

Honeycomb Investment Trust Specialist Lending Credit

Managed by Pollen Street Capital Limited (“PSC”)

Interim Results 2019

Honeycomb Investment Trust

Consistently delivering stable, attractive performance

Strong performance delivered again in 2019

- 7.9% per annum NAV return¹ in Q2
- 29.0% Inception to date NAV return
- 8.0% Dividend yield
- Consistently trades at a premium

Strategy remains unchanged

- Portfolio of assets continues to deliver attractive returns with a focus on asset secured lending
- Bad debts remain low in the portfolio with high coverage from gross yield
- 5 new deals YTD

Looking ahead

- Equity capital fully invested with debt to equity ratio at 45%
- New debt facility closed in August 2019
- Portfolio well positioned with a focus on asset secured opportunities
- Robust, diversified pipeline supporting selective new deployment

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 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 we believe is not well served by generalist credit asset managers
- **Our sector specialism** gives us the **expertise, access and monitoring edge** to obtain premium returns while minimizing relative risk in each investment

Premium returns with low risk

- 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**
- **Exposure is typically secured** with first loss protection and/or asset security collateral, providing strong downside protection
- Limited competition in the market means **pricing** and **terms** remain **attractive**

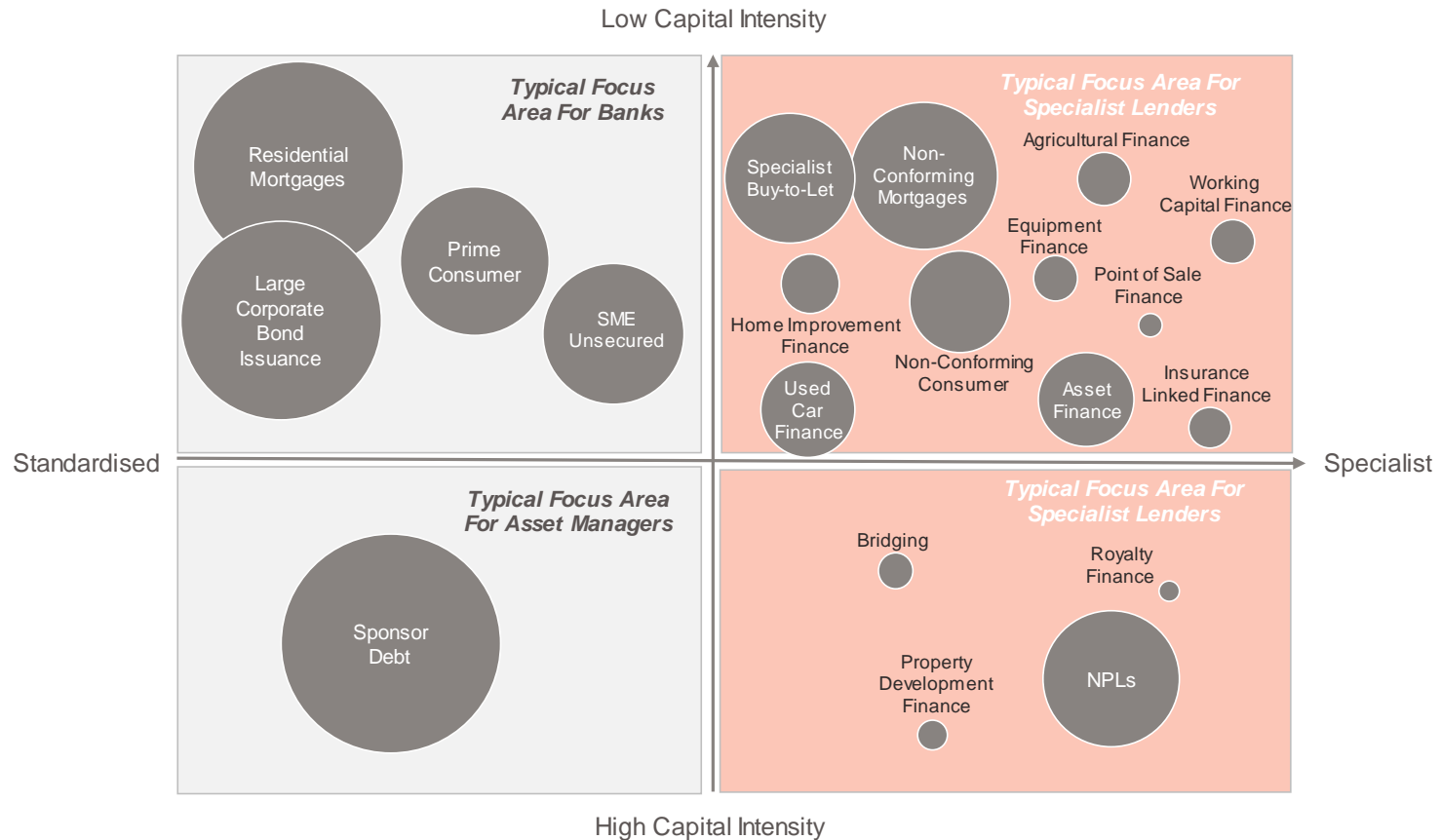
Sustainable, scalable investment strategy

