset definition. Loans which are less than 15 days past due are considered to be in a grace period, and not past due for the purposes of assessing impairment as it is the experience of the Investment Manager that these are typically late due to operational reasons.
Past due and not impaired	Loans that are past due and assessed that zero impairment is required.
Impaired Assets	Consumer & SME – loans which are more than 15 days in arrears are treated as impaired and provisioned. Real estate loans – loans are assessed individually for evidence and quantum of impairment.

Credit quality of loans

The credit quality of loans is assessed through evaluation of various factors, including credit scores, payment data and other information. Set out below is the analysis of the Group's loans at amortised cost by grade.

Group as at 31 December 2016	**Real Estate UK**	**SME UK**	**SME US**	**Consumer UK**	**Consumer US**	**Consumer Other**	**Total**
Internal grade	**£**	**£**	**£**	**£**	**£**	**£**	**£**
A	31,656,329	306,844	1,004,236	92,344,058	34,816,494	-	160,127,961
B	17,445,218	26,120,277	7,033,918	84,019,722	97,758,642	11,237,274	243,615,051
C	-	4,185,744	2,196,550	11,987,899	219,551,545	8,549,018	246,470,756
D	-	1,168,894	-	80,548,881	216,891,966	1,193,260	299,803,001
E	-	-	15,125,601	-	8,413,089	434,236	23,972,926
Total	**49,101,547**	**31,781,759**	**25,360,305**	**268,900,560**	**577,431,736**	**21,413,788**	**973,989,695**

Group as at 31 December 2015	**Real Estate UK**	**SME UK**	**SME US**	**Consumer UK**	**Consumer US**	**Consumer Other**	**Total**
Internal grade	**£**	**£**	**£**	**£**	**£**	**£**	**£**

A	8,715,283	-	-	94,696,675	-	-	103,411,958
B	5,763,303	43,246,739	1,067,246	64,027,552	-	9,036,838	123,141,678
C	-	7,548,839	-	3,112,869	-	7,111,675	17,773,383
D	-	1,405,891	-	60,290,961	-	1,077,444	62,774,296
E	3,721,691	-	-	-	-	291,115	4,012,806
Total	**18,200,277**	**52,201,469**	**1,067,246**	**222,128,057**	**-**	**17,517,072**	**311,114,121**

Company as at 31 December 2016	**Real Estate UK**	**SME UK**	**SME US**	**Consumer UK**	**Consumer US**	**Consumer Other**	**Total**
Internal grade	**£**	**£**	**£**	**£**	**£**	**£**	**£**
A	31,656,329	306,844	-	5,629,041	-	-	37,592,214
B	17,445,218	26,120,277	316,539	24,439,049	-	11,237,274	79,558,357
C	-	4,185,744	-	12,090,024	-	8,549,018	24,824,786
D	-	1,168,894	-	81,235,078	-	1,193,260	83,597,232
E	-	-	-	-	-	434,236	434,236
Total	**49,101,547**	**31,781,759**	**316,539**	**123,393,192**	**-**	**21,413,788**	**226,006,825**

Company as at 31 December 2015	**Real Estate UK**	**SME UK**	**SME US**	**Consumer UK**	**Consumer US**	**Consumer Other**	**Total**
Internal grade	**£**	**£**	**£**	**£**	**£**	**£**	**£**
A	8,715,283	-	-	22,284,504	-	-	30,999,787
B	5,763,303	43,246,739	1,067,246	26,749,245	-	9,036,838	85,863,371
C	-	7,548,839	-	3,157,591	-	7,111,675	17,818,105
D	-	1,405,891	-	61,157,138	-	1,077,444	63,640,473
E	3,721,691	-	-	-	-	291,115	4,012,806

Total	**18,200,277**	**52,201,469**	**1,067,246**	**113,348,478**	**-**	**17,517,072**	**202,334,542**

SPV as at 31 December 2015* Internal grade	Real Estate UK £	SME UK £	SME US £	Consumer UK £	Consumer US £	Consumer Other £	Total £
A	–	–	4,619,710	–	32,374,827	–	36,994,537
B	–	–	5,593,686	–	70,158,245	–	75,751,931
C	–	–	–	–	175,046,744	–	175,046,744
D	–	–	–	–	117,631,118	–	117,631,118
E	–	–	177,771	–	5,329,416	–	5,507,187
Total	–	–	**10,391,167**	–	**400,540,350**	–	**410,931,517**

*For comparative information purposes only

Impaired assets	**Description**
A	Highest quality with minimal indicators of credit risk.
B	High quality, subject to low credit risk, minor adverse indicators.
C	Medium-grade, moderate credit risk, may have some adverse credit risk indicators.
D	Elevated credit risk, significant adverse indicators.
E	High credit risk, with serious adverse indicators (e.g. lower affordability, credit history, existing debt).

