

A nighttime aerial photograph of a city skyline. Several tall, modern skyscrapers with glass facades are illuminated from within, reflecting the ambient light. The buildings are set against a dark blue twilight sky. In the foreground, there are lower-rise residential buildings, some with red brick facades, and streetlights. The overall scene is a mix of modern architecture and urban development.

Introduction to Duke Capital

May 2024

AIM: DUKE

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Duke Capital Limited is registered with the Guernsey Financial Services Commission as a Non-Regulated Financial Services Business to carry out Lending.

INTRODUCTION TO DUKE CAPITAL

Private business owners receive capital while retaining control of their business



No refinancing risk
for owners



Retain control of timing
of any refinancing event



A long term approach
to the business relationship



Flexible structure
alignment between owners & Duke



Retain control of the board
and strategic direction



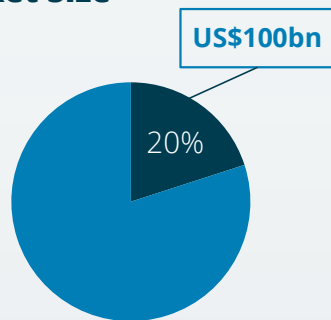
Retain equity upside
as Duke's participation is capped

WHY OWNERS SHOULD CONSIDER PRIVATE CREDIT

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

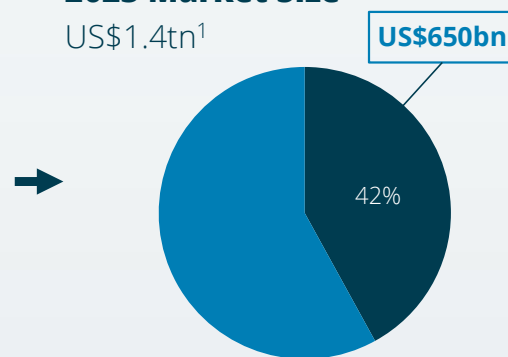
2014 Market Size

US\$0.5tn¹



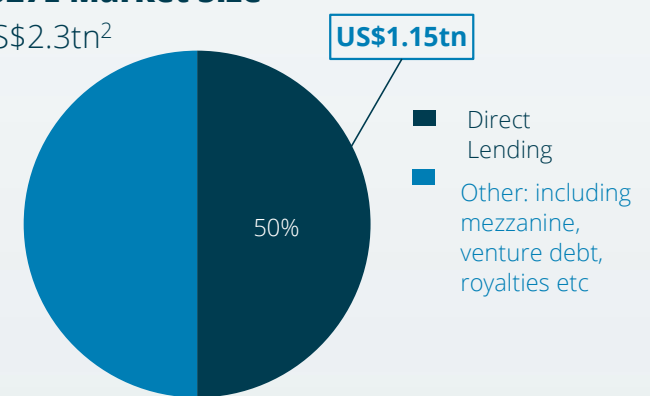
2023 Market Size

US\$1.4tn¹



2027E Market Size

US\$2.3tn²



Direct lending's features create strong relationships with owners:

