



# Downing Renewables & Infrastructure Trust PLC

Annual report for the year to 31 December 2022

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# Highlights

- Net asset value (“NAV”) as at 31 December 2022 was **118.6 pence** per ordinary share (£219 million), an increase of **15.1 pence** (14.5%) per ordinary share compared with the NAV as at 31 December 2021 of 103.5 pence per ordinary share (£142 million).

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- NAV total return<sup>1</sup> of 19.5% for the year to 31 December 2022 and 28.5% since IPO in December 2020.

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- Interim dividends of **5 pence** per ordinary share paid during the year and a further **1.25 pence** per ordinary share declared (but not accrued) relating to the quarter to 31 December 2022. Cash dividend cover of 1.26x<sup>1</sup> for dividends paid during the year.

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- The target dividend for the year from 1 January 2023 has been increased by 7.6% to **5.38 pence** per ordinary share.

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- The Company’s portfolio generated 326GWh in 2022, avoided **153,457 tonnes** of CO2e and powered the equivalent of 112,523 UK homes. The Company now has a portfolio that is expected to generate 391 GWh of renewable electricity per year, an increase of 96.4% from 31 December 2021.

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- Further deployment through the completion of five investments, costing in aggregate at £72.6 million and comprising:
  - o Two operational hydropower plant portfolios, generating 12GWh p.a. and 36GWh p.a. respectively and located in central Sweden, for £20.1 million in January 2022;
  - o An operational 46 MW (108GWh p.a.) onshore wind farm located in north-eastern Sweden for £19.8 million in February 2022;

<sup>1</sup> These are alternative performance measures

- o A portfolio of operational run-of-river hydropower plants in Sweden (17GWh p.a.) for £16.8 million in May 2022;
  - o A further investment into the UK solar portfolio during October 2022 of £10 million, used to repay the mezzanine debt that was present when the portfolio was acquired;
  - o A 14GWh hydropower portfolio of seven assets with significant reservoir capacity in Sweden for £5.9 million in November 2022; and
  - o Post year end, completed the acquisition of two operational hydropower plants with expected annual generation of 8.3GWh, located in Sweden for £5.1 million.
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- Successfully raised gross proceeds of £52.9 million through a placing, an open offer, an offer for subscription and an intermediaries offer at an issue price of 111.0 pence per ordinary share in June 2022, exceeding the target size of the issue
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# Key Metrics

	As at or for period ending 31 December 2022	As at or for the period ending 31 December 2021
Market capitalisation	£210m	£142m
Share price	113.5 pence	103.5 pence
Dividends with respect to the year	£8.0m	£2.9m
Dividends with respect to the year per ordinary share	5.0 pence	3.5 pence
GAV <sup>1, 2</sup>	£311m	£221m
NAV	£219m	£142m
NAV per share	118.6 pence	103.5 pence
NAV total return with respect to the year <sup>1, 2, 4</sup>	19.5%	8.0%
Total Shareholder Return with respect to the year <sup>1, 3</sup>	15.1%	5.0%
NAV total return since inception <sup>1, 2, 4</sup>	28.5%	7.9%
Total Shareholder Return since inception <sup>1, 3</sup>	21.1%	5.3%
Weighted average discount rate	7.7%	7.3%
Environmental Performance	Assets avoided 153,457 tonnes of CO <sub>2</sub> and powered the equivalent of 112,523 homes	Assets avoided 80,942 tonnes of CO <sub>2</sub> and powered the equivalent of 59,432 homes

A glossary of terms can be found on page 152.

<sup>1</sup> These are alternative performance measures.

<sup>2</sup> A measure of total asset value including debt held in unconsolidated subsidiaries.

<sup>3</sup> Total returns in sterling, including dividend reinvested.

<sup>4</sup> Based on NAV at IPO of £0.98/share.

# About DORE

Downing Renewables & Infrastructure Trust PLC (“DORE” or the “Company”) is a closed ended investment company incorporated in England and Wales. The Company aims to provide investors with an attractive and sustainable level of income, with an element of capital growth, by investing in a diversified portfolio of renewable energy and infrastructure assets in the UK, Ireland and Northern Europe.

The Company’s strategy, which focuses on diversification by geography, technology, revenue and project stage, is designed to deliver the stability of revenues and the consistency of income to shareholders.

The Company is an Article 9 fund pursuant to the EU Sustainable Finance Disclosure Regulations (“SFDR”). The core sustainable Investment Objective of the Company is to accelerate the transition to net zero through its investments, compiling and operating a diversified portfolio of renewable energy and infrastructure assets to help facilitate the transition to a more sustainable future. This directly contributes to climate change mitigation.

DORE is a Green Economy Mark (London Stock Exchange) accredited company with an ESG framework that aims to provide investors with attractive returns while contributing to the successful transition to a net-zero carbon economy - resulting in a cleaner, greener future.

As at 31 December 2022, the Company had 184,622,487 ordinary shares in issue which are listed on the premium segment of the FCA’s Official List and traded on the London Stock Exchange’s Main Market.

DORE is managed by Downing LLP (the “Investment Manager” or “Downing”).





# Chairman's Statement

On behalf of the Board, I am pleased to present the annual report of Downing Renewables & Infrastructure Trust PLC covering the year to 31 December 2022 (the "Annual Report"). After another successful year of strategic diversification and growth, we continue to execute our business plan and benefit from the expanding Nordic and UK renewables markets.

## Additional Equity Issuance

Following the £137.4 million raised during the Company's first financial period the Company established a share issuance programme to enable the issuance of up to a further 250 million ordinary shares over a 12-month period. In order to aid our continuing growth plans and to enable us to pursue value creating opportunities, we issued a further 47.6 million new ordinary shares on 7 June 2022 at a price of 111 pence per share, raising gross proceeds of £52.9 million, exceeding the target size of the issue and increasing the market capitalisation by 25.2%. As at the reporting date, the Company's market capitalisation exceeded £200 million.

An element of the proceeds of the fundraising was immediately used to repay the revolving credit facility ("RCF"), with the remainder earmarked to invest in an attractive pipeline of opportunities

to further diversify the portfolio. The fundraise represented c.35% of the Company's Ordinary Share capital immediately prior to the Issue.

## Acquisitions

During the period, the Company and its wholly owned subsidiaries (together the "Group") have successfully invested £72.6 million in five new portfolio investments and a further £5.1 million after the year end. The Company now has a portfolio that is expected to generate 391 GWh of renewable electricity per year, double that as at 31 December 2021.

Diversification remains central to the strategy of the fund. During the period we have added wind power, an additional technology to our portfolio as well as acquiring our first hydropower assets in Sweden's SE4 pricing zone. Investing in different technologies in different

The Board is very satisfied with the £72.6 million deployed in the five high-quality investments made in the year. At a portfolio level, the Investment Manager's in-house asset management team will continue its focus on delivering continued positive operational performance. This performance, alongside the NAV accretive acquisitions, has underpinned our ability to increase the dividend target by 7.6%.



locations reduces the Company's reliance on any given natural resource, provides exposure to assets with different economic lives and reduces our exposure to any single power market.

Each acquisition made since IPO has been accretive to DORE's NAV. During the year, a £9m increase in NAV was recognised as new investments were revalued throughout the year.

I am very pleased to report that the Investment Manager has made attractive acquisitions since the year end by completing the acquisition of two additional operational hydropower plants in Sweden (with annual generation of 8.3GWh), located on the Gillerån and Moälven rivers in the SE2 electricity pricing zone, for £5.1 million.

