



# Investor Presentation

November 2024

AIM: DUKE

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# OVERVIEW

Over the last 3 years of wars, interest rate hikes and 40-year high inflation, Duke continues to deliver



## Quarterly Recurring Revenue up 66%

Consistently increased revenue to a record high of £6.4m for Q2/FY25



## £33.3m Returned to Shareholders

8.3p / share in dividends and dividend per share raised 17% to 2.8p



## Focus on Creating Capital Growth

Equity stakes in 11 capital partners and 75 underlying operating companies



## Non-Dilutive Capital of £83.7m

Through debt upsize on better terms and 3 portfolio exits with 20+% IRR's



## Adding EBITDA in Current Market Cycle

Opportunistic time for Duke's buy and build platforms to acquire at attractive valuations



## Focus on Self-Sustaining Model

Progress to raise third-party capital and future exits with goal of no further PLC raises

Note: All information since 1 January 2022

# FUNDRAISING TRANSACTION

Seeking £15m+ institutional placing of Ordinary Shares

## Use of Proceeds:

- Bolt-on M&A into our current Buy & Build portfolio platforms
- Already identified acquisition targets for BPVA, United Glass Group and Tristone Healthcare

## Transaction Rationale:

- Continue to build EBITDA of our current partners and increase equity stakes where possible
- Attract higher EBITDA multiples on exit
- Support third-party capital raise by keeping deployment momentum and demonstrating shareholder support

## Duke's Relative Total Shareholder Return Performance Since 2021 Fundraising



Source: Bloomberg

# EXITS TO DATE

Unlike a pure credit portfolio, our hybrid capital approach boosts IRRs on exit

Capital partner	Investment Date	Term held (months)	Capital invested (£000)	Components of Duke's Product				Realised gross IRR
				Corporate mortgage	Preference share	Exit premium	Equity stake %	
Temarca	Apr-17	47	12,934	✓	✓	-	-	-1.2%
Berkley	Jun-17	46	1,140	✓	✓	-	-	16.0%
Fairmed	Jun-21	38	8,591	✓	✓	✓	-	20.8%
Instor	Mar-23	3	7,309	✓	✓	✓	-	293.0%
Xtremepush	Feb-18	31	2,473	✓	✓	✓	3%	22.0%
Welltel	Jun-17	42	13,454	✓	✓	✓	5%	28.2%
BHP	Aug-18	36	5,183	✓	✓	✓	12.5%	28.8%
Fabrikat	Feb-21	38	6,200	✓	✓	✓	30%	32.4%

# EXITS TO DATE (CONTINUED)

Equity stakes drive large returns, maximising gains upon investment exits

- Duke has had 8 exits over the Company's history
- Fabrikat and BHP demonstrate the returns which are possible when Duke has significant equity stakes
- Our use of proceeds from this transaction will allow Duke to continue to build larger equity stakes and increase capital partners' EBITDA before the point of exit

Fabrikat	(£'000)
Capital Invested	6,200
Cash received over life of investment	3,116
<b>Total capital returned over investment<sup>1</sup></b>	<b>13,098</b>
Investment period (in years)	3.2
Equity stake % at exit	30%
Multiple on invested capital (MOIC) <sup>2</sup>	2.11x <sup>1</sup>
IRR on exit	32.4%

BHP	(£'000)
Capital Invested	5,183
Cash received over life of investment	2,283
<b>Total capital returned over investment<sup>1</sup></b>	<b>9,040</b>
Investment period (in years)	3.0
Equity stake % at exit	12.5%
Multiple on invested capital (MOIC) <sup>2</sup>	1.74x
IRR on exit	28.8%

<sup>1</sup> Total capital returned over investment includes cash received over life of investment, capital invested, equity value and exit premium

<sup>2</sup> MOIC excludes deferred equity obligations for Fabrikat

# PARTNER: BPVA

Experienced management team with a strong track record; healthy pipeline of M&A opportunities

## Company overview

- BPVA is a buy & build platform in the resourcing and recruitment space, and provides both permanent and flexible staff to SMEs, large blue-chip companies and public sector entities across a range of sectors
- Since Duke's initial investment in September 2018, BPVA has made 4 major acquisitions and executed 2 smaller bolt-ons



Partner - BPVA	Jan-20	Sep-24	Pro-forma (at exit)
Capital Deployed (£'000)	9,400	18,600	25,000
No. of operating co's	2	6	8
NTM EBITDA (£'000)	4,200	8,200	14,400
EV / EBITDA x (est.)	4.3x	7.0x	8.0x
EV (£'000)	18,100	57,700	115,100
Equity value (£'000)	5,200	23,100	77,200
Duke equity stake	30%	30%	30%
Duke equity value (£'000)	1,600	6,900	23,200

Illustrative Duke returns at exit	(£'000)
Capital invested	25,000
Cash received over life of investment	19,300
Principal and exit premium on exit	30,000
Equity value (accounting for 3 <sup>rd</sup> party debt)	23,200
Illustrative total capital returned over investment	72,500
Investment period (years)	8
Multiple on invested capital (MOIC)	2.9x
Illustrative IRR over 8-year period	26%