Impaired assets

The table below shows the movement of impaired loan balances:

Group 2016	Real Estate UK £	Consumer UK £	Consumer US £	Consumer Other £	SME UK £	SME US £	Total £
At 1 Jan 2016	**–**	**993,831**	**387,702**	**6,794,920**	**–**	**574,980**	**8,751,433**
Classified as impaired during the year	–	1,714,602	3,896,530	17,110,918	26,094,868	1,649,256	50,466,174
Transferred from impaired to unimpaired	–	–	–	–	–	–	–
Amounts written off	–	–	–	–	–	–	–
As at 31 Dec 2016	**–**	**2,708,433**	**4,284,232**	**23,905,838**	**26,094,868**	**2,224,236**	**59,217,607**

	Real Estate UK	Consumer UK	Consumer US	Consumer Other	SME UK	SME US	Total

Group 2015	£	£	£	£	£	£	£
At 1 Jan 2015	–	–	–	612,945	–	–	612,945
Classified as impaired during the year	–	993,831	387,702	6,181,975	–	574,980	8,138,488
Transferred from impaired to unimpaired	–	–	–	–	–	–	–
Amounts written off	–	–	–	–	–	–	–
As at 31 Dec 2015	**–**	**993,831**	**387,702**	**6,794,920**	**–**	**574,980**	**8,751,433**

Company 2016	Real Estate UK £	Consumer UK £	Consumer US £	Consumer Other £	SME UK £	SME US £	Total £
At 1 Jan 2016	–	993,831	387,702	5,404,592	–	574,980	7,361,105
Classified as impaired during the year	–	1,714,602	124,332	16,340,158	–	1,649,256	19,828,348
Transferred from impaired to unimpaired	–	–	–	–	–	–	–
Amounts written off	–	–	–	–	–	–	–
As at 31 Dec 2016	**–**	**2,708,433**	**512,034**	**21,744,750**	**–**	**2,224,236**	**27,189,453**

Company 2015	Real Estate UK £	Consumer UK £	Consumer US £	Consumer Other £	SME UK £	SME US £	Total £
At 1 Jan 2015	–	–	–	612,945	–	–	612,945
Classified as impaired during the year	–	993,831	387,702	4,791,647	–	574,980	6,748,160
Transferred from impaired to unimpaired	–	–	–	–	–	–	–
Amounts written off	–	–	–	–	–	–	–
As at 31 Dec 2015	**–**	**993,831**	**387,702**	**5,404,592**	**–**	**574,980**	**7,361,105**

SPV 2015*	Real Estate UK £	Consumer UK £	Consumer US £	Consumer Other £	SME UK £	SME US £	Total £
	–	–	–	–	–	–	–
At 1 Jan 2015							
Classified as impaired during the year	–	–	7,913,653	–	–	–	7,913,653
Transferred from impaired to unimpaired	–	–	–	–	–	–	–

Amounts written off	–	–	–	–	–	–	–
As at 31 Dec 2015	**–**	**–**	**7,913,653**	**–**	–	**–**	**7,913,653**

*For comparative information purposes only

Collateral held as security for financial assets

Consumer loans are typically unsecured obligations of borrowers. They are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. SME Loans are typically not secured against collateral but are backed by personal guarantees of the business' director(s).

Real Estate UK

Real estate loans are secured against collateral as follows:

Loan to value	31 December 2016 £	31 December 2015 £
Less than 70%	49,101,547	18,200,277
Between 70% - 75%	–	–
Between 75% - 80%	–	–
Greater than 80%	–	–

Maximum credit exposure loan commitments

The Company has provided credit facilities that are undrawn as at 31 December 2016. These primarily relate to secured real estate loans. The undrawn balance as at 31 December 2016 was £31,047,126 (2015: £8,445,811).

Platform restrictions

The Group will not invest more than 33% of gross assets via any single Platform. This limit may be increased to 66% of Gross Assets via any single Platform, provided that where this limit is so increased in respect of any Platform the Group does not invest an amount which is greater than 25% (by value) of the total loan origination of the preceding calendar year through such Platform.

Asset class and geographic restrictions

(i) No single loan acquired by the Group will have an expected average life of greater than 5 years. No single trade receivable asset acquired by the Group will be for a term longer than 180 days.

(ii) The Group will not invest more than 20% of gross assets, at the time of investment, via any single investment fund investing in Credit Assets. The Group will not invest, in aggregate, more than 60% of gross assets, at the time of investment, in other investment funds that invest in Credit Assets.

(iii) The Group will not invest more than 10% of its gross assets, at the time of investment, in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

(iv) The following restrictions apply, in each case at the time of investment by the Group, to both Credit Assets acquired by the Group directly and on a look-through basis to any Credit Assets held by another investment fund in which the Group invests:

- No single consumer loan acquired by the Group shall exceed 0.25% of gross assets.
- No single SME loan acquired by the Group shall exceed 5.0% of gross assets.
- No single advance or loan against a trade receivable asset shall exceed 5.0% of gross assets.
- No single corporate loan shall exceed 5% of gross assets.
- No single facility, security or other interest backed by a portfolio of loans, assets or receivables excluding any borrowing ring-fenced within any SPV which would be without recourse to the Group shall exceed 20% of gross assets.

(v) The following restrictions apply to both Credit Assets acquired by the Group directly and on a look-through basis to any Credit Assets held by another investment fund in which the Group invests:

- At least 10% (but not more than 75%) of gross assets will be maintained in consumer Credit Assets, not more than 50% of gross assets will be maintained in SME Credit Assets and not more than 50% of gross assets will be maintained in trade receivable assets.
- The Group will maintain at least 10% of gross assets in Credit Assets in Europe and at least 10% of gross assets in Credit Assets in the United States.

Other restrictions

(i) The Group may invest in cash, cash equivalents and fixed income instruments for cash management purposes and with a view to enhancing returns to shareholders or mitigating credit exposure. However, the Group will only invest in fixed income instruments of investment grade.

