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**QUAY STREET**  
• T R A D I N G •

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## Y E A R E N D R E V I E W 2 0 2 4

# 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**

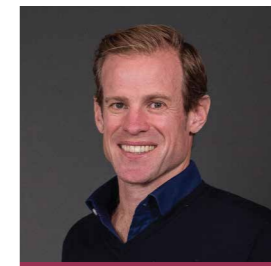
Susan was a career lawyer and a former Partner at Squire Patton Boggs where she spent 20 years and led the European Restructuring Practice Group. Susan previously worked for Linklaters. Susan was a Fellow of the Association of Business Recovery Professionals, a board member of the Turnaround Management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



**P E A D A R  
O ' R E I L L Y**

## **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.



**S A M  
M C A R T H U R**

## **Company Secretary**

Sam is an experienced investment and lending professional having previously served as Chief Operating Officer at Puma Capital Group, with responsibilities for risk management, being a member of the credit committee and forming part of the board responsible for growing AUM from £100 million to £950 million over 8 years. Prior to that, Sam's previous positions include CEO of a multi-site wholesale and distribution business as well as Associate Director at KBC Financial Products.

# INDEPENDENT CHAIRMAN'S VIEW

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

I am pleased to see Quay Street Trading ("QST") deliver on its shareholder return objectives for the fourth year in a row. The board has maintained its strategy of deploying loans to specialist lenders within the small business finance market. This has proven effective to date and has provided the desired results of maintaining steady growth in net asset value per share value with as little volatility as possible.

Our approach remains focused on minimising capital loss by working exclusively with specialist lenders who secure loans against a business's tangible assets. This mechanism has allowed the loans to our underlying lending businesses to service a large portion of an underserved market, whilst mitigating risk if default occurs.

The board meets monthly for a detailed review of our loans with timely consideration of potential risks in the loan book. Susan Kelly's recent appointment has been of great value to

these discussions, as she brings with her a wealth of experience from her days as a partner at Squire Patton Boggs, leading their European restructuring efforts.

Protecting existing investors' capital is always our first consideration when making decisions around future growth and taking on additional capital from new investors. To deliver on our objectives, we've had to ensure a sufficient pipeline of new opportunities and lending capacity from QST's underlying lending partners, such as Praetura Asset Finance and Praetura Commercial Finance.

Despite the increased scale of deployment, our expectations for our lending businesses' performance have been rigorous with uncompromising standards. Credit control remains one of their greatest strengths and that is evident from their exemplary track record. Their ability to show us granular detail on where our capital is deployed adds a layer of transparency that few

can offer in the sector. We know that QST's loans are spread across thousands of individual underlying loan contracts spanning a wide range of sizes, adding further resilience and diversification to our capital position.

As QST continues to fundraise and attract new investors, the additional capital has also made the company's balance sheet more robust, which benefits both existing and new investors. We expect to assess a pipeline of new lenders over the next 12 months to decide whether we will form new arrangements with additional specialist lenders. Combined with the expertise of the rest of the board, I will also be utilising my expertise from my time at Lloyds Banking Group to ensure our plans have sufficient due diligence ahead of any lending decisions.

I look forward to updating you on our progress in the future.

**David Allanson**  
*Independent Chairman*

## PRAETURA HIGHLIGHTS & INDUSTRY OUTLOOK | — PEADAR O'REILLY

### PRIORITISING MINIMAL CAPITAL LOSS

Minimising capital loss remains the leading objective for Quay Street Trading's ("QST") leadership. The board is pleased to report that QST has maintained a 0% capital loss position on the loans it has made to small business lenders. These industry-leading results have been achieved through strict credit control, proactive portfolio management, and a cautious approach to lending. This diligence is mirrored by QST's lending partners, such as Praetura Lending, whose robust processes have led to zero net capital loss ratio<sup>1</sup> across the £1.2bn worth of loans it has originated in its 10 years of trading.



2024 has changed in the UK economy and the wider global markets. Elections have been held in countries across the EU, UK and the US, leading to changes in government and economic policy. Uncertain macroeconomic confidence has filtered down to the UK speciality finance market as SME growth slows.

However, we are pleased to report that our Quay Street lending partners remain resilient and continue to flourish. These evolving conditions have further emphasised the important role the specialist lending sector plays in servicing a significant portion of the UK's need for small business finance. A growing number of high street banks now work through these lenders to service areas of the economy they feel less equipped to manage directly. According to the British Business Bank, last year 59% of debt funding for small and medium-sized businesses came from new non-high street lenders. In contrast, Barclays, NatWest, Lloyds, HSBC and Santander had provided more than 90% of all new lending to SMEs in 2009.

