

Pollen Street Secured Lending plc

AN ALTERNATIVE CREDIT INVESTMENT TRUST



Investment Manager's Commentary

Pollen Street Secured Lending plc (the "Company") achieved an underlying NAV return of 6.1% on an annualised basis in January, which was 0.49% for the month. This brings the return since inception to 27.4%. The underlying result excludes the effect of one-off items including the sale of a listed equity position, which reduced the return to 5.8% per annum. The Manager has been working hard to deploy the cash returned from the disposal of Castlehaven and has sourced a range of opportunities with attractive risk adjusted returns.

On 25 February, the Board of Pollen Street Secured Lending PLC announced it was in discussions regarding a possible cash offer for the entire share capital of the Company. The Board also announced that it had served 12 months' notice on the Manager to terminate the Investment Management Agreement.

Background & Investment Objective

Pollen Street Secured Lending plc is a UK listed investment trust whose investment objective is to provide shareholders with an attractive level of dividend income through exposure to investments in alternative finance and related instruments.

The Company specialises in investing in small size private credit assets across SME, consumer (secured and unsecured), real estate and trade finance asset classes through strategic partnerships which encompass marketplace lending platforms, balance sheet lenders and other non-bank loan originators. The Company invests in the USA, Europe and Australasia and actively seeks opportunities in other markets.

The Company believes that this specialism has the potential to provide attractive returns for investors on a risk-adjusted basis. Changes in the focus of mainstream lenders together with the implementation of new models that utilise data, analytics and technology more effectively, provide an opportunity to deliver better products to borrowers while generating attractive returns for the Company.

Financial Information

Monthly NAV Return (Annualised)	5.81%
Monthly NAV Return	0.49%
YTD ⁽¹⁾ NAV Return	0.49%
ITD ⁽²⁾ NAV Return	27.39%
NAV Cum. Income	£720.7m
NAV Ex. Income	£702.6m
Market Capitalisation	£619.6m
Investment Assets	£952.5m
Maximum Allowable Leverage ⁽³⁾	150%
Total Net Debt to Equity Ratio	0.39x
12m Trailing Div.	48p
12m Trailing Div. Yield on Share Price	5.76%
Shares in Issue	74,292,289
Share Price	834p
NAV Cum. Income per Share	970p
NAV Ex. Income per Share	946p
Discount to NAV Cum. Income	(14.0%)

Fund Facts

Investment Manager	PSC Credit Holdings LLP
Sub Manager	Pollen Street Capital (US), LLC
Type of Fund	Closed Ended Investment Fund
ISIN	GB00BLP57Y95
Inception Date	30 May 2014
Dividend	Quarterly

⁽¹⁾ YTD: Year to Date

⁽²⁾ ITD: Inception to Date – Excludes Issue Costs

⁽³⁾ Leverage multiplies both gains and losses and may increase the risk of loss of investment during a downturn.

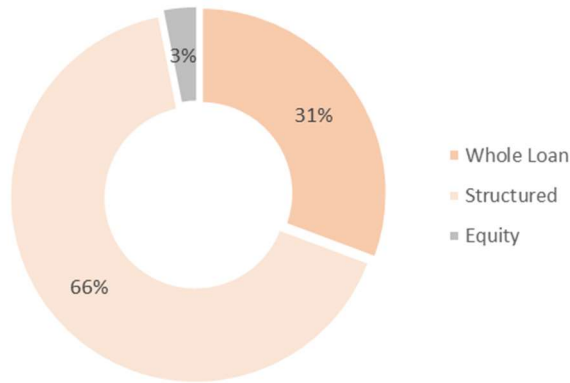
Pollen Street Secured Lending plc

AN ALTERNATIVE CREDIT INVESTMENT TRUST

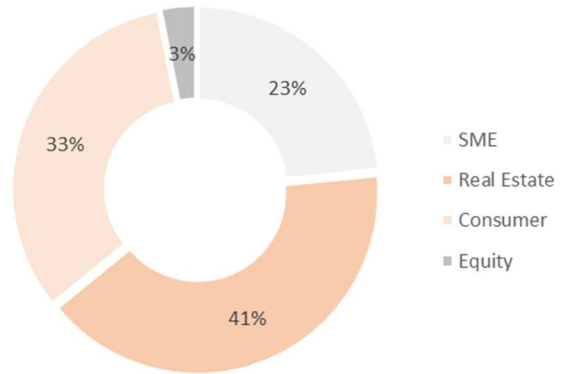


Continuing Portfolio

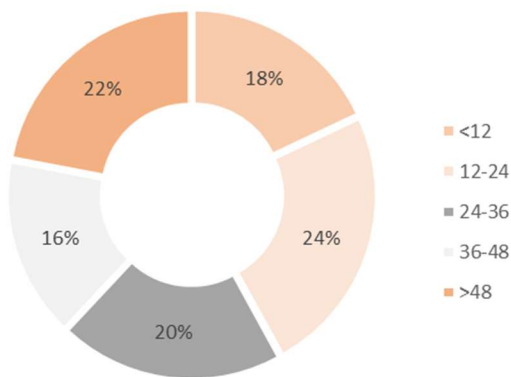
NAV Stratification by Investment Structure⁽¹⁾



