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Y E A R E N D R E V I E W 2 0 2 3

MEET THE QUAY STREET TRADING BOARD



D A V I D A L L A N S O N

Independent Chairman

David held a number of senior positions at Lloyds Banking Group over 20 years, from working across corporate and leveraged debt structures to supporting the growth of SMEs and mid-level businesses. Throughout his career, he has helped companies from a range of sectors as well as major regional businesses such as Euro Garages, JD and Redrow. More recently, he has worked in non-executive and board advisory roles for KPMG and Tosca Debt Capital.



S U S A N K E L L Y

Independent Director

Susan was a career lawyer and a former Partner at Squire Patton Boggs where she spent 20 years and led the European Restructuring Practice Group. Susan previously worked for Linklaters. Susan was a Fellow of the Association of Business Recovery Professionals, a board member of the Turnaround Management Association Europe and was certified by the European Association of Certified Turnaround Professionals.



PEADAR O'REILLY

Director

Peadar is CEO of the Praetura Lending Division, where he has responsibility for Praetura Asset Finance, Praetura Commercial Finance and Zodeq. Peadar co-founded Praetura and has over 25 years' secured lending experience, having previously held senior roles at Bank of Ireland and ABN Amro. Prior to founding Praetura, he helped establish a successful UK ABL business for Bank of Ireland before going on to raise over £600m of bank facilities from mainstream and specialist institutions for the Praetura Group's companies. He is a founding Director of Praetura Asset Finance and Praetura Commercial Finance.

INDEPENDENT CHAIRMAN'S VIEW

The year has brought about some exciting developments for the Quay Street Trading team.

12 months on from my last overview, I am pleased to report that the underlying businesses supported by Quay Street Trading ("QST") have continued to perform well, enabling us to continue meeting our target return for investors.

The strength of the underlying lending businesses – namely Praetura Asset Finance Group and Praetura Commercial Finance Group – is exemplified by both businesses having a healthy pipeline and maintaining industry-leading low levels of capital loss.

In addition, as Peadar mentions in his comments, Praetura Commercial Finance Group has also been bolstered by a new £200m securitisation facility from Barclays. This is in addition to Praetura Asset Finance Group's £160m securitisation with NatWest. Outside of Praetura Asset Finance Group and Praetura Commercial Finance Group, QST will now be working with additional borrowers who fit our criteria. All borrowers will be subject to a stringent credit committee, where we assess the opportunity in depth and the benefits for investors, including further diversification of the QST portfolio.

Monitoring QST's underlying loans, including the sales pipelines of the businesses QST supports, is an area we continue to excel at, and I am pleased to say our board and credit committee has been strengthened by the recruitment of Susan Kelly, who has joined as an Independent Director.

The board of QST is also pleased to be working more closely with Sam McArthur as Company Secretary, who himself is an expert in this space, having previously been COO at Puma Capital, which has a large lending business and alternative asset manager. His input and knowledge of the landscape has been invaluable and a clear signifier of the expertise that QST has at its disposal.

On the subject of expertise, in my time at QST, I have always applied the skills and rigour derived from a long career in corporate banking at Lloyds Banking Group, leading with a conservative outlook that continues to benefit our investors and align with our task of delivering stable and predictable returns with a focus on managing risk.

I am confident that this will continue in spite of the past, present and future economic headwinds.

David Allanson Independent Chairman

PRAETURA HIGHLIGHTS & INDUSTRY OUTLOOK | - PEADAR O'REILLY

MAINTAINED MINIMAL CAPITAL LOSS

Despite the economic conditions, we have maintained our industry-leading standards of capital loss. Quay Street Trading ("QST") has, to date, achieved a cumulative 0% capital loss position on all of the loans it has made into secured small business lenders. Rigorous credit control, an experienced team, a conservative approach to lending and a closely monitored portfolio have helped the team manage new challenges and mitigate risks. Working with new lenders in the future will help us continue to diversify our pool of trusted lenders to help deliver on our investors' objectives.

2023 has been a challenging year for a lot of investors, and the specialist finance market in the UK has not been without its own headwinds. Faced with a rising interest rate environment, volatile swap rates and inflation at the highest level in recent memory, the macroeconomic landscape has been tough for a lot of SME borrowers and finance providers alike. Despite this, tough environments provide the conditions for well-managed lenders in our sector of the market to thrive, as high street bank lenders restrict their appetite for small business lending.

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PRAETURA HIGHLIGHTS & INDUSTRY OUTLOOK CONTINUED...

QST APPOINTS NEW NON-EXECUTIVE INDEPENDENT DIRECTOR

We're pleased to announce Susan Kelly has recently joined the board. Susan was a career lawyer and a former Partner at Squire Patton Boggs where she spent 20 years and led the European Restructuring Practice Group. Susan previously worked for Linklaters. Susan was a Fellow of the Association of Business Recovery Professionals, a board member of the Turnaround Management Association Europe and was certified by the European Association of Certified Turnaround Professionals. Her extensive career and expertise will further strengthen the QST approach to credit control and the way new opportunities are assessed.