### Debt Facilities

In the interests of capital efficiency and to enhance income returns, long-term capital growth and capital flexibility, the Company is permitted to maintain a conservative level of gearing. To allow flexibility with making new investments, the Group has access to two separate loan facility agreements: a £40 million RCF with Santander UK plc at a holding company level and a seven-year EUR 43.5 million limited recourse debt facility with SEB at Downing Hydro AB. The RCF was increased from £25 million to £40 million on 26 January 2023. Further information on these facilities can be found in the Investment Manager's Review. The Company's borrowing policy is laid out on page 32.

During the period, the RCF allowed the Group the flexibility to capitalise on its investment pipeline. In May 2022 the Group utilised the facility to fund a c.£17 million acquisition of a portfolio of hydropower plants. As mentioned above, the RCF was repaid in full during the period using the proceeds from the subsequent fundraising.

### Portfolio Performance

Operating profit for the portfolio of generating assets was 14.7% above our expectations.

The 3,260 operating assets generated 326 GWh of clean electricity during the reporting period. The operational performance of the Swedish wind and UK solar assets was in line with expectations and the dry summer we experienced in Northern Europe, including Sweden, impacted the hydropower portfolio, leading to generation across the hydropower portfolio being 10.8% below long term expectations. This contributed to higher power prices in the region, driving a significant increase in revenue and cashflows, which more than outweighed the generation shortfall caused by the dry conditions.

### Financial Results

During the period the NAV per ordinary share increased from 103.5 pence at 31 December 2021 to 118.6 pence at 31 December 2022, an increase of 14.5%. Including dividends paid of 5 pence per ordinary share in the year results in a NAV total return since 31 December 2022 of 19.5%. This increase reflects the net

earnings and the valuation uplift across all three technologies following strong operational performance and a favourable economic environment.

The NAV reflects the fair market valuation of the Company's portfolio based on a discounted cash flow analysis over the life of each of the Group's assets plus the value of the Company's other assets and liabilities. The assumptions which underpin the valuation are provided by the Investment Manager and the Board has satisfied itself with the calculation methodology and underlying assumptions. Further details of the valuation change are given on page 55.

The portfolio companies distributed £12.3 million to the Company by way of shareholder loan repayments and interest during the period. An element of this cash, £3.8 million, was retained in the Company's subsidiary DORE Hold Co and forms part of the valuation.

The Company made a profit for the year to 31 December 2022 of £33.2 million, resulting in earnings per ordinary share of 20.6 pence. This includes unrealised returns of £28.1 million.

### **Dividends**

The Company has paid interim dividends to Shareholders of 1.25 pence per share for the first three quarters of 2022. I am pleased that a further dividend of 1.25 pence per share has been announced and will be paid on or around 31 March 2023 in respect of the quarter to 31 December 2022.

The Company achieved a cash dividend cover of 1.26x for the dividends of 5 pence per share paid during the period (including the dividend paid during the period in respect of the quarter ending 31 December 2021). Dividend cover is presented excluding dividends paid immediately following the issuance of new shares. If these are included, the dividend cover would be 1.17x. Cash dividend cover has been calculated on a cash basis of income received by the Company and its immediate subsidiary.

The Company will target a dividend of 5.38pps relating to the year to 31 December 2023, a 7.6% increase from 2022. The increased dividend is forecast to be fully covered by the current portfolio. When near term pipeline assets that are under exclusivity are taken into account, the dividend cover against the increased dividend is forecast to be in excess of 1.4x.

This is the second increase in dividend since DORE's IPO in December 2020. As a result of the Company bringing forward the 5 pence per share dividend payment by six months from 1 July 2021, DORE has paid out 1.5 pence per share more in dividends than outlined at the time of the IPO.

### **Investment Policy**

During the period, shareholders approved amendments to the Company's investment policy, including to: (i) increase the geographic and technology investment restrictions until the Company first surpasses a Net Asset Value of

£300 million; (ii) increase the limit on short-term borrowings; and (iii) simplify the definition of Gross Asset Value in the Company's investment policy. The new limits are set out on the Company's website and the full investment policy is available in the shareholder circular dated 7 June 2022, also available on the website.

## Outlook

2022 was dominated by the ongoing war in Ukraine and rising inflation. The Ukraine crisis has forced governments, companies, and citizens across the world to take a hard look at how energy is sourced and utilised. Over recent years renewables has been a key growth sector for investment companies, however, since the crisis began there have been accelerated commitments to renewables and governments have now realised that the energy transition is not only important for the planet, but also for energy security. We believe that DORE can play an active part in this.

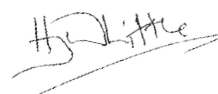
The Board is very satisfied with the £72.6 million deployed in the five high-quality investments made in the year. At a portfolio level, the Investment Manager's in-house asset management team will continue its focus on delivering continued positive operational performance, along with optimisation initiatives where appropriate. The Company will continue to leverage the expertise of the Investment Manager to deliver strong operational performance whilst placing its sustainability goals at the centre of its operational objectives.

In order to increase the Company's diversification, drive efficiencies of scale at the portfolio level, spread the fixed costs over a wider asset base and increase liquidity for current and future shareholders, the Board intends over time to increase the size of the Company through the issue of further shares. Any such issuance will be priced at a premium to the prevailing net asset value and will be dependent on demand from investors as well as the availability of pipeline investments.

The Board looks forward to bringing shareholders further updates on the excellent progress made to date.

## Share Buybacks

The Board intends to commence buying back shares in the market where it believes this to be in shareholders' interests, noting that share buybacks represent an attractive opportunity to increase the Company's investment exposure to the existing portfolio at rates of return well in excess of the relevant discount rates.



**Hugh W M Little**

Chair

31 March 2023

Downing Renewables & Infrastructure  
Trust PLC

# Sustainability and Responsible Investment

As an active investor in renewable energy and associated infrastructure, our investments naturally contribute to climate change mitigation by reducing the greenhouse gas emissions from burning fossil fuels to generate power. Investments also contribute to countries' net zero, green transition and energy security strategies, as well as feature in the decarbonised world energy outlooks of the International Energy Agency.

For the UK this includes the legally binding aim of net zero and we continue to monitor developments from the UK Infrastructure Bank, BEIS and Defra with implications for the renewable energy sector, such as hydrogen and other longer duration storage.

The Company advocates the common view that there can be no net zero carbon, and therefore a limitation in warming of 2°C above pre-industrial levels, by mid-century, without renewable power. We also acknowledge that each type of renewable energy has its limitations and drawbacks. For example: hydropower needs careful consideration from a biodiversity perspective; wind and solar are intermittent generation technologies and supply chains need scrutiny when constructing new generation facilities.

The Investment Manager has a robust process for identifying and managing both ESG risk and opportunity in our sustainable investment approach. This includes identification of material factors given the type of infrastructure asset, an initial assessment for all deals, detailed assessments for deals that

progress (referencing guidance from the Global Real Estate Suitability Benchmark ("GRESB"), Taskforce for Climate Related Financial Disclosures ("TCFD"), Sustainability Accounting Standards Board ("SASB"), Sustainable Finance Disclosures Regulation ("SFDR"), discussion and governance at investment committee, enhanced due diligence and monitoring by the ESG team and asset managers for identified risks.

Following investment, the Company is an active owner. The Asset Manager monitors the Company's portfolio's emissions (made and avoided) and other ESG credentials like jobs created and biodiversity impacts, as we report below.

**There are three distinct stages to achieve benefits in emissions: data, reduction and removal. As with many other investors, our main attention for the early 2020s is carbon data. Physical and transition climate risk identification also features, following the guidance of TCFD. We note the risk of extreme weather or changes in precipitation, sea levels etc. on a real asset, and opportunity from favourable policy, incentives or customer preferences to a power generation asset. At the specific asset level, green loan principles have been incorporated to the revolving credit facility in order to promote projects with environmental benefits.**



### Responsible water usage & fish protection

The Group operates hydropower plants in several rivers across Sweden. The Investment Manager is conscious of the impact hydropower can have on the fish population and environment, so is taking ongoing action to operate and manage these assets in a sustainable way for the native fish populations.