(ii) The Group will not invest in collateralised debt obligations ("CDOs").

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligations as of 31 December 2016 and 31 December 2015 in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

9. CASH AND CASH EQUIVALENTS AND CASH PLEDGED AS COLLATERAL

	Group 31 December 2016 £	Group 31 December 2015 £
Cash held at bank	81,211,669	45,639,509
Cash collateral	40,012,074	25,640,000
Total	**121,223,743**	**71,279,509**

	Company 31 December 2016 £	Company 31 December 2015 £
Cash held at bank	24,600,070	41,979,609

Cash collateral	36,629,097	25,640,000
Total	**61,229,167**	**67,619,609**

Cash collateral refers to cash posted, on a daily basis, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined results occur.

10. IMPAIRMENT OF INVESTMENTS AT AMORTISED COST

The Group assesses at each Statement of Financial Position date whether there is objective evidence that a loan or group of loans, classified as investments at amortised cost, is impaired. In performing such analysis, the Group assesses the probability of default based on the number of days the loans are past due, using recent historical rates of default on loan portfolios with credit risk characteristics similar to those of the Group.

Accumulated allowance for impairment losses on loans and receivables

The following impairment charges have been recorded in the Consolidated Statement of Financial Position relating to loans and receivables held at amortised cost less provision for impairment:

	Real Estate UK	**SME UK**	**SME US**	**Consumer UK**	**Consumer USD**	**Consumer Other**	**Total**
At 1 January 2016	**–**	**766,141**	**254,318**	**4,946,674**	–	**402,507**	**6,369,640**
Charge to the statement of comprehensive income	–	1,437,460	146,187	13,667,068	–	1,040,523	16,291,238
Impact due to consolidation	–	–	2,457,798	–	18,844,520		21,302,318
Foreign exchange impact	–	–	58,043	–	–	188,855	246,898
At 31 December 2016	**–**	**2,203,601**	**2,916,346**	**18,613,742**	**18,844,520**	**1,631,885**	**44,210,094**

	Real Estate UK	**SME UK**	**SME US**	**Consumer UK**	**Consumer USD**	**Consumer Other**	**Total**
At 1 January 2015	–	223,702	14,257	144,515	–	–	382,474
Charge to the statement of comprehensive income	–	542,439	233,595	4,802,159	–	272,416	5,850,609
Impact due to consolidation	–	–	–	–	–	–	–
Foreign exchange impact	–	–	6,466	–	–	130,091	136,557
At 31 December 2015	**–**	**766,141**	**254,318**	**4,946,674**	**–**	**402,507**	**6,369,640**

The provision for impairment losses for loans and receivables is analysed in by maturity as follows:

	2016		2015	
	Impairment	**Balances**	**Impairment**	**Balances**
Group	**£**	**£**	**£**	**£**
Loans with payments 15-30 days past due	3,053,074	6,848,722	370,922	1,076,356
Loans with payments 30-60 days past due	4,743,156	7,694,609	661,897	1,288,780
Loans with payments more than 60 days past due	36,413,864	44,674,276	5,336,821	6,386,297
Total	**44,210,094**	**59,217,607**	**6,369,640**	**8,751,433**

	2016		2015	
	Impairment	**Balances**	**Impairment**	**Balances**
Company	**£**	**£**	**£**	**£**
Loans with payments 15-30 days past due	814,655	2,384,795	326,663	954,396
Loans with payments 30-60 days past due	1,308,121	2,510,568	442,619	862,437
Loans with payments more than 60 days past due	19,410,084	22,294,090	4,621,250	5,544,272
Total	**21,532,860**	**27,189,453**	**5,390,532**	**7,361,105**

As at 31 December 2016, there were no loans that were past due but not impaired (2015: Nil).

The table below presents the sensitivity of the impairment provision with respect to SME and consumer loans to the underlying assumptions:

	Group 2016 £	**Group 2015 £**
Roll rate to default: +2%	710,135	242,313
Roll rate to default: -2%	(912,849)	(273,009)
Loss given default: +5%	2,500,321	671,490
Loss given default: -5%	(2,392,513)	(658,506)

	Company 2016 £	**Company 2015 £**
Roll rate to default: +2%	195,602	104,407
Roll rate to default: -2%	(412,861)	(125,889)
Loss given default: +5%	1,130,474	300,435
Loss given default: -5%	(1,213,046)	(318,905)

As at 31 December 2016, there is no impairment charge in relation to secured real estate loans for the Company or the Group (2015: nil). In calculating if any provision is required estimates of discounted cash flows are made for each loan. A 5% movement in the discounted cash flows would not result in any impairment charge for the Company or Group (2015: nil).

Included below is supplementary information on the SPV loan impairments as at 31 December 2015:

	31 December 2015 US$	31 December 2015 £
Loans with payments 15-30 days past due	1,047,495	710,696
Loans with payments 30-60 days past due	1,265,100	858,335
Loans with payments more than 60 days past due	4,191,934	2,844,110
Total Impairment	**6,504,529**	**4,413,141**

11. FEES AND EXPENSES

Investment management and performance fees

Under the terms of the Management Agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

The management fee is payable monthly in arrears and is at the rate of 1/12 of 1.0% per month of NAV (the "Management Fee"). For the period from admission to trading on the London Stock Exchange's main market for listed securities (the "Admission") until the date on which 90% of the net proceeds of the Issue have been invested or committed for investment, directly or indirectly, in Credit Assets, the value attributable to any assets of the Group other than Credit Assets (including any cash) will be excluded from the calculation of NAV for the purposes of determining the Management Fee.

