

Downing Estate Planning Service

Quarterly performance summary to 31 December 2019

As an investor in the Downing Estate Planning Service you own shares in either Pulford Trading Limited or Bagnall Energy Limited, or a mix of the two. Pulford trades predominantly in asset-backed sectors and Bagnall in energy and infrastructure. Both companies also share an interest in a lending business.

Annual performance

	12 months to 31 Dec 2019	Compound annual return*	Annual return to 30 September each year				
		(since inception)	2019	2018	2017	2016	2015
Pulford Trading	+0.56%	+3.97%	+1.47%	+4.01%	+4.05%	+5.68%	+4.87%
Bagnall Energy	+1.12%	+3.06%	+0.11%	+1.35%	+3.16%	+5.54%	+3.68%

*Compound return to 31 December 2019 since inception. All performance data is net of ongoing costs and fees.

Please note, past performance is not a reliable indicator of future results.

Pulford Trading Ltd

Background

Established in February 2013, Pulford focuses on asset-backed businesses such as care homes, pubs and hotels. The company also holds an interest in a lending business.

Portfolio valuation

Pulford's portfolio is now valued at over £263 million of net assets, across 42 different holdings - see the portfolio split pie chart below.

Funds deployed

During the quarter, Pulford deployed over £30 million, mainly in the care home and property development sectors.

This includes nearly £8 million to Talis Care Limited, a company that is developing a portfolio of residential care homes for the elderly.

Property development is managed by a subsidiary of Pulford called Downing Development Finance Limited -

you can find a short case study of that business on the final page of this report.

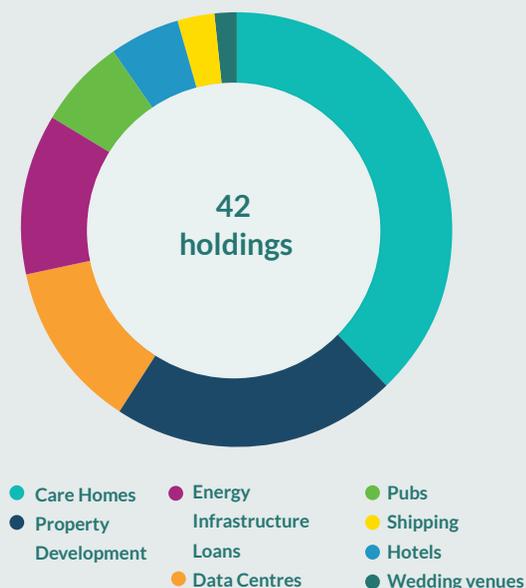
Company update

There were further positive movements from Pulford's holdings in certain care home, hotel and property finance businesses.

These gains were largely offset, however, by a further provision of £7 million on the value of a hotel development project in Birmingham. Following the administration of the main contractor in the summer, the process of assessing the full costs of the project has been completed and it is clear they have escalated to a level that has had a material impact on the valuation.

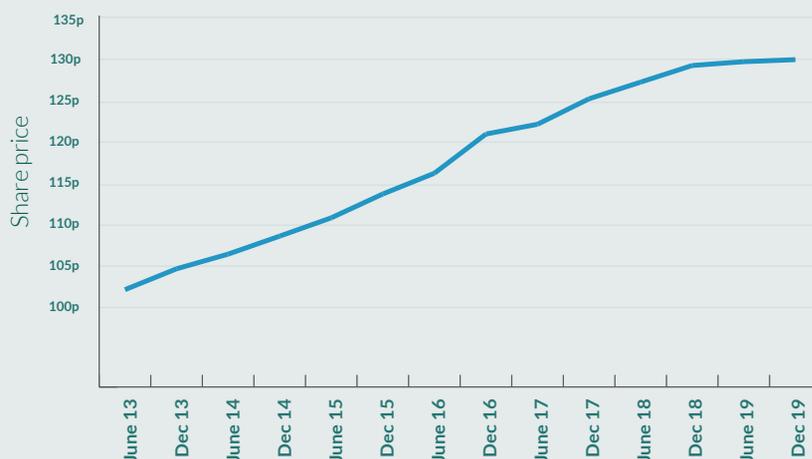
Pulford is currently exploring a number of options to recover value, including selling the site 'as is', and building out the hotel prior to a sale or to enable it to open for business.

Pulford portfolio sector split by value (as at 31 December 2019)



Share price movement

Pulford's share price decreased by 0.04% to 130.6p in the last quarter.



Past performance is not a guide to future performance.

Top 5 holdings in Pulford Trading by value (as at 31 December 2019)

Pulford Trading Ltd	Sector	Type	Total value £m	% of net asset value
Magnus Care Group Limited	Care homes	Capital & loan	59.9	22.7
Downing Development Finance	Property development	Capital & loan	45.7	17.3
GTP3 LLP	Data centre	Capital & loan	17.3	6.6
Harlow Properties Limited	Data centre	Loan	14.8	5.6
Magnus Assets One Limited	Reserve Power	Capital & loan	10.1	3.8

Bagnall Energy Ltd

Background

Established in March 2013, Bagnall initially focused solely on interests in renewable energy generation and a lending business. The company has subsequently broadened its strategy to include energy infrastructure assets.

