



Pollen Street Group Limited Annual Report & Accounts | LSEG | March 26, 2026

Lindsey McMurray:

Good afternoon, and thank you for joining the Pollen Street Capital full-year results presentation for 2025. I'm Lindsey McMurray, and I'm joined with our CFO, Crispin Goldsmith today. Pollen Street is a private capital manager focused on the mid-market across Europe. Our strategies have been in place for over 20 years with a focus in financial and business services and through the cycle experience and track record. We continue to see strong structural growth and opportunities for specialist investors. At the year-end, we manage 7.1 billion pounds of assets with 5.2 billion pounds of fee-paying AUM. Fee-related earnings are at 30.7 million pounds, and we're positioned to scale from here.

So we invest with a focus in the mid-market, which is rich with opportunities and resilient for capital formation. We focus on sectors where we have deep expertise and strong origination capability, and combine this with a disciplined investment approach, which underpins our ability to generate consistent alpha for investors. Our business enjoys high visibility recurring revenues with management fees forming the largest and ever-increasing proportion of revenue and earnings as the platform scales. Our investment company has delivered long-term consistent returns to support dividends, and as profits grow in the asset manager, we have further options for capital allocation.

Now, 2025 has been a very strong year. We've seen momentum in AUM growth in both strategies, with total AUM increasing to 7.1 billion pounds, which is a 30% increase year-on-year. A successful fundraising has translated into growth and fee-paying AUM, which has increased to 5.2 billion pounds, which is up 1.3 billion year-on-year, and we currently have 800 million pounds of uninvested capital. This provides strong visibility of continued growth and management fee income. Revenue has increased to 114 million pounds with growth driven by the scale up in the asset manager, but paired with that consistent return generated by the investment company, which has demonstrated stability for lasting 10 years. Overall, the combination of strong fundraising, discipline deployment, and recurring fee growth underpin earnings and shareholder returns. So to provide more detail on the composition of revenue and earnings, the investment company provides stable, consistent income as it has done since inception, contributing 32.9 million pounds in the year. But now 71% of revenues are generated by the asset manager, which is up from 62% only two years ago. And with that, group EBITDA has increased to 64.6 million pounds. This combination underpins growth and earnings and our ability to deliver consistent cash returns for shareholders. So on the fundraising front, both strategies have been performed strongly. We previously reported that we had completed the fundraising of private equity fund five at 1.5 billion euros ahead of our billion euro target. Private credit is well positioned to significantly outperform its initial one billion target two. As of today, credit four stands at 1.8 billion pounds of commitments, and we'll finalize that fundraise in the coming weeks. We have broadened and diversified our investor base with strong support from existing and new limited partners together with their global consultants.

At the start of the year, we set out clear priorities across fundraising, growth, and capital allocation. We've delivered strongly against each of these. We exceeded fundraising targets, grew AUM and earnings, and maintained our capital return framework. So I'll now take a bit of time to look to our investment strategies and how they're positioned in the current market. So across the group, we operate two complimentary strategies in private equity and credit. In private equity, we invest in control positions in mid-market businesses, working closely with management teams to deliver value through operational improvement, product development, international expansion, and M&A. In private credit, we focus on senior asset-backed lending to mid-market companies. These investments are secured on diversified cash generative asset pools and structured to provide strong downside protection to withstand significant macroeconomic stress. Capital preservation is central to the strategy with risk managed through both asset security and transaction structuring. Across both strategies, we focus on areas where we have deep sector expertise and longstanding relationships. A high proportion of our opportunities are sourced directly, supporting pricing discipline and selectivity. So with the market disruption, how do we have confidence that our strategies will be resilient? So in private equity, we invest in mid-market, which provides a rich and deep opportunity set without concentrated risk across the portfolio. Within the target market, we maintain a discipline approach to pricing, and we compose our portfolios with a forensic bottom-up analysis, deploying relatively low leverage and active management to drive growth. Fund five is deploying well with nine investments already made with 55% of the capital committed, so that pacing is in line with expectation and with an exciting pipeline to provide confidence that will deploy the balance of capital to curate a first class portfolio. Exits from fund three are healthy, and we are turning our mind to fund four too. And in relation to private credit, given the current market backdrop, why do we remain positive? Firstly, we benefit from strong structural tailwinds in asset-backed credit with investors seeking, increasingly seeking non-correlated returns and stable income streams. Secondly, our relationships with borrowers are typically bilateral, and we conduct our diligence ourselves together with trusted advisors. Our fund structures do not have liquidity mismatch, and lastly, the nature of the investment means that we have low exposure to AI disruption as we're lending against tangible assets with predictable cash flows. We also operate in a market with strong barriers to entry where specialist expertise, structuring capability, and relationships are key, supporting both margins and creditor protections. Again, the deployment in fund four is instead with fundraising with a well-diversified portfolio of assets of about 50% of the capital raised already deployed. So I'll now hand over to Crispin who'll take us through the financial performance, and I'll come back to wrap up as our priorities for 2026.

