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02 March 2022

Capital Markets Day

As previously communicated, Honeycomb and Pollen Street will host a Capital Markets Day today at 10:30am GMT. A presentation will be published on the website ahead of the start.

Honeycomb Investment Trust plc

Honeycomb Investment Trust plc (the “Company” or “Honeycomb”) announces that the Investment Manager’s monthly factsheet for 31 January 2022 is now available on its website at <http://www.honeycombplc.com>.

Net Asset Value per Share

The Company announces that its unaudited Net Asset Value (“NAV”) per share as at 31 January 2022 on a cum-income basis was 1,026.1 pence, based on a NAV of £361.8 million, and on an ex-income basis was 1,019.1 pence, based on a NAV of £359.3 million. The NAVs have been calculated by Apex Fund Services (UK) Ltd.

Honeycomb delivered a NAV return of 0.69% for the month, which is equivalent to 8.1% per annum.

NAV return was driven by strong risk adjusted yield of 9.1%. Net Investment Assets reduced in the month (£615m in December, to £579m in January) driven predominately by the repayment of a £30m structured facility as the business was acquired by a bank.

Comment from the Chairman

Combination with Pollen Street

On 15 February 2022, the board of Honeycomb announced that it has reached agreement on the terms of a recommended all share combination with Pollen Street Capital Holdings Limited, the parent company of the investment manager. Under the terms of the agreement, Honeycomb will acquire the entire issued share capital of Pollen Street Capital Holdings Limited in exchange for shares in the combined group such that the Honeycomb and Pollen Street businesses will be combined into a premium listed entity, owned by the shareholders of Honeycomb and Pollen Street. The combination is conditional on shareholder and regulatory approval. At announcement, shareholders representing c.56% of Honeycomb’s issued share capital have given their support for the transaction.

As shareholders know, Honeycomb has been delivering strong and stable performance since inception in 2015, consistently delivering a net investment return of c.8%.

We feel privileged to have many supportive shareholders and thank them for their longstanding support.

I strongly believe that this is an extremely attractive opportunity for shareholders, as a combination with Pollen Street will accelerate growth and unlock value, delivering recurring income, retaining an attractive dividend yield (anticipated to be 6.5% and 6.6% in 2022 and 2023 respectively¹, on the basis of Pollen Street shareholders having agreed to waive dividends on 50% of consideration shares issued to them through 2022 and 2023) whilst presenting strong growth opportunities. The transaction is also expected to be EPS accretive in the second full year post closing for Honeycomb's shareholders².

Pollen Street is a highly successful and fast-growing alternative asset manager with:

- deep capabilities in both Private Equity and Credit with well-established and outperforming flagship strategies
- a business that is benefiting from strong tailwinds from investor demand in its products; and
- a business that is at an inflexion point with highly visible growth ahead

The Board conducted extensive due diligence and believes that the combination will generate substantial value for shareholders, both because of the attractive valuation on which Honeycomb is acquiring the Pollen Street business compared to listed peers in the alternative asset management sector, and because of the profile of the combined group going forward. In particular the combined group will have:

- a balance of recurring fee income and interest income that delivers an attractive and growing revenue profile; and
- exciting potential to accelerate high quality growth as Honeycomb's capital can be deployed to unlock a multiplier effect on capital raising and, in doing so, accelerate the growth of new strategies
- The combined business will benefit from a complementary set of investment management and balance sheet activities, with strong earnings growth. The investment portfolio will continue to be predominantly invested in high quality, diversified and low risk asset based direct lending investments, generating stable returns. The investment portfolio profile of the combined group is expected to remain in line with the investment profile of Honeycomb on a stand-alone basis.

The transaction creates a business with a rare combination of high growth and high income yield. It also presents strong benefits for shareholders from a public market perspective:

- increased investor universe providing opportunity to diversify the share register;
- scale and growth expected to attract greater analyst coverage; and
- possibility for increased liquidity on account of the larger market cap and potential future FTSE 250 inclusion.

A shareholder circular will be published in due course and sent to shareholders to provide further details of, and request shareholder approval for the transaction.

Robert Sharpe

Chairman

Buyback Programme

A separate RNS has been released detailing the Company's buyback programme

¹ Based on the Honeycomb share price of 967.5 pence on 14 February 2022 (being the last business day prior to announcement).

² The statement that the combination is expected to be EPS accretive should not be construed as a profit forecast and should not be interpreted to mean that the EPS in any future financial period will necessarily match or be greater than those for any preceding financial period.

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