

26 October 2007

Davenham Group plc**AGM Statement**

Davenham Group plc (“Davenham” or the “Company”), a leading independent asset based lender to the UK SME sector, is holding its Annual General Meeting today. At the meeting, James Kerr-Muir, Chairman, will make the following statement:

Current trading and outlook

The Company continues to perform strongly across all divisions, having extended its national footprint with last year’s expansion in London and the opening of new offices in Bristol and Glasgow.

We are encouraged by the Company’s start to the year with trading in the first three months in line with our expectations. The Company’s loan portfolio is currently £303m, at a traditionally high demand period of the year. The Company is experiencing an increase in its new business pipeline whilst also adopting a cautious approach to credit and risk that is appropriate to the market environment.

This performance has been driven by good growth across the asset classes and an impressive performance from our South East operation. Manor Credit, acquired in June 2007, is performing in line with our expectations and its integration has been successfully completed.

The Company proactively monitors its business environment and is able quickly to modify its underwriting criteria. By contrast with longer term lenders, this has a more immediate, positive effect on Davenham’s book due to the shorter term tenor of many of its products. The Board believes that the recent tightening in the availability of credit to customers should provide additional attractive lending opportunities.

The portfolio continues to reflect a balance of lending solutions designed to meet the needs of the UK SME sector. It reflects the current demand for lending solutions, with property finance, trade finance and asset finance currently comprising 53%, 24% and 23% respectively.

Davenham’s principal banking facilities are committed to December 2009, and its borrowing arrangements give the company the flexibility to continue implementing its growth strategy.

The Company’s bad debt charge as a percentage of its rolling average portfolio remains within the Board’s target range of 1.5% to 1.75%. Account arrears have remained stable across all divisions reflecting the portfolio’s credit quality and robust risk management practices. The Board is committed to its rigorous approach to risk management and credit assessment, and is benefiting from the arrival in March 2007 of David Bowles, formerly at GE Capital, as director with responsibility for company risk.

Whilst conscious of the current financial environment, the Board remains confident that the Company will make further progress in this financial year.

- Ends -

David Coates, Chief Executive	
Hawkpoint Partners Limited (Nominated Adviser) Lawrence Guthrie / Joseph Ayala	020 7665 4500
Smithfield Katie Hunt / Libby Young	020 7360 4900

About Davenham

Davenham is a leading, independent asset based lender to the UK SME sector. The Company provides lending solutions designed to meet the financing needs of UK SMEs – typically involving loans of between £10,000 and £5 million. Davenham has a diverse loan portfolio, with its lending activities organised into the following divisions: property finance, asset finance and trade finance.

Davenham provides asset based lending to such organisations that are not adequately serviced by mainstream lenders, who tend to adopt a formulaic approach to lending decisions. This funding is used to finance short term property transactions, the acquisition of plant, machinery and equipment and the funding of stock, debtors and letters of credit.

The business was founded in 1991 in Manchester from where its core operations are run. In recent years, Davenham has begun to expand and it now also operates from offices in Leeds, Birmingham, Liverpool, London, Newcastle, Bristol and Glasgow.