- We review over **£3bn opportunities annually and deploy c.£150m per quarter¹**
- **Current investment pipeline in excess of c.£1bn¹**
- 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.

Attractive market opportunity

Well established and growing markets which have had limited institutional focus



£330 billion

Unpaid Principal Balance¹

1,340

FCA registered companies and non bank lenders²

3,330

New non bank lenders founded globally³

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. Goldman Sachs & E&Y

4. Loan origination volumes sourced from the Office of Nation Statistics, Finance & Leasing Association, British Business Bank SME Report 2019, Apex, Close Brothers, Deloitte and EY.
 5. Diagram is intended to show indicative proportional relationships and is informed by Pollen Street Capital industry experience.

PSC structures aims to deliver the best value risk adjusted return

Focusing on downside protection and low volatility assets

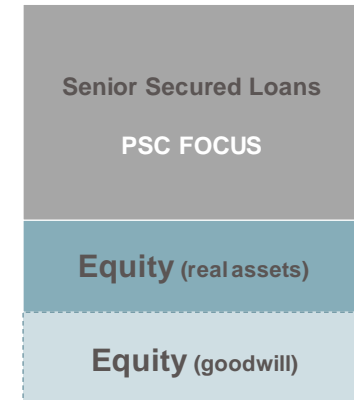
Structured: Direct lending to specialist lenders

- Typically senior secured loans to specialty finance companies
- The security on our investment comprises the assets originated by the specialty finance company
- The company provides the 'first loss' in the form of 'real capital' whilst we are providing the senior capital
- Corporate guarantees also typically taken

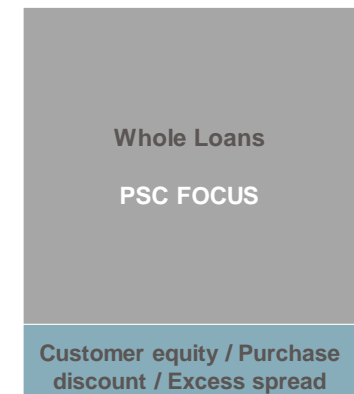
Whole Loan: Purchase of portfolios of whole loans

- Portfolios can be sourced from established relationships and network
- There is limited competition for portfolios of less than £100m
- Often property backed with 'first loss' provided by the underlying customer
- Seasoned assets typically provide stable cash flows

Structured: Capital Structure¹



Whole Loan: Capital Structure¹



1. Example of typical structures

Disciplined Investment Model

Combining the best disciplines of ABS and Direct Lending



Asset Security

- Foundation upon which each deal is built whereby assets generate the cash to repay principal and interest

