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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

7 August 2020

Pollen Street Secured Lending plc ("PSSL" or the "Company")

Update on investment manager selection process, possible cash offer and merger proposal

Investment manager selection process

As announced on 25 February 2020, the Board of PSSL has served 12 months' notice on the Investment Manager (PSC Credit Holdings LLP) to terminate the Investment Management Agreement. The Board has progressed discussions with a number of well-qualified potential replacement investment managers and expects to make an announcement regarding the preferred successor very shortly, on terms which are expected to provide significantly lower management and performance fees for PSSL.

Possible cash offer by Waterfall Asset Management, LLC ("Waterfall")

The Board continues to seek to progress the possible cash offer from Waterfall and continues to believe that it would be in the best interests of shareholders to bring it to the point where it can be formally considered. Shareholders are reminded that in accordance with Rule 2.4(c) of the City Code on Takeovers and Mergers (the "Code"), Waterfall is required, pursuant to Rule 2.6(a) of the Code, by 5:00 p.m. on 11 August 2020 (the "relevant deadline"), to either (i) announce a firm intention to make an offer for PSSL in accordance with Rule 2.7 of the Code or (ii) announce that it does not intend to make an offer for PSSL. A further announcement will therefore be made by 5.00 p.m. on Tuesday 11 August 2020.

Merger proposal by Honeycomb Investment Trust plc ("HIT")

The Board of PSSL notes the announcement released yesterday evening by HIT regarding a possible merger. This announcement constitutes the fourth proposal received from HIT in recent weeks and the Board notes that it differs from the most recent written proposal which it received on 29 July 2020 and was in the process of considering.

The Board continues to believe that a recommendable cash offer from Waterfall would represent the best outcome for shareholders and it does not believe the latest proposal from HIT, which equates to a see-through price of 711.8 pence per PSSL ordinary share (representing a discount of 5.1 per cent to the closing mid-market price of 750 pence per PSSL ordinary share on 6 August 2020 and of 25 per cent to PSSL's published NAV per share (cum income) of 948.5p on 30 June 2020), compares favourably in value terms. Accordingly it also does not believe that the latest HIT proposal is likely to command sufficient support from PSSL shareholders.

The Board further notes that the previous proposals received from HIT included specific information in relation to the proposed structure of the transaction and the price and quantum of a partial cash alternative which were not included in HIT's announcement. Over the course of three written proposals made to PSSL in recent weeks, HIT had improved the partial cash alternative but not to a level at which the Board believes the overall proposal either compared favourably with the proposal received from Waterfall or was likely to command sufficient support from PSSL shareholders.

The Board notes that PSSL's investment manager (PSC Credit Holdings LLP) and HIT's investment manager (Pollen Street Capital Limited) are both part of the Pollen Street Capital group.

Potential change of investment policy

As previously announced, in the event that a recommended offer is not completed, the Board is likely to recommend a change of investment policy to provide for an orderly run-off of the Company's portfolio and return of capital to shareholders. Any change to the Company's investment policy will be subject to shareholder approval.

Simon King, Chairman of PSSL, commented:

"The Board is seeking to manage a complex situation in the best interests of shareholders and wishes to provide as much information and transparency as possible during this process.

The Board continues to believe that a recommendable cash offer from Waterfall would represent the best outcome for shareholders and it does not believe the current approach from HIT compares favourably in value terms.

Putting in place a well-qualified new investment manager at a reduced cost level will also leave the Company well positioned to effect an orderly run-off, which we believe will optimise value for shareholders if an offer for the Company is not completed."

This announcement has been made without the consent of HIT.

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available on PSSL's website (www.pollenstreetsecuredlending.com/investor-announcements).

The Company remains in an "Offer Period" as defined in the Code. Accordingly, the dealing disclosure requirements listed below will apply.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No.596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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Disclaimer

Smith Square Partners LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for PSSL and for no one else in connection with the possible offer and will not be responsible to anyone other than PSSL for providing the protections afforded to its clients or for providing advice in connection with the possible offer referred to in this announcement.

Liberum Capital Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for PSSL and for no one else in connection with the possible offer and will not be responsible to anyone other than PSSL for providing the protections afforded to its clients or for providing advice in connection with the possible offer referred to in this announcement.

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 2.9 disclosure

In accordance with Rule 2.9 of the Code, PSSL confirms that as at the close of business on 6 August 2020 its issued share capital consisted of 73,756,856 ordinary shares of £0.01 each (excluding shares held in treasury). The International Securities Identification Number for PSSL's ordinary shares is GB00BLP57Y95.

LEI number

PSSL's LEI number is 213800P4S1KTTPIB9T76.

Publication of this announcement

A copy of this announcement will be made available subject to certain restrictions relating to persons resident in restricted jurisdictions on the Company's website no later than 12 noon on 10 August 2020 (www.pollenstreetsecuredlending.com/investor-announcements).

The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Appendix: sources and bases

Closing mid-market price per HIT share on 6 August 2020: 762.5 pence (Fidessa)

Closing mid-market price per PSSL share on 6 August 2020: 750 pence (Fidessa)

PSSL reported NAV per share (cum income) on 30 June 2020: 948.5 pence (RNS announcement 4 August 2020)

Calculation of HIT proposal see-through price of 711.8 pence per PSSL ordinary share: 0.9335 exchange ratio as set out in HIT RNS announcement dated 6 August 2020 * 762.5 pence closing mid-market price per HIT share on 6 August 2020