

Quarterly update: 31 December 2023

# Downing Estate Planning Service

## Helping your clients support the next generation

Through the Downing Estate Planning Service (DEPS) your clients invest in companies that we believe will qualify for business relief, providing them with full inheritance tax relief on their investment after two years.

DEPS investors currently own shares in either Pulford Trading Limited or Bagnall Energy Limited, or a mix of the two companies. Pulford trades predominantly in asset-backed trading businesses and Bagnall in energy & infrastructure.

**3-4.5%\***

Annual target return

\*Not guaranteed. Past performance is not a reliable indicator of future returns.

**£819m**

combined market cap

### Share price movement (last 12 months<sup>1</sup>)

**+4.32%**

Pulford Trading

**+4.02%**

Bagnall Energy

<sup>1</sup>1 January 2023 to 31 December 2023, net of fees

## Our commitment to sustainability

As a certified B Corporation and a signatory to the Principles for Responsible Investment and the UK Stewardship Code, Downing has made firm, legally binding and public commitment to sustainable investing.

We integrate material environmental, social and governance factors across all investment research and decision making. We are active asset owners, engaging with our portfolio companies to mitigate risk, pursue opportunities and align interests with investors, whilst also advocating for transparency and disclosure on progress.

Portfolio companies in DEPS trade primarily in sectors with sustainable investment characteristics. For Pulford, this is positive societal benefits such as care homes, specialist education and retirement living. Bagnall trades in areas with climate change mitigation and de-carbonisation benefits, focusing on core renewables such as solar, wind and hydropower.

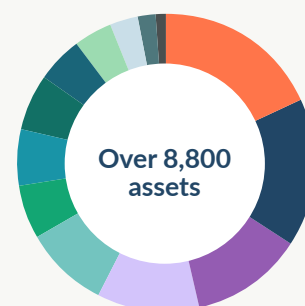
For more information on Downing's responsible investment reports and policies, please visit [www.downing.co.uk/responsible-investing](http://www.downing.co.uk/responsible-investing)

## Quarterly performance summary

Both portfolio companies have performed strongly in the quarter, with a combined return of 4.17% in the last 12 months. Returns are net of all Downing ongoing fees.

More information is given in the rest of this report.

### Portfolio sector split by value\*



18%	Solar	6%	Data centres
16%	Elderly care	5%	Wholesale lending
12%	Property development	4%	Hospitality
11%	Specialist care	3%	Hydropower
9%	Wind	2%	Battery storage
6%	Gas Peaking	1%	Shipping
6%	Specialist education		

\*Please note these figures are from the management accounts and subject to change.



Chapel Bridge School, Plymouth



Kimi wind farm, Southern Finland



Downing LLP is committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of labour, human rights, the environment and anti-corruption.



# Pulford Trading Ltd

## Investment strategy

Pulford focuses on asset-backed businesses such as elderly care homes, property development, specialist care, specialist education, hospitality, and data centres. The company also holds an interest in a lending business.

## Making a difference

Pulford's portfolio continues to make a social impact on the communities and businesses it invests in currently and for the future. The portfolio since inception has provided:

- Ten care homes which will offer 601 beds for elderly residents
- 12 specialist care homes of 569 places, catering to those with physical disabilities, learning disabilities and mental health conditions
- Eight special educational needs schools' sites, which will offer up to 635 school places to children

## Investment activity and company update.

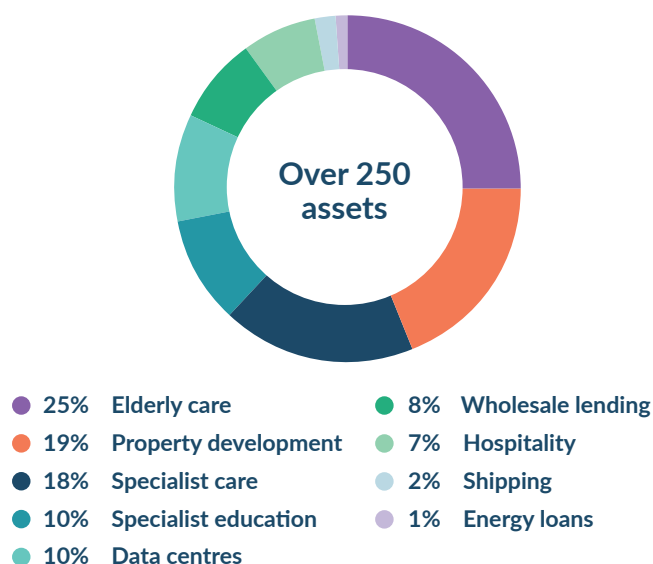
During the quarter, Pulford deployed over £89m across seven different sectors, mainly supporting existing businesses in the specialist care sector who are building high quality care platforms that address the ever-growing demand for care across the UK.

This includes further funding of £24m into the Mysa Care specialist care platform, part of which was used to acquire a leading supported living and day care provider in Wales. Mysa Care also acquired an additional site in Hampshire which, following refurbishment, will provide transitional care services to support individuals coming out of long-stay hospitals by providing them with care within the community.