STRONG PERFORMANCE FOR QUAY STREET TRADING

Quay Street Trading's underlying loans into Praetura have performed positively. Praetura has maintained its robust underwriting criteria whilst delivering its strongest year of origination since inception. The combined lending book across all divisions exceeded £400m, having doubled in two years due to the increase in their sales team and investment in technology with their proprietary Praeview system. As operational efficiency continues to increase with this higher level of origination, Praetura is continuing to deliver sustained profitability within the business.

NEW ACQUISITIONS AND SECURITISATIONS PROVIDE OPPORTUNITIES FOR THE FUTURE

Aside from organic origination performance, Praetura has also delivered on several notable strategic projects throughout 2023, which will enable further growth in 2024. The team acquired Maxxia Finance (which had a loan book of c. £6m) in a relatively short timeframe. This was made possible by the credit assessment capabilities of our in-house lending software. Praetura also extended its asset finance securitisation to 2026, reaffirming the team's longterm partnership with NatWest Markets and providing a run-way to a £250m senior facility.

In December, Praetura completed its maiden invoice finance securitisation for the Sales Finance division with Barclays, with an initial facility size of £200m, putting the business in the unique position to be the only specialist lender in the UK to have both an asset finance and a sales finance securitisation. This transaction provides the senior funding platform to ultimately create a £1bn loan book in the coming years. For QST investors, this bolsters our loans into Praetura and provides more institutional capital alongside our investments to support greater diversification and risk management.

The outlook for 2024 mirrors the climate we faced at the start of last year; however, as a leadership team, we have developed measures to handle risks effectively. QST is in a robust position after a successful year, with a clear pipeline of opportunities in the next 12 months to continue to deliver returns to our investors.

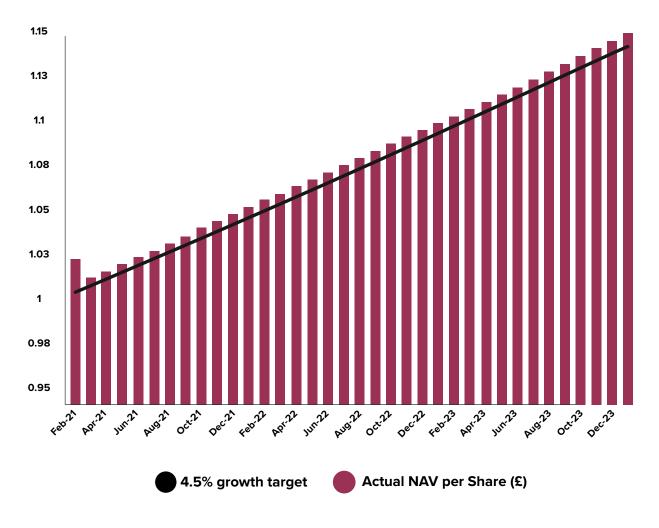
Thank you for your continued support of Quay Street Trading and we look forward to another exciting year for the business.



QST SHARE PRICE PERFORMANCE

QST has delivered another year of consistent capital growth for investors. Year on year net asset value has grown above the 4.5% target for investor capital appreciation. The share price for QST is calculated monthly based upon the net asset value per share and is ratified by the board of directors. The steady, predictable returns of QST are a testament to the secured lending strategy adopted by the company. Through lending to speciality finance companies, QST holds a book of recurring revenue with exceptionally low credit risk, as the underlying contracts are spread across thousands of underlying borrowers operating in a wide range of sectors.

The net asset value per share performance of QST does not take account of any initial fees, dealing fees and annual management fees associated with investing in the Praetura Inheritance Tax Planning Service.



NET ASSET VALUE PER SHARE (£)

Past performance is not a reliable indicator of future performance. Share prices and their values can go down as well as up.

ASSET FINANCE OVERVIEW

As at 31 December 2023, approximately 40% of the QST lending book portfolio is deployed in asset finance. Praetura Asset Finance ("PAF") is the entity which holds the underlying asset finance customer contracts c.60% of the agreements are hire purchase agreements, with the rest made up of finance leases and loans (including government backed loans). The 3,200+ agreements in the underlying PAF loan book are spread across a wide range of industries with the average lend being £82k. Since inception the Praetura managed asset finance division has an industry leading record on credit losses, with a net capital loss¹ of zero.

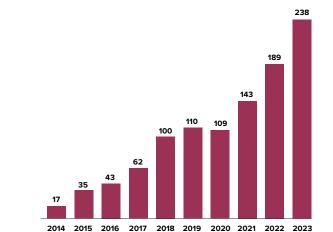
¹Net Capital Loss is calculated on a deal by deal basis and aggregated across the entire loan portfolio. Net Capital loss is calculated on each loan as the difference between outstanding capital at default and recovery proceeds. Net Capital Loss is the aggregate of all capital losses and recovery profits in the loan portfolio, expressed as a percentage of total capital advanced to customers.