Note: all pro-forma figures and illustrative returns are based on management's reasonable expectations of future trading assumptions and market rate multiples; equity value is an estimated implied equity value

# PARTNER: UNITED GLASS GROUP

Duke's ability to take increased equity stakes allows for potentially increased IRRs on exit

## Company overview

- UGG is a group of companies focused on glass processing, manufacturing and merchandising to commercial and residential customers across the UK
- Focused on the manufacturing and distribution of flat glass product lines throughout the Midlands region
- Management demonstrate extensive knowledge of the sector and oversee operations



Partner - UGG	Mar-18	Sep-24	Pro-forma (at exit)
Capital Deployed (£'000)	6,500	15,000	25,000
No. of operating co's	3	4	6
NTM EBITDA (£'000)	2,000	4,800	9,000
EV / EBITDA x (est.)	4.0x	6.0x	7.0x
EV (£'000)	8,000	29,000	63,100
Equity value (£'000)	1,500	5,300	32,900
Duke equity stake	-	73.9%	73.9%
Duke equity value (£'000)	-	4,000	24,300

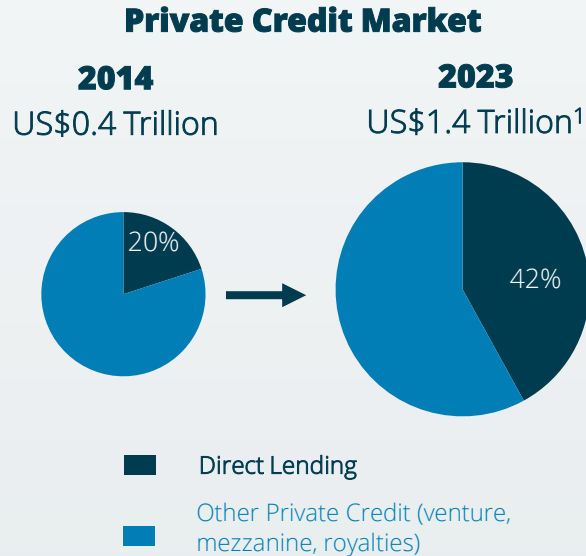
Illustrative Duke returns at exit	(£'000)
Capital invested	25,000
Cash received over life of investment	20,600
Principal and exit premium on exit	30,800
Equity value (accounting for 3 <sup>rd</sup> party debt)	24,300
Illustrative total capital returned over investment	75,700
Investment period (years)	10
Multiple on invested capital (MOIC)	2.7x
Illustrative IRR over 10-year period	22%

Note: all pro-forma figures and illustrative returns are based on management's reasonable expectations of future trading assumptions and market rate multiples; equity value is an estimated implied equity value



# ACCESSING PRIVATE CAPITAL

Third-party capital eliminates cash drag, represents accretive fee-based revenue, reduces Duke's dependence on the equity markets which minimises dilution



- Private Credit Market has almost tripled in a decade
- Duke has engaged a placement agent who has approached capital providers starting early September
- Currently, indicative term sheets are being received from multi billion-dollar capital providers
- Intention is to raise c.£100 million in a new Special Purpose Vehicle / Joint Venture structure
- Expected management fee and performance fee income to Duke should result in accretive cash flow for public shareholders
- Intention is to continue with same Hybrid credit product, without conflict of interest because PLC will be also directly invested in the JV
- Committed capital to draw on without reliance on PLC equity raises to continue investing

Sources:

