

25 November 2009

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:

Restructuring Progress

As stated within our preliminary results announcement, on 29 September 2009, your Board has taken decisive action to change Davenham’s strategy to meet a challenging economic environment. During the Autumn of 2008, we carried out a review of the business leading to our decision to focus on operating our trade and asset portfolios within appropriate parameters, whilst optimising recoveries from our property portfolio.

We have made considerable progress, having:

- Ceased new business in the property division;
- Ceased new business in small ticket leasing and professional loans;
- Traded at a reduced level in the Group’s trade and asset divisions;
- Achieved further cost savings by closing offices in Liverpool, Glasgow and Bristol, reducing staffing levels and scaling back other overhead costs; and
- Further reduced the Group’s indebtedness to its banking group

Overall, these changes have resulted in a significant de-leveraging of the business to a smaller operating and cost base, a lower loan portfolio and smaller balance sheet. The restructuring and the March 2009 refinancing were designed to allow the Group to meet the continuing challenges of working out the non performing elements of its book in order to position it to benefit from an eventual economic recovery. Nevertheless, as indicated in our preliminary results announcement, a renegotiation of the banking agreement is likely to be required during the current financial year.

Current Trading and Outlook

We continue to focus on collecting-out our property book. Our banks continue to support the Group and we are working closely with them. Whilst we do not expect an uplift in the environment in which our clients operate in the near term, the rate of provisioning across our property book has slowed significantly. The Group’s underlying trading performance is in line with our expectations.

Strategic Review

We are making good progress with the review being undertaken in conjunction with Hawkpoint to evaluate the options available to the Group to maximise stakeholder value and we will update shareholders when appropriate.

- Ends -

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