The Investment Manager shall not charge a management fee or performance fee twice. Accordingly, if at any time the Group invests in or through any other investment fund or special purpose vehicle and a management fee or advisory fee is charged to such investment fund or special purpose vehicle by the Investment Manager, the Sub-Manager or any of their affiliates, the value of such investment shall be excluded from the calculation of NAV for the purposes of determining the Management Fee payable.

Notwithstanding the above, the Investment Manager may charge a fee based on a percentage of gross assets (such percentage not to exceed 1.0%) to any entity which is within the same group of companies of which the Company forms part, provided that such an entity employs leverage for the purpose of its investment policy or strategy. With effect from June 2016, the Investment Manager has decided to waive a portion of such fees by reducing the rate on leveraged assets to 0.5%.

Management fees charged for the year ended 31 December 2016 totalled £3,519,301 (2015: £2,165,697) of which £974,559 was payable at the year-end (2015: £212,736).

The performance fee will be calculated in respect of each twelve month starting on 1 January and ending on 31 December in each calendar year (the "Calculation Period"), save that the first Calculation Period was the period commencing on admission and ending on 31 December 2014 and provided further that if at the end of what would otherwise be a Calculation Period no performance fee has been earned in respect of that period, the Calculation Period shall carry on for the next 12 month period and shall be deemed to be the same Calculation Period and this process shall continue until a performance fee is next earned at the end of the relevant period.

The performance fee is calculated by reference to the movements in the Adjusted Net Asset Value (as defined below) since the end of the Calculation Period in respect of which a performance fee was last earned or Admission if no performance fee has yet been earned (the "High Water Mark").

The performance fee will be a sum equal to 15% of such amount (if positive) and will only be payable if the Adjusted NAV at the end of a Calculation Period exceeds the High Water Mark. The performance fee shall be payable to the Investment Manager in arrears within 30 calendar days of the end of the relevant Calculation Period.

Performance fees for the year ended 31 December 2016 totalled £916,183 (2015: £342,256) of which £916,183 was payable at the year-end (2015: £342,256).

"Adjusted Net Value" means the NAV adjusted for: (i) any increases or decreases in NAV arising from issues or repurchases of ordinary or C shares during the relevant Calculation Period; (ii) adding back the aggregate amount of any dividends or distributions (for which no adjustment has already been made under (i)) made by the Group at any time during the relevant Calculation Period; (iii) before deduction for any accrued performance fees; and (iv) to the extent that the Group invests in any other investment fund or via any special purpose vehicle or via any separate managed account arrangement which is managed or advised by the Investment Manager, the Sub-Manager or any of their affiliates, if the Investment Manager, the Sub-Manager or such affiliate is entitled to (including where it is not yet earned) receive a performance fee or performance allocation at the level of that investee entity or under such separate managed account arrangement, excluding any gain or loss attributable to those investments during the relevant Calculation Period.

Administration
The Company has entered into an administration agreement with Citco Fund Services (Ireland) Limited. The Company pays to the Administrator out of the assets of the Company an annual administration fee based on the Company's net assets subject to a monthly minimum charge. Administration fees for the year ended 31 December 2016 totalled £371,212 (2015: £299,928) of which £49,555 was payable at the year-end (2015: £60,460).

The Administrator shall also be entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of the Company.

Company Secretary
Under the terms of the Company Secretarial Agreement, Capita Company Secretarial Services Limited is entitled to an annual fee of £55,000 (exclusive of VAT and disbursements).

Registrar
Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.25 per Shareholder account per annum, subject to a minimum fee of £2,500 per annum (exclusive of VAT).

Depositary
Under the terms of the Depositary Agreement, the Depositary is entitled to be paid a fee of up to 0.025% per annum of NAV, subject to a minimum monthly fee of £3,000 (exclusive of VAT).

Loan administration

The Group terminated its agreement with Deutsche Bank AG, London Branch on 1 June 2016 to provide loan administration services.

Other operational expenses

Other on-going operational expenses (excluding fees paid to service providers as detailed above) of the Group will be borne by the Group including printing, audit, finance costs, due diligence and legal fees. All reasonable out of pocket expenses of the Investment Manager, the Administrator, the Company Secretary, the Registrar, the Depositary, the Custodian, and the Directors relating to the Group will be borne by the Group.

Auditors' remuneration

Remuneration for all work carried out for the Group by the statutory audit firm in each of the following categories of work is disclosed below:

- the audit of the financial statements; and
- other non-audit services.

