

DORE is expected to qualify for the London Stock Exchange Green Economy Mark when shares start dealing

Initial Public Offering on London Stock Exchange: DORE

Closing date 3 December 2020

# Downing Renewables & Infrastructure Trust plc

Designed to deliver stable, sustainable returns through diversification



## Target 6.5%-7.5% p.a.\*

Total return on net asset value in the medium to long term. Target dividend **3%** in year one, **5%** from year two onwards, paid quarterly



## Experienced manager

Downing LLP has made 116 energy investments over 10 years, with gross returns to date of over 9%\*



## £1.5bn+ pipeline\*

Includes >£40m seed assets to support the first year's dividend & £70m of assets under exclusivity



## Diversification strategy

Across technologies, geographies and project stages to deliver stable income between seasons and over years

\* Please note: Capital is at risk and returns are not guaranteed. Target returns are not profit forecasts - there can be no guarantee that these targets will be met or that dividends will be paid. Please read important note 1. There is also no guarantee that DORE will be able to acquire the seed portfolio which is outlined on page 5, but if it is acquired it will be transferred subject to a valuation opinion and customary due diligence. There is also no assurance that the pipeline of assets will remain available for sale or at what price. Please read important note 3. With regard to Downing LLP's experience, please remember that past performance is not a reliable indicator of future performance and refer to important note 2 to see the basis of these numbers. With regard to dividends, please note that 'year one' is the calendar year to 31 December 2021, and 'year two' is the calendar year to 31 December 2022.

# A compelling market opportunity

- › There is strong political support for renewable energy in the countries where DORE plans to operate, with targets to reach net zero emissions by 2050.
- › Growth in electrification, in particular of transport and heat networks, is key to achieving these targets.
- › Significant growth in renewable electricity and the associated infrastructure is needed to meet this demand.
- › Downing Renewables & Infrastructure Trust provides investors with an opportunity to help achieve net zero emissions and potentially earn a total net asset value return of 6.5-7.5% p.a. in the medium to long term.

## Please note:

As with all investments, the Downing Renewables Infrastructure Trust (DORE) has risks that you should be aware of and comfortable with before you invest. **Your capital is at risk and you may not get back the full amount you invested.** Investments in this trust are for the long term.

Please see a summary of the key risks below and refer to the prospectus published by DORE on 12 November 2020 for full details of all the risks.

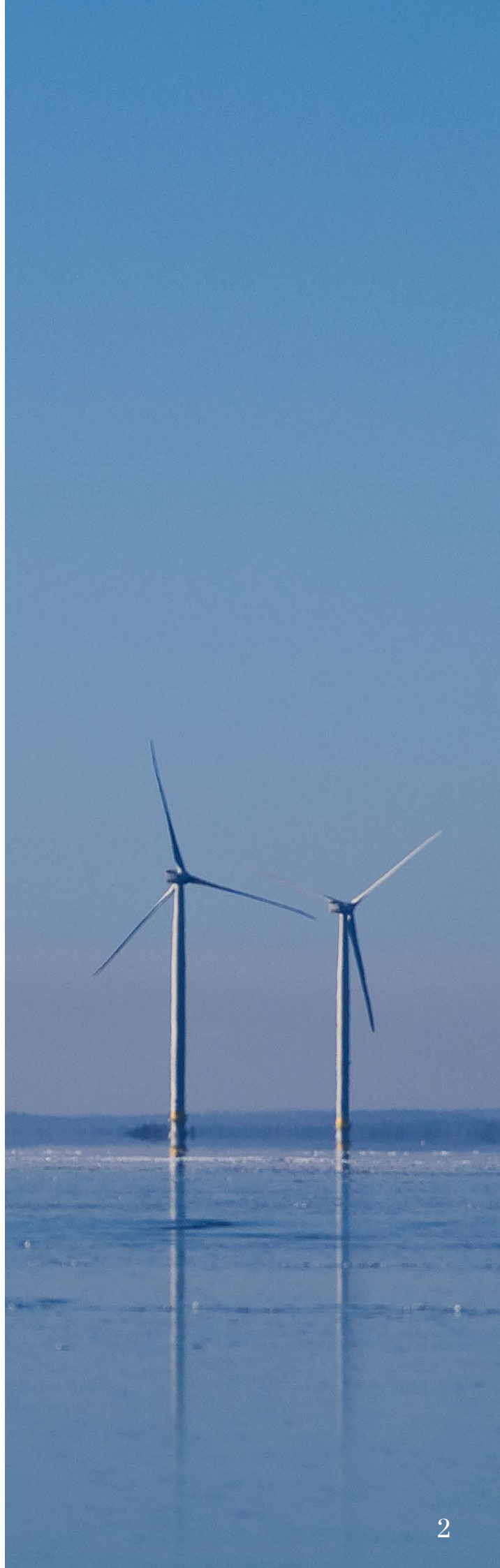
> Targeted returns are targets only, based on estimates and assumptions around a variety of factors not limited to the value, yield and performance of the portfolio of assets and the market price of electricity which is considered to be volatile.

