

VPC Specialty Lending Investments PLC

VICTORY PARK
CAPITAL

Monthly Report – December 2016

Company Overview

VPC Specialty Lending Investments PLC (“VSL” or the “Company”) invests in opportunities within the specialty lending market primarily through online lending Platforms. The Company completed its IPO on 17 March 2015 with a premium listing on the Official List of the U.K. Listing Authority and trading on the Main Market of the London Stock Exchange. The Company’s trading symbol is VSL for the Ordinary Shares.

The Company’s investment manager is Victory Park Capital Advisors, LLC (“VPC” or the “Investment Manager”). VPC is an SEC-registered investment adviser and acts as the AIFM of the Company.

Since 2010, the Investment Manager has been actively involved in the specialty lending marketplace and has made more than \$4.6 billion of investments and commitments across various financial technology Platforms, spanning multiple geographies, products and structures, and is continuing to deploy capital into existing and new Platforms.

The Company’s Investment Objective

Increased banking regulation (particularly in Europe and the US) is imposing restrictions on certain types of lending by banks to both consumers and small businesses, leading to a growing market for specialty lending Platforms. The online lending market continues to expand rapidly as both borrowers and investors recognise the advantages relative to the traditional bank lending model.

The Company seeks to generate an attractive total return for shareholders consisting of dividend income and capital growth via investments across a diverse portfolio of various online lending platforms (each a “Platform”), asset classes, geographies (primarily US, UK, Europe and Australia) and credit bands.

The Company generates investment income from exposure to Platform-originated consumer and small business loans, including corporate and trade receivables, in accordance with certain investment limits and restrictions to ensure diversification of the Company’s portfolio is maintained and that concentration risk and credit exposure is mitigated. In addition, the Company may also make direct equity investments, or receive warrants to purchase equity stakes, in such Platforms.

The Company’s Performance (As at 31 December 2016)¹

NAV (Cum Income)	£363,057,307
NAV (Ex Income)	£354,716,474
Monthly NAV (Cum Income) Return	0.04%
Monthly Income Return	0.49%
Monthly NAV (Ex Income) Return	-0.45%
ITD Total NAV Return ²	6.69%
NAV per Share (Cum Income) ³	95.26p
NAV per Share (Ex Income) ³	93.07p
Share Price (30 December 2016 Close)	78.75p
Issue Price	100.00p
Shares in Issue ³	381,115,655
Market Capitalisation	£300,128,578
Premium / (Discount) to NAV (Cum Income)	-17.33%
Look-through Gearing Ratio	0.63x

Investment Highlights

- Significant market opportunity with rapid and continued expansion.
- Experienced management team that has been involved in the sector since 2010.
- Access to scalable online lending Platforms utilizing VPC’s existing loan and forward flow contractual agreements.
- Exposure to geographic, product and structural diversity.

¹Please refer to the Glossary of Terms on page 5.

²Net of issue costs.

³Based on total shares outstanding, less shares held in treasury.

Ordinary Share Performance and Dividend Summary (As at 31 December 2016)¹

NAV (Cum Income) Return ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD ⁴
2015	-	-	-0.12%	0.63%	0.33%	0.81%	0.77%	0.51%	0.63%	0.68%	0.69%	0.77%	5.80%	6.69%
2016	0.33%	0.41%	0.41%	0.37%	-0.62%	0.58%	0.60%	0.10%	0.16%	-1.25%	-0.28%	0.04%	0.85%	

Income Return ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD ⁴
2015	-	-	-0.10%	0.09%	0.29%	0.65%	0.74%	0.43%	0.72%	0.44%	0.62%	0.35%	4.31%	10.43%
2016	0.63%	0.47%	0.23%	0.36%	0.38%	0.27%	1.22%	0.42%	0.40%	0.78%	0.48%	0.49%	6.01%	

NAV (Ex Income) Return ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD ⁴
2015	-	-	-0.02%	0.54%	0.04%	0.16%	0.03%	0.08%	-0.09%	0.24%	0.07%	0.42%	1.49%	-3.74%
2016	-0.30%	-0.06%	0.18%	0.01%	-1.00%	0.31%	-0.62%	-0.32%	-0.24%	-2.03%	-0.76%	-0.45%	-5.15%	

Share Price Performance ³	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD ⁴
2015	-	-	0.50%	0.25%	1.24%	0.00%	1.96%	-2.88%	1.98%	-4.37%	-2.54%	-1.56%	-5.50%	-21.25%
2016	0.00%	-3.44%	-4.66%	5.46%	-5.45%	-3.17%	-4.76%	1.25%	-1.23%	-0.31%	-10.03%	9.76%	-16.67%	

Dividend Per Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD ⁴
2015	-	-	-	-	-	-	-	0.90p	-	-	1.89p	-	2.79p	9.29p
2016	2.00p	-	-	-	1.50p	-	-	1.50p	-	-	1.50p	-	6.50p	

Portfolio Statistics^{1,5}

	Overall Portfolio	Marketplace Loans Only	Balance Sheet Loans Only
Weighted Average Coupon	16.52%	20.87%	12.98%
Weighted Average Life at Origination (months)	N/A	26	N/A
Weighted Average Remaining Life (months)	18	18	18
Number of Underlying Loans	1,000,142	128,466	871,676
Weighted Average Loan Size (\$USD)	104,614	40,474	156,853

¹Please refer to the Glossary of Terms on page 5.