Crispin Goldsmith:

Thank you, Lindsey. It's good to see you all again, and I'm delighted to be presenting another strong set of results for Pollen Street. So as Lindsey has already outlined, the key message for 2025 was one of strong fundraising. Not only did we raise 1.2 billion across both private equity and private credit, but we also developed a strong pipeline of investor interest, which is now being converted. This AUM increase feeds into growing management fee income, which is our highest quality revenue stream, and in turn, into increased profits. We aim to balance growth both in the near and long term. Fundraising has a long cycle, and the fundraising success we are delivering today is in part down to investments made in the team a number of years ago. So as we grow earnings, our primary focus remains on making the disciplined investments, which will support the growth of the platform into the future. And we do this whilst delivering strong cash return to investors through our progressive dividend policy and through our ongoing share buyback program. Now, I wanted to spend a few minutes recapping on our revenue model. Whilst there may be a level of complexity in our investment activities, the way we generate revenue is actually very simple. Our LP investors commit to our funds typically for eight to 10 years, and

there's no opportunity for them to redeem early. Our management fees are a fixed percentage of fee-paying AUM. So what this means is that our management fee income is highly predictable and repeats over multiple years. For example, PE5 has one and a half billion euros, as Lindsey said, of commitments, with a management fee of 2%. So we earn 30 million euros a year in management fee revenue from this fund, and we'll continue to until the first close of fund six. And at that point, fees will move to being calculated on invested cost until the end of the fund. And our other funds are similarly predictable.

So this is what makes up the 69.9 million of management fee income in 2025, which included 8.4 million of catch-up fees. That's up 28% on 2024, and excluding catch-up fees, management fee growth was 24%. Our performance fees are broadly balanced across credit strategies and private equity. In credit, the consistent month-on-month and quarter-on-quarter performance of those funds generates similarly consistent performance fees. In PE, we currently only recognize carry for those funds accounted for at fair value, so it's calculated on a look-through basis to the fund valuation without it being impacted by the timing of exits. Now, as I guided at the half-year results, performance fees for H2 were significantly higher than for H1, reflecting growing deployments in the credit strategies and the expected seasonality of returns in the private equity funds. So performance fees for the year were 11.2 million, in line with last year.

The third contributor to income is the investment company, which generates returns from our balance sheet investments. That's shown here as net investment income after deducting the cost of debt. The commitments we've made to our private equity funds have continued to draw down over time, and this has increased the percentage of the balance sheet invested in equity, which is one of the contributors to increasing underlying returns. At the year-end, we had 188 million of GP commitments to our funds, of which 136 million was drawn. Private equity was 40 million pounds and private credit was 96 million pounds of that. Reported net investment income was 32.9 million, up 4% on 2024, a return on net investment assets of 9.9%. That was after 2.4 million of dilution from equalization effects where gains are reallocated between investors as if they'd all come in at first close. So adjusting for those effects, the underlying return was 10.6%. That continues a long track record of delivering consistent attractive returns on the balance sheet.

So turning now to costs, which are largely people related. Fund management costs of 49.4 million for the year were up 25% compared to 2024. And there are a couple of points I wanted to focus on here. First, there's a natural lag for credit funds in particular between recognizing fundraising costs in the P&L and seeing the benefit of that fundraising in our revenue line. Team incentives and placement agent costs align with closing committed capital into the fund, whereas management fees are generated once the capital is deployed. As Lindsey mentioned earlier, we had 800 million of uninvested capital in credit at the year-end, which will become fee paying once deployed. And this has increased further with the closes in Q1.