	2016			2015		
	Company	**Subsidiaries**	**Group**	**Company**	**Subsidiaries**	**Group**
Audit	157,080	60,390	217,470	102,000	15,600	117,600
Non-audit services						
Tax Compliance Services	-	7,500	7,500	6,264	-	6,264
Other assurance services	35,000	-	35,000	192,000	-	192,000
Total	**192,080**	**67,890**	**259,970**	**300,264**	**15,600**	**315,864**

12. NON CURRENT LIABILITIES

	Group 31 December 2016 £	**Group 31 December 2015 £**
Revolving bank facilities	255,146,924	85,000,000
Amortising bank facilities	46,474,118	–
Principal protected notes	113,338,448	–
Total borrowings	414,959,490	85,000,000
Other liabilities	30,690,694	–
	445,650,184	**85,000,000**

	Parent 31 December 2016 £	**Parent 31 December 2015 £**
Revolving bank facilities	162,159,072	–

Total	**162,159,072**	**–**

Included within revolving bank facilities above is a four year facility entered into by P2PCL1 PLC on 16 January 2015 with a European bank. As at 31 December 2016, the facility commitment amount was £25,000,000 of which £13,444,942 had been drawn. The revolving bank facility has no recourse to the assets of the Group and is secured by a pool of UK consumer loans. The facility has a revolving period of two years and will pay down as the assets securing the debt amortise after the expiry of the revolving period. Interest on the facility is charged at one month LIBOR plus a margin.

Included within revolving bank facilities above is a £150,000,000 secured 3-year multi-currency loan facility entered into by the Company on 16 December 2015 with a consortium of institutional lenders. The facility is secured by way of fixed and floating charges; interest on the loan is paid quarterly and is charged on LIBOR plus margin. For the purpose of calculating facility drawdown limits, non-Sterling advances are converted into Sterling equivalents using the spot rate at the time of the respective advance. This may result in a difference between the facility amount and the value presented on the Statement of Financial Position.

During the year ended 31 December 2016, MOCA issued notes as securitisations of loans. These were issued in the form of principal protected notes ("PPNs"). The PPNs amortise, in order of seniority, on a monthly basis based on the receipts arising on the underlying loan assets. Consequently, the weighted average life of the PPNs is expected to be significantly shorter than the contractual maturity of October 2024. The PPNs held by third parties pay interest at one month LIBOR plus a range of margins. The original principal balance was £129,000,000 and has amortised down to £113,338,448 as at 31 December 2016.

The Group's other non current liabilities, as at 31 December 2016 of £30,690,694, are comprised of £26,141,689 being amounts due to two loan trusts owned by the SPV and £4,549,005 of accrued performance allocation to the General Partner of the SPV. The amounts due to the loan trusts relate to co-investments with Platforms in pools of loan assets which provide the SPV with first loss protection. The amounts due to the loan trusts do not have a fixed maturity. The amounts due to the SPV General Partner are due within one year.

The below tables analyse the Group's borrowings relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the final scheduled maturity date.

2016	**<1 year**	**1 - 3 years**	**3 - 5 years**	**> 5 years**	**Total**
	£	**£**	**£**	**£**	**£**
Revolving bank facilities	–	255,146,924	–	–	255,146,924
Amortising bank facilities*	–	–	–	46,474,118	46,474,118
Principal protected notes	–	–	–	113,338,448	113,338,448
	–	**255,146,924**	**–**	**159,812,566**	**414,959,490**

* The amortising bank facility is secured by a pool of amortising US consumer loans. As the underlying assets pay down, the proceeds are utilised to pay down the outstanding borrowing under the facility. Consequently, the weighted average life of the facility is expected to be significantly shorter than the contractual maturity (which is greater than five years as at 31 December 2016).

2015	**<1 year**	**1 - 3 years**	**3 - 5 years**	**> 5 years**	**Total**
	£	**£**	**£**	**£**	**£**

Revolving bank facilities	–	–	85,000,000	–	85,000,000
	–	**–**	**85,000,000**	**–**	**85,000,000**

As at 31 December 2015, the SPV had borrowings via revolving bank facilities of US$65,160,711 (£44,209,723). The borrowings settle between 3-5 years.

The below table analyses the Company's borrowings into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the final scheduled maturity date.

2016	**<1 year**	**1 - 3 years**	**3 - 5 years**	**> 5 years**	**Total**
	£	**£**	**£**	**£**	**£**
Revolving bank facilities	–	162,159,072	–	–	162,159,072
	–	**162,159,072**	**–**	**–**	**162,159,072**

The Company had no borrowings as at 31 December 2015.

13. STRUCTURED ENTITIES

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Structured entities are consolidated when the substance of the relationship indicates control.

Consolidated structured entities

Structured entities are assessed for consolidation in accordance with the accounting policy set out in Note 2. The following structured entities are consolidated in the Group's results.

Structured entity	**Nature of business**	**Principal place of business and incorporation**
Eaglewood SPV I LP ("SPV")	Alternative finance investments	Delaware USA
Marketplace Originated Consumer Assets 2016-1	Securitisation of UK consumer loans	England and Wales

Further details on the activities of these consolidated structure entities are set out in Note 2.

Unconsolidated structured entities

The SPV is a limited partner in the Eaglewood Income Fund I LP (the "Eaglewood Fund"), a Delaware limited partnership established on 3 February 2012. As at 31 December 2016, the SPV held 79% of the limited partner interests (2015: 66%). The investment is carried at fair value through profit or loss. Please see note 2 (o) above for further details.

The Eaglewood Fund is an open ended private investment fund, offering monthly subscriptions and quarterly redemptions, with 90 days' notice. The Eaglewood Fund is managed by the Sub-Manager, MW Eaglewood Americas LLC. It employs a strategy that primarily involves leveraged investment in monthly amortising unsecured US consumer loans originated by a single Platform with terms of three to five years.