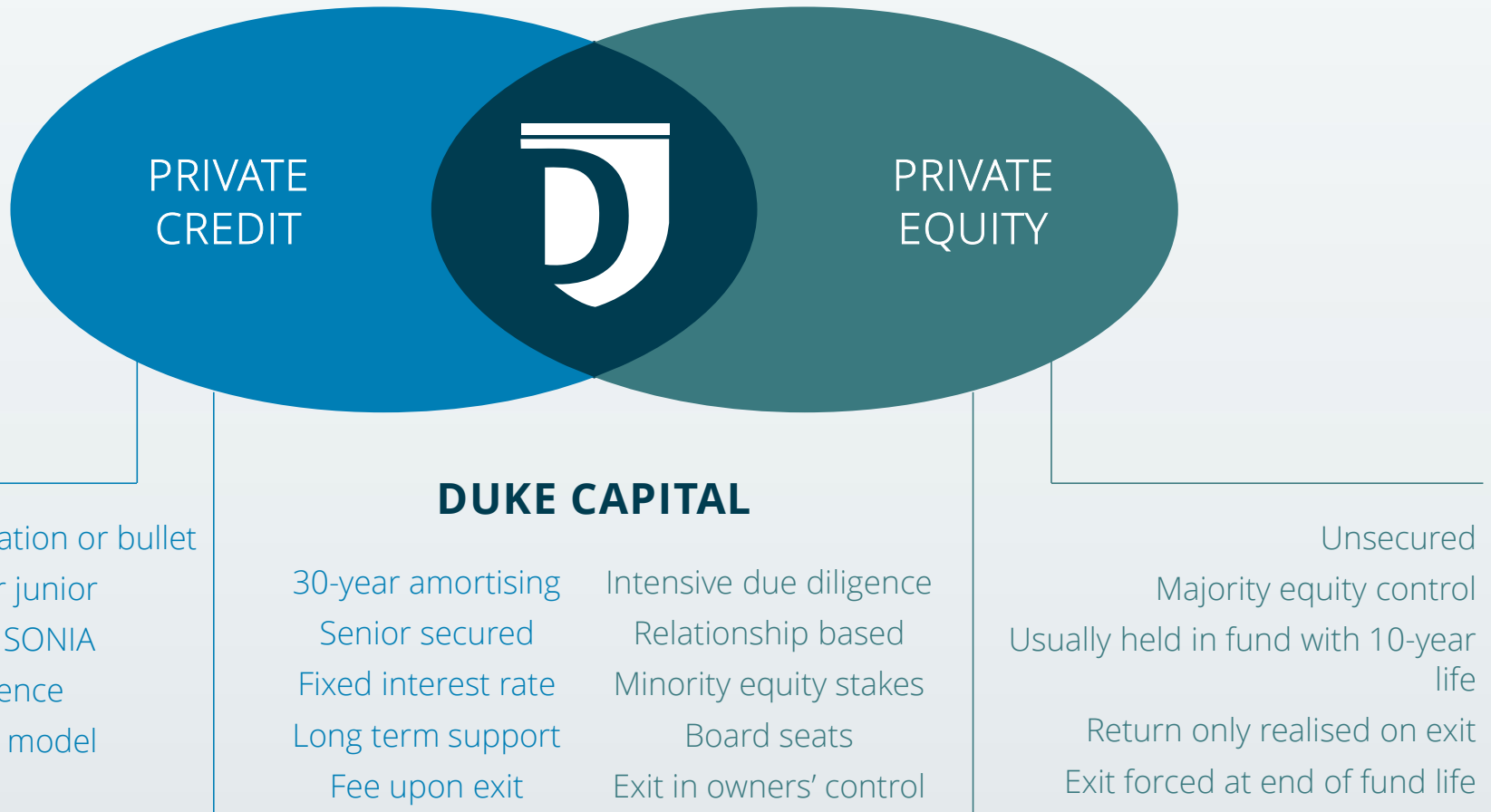
- Extensive due diligence and underwriting process in the investment selection process
- Structural protections – senior security and covenants
- Ongoing monitoring to mitigate downside risk
- Being a **strategic partner** that works collaboratively to provide needed support

- Direct lending defined: directly negotiated between lender and borrower and typically senior secured
- Direct lending advantages for business owners:
 - Flexibility of product, to cater to each owner's unique needs
 - Certainty of execution vs other forms of capital
 - Sophistication (i.e., will invest in situations too complex for high street banks)

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

OUR UNIQUE ATTRIBUTES - HYBRID CAPITAL

Combining the best features of both equity & debt; appealing to owners who need capital but want to retain control



OUR OFFERING – A BLEND OF CAPITAL TYPES

Duke offers a unique 'Corporate Mortgage' while also aligning our returns with the success of the business

KEY DRIVERS OF RETURN FOR DUKE



Fixed rate corporate mortgage



Variable interest rate component



Exit fees



Minority equity stakes

HYBRID CREDIT PRODUCT WITH EQUITY FEATURES:

- Unique differentiator and key driver of return is our **CORPORATE MORTGAGE**
 - Light amortisation over 30 years
 - 13.5%-14.0% **fixed rate** (including principal and interest)
 - Serviced through monthly payments from company cashflow
 - Senior secured (will sit behind a standard working capital facility)
 - No bullet repayment, eliminating refinancing risk
- We **ALIGN INTERESTS** with business owners by participating in the success of the business
 - **Variable interest rate** component of total cash yield is adjusted annually based on revenue change and is subject to a floor & annual cap
 - **Exit fees** due upon refinancing prior to maturity, also capped
 - **Minority equity stakes** potentially, sought to align interests with owners

CLEAR INVESTMENT STRATEGY AND WELL-DEFINED USE CASES

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

MANAGEMENT BUYOUTS

We allow experienced management teams to become majority owners, backing people who created equity value to keep strategic control

BUILD & BUY STRATEGIES

Our flexible financing model enables multiple drawdowns to be used for bolt-on acquisitions

SHAREHOLDER RESTRUCTURING

Owner equity sell-downs or minority buyouts

DEBT REFINANCINGS

Our long-dated corporate mortgage is often seen as preferable by business owners in replacing their incumbent short-term debt

WHAT DO WE LOOK FOR?