The Group is proud to be part owners of both Ljusnan and Dalvälven Water Regulation Enterprises, enterprises formed to coordinate water operations in a river where more than one party operates. Through these enterprises the Group helps fund actions to positively impact fish communities and the surrounding environment. In Ljusnan there is extensive placing of fish to increase the population and construction of fish ways to enable migration through the river. In Dalälven, the Group contributes to funding the construction of fish paths by multiple hydropower plant owners to enable fish migration upstream. The Dalälven enterprise also has a fish farm, from which fish are planted in the region's lakes and water bodies to help manage and increase the population. The enterprise is also involved in the legal development and interpretation of Natura 2000 sites, which is an EU network of protected areas and applies to areas along Dalälven.

During the period the Group acquired Fridafors, a Swedish hydropower asset located in Mörrumsån upstream of which both salmon and trout have areas of

reproduction. To facilitate the continuing movement of these fish and, ensure the stability of the wild salmon and trout stock, a fish pass has been established. It is estimated that thanks to the fish pass, an additional 3,000 juvenile salmon and trout will be produced. Other organisms such as eels will also benefit from this opportunity to travel freely up and down the Mörrumsån river. The water flow will be controlled by the hydropower plant, with a baseflow of 1.0 m<sup>3</sup>/s during the winter and a migration flow of 1.5 m<sup>3</sup>/s between 1 April and 30 November each year.

Over the coming years, all of the Group's hydropower assets will be a part of the Swedish National Plan, which aims to ensure modern and sustainable use of Swedish water, as well as to set modern environmental requirements for hydropower assets. As a part of this plan,



a current status report will be created by each respective county administrative board outlining what improvements should be made to enhance species diversity in the rivers affected. The Asset Manager continues to engage with the authorities on the emergence of this plan and is engaging with the authorities to ensure that the Company is prepared to action any sustainable aquaculture principles. In future we will also consider sustainable aquaculture principles and measure the rates for reproduction, mortality & disease, riverbed loading, success of fish welfare plans in Dalälven and management of antibiotics, feed and waste for new fish to be placed in Ljusnan.

### **A plan for biodiversity gain**

Downing has previously committed to performing an ongoing programme of ecological site surveys to identify, refine and optimise our contribution to target 15 of the UN Sustainable Development Goals (Life on Land). During the period the Asset Manager appointed specialists to perform surveys on 12 ground mounted UK solar sites. The resulting reports will set out the baseline habitat conditions of the sites using the Natural England Biodiversity Net Gain (BNG) v3.1 metric, alongside recommendations for potential site-specific biodiversity gains. This ensures that we have a streamlined view of how to optimise habitats in this portfolio.

All ecological reports have been finalised on a site-by-site basis. At the portfolio level, results showed that the hedgerows on site were typically found to be

species rich, and therefore the biggest source of biodiversity. For most sites, it was reported that the ground mounted solar panels were raised sufficiently that shading was not negatively impacting the grassland beneath.

The Investment Manager is pleased that the portfolio is already displaying good biodiversity and based on the enhancements proposed by the ecological specialists, the asset manager is now establishing a biodiversity enhancement project plan. Examples of recommendations include adjusting the intensity of sheep grazing to improve the quality of the grass, sectioning off margins with tussock grass, deploying doormouse boxes and developing ponds. The surveys highlighted a number of species of interest, which will be given extra attention. An example site of interest is detailed in Andover, below.

### ***Species observed at Andover Airfield***

Andover Airfield is a 4.3 MWp ground mounted solar site in Andover, UK. The site has a land area of 44 acres, predominantly made up of grassland.

Several important animal species were observed on site such as the red listed Yellowhammer and the amber listed Meadow pipit. The meadow pipit is "Amber listed" due to it declining in numbers since the 1970s. The "yellowhammer is on the "Red list" because the breeding population has declined by 50% in the past 25 years. The Asset Manager is in the process of erecting bird boxes to support these birds.



Small Heath butterfly was also seen on the site which is a Species of Principal Importance for the conservation of biodiversity in England under the Natural Environment and Rural Communities (NERC) Act, an act which requires public authorities to have regard for conserving biodiversity. The biodiversity assessment pointed to a number of opportunities to improve the grassland and hedgerow habitats at the site which would benefit

the Small Heath Butterfly, since their diet pre- and post- transition from caterpillars mainly consists of different varieties of grass species and floral nectar respectively. Improving the grassland and hedgerows on the sites will also benefit the birds in the area, as many of the important birds live off insects whose presence would increase if the condition of the grassland was improved.





In the coming year and when weather conditions allow, the Asset Manager is looking to conduct ecological baseline surveys for some of the Company's hydropower and wind assets to help bolster sustainable land management across the portfolio.

### Community and Social Support

The Company proactively engages with the local communities surrounding our renewable energy generation facilities in a number of ways. We place a great emphasis on choosing appropriate

operations and maintenance partners across our portfolio, not only to ensure they have the correct skills and expertise but also, wherever possible, to hire local individuals. Not only does this reduce the environmental impact from car and van mileage, a significant factor in rural Sweden, but also supports the growth in skilled jobs in the local communities.

Payments by the assets to local communities' averages around £20,000 per year, funds used to pay for local community projects.





The Gabrielsberget Wind Farm is a great example of these projects. The asset has previously funded an outdoor gym, track maintenance of ski touring runs, the upkeep of the hockey rink at a local school and the building and maintenance of a public BBQ pit and gathering area to name a few.

The UK solar portfolio is highly diversified across individual assets with a significant level of solar generation from the commercial and residential rooftops assets being provided on a free or discounted basis to the property owner or resident. During the year, 10,061 MWh was made available free of charge to residential occupants across Northern Ireland and 7,895 MWh has been made available to commercial landlords on a discounted basis.

In addition to supplying UK properties, some of our hydropower assets provide a free power allowance to local residents

as a result of using their local waterways. These agreements have been in place since the construction of each power plant. A total of 423 MWh has been funded over the course of the year.

The generation made available to residents during the year is enough to completely power 3,730 UK homes for the same time period. During the current climate of rising electricity prices, this free electricity is making a meaningful difference to the residents.

Although not all energy generated is used by the residents (with any excess being exported to the grid), the retail value of the electricity made available is in excess of £2.9 million.



## Green Energy Education



In 2021 the Company and Downing announced their commitment to the UN's Sustainable Development Goal 13.3, which is designed to "improve education, awareness-raising and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning" and appointed Earth Energy Education to help fulfil this. Earth Energy Education is a company founded by teaching professionals with the aim of teaching young people about renewable energy through site visits and in-school workshops.

During the 2021/22 school year, over 190 primary school children from 4 different schools visited the Company's ground mount solar sites. The purpose of these visits was to get children out of the classroom and provide an interactive platform to teach them about sustainable energy production, the importance of promoting biodiversity at renewable energy sites and engaging them in discussions about mitigating climate change from an early age.

After each site visit Earth Energy Education went into the schools to run informative workshops on renewable energy. For example, the "solar toy design and make" workshops gave the children the opportunity to see how sunlight can be used as an energy source in a

hands-on way. These workshops were appropriately tailored by year group and their curriculum. It was noted by one teacher that students who had previously struggled to engage in classroom-based lessons, responded well to the interactive learning opportunities.

The Company intends to extend this agreement into the 2022/23 school year and beyond and is looking at ways to enable school visits to more of its sites.