<sup>1</sup>Net 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.

# PRAETURA HIGHLIGHTS & INDUSTRY OUTLOOK CONTINUED...

## DEMAND FOR SPECIALIST LENDING CONTINUES TO GROW

Research conducted by Praetura suggests that 59% of UK businesses say access to capital has decreased in the last five years and that 43% report that it is one of the biggest challenges they face. In contrast to these findings, the UK's economic volatility and low growth has driven many high street banks to reduce their appetite for lending directly to UK SMEs. This continued withdrawal from the market is now creating an established space for specialist finance businesses like Praetura Lending, which has now grown its loanbook to £500m across 4162 live loan transactions. The group has now achieved a compound annual growth rate from 2021 to 2024 of 39%. As one of the more established market players, Praetura has invested significant capital and resources into its technology, operations and sales team to cement its position. For example, Praetura's custom-built Praeview system is regarded as one of the most sophisticated in the market, allowing the group to proactively manage its portfolio with detailed real-time analytics using thousands of data points on each individual loan contract.

Despite its ambitions to grow, Praetura's credit teams have not compromised on their risk appetite. Maintaining a measured approach and delivering a risk-adjusted return through proven models developed from years of experience.

## LENDING ALONGSIDE MAJOR UK BANKS

Whilst many banks have reduced direct-to-business lending, many institutions are increasing their SME lending capacity through wholesale facilities to specialist lenders. Backed by NatWest and

Barclays, Praetura Lending is the only lender in the UK with over £300m of securitisation facilities from two major banks across both asset finance and sales finance. The due diligence required for these facilities has been detailed and extensive, giving the QST board further confidence in Praetura Lending's ability to deliver results. Ultimately, QST's capital position alongside these major institutions helps leverage a much larger loan book, and therefore providing our investors with greater diversification across a larger number of total loans to small businesses.

## CONSISTENT PERFORMANCE FOR QUAY STREET TRADING

Quay Street Trading's underlying loans have exceeded performance for another year. The board is pleased to report that in 2024 the net asset value per share has grown 4.58% per annum, exceeding the 4.5% growth target. These results will mean that Quay Street Trading's performance has now exceeded target every year since inception. This is a testament to our ability to back specialist lenders with the capacity to scale lending operations in line with our ambitions to raise capital.

Whilst the UK's economic climate remains fairly flat, Quay Street Trading is confident in our position. Over the next 12 months, the team will continue to focus on delivering our target growth whilst maintaining minimal volatility for our investors.

Thank you for your continued support of Quay Street Trading. We look forward to working with you in 2025 and bringing you further updates on our progress.

