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**THIS ANNOUNCEMENT DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE.**

14 August 2020

For immediate release

**Update Regarding a Possible Combination of Honeycomb Investment Trust plc ("HIT") and Pollen Street Secured Lending plc ("PSSL")**

HIT wishes to provide an update regarding the potential combination of HIT and PSSL (together the "Enlarged Group"), following the announcement made on 6 August 2020.

HIT remains convinced of the strategic rationale of combining both companies to create the leading UK specialty finance investment trust. HIT believes that the proposed merger on a Net Asset Value ("NAV") for NAV basis (the "Possible Merger"), resulting in an exchange ratio of 0.9335 new HIT ordinary shares in exchange for each PSSL ordinary share, provides significant value creation potential for both sets of shareholders, providing an opportunity for both sets of shareholders to realise NAV over time in more normalised markets. However, recognising that certain PSSL shareholders may have a preference for upfront liquidity, HIT will provide an attractive liquidity opportunity following completion of the merger.

As previously stated, HIT would seek to operate an active discount management policy as well as proactively seeking to manage any investor specific liquidity demands. HIT is in active consultation with PSSL shareholders regarding the terms of the active discount management policy for the Enlarged Group. Following completion of the combination, the liquid assets of the Enlarged Group will be utilised to maximise total shareholder returns which will include, inter alia, significant periodic returns of capital to shareholders via the use of selective share buybacks and/or tender offers as well as potential strategic placements with new investors. HIT's commitment to a value accretive active share price discount management strategy was highlighted most recently by the share buyback announced on 10 August 2020.

Following completion of the combination, HIT will conduct a £200 million buyback via a tender offer structure to recognise the desire of certain investors to realise cash. The price will be struck at an attractive premium to the prevailing trading levels, at a price no lower than 10 per cent discount to the NAV per share of the Enlarged Group.

The pro forma borrowings of the Enlarged Group will leave sufficient headroom relative to the current leverage targets of HIT and PSSL.

HIT has consulted with certain of its largest shareholders who have indicated they are, in principle, supportive of the Possible Merger. These investors also hold shares representing, in aggregate, 30.7 per cent of the PSSL total number of outstanding shares<sup>1</sup>.

**Other matters**

This announcement does not constitute an announcement of a firm intention to make an offer under Rule 2.7 of the Code. Any offer will be made solely by formal offer documentation, which will set out the full terms and conditions of any offer. There can be no certainty that any offer will ultimately be made.

In accordance with Rule 2.6(a) of the Code, HIT is required, by no later than 5.00pm on 3 September 2020, either to announce a firm intention to make an offer for PSSL in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer, in which case the announcement will be

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<sup>1</sup> Supportive shareholders comprise: Quilter Investors Limited (14,603,993 shares), Standard Life Aberdeen plc (4,740,501 shares), Thesis Asset Management Limited (1,669,314 shares) and AXA Investment Managers (1,640,000 shares)

treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Takeover Panel in accordance with Rule 2.6(c) of the Code.

Pursuant to Rule 2.5 of the Code, HIT reserves the right to:

1. Amend the terms of any offer (including making an offer on less favourable terms than those set out in this announcement):
  - a. with the agreement or recommendation of the board of PSSL;
  - b. if a third party announces a firm intention to make an offer for PSSL which, at that date, is of a value less than the value implied by the Possible Merger;
  - c. following an announcement by PSSL of a whitewash transaction pursuant to the Code; or
  - d. to take account of the value of any dividend or other distribution which is announced, declared, made or paid by PSSL or HIT after the date of this announcement, other than the dividends, if any:
    - i. declared by PSSL in respect of the three month period to 30 June 2020, provided that such dividend does not exceed 12.0 pence per PSSL ordinary share in aggregate and is covered by income for the period;
    - ii. declared by PSSL in respect of the three month period to 30 September 2020, provided that such dividend does not exceed 12.0 pence per PSSL ordinary share in aggregate and is covered by income for the period;
    - iii. declared by HIT in respect of the three month period to 30 June 2020, provided that such dividend does not exceed 20.0 pence per HIT ordinary share in aggregate; and/or
    - iv. declared by HIT in respect of the three month period to 30 September 2020, provided that such dividend does not exceed 20.0 pence per HIT ordinary share in aggregate.
2. Vary the form of consideration as set out above and/or introduce other forms of consideration such as cash in substitution for all or part of the share consideration.

A further announcement will be made in due course.

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#### **Disclaimer**

Goldman Sachs International, which is authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and the Financial Conduct Authority ("FCA") in the United Kingdom, is acting exclusively for HIT and for no one else in connection with the possible offer and will not be responsible to anyone other than HIT for providing the protections afforded to its clients or for providing advice in relation to the possible offer, the contents of this announcement or any other matters referred to in this announcement.

Jefferies which is authorised and regulated in the UK by the FCA, is acting exclusively as financial adviser to HIT and no one else in connection with the possible offer and shall not be responsible to anyone other than HIT for providing the protections afforded to clients of Jefferies nor for providing

advice in connection with the possible offer or any matter referred to herein. Neither Jefferies, nor any of its affiliates, subsidiaries or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person other than HIT in connection with this Announcement, any statement contained herein or otherwise.

### **Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent 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 per cent 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](http://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 Takeover 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.

### **Publication of this announcement**

A copy of this announcement will be available on HIT's website at <https://www.honeycombpplc.com/announcements>. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

### **Cautionary note regarding forward-looking statements**

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Enlarged Group and certain plans and objectives of HIT with respect thereto. These forward-looking statements can be identified by the fact that they do not relate

only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aims”, “continue”, “will”, “may”, “should”, “would”, “could”, or other words of similar meaning. These statements are based on assumptions and assessments made by HIT in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and actual results and developments could differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. HIT does not assume any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

### **Additional information**

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.