> There can be no assurance that Downing LLP will be able to identify, acquire, manage and realise investments in accordance with DORE's investment objective and generate the target investment returns for shareholders.

> Assets that are in-construction or construction-ready or otherwise require significant future capital expenditure may be exposed to certain risks, such as cost overruns, construction delay, failure to meet technical requirements or construction defects.

> Any change in laws or regulations affecting DORE or the underlying investments and assets could adversely affect its profits and portfolio value and/or returns to shareholders.

> At least 40% and no more than 60% of DORE's gross asset value (measured at the time of investment) will be in countries whose local currency is not sterling and/or it will receive payments denominated in currencies other than sterling, with exposure to foreign exchange risk.





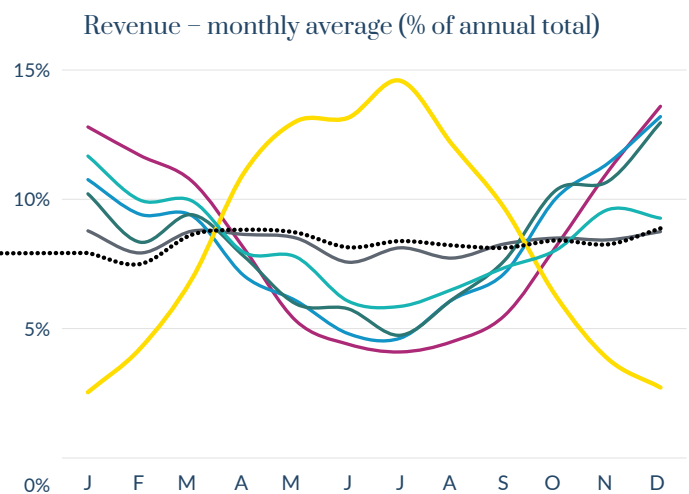
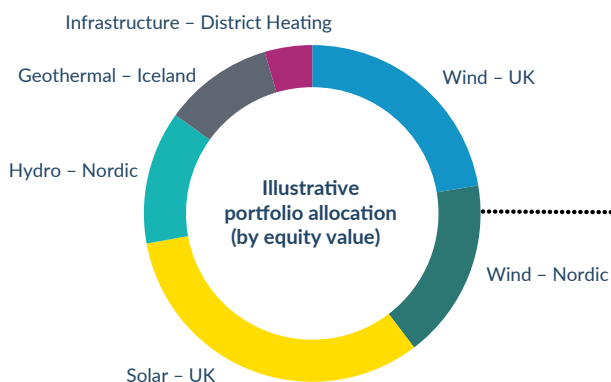
# Diversification to support stable returns

The strategy is to assemble a diversified portfolio of renewable energy and infrastructure assets, to provide attractive and sustainable returns whilst broadening the pipeline of opportunities.

Investing in different technologies reduces seasonality impact and dependency on any single resource: solar, for example, generates more electricity in the summer, and wind generates more in the winter.

The illustrative portfolio below aims to demonstrate the potential difference in timing between UK solar revenues and those of the other technologies that we anticipate will form part of DORE's portfolio in time. The black dotted line represents the average monthly revenue based on the illustrative portfolio allocation.

See important note 4.



- By investing in a range of renewable energy sources, DORE can reduce the seasonal volatility of revenues and reduce dependency on any single technology to provide more consistent income. There may also be some investments in other infrastructure, whose principle revenues are not derived from energy generation.

**No single renewable energy technology will account for more than 50% of gross asset value, and other infrastructure assets will make up no more than 25%.**

- By investing in the UK, Ireland and Northern Europe (primarily the Nordic region), DORE should be exposed to less regulatory and political risk.

**No more than 60% of the gross asset value will be in the UK, or in Northern Europe.**

- By mixing construction projects with operational renewable energy assets, we can target higher net asset value (NAV) growth for investors – construction projects tend to have more risk, but can also offer higher returns.

**Construction assets will make up no more than 35% of gross asset value.**

## Resulting revenue mix

By investing in assets across a range of technologies and geographies, DORE's strategy is to gain exposure to a range of different revenue streams (including subsidy backed, fixed priced and floor price energy), limiting its exposure to volatile wholesale energy markets. In addition, the inclusion of other infrastructure assets should further reduce the company's exposure to changes in market prices for the electricity sold.

