

Downing Estate Planning Service

Quarterly performance summary to 30 June 2020

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.

During the quarter the share prices of Pulford and Bagnall increased by 0.21% and 0.87% respectively.

Annual performance

	12 months to 30 June 2020	Compound annual return*	Annual return to 30 September each year**				
		(since inception)	2019	2018	2017	2016	2015
Pulford Trading	-5.6%	+2.84%	+1.47%	+4.01%	+4.05%	+5.68%	+4.87%
Bagnall Energy	-2.6%	+2.27%	+0.11%	+1.35%	+3.16%	+5.54%	+3.68%

*Compound return to 30 June 2020 since inception. All performance data is net of ongoing costs and fees.

**The company financial year for both Pulford and Bagnall runs from 1 October to 30 September.

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 £274 million of net assets, across 43 different holdings - excluding any cash - see the portfolio sector split below.

Funds deployed

During the quarter, Pulford deployed just under £7 million, of which around £4.5 million was lent to Macc Care Group and Talis Care Ltd - businesses that develop and operate residential care homes and independent care apartments in the UK.

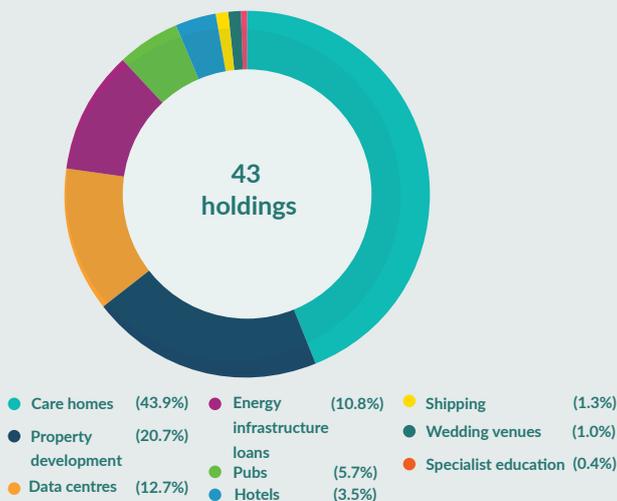
Company update

Pulford's valuation produced a positive return over the quarter, boosted mainly by income from its loan book and an uplift in the value of a care home as a result of increased occupancy.

The coronavirus continues to have a material impact on the valuations of Pulford's portfolio of companies and there may be further disruption to come.

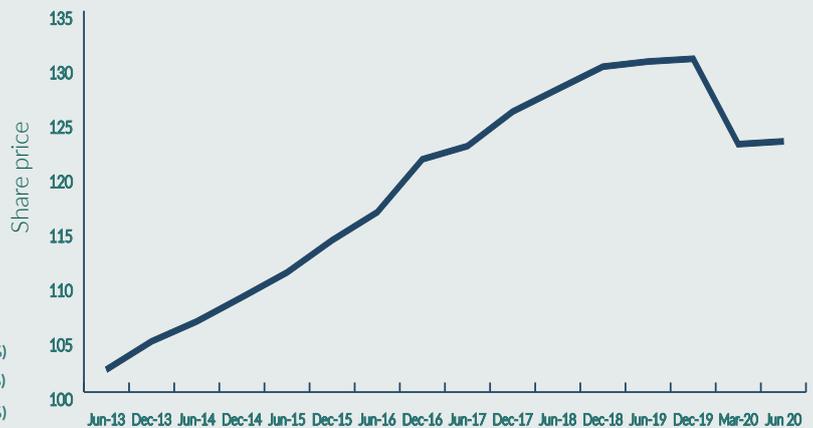
However, Pulford is actively addressing the key issues faced by businesses in the portfolio and will continue to work closely with them to reduce costs and increase income where possible. In addition, Pulford will continue to back the outstanding management teams in their ongoing search for quality investment opportunities at attractive prices.

Pulford portfolio sector split by value (as at 30 June 2020)



Share price movement

Pulford's share price increased by 0.21% to 123.0p in the last quarter.



Past performance is not a guide to future performance.

Top 5 holdings in Pulford Trading by value (as at 30 June 2020)

Company name	Sector	Type	Total value £m	% of net asset value
Magnus Care Group Limited	Care homes	Capital & loan	58.9	21.5
Downing Development Finance Plc	Property development	Capital & loan	51.7	18.9
Harlow Properties Limited	Data centre	Loan	20.7	7.6
Talis Care Limited	Care homes	Capital & loan	18.6	6.8
GTP3 LLP	Data centre	Capital & loan	14.9	5.4

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 approximately £213 million across 35 holdings and excluding any cash.

Funds deployed

During the quarter Bagnall deployed just under £300,000, most of which consisted of loans to existing solar farms.