<sup>1</sup>Morgan Stanley: Understanding Private Credit

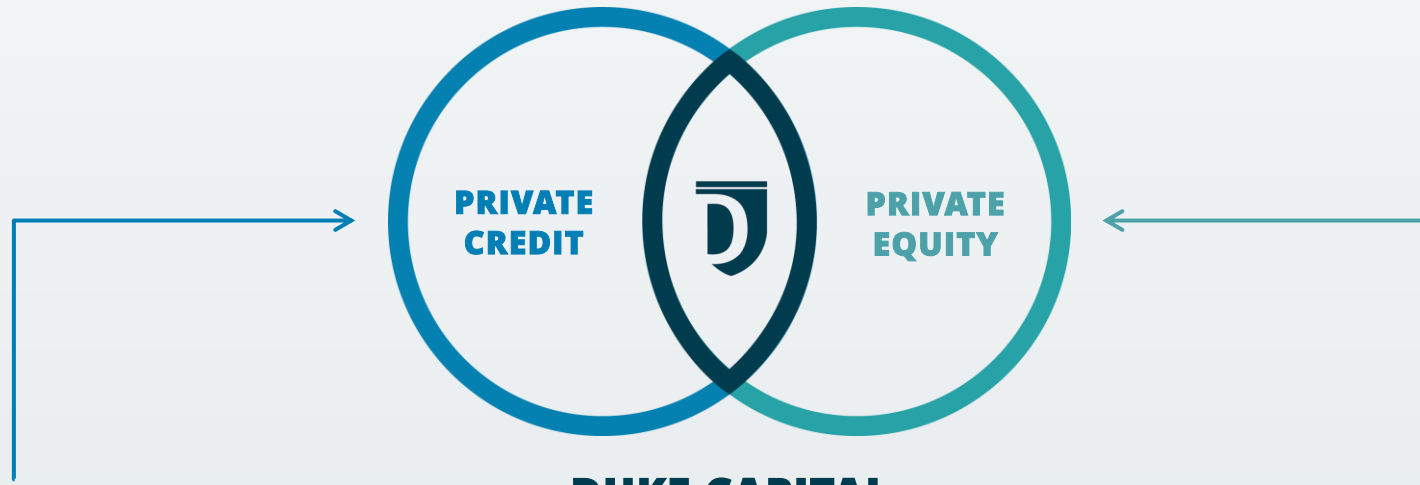
# INTRODUCTION TO DUKE CAPITAL



# INTRODUCTION TO DUKE CAPITAL

Hybrid capital combines the best features of private credit and private equity

Duke's capital appeals to business owners who need capital but want to retain control



## DUKE CAPITAL

Senior, mezzanine or junior	vs	<b>Senior secured loan</b>	<b>Minority equity stakes</b>	VS	Majority equity control
5-year term, typically bullet	vs	<b>30-year amortisation</b>	<b>Unitranche capital</b>	VS	Preference and / or ordinary shares
Floating rate: % over SONIA	vs	<b>Fixed rate + rev. adjusted</b>	<b>Inflation hedged return</b>	VS	Return only realised on exit
Light touch due diligence	vs	<b>Intensive due diligence</b>	<b>Board representation</b>	VS	Board control
Fee-based, loss ratio model	vs	<b>Exit premium + equity upside</b>	<b>Exit in owners' control</b>	VS	Exit forced at end of fund life

# CLEAR INVESTMENT STRATEGY

Duke's funding solution is used by owner-operators to drive growth and increase shareholder value

## Use of Proceeds

MANAGEMENT  
BUYOUTS

BUY & BUILD  
STRATEGIES

SHAREHOLDER  
RESTRUCTURINGS

DEBT REFINANCING

### What Duke looks for

- Investment size of £5 – 30 million
- Companies with EBITDA of £2 – 8 million and low maintenance capex
- Long-term partnership and alignment with business owners
- We seek owners not wanting to give up control or existing management wanting to become owners through an MBO

### Business characteristics

- Long-standing private, family / owner-operated businesses
- History of organic revenue growth and profitability
- Dominant position in its local market
- Low levels of customer concentration
- Environmentally and socially responsible



Sectors:



Manufacturing



Services



Healthcare



IT Services



Countries:



U.K.



Ireland



U.S.

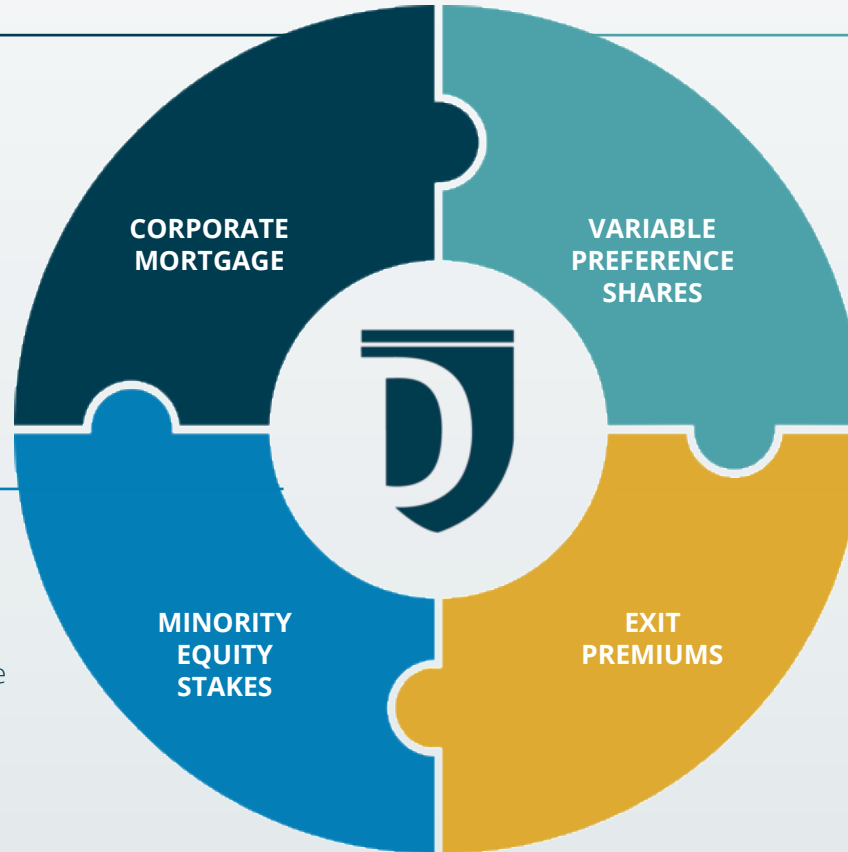


Canada

# THE COMPONENTS OF DUKE'S PRODUCT

Parts contribute to an overall package that meets the goals of both Duke's investors and business owners