Structural Protections

- First loss equity provided by the borrower providing equity cushion in a downside scenario

Robust and Comprehensive Covenants

- Cover the performance of the assets and the borrower group

Control and Active Management

- Extensive operating and work-out capability within PSC enables early action

Alignment of Interest

- First loss equity and / or back ended performance fees drive alignment of interest with the borrowers

PSC Origination Edge

One of the largest dedicated teams in Europe

Founding Partner team



13 years experience working together

- Market not well served by institutional capital
- Premium obtained for finding and structuring transactions

Investment Team Howard Garland Partner William Cumming Partner Michael Katramados Head of Structured Lending James Scotcher Portfolio Director				Investor Relations Amy Ward Partner +2	Legal & Compliance Chris Palmer General Counsel +6	The Hub 4
 Regi Athwal Investment Director Peter Madouros Investment Director Mo Gong Investment Director Ben Jackson Investment Manager +6				Operations and Support⁽¹⁾ Steve Plowman COO +36	Private Equity 7	PSC Expert Network 60+

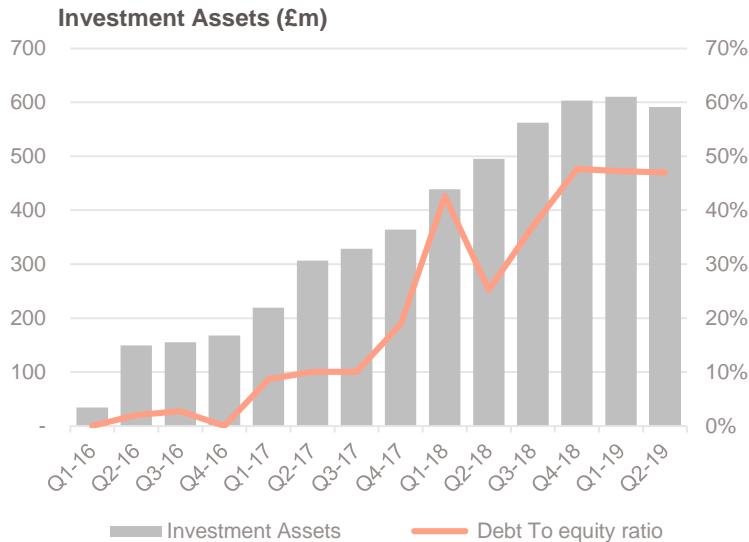
- PSC has one of the largest teams dedicated to the specialty finance space
- Majority of deals executed on a proprietary basis
- £3bn of new opportunities reviewed in 2018 with £150m+ completed per quarter

Information as of 5 July 2019.
 (1) Includes contractors.

Honeycomb Financial Highlights

Honeycomb Financial Highlights

Targets achieved with opportunities for further growth



Strong growth in investment assets since inception

- ✓ 5 new deals completed in 2019 YTD

Delivered target returns

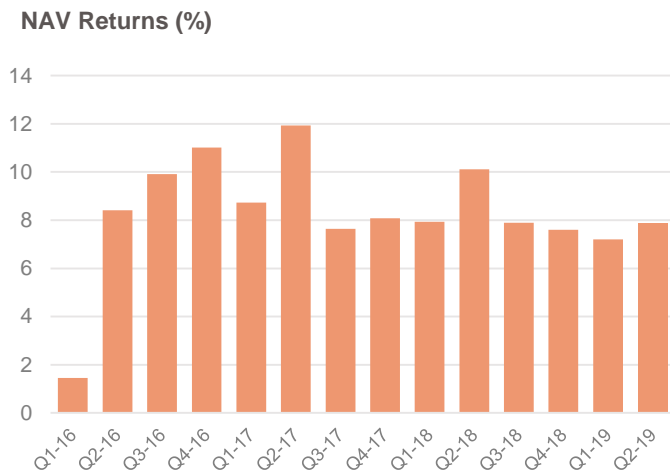
- ✓ Q2 2019 NAV return¹ was 7.9% annualised
- ✓ Dividend yield of 8.0% per annum
- ✓ Reiterate dividend target

