

Downing Estate Planning Service

Quarterly performance summary to 31 March 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.

Please note: These end of March valuations reflect our initial assessment of the impact of coronavirus on the companies' assets.

Annual performance

	12 months to 31 Mar 2020	Compound annual return*	Annual return to 30 September each year				
		(since inception)	2019	2018	2017	2016	2015
Pulford Trading	-6.0%	+2.91%	+1.47%	+4.01%	+4.05%	+5.68%	+4.87%
Bagnall Energy	-2.3%	+2.23%	+0.11%	+1.35%	+3.16%	+5.54%	+3.68%

*Compound return to 31 March 2020 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 £280 million of net assets, across 44 different holdings - see the portfolio split pie chart below.

Funds deployed

During the quarter, Pulford deployed over £54 million - mainly in the care home, data centre and property development sectors. This includes over £12m to Macc Care Group, a business that develops and operates residential care homes and independent care apartments in England.

Nearly £9m was provided to Downing Development Finance, a subsidiary of Pulford, under the secured loans

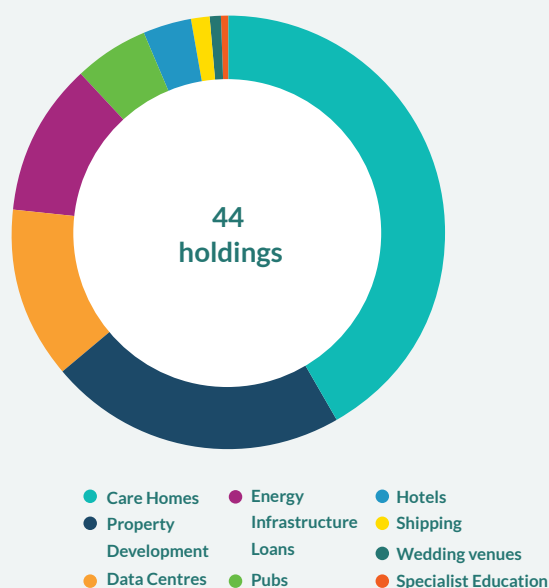
facilities it has provided to property developers on schemes across the UK.

Company update

The coronavirus crisis has had a material impact on the March valuation of Pulford's portfolio. Holdings in the pub, hotel and shipping sectors have reduced in value, which reflects the market uncertainty and difficulties facing these businesses. Nevertheless, over the last 12 months Pulford consciously reduced its exposure to consumer-facing markets, while increasing exposure to care homes and property development loans; this has helped to mitigate the impact of coronavirus on the valuation.

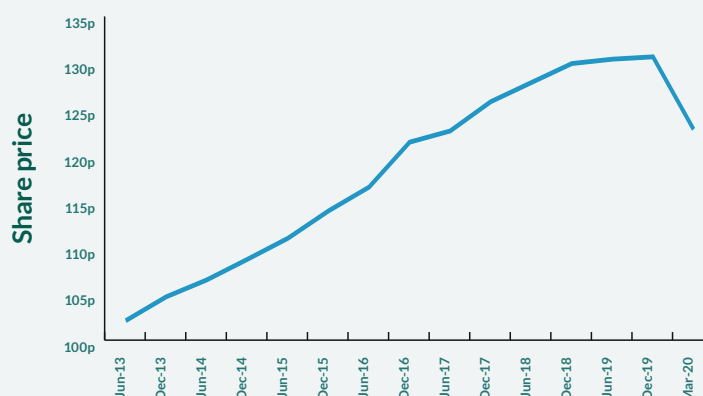
Pulford continues to work closely with all management teams in the portfolio, keeping a sharp focus on cash and reducing costs where possible. While the economy faces challenges in the months ahead, there will be opportunities for the outstanding teams backed by Pulford to acquire assets at attractive prices, and create real value over the longer term.

Pulford portfolio sector split by value (as at 31 March 2020)



Share price movement

Pulford's share price decreased by 6.00% to 122.8p in the last quarter.



Past performance is not a guide to future performance.

Top 5 holdings in Pulford Trading by value (as at 31 March 2020)

Pulford Trading Ltd	Sector	Type	Total value £m	% of net asset value
Magnus Care Group Limited	Care homes	Capital & loan	57.5	21.0
Downing Development Finance Plc	Property development	Capital & loan	54.6	19.9
Harlow Properties Limited	Data centre	Loan	20.3	7.4
Talis Care Limited	Care homes	Capital & loan	16.5	6.0
GTP3 LLP	Data centre	Capital & loan	16.0	5.8

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 £204million across 36 different holdings. Its funds have been invested 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 nearly £17m, of which £9.5m was lent to Chalkhill Life Holdings, which owns a portfolio of solar assets and property development loans. A further £6.3m was invested in a 7MW portfolio of solar installations across Norfolk and Lincolnshire.