- Senior secured instrument
- 12.0% fixed rate yield, with no refinancing risk
- Principal paid throughout 30-year term
- Company's current cash flows exceed interest payments, typically 2 times covered



- 1.5% - 2.0% variable preference share
- Annual adjustment to Duke's yield based on partners' change in revenue
- The change in yield is capped at +/- 6% in currency terms
- **Inflation hedged:** price inflation in portfolio results in higher revenue for Duke

- To enhance returns and create alignment, Duke seeks equity when available
- Equity is typically acquired at minimal cost at transaction date

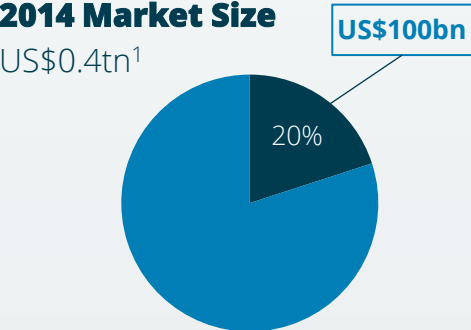
- Business owner maintains control of the timing of an exit
- Fee due upon refinancing prior to maturity in every case
- Exit premiums of 15% – 30%

# THE RISE OF PRIVATE CREDIT AND DIRECT LENDING

Private credit is a fast-growing area of the alternative lending market, with direct lending representing the biggest part of the asset class

## 2014 Market Size

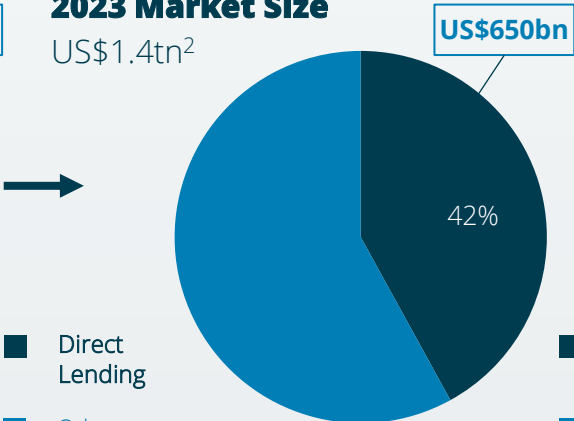
US\$0.4tn<sup>1</sup>



- Direct Lending
- Other Private Credit (venture, mezzanine, royalties)

## 2023 Market Size

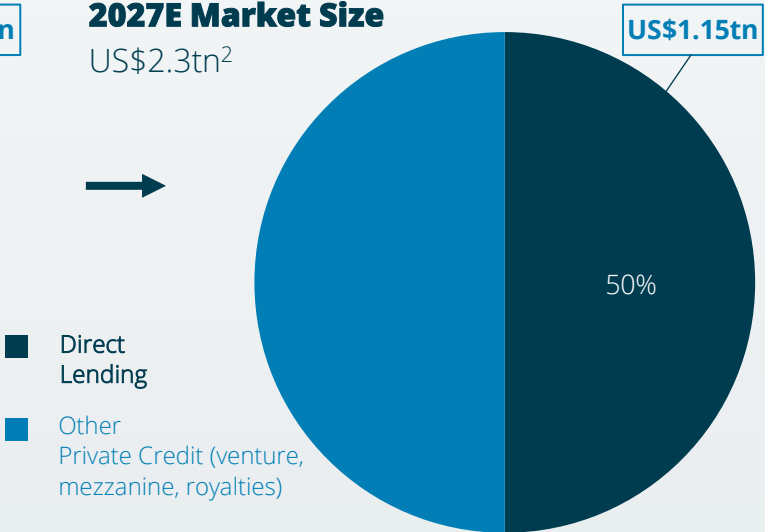
US\$1.4tn<sup>2</sup>



- Direct Lending
- Other Private Credit (venture, mezzanine, royalties)

## 2027E Market Size

US\$2.3tn<sup>2</sup>



- Direct Lending
- Other Private Credit (venture, mezzanine, royalties)

Direct lending is negotiated directly between lender and borrower  
Direct lending's popularity is due to its flexibility, certainty of execution, and increasing regulations on high street banks

Sources:  
<sup>1</sup> Blackrock: The Growth of Direct Lending, An investor Q&A  
<sup>2</sup> Morgan Stanley: Understanding Private Credit

# TARGET MARKET VS. OTHER INSTITUTIONAL FORMS OF CAPITAL

The Lower Mid-Market comprises of companies with less access to institutional capital than other segments