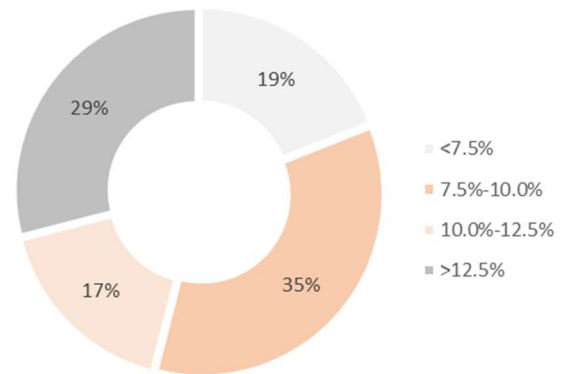
NAV Stratification by Sector⁽²⁾



Loan Book Stratification by Remaining Term⁽³⁾



Loan Book Stratification by Yield⁽⁴⁾



⁽¹⁾ Continuing NAV excluding working capital, debt and receivable from Avenue Capital, stratified by structure

⁽²⁾ Continuing NAV excluding working capital, debt and receivable from Avenue Capital, stratified by sector

⁽³⁾ Gross outstanding loan balance, excluding Equity Assets and bonds stratified by the remaining term of each loan

⁽⁴⁾ Gross outstanding loan balance, excluding Equity Assets, stratified by the headline interest rate of each loan and bond

Pollen Street Secured Lending plc

AN ALTERNATIVE CREDIT INVESTMENT TRUST



Performance and Dividend History

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Inception to Date ¹	
Total NAV Return	2014					0.16%	0.17%	0.22%	0.23%	0.48%	0.54%	0.50%	2.32%		
	2015	0.54%	0.59%	0.65%	0.41%	0.71%	1.31%	0.50%	0.49%	0.43%	0.56%	0.20%	7.14%		
	2016	0.41%	0.38%	0.48%	0.43%	0.48%	0.17%	0.37%	0.43%	0.23%	0.27%	0.27%	0.12%	4.10%	
	2017	0.24%	0.38%	0.55%	0.45%	0.41%	0.29%	0.44%	0.14%	0.19%	(103%)	0.40%	0.55%	3.03%	27.39%
	2018	0.36%	0.43%	0.12%	0.41%	0.42%	(0.14%)	0.52%	0.50%	0.44%	0.52%	0.57%	0.78%	5.21%	
	2019	0.45%	0.31%	0.56%	0.44%	0.28%	0.48%	0.33%	0.82%	0.51%	0.50%	(0.07%)	0.52%	5.25%	
	2020	0.49%													
Share Price Performance²	2014					7.25%	0.37%	(0.19%)	0.05%	(0.93%)	141%	9.26%	18.00%		
	2015	(0.93%)	0.09%	(179%)	(0.17%)	(5.41%)	(2.03%)	2.07%	(5.99%)	3.24%	(6.46%)	152%	0.70%	(14.66%)	
	2016	(6.85%)	(7.57%)	0.35%	6.03%	(5.69%)	(2.30%)	(2.94%)	152%	0.30%	(3.21%)	(8.79%)	7.75%	(20.66%)	
	2017	(2.13%)	166%	(3.14%)	1136%	2.74%	0.74%	(0.34%)	(4.47%)	(4.73%)	(3.11%)	103%	3.43%	2.00%	(16.60%)
	2018	123%	(3.88%)	(3.78%)	4.59%	0.13%	0.75%	-	(3.73%)	0.65%	(0.38%)	3.60%	(0.37%)	(1.60%)	
	2019	3.12%	(157%)	(0.37%)	4.07%	142%	(140%)	0.47%	(1.18%)	(3.34%)	3.46%	(1.19%)	0.24%	3.49%	
	2020	0.48%													
Dividend Per Share (Pence)	2014					-	-	-	-	-	6.00	-	6.00		
	2015	-	12.50	-	-	16.50	10.5 ³	-	-	-	18.50	-	58.00		
	2016	13.7 ⁴	-	-	11.50	-	-	11.00	-	-	11.00	-	-	47.20	
	2017	11.00	-	-	12.00	-	-	12.00	-	-	12.00	-	-	47.00	254.20
	2018	12.00	-	-	12.00	-	-	-	12.00	-	-	12.00	-	48.00	
	2019	-	12.00	-	-	12.00	-	-	12.00	-	-	12.00	-	48.00	
	2020	-													

