

Pollen Street Secured Lending plc

AN ALTERNATIVE CREDIT INVESTMENT TRUST

Investment Manager's Commentary

Pollen Street Secured Lending plc (the "Company") delivered an underlying NAV return of 7.1% on an annualised basis in February. The underlying result excludes the effect of a mark to market on the Company's interest rate hedges following the recent interest rate cuts in the US market, which reduced the NAV return to 5.4%. The interest rate hedges were put in place at the time of securing a floating rate debt facility to effectively fix the interest cost to match the fixed interest rate assets it was financing. The mark to market movement does not represent a change in cash or return on the asset and will unwind over the duration of the facility.

The outbreak of coronavirus disease 2019 ("COVID-19") has caused major disruption across the globe. The principal effects of the outbreak in the UK occurred in March and therefore it has not had a material effect on the February results. The manager is speaking to its clients daily and actively reviewing the impact on the portfolio to ensure the correct actions are being taken to mitigate the impact where possible.

As at the time of writing the portfolio has not seen a material impact in payment performance, however the majority of underlying consumer and SME payment dates are towards the end of the month. We expect to see some short-term disruption through requests for forbearance and continue to monitor daily.

Given the uncertain economic environment the manager has adopted a prudent approach with the focus on the existing portfolio and ensuring cash collections remain robust and the appropriate strategies are put place. The manager continues to have faith in strength of the performance of the asset class despite the unprecedented conditions. The portfolio and underlying asset security will benefit from a number of key features:

- Majority of portfolio is asset backed with 64% in structured; 33% of the portfolio is whole loans of which 49% of this is secured;
- Significant majority of the underlying assets are amortising and generate strong levels of cash;
- Underlying loan portfolios are highly granular with low concentration; and
- Strong yields with high levels of bad debt coverage.

The manager is not proposing to re-invest the cash generated by the portfolio in new investments for the foreseeable future. In the structured portfolio where the Company provides finance to non-bank lenders, the manager is working with the borrowers to help them navigate the difficult environment whilst ensuring most of the cash generated by their portfolio is utilised to repay our loan.

We expect the Company to generate significant cash over the coming months as the loans amortise and repay.

Financial Information

| | |
|---|------------|
| Monthly NAV Return (Annualised) | 5.4% |
| Monthly NAV Return | 0.43% |
| YTD ⁽¹⁾ NAV Return | 0.93% |
| ITD ⁽²⁾ NAV Return | 27.94% |
| NAV Cum. Income | £723.0m |
| NAV Ex. Income | £702.0m |
| Market Capitalisation | £642.7m |
| Investment Assets | £995.6m |
| Maximum Allowable Leverage ⁽³⁾ | 150% |
| Total Net Debt to Equity Ratio | 0.35x |
| 12m Trailing Div. ⁽⁴⁾ | 48p |
| 12m Trailing Div. Yield on Share Price | 5.54% |
| Shares in Issue | 74,212,289 |
| Share Price | 866p |
| NAV Cum. Income per Share | 974p |
| NAV Ex. Income per Share | 946p |
| Discount to NAV Cum. Income | (11.1%) |

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.

⁽⁴⁾ The 12m period includes the four most recent quarterly dividends

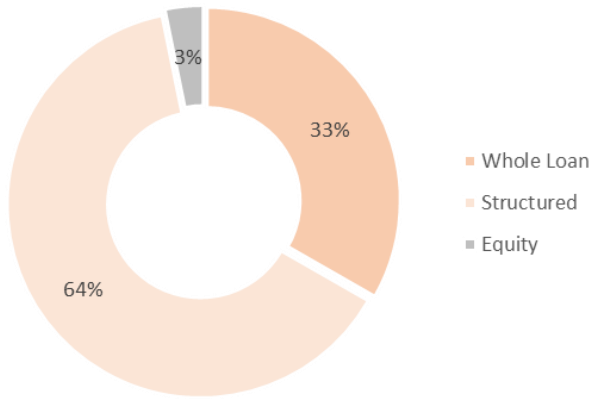
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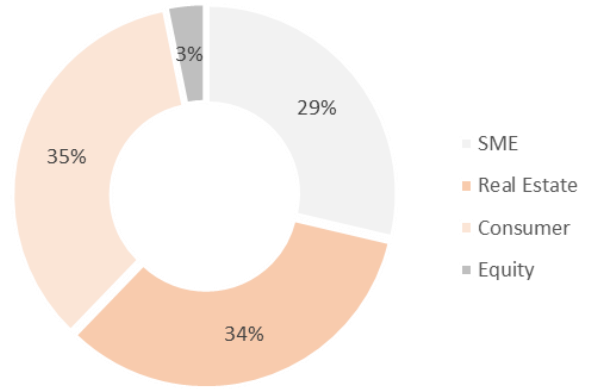


Continuing Portfolio

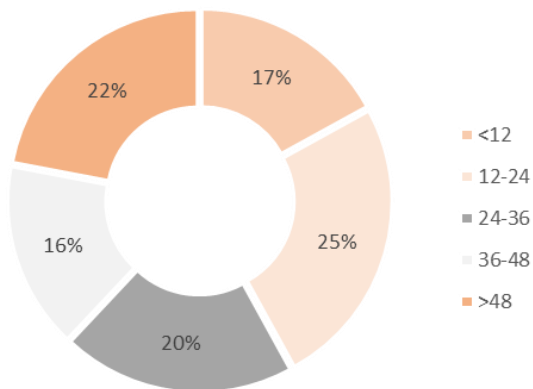
NAV Stratification by Investment Structure⁽¹⁾



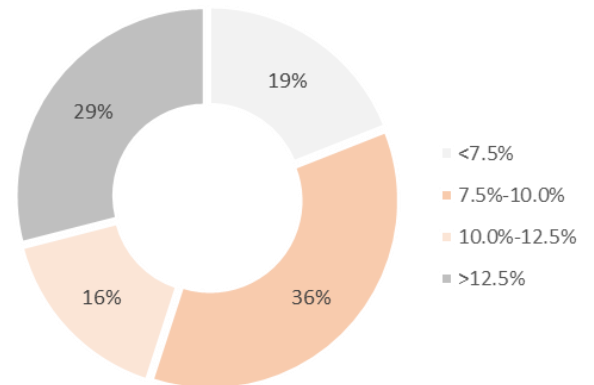
NAV Stratification by Sector⁽²⁾



Loan Book Stratification by Remaining Term⁽³⁾



Loan Book Stratification by Yield⁽⁴⁾



⁽¹⁾ Continuing NAV excluding working capital and debt, stratified by structure

⁽²⁾ Continuing NAV excluding working capital and debt, 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

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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% 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% | 27.94% |
| | 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% | 0.43% | | | | | | | | | | | 0.93% | |
| Share Price Performance² | 2014 | | | | | 7.25% | 0.37% | (0.19%) | 0.05% | (0.93%) | 1.41% | 9.26% | 18.00% | | |
| | 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% | (13.40%) |
| | 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%) | 0.24% | 3.49% | |
| | 2020 | 0.48% | 3.84% | | | | | | | | | | | 4.34% | |
| 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

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.

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I 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.

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.

I 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.

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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

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