No investment

### Venture Capital

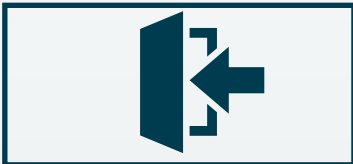
- Visionary leadership
- Focus on revenue growth not profits
- No cashflow to support debt
- Minimal operating history
- Tech companies and/or scalable business models

EBITDA range:

NA

EV / EBITDA x:

NA



Duke's point of entry

### Lower Middle-Market

- Entrepreneurial leadership / owners
- Retaining control is important
- Refinancing risk is top of mind
- Distrustful of banks
- Steady revenue growth, typically serving domestic markets

EBITDA range:

£2 – 6 million

EV / EBITDA x:

4x – 6x



Duke's point of exit / refinance

### Middle Market

- Professional managers and institutional ownership
- Private equity ownership sweet-spot
- Many more options for capital
- Refinancing risk diminished
- Typically established operations with expansion internationally

EBITDA range:

£10 - 100 million

EV / EBITDA x:

8x – 10x

# HOW DUKE'S PRODUCT BENEFITS INVESTORS

History of attractive risk adjusted returns by adhering to 3 investment pillars

## Capital preservation



### Senior secured capital

- Light amortization of capital starting at initial investment
- Seek continuity of owners and/or managers to reduce risk
- £220m currently invested in longstanding profitable businesses
- Visibility of £784m of contractual revenues if current portfolio held to maturity

## Attractive dividend yield



### Monthly cashflow stream

- Obligation for monthly cash payments starting at investment date
- Duke has paid dividends for 30 consecutive quarters
- £54.9m<sup>1</sup> of dividends paid to Duke's shareholders to date (19.3p per share)
- Current annualised dividend yield of 8.5%<sup>2</sup>

## Upside from exits



### Exit premiums and equity stakes

- Exit premiums are structured in every transaction, as a deterrent for re-financing
- Equity stakes acquired either upon investment or later, always keeping alignment with owner/operators
- Currently 11 equity positions worth £16m
- Unrealised exit premiums worth £50m+

<sup>1</sup> Total dividend paid includes 0.70 pence / share, dividend announced on 19 September and due to be paid on 14<sup>th</sup> October

<sup>2</sup> Yield based off annualised dividend of 0.70 pence paid on 19 September 2024 and share price as at 19 September 2024 of 33.00 pence



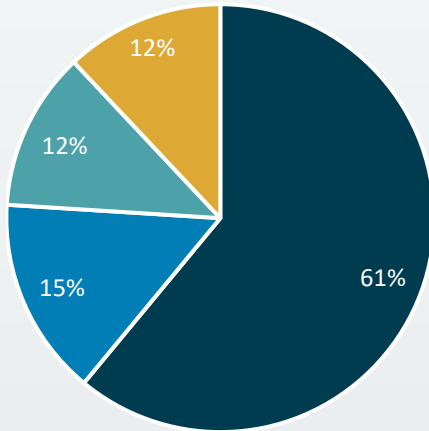
# CURRENT PORTFOLIO



# PORTFOLIO DIVERSIFICATION

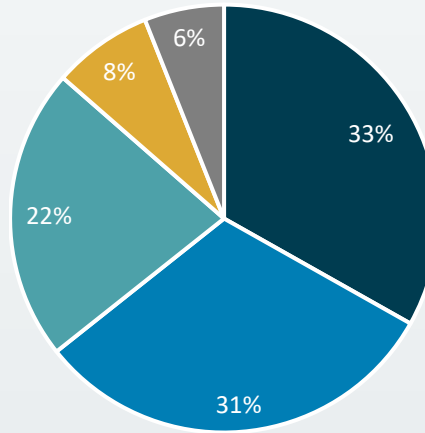
Risk mitigation and increased diversification as deployments accelerate

Portfolio by region as % of total book value



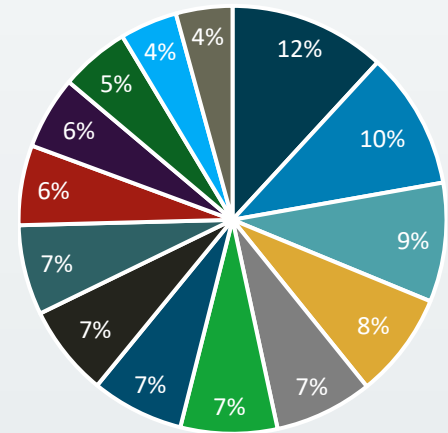
- UK - 8
- Ireland - 2
- Canada - 2
- USA - 2

Portfolio by sector as % of total book value



- Business Services - 4
- Industrials - 5
- Healthcare - 3
- Leisure - 1
- Media - 1

Portfolio concentration as % of total book value



- Partner 1
- Partner 2
- Partner 3
- Partner 4
- Partner 5
- Partner 6
- Partner 7
- Partner 8
- Partner 9
- Partner 10
- Partner 11
- Partner 12
- Partner 13
- Partner 14