PORTFOLIO

Current loan book size (£m)	238
Number of live agreements	3,264
Average net advance (£000s)	82
Average remaining term (months)	38
Weighted average yield (%)	12.2%
Net capital write offs (% advances)	0%

YIELD

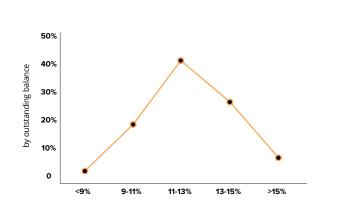


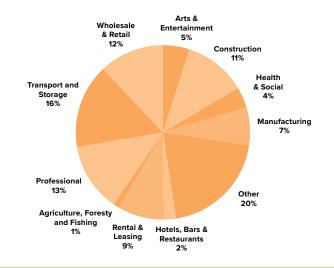
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(£M)

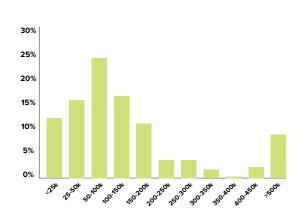
LENDING

SECTOR SPLII

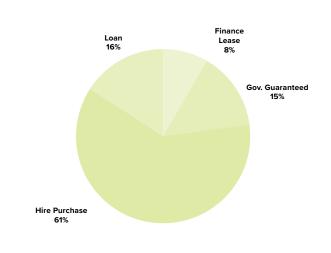




CAPITAL OUTSTANDING



PRODUCT MIX



£536M ADVANCED TO CUSTOMERS

4332 CUSTOMERS FUNDED

£238M LOAN BOOK INC. INTEREST (EM)



SALES FINANCE OVERVIEW

As at 31 December 2023, approximately 60% of the QST lending book portfolio is deployed in sales finance, made up of invoice finance secured against customer receivables and asset based lending agreements. The Sales Finance segment of the QST portfolio is deployed to Praetura Commercial Finance ("PCF") and Zodeq. These entities hold the end customer agreements. 81% of the agreements are invoice finance (invoice discounting and factoring), with the rest made up of agreements secured against other forms of security including plant & machinery, property, stock and cashflow. As with the asset finance portfolio, the 450+ agreements in the underlying sales finance portfolio are spread across a wide range of industries with the average lend being £374k. Since inception / acquisition, the Praetura managed sales finance division has an industry leading record on credit losses, with a net capital <u>loss¹ of zero.</u>

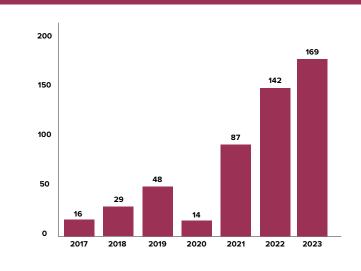
¹Net Capital Loss is calculated on a deal by deal basis and aggregated across the entire loan portfolio. Net Capital loss is calculated on each loan as the difference between outstanding capital at default and recovery proceeds. Net Capital Loss is the aggregate of all capital losses and recovery profits in the loan portfolio, expressed as a percentage of total capital advanced to customers.



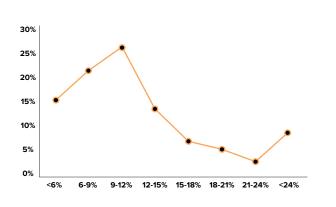
PORTFOLIO

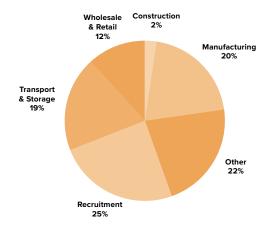
Current loan book size (£m)169Number of live facilities453Average funds in use (£000s)374Average remaining term (months)12Weighted average net yield (%)14.6%Net capital write offs (% advances)0%

LENDING BOOK (£M)

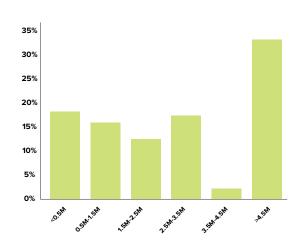


YIELD

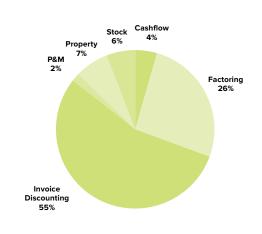




CAPITAL OUTSTANDING



PRODUCT MIX



£341M ADVANCED TO CUSTOMERS



£169M LOAN BOOK



VIEW FOR 2024 AND BEYOND

QST enjoyed another successful year in 2023, with the objective of returning stable and predictable returns to investors being achieved. We are confident of maintaining our stable returns during 2024 despite some headwinds in the wider economy.

A reduction in lending activity from the major banks twinned with SME capital constriction due to various macro factors continues to present lending opportunities for QST.

We remain confident that we have the experience across the QST board to navigate the challenging climate in 2024 and that we are well prepared for the year ahead.

Thank you again for your continued support.







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