# Downing's Approach to Sustainability

Downing is an active participant in wider sustainability sector initiatives and policy advocacy. Downing is a signatory to: the UN Principles for Responsible Investment, the Financial Reporting Council's UK Stewardship Code, and the UN Global Compact. We are also members of GRESB (including its Technical Expert Group for Infrastructure), the Institutional Investors Group on Climate Change (including the Climate Action 100+ investor collaboration and its UK Taxonomy working group, advising HM Government on the new regulation). We publicly support TCFD and the Transitions Pathway Initiative. These commitments share Downing's integration of ESG factors in its investment process, from pre-deal screening through to active asset management, and then active ownership and transparency on outcomes.





Given their nature, DORE's investments can play a role in enabling and making a positive contribution to several UN Sustainable Development Goals, and their sub-targets:



**Target 7.1:**

By 2030, ensure universal access to affordable, reliable and modern energy services.

**Target 7.2:**

By 2030, increase substantially the share of renewable energy in the global energy mix.



**Target 9.4:**

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



**Target 13.3:**

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

**Target 13.2:**

Integrate climate change measures into national policies, strategies and planning.



**Target 15.5:**

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

**Target 15.9:**

By 2030, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.

**Target 15.a:**

Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.



## Climate Disclosure, based on the recommendations of the Task Force for Climate Related Financial Disclosures

**The Company is not required to disclose under TCFD. We are supporting the ethos of TCFD and its purpose of addressing the systemic financial market risk of climate change by integrating climate as a factor to governance, strategy, risk and metrics activity. We are pleased to share our climate disclosure below.**

The TCFD Recommendations are structured around four content pillars: 1. Governance; 2. Strategy; 3. Risk Management; and 4. Metrics & Targets.

The Company strives to maintain the highest standards of corporate governance and effective risk management at both a Company and a portfolio level. Although the Company is not required to report under the recommendations of the TCFD, many of those recommendations are voluntarily followed in order to enhance the Company's disclosures. As reporting climate impacts under TCFD becomes a mandatory requirement for more entities, these disclosures shall be enhanced to ensure full compliance with all the recommendations of the framework and any sector specific additional guidance.

### 1. Governance

Governance is the responsibility of the Board, with key functions delivered through delegated committees with the oversight of the Board and the ongoing support of the Investment Manager.

The Board meets on at least a quarterly basis, with additional ad-hoc meetings arranged as appropriate. Information relating to the Company's activities in fulfilling its sustainable Investment Objective are presented on at least a quarterly basis. This data enables the Board to satisfy itself that it is fulfilling the climate mitigation obligations explicit in the Company's sustainable Investment Objective; "to accelerate the transition

to net zero through its investments, compiling and operating a diversified portfolio of renewable energy and infrastructure assets to help facilitate the transition to a more sustainable future. This directly contributes to climate change mitigation."

On at least an annual basis the Board reviews climatic data, specific to the geographies and asset types in the portfolio, in order to review and develop the Company's strategy in relation to the risks and opportunities from climate change.

The remit of the Board and its Committees are set out in more detail in the Corporate Governance Statement on pages 79 to 87. However, specifically the role of the Audit and Risk Committee is to monitor the effectiveness of the Company's financial reporting, service providers, systems of internal control and risk management, and the integrity of the Company's external audit processes. In fulfilling this purpose, the Committee has oversight of financial disclosures, including TCFD reporting.

In addition to the Board's oversight functions, the Directors have appointed an Investment Manager and delegated the day-to-day management of the Company to the Investment Manager. Rather than creating new structures to govern and oversee the management of climate change risks and opportunities, the Investment Manager has integrated climate change into its existing structures, processes and risk registers. On the instruction of the Board, the Investment Manager gathers portfolio data on an ongoing basis, that enables the board to oversee the delivery of the Company's sustainable Investment Objective.

The Investment Manager also provides dedicated subject matter expertise to support the Board's annual review and development of strategy in relation to climate change risks and opportunities. The Investment Manager integrates Environmental, Social and Governance factors into its investment processes, with climatic factors forming

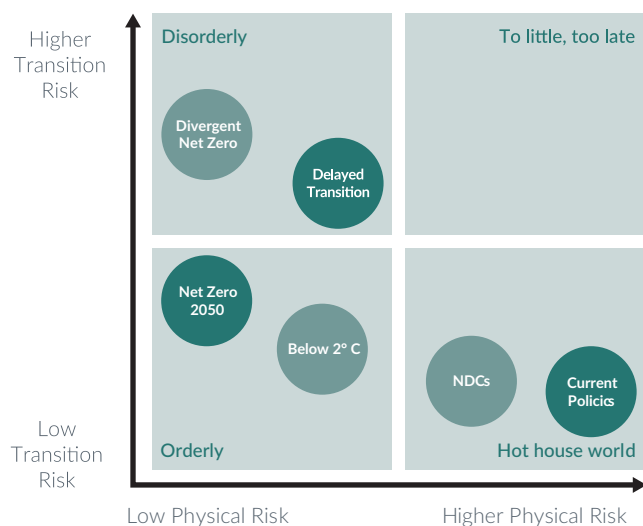
integral components of the investment thesis. Finally, the Investment Manager operates an Investment Committee to oversee and approve the acquisition and disposal of assets on behalf of the portfolio. Climatic factors are reviewed as critical components of the investment thesis.

## 2. Strategy

### Scenario Analysis for Strategy Development

In order to analyse the potential range of risks and opportunities associated with climate change, the Board selected three scenarios from the potential six developed by The Central Banks and Supervisors Network for Greening the Financial System ("NGFS"). Selecting one scenario from each of the available boxes, enabled the board to consider the possible combinations of physical and transitional risks.

#### NGFS Scenarios



**Physical risks** arise from the changes in weather and climate that impact infrastructure and economic activity. They are typically sub-divided into acute risks like extreme weather events or chronic risks like rising sea levels, differentiated by the time taken to have a given effect.

**Transition risks** are the societal changes arising from a transition to a low-carbon economy. They could arise from changes in public sector policies, innovation or the affordability of certain technologies, investor or consumer sentiment towards behaviours or products.

The three selected scenarios are:

1. **The Current Policies Scenario (Base Case)** assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions grow until 2080 leading to about 3°C of warming and severe physical risks. This includes irreversible changes like higher sea levels.
2. **The Delayed Transition Scenario** assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited. This scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies.
3. **The Net Zero 2050 Scenario** is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO<sub>2</sub> emissions around 2050. Some jurisdictions such as the US, UK, EU and Japan reach net zero for all greenhouse gases by this point. This scenario assumes that ambitious climate policies are introduced immediately. Physical risks are relatively low, but transition risks are high.

### Scenario Probabilities

These scenarios are not predictions and instead are presented as hypothetical outcomes. However, an analysis of their relative probability indicates how strategy may develop over time or indeed where the Board focused their analysis.

At this point in time, the Net Zero 2050 Scenario is assessed to be the least probable of the three scenarios recognizing the lack of sufficient international consensus, co-operation and investment. The Net Zero 2050 Scenario is dependent upon near term variables and so without significant change, its probability will drop sharply in the near term.

Whilst the Current Policies Scenario will be updated to reflect progress made at COP26, it remains the base case scenario with the greatest probability. If policy progress remains limited, the probability attributed to this >3°C scenario will increase over time.

The probability of achieving a Delayed Transition Scenario is dependent upon future unknown variables, therefore without any significant change over the medium term, its probability will likely increase over time.

Recognising that the Current Policies Scenario is considered the most probable, the Board's analysis of Climate risks was focused on an assumption of higher physical risks and lower transitional risks. The relative probability of these scenarios will be reviewed on at least an annual basis and will inform future strategy development.

### Analysis Periods for Strategy Development

Recognising the international climate policy focus on the next 30 years and the projected lifespan of a number of the assets within the Company's portfolio, the Board's scenario analysis was considered over a 30-year period, sub divided into three time horizons: short-term 2022-2030; medium term 2031-2040; and long-term 2041-2050.

