



Honeycomb Investment Trust

Specialist Lending Credit

Managed by Pollen Street Capital Limited (“PSC”)

Analyst Presentation
29 April 2019

Honeycomb Investment Trust

Consistently delivering stable, attractive performance

Strong performance delivered again in 2018

- **8.43%** 2018 NAV return¹
- **25.12%** Inception to Date NAV return¹
- 8.00% Dividend yield
- Share price consistently trading on 10%+ premium

Strategy remains unchanged

- Portfolio of assets continues to deliver attractive returns with a focus on asset secured lending
- 12 new origination deals added
- Strong organic growth continues with £429m new loans originated in 2018

Looking ahead

- 2018 strong performance delivered
- Robust, diversified pipeline in place to support re-investment
- Continued focus on delivering top quality performance in line with current performance

1. Calculated as NAV (Cum Income) at the end of the period, plus dividends declared during the period, divided by NAV (Cum Income) calculated on a per share basis at the start of the period

About Pollen Street Capital

Investment manager dedicated to Financial Services

An Established Independent Asset Manager

- Manage **£2.7bn** in credit and private equity strategies for leading pension funds, insurance companies and asset managers
- **Led by the five founding partners**, with an average of 21 years' experience, **investing together for 14 years¹**
- Founded in 2013, **c.80+ employees** in London headquarters and NYC office

Demonstrable Strong Track Record

- In credit, we manage Honeycomb Investment Trust and P2PGI
- We have invested **£1.6bn across 75 deals in the last 3 years**, delivering attractive returns from typically senior secured exposures
- By targeting harder to access markets, we have delivered compelling returns from sector specialism and proprietary deal flow, not increased risk

Sector specialism drives superior performance

- One of the **most experienced specialty finance teams in the market**, these long-term industry relationships enable diverse and differentiated deal flow
- Established a number of leading non-bank and challenger lenders (**Shawbrook, Arrow, Sistema**) and service providers to the non-bank lending market (**Freedom Finance, Target Group**)
- Proprietary PSC Network provides access to high-quality origination, with the **majority of investments sourced internally and negotiated bi-laterally**

1. Including its predecessors RBS Equity Finance

About Honeycomb

Asset-secured direct lending to specialty finance sector

Asset-secured direct lending

- We lend to the **specialty finance sector** and structure our investments with **asset security** and strong downside protection
- The sector is **highly fragmented with high barriers to entry** and therefore not well served by generalist credit asset managers
- **Our strong specialism expertise** gives us the **sourcing, structuring and monitoring model edge** to obtain premium returns while minimizing relative risk in each investment

Premium returns with low risk

- **Exposure is typically secured** with first loss protection and/or asset security collateral, providing strong downside protection
- We identify specialty finance firms who are **targeting parts of the market which are not competing with banks' lending activities**, and who focus on delivering a business model **driven by performance, not scale**
- Limited competition in the market means pricing and terms remain attractive

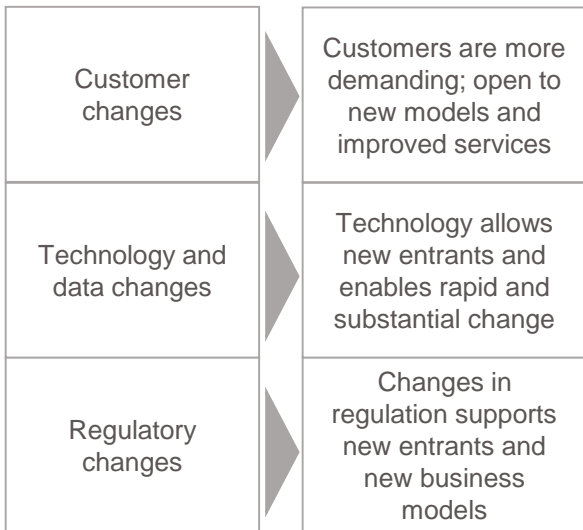
Sustainable, scalable investment strategy

- We review over **£3bn opportunities annually and deploy c.£150m per quarter¹**
- **Current investment pipeline in excess of c.£500m¹**
- We believe that the shift from traditional banks to the specialty finance sector is a **structural trend**, supporting a sustainable pipeline of investment opportunities

1. Across all PSC strategies.

High conviction market opportunity

Structural changes are driving growth...