²Net of issue costs.

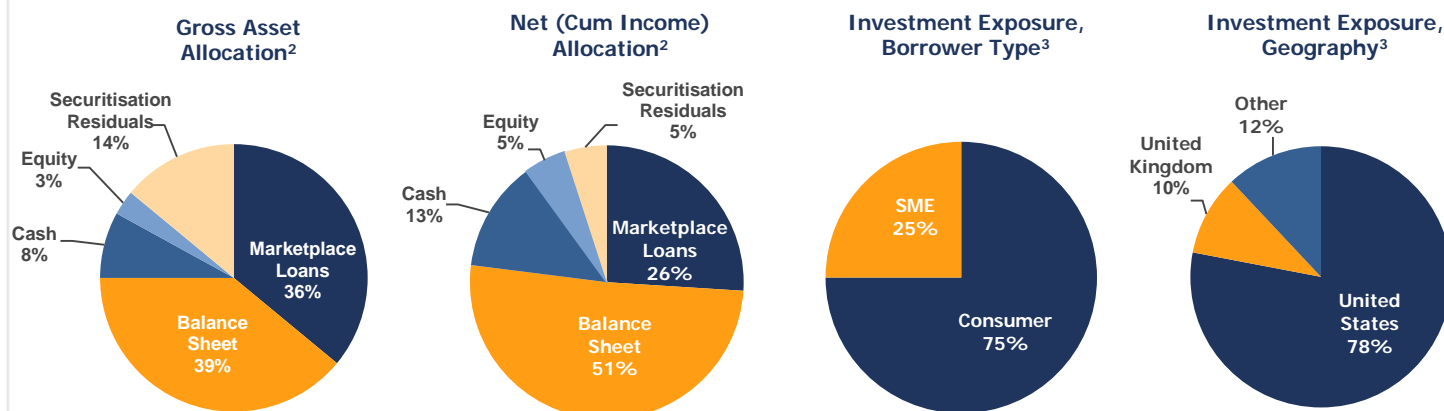
³Based on issue price of 100p.

⁴Inception to Date ("ITD"). Inception date is 17 March 2015 for the Ordinary Shares.

⁵Underlying portfolio data as of most recent available reporting period.

Monthly Report – December 2016

Ordinary Share Portfolio Composition (As at 31 December 2016)¹



Ordinary Share Gross Return Statistics (As at 31 December 2016)¹

Gross NAV (Cum Income) Returns	Month To Date	Last Three Months	Last Twelve Months
Balance Sheet Loans	0.58%	1.66%	5.19%
Marketplace Loans	0.01%	-2.19%	-0.08%
Securitisation Residuals	-0.21%	-0.70%	-3.17%
Equity	-0.09%	0.01%	0.94%
F/X	-0.16%	-0.33%	-0.13%
Total Gross NAV (Cum Income) Returns	0.13%	-1.55%	2.75%

Gross Income Returns	Month To Date	Last Three Months	Last Twelve Months
Balance Sheet Loans	0.58%	1.66%	5.19%
Marketplace Loans	0.04%	0.04%	2.71%
Securitisation Residuals	N/A	N/A	N/A
Equity	N/A	N/A	N/A
F/X	N/A	N/A	N/A
Total Gross Income Returns	0.62%	1.70%	7.90%

Gross NAV (Ex Income) Returns	Month To Date	Last Three Months	Last Twelve Months
Balance Sheet Loans	N/A	N/A	N/A
Marketplace Loans	-0.03%	-2.23%	-2.79%
Securitisation Residuals	-0.21%	-0.70%	-3.17%
Equity	-0.09%	0.01%	0.94%
F/X	-0.16%	-0.33%	-0.13%
Total Gross NAV (Ex Income) Returns⁴	-0.49%	-3.25%	-5.15%

¹Please refer to the Glossary of Terms on page 5.

²Percentages calculated on a look-through basis to the Company's investee entities and SPVs. Starting 31 December 2016, Restricted Cash will now be included in Cash and Marketplace Loans and Securitisation Residuals will be shown separately. At 30 November 2016, Securitisation Residuals accounted for 14% of Gross Assets and 5% of Net (Cum Income) Assets.

³Calculations using gross asset exposure and not reduced for gearing. Excludes cash.

⁴The Gross and Net NAV (Ex Income) Returns disclosed in this report are the same, excluding the impact of share buybacks on the return, as there are no operating and other expenses of the Company allocated to the NAV (Ex Income) Return as defined within the Glossary of Terms on page 5.

Monthly Commentary

During December, the Company's revenue return was 49bps, which was offset by a capital return of -45bps, for a net total return of 4bps. As in recent months, revenue was predominantly from the balance sheet investments, which continued to perform in line with expectations and contributed a gross income of 58bps during the month. Gross returns from market place investments plus securitization residuals remained subdued at -20bps (See page 3 for new enhanced disclosure on the composition of gross returns).