The risks associated with the underlying investments are the equivalent to, or a subset of, those arising from the other activities undertaken by the Group.

At 31 December 2016, the following balances relate to the Group's involvement with the Eaglewood Fund.

	31 December 2016 £	31 December 2015* £
Carrying amount of Investment assets designated as held at fair value through profit or loss	112,014,893	73,114,910
Maximum exposure to loss (fair value of investment asset)	112,014,893	73,114,910

* Included within carrying value of the investment in the SPV.

As at 31 December 2016, the Eaglewood Fund has a net asset value of £141,747,410 (2015: £110,889,668). The fund has total assets of £557,439,035 (2015: £416,895,773). Investments held at fair value where £511,489,126 with a cost of £516,355,540 (2015: £367,780,851 cost £367,280,668). The fund's cash balance was £39,929,679 (2015: £44,212,111).

The fund has three (2015: two) leverage facilities secured against pools of loans, from three North American banks. In addition, the fund has two (2015: two) private securitisations. Total borrowings of the fund were £505,239,384 (2015: 301,077,771). The leverage facilities and the private securitisations have maturity dates within three years (2015: three) of the year end.

During the period, the SPV's holding of limited partner interest increased from 66% to 79% due to it subscribing for an additional investment of $20,000,000 and due to redemptions from other limited partners.

The Eaglewood Fund carries its loan assets at fair value using a proprietary loan valuation model (the "LVM"). The model's key underlying assumption is that the most recent interest rates on loans that the Platform offers are reflective of key current economic and market risks. The key inputs to the LVM are as follows:

1. Platform Interest Rates – As the interest rates that the Platform offers on consumer loans rise or fall the LVM adjusts loan values lower or higher to reflect changing interest rates for similar loans.
2. Level of Delinquency – The LVM discounts all loans that are not current on their payments, with the level of discount rising as the level of delinquency rises.
3. Payment History – The LVM discounts all consumer loans that are current on their payments but have a history of previous delinquency.
4. Level of Seasoning – As consumer loans age and borrowers create a track record of making their scheduled payments on time, the risk of default generally declines and LVM adjusts the values higher. In general, the greater the level of loan seasoning, the greater the valuation adjustment.
5. Borrower FICO – The LVM discounts all consumer loans in which the underlying borrower's
6. FICO score has dropped below certain thresholds, and vice versa.
7. Prepayments – The LVM discounts consumer loans for the possibility of prepayment of such loans by the underlying borrower.

Set out below is the analysis of the Eaglewood Fund's loan investments by grade. All loans are US unsecured consumer. Internal grade classification is described in note 8 above.

Internal grade	31 December 2016	31 December 2015
A	19%	29%
B	43%	41%
C	28%	22%
D	8%	6%
E	2%	1%

Given the illiquid nature of the underlying assets and the size of the investment relative to the overall fund, the timeframe over which the SPV would be able to realise its investment could be limited by the amortisation profile of the underlying assets. The Company's Investment Manager continually evaluates the investment into the Eaglewood Fund to consider if a quarterly redemption would be appropriate.

14. SUBSIDIARIES

Subsidiaries by virtue of ownership

The subsidiaries for the Group by virtue of ownership are set out below:

Name	Principal place of business and incorporation	Nature of business	Ownership	Percentage of
P2PCL1 PLC	England and Wales	Alternative finance investments	100	100

The Company holds the single Class A share in P2PCL1 PLC which conveys control of its voting rights.

P2PCL1 PLC invests in UK consumer loans originated by a Platform, funded by a Variable Funding Note issuance programme. Please see note 12 for details of the senior funding provided by a European bank. As at 31 December 2016, P2PCL1 held encumbered loan assets and cash of £21,324,078 (2015: £112,439,479) which are not available for transfer within the Group.

The Company invests in debt securities in the form of junior notes issued by P2PCL1 PLC which provides exposure to the excess cashflows arising from its loan assets.

Subsidiaries by virtue of control

Details of consolidated structured entities are provided in notes 2 & 13.

Accounting for investment in subsidiaries

The Company's investments in subsidiaries, as at 31 December 2016, consist of:

	Carrying Value	
Investments in subsidiaries	**31 December**	**31 December**

	2016 £	2015 £
Investment in SPV partnership interest held at fair value	617,546,000	484,034,539
Investment in P2PCL1 Class A share at fair value	1	1
Investments in debt securities issued by P2PCL1 and MOCA measured at amortised cost	34,047,662	28,336,581

15. INVESTMENTS IN ASSOCIATES

As at 31 December 2016, the group has a single associate, being a UK platform originating secured real estate loans. The investment is accounted for at fair value through profit or loss. No dividends were declared during the period in respect of the investment.

During the period, the Group increased its direct equity ownership of the platform from 20% to 33.3%. It also has provided £6,000,000 (2015: £Nil) of debt funding to the platform in the form of a convertible loan notes of which, as at 31 December 2016, £3,500,000 has been drawn.

The Group has entered into an agreement which gives it the right to participate in qualifying loans originated by the platform.

There are no significant restrictions on the ability of the associate from repaying loans from, or distributing dividends to, the Group.

The unaudited net assets of the associate as at 31 December 2016 were £4,426,490, and the profit after tax was £923,577.

16. TAXATION

Investment trust status
It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust. As an investment trust the Company is exempt from corporation tax on capital gains. The Company's revenue income from loans and other investments is taxable in the hands of the Company's shareholders and likewise is not subject to corporation tax.