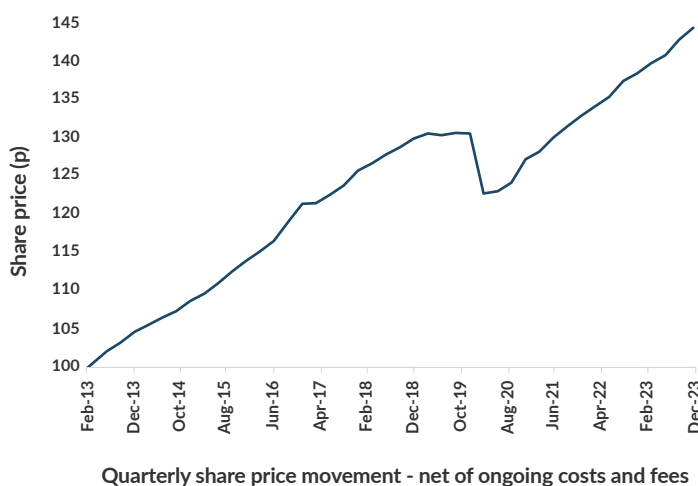
The quarter has seen a continued focus on enhancing facilities and increasing capacity at a time when quality care is needed more than ever. A further £25m was deployed across the elderly and specialist care space to support another existing operator in acquiring a trading 59-bed, purpose-built specialist care home in Stafford, and a recently constructed, 68-bed, premium, elderly residential care home in Fife, Scotland.

Within the residential property market, we have seen longer sales cycles, however reduced mortgage rates have resulted in easier sales. The pace of property sales is slowing, but importantly property values haven't reduced materially. Pulford continues to support property developers, tackling the shortage of housing in the UK, and within the quarter, supported an experienced developer in a factory conversion into 29 affordable units and 36 new build units in Devon. The scheme will provide quality contemporary houses in keeping with the heritage of the site. In addition, it will feature landscaped courtyards, public open spaces, and commuter access to parks, primary schools and the town centre.

## Portfolio sector split by value\*



## Pulford's share price increased in the quarter by 1.09% to 144.38p



\*Please note these figures are from the management accounts and subject to change.

Pulford Trading Ltd		Annual returns to 30 September each year*									
	(1 Jan 2023 to 31 Dec 2023)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	4.32%	3.88%	4.49%	5.99%	-4.98%	1.47%	4.01%	4.05%	5.68%	4.86%	4.05%

\*The company financial year for Pulford Trading runs from 1 October to 30 September.  
All performance data is net of ongoing costs and fees. Past performance is not a guide to future performance.

# Bagnall Energy Ltd

## Investment strategy

Bagnall's investment strategy focuses on interests in renewable energy generation, energy infrastructure and other infrastructure assets.

## Making a difference

Bagnall's portfolio now contains over 8,550 assets, which are forecast to generate 230,095 MWh of electricity every year. This is enough energy to power the equivalent of 79,622 UK homes annually and would result in 107,524 tonnes of CO<sup>2</sup> being avoided, the same that would be avoided as planting more than 632,495 trees.

## Investment activity and company update

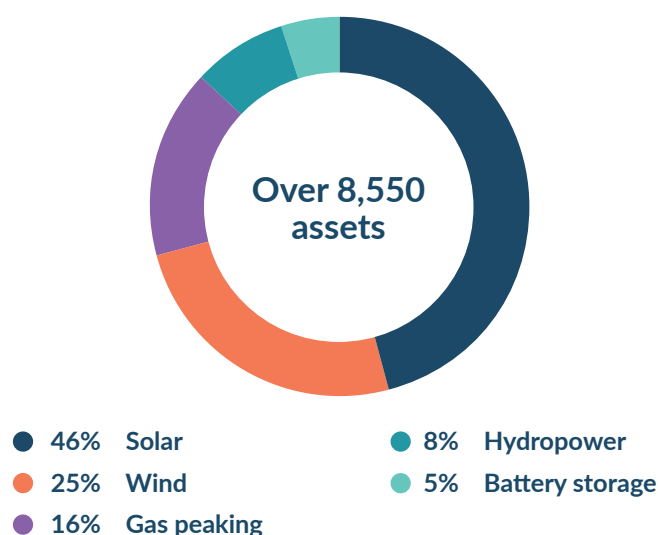
In a world where energy prices can be relatively volatile, stability and predictability is critical to ensure that capital preservation is delivered to investors. With the aim of providing stability within the portfolio, Bagnall strategically looks to increase its exposure to predictable long-term

revenues, by acquiring renewable energy assets, which benefit from fixed revenues. This means that either these assets will receive a fixed subsidy per unit of energy generated or will sell the energy that they produce at an agreed price over the contracted time. These revenues are therefore not reliant on selling energy to the grid, reducing Bagnall's exposure to the variable pricing in the energy market.