- Cheque sizes of £5 – 30 million
- Long-standing private, family / owner-operated businesses
- History of organic revenue growth and profitability
- Well-defined uses for the capital
- Management desire to continue with the business



Industrials



Services



Healthcare



IT



Mining



Oil & Gas



Biotech



Start-ups

SUCCESSFUL EXIT STRATEGY PROVEN

Exits form part of Duke's funding model and validates the flexible form of capital

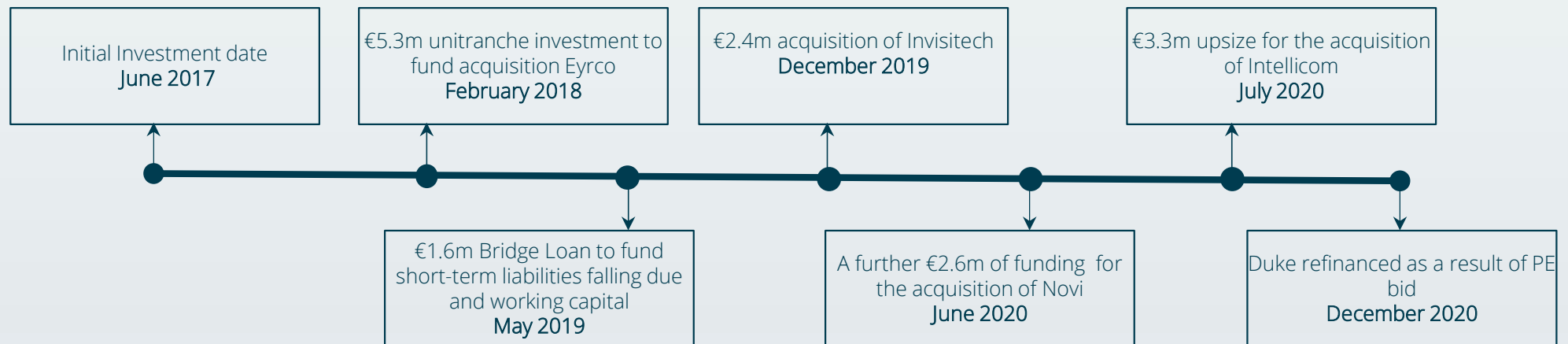
June 2017 –
December 2020



TELECOMMUNICATIONS

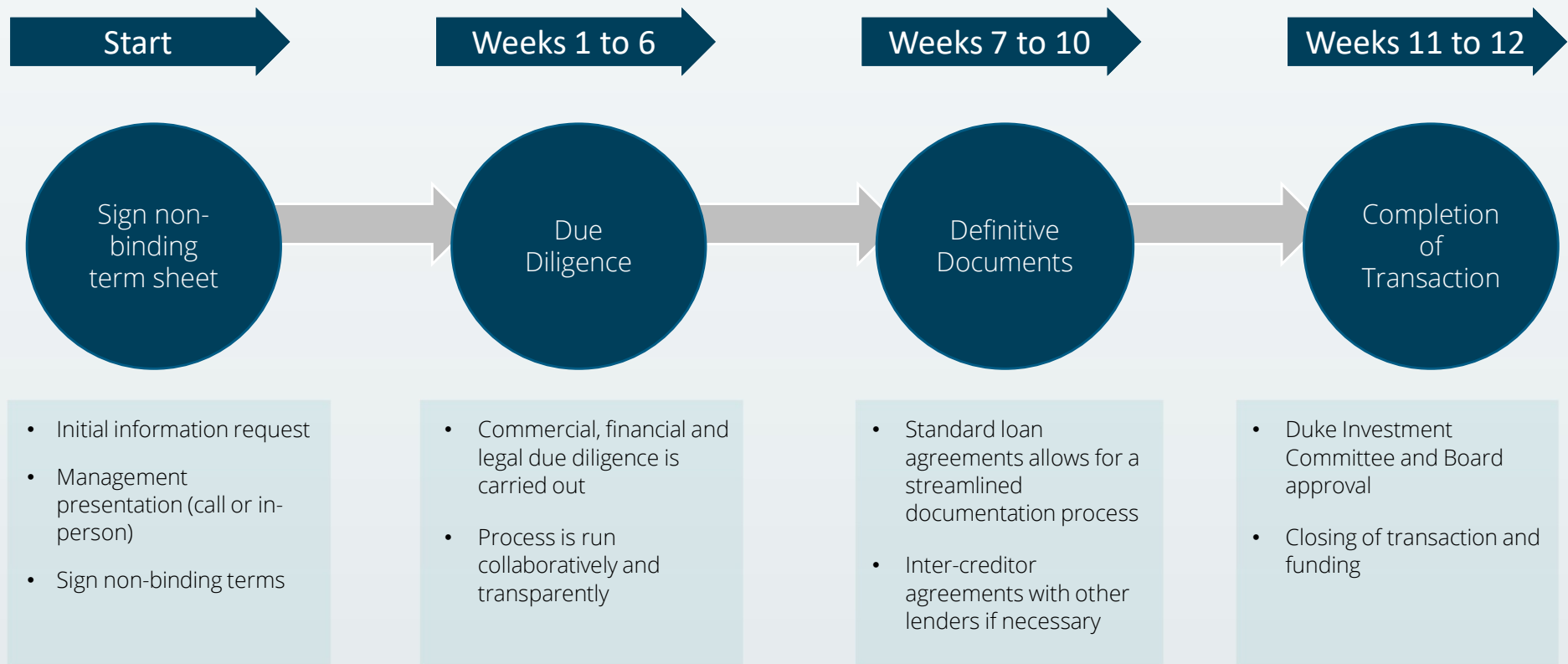
Acquisition Capital &
Debt Refinancing

- The lending relationship began in 2017 to fund the Company's acquisition of ATS
- Duke financed **6 different transactions over 3 years** for a total consideration of €16m to fund an ambitious M&A strategy
- The underlying Company traded strongly with the help of Duke, benefitting from the Work from Home trend which ultimately attracted compelling Private Equity offers to sell
- The owners decided to take a Private Equity offer which gave them a windfall profit; and Duke was refinanced as a result



INVESTMENT PROCESS

Duke has partnered with top tier management consulting firms to expedite due diligence and aims to complete transactions within two to three months



OUR TEAM

An experienced management team and investment committee



NEIL JOHNSON – CEO

- 30 years of experience in financial services including Global Executive Committee of Canaccord Genuity