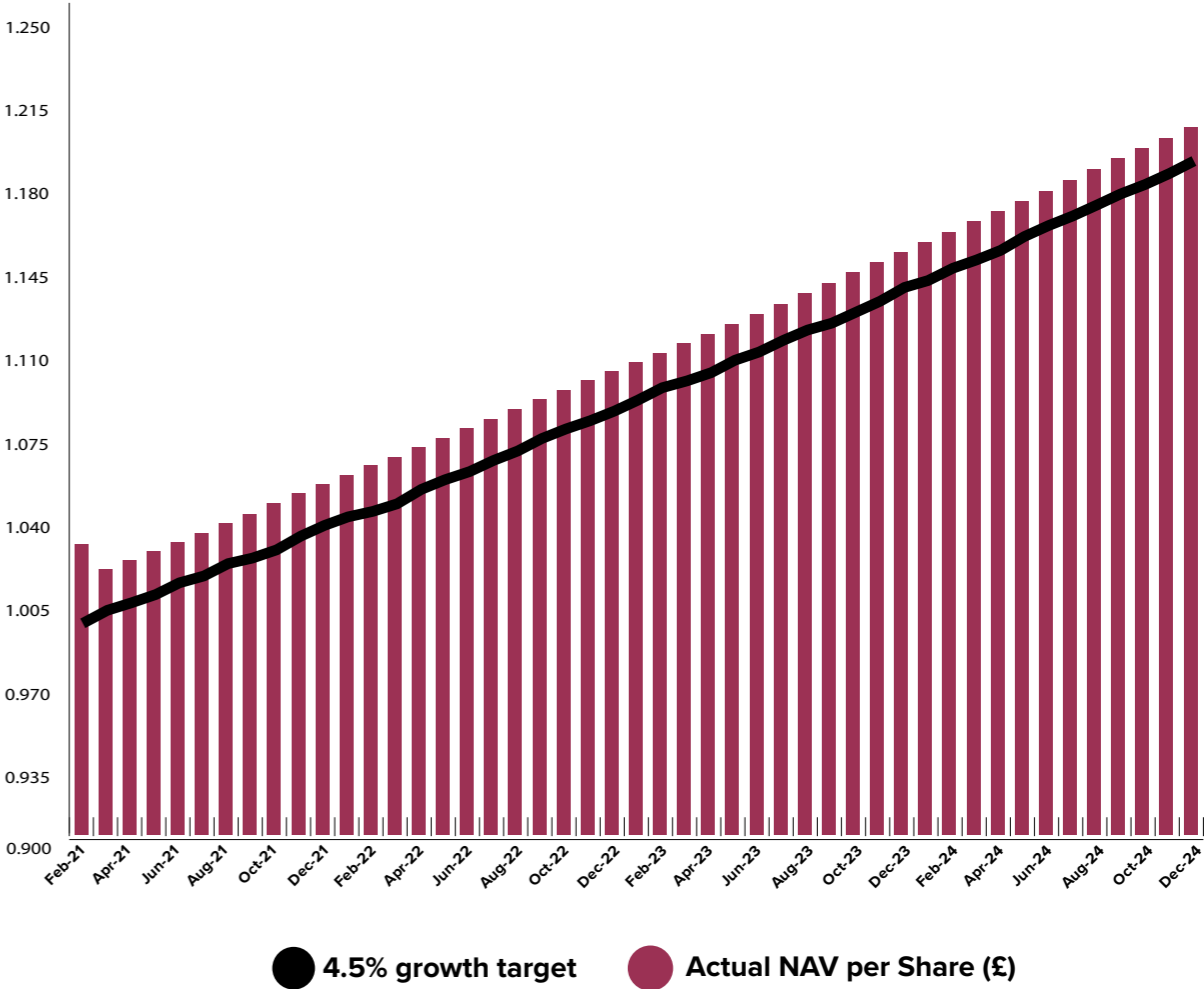
# QST SHARE PRICE PERFORMANCE

Over the last 12 months, Quay Street Trading has delivered above its target shareholder return for investors. The share price for QST is calculated monthly based upon the net asset value per share and is ratified by the board of directors.

QST's steady returns reflect the strength of its secured lending strategy. By providing loans to specialist finance companies, QST benefits from recurring revenue with managed credit risk, thanks to the broad diversification of underlying lending contracts across thousands of commercial borrowers spanning multiple industries.

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 (£)



● 4.5% growth target ● Actual NAV 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 2024, approximately 60% of the QST lending book portfolio was deployed in asset finance. Praetura Asset Finance ("PAF") is one of the entities 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 3,500+ agreements in the underlying PAF loan book are spread across a wide range of industries with the average lend being £93k. Since inception the Praetura managed asset

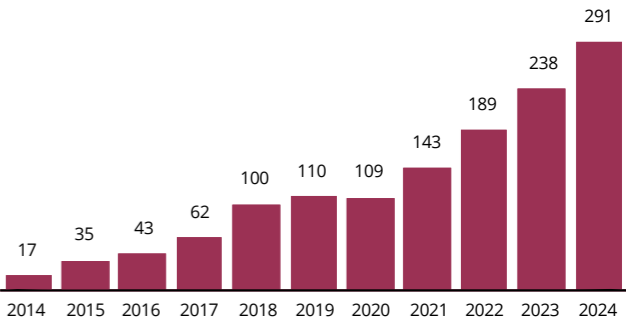
finance division has an industry leading record on credit losses, with a net capital loss<sup>1</sup> of zero.

<sup>1</sup>Net 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.