The illustrative table below shows how the relative combinations of physical and transitional risks might be expected to develop over time and why the Board's analysis focused on physical risks.

### Illustrative Risk Composition over time

	Risk Composition	Short Term 2022 - 2030	Medium Term 2031 - 2040	Long Term 2041 - 2050
<b>Current Policies</b>	Physical	High	Higher	Highest
	Transitional	Low	Low	Low
<b>Delayed Transition</b>	Physical	High	Higher	Low
	Transitional	Low	Highest	High
<b>Net Zero 2050</b>	Physical	Low	Lower	Lowest
	Transitional	Low	Lower	Lowest

### Physical Factors, Portfolio Impacts and Modelling

Whilst climate change is a complex phenomenon, physical risks and opportunities to the portfolio were identified across four principal factors: air temperature change, wind speed change, precipitation level change and change to incidence rate of extreme weather events.

In addition to the data above, portfolio efficiency, micro and macro-economic data is reported to the Board on a quarterly basis. Data relating to generation and portfolio efficiency is utilised to assess the effect of any physical risks to the portfolio and the Company's delivery of its sustainable Investment Objective. Micro and macro-economic data, for example energy commodity prices, carbon emissions allowance prices and subsidy rates are utilised to assess the impact of transitional risks.

For each risk factor, the portfolio technology and geographic exposure were considered to assess the potential impact on the portfolio. An appropriate modelling input was then identified to enable the Board to assess the potential impact of the factor.

For example, the table below describes how a projected change in precipitation may require changes to ground maintenance activity associated with the solar portfolio and therefore how operational costs could change over time to reflect this. Meanwhile changes to precipitation rates could affect generation from hydropower assets.



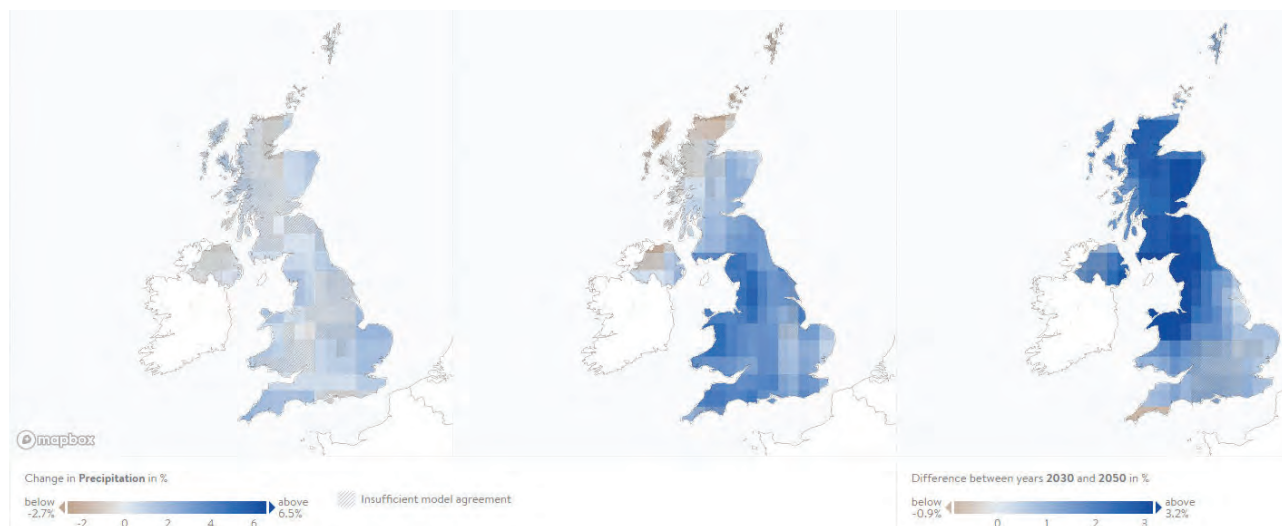
## Physical Factors, impact and modelling table

Physical Factors						
	Solar		Hydropower		Wind	
	Impact on Portfolio	Assumption to flex	Impact on Portfolio	Assumption to flex	Impact on Portfolio	Assumption to flex
<b>Air Temperature <math>\Delta</math></b>	Change in tech efficiency due to temperature fluctuations.	Performance ratio	Timing of spring melt	Generation profile	Non-measurable impact on performance	N/A
<b>Wind <math>\Delta</math></b>	Mounting structure maintenance, potential to reduce surface temperature of modules	Operational costs	Nil	N/A	Higher levels of generation	Generation
<b>Precipitation <math>\Delta</math></b>	Ground maintenance activity, potential to impact on surface dust of modules	Operational costs relating to land management	More water flow and generation capability	Generation	Non-measurable impact on performance	N/A
<b>Extreme Weather <math>\Delta</math></b>	Damage to equipment	Operational costs (insurance premiums) / Capex on drainage	Spill (efficiency during high water flow) / equipment damage	Generation / Capex	Reduced availability due to high winds/ equipment damage	Generation/Opex

## A worked example - precipitation change under the current policies scenario

The company's solar assets are predominantly located in the United Kingdom. The left and middle maps show the projected change in Precipitation (in %) in United Kingdom since the reference period 1986-2006, in the years 2030 and 2050 under a NGFS current policies scenario. The third map shows the difference between the two.

### Precipitation Change UK

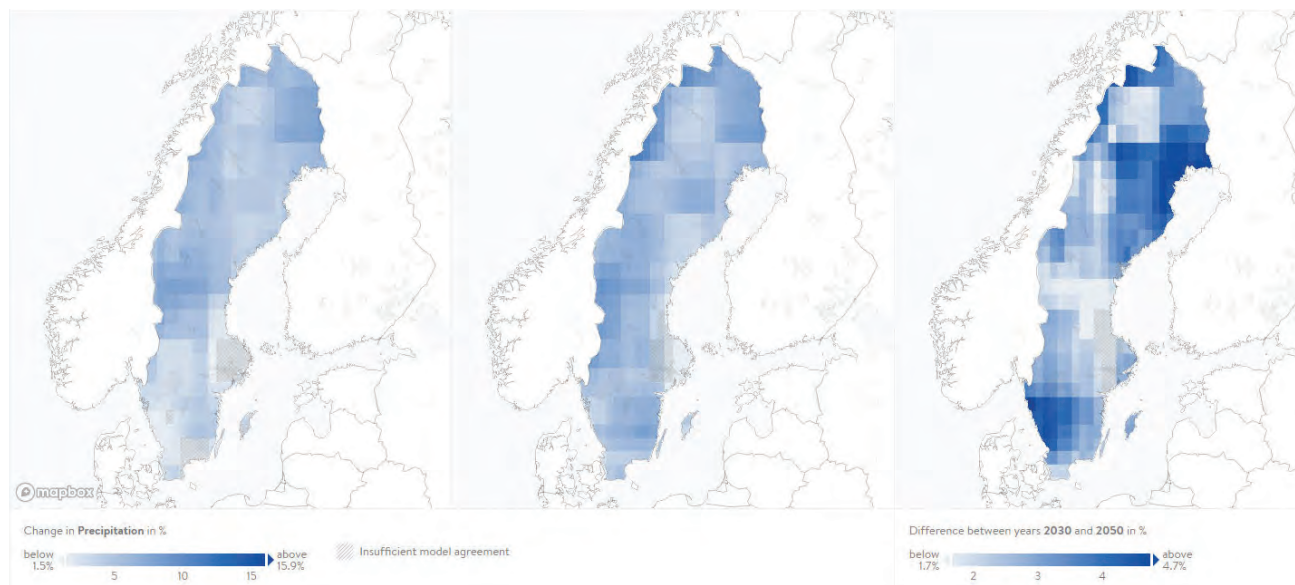


**Short Term:** Solar modules are typically hydrophobic, making it unlikely that increased precipitation would result in mineral build-up on the modules, however prolonged periods of cloud cover may marginally reduce generation over the short term. Increased precipitation could increase growth of vegetation around module arrays and require more frequent maintenance as a result. To monitor these short-term effects, the efficiency of modules and their generation profiles are monitored on an ongoing basis with this data built into ongoing portfolio valuations. Valuation models already allow for ad hoc maintenance costs within operational expenditure.