- £3 billion equity financing for Canadian-domiciled companies listed in London
- Founder of Duke Royalty



CHARLIE CANNON-BROOKES – CIO

- London-based Chief Investment Officer
- 20 years fund management
- Co-owner of FCA-regulated Arlington Group Asset Management
- Co-founder of Duke Royalty



HUGO EVANS – CFO

- Extensive experience in senior finance roles within financial services
- 12 years of UK plc reporting experience
- Chartered Accountant (Grant Thornton)



ALEX HIBBARD – PRINCIPAL, INVESTMENTS

- 10 years of private equity experience, focused on new investments and managing portfolio companies
- Chartered Financial Analyst



AJAY SHIVDASANI – PRINCIPAL, INVESTMENTS

- 4 years of private-equity LBO transaction experience and deal origination at DW Healthcare Partners and 4 years of global management consulting experience at Oliver Wyman
- MBA from INSEAD University



STEVEN RUSSO – PRINCIPAL, INVESTMENTS

- 6 years of experience in mezzanine debt and equity growth capital transactions.
- J.D./MBA Degree from Queen's University (2011) with expertise in corporate law and governance



MAGDA TARNOWSKA – EXECUTIVE ASSISTANT

- 5 years of experience as EA supporting the CEO and Duke team
- 2 years as EA at Captor Capital, supporting the CEO and Board of Directors



MARCUS OLSBERG – ORIGINATION

- 4 years at MUFG Bank where he worked in the Leveraged Finance and Credit Analysis divisions with a focus on the Aviation Sector
- BA from Durham University