Fully invested equity and additional debt facility

- ✓ New £82m debt facility closed in August 2019
- ✓ The facility increases fund capacity at a reduced cost and diversifies the funding base

Robust pipeline and significant growth opportunities

- ✓ Pipeline of £1bn
- ✓ Significant opportunity to continue to grow with our clients as well on boarding new partners
- ✓ Large market opportunity

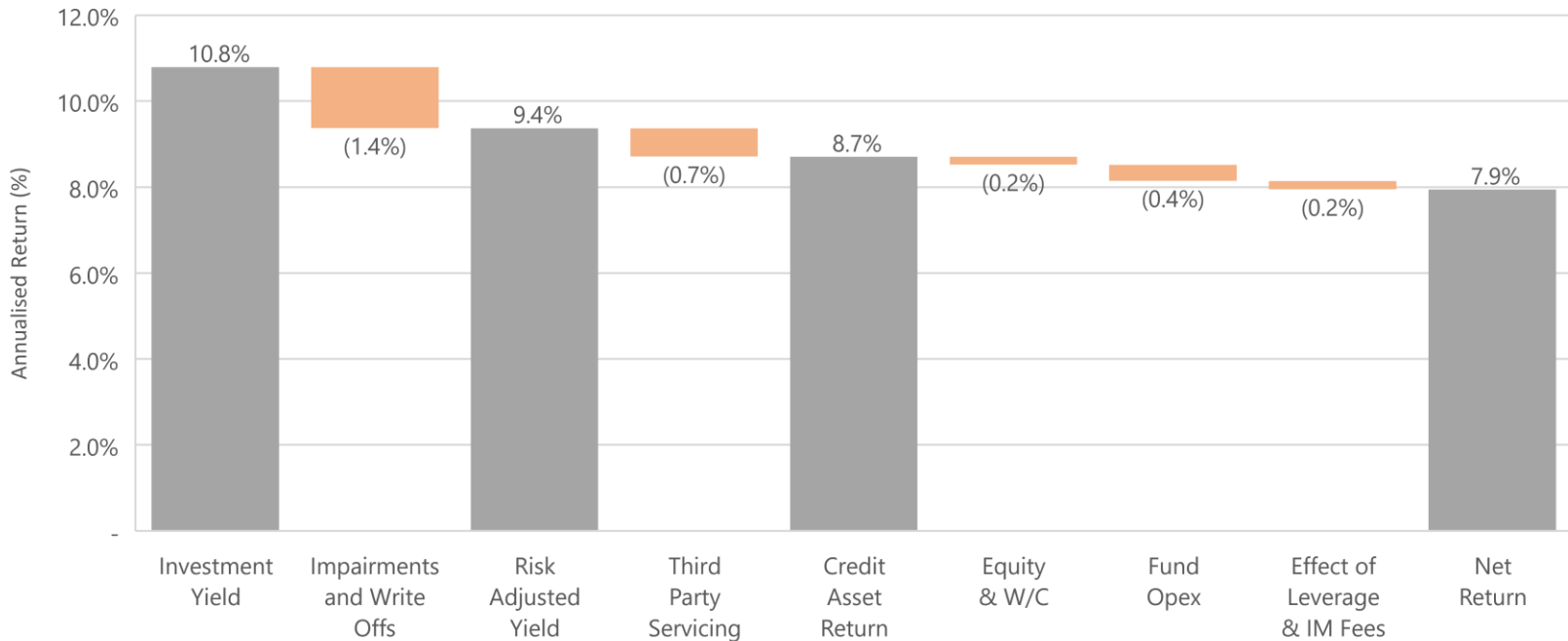


1. Calculated as NAV (Cum Income) at the end of the period, plus dividends declared during the period, divided by NAV (Cum Income) calculated on a per share basis at the start of the period