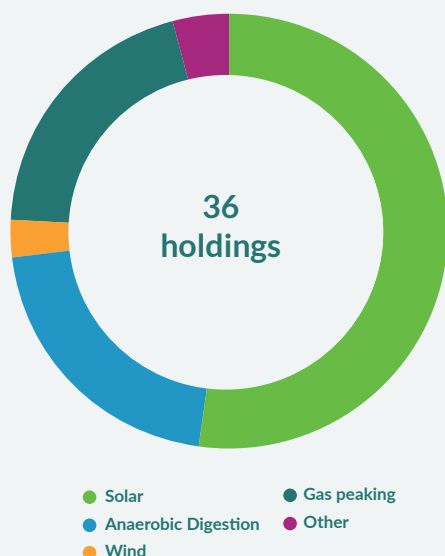
Company update

Bagnall's performance in the quarter was impacted by changes in the energy market, namely the drop in current power prices and lower expectations for future power prices.

These falls in power prices are due to lower levels of demand. Industrial and commercial users have seen reduced activity during lockdown and have, therefore, consumed less energy. Energy assets are valued based on their expected future profitability and reduced power prices will directly impact profits, which in turn reduces valuation expectations.

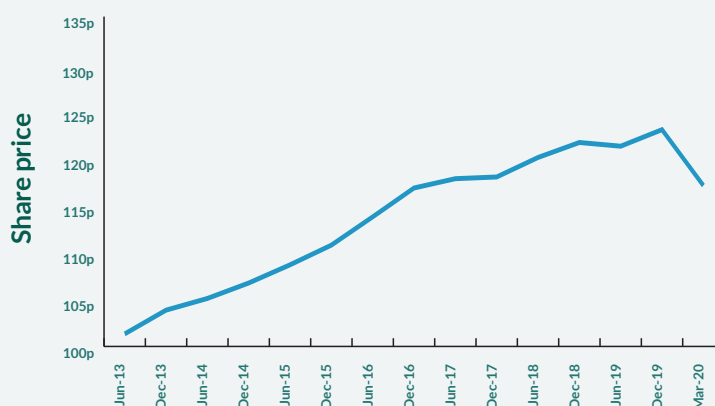
A high proportion of Bagnall's revenues from its solar and wind assets come from long-term, fixed contracts and this has helped to mitigate the impact of the drop in power prices on asset valuations. Given their importance to the UK's infrastructure, energy assets remain an attractive long-term investment area.

Bagnall portfolio sector split by value (as at 31 March 2020)



Share price movement

Bagnall's share price decreased by 4.82% to 117.1p in the last quarter.



Past performance is not a guide to future performance.

Top 5 holdings in Bagnall Energy by value (as at 31 March 2020)

Bagnall Energy Ltd	Sector	Type	Total value £m	% of net asset value
Juno Holdings Limited	Solar	Capital & loan	51.2	24.4
Magnus Assets One Limited	Reserve power	Capital & loan	30.0	14.3
Ixora Energy Limited	Anaerobic digestion	Capital & loan	24.0	11.5
Redstow Renewables	Anaerobic digestion	Loan	12.2	5.9
Populo Energy Limited	Solar	Capital & loan	11.2	5.4

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	57.5	11.9
Downing Development Finance Plc	Capital & loan	54.6	11.3
Juno Holdings Limited	Capital & loan	51.2	10.6
Magnus Assets One Limited	Capital & loan	39.4	8.1
Ixora Energy Limited	Capital & loan	31.5	6.5
Harlow Properties Limited	Loan	21.9	4.5
Talis Care Limited	Capital & loan	16.5	3.4
Redstow Renewables Limited	Loan	16.1	3.3
GTP3 LLP	Capital & loan	16.0	3.3
Chalkhill Life Holdings Limited	Loan	12.6	2.6

The above information relates to the Downing Estate Planning Service as a whole as at 31 March 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

Magnus Care Group Limited



Sector overview

Healthcare is an attractive sector for long-term investment, given the UK's ageing population and the undersupply of care home beds. Combined with the underlying value of the properties that make these investments genuinely 'asset-backed', these market dynamics make healthcare a good fit for Pulford.

The business

Since 2018, Downing managed funds have invested £57.5 million into Magnus Care Group to support the acquisition and development of six care homes across England and Scotland.

Outstanding partnership

The homes are managed by Care Concern Group, a highly experienced operator that Downing has partnered with since 2012. Their expertise has led to improvements in the quality of the care being provided to residents, an increase in capacity at the homes, and effective management of the challenges presented by coronavirus.

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