TOMMY STAMADIANOS – ASSOCIATE, INVESTMENTS

- 4 years of LBO and growth equity experience focused on North America and Western Europe at AIMCo and Canadian Business Growth Fund
- Holds a BCom from the University of Toronto



KORAY KOSANOGLU – ASSOCIATE, INVESTMENTS

- 2 years at Deutsche Bank in London in the Consumer & Retail team, on a range of M&A and Financing projects
- Holds a BSc in Economics from UCL



JIM WEBSTER – INDEPENDENT CHAIR

- Pioneered world's first drug royalty public company on TSX (1993-2002)
- Various senior roles including President, CEO of Drug Royalty Corporation Inc.



ANDREW CARRAGHER – INVESTMENT COMMITTEE MEMBER

- Founder and Managing Director of DW Healthcare Partners (DWHP)
- Recognised in 2006 as one of Utah's Top 40 Under 40



JUSTIN COCHRANE – INVESTMENT COMMITTEE MEMBER

- CEO and Director of Carbon Streaming Corporation, listed on the NEO Exchange in Canada, and CEO of Nickel 28 Corp.



JOHN ROMEO – INVESTMENT COMMITTEE MEMBER

- Managing Partner and CEO of the Oliver Wyman Forum
- Has 25 years of consulting experience

DUKE'S INVESTORS: TOP GLOBAL FUNDS WITH SIGNIFICANT OWNERSHIP

Since listing on the LSE in 2017, a range of blue-chip institutional investors have invested in Duke

BlackRock

\$9.5 trn
AUM


CAPITAL
GROUP®

\$2.6 trn
AUM

 **Investment
Managers**

\$1.0 trn
AUM


BMO Global Asset
Management

\$1.0 trn
AUM

Allianz 
Global Investors

\$750 bn
AUM

 **M&G**
Investments

\$500 bn
AUM

Janus Henderson
INVESTORS

\$300 bn
AUM

cg / Canaccord
Genuity
Wealth Management

\$70 bn
AUM

FAIRFAX
FINANCIAL HOLDINGS LIMITED

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

Fairfax headquartered in Toronto has over \$90bn of assets is primarily engaged in property and casualty insurance and reinsurance and the associated investment management.

An aerial photograph of a city skyline at sunset. The sun is low on the horizon, casting a warm, golden glow over the buildings. In the foreground, several modern high-rise buildings are visible, some with glass facades reflecting the light. A construction crane is prominent on the right side, attached to a building under construction. The background shows a dense urban landscape with many smaller buildings and a hazy horizon.

Meet Our Partners

OUR PARTNERS

Duke has proven experience investing across a range of sectors, geographies and transaction types

INTEGRUM CARE GROUP

March 2024
 Invested capital: £14.5m
 Acquisition Capital
 Elderly Care



July 2023
 Invested capital: US\$11.5m
 MBO
 Industrials



November 2022
 Invested capital: £10.8m
 Acquisition Capital
 Fire & Security



December 2021
 Invested capital: £19.4m
 Acquisition Capital
 Specialist Care



December 2021
 Invested capital: US\$21.0m
 Debt Refinancing
 Industrials



August 2021
 Invested capital: CA\$27.1m
 Acquisition Capital
 Industrials



July 2021
 Invested capital: £25.9m
 Acquisition Capital
 I.T Services



February 2019
 Invested capital: £20.2m
 MBI
 Leisure



September 2018
 Invested capital: £13.6m
 Acquisition Capital
 Business Services



August 2018
 Invested capital: £10.0m
 Growth Capital
 Healthcare

Step Investments

August 2018
 Invested capital: £8.6m
 Growth Capital
 Business Services



April 2018
 Invested capital: £12.0m
 Acquisition Capital
 Industrials



March 2018
 Invested capital: £12.5m
 Equity Buyout
 Industrials



October 2017
 Invested capital: £15.0m
 Acquisition Capital
 Business Services

PARTNER: TRISTONE HEALTHCARE

Duke works closely with Tristone to assess and fund new M&A opportunities as part of their buy and build strategy