Honeycomb Portfolio Overview

Strong and Stable Returns

Q2 Returns Bridge¹



¹ Notes

- Investment Yield calculated as interest income less amortised acquisition costs over opening credit assets, annualised
- Impairments and Write Offs calculated as impairments, including stages 1, 2 & 3, over opening credit assets annualised
- Third Party Servicing calculated as servicing costs over opening credit assets, annualised
- Equity & W/C shows the effect on returns of NAV consumed by Equity Assets and working capital, annualised
- Fund Opex includes the effect of administrator, depository, audit, custodian and other general fund expenses, annualised
- Effect of Leverage and IM fees includes the effect of the fund's leverage facilities as well as management and performance fees
- Net Return calculated as NAV (Cum Income) at the end of the period, plus dividends declared during the period, divided by NAV (Cum Income) at the start of the period, all calculated on a per share basis.
This is equivalent to the net of the above

Past Performance is not indicative of future results.

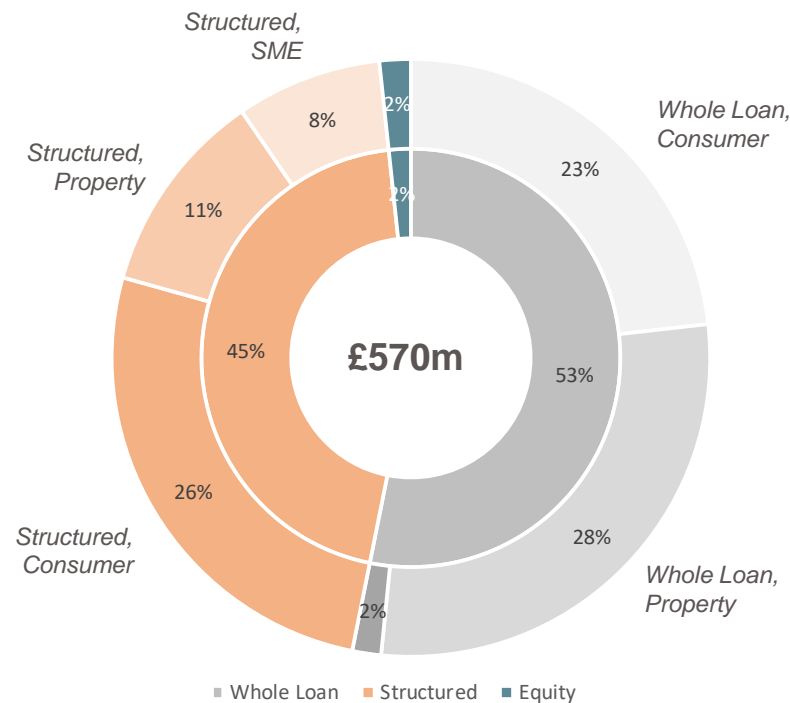
Honeycomb Portfolio Overview

Well Diversified Portfolio with Downside Protection

Structured

- 22 facilities
- Average balance outstanding per facility £14.6m
- Average advance rate 66%²
- Typically 10 covenants per deal³
- Supported by over 400,000 underlying loans and receivables³

Investment Assets by Structure and Sector¹



Whole Loan

- 20 deals
- Average balance outstanding per relationship c.£15m³
- Supported by granular underlying portfolio of loans and receivables
- 53% of whole loans are secured on property, average LTV c70%
- 43% are consumer unsecured
- Secured loans are the focus for new deals

1. Position as at Q2 2019, chart includes 2 bond positions within Structured

2. Position as at Q2 2019, calculated as the ratio of drawn balance to total ultimate collateral value, simple average across all facilities

3. Position as at Q2 2019

Past Performance is not indicative of future results.