...resulting in a vast and fragmented specialty lending market

<p>UK</p> <p>£330 billion is Unpaid Principal Balance¹ 1,340 is FCA registered companies & non-bank lenders²</p>
<p>US</p> <p>\$3 trillion is Unpaid Principal Balance³ 58% of lending is non-bank⁴</p>
<p>Global</p> <p>c.3,330 new non-bank firms have been founded globally⁵</p>

1. Source: Bank of England, E&Y, Financing & Leasing Association and PSC Internal estimates
 2. Source: FCA registered companies, FLA members and EY bridging market survey
 3. Source: PSC Internal Estimates based on a number of market sources
 4. Goldman Sachs equity research 2015
 5. Goldman Sachs & E&Y

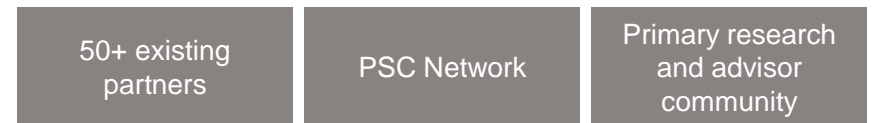
The PSC Origination Edge



- PSC sources deal flow across Europe, US and Australia
- 50 existing partners provide ongoing flow of opportunities – PSC leveraging 500+ business development managers
- Proprietary deals come through the PSC network of industry professionals as well as advisers presenting new deals



- Consistent deal flow with predictable draw downs and completions



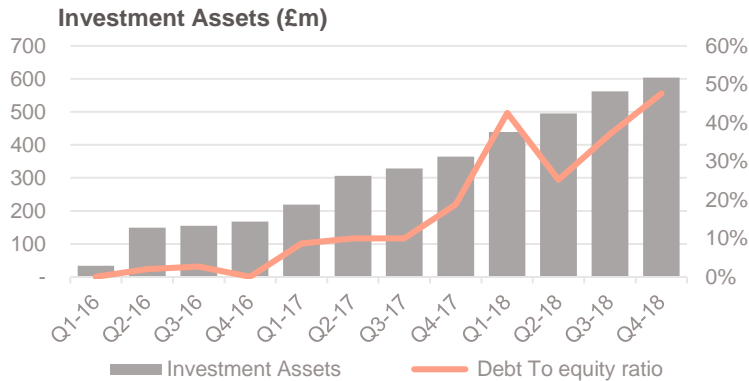
£3.0bn new opportunities in 2018¹

£150m+ completions per quarter¹

1. Across all PSC strategies.

Honeycomb 2018 Financial Highlights

Targets delivered with opportunities for further growth

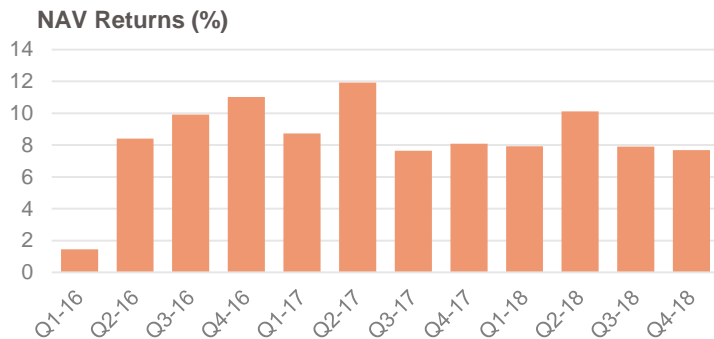


Strong growth in investment assets

- ✓ Investment assets increased by 66% to £603m in 2018
- ✓ 12 new deals completed in 2018
- ✓ 78% of the portfolio has structural or seasoning protection

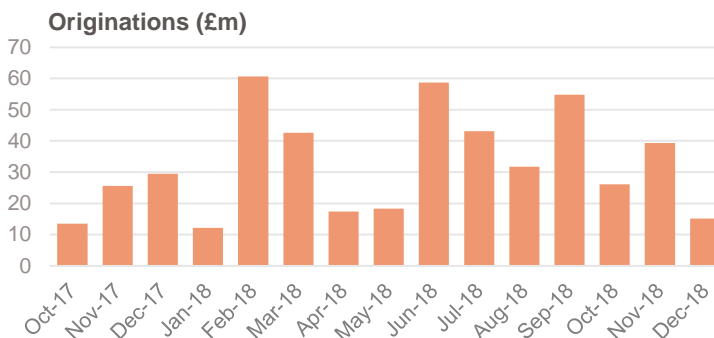
Delivered target returns

- ✓ NAV return for 2018 of 8.43%¹
- ✓ Dividend yield of 8.0%
- ✓ Reiterate dividend target