Portfolio valuation

Bagnall's portfolio is now valued at over £194 million. It has invested this money in around 3,900 different individual projects, ranging from individual wind turbines and small residential rooftop solar systems to large ground mounted solar parks measuring more than 40 acres in size.

Funds deployed

During the quarter Bagnall invested c.£7 million, of which:

- £2.7m was used to acquire a portfolio of c.300 operational rooftop solar installations in Norfolk with a 5-year operating track record and 100% government backed revenues.
- £2m was spent on our portfolio of gas peaking assets.

- £1.5m was spent building the grid connection infrastructure for a large battery storage project in Southampton.

Company update

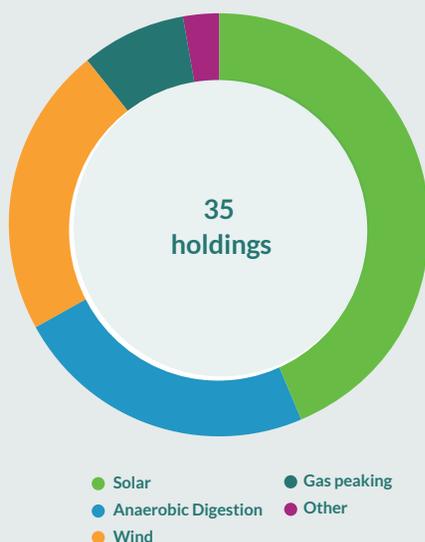
Bagnall's interests in core generation assets, such as solar and wind power performed broadly in line with expectations in the quarter.

A large project in Bagnall's flexible generation portfolio also benefited from an uplift in value as a result of securing a valuable capacity market contract. This allows the project to access fixed, government backed revenues for 15 years in return for providing reserve power to the electricity grid.

Significant divestments

In October 2019, Bagnall exited its investment in a battery storage business at an uplift to the holding value and a total return significantly in excess of Bagnall's target returns. This successful exit boosted both the share price and returns in the quarter.

Bagnall portfolio sector split by value (as at 31 December 2019)



Share price movement

Bagnall's share price increased by 1.63% to 123.0p in the last quarter.



Past performance is not a guide to future performance.

Top 5 holdings in Bagnall Energy by value (as at 31 December 2019)

Bagnall Energy Ltd	Sector	Type	Total value £m	% of net asset value
Juno Holdings Limited	Solar	Capital & loan	51.5	26.5
Magnus Assets One Limited	Reserve power	Capital & loan	32.3	16.6
Ixora Energy Limited	Anaerobic digestion	Capital & loan	27.0	13.8
BFG Projects Limited	Reserve power	Loan	14.4	7.4
Redstow Renewables	Anaerobic digestion	Loan	12.1	6.2

Top 10 holdings in Pulford and Bagnall combined

Pulford & Bagnall combined	Type	Total value £m	% of DEPS net asset value
Magnus Care Group Limited	Capital & loan	59.9	13.1
Juno Holdings Limited	Capital & loan	51.5	11.2
Downing Development Finance	Capital & loan	45.7	10.0
Magnus Assets One Limited	Capital & loan	42.4	9.3
Ixora Energy Limited	Capital & loan	35.4	7.7
Harlow Properties Limited	Loan	24.0	5.2
GTP3 LLP	Capital & loan	17.3	3.8
Redstow Renewables Limited	Loan	15.9	3.5
BFG Projects Limited	Capital	14.4	3.1
HB SP LLP	Capital & loan	9.3	2.0

The above information relates to the Downing Estate Planning Service as a whole as at 31 December 2019. The holdings listed represent those held directly by Pulford or Bagnall plus their beneficial interests in the underlying loans held in the lending business Bridging Trading LLP.

Case study

Downing Development Finance



Background

Pulford Trading has a significant interest in Downing Development Finance (DDF), a company that makes secured loans to fund residential property developments in the UK, and provides funds for trading businesses to develop their premises.

Funds deployed

Pulford has interests worth almost £40 million in DDF, which has a total live portfolio of 39 investments, a strong pipeline of new deals and no losses to date.

Outlook

DDF has positioned itself to meet the increasing demand from property developers addressing the UK's housing shortage and to fund expanding SMEs who aren't served by high street lenders. Pulford will continue to seek out good opportunities to make steady returns from its interests in DDF.

For more information on this performance summary please call us on 020 7416 7780 or email customer@downing.co.uk.

Downing
www.downing.co.uk

22 March 2020

Important notice: This document is for investors in DEPS and their advisers. It has been prepared by Downing LLP (Firm Reference No. 545025), St Magnus House, 3 Lower Thames Street, London EC3R 6HD. It is for information only and does not constitute an offer or invitation to apply for shares in the service. Please see the relevant product literature for details of the charges and risks.