Case Studies - Structured



The Market

- UK residential development and bridging loans are not well served by high street banks.
- There is a need for an efficient lending process with bespoke underwriting

The Partner

- Company founders have 30+ year history in property development & construction.
- Ability to underwrite to a high standard, manage the developers closely and step into unfinished projects.
- Established in 2016, originated £60m+ of loans with no losses to date.

Key Statistics ¹	
Facility:	Senior Secured
Industry	Property backed loans
Facility Size	£32.5m
Effective advance rate	56%
Sourcing	Direct

1. As at June 2019. Effective advance rate calculated as outstanding loan balance divided by total collateral value. This excludes any goodwill attributable to the companies we have security over but includes customer first loss equity as well as borrower equity.



The Market

- SMEs are notoriously under-served by traditional banks
- New technology and data mean specialists are able to source and underwrite effectively

The Partner

- The company has identified a gap providing short term working capital loans.
- Developed proprietary scoring model, overlaid with manual underwriting, has demonstrated strong ability to price for risk.
- In 2018 raised equity on £250m valuation.
- Lent over £850m to more than 27,000 customers.

Key Statistics ¹	
Facility:	Senior Secured
Industry	SME
Facility Size	£20m (total syndicate £110m)
Effective advance rate	70%
Sourcing	Direct

Case Studies – Whole Loan

Second Charge Mortgages

The Transaction

- Acquisition of granular pool of second charge mortgages at a net purchase price of c.£18m, reflecting 97% of outstanding principal balance.
- Follows successful acquisition of GE portfolio in 2016.
- Mortgages originated between 2006-2007 therefore underlying loans were highly seasoned.
- Combination of contractual interest rate and discount driving attractive returns.
- First and second lien mortgages with average LTV of 67% at purchase.
- Strong relationship with incumbent servicer.

Commercial Mortgages

The Transaction

- Acquisition of two portfolios of commercial mortgages secured against mixed use properties at a net purchase price of c.£41m, reflecting 77% of outstanding principal balance.
- Mortgages originated between 2004 and 2007 therefore underlying loans were highly seasoned first charge UK mortgages.
- Floating contractual yield of 4.9% at purchase.
- Honeycomb return enhanced through purchase price discount.
- All mortgages senior secured with average LTV of 86% at purchase.
- Strong relationship with incumbent servicer.

Key Statistics

Date of transaction	July 2017
Portfolio size	£19m
Number of loans	647
Average balance	£29k
LTV (excluding purchase discount)	67%
Current portfolio balance	£12m

Note: LTVs as at the data tape cut off date (Feb-17). All other data as at date of transaction. Current portfolio balance as at July-19