DORE will use a modest level of gearing to support growth and potentially boost returns for shareholders, but this will be capped at 50% of the gross value of the company's assets for long-term structural debt, with up to an additional 10% of short term debt available for acquisition finance when required.

Spreading investments across technologies and geographies can increase the stability of revenues between seasons and over years.

# An experienced team

The investment team have experience of managing these types of assets across the various project stages, from construction to operations, with a proven track record of delivering results.

27

Investment specialists focused on energy & infrastructure

116

Transactions since 2010

c.£187m

Invested in assets over the past 12 months

55

Assets sold since 2010 with a weighted average gross return of 9.2%\*

*\*Past performance is not a reliable indicator of future performance. See important note 2.*



**Tom Williams**  
Partner & Head of Energy & Infrastructure

20 years' experience as principal and adviser across private equity and debt infrastructure sectors. Tom has transacted in renewables, energy, transport, utilities, telecoms, defence and accommodation.



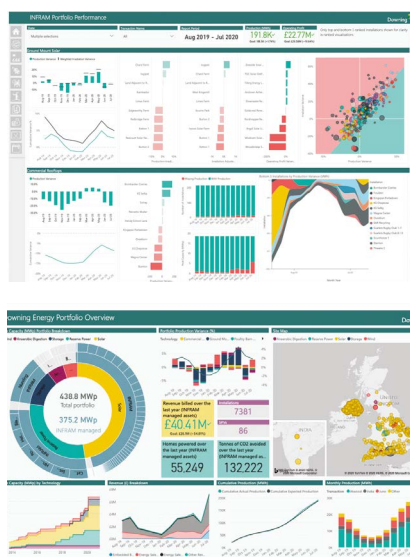
**Henrik Dahlström**  
Investment Director, Energy & Infrastructure

17 years' experience as principal investor in renewable energy and infrastructure. Formerly director at Macquarie Infrastructure and Real Assets, responsible for Nordic coverage.



**Tom Moore**  
Partner & Head of Asset Management

Previously director at Foresight Group with oversight of a significant portfolio of renewable energy investments. Chartered Accountant with prior experience in practice and a boutique hedge fund.



## Downing LLP's in-house asset management will work to optimise returns

- › We believe active 'hands on' asset management can enhance returns.
- › Downing's in-house specialists use real-time reporting systems to create and protect value.
- › We have access to over 2 million data points a month through our in-house systems to effectively monitor our portfolios.
- › The team already oversees a renewable investment portfolio producing 418MW based on 7,300 energy installations across five energy technologies.
- › The current renewable energy portfolio generates enough to power 66,800 homes and offset around 85,500 tonnes of CO<sub>2</sub>e.



Signatory of:



# Putting your money to work

**Our aim is that the net proceeds of the fundraise will be substantially invested or committed by December 2021 to generate revenue that can in turn support dividend payments.**

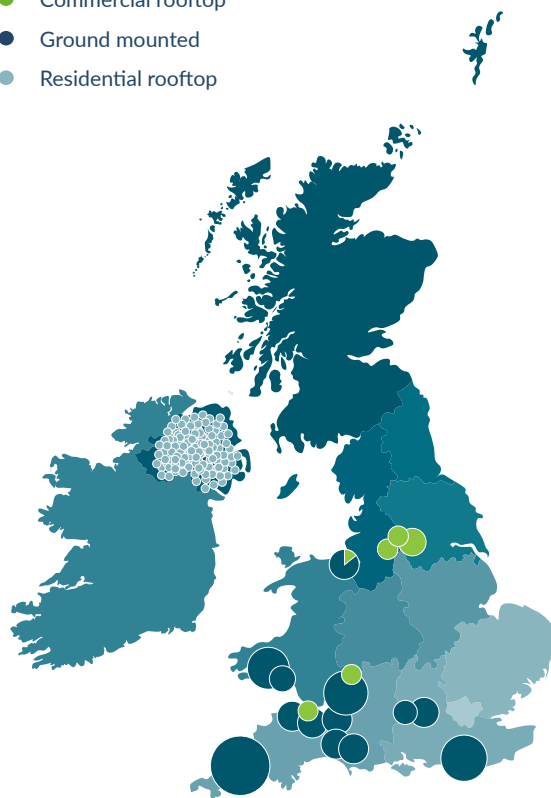
The seed assets are a portfolio of c.96 MWp of operational solar projects located across the UK. They have an operating track record of c. six years and comprise:

- › 13 ground-mounted sites totalling c.73 MWp;
- › 28 commercial rooftop installations totalling c.10 MWp; and
- › 7 residential rooftop portfolios in Northern Ireland totalling c.13MWp.