# PORTFOLIO COMPANIES

Credit product provides ongoing cash returns with potential upside from growing equity portfolio

		Components of Duke's Product						
Capital partner	Investment Date	Corporate mortgage	Preference share	Exit premium	Equity stake %	Capital invested (£000)	Cash returned to date (£000)	(%)
Lynx	Oct-17	✓	✓	✓	-	15,000	11,176	75%
Trimate	Mar-18	✓	✓	✓	30%	13,250	4,920	37%
UGG	Apr-18	✓	✓	✓	74%	18,223	8,811	48%
Step	Jun-18	✓	✓	✓	-	11,503	5,382	47%
InterHealth	Aug-18	✓	✓	✓	-	10,000	7,134	71%
BPVA	Sep-18	✓	✓	✓	30%	18,556	8,109	44%
Miriad	Feb-19	✓	✓	✓	30%	20,692	11,268	54%
Creō-Tech	Jul-21	✓	✓	✓	100%	16,030	3,936	25%
Intec	Jul-21	✓	✓	✓	30%	29,900	6,986	23%
Atlas	Dec-21	✓	✓	✓	-	15,854	6,396	40%
Tristone	Dec-21	✓	✓	✓	14%	19,400	6,860	35%
New Path	Nov-22	✓	✓	✓	15%	12,080	1,860	15%
Glasshouse	Jul-23	✓	✓	✓	10%	9,028	1,453	16%
Integrum	Mar-24	✓	✓	✓	49%	14,500	1,483	10%
<b>Total</b>						<b>224,017</b>	<b>85,773</b>	<b>38%</b>

Data as at 30 September 2024

<sup>1</sup> Assumes all investments exit on 30 September 2024, repaying cost of investment, plus contractual exit premium plus current fair value of equity stake

# EXITS TO DATE

Unlike a pure credit portfolio, our hybrid capital approach boosts IRRs on exit

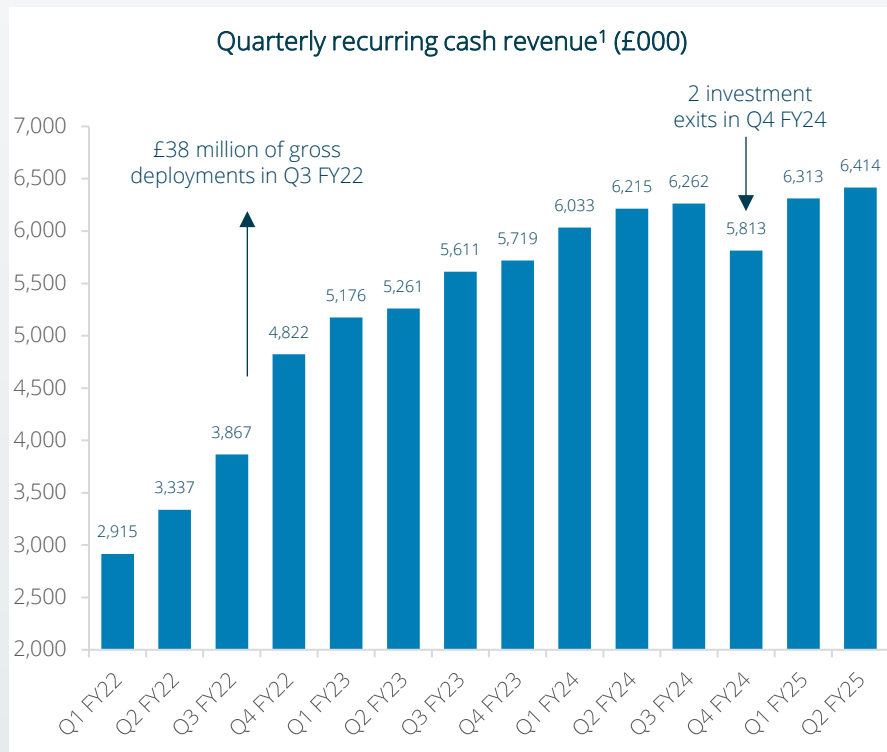
Capital partner	Investment Date	Term held (months)	Capital invested (£000)	Components of Duke's Product				Realised gross IRR
				Corporate mortgage	Preference share	Exit premium	Equity stake %	
Temarca	Apr-17	47	12,934	✓	✓	-	-	-1.2%
Berkley	Jun-17	46	1,140	✓	✓	-	-	16.0%
Fairmed	Jun-21	38	8,591	✓	✓	✓	-	20.8%
Instor	Mar-23	3	7,309	✓	✓	✓	-	293.0%
Xtremepush	Feb-18	31	2,473	✓	✓	✓	3%	22.0%
Welltel	Jun-17	42	13,454	✓	✓	✓	5%	28.2%
BHP	Aug-18	36	5,183	✓	✓	✓	12.5%	28.8%
Fabrikat	Feb-21	38	6,200	✓	✓	✓	30%	32.4%

# FINANCIAL HIGHLIGHTS



# FINANCIAL SUMMARY

## Continuing cashflow generation



<sup>1</sup> Recurring cash revenue excludes exit premiums and cash gains from the sale of equity investments