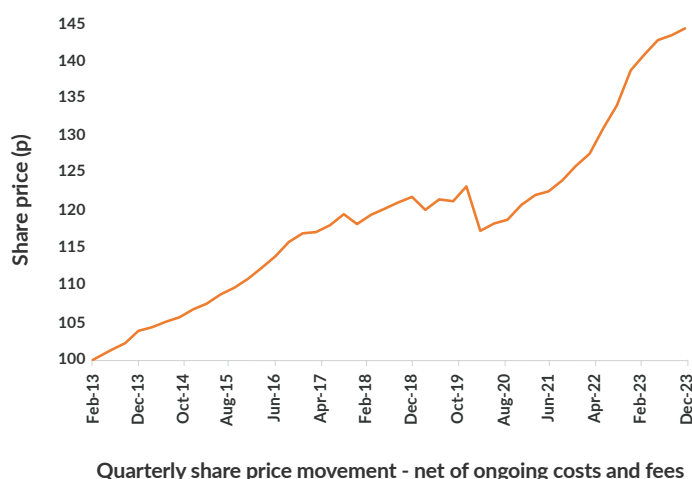
As a part of this strategy to increase fixed revenues, Bagnall acquired a portfolio of 4,200 solar rooftops located across England and Wales. This solar portfolio benefits from 100% fixed revenues from government-backed subsidies.

In the quarter, generation across the wind and hydropower portfolios were lower than expected. Mainly due to lower windspeeds in Finland and lower than average rainfall in Norway. A number of sites within the solar portfolio underwent planned technical optimisation works during the off-peak months in preparation for the change in seasons.

## Portfolio sector split by value\*



## Bagnall's share price increased in the quarter by 0.63% to 143.94p



\* Please note these figures are from the management accounts and subject to change.

Bagnall Energy Ltd	Annual returns to 30 September each year*										
	(1 Jan 2023 to 31 Dec 2023)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	4.02%	7.00%	7.97%	4.42%	-2.03%	0.11%	1.35%	3.16%	5.54%	3.68%	3.40%

\*The company financial year for Bagnall Energy runs from 1 October to 30 September. All performance data is net of ongoing costs and fees. Past performance is not a guide to future performance.

# DEPS asset map

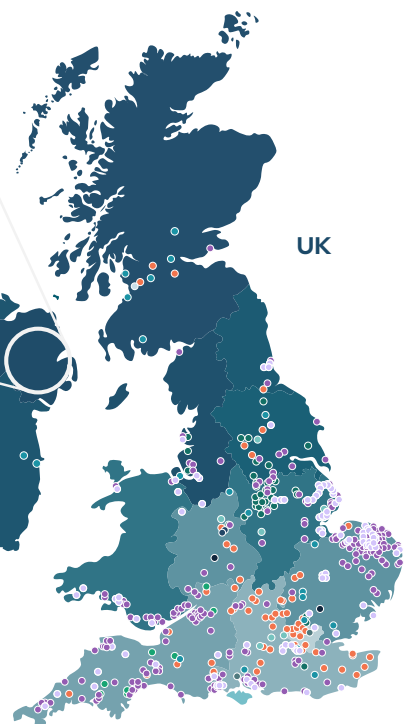
## Energy and Infrastructure

- Solar
- Solar (residential rooftops)
- Wind
- Hydropower
- Battery Storage
- Reserve Power

## Asset-Backed Trading Businesses

- Elderly Care
- Property Development
- Specialist Care
- Data Centres
- Specialist Education
- Hospitality

## Northern Ireland



For illustrative purposes map at Sept 2023

## Case Study – Solar Acquisition

The acquisition of the 4,200 operational solar portfolio has long-term (inflation linked), 100% fixed revenue subsidies and has enhanced our ability to provide continued steady returns to investors.

The advantages of these types of acquisitions are twofold:

1. Fixed revenue agreements mitigate market volatility and act as a safeguard against energy market uncertainties, and merchant power price risk.
2. Operational assets are established, functioning businesses. In addition to this, years of performance data allows for accurate predictions of future energy generation.

The management of this large portfolio will be overseen by our in-house asset management team. Our remote monitoring capabilities automate the flow of generation data into on centralised platform. This enables real-time monitoring of performance, improved response time, and minimized down time respectively; all driving optimal performance.

Our ongoing efforts to expand our portfolio's exposure to fixed revenue streams, both in the near and long term, underscore our commitment to delivering steady returns and preserving capital for investors.



Annual Performance	Annual returns to 30 September each year*										
	(1 Jan 2023 to 31 Dec 2023)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pulford Trading Ltd	4.32%	3.88%	4.49%	5.99%	-4.98%	1.47%	4.01%	4.05%	5.68%	4.86%	4.05%
Bagnall Energy Ltd	4.02%	7.00%	7.97%	4.42%	-2.03%	0.11%	1.35%	3.16%	5.54%	3.68%	3.40%
50/50 Pulford/Bagnall	4.17%	5.42%	6.18%	5.23%	-3.56%	0.81%	2.70%	3.61%	5.61%	4.27%	3.73%

\*The company financial years for Pulford and Bagnall run from 1 October to 30 September.  
All performance data is net of ongoing costs and fees. Past performance is not a guide to future performance.

For more information on this performance summary please call us on 020 7630 3319, or email [sales@downing.co.uk](mailto:sales@downing.co.uk)

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