Gross capital losses during December were due to three notable factors. First, fair value adjustments for the Avant securitizations resulted in a -21bps return. Second FX movements accounted for -16bps largely due to weakness in AUD versus GBP. Third, fair value adjustments to the equity portfolio accounted for -9bps mainly due to an 11% decline in the share price of zipMoney during the month, partially offset by some gains elsewhere in the portfolio.

During December, the Investment Manager continued to reallocate capital into balance sheet investments which, as at 31 December 2016, accounted for 51% of NAV versus 31% for marketplace loans plus securitization residuals. Helping to accelerate this reallocation, during December the Company sold a portfolio of Funding Circle UK loans. This resulted in a temporary increase in the Company's cash to 13% of NAV at year end. The Company continues to have a strong pipeline of balance sheet investment opportunities and expects to re-invest substantially all of the proceeds from the sale, net of any cash used in the buyback programme (see below), into balance sheet investments in the first quarter of 2017.

As at 31 December 2016, the look-through gearing ratio of the Company was 0.63x compared to 0.84x at 30 November 2016.

On 22 December the Company announced a share buyback programme in light of the significant disparity between the Company's share price and its NAV per share. As at 31 December 2016, 1,500,000 shares had been repurchased at an average price of 77.25p.

As at 31 December 2016, the Company had investments in debt instruments from 23 platforms, 17 of which were balance sheet investments and had equity stakes in 18 platforms.

Events Subsequent to 31 December 2016

On 11 January 2017, it was announced that VPC had signed a balance sheet investment for the Company with iZettle, a leading financial technology company focused on providing point of sale payment services to SMEs. The investment capital will fund iZettle's new loan offering to its SME client base, with credit scoring enhanced by transaction data from iZettle's payment devices.

From 1 January 2017 to 6 February 2017, the Company had repurchased an additional 1,258,015 shares at an average price of 78.26p under the share buyback programme.

Glossary of Terms

Gross Assets – The value of the assets of the Company including **Look-through Gearing**.

Gross Returns – Represents the return on shareholder's funds per share on investments of the Company before operating and other expenses of the Company.

Income Return – Represents the difference between the **NAV (Cum Income) Return** and the **NAV (Ex Income) Return** as defined below.

Last Three Months Return – Represents the return on shareholder's funds per share reflecting the change in NAV for the trailing three months, including the current month.

Last Twelve Months Return – Represents the return on shareholder's funds per share reflecting the change in NAV for the trailing twelve months, including the current month.

Look-through Gearing Ratio – The aggregate leverage of the Company and any investee entity, on a look-through basis, including borrowing through securitization using SPVs.

Market Capitalisation – Month-end closing share price multiplied by the number of shares outstanding at month end.

Month To Date Return – Represents the return on shareholder's funds per share reflecting the change in NAV for the current month.

NAV (Cum Income) or NAV or Net Asset Value – The value of assets of the Company less liabilities determined in accordance with the accounting principles adopted by the Company.

NAV (Cum Income) Return – The total return on shareholders' funds per share reflecting the change in NAV assuming that dividends paid to shareholders were reinvested at NAV at the time dividend was announced.

NAV (Ex Income) Return – The NAV of the Company, including current year capital returns and excluding current year revenue returns and unadjusted for dividends relating to revenue returns.

NAV per Share (Cum Income) – The NAV (Cum Income) divided by the number of shares in issue.

NAV per Share (Ex Income) – The NAV (Ex Income) divided by the number of shares in issue.

Number of Underlying Loans – The number of marketplace loans owned by the Company or held as collateral for balance sheet loans.

Premium / (Discount) to NAV (Cum Income) – The amount by which the share price of the Company is either higher or lower than the NAV per Share (Cum Income), expressed as a percentage of the NAV per share.

Share Price – Closing share price at month end, excluding dividends reinvested.

Weighted Average Coupon – The weighted average gross interest rates charged on the underlying marketplace loans or balance sheet loans owned by the Company.

Weighted Average Life at Origination – The weighted average duration of the underlying marketplace loans owned by the Company at the time they were originated.

Weighted Averaged Remaining Life – The current weighted average duration of the underlying marketplace loans or balance sheet loans owned by the Company.

Weighted Average Loan Size (\$USD) – The weighted average size in USD of loans invested by the Company or held as collateral.

Important Information

All data in this monthly report (the “report”) is at or to the final day of the calendar month identified in the heading of the report’s front page unless otherwise stated.

Past performance should not be seen as an indication of future performance. The value of investments and any income may fluctuate and investors may not get back the full amount invested. The views expressed are those of VPC at the time of writing, are subject to change without notice and do not constitute investment advice. Whilst VPC has used all reasonable efforts to ensure the accuracy of the information contained in this report, we cannot guarantee the reliability, completeness or accuracy of the content.

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The Company is authorised and regulated by the Financial Conduct Authority and is registered in England (registered number 9385218) with its registered office at 40 Dukes Place, London EC3A 7NH.

London-based personnel of VPC operate as appointed representatives of Lawson Conner, a firm authorised and regulated by the U.K. Financial Conduct Authority.

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