Fully invested equity and achieved target debt levels

- ✓ 48% debt to equity
- ✓ £200m facility



Robust pipeline and significant growth opportunities

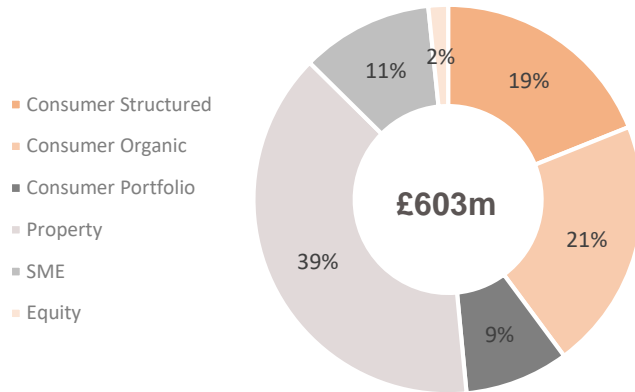
- ✓ Pipeline of £500m
- ✓ Significant opportunity to continue to grow with our clients as well on boarding new partners
- ✓ Market opportunity estimated at £300bn+

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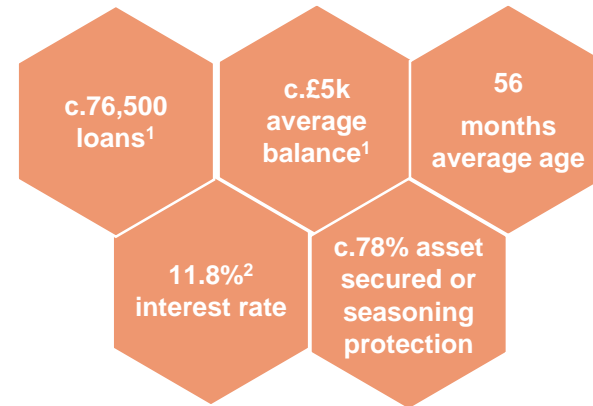
Honeycomb Portfolio Overview

Granular Portfolio with Strong Performance

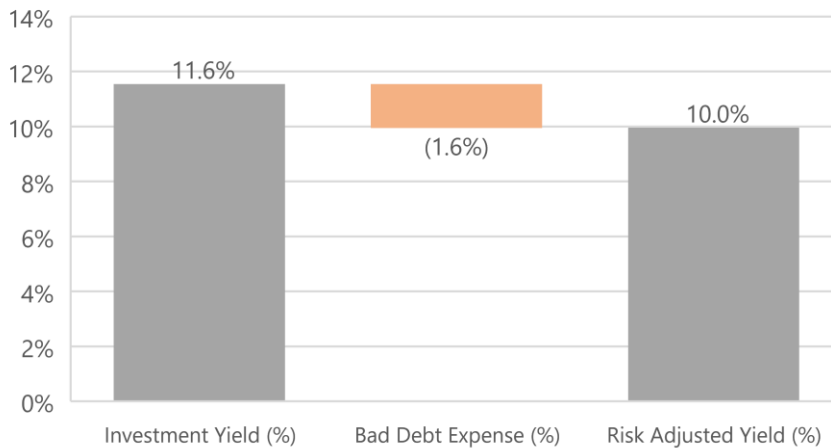
Investment Asset Split by Sector



Key Statistics



Returns Bridge³



- Well diversified portfolio
- Majority of portfolio benefits from either downside protection or seasoning driving low loss given defaults
 - c.78% asset secured or seasoning
 - Average LTV on Property less than 70%
- Strong yields and low bad debts driving attractive loan returns
- Stable cash flows

1. Excluding structured facilities

2. Excludes equity positions

3. Income yield calculated as year to date income over average credit assets over the year annualised. Bad debt expense is calculated as year to date impairments excluding IFRS 9 Stage 1 over average credit assets over the year annualised.

Past Performance is not indicative of future results.

Honeycomb Top 5 deals

Deal	Description	Sector	Effective advance rate ¹ (%)	Value of holding (£m)	Percentage of assets (%)
1 Creditfix Limited	Senior secured loan against pool of consumer receivables	Consumer	43	41.1	7.00
2 D&B Finance Limited	Senior secured loans against pool of real estate loans	Real estate	58	27.5	4.69
3 Madison CF UK Limited	Senior secured loans against pool of consumer receivables	Consumer	57	23.0	3.91
4 Sancus Loans Limited	Senior secured loans against pool of real estate loans	Real estate	51	22.9	3.91
5 IWOCA Limited	Senior secured loans against SME receivables	SME	69	19.7	3.25

1. As at 31 December 2018 effective advance rate calculated as outstanding loan balance divided by total collateral value. Please note this excludes any goodwill attributable to the companies we have security over.

Summary

Consistently delivering stable, attractive performance

- Strong performance delivered again in 2018
- Portfolio of assets continues to deliver attractive returns with a focus on asset secured lending
- Robust, diversified forward opportunity pipeline

Questions?

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