**Medium Term:** Consistently higher precipitation rates may require additional capital expenditure to improve site drainage.

**The Company's hydropower assets are predominantly located in Sweden.** The left and middle maps show the projected change in Precipitation (in %) in Sweden since the reference period 1986-2006, in the years 2030 and 2050 under a NGFS current policies scenario. The third map shows the difference between the two.

#### Precipitation Change Sweden



**Short, Medium and Long Term:** Increased precipitation rates are likely to have a positive effect on generation from hydropower assets. Marginal increases to routine maintenance are likely to be offset by increased generation.

This worked example focused solely on projected precipitation changes in isolation from other factors, across two technology types and geographies. When considered alongside other factors like changes in air temperature and wind speed, the potential future variation in water supply to Nordic hydropower assets was assessed to have a more significant potential impact on portfolio valuations than the marginal impact from UK based solar assets. For this reason, significant work is undertaken before the acquisition of the hydropower portfolio and the forecast impact of climate change on the specifics assets was included within financial pricing models.

Increased precipitation, both on an annual basis and on shorter timeframes can challenge the ability to handle high water flow. Temperature drives the melting of snow reservoirs and milder winters can result in earlier spring floods and increased flow during the winter months.

When the data is available, we consider using seasonal inflow a more accurate measure than precipitation alone as it reflects the dimensioned flow that the power plant will get, both in terms of production and excess water flow.

The projected changes to the climate bring several other considerations in terms of potential impact to asset valuations. Increased inflow during winter months can be beneficial if it continues to correlate with higher electricity market prices, although changes can also impact the level of wind generation and changing demands for heat.

### The relative impact of Physical and Transitional risks

Changes to physical factors are projected from modelled greenhouse gas emissions, extrapolated principally from population growth, economic activity, energy utilisation and the generation mix. Many of these physical factors are omni-directional and the potential effects are assessed to be gradual.

Transitional factors can have a much wider spread of potential outcomes as a result of concentrated human decision-making. For example, population growth is influenced by billions of unconnected human decisions and therefore the probability of directional changes to population growth over the short term are extremely low. In contrast policy changes to government subsidies can be influenced by a relatively small number of people over a short period of time.

Across each of the three scenarios there is an assumption that policies and consumer preferences are likely to become more supportive of renewable energy generation over time. Whilst harder to project than the portfolio effects of physical risks, transitional factors are likely to remain supportive of portfolio valuations.

### Portfolio Sensitivity Analysis

Building on the scenario modelling and assumptions set out above, and data provided by NGFS for the most likely scenario we are able to quantify the impact on environmental factors over an appropriate timeframe.

Metric		2020 - 2030	2030 - 2040	2040 - 2050
<b>United Kingdom</b>				
Air Temperature $\Delta$	temperature of air masses two meters above the Earth's surface	0.3%	0.6%	0.8%
Wind $\Delta$	velocity of an air mass 10 metres above ground	-0.3%	-0.8%	-1.7%
Precipitation $\Delta$	mass of water (both rainfall and snowfall) falling on the Earth's surface	-0.1%	2.0%	2.9%
Extreme Weather $\Delta$	Percentage change in the cost of damage from such events	6.9%	15.3%	23.3%

Metric		2020 - 2030	2030 - 2040	2040 - 2050
<b>Sweden</b>				
Air Temperature $\Delta$	temperature of air masses two meters above the Earth's surface	0.4%	0.9%	1.2%
Wind $\Delta$	velocity of an air mass 10 metres above ground	-0.1%	-0.8%	-1.2%
Precipitation $\Delta$	mass of water (both rainfall and snowfall) falling on the Earth's surface	0.8%	1.5%	1.9%
Extreme Weather $\Delta$	level of damage from river floods that is expected to occur every year, measured in USD.	16.0%	56.0%	34.8%

Taking the changes into account and making appropriate adjustments to valuation assumptions, through generation profiles and levels, operational expenditure (including insurance premiums) and capital expenditure, provides us with an estimate of the potential financial impact of climate change to the Company. The estimated impact on the NAV of the Company would be approximately 0.68 pence per share.

### Strategic Implications and Resilience of DORE's Climate Change strategy

The physical risks of climate change present manageable risks to the portfolio, as described throughout the first section of this report, however society's transition to a lower carbon economy presents significant opportunities and upside potential for the Company. The Company's investment objective is to provide investors with an attractive and sustainable level of income returns, with an element of capital growth, by investing in a diversified portfolio of renewable energy and infrastructure assets in the UK, Ireland and Northern Europe.

Significant growth in renewable energy and its associated infrastructure is critical to meeting the required emission reductions across an expanding electricity generation sector. This positions the Company well to continue delivering value to investors through its robust climate change strategy.

### 3. Risk Management

The ongoing performance of the Company's portfolio and all material factors affecting valuation are reviewed by the Board on a quarterly basis. Market, climatic factors and events affecting valuation are constantly monitored by the Investment Manager, with any extraordinary events leading to material changes to valuation communicated to investors.

The Investment Manager utilises in-house subject matter expertise to prepare reports for the Board throughout the reporting period. These reports incorporate policy perspectives and data sourced from respected third-party policy experts. On the basis of these reports, the board undertakes an annual review and development process in support of the Company's climate change strategy, identifying and evaluating the principal climate risks and opportunities.

The Board's standard reporting pack contains data that enables them to oversee the delivery of the Company's sustainable Investment Objective, explicitly delivering output that supports climate change mitigation.

#### 4. Metrics and Targets

The following data is currently utilised to support modelling of risks and opportunities in relation to the portfolio's technical generation mix and geographic exposure. The three common factors across analysis of the portfolio are air temperature, wind speed and precipitation. In addition to these three common factors a fourth data source has been selected for each geography and portfolio technology, as a proxy for potential changes to costs of extreme weather events. The common source of the data is the NGFS Current Policies Scenario and the time period selected aligns to the short, medium and long term horizons identified during scenario analysis for strategy development.

Projected Air Temperature Change (UK and Sweden)

Projected Wind Speed Change (UK and Sweden)

Projected Precipitation Rate Change (UK and Sweden)

Projected annual % change in cost of expected damage from tropical cyclones (UK)

Projected annual % change in cost of expected damage from river floods (Sweden)

These data sources will be updated and reviewed on an at least an annual basis to continue to support scenario analysis and strategy development. Over time, additional data sources may be selected to reflect the portfolio's diversification by technology and geography.

In addition to the data above, portfolio efficiency, micro and macro-economic data is reported to the Board on a quarterly basis. Data relating to generation and portfolio efficiency is utilised to assess the effect of any physical risks to the portfolio and the Company's delivery of its sustainable Investment Objective. Micro and macro-economic data, for example energy commodity prices, carbon emissions allowance prices and subsidy rates are utilised to assess the impact of transitional risks.

**Scope 1 Emissions:** When considering the direct emissions of the Company, we assess these to be negligible because DORE does not own or lease building or vehicles. In addition, the majority of the Company's business has been conducted virtually.