Initial Investment
£10.5m

Current Exposure
£19.4m

Transaction type
Debt Refinancing & Buy & Build

Initial obligation
(incl. principal)
13.5%

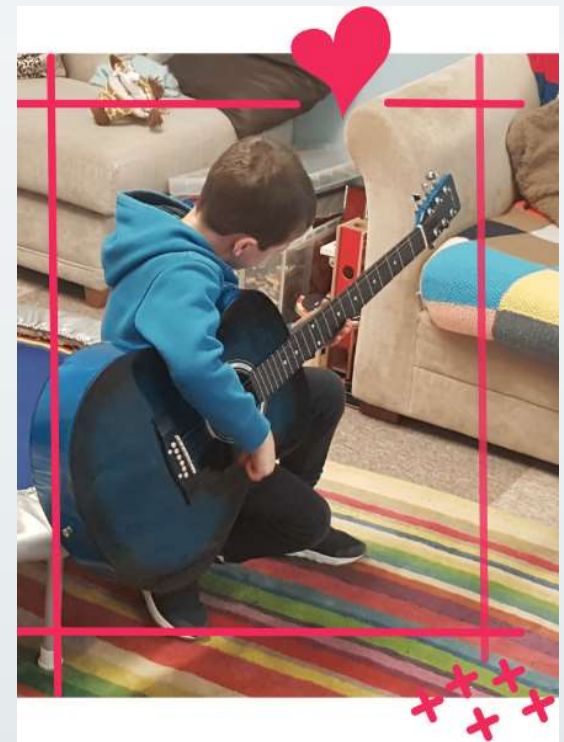
Company overview

- Tristone provides specialist residential and domiciliary care to i) high acuity adults with severe mental, physical or learning difficulties and ii) care leavers aged 16-19 who are transitioning out of social care and into independent living
- Formed in 2015, Tristone has acquired three specialist care businesses to date, and has a growing pipeline of bolt-on acquisitions
- Tristone's subsidiaries have a combined 40-year operating history

Why Duke

- Ability to draw down further capital for selective M&A opportunities
- Duke enables Tristone to independently retain control of their business

"The long-term and non-controlling characteristics of this financing was compelling as it enables us to focus on what we do best without any refinancing risk and without having to compromise our values or approach. We look forward to working with the team to deliver our shared outcomes" **Yannis Loucopoulos, CEO of Tristone Healthcare**



PARTNER: NEW PATH FIRE AND SECURITY

Since our relationship began in 2022, Duke's capital has been used to fund further M&A for the Group

Initial Investment
£5.0m

Current Exposure
£10.8m

Transaction type
Debt Refinancing & Buy & Build

Initial obligation
(incl. principal)
13.5%

Company overview

- New Path Fire and Security is an acquisitive platform, buying independent regional fire safety and security companies throughout southern England
- New Path predominantly serves business customers, helping them to protect their premises, assets, and most importantly their people.
- New Path's growing raft of competencies also allows it to act as a hassle-free single point of contact

Why Duke

- Patient capital with no refinancing risk in a challenging macroeconomic environment
- Access to further capital "war chest" to pursue M&A

"Duke is an ideal partner and shareholder for us at this point in our life cycle. Their capital will allow us to assert ourselves in a sector that we understand well and to gain scale via acquisition. We are excited about the opportunities that lie ahead and to work with the Duke team to achieve our strategic objectives" **Andrew Hill, CEO of New Path**



PARTNER: GLASSHOUSE

The MBO of Glasshouse comprised a \$11.5m investment plus a minority equity investment representing a 9.9% ownership stake

Initial Investment
\$11.5m

Current Exposure
\$11.5m

Transaction type
MBO

Initial obligation
(incl. principal)
13.5%

Company overview

- Founded in 2002 in Texas, Glasshouse is a long-established provider of custom glass solutions including the design, fabrication, sale and installation of glass architectural products
- Glasshouse's product offering includes outdoor architectural glazing and glass, staircases, glass walls, shelves, furniture, shower doors, mirrors and decorative glass
- Glasshouse has long-standing customer relationships spanning the high-end residential and commercial real estate end-markets

Why Duke

- Duke's capital enabled a management buyout of Glasshouse from its parent company, transitioning equity control of the business to the current President, Royce King. Royce is the son of Glasshouse's founder and has been actively involved with the company since 2002

"The long-term, light amortising and flexible nature of Duke's investment solution, in tandem with its ongoing partnership, is a great fit for Glasshouse. We are excited about the partnership with Duke and look forward to embarking on the next stage of our growth." Royce King President of Glasshouse



