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12 September 2022

To our fellow institutional and professional investors in VPC Speciality Lending Investments Plc. (the "Company"),

Re: Consultation with the Company's shareholders and Board on potential alternative proposals to the discount-dependent tender offer in 2023

We are writing this letter to make you aware of the constructive discussions that we have had with the Board, and a significant proportion of shareholders, regarding the issues that face the Company and the current proposed discount-dependent tender next year. Further, we are putting forward an alternative proposal for consideration and recommend convening an informal meeting of the Company's institutional and professional shareholders to agree the best way forward.

Background

Portfolios managed by the investment teams at Metage Capital Limited¹ and Staupe Capital Limited² have been long-term shareholders in the Company since 2016 and 2017 respectively. In June 2020, the Company committed to undertake a discount-dependent tender offer for 25% of the shares in issue immediately following the Annual General Meeting in 2023 (the "2023 Tender Proposal").

The 2023 Tender Proposal, alongside a number of performance-based measures and additional marketing efforts, were introduced to address the discount between the Company's net asset value per share and its share price. Despite these steps and strong investment performance, the discount on the Company's shares remains stubbornly wide. We therefore thought that it was a sensible time to engage with other institutional and professional shareholders, who are independent of the Company's investment manager, to understand their views on the Company and whether the 2023 Tender Proposal was still appropriate and sufficient to achieve its aim.

Key Issues facing the Company

From our discussions with other shareholders three key issues arose:

1. **Discount:** the discount between the Company's share price and its net asset value per share is both too wide and too volatile. The effect of this is that the returns from the Company's stable credit portfolio are outweighed by discount volatility;
2. **Covered dividend:** any proposal to address the discount must maintain a covered dividend for income investors; and
3. **Creeping control:** a universal concern expressed by the independent shareholders was the risk that further buybacks and tender offers would lead to the de-facto control of the Company by its manager, through its ability to vote the shares held by the SVS Opportunity Fund GP LP.

¹ Metage Capital Limited is a company registered in England and Wales with registration number 03525123. Its registered office address is 20 Farringdon Street, 8th Floor, London, EC4A 4AB.

² Staupe Capital Limited is an Appointed Representative of Mirabella Advisers LLP. Investment personnel at Staupe Capital Limited are seconded to Mirabella Financial Services LLP which acts as Investment Manager to funds that are shareholders of the Company. Staupe Capital Limited is a company incorporated in England with registration number 10236669. Its registered office address is Old Anglo House, Mitton Street, Stourport-On-Severn, Worcestershire, England, DY13 9AQ.

Our alternative proposal

Following these meetings, we believe that there is strong and widespread support from independent shareholders for the introduction of a periodic 100% realisation opportunity, via a run-off share class. This could be listed or unlisted depending on shareholders' needs. We do not envisage the premature sale of assets, but to provide the opportunity to receive returns of capital in the normal life cycle of the underlying investments. This would enable shareholders to benefit from the same returns received by the private funds managed by Victory Park Capital.

We believe that the first of these realisation elections should replace the 2023 Tender Proposal. Further, we recommend that this realisation opportunity should be offered at least every fifth year thereafter. This would enable shareholders to remain invested knowing that they have access to liquidity at net asset value in the future. Mechanisms like this have become increasingly common in the investment trust sector and have proved highly effective in managing discounts. Indeed, when used well, they have even facilitated the subsequent growth of investment companies.

Our view is that a permanent, long-term resolution of the Company's discount problem requires a thoughtful, structural solution along the lines of our proposal. Specifically, compared to the current status quo of ad hoc tender offers and Company buybacks, our proposal has the following key advantages:

- It would allow shareholders to ultimately realise returns that are similar to the underlying net asset value performance and eliminates discount risk for longer-term investors;
- By diverting income and capital payments into a realisation and continuation pool, exiting shareholders cause no harm to those shareholders who remain invested. In contrast, generating the cash required to meet the 2023 Tender Opportunity could leave the remaining portfolio less liquid and with greater concentration to non-income paying equity investments; and
- By assuring shareholders that there will always be periodic opportunities to realise their investment at net asset value, the issue of the Manager's creeping control over the Company becomes less of a concern.

The Board's response and our recommendation for an informal meeting of shareholders

To its credit, the Board actively engaged with our concerns and proposal and has consulted with a number of shareholders to seek their perspectives. Our understanding is that the Company will in due course bring forward its own thoughts on the 2023 Tender Proposal. Given that there are different ideas under consideration, we believe that it would be best to hold an informal meeting of institutional and professional shareholders to discuss the issues facing the Company and the merits of different potential solutions. This will avoid unnecessarily incurring the cost of drafting formal documentation without having widespread support amongst shareholders.

We are happy to discuss our proposal with any interested institutional or professional investors and would encourage you to contact us on the details below.

Yours faithfully,

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