Key Statistics

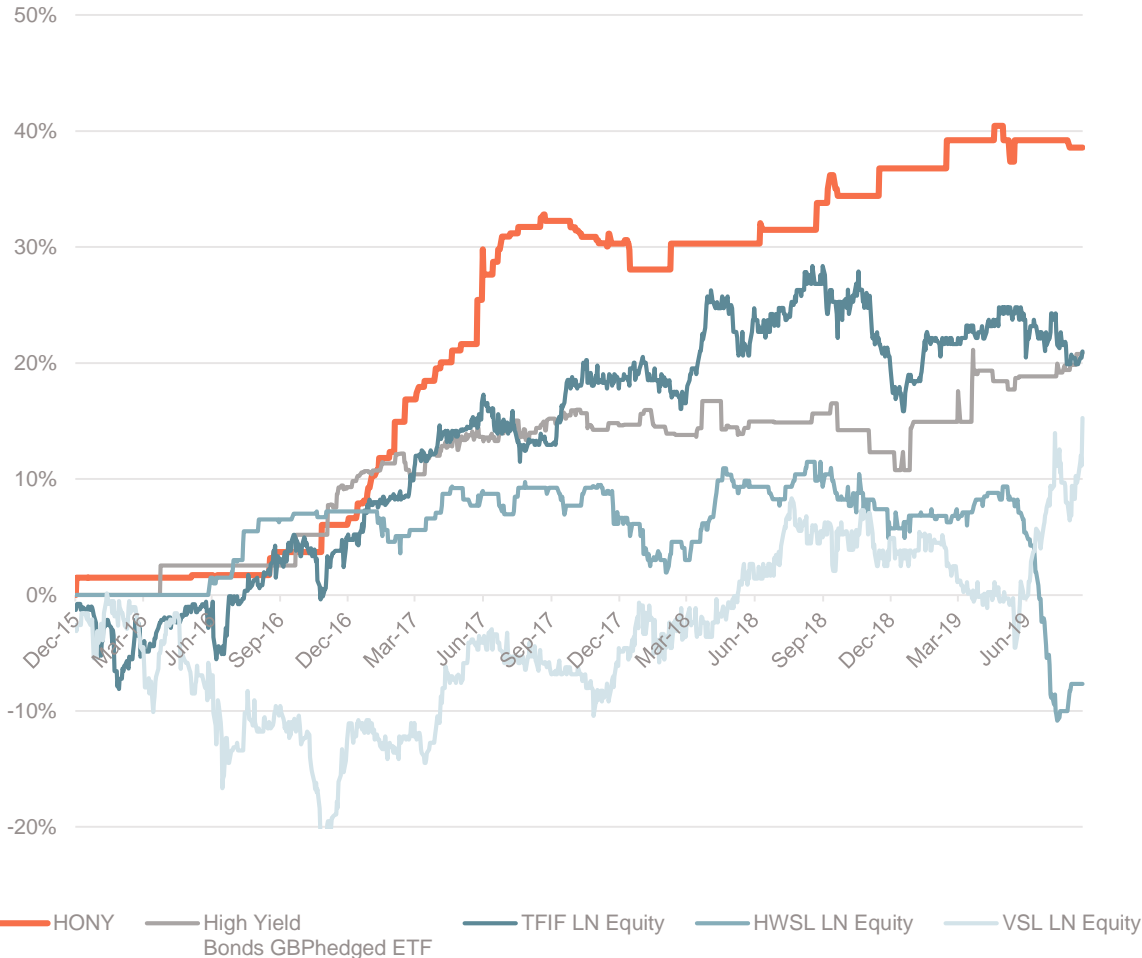
Date of transactions	Feb-18 / Jul-18
Portfolio size	£53m
Number of loans	385
Average balance	£139k
LTV (excluding purchase discount)	86%
Current portfolio balance	£42m

Note: LTVs and number of loans as at the data tape cut off date. Balance and purchase price as at date of transaction. Current portfolio balance as at Jul-19

Total Shareholder Return

Outperformance since inception

Total Shareholder Return vs High Yield Bond Index and Peers



Consistent returns since inception

- ✓ Fund has delivered on its investment goals
- ✓ Leading to significant outperformance of peers and index of high yield bonds¹
- ✓ Low volatility
- ✓ This track record shows the investment strategy is delivering

1. Ticker GHYSLN

Summary and Outlook

Consistently delivering stable, attractive performance

- Continued strong performance in 2019
- Portfolio of assets continues to deliver attractive returns with a focus on asset secured lending
- Strong diversified pipeline and large market opportunity continues

Questions

Appendix

About Pollen Street Capital

Investment manager dedicated to Financial Services

An Established Independent Asset Manager

- Manage **£2.6bn¹** 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 years²**
- Founded in 2013, **76 employees³** in London headquarters and NYC office

Demonstrable Strong Track Record

- In credit, we manage P2PGI and Honeycomb Investment Trust
- We have invested **£2.0bn across 66 deals in the last 3.5 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. Defined as the total statutory assets for Honeycomb Investment Trust plc and P2P Global Investments plc, and fund commitments or residual asset value for the private equity funds. As at 30 June 2019.

2. Including its predecessors RBS Equity Finance

3. As at 5 July 2019

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