

VICTORY PARK

CAPITAL

VPC Specialty Lending Investments PLC

First Quarter 2017

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Quarterly Review

In the first quarter of 2017, VPC Specialty Lending Investments PLC ("VSL" or the "Company") delivered a net revenue return of 1.56%, which was offset by a net capital return in the amount of -0.16%, for a net total return of 1.40%.

The notable drivers of performance in the first quarter of 2017 were:

- Continued strong gross income generation from the balance sheet investments, in line with expectations;
- Capital losses on market place portfolios; and
- Capital losses due to fair value adjustments of the Avant securitisation residuals.

The performance of the Company's investment portfolio remained sharply polarised in the first quarter of 2017, with strong balance sheet investment returns contrasting with weak marketplace returns. Total gross returns¹ during the first quarter of 2017 consisted of the following:

- 2.01% for balance sheet investments;
- -0.47% for marketplace loans;
- -0.42% for securitization residuals;
- 0.54% for equity investments; and
- 0.21% relating to FX and other capital returns.

The Company's balance sheet portfolio continued to perform in line with expectations, with average annualised levered returns on allocated equity of 13.91%² in the first quarter of 2017, which compares favourably with 13.87%² for 2016 overall. These investments benefit from excess spread and first loss protection, which provide downside protection. The credit metrics on the underlying loans show no signs of stress and we believe that the portfolio will continue to generate attractive risk-adjusted returns with low volatility. Furthermore, the pipeline of available investment opportunities remains strong.

By contrast, returns from the marketplace loan portfolio have remained subdued. The underlying issues identified in the previous quarterly commentaries persist, namely, higher-than-projected loss curves in certain of the loan portfolios and the adverse seasoning effect as the loan portfolio matures without subsequent purchases. This portfolio had a remaining weighted average life of 17 months as at 31 March 2017 and continues to amortise down.

During the first quarter of 2017, there has been further progress in the reallocation of capital to balance sheet investments. By the end of the first quarter of 2017, balance sheet investments accounted for 63% of NAV,

¹ Consists of both revenue and capital returns of the Company.

² This return denotes an average return calculated by dividing the income earned on the balance sheet investments for the period by the average equity invested in balance sheet loans each month in the period.

up from 51% at the end of 2016 and 22% at the end of 2015. The foregoing illustrates the significant capital reallocation that has taken place. The exposure to marketplace loans and securitisation residuals has correspondingly decreased, accounting for 27% of NAV at the end of the first quarter, down from 31% at the end of 2016 and 58% at the end of 2015. We expect this reallocation process to continue and, overtime, to drive higher returns for the Company. The look-through gearing level of the Company has decreased from 0.63x as at 31 December 2016 to 0.53x as at 31 March 2017.

The Avant securitisation residuals, which are held at fair value, have been a key aspect of weak capital returns due to a moderate increase in the underlying loss curve projections compounded with significant leverage. The Company's exposure to these residuals has continued to shrink and was 4.74% of NAV as at 31 March 2017.

Historically, the Company has hedged its exposure to the U.S. Dollar and other major currencies, leaving smaller positions unhedged. During March, a hedge was put in place for the Company's exposure to AUD (9.64% of NAV) and, as a result, we expect that volatility in the Company's capital returns due to FX will decrease significantly.

The Company's buyback programme was actively engaged during the first quarter, buying 2,676,406 shares at an average price of 77.26p, and accounting for 5.7% of the reported traded volume. In addition, VPC continues to purchase shares of the Company equal to 20% of VPC's monthly management fee at the prevailing market price. During the quarter, VPC purchased 232,688 shares at an average price of 78.25p.

Portfolio Statistics

Set forth below is a summary of all positions, excluding equity exposure, held by the Company equal to or greater than 1% of NAV as at 31 March 2017³.

Investment	Country	Security Type	% of NAV	Gearing
Elevate Credit, Inc.	United States	Balance Sheet	11.39%	NO
Borro Ltd.	United Kingdom	Balance Sheet	10.97%	NO
Avant, Inc. - Marketplace Loans	United States	Marketplace	9.93%	YES
zipMoney Limited	Australia	Balance Sheet	8.57%	NO
Avant, Inc. - Balance Sheet	United States	Balance Sheet	5.60%	YES
Wheels Financial Group, LLC	United States	Balance Sheet	5.27%	YES
Avant, Inc. - Securitisation Residuals	United States	Securitisation Residual	4.74%	YES
Prosper Marketplace, Inc.	United States	Marketplace	4.45%	YES
Funding Circle US, Inc.	United States	Marketplace	4.33%	NO
The Credit Junction, Inc.	United States	Balance Sheet	3.83%	NO
Applied Data Finance, LLC	United States	Balance Sheet	3.28%	NO
Kreditech Holding SSL GmbH	Germany	Balance Sheet	2.55%	NO
iZettle Capital AB	Sweden	Balance Sheet	2.36%	NO
Curo Technologies	United States	Balance Sheet	1.91%	YES
Upstart Network, Inc.	United States	Marketplace	1.69%	YES
Funding Circle Europe	Luxembourg	Marketplace	1.65%	YES
LendUp, Inc.	United States	Balance Sheet	1.64%	NO
Fundbox Ltd.	United States	Balance Sheet	1.42%	NO

³ The summary includes a look-through of the Company's investment in VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.

Outlook

During the first quarter of 2017, we continued to make progress towards redeploying the portfolio into new and existing balance sheet loans. We remain confident that this repositioning will increase both the returns and the resilience of the Company. During the transition, we continue to closely monitor the portion of the marketplace portfolio that is challenged, including exploring ways to further tactically reduce exposure. Finally, we will continue to purchase shares where it is accretive to shareholder value.

Kind Regards,

The VPC Team

4 May 2017

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