**Scope 2 Emissions:** The Scope 2 emissions of the portfolio during the period are estimated to be 20.5 tCO<sub>2</sub>e. These emissions stem principally from electricity utilised by the hydropower assets within the portfolio and are estimated on the basis of electricity usage and geographically specific residual grid emissions factors.

**Scope 3 Emissions:** The Scope 3 emissions of the portfolio are estimated to be 390 tCO<sub>2</sub>e. During the 2022 period, an assessment was carried out on the emerging Scope 3 reporting standards expected from the Company as an infrastructure investor, using guidance from the Greenhouse Gas Protocol. As a result, Scope 3 emissions reporting has been significantly enhanced to cover more factors in the Company's value chain. The emissions reported come from equipment purchased for maintenance, operational waste, grass-cutting, solar panel cleaning and the accrued mileage of contractors making routine site visits throughout the reporting period.

The Company does not yet set specific climate or GHG emission reduction targets.



# Key Performance Indicators

Key Performance Indicators	1 Jan 2022 – 31 Dec 2022	Period ended 31 Dec 2021
<b>Environmental performance</b>		
Number of renewable generation assets	3,260	3,255
MW of installed renewable generation capacity	184.5	121.4
GWh renewable energy generated	326	195
Share of non-renewable energy production	0%	0%
GHG emissions avoided (tCO <sub>2</sub> e) (Scope 4)	153,457	90,523
Equivalent UK homes powered	112,523	41,973
Equivalent trees planted	902,689	532,488
GHG emissions (Scope 1) (tCO <sub>2</sub> e)	0	0
GHG emissions (Scope 2) (tCO <sub>2</sub> e)	21	4
GHG emissions (Scope 3) (tCO <sub>2</sub> e)	390	13
Total GHG emissions (tCO <sub>2</sub> e)	411	17
Carbon footprint (tCO <sub>2</sub> e/€m)	1.2	Not reported
GHG intensity of investee companies (tCO <sub>2</sub> e/€m)	826	Not reported
Share of non-renewable energy consumption	59%*	Not reported
Energy consumption intensity per high impact climate sector (gWh/€m)	0.05	Not reported
Reservoir capacity managed (Mm <sup>3</sup> )	114.3	107
Acres of land managed	945	358
Acres of land grazed	272	247
Number of beehives	7	4
Number of bird boxes	12	12
Number of bat boxes	10	10
Environmental incidents (including non-compliance with permits/ regulations)	0	0
Activities negatively affecting biodiversity sensitive areas	0	0
Hazardous waste ratio (tonnes/€m)	0	Not reported
<b>Social performance</b>		
O&M FTE jobs supported	16	Not reported
Number of health and safety audits	28	14

Key Performance Indicators	1 Jan 2022 – 31 Dec 2022	Period ended 31 Dec 2021
Number of serious accidents or injuries	0	0
Number of engagements with stakeholders including local community complaints	No complaints	No complaints
Number of sites able to host educational visits	2	2
Number of renewable energy education events sponsored	13	Not reported
Community funding	£28,762	£19,646
GWh free or discounted renewable energy to homes and businesses	18	9.9
Value of free or discounted renewable energy to homes and businesses	£4.7m	£2.8m
Exposure to companies active in the fossil fuel sector	0%	0%
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	No	Not reported
Exposure to controversial weapons	0%	0%
Investee countries subject to social violations	0	Not reported
<b>Governance performance</b>		
Unadjusted gender pay gap	N/A	Not reported
Fund board gender diversity (female %)	33%	Not reported

\* DORE's Swedish assets' energy supply comes from the typical fuel mix of the grid in Sweden which, whilst containing significant renewables, is assumed not to be 100% renewable

# Strategy and Business Model

**The Board is responsible for the Company's Investment Objective and Investment Policy and has overall responsibility for ensuring the Company's activities are in line with such overall strategy. The Group's Investment Objective and Investment Policy are published below.**

## Corporate Summary

The Company is a closed ended investment company incorporated in England and Wales with registration number 12938740. The Company aims to provide investors with an attractive and sustainable level of income, with an element of capital growth, by investing in a diversified portfolio of renewable energy and infrastructure assets in the UK, Ireland and Northern Europe.

As at 31 December 2022, the Company had 184,622,487 ordinary shares in issue which are listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's Main Market.

## Investment Objective

The Company's Investment Objective is to provide investors with an attractive and sustainable level of income returns, with an element of capital growth, by investing in a diversified portfolio of renewable energy and infrastructure assets in the UK, Ireland and Northern Europe.

The core sustainable investment objective of the Company is to accelerate the transition to net zero through its investments, compiling and operating a diversified portfolio of renewable energy and infrastructure assets to help facilitate the transition to a more sustainable future. The Company believes that this directly contributes to climate change mitigation.

The Company has made disclosures under the EU's Sustainable Finance Disclosure Regulation ("SFDR") as part of its commitment to sustainability. The Company is an Article 9 fund under SFDR.

## Investment Policy

The Company seeks to achieve its investment objective through investment in a diversified portfolio of renewable energy and infrastructure assets in the UK, Ireland and Northern Europe, comprising (i) pre-dominantly assets which generate electricity from renewable energy sources; and (ii) other infrastructure assets and investments in businesses whose principal revenues are not derived from the generation and sale of electricity on the wholesale electricity markets ("Other Infrastructure") (together "Assets" and each project being an "Asset"). Assets may be operational, in construction or construction-ready, at the time of purchase. In-construction or construction-ready Assets are assets which have in place the required grid access rights, land consents, planning, permitting and regulatory consents in order to commence construction. For the avoidance of doubt, the Company does not acquire or fund Assets that are at an earlier stage of development than construction-ready.

The Company invests in a portfolio of Assets that is diversified by:  
(i) the principal technology utilised

to generate energy from renewable sources, for example solar photovoltaic, wind, hydro-electric or geo-thermal ("Technology"); (ii) geography; and (iii) the stage of development of a project, being one of operational, construction-ready or in-construction (each a "Project Stage").

Whilst the Company intends primarily to take controlling interests, it may acquire a mix of controlling and non-controlling interests in Assets and the Company may use a range of investment instruments in the pursuit of its investment objective, including but not limited to equity and debt investments.

In circumstances where the Company does not hold a controlling interest in the relevant investment, the Company will seek to secure its shareholder rights through contractual and other arrangements, *inter alia*, to ensure that the Asset is operated and managed in a manner that is consistent with the Company's investment policy.

### Investment Restrictions

The Company will observe the following restrictions when making investments:

- the Company may invest no more than 60% of Gross Asset Value in Assets located in the UK, save that until the Net Asset Value of the Company first exceeds £300 million, the Company may invest no more than 75% of Gross Asset Value in Assets located in the UK;
- the Company may invest no more than 60% of Gross Asset Value in Assets located in Ireland and Northern Europe (combined), save that until the Net Asset Value of the Company first exceeds £300 million, the Company may invest no more than 75% of Gross Asset Value in Assets located in Ireland and Northern Europe (combined);
- the Company may invest no more than 50% of Gross Asset Value in any single Technology, save that until the Net Asset Value of the Company first exceeds £300 million, the Company may invest no more than 60% of Gross Asset Value in any single Technology;
- the Company may invest no more than 25% of Gross Asset Value in Other Infrastructure;
- the Company may invest no more than 35% of Gross Asset Value in Assets that are in construction or construction ready;
- the Company may invest no more than 30% of Gross Asset Value in any one single Asset, and the Company's investment in any other single Asset shall not exceed 25% of Gross Asset Value;
- at the time of an investment or entry into an agreement with an Offtaker, the aggregate value of the Company's investments in Assets under contract to any single Offtaker will not exceed 40% of Gross Asset Value;

- no more than 25% of Gross Asset Value will be invested in Assets in relation to which the Company does not have a controlling interest;
- no investments will be made in companies which generate electricity through the combustion of fossil fuels or derive a significant portion of their revenues from the use or sale of fossil fuels unless the purpose of the investment is to transition those companies away from the use of fossil fuels and toward sustainable sources;
- the Company's portfolio will comprise no fewer than six Assets; and
- the Company will not invest in other UK listed closed-ended investment companies. Compliance with the above restrictions will be measured at the time of investment and non-compliance resulting from changes in the price or value of the Assets following investment will not be considered as a breach of the investment restrictions. The Company will hold its investments through one or more SPVs and the investment restrictions will be applied on a look through basis to the Asset owning SPV.

