

Pollen Street Secured Lending plc

AN ALTERNATIVE CREDIT INVESTMENT TRUST

Investment Manager's Commentary

Pollen Street Secured Lending plc (the "Company") delivered (0.80%) NAV return on an annualised basis in November, which was (0.07%) for the month. This brings the year to date return to 4.70% or 26.10% since inception.

The result for the month was significantly impacted by the previously announced write down of the legacy Zopa equity position. The NAV return prior to write down was 6.09% on an annualised basis and 0.51% for the month, which is the fourth month in a row the NAV return would've exceeded 6%.

The Company made good progress in the month deploying the proceeds of the Castlehaven disposal with two new deals completed and a strong pipeline for December and Q1 2020. The Company also completed another disposal of non-performing loans which was executed at a slight premium to the carrying value and accelerates the run off of the tail of the legacy portfolio whilst also maximising value.

The Company continues to see an increase in NAV returns as the strategic repositioning delivers higher and more stable risk adjusted margins. However, it continues to be exposed to the legacy equity portfolio. This portfolio was impacted in the month by a decrease in the valuation of Zopa following its latest £140m fund raise to support its banking application. This led to a £4.9m mark down for the Company, which represents a 63% mark down on the position or 0.7% of the Company's NAV, with the position now valued at £2.9m. This leaves the legacy equity portfolio at £27m, or 3.7% of NAV. The Manager continues to look to realise these equity positions where possible and has successfully sold two positions this year totalling £12.1m of NAV.

This mark down does not impact the Company's ability to pay dividends as it is treated as a capital account item under the accounting standards and therefore does not impact revenue reserves.

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.

⁽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.

Financial Information

Monthly NAV Return (Annualised)	(0.80%)
Monthly NAV Return	(0.07%)
YTD ⁽¹⁾ NAV Return	4.70%
ITD ⁽²⁾ NAV Return	26.10%
NAV Cum. Income	£715.4m
NAV Ex. Income	£703.9m
Market Capitalisation	£616.8m
Investment Assets	£918.2m
Maximum Allowable Leverage ⁽³⁾	150%
Total Net Debt to Equity Ratio	0.30x
12m Trailing Div.	48p
12m Trailing Div. Yield on Share Price	5.80%
Shares in Issue	74,494,169
Share Price	828p
NAV Cum. Income per Share	960p
NAV Ex. Income per Share	945p
Discount to NAV Cum. Income	(13.78%)

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

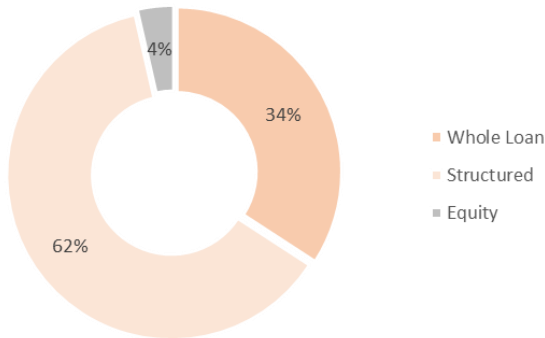
Pollen Street Secured Lending plc

AN ALTERNATIVE CREDIT INVESTMENT TRUST

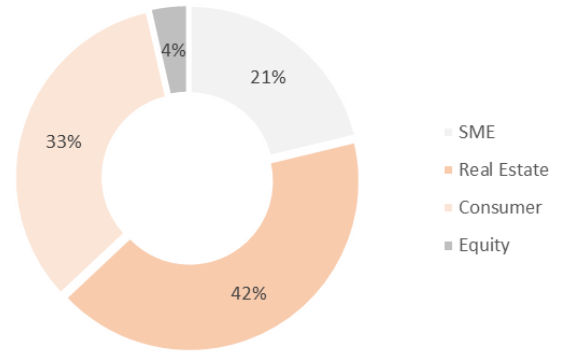


Continuing Portfolio

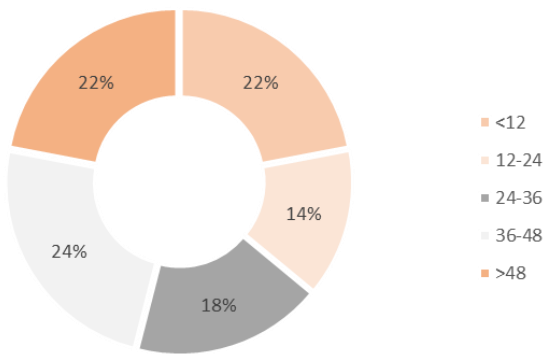
NAV Stratification by Investment Structure⁽¹⁾



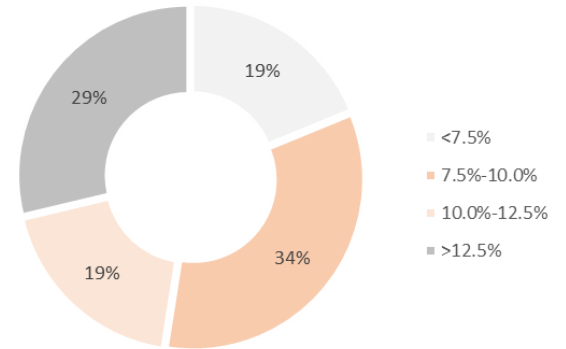
NAV Stratification by Sector⁽²⁾



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 and bond

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

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%	26.10%	
	2015	0.54%	0.59%	0.65%	0.41%	0.71%	1.31% ¹	0.50%	0.49%	0.43%	0.56%	0.52%	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%	(1.03%)	0.40%	0.55%		3.03%
	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%)			4.70%
Share Price Performance²	2014					7.25%	0.37%	(0.19%)	0.05%	(0.93%)	1.41%	9.26%	18.00%	(17.20%)	
	2015	(0.93%)	0.09%	(1.79%)	(0.17%)	(5.41%)	(2.03%)	2.07%	(5.99%)	3.24%	(6.46%)	1.52%	0.70%		(14.66%)
	2016	(6.85%)	(7.57%)	0.35%	6.03%	(5.69%)	(2.30%)	(2.94%)	1.52%	0.30%	(3.21%)	(8.79%)	7.75%		(20.66%)
	2017	(2.13%)	1.66%	(3.14%)	11.36%	2.74%	0.74%	(0.34%)	(4.47%)	(4.73%)	(3.11%)	1.03%	3.43%		2.00%
	2018	1.23%	(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%	(1.57%)	(0.37%)	4.07%	1.42%	(1.40%)	0.47%	(1.18%)	(3.34%)	3.46%	(1.19%)			3.24%
Dividend Per Share (Pence)	2014					-	-	-	-	-	6.00	-	6.00	254.20	
	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
	2018	12.00	-	-	12.00	-	-	-	12.00	-	-	12.00	-		48.00
	2019	-	12.00	-	-	12.00	-	-	12.00	-	-	12.00	-		48.00

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.

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

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

Pollen Street Secured Lending plc

AN ALTERNATIVE CREDIT INVESTMENT TRUST



Pollen Street
Secured
Lending

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