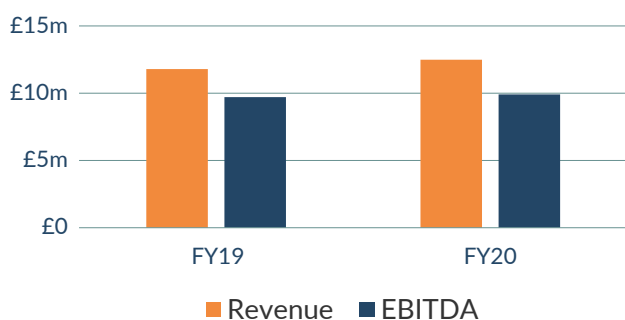
If acquired, it is expected that this portfolio will contribute significantly to the target dividend yield in year one.

The seed asset portfolio already has in place a series of measures to mitigate the risk of volatility in wholesale power prices. These include subsidy-backed revenues, private energy sales, and fixed/minimum price contracts selling energy to utilities.

- Commercial rooftop
- Ground mounted
- Residential rooftop



Over the last two years, the seed assets have achieved:



Wider pipeline projects

In addition to the seed assets, Downing LLP has identified a pipeline of investment opportunities with an equity value of over £1.5 billion, including £70 million under exclusivity. The assets are spread across the target geographies and a range of technologies.

Please note: Past performance is not a reliable indicator of future performance. There is no guarantee that DORE will be able to acquire the seed portfolio but if successful, it will be transferred subject to a valuation opinion and customary due diligence. There is also no assurance that the assets identified in the pipeline will still be available for purchase, equally other assets may become available. Please read important note 3.



# Important Notes

1. The dividend and return targets are targets only and not profit forecasts. There can be no assurance that these targets will be met, or that the Company (DORE) will make any distributions at all and they should not be taken as an indication of the Company's expected future results. The Company's actual returns will depend upon a number of factors, including but not limited to the size of the Issue, currency exchange rates, the Company's net income and level of ongoing charges. Accordingly, potential investors in this Initial Public Offering should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend and target NAV total return are reasonable or achievable. Target dividend yields are stated by reference to the issue price of 100p per share.
2. Where cited, the Manager's past performance is based on (i) unlevered weighted-average gross exit internal rate of return (IRR) in relation to the 55 assets sold since 2010 and (ii) unlevered weighted-average gross IRR across all investments held for longer than 12 months in relation to the 116 investments, each calculated at asset level. The returns reflect the initial and follow-on investments, equity distributions and interest paid on any internal debt element, and the value achieved on exits.
3. There is no assurance that any of the assets which make up the pipeline will remain available for purchase after Admission or, if available, at what price (if a price can be agreed at all) the investment can be acquired by the Company. Following Admission, the Manager may or may not pursue any pipeline assets. Investments not comprised in the pipeline assets may also become available. The individual holdings within the Company's portfolio may therefore be substantially different to the pipeline assets.
4. The graphs shown on page 3 are for illustrative purposes only. The information provided should not be seen as an indication of the Company's expected or actual portfolio composition, revenue diversification or hedging strategies, results or returns. Accordingly, investors should not place any reliance on this information when deciding whether to invest in shares.

## Disclaimer:

This document is a financial promotion which has been issued by Downing LLP which is authorised and regulated by the Financial Conduct Authority (FCA registration number 545025). Downing Renewables & Infrastructure Trust plc (the "Company" or "DORE") operates under the Companies Act 2006 and is not regulated as a collective investment scheme by the Financial Conduct Authority.

The purpose of this document is to provide summary information, valid as at 12 November 2020, regarding the Company (DORE). No investment advice is given by the Company so you need to decide if an investment is suitable for you. Nothing herein is to be construed as a solicitation or an offer to buy or sell any investment. Every effort is made to ensure the accuracy of any information provided but no assurance or warranties are given. The Company accepts no liability for any loss or damage of any kind arising from the use in whole or in part of this document. This document is an advertisement and not a prospectus and investors should not subscribe for or purchase any securities except on the basis of information in the prospectus published by the Company in connection with the applications to be made to the Financial Conduct Authority and the London Stock Exchange plc for securities in DORE to be admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the premium segment of the London Stock Exchange's main market which supersedes and qualifies in its entirety all the information set out in this document. Before investing you should read the prospectus that has been published, and in particular the risk factors set out therein, which is available on the Company's website (<http://www.doretrust.com>). If you have any doubts about the suitability of an investment you should seek professional advice.

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