Second, and as we already touched on, we aim to balance near term profitability targets with investing for long-term platform growth. We continue to build out our investor relations team and develop our investment teams as we continue to expand and develop our platform to support growth through the next generation of funds and beyond. So taking all this into account, fund management EBITDA was up an impressive 17% to 31.7 million for the year.

So we're delivering steady growth in the asset manager led by management fees. We've grown fund management EBITDA to more than double the level of two years ago, and we've consolidated the step up in margin achieved in 2024. As a result, fund management EBITDA has grown to 31.7 million and now accounts for almost half of group profits.

We've already touched on performance fees. We're currently recognizing Fund IV and Accelerator I for Private Equity Funds III and IV, and our SMAs for credit. But the nature of how IFRS 15 is applied to PE

carried interest means we're not yet recognizing carry on Fund V or Accelerator II. Now, we actually expect these two funds to be comfortably the largest contributors to performance fees out of the current generation, but we expect recognition in the P&L still to be some years off.

In part related to this, the board has carefully considered how performance fees are allocated between the group and its employees. We believe it's important that group shareholders should share in the performance of the funds through the carried interest. At the same time, it gives a useful mechanism for optimizing the mix between cash compensation, long-term incentives, and retention of the team. And team alignment is naturally a key focus for our LP investors as well. As a result, the board has concluded that there should be more flexibility on the share of carried interest, which will be allocated to the group for future funds, rather than simply fixing this at 25% for all funds. For private credit for, in particular, reflecting the significant outperformance of fundraising, the board has decided to make an additional allocation to certain team members, which will have the effect of reducing the house share to 17%. Given the significant outperformance in fund size, there's no change in the group's financial guidance as a result of this.

As I've already mentioned, the investment company delivered another strong period of stable and growing returns on our balance sheet. At the year-end, 188 million was committed to Pollen Street managed funds and 72% of that was drawn. We maintain a conservative gearing position on our balance sheet with net debt 35% of gross investment assets at the end of December. The debt facility is a tool for managing liquidity as well as for optimizing returns, and we had 40 million undrawn at the period end.

So turning to the future, I'm pleased to confirm that the group is on track to be in line or ahead of expectations for the current year, and there's no change to guidance. We have increasing visibility on reaching our target of 10 billion AUM, which we expect to achieve with the next generation of flagship private equity and private credit funds. I've talked today about the clear and predictable linkage between fee paying AUM and management fees, and this will continue to be the case going forward. I've also discussed the inherent operational gearing in our business model, which will allow fund management EBITDA margins to scale over time, whilst we continue to prioritize investments to support long-term platform growth. Performance fees will remain towards the lower end of the guided long-term average range until we start to recognize that carried interest on the more recent PE funds, and we expect to maintain low double-digit underlying returns in the investment company.

So in summary, we have a high quality recurring earnings model and a clear pathway to scaling AUM margins and earnings. Thank you. That wraps up my section, and I'll now hand back to Lindsey.

Lindsey McMurray:

Thank you. So just taking a few minutes to turn to the outlook. The priorities for 2026 are focused on three areas, scaling the platform, investing for growth, and continuing to deliver returns. From here, our focus is in completing the fundraising of Credit Fund IV, which we'll do in the next few weeks, and then considering additional credit vehicles as demand for the strategy remains strong. We also already began preparing for the next Private Equity Fund VI.

Alongside this, we continue to grow fee paying AUM through the deployment of around 800 million pounds of capital already raised. We are continuing to invest in the platform to support future growth, and this includes continuing to invest in the team and further developing our tech and data capabilities internally. We're improving profitability, and that will develop over time.

As ever, the income from the investment company supports the dividend, but as profits grow in the asset manager, we have greater optionality for capital allocation. These priorities are focused on scaling the platform in a disciplined way while continuing to deliver returns and investing for long-term growth.

So all in all, 2025 has been a transformational year resulting from strong execution. We're positioned to scale and remain focused in delivering long-term results and value for investors and shareholders. Thank you for taking the time this afternoon.