- Steadily increasing recurring cash revenue generated from corporate mortgage
- **Over £780 million of contractual revenue** due over next 30 years with NO GROWTH to current yield

### Lynx: Paid to Wait

- Lynx has paid Duke interest payments in full for 83 consecutive months
- **75% cash returned to date** totaling £11.2 million on £15 million of capital invested
- Upside from exits demonstrated in FY24 with additional **£6 million of cash revenue** generated from exit premiums and equity gains

# FY25 INTERIM FINANCIAL SUMMARY

Trading in line with market expectation



All in £000s	INTERIM FY25
Recurring cash revenue	12,730
Total cash revenue	13,560
Free cash flow	5,860
Gross investment deployments	15,300

- Record recurring revenue in Q2 FY25 of £6.4 million
- Final tranche of Fairmed exit proceeds received
- Covered dividend, total DPS paid of 1.4 pence
- Selective deployment strategy during FY25

Interim FY25 numbers are unaudited

# DUKE'S INVESTORS: GLOBAL FUNDS WITH SIGNIFICANT PUBLIC OWNERSHIP

Loyal base of blue-chip institutional investors with a strong retail following; significant management ownership

				
14.34% ownership	10.61% ownership	8.37% ownership	6.25% ownership	5.53% ownership
				
4.99% ownership	4.49% ownership	4.07% ownership	3.63% ownership	3.11% ownership

**FAIRFAX**  
FINANCIAL HOLDINGS LIMITED

Fairfax Financial Holdings Limited is Duke's £100m debt provider and strategic investor

Fairfax headquartered in Toronto has over \$100bn of assets is primarily engaged in property and casualty insurance and reinsurance and the associated investment management

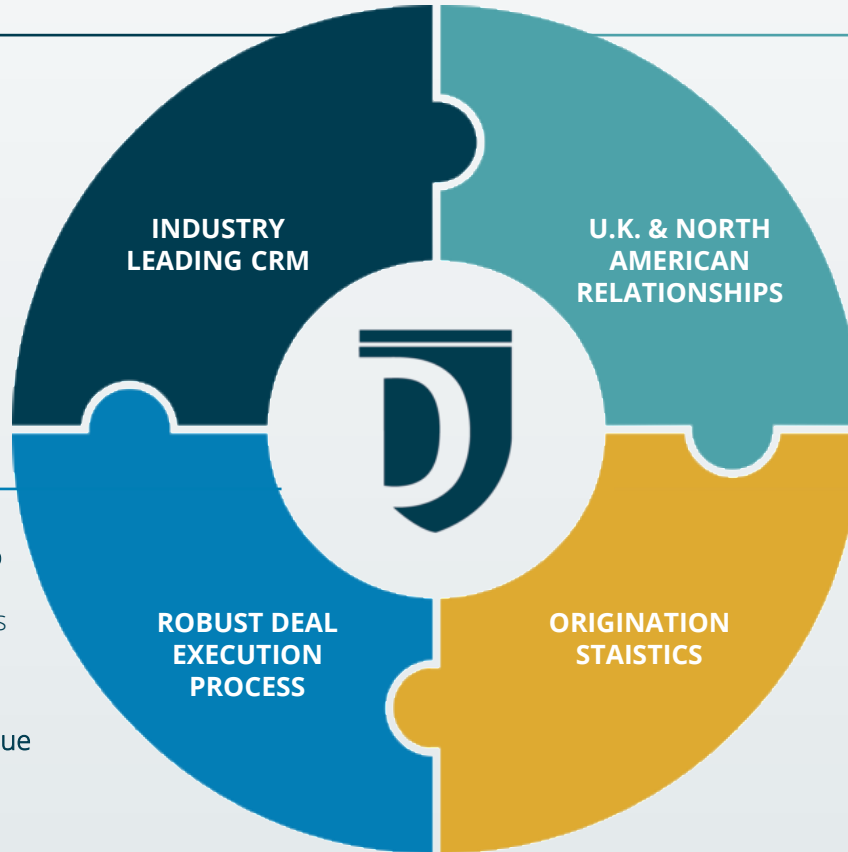
Shareholding as at 30 September 2024



# INVESTMENT ORIGINATION

Identification and assessment of investment opportunities

- We use technology to track and analyse deal flow
- Database of c.1,500 trusted contacts



- Fully staffed offices in **London** and **Toronto** ensures Duke has deal flow from multiple jurisdictions
- **Conferences, road shows, and networking events** ensure familiarity with Duke's investment strategy
- Duke employs origination and marketing personnel to focus on Business Development
- Duke has reviewed information memorandums of **636 deals since Jan-2020**
- Out of the 636 deals, Duke has invested in 10, underscoring the rigorous due diligence process
- Since Jan-2024, **Duke has reviewed 106 deals** with a combined potential deal value of c.£830m

# INVESTMENT CASE SUMMARY

Why invest in Duke?