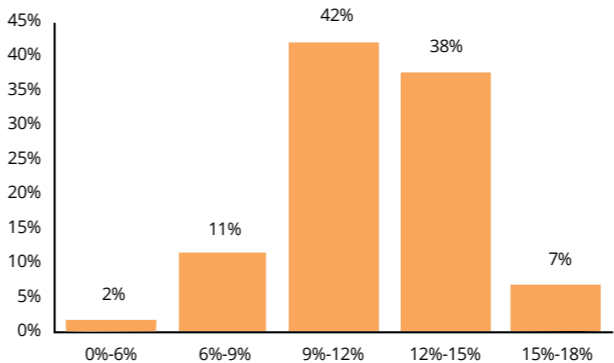
P O R T F O L I O

Current loan book size (£m)	291
Number of live agreements	3,566
Average net advance (£000s)	93
Average remaining term (months)	38.2
Weighted average yield (%)	12.7%
Net capital write offs (% advances)	<0.1%

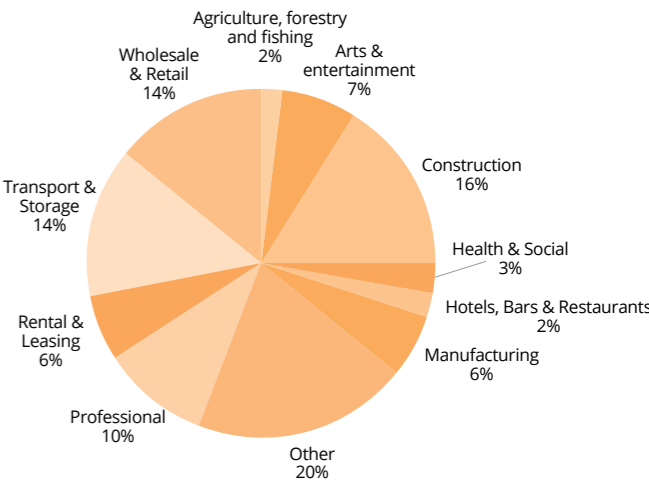
L E N D I N G   B O O K   (£M)



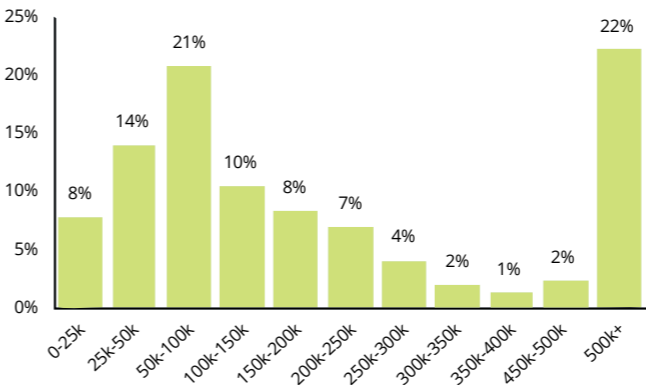
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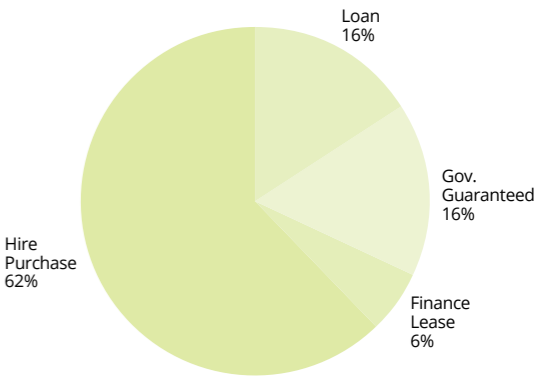
S E C T O R   S P L I T



C A P I T A L   O U T S T A N D I N G



P R O D U C T   M I X



# SALES FINANCE OVERVIEW

As at 31 December 2024, approximately 40% of the QST lending book portfolio was 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. 88% 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 c.600 agreements in the underlying sales finance portfolio are spread across a wide range of industries with the average lend being

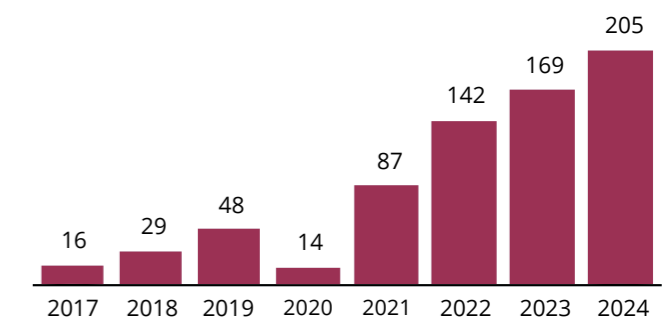
£343k. Since inception / acquisition, the Praetura managed sales finance division has an industry leading record on credit losses, with a net capital loss<sup>1</sup> of zero

<sup>1</sup>Net 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.