¹ Inception to Date – Excludes Issue Costs but in June 2015 NAV return includes a 0.55% premium from a TAP issue. Until May 2017 this was reported as 0.77%, which did not include the TAP issue

² Based on issue price of 1000p

³ 8.5p per share was declared to the original C Shareholders prior to conversion

⁴ The July 2015 C Share was 9.5p

Glossary

NAV Cum. Income - The value of investments, cash and other assets, including current year revenue, less liabilities.

NAV Ex. Income - The value of investments and cash and other assets, excluding current year revenue, less liabilities.

NAV Return - The theoretical total return on shareholders' funds per share reflecting the change in Net Asset Value (NAV) per share.

Share Price - Closing mid-market share price at month end (excluding dividends reinvested).

Premium (Discount) - The amount by which the price per share of an investment trust is either lower (at a discount) or higher (at a premium) than the NAV Cum. Income per

share, expressed as a percentage of the NAV Cum. Income per share.

Market Capitalisation - Month end closing mid-market share price multiplied by the number of shares outstanding at month end.

Total Net Debt to Equity – The total debt of the Company, whether incurred directly or indirectly through a subsidiary or an SPV established by the Company, and any investment fund which is managed by the Investment Manager, the Sub-Manager or their affiliates and in which the Company invests (on a look-through basis, proportionate to the percentage interest the Company retains in the most junior tranche of such investment fund), net of total cash held by the Company, divided by the Company's Net Asset Value.

Pollen Street Secured Lending plc

AN ALTERNATIVE CREDIT INVESTMENT TRUST



Maximum Allowable Leverage - The maximum value of the total net debt to equity is 1.5 times.

Annualisation Methodology – Monthly returns have been calculated by multiplying the actual number of days in the year divided by the actual number of days in the month.

Important Information

Data in this newsletter is at or to the final day of the calendar month identified in the heading of the newsletter's front page unless otherwise stated. In addition to this quarterly newsletter, the Investment Manager also produces a monthly newsletter. Issued in the United Kingdom by PSC Credit Holdings LLP.

For the purposes of this newsletter, Europe refers to the United Kingdom, mainland Europe or both.

Past performance should not be seen as an indication of future performance. The value of investments and any income may fluctuate and investors may not get back the full amount invested. The views expressed are those of PSC Credit Holdings LLP at the time of writing, are subject to change without notice and do not constitute investment advice. Whilst PSC Credit Holdings LLP has used all reasonable efforts to ensure the accuracy of the information contained in this newsletter, we cannot guarantee the reliability, completeness or accuracy of the content.

This newsletter is provided for the purpose of information only, and if you are unsure of the suitability of this investment you should take independent advice.

Net Asset Value (NAV) performance is not linked to share price performance and shareholders may realise returns that are lower or higher in performance.

This newsletter is provided for information purposes only and should not be construed as constituting an offer, solicitation, invitation or inducement to buy or sell shares in Pollen Street Secured Lending plc.

This newsletter includes forward-looking statements. These forward-looking statements include all matters that are not historical facts, statements regarding the Company's and/or the Investment Manager's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and the sector in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties. You are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and the development of the sector in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this newsletter. Each of the Company and the Investment

Manager expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including the Financial Services and Markets Act 2000 (as amended), the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Listing Rules.

This newsletter may not be distributed or transmitted in or into the United States of America, Canada, Australia or Japan, or in any other country outside the United Kingdom where such distribution may lead to a breach of law or regulatory requirements, or transmitted, distributed or sent to or by any national, resident or citizen of such countries. The distribution of this newsletter in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the law of such jurisdiction.

PSC Credit Holdings LLP is authorised and regulated by the Financial Conduct Authority and is registered in England (reg. no. OC388668) with its registered office at 11/12 Hanover Square, London, England, W1S 1JJ.

© PSC Credit Holdings LLP 2018
Pollen Street Secured Lending plc
6th Floor, 65 Gresham Street
London
EC2V 7NQ

Website: www.pollenstreetsecuredlending.com
For enquiries please contact:
Telephone: +44 20 7316 2038
Email: ir@pollenstreetsecuredlending.com