## Capital Preservation

Senior secured product with downside protection



## High Operational Leverage

Cash operating costs were 12% of total recurring cash revenue in FY2024



## Strong 8.5% Dividend Yield (@33p)

Commitment to delivering continuous quarterly dividends



## Inflation Hedged Revenue

Compounding growth through annual yield adjustments based on revenue



## Upside from Exits

Exit premiums of 15-30% and equity stakes crystallised on exit



## Third-Party Capital

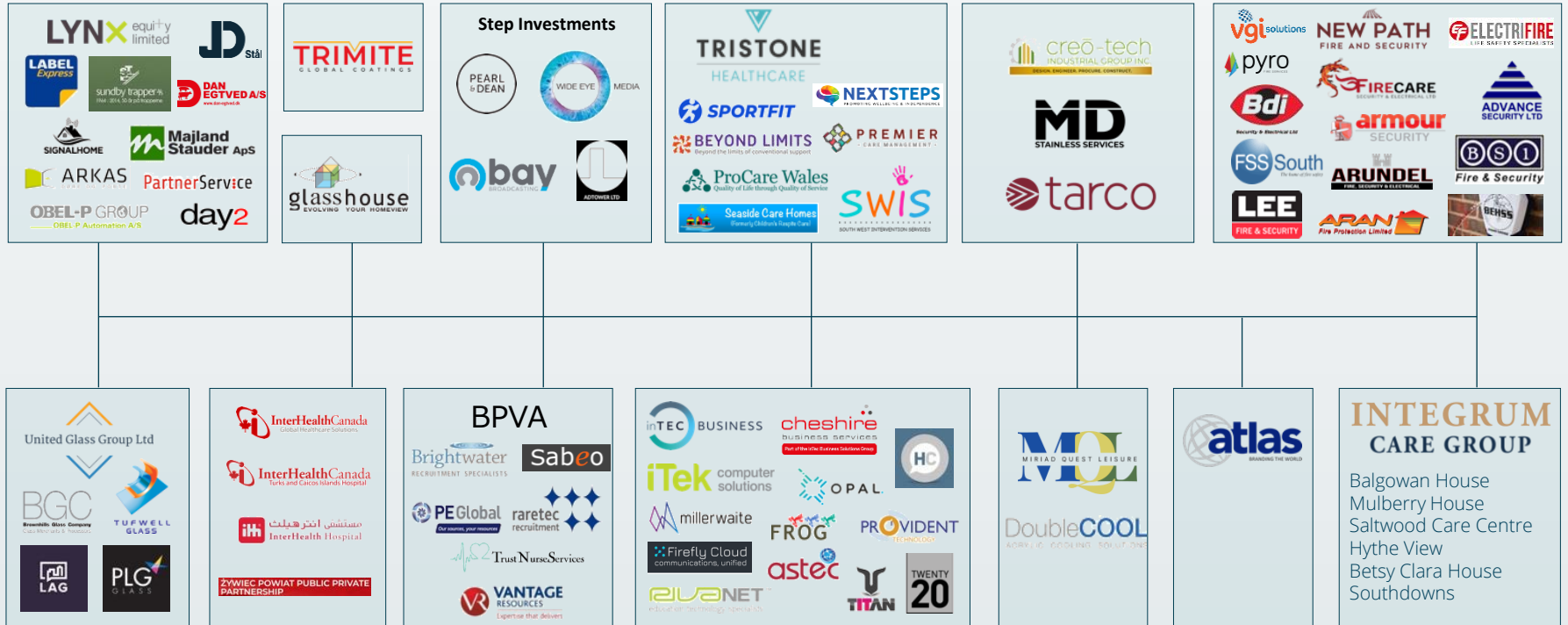
Exploring a new funding model; removing reliance on equity capital markets

# APPENDICES



# OUR PARTNERS

Duke's exposure is diversified across 14 capital partners with 75 underlying operating companies



# OUR BOARD OF DIRECTORS

Duke's Board have 100+ years of experience



## NEIL JOHNSON: CEO

- 30+ years of experience in mid-market companies
- Head of Corporate Finance (Europe) and on Global Executive Committee of Canaccord Genuity
- Has raised over £3 billion of capital across private and public markets
- Founder of Duke Capital



## CHARLIE CANNON BROOKES: CIO

- London-based Chief Investment Officer
- 20 years+ of fund management
- Has sat on the boards of several different funds, trusts and other publicly traded investment companies
- Co-founder of Duke Capital



## MAREE WILMS: NON-EXEC DIRECTOR

- Co-founder and CEO of Zeta Asset Management ICC Limited
- COO of South Africa Alpha Capital Management Limited



## NIGEL BIRRELL: NON-EXEC CHAIRMAN

- Group CEO of Lottoland Limited
- Former director of two FTSE 250 companies, including HIT Entertainment



## MATT WRIGLEY: NON-EXEC DIRECTOR

- Former Partner at MJ Hudson and resident of Guernsey
- Former General Counsel of a fund management company with >£650m AUM