Any change in the Company's tax status or in taxation legislation generally could affect the value of the investments held by the Group, affect the Company's ability to provide returns to shareholders, lead the Company to lose its exemption from UK corporation tax on chargeable gains or alter the post-tax returns to shareholders. It is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain status as an investment trust, as the ordinary shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, will, as soon as reasonably practicable, notify shareholders of this fact.

The tax charge for the year differs from the standard rate of corporation tax in the UK of 20%. The differences are explained below:

2016	Revenue £	Capital £	Total £
Net profit on ordinary activities before	29,921,503	1,053,008	30,974,511

taxation			
Tax at the standard UK corporation tax rate of 20%	5,984,301	210,602	6,194,902
Effects of:			
Capital items exempt from corporation tax	-	(210,602)	(210,602)
Non-taxable income	(5,984,301)	-	(5,984,301)
Total tax charge	-	-	-

2015	**Revenue £**	**Capital £**	**Total £**
Net profit on ordinary activities before taxation	26,072,810	1,460,657	27,533,467
Tax at the standard UK corporation tax rate of 20%	5,214,562	292,131	5,506,693
Effects of:			
Capital items exempt from corporation tax	-	(292,131)	(292,131)
Non-taxable income	(5,214,562)	-	(5,214,562)
Total tax charge	-	-	-

Overseas taxation

The Company may be subject to taxation under the tax rules of the jurisdictions in which it invests, including by way of withholding of tax from interest and other income receipts. Although the Company will endeavour to minimise any such taxes this may affect the level of returns to shareholders.

There was no tax charge incurred during the year ended 31 December 2016 (2015:£NIL).

There is also no tax payable or receivable as at 31 December 2016 (2015:£NIL).

17. NET ASSET VALUE PER SHARE

	Company 31 December 2016	**Company 31 December 2015**
Ordinary Shares		
Net assets attributable at end of year (£)	850,741,972	473,754,605
Shares in issue	84,525,803	46,754,919
Net asset value per ordinary share	1,006.49p	1,013.27p
C Shares		
Net assets attributable at end of year (£)	–	399,458,266
Shares in issue	–	40,000,000
Net asset value per C share	–	998.65p

The C share assets were separate pools of assets, the proceeds of the C share issues were received in cash and these amounts subsequently invested into loans and receivables and other assets. These assets were physically segregated from the assets held in respect of ordinary shares and accounted for separately by the administrator.

In accordance with the prospectus, the C shares were converted when 90 per cent of the net proceeds of the C share issue had been invested in accordance with the Company's investment policy. The conversion occurred during March 2016 at a ratio of 0.9888 ordinary shares for every one C share held as at the close of the conversion record date. The ordinary shares arising upon conversion were divided amongst the former C shareholders pro rata according to their respective former holdings of C shares.

18. SHAREHOLDERS' CAPITAL

Set out below is the issued share capital of the Company as at 31 December 2016.

	Nominal value £	Number of shares	Voting rights of shares
Ordinary Shares	845,258	84,525,803	84,525,803
Treasury Shares	17,810	1,781,000	–
Total	**863,068**	**86,306,803**	**84,525,803**

Set out below is the issued share capital of the Company as at 31 December 2015:

	Nominal value £	Number of shares	Voting rights of shares
Ordinary Shares	467,549	46,754,919	46,754,919
C Shares	4,000,000	40,000,000	40,000,000
Total	**4,467,549**	**86,754,919**	**86,754,919**

On incorporation, the issued share capital of the Company was £0.01 represented by one ordinary share, held by the subscriber to the Company's memorandum of association.

Rights attaching to the ordinary shares
The holders of ordinary shares shall be entitled to all of the Company's net assets.

The holders ordinary shares are only entitled to receive, and to participate in, any dividends declared in relation to the relevant class of shares that they hold.

The ordinary shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.

The consent of the holders of ordinary shares will be required for the variation of any rights attached to the relevant class of shares.

Voting rights
Subject to any rights or restrictions attached to any shares, on a show of hands every Shareholder present in person has one vote and every proxy present who has been duly appointed by a Shareholder

entitled to vote has one vote, and on a poll every Shareholder (whether present in person or by proxy) has one vote for every share of which he is the holder.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No Shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.

Variation of rights & distribution on winding up
If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied either in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

The Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Company will be proposed at the annual general meeting of the Company to be held in 2021 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reconstructed or unitised.

If the Company is wound up, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

The table below shows the movement in shares during the year ended 31 December 2016.

For the year ended 31 December 2016	Shares in issue at the beginning of the year	Buy back of Ordinary Shares	Conversion of C Shares	Shares in issue at the end of the year
Ordinary Shares	46,754,919	(1,781,000)	39,551,884	84,525,803
C Shares	40,000,000	–	(40,000,000)	–
Treasury Shares	–	1,781,000	–	1,781,000

The table below shows the movement in shares during the year ended 31 December 2015.

For the year ended 31 December 2015	Shares in issue at the beginning of the year	Shares subscribed	Conversion of C Shares C Shares	Shares in issue at the end of the year
Ordinary Shares	20,000,000	1,999,999	24,754,920	46,754,919
C Shares	–	65,000,000	(25,000,000)	40,000,000

Cash consideration was received for all subscriptions for shares.