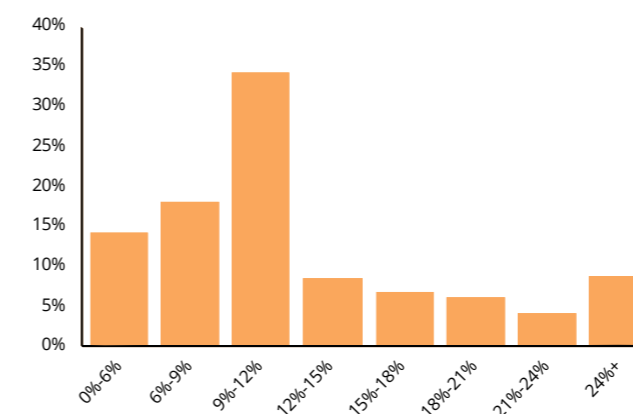
## PORTFOLIO

Current loan book size (£m)	205
Number of live facilities	596
Average funds in use (£000s)	343
Average remaining term (months)	13.6
Weighted average net yield (%)	14.9%
Net capital write offs (% advances)	-

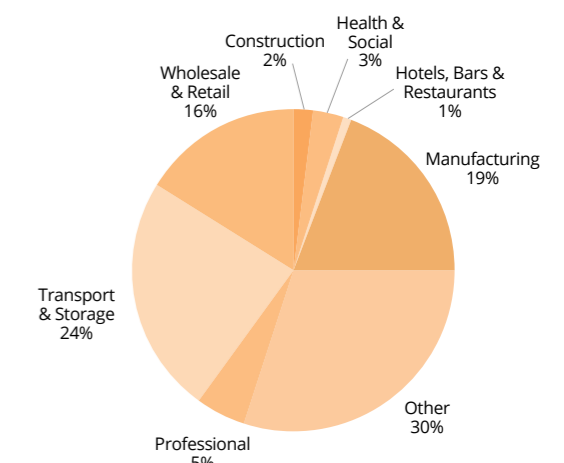
## LENDING BOOK (£M)



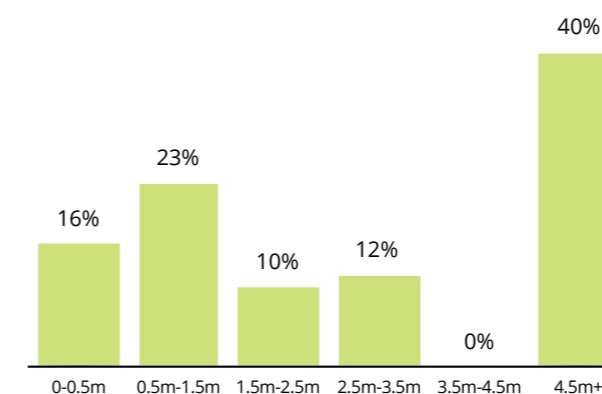
## YIELD



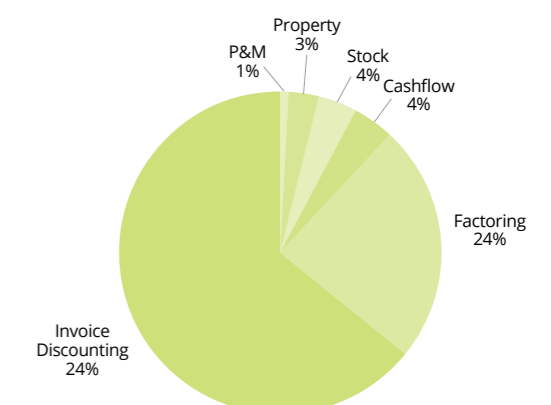
## SECTOR SPLIT



## CAPITAL OUTSTANDING



## PRODUCT MIX



£475M ADVANCED TO  
CUSTOMERS

514 CUSTOMERS  
FUNDED

£291M LOAN  
BOOK

NIL NET CAPITAL LOSS  
SINCE INCEPTION

# VIEW FOR 2025 BEYOND

Our specialist lending strategy and rigorous credit process have consistently delivered year-on-year since inception. We're pleased to see Quay Street Trading continue to drive stable returns for our investors.

The specialist finance sector continues to meet the demands of small and medium sized businesses across the UK. Quay Street Trading's partners have a significant pipeline of new opportunities which they continue to capitalise on.

We remain confident that we have the experience across the QST board to navigate the challenging climate in 2025 and that we are well prepared for the year ahead.

**Thank you again for your continued support.**



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[quaystreettrading.com](http://quaystreettrading.com)