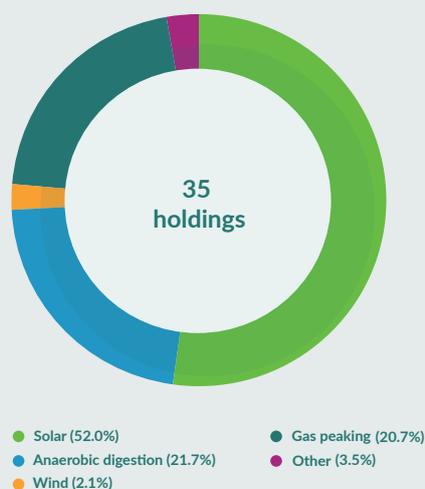
Company update

Bagnall's interests in core generation assets, such as solar and wind power performed well in the quarter. In addition, there was an upturn in the forecasts for long-term power price agreements. (See the share price movement below.)

A high proportion of Bagnall's revenues come from its solar and wind assets, which benefit from long-term, fixed contracts. These contracts will help to mitigate the impact of any future drop in power prices on the valuations of the company's assets.

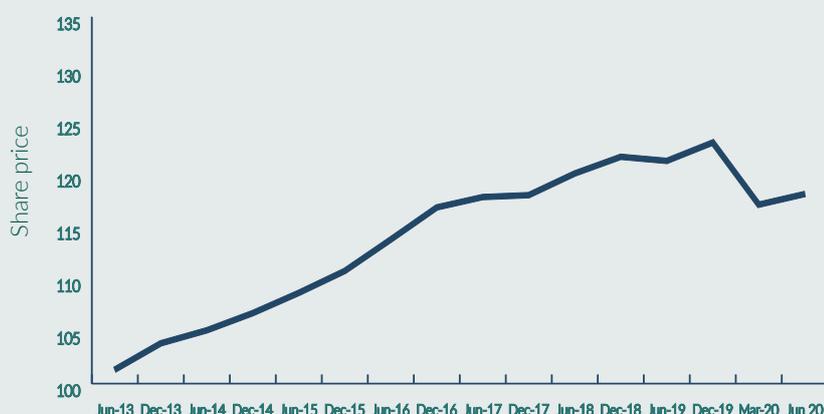
Given their strategic importance to the UK's infrastructure, energy assets remain an attractive long-term investment area.

Bagnall portfolio sector split by value (as at 30 June 2020)



Share price movement

Bagnall's share price increased by 0.87% to 118.1p in the last quarter.



Past performance is not a guide to future performance.

Top 5 holdings in Bagnall Energy by value (as at 30 June 2020)

Company name	Sector	Type	Total value £m	% of net asset value
Juno Holdings Limited	Solar	Capital & loan	47.7	22.4
Magnus Assets One Limited	Gas peaking	Capital & loan	30.2	14.2
Ixora Energy Limited	Anaerobic digestion	Capital & loan	24.2	11.4
Redstow Renewables Limited	Anaerobic digestion	Loan	12.5	5.9
Populo Energy Limited	Solar	Capital & loan	11.6	5.5

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	59.0	12.1
Downing Development Finance Plc.	Capital & loan	51.7	10.6
Juno Holdings Limited	Capital & loan	47.7	9.8
Magnus Assets One Limited	Capital & loan	39.8	8.1
Ixora Energy Limited	Capital & loan	31.9	6.5
Harlow Properties Limited	Loan	22.4	4.6
Talis Care Limited	Capital & loan	18.6	3.8
Redstow Renewables Limited	Loan	16.5	3.4
GTP3 LLP	Capital & loan	15.0	3.1
Chalkhill Life Holdings Limited	Loan	13.0	2.7

The above information relates to the Downing Estate Planning Service as a whole as at 30 June 2020. 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

Harlow Properties Limited



Sector Overview

Data centres provide the physical location for the storage of computer data. This global sector has grown considerably in recent years due to increased demand for storing information with greater use of the Cloud, advances in computers, phones and tablets, and the mass adoption of 'internet connected' software and platforms.

The business

In 2017, Downing funds provided a £22m loan to Harlow Properties Limited to support the construction of a new data centre on a 15 acre campus in Harlow, trading as Kao Data (<https://kaodata.com/>). Situated in the heart of the UK Innovation corridor between London and Cambridge, this state-of-the-art development is powered by 100% renewable energy.

Supporting growth

The data centre opened in 2018 and last year raised further investment from Legal & General Capital to support the next phase of its expansion. The loan held by Pulford is secured against the assets of the data centre business, including the freehold property; and we are optimistic about future prospects for Kao Data, given the high quality management team and its institutional shareholders.

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