Share Buy Back

During the year ended 31 December 2016 the Company commenced a share buy back programme. All shares bought back are held in treasury at the end of the period. As at 31 December 2016, the Company had bought back 1,781,000 shares.

The Company has engaged Liberum Capital Limited to effect on-market purchases of its shares on its behalf. Both parties can terminate the contract without cause at any point other than during a closed period. As a result, no liability has been recognised as at 31 December 2016 other than in relation to those shares acquired pending settlement.

Month	Ordinary Shares purchased	Average price per share	Lowest price per share	Highest price per share	Total Treasury Shares
June	237,205	826.6p	804.3p	850.0p	237,205
July	343,769	825.8p	796.3p	808.6p	580,974
August	–	–	–	–	580,974
September	414,551	844.2p	830.0p	850.0p	995,525
October	228,410	825.9p	822.0p	830.0p	1,223,935
November	268,669	767.2p	740.0p	775.0p	1,492,604
December	288,396	773.2p	730.0p	802.0p	1,781,000

Special Distributable Reserve

At a general meeting of the Company held on 15 June 2015, special resolutions were passed approving the cancellation of the amount standing to the credit of the Company's share premium account as at 29 May 2015 and additional share premium following the issue of new C shares, which occurred on 28 July 2015.

Following the approval of the Court and the subsequent registration of the Court order with the Registrar of Companies on 17 September 2015, the reduction became effective. Accordingly £832,647,915, previously held in the share premium account, was transferred to the special distributable reserves of the Group as disclosed in the Consolidated Statement of Financial Position.

The cost of the buy back of ordinary shares as detailed above was funded by the special distributable reserve. Also, dividends were paid out of the special distributable reserve. Therefore the closing balance in the special distributable reserve has been reduced to £815,049,542 (2015: 832,647,915).

19. DIVIDENDS PER SHARE

The following table summarises the year end dividends payable to equity shareholders in the year:

Period to	**Share Class**	**Amount**	**Payment date**	**201 Group and Compan £**	**2015 Group and Company £**
31 December 2014	Ordinary	12.5p	2 April 2015	–	2,500,000
31 March 2015	Ordinary	16.5p	26 June 2015	–	3,300,000
31 May 2015	Ordinary	10.5p	7 August 2015	–	2,310,000

31 May 2015	C	8.5p	7 August 2015	–	2,125,000
30 September 2015	Ordinary	18.5p	18 December 2015	–	8,649,660
31 December 2015	Ordinary	13.7p	4 March 2016	6,405,424	–
31 December 2015	C	9.5p	4 March 2016	3,800,000	–
31 March 2016	Ordinary	11.5p	27 May 2016	9,925,282	–
30 June 2016	Ordinary	11.0p	26 August 2016	9,429,841	–
30 September 2016	Ordinary	11.0p	25 November 2016	9,359,117	–
Total				**38,919,664**	**18,884,660**

An interim dividend of 11.0p per ordinary share was declared by the Board on 26 January 2017 in respect of the three month period to 31 December 2016, which was paid on 3 March 2017 to shareholders on the register as of 10 February 2017. The interim dividend has not been included as a liability in these financial statements in accordance with International Accounting Standard 10: Events After the Balance Sheet Date.

20. RELATED PARTY TRANSACTIONS

Each of the Directors is entitled to receive a fee from the Group at such rate as may be determined in accordance with the Articles. Save for the Chairman of the Board, the fees are £40,000 for each Director per annum. The Chairman's fee is 45,000 per annum.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, Board or Committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Group.

Investment management fees and performance fees for the year ended 31 December 2016 and 31 December 2015 are paid by the Group to the Investment Manager and these are presented on the Consolidated Statement of Comprehensive Income. Details of Investment management fees and performance fees paid during the year are disclosed in Note 11.

As at 31 December 2016, the Directors' interests in the Group's shares were as follows:

		31 December 2016 Number of shares	31 December 2015 Number of shares
Simon King	- Ordinary Shares	19,895	10,000
	- C Shares	–	5,000

Partners and Principals of the Investment Manager held 1,790,644 (2015: 1,765,200) ordinary shares as well as nil (2015: 12,309) C shares in the Company at 31 December 2016.

21. SUBSEQUENT EVENTS

The Company has continued the share buy back programme in 2017 and as at 20 April 2017, 3,561,697 shares are held in treasury.

An interim dividend of 11.0p per ordinary share was declared by the Board on 26 January 2017 in respect of the three month period to 31 December 2016, which was paid on 3 March 2017 to shareholders on the register as of 10 February 2017.

Effective from 1 January 2017, the Investment Manager has waived the management fee charged on leverage.

An interim dividend of 12.0p per ordinary share was declared by the Board on 26 April 2017 in respect of the three month period to 31 March 2017, which will be paid on 26 May 2017 to shareholders on the register as of 5 May 2017.

22. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 28 April 2017.

ANNUAL REPORT

Printed copies of the Annual Report will be sent to shareholders who have elected to receive hard copies in due course. Additional copies may be obtained from the Corporate Secretary, Capita Company Secretarial Services Limited, on 0207 954 9796.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday, 29 June 2017 at RSA House, 8 John Adam Street, London, WC2N 6EZ.

NATIONAL STORAGE MECHANISM

A copy of the Annual Report and Accounts will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at:
www.morningstar.co.uk/nsm

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