### **Borrowing Policy**

Long-term limited recourse debt at the SPV level may be used to facilitate the acquisition, refinancing or construction of Assets. Where utilised, the Company will seek to adopt a prudent approach to financial leverage with the aim that each Asset will be financed appropriately for the nature of the underlying cashflows and

their expected volatility. Total long-term structural debt will not exceed 50% of the prevailing Gross Asset Value at the time of drawing down (or acquiring) such debt.

In addition, the Company and/or its subsidiaries may make use of short-term debt, such as a revolving credit facility, to assist with the acquisition of suitable opportunities as and when they become available. Such short-term debt will be subject to a separate gearing limit so as not to exceed 20% of the prevailing Gross Asset Value at the time of drawing down (or acquiring) any such short-term debt.

The Company may employ gearing at the level of an SPV, any intermediate subsidiary of the Company or the Company itself, and the limits on total long-term structural debt and short-term debt shall apply on a consolidated basis across the Company, the SPVs and any such intermediate holding entities (disregarding for this purpose any intra-Group debt (i.e. borrowings and debt instruments between members of the Group)).

In circumstances where these aforementioned limits are exceeded as a result of gearing of one or more Assets in which the Company has a non-controlling interest, the borrowing restrictions will not be deemed to be breached. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

For general purposes the Company defines "Gross Asset Value" as the aggregate of: (i) the fair value of the Group's underlying investments (whether or not subsidiaries),



valued on a discounted cash flow basis as described in the International Private Equity and Venture Capital Valuation Guidelines (latest edition December 2018); (ii) the Group's proportionate share of the cash balances and cash equivalents of Group companies and non-subsidiary companies in which the Group holds an interest; and (iii) the Group's proportionate share of other relevant assets or liabilities of the Group valued at fair value (other than third party borrowings) to the extent not included in (i) or (ii) above. For the purposes of the investment policy only, the definition of Gross Asset Value is adjusted such that the Group's proportionate share of the cash balances and cash equivalents of Group companies and non-subsidiary companies in which the Group holds an interest are multiplied by two to reflect the gearing that the Group could obtain upon investment of such balances.

### Currency and Hedging Policy

The Company adopts a structured risk management approach in seeking to deliver stable cash flows and dividend yield. This may include entering into hedging transactions for the purpose of efficient portfolio management. This could include:

- foreign currency hedging on a portion of equity distributions and net asset value(s);
- foreign currency hedging on construction budgets;
- interest and/or inflation rate hedging through swaps or other market instruments and/or derivative transactions; and

- power and commodity price hedging through power purchase arrangements or other market instruments and/or derivative transactions. Any such transactions are not undertaken for speculative purposes.

### Cash management

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds ("Cash and Cash Equivalents"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

### Holding and Exit Strategy

It is intended that Assets will be held for the long-term. However, if an attractive offer is received or likely to be available, consideration will be given to the sale of the relevant Asset and reinvestment of the proceeds.

### Changes to and Compliance with the Investment Policy

Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting and the approval of the FCA.

In the event of a breach of the investment guidelines and the investment restrictions set out above, the AIFM shall inform the Board upon becoming aware of the same

and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

### **Business Model**

The Company was incorporated on 8 October 2020 as a public company limited by shares. The Company carries on business as an investment trust within the meaning of section 1158 of the Corporation Tax Act 2010 and was listed on the premium segment of the main market of the London Stock Exchange on 10 December 2020.

The Company holds and manages its investments through a parent holding company, DORE Hold Co Limited, of which it is the sole shareholder. DORE Hold Co in turn holds investments via a number of intermediate holding companies and SPVs. The jurisdictions in which the SPVs are incorporated is typically determined by the location of the assets, and further portfolio-level holding companies may be used to facilitate debt financings.

As at 31 December 2022, the Company owns a portfolio of 3,260 Renewable Energy Assets totalling 186 MW of operational capacity.

Short term debt financing is available through a £40 million RCF which may be drawn on by DORE Hold Co Limited to facilitate future growth plans.

The Company has a 31 December financial year end and announces half-year results in or around September and full-year results in or around March. The Company intends to pay dividends quarterly, targeting payments

in or around March, June, September and December each year.

The Company has an independent board of non-executive directors and has appointed Gallium Fund Solutions Limited as its AIFM to provide portfolio and risk management services to the Company. The AIFM has delegated the provision of portfolio management services to the Investment Manager, Downing LLP. Further information on the Investment Manager is provided in the Investment Manager's Report.

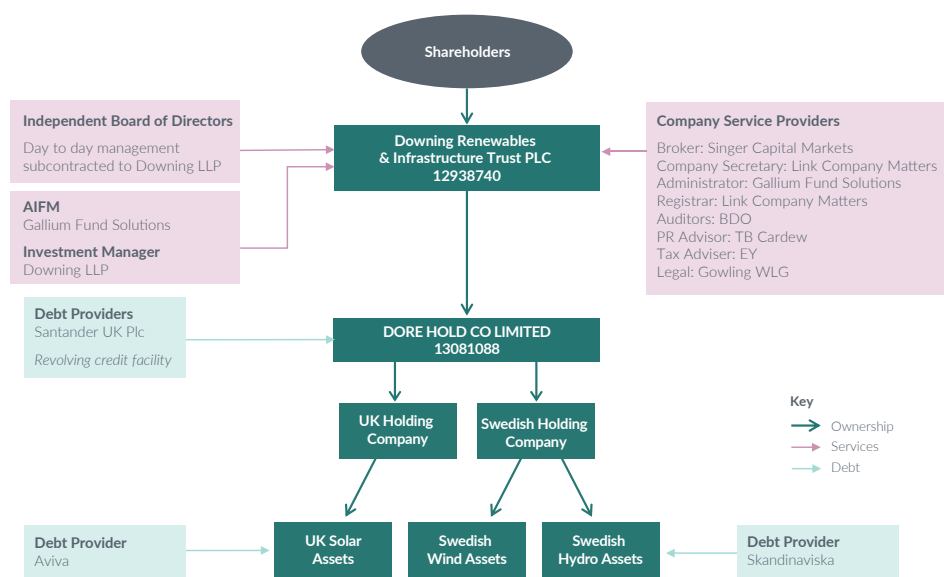
As an investment trust, the Company does not have any employees and is reliant on third party service providers for its operational requirements. Likewise, the SPVs do not have any employees and services are also provided through third party providers. Each service provider has an established track record and has in place suitable policies and procedures to ensure they maintain high standards of business conduct and corporate governance.

Objective	KPI and Definition	Relevance to Strategy	Performance	Explanation
Attractive and sustainable level of income	Dividends per share (pence)	The dividend reflects the Company's ability to deliver a low risk but growing income stream from the portfolio.	The Company has paid dividends of 3.75 pence per share in respect of the year ending 31 December 2022. The company has declared a further 1.25 pence per share to be paid in respect of the period to 31 December 2022.	The Company successfully met the increased dividend guidance of 5 pps for the year to 31 December 2022. The Company's annual dividend target will increase by 7.6% for the year ended 31 December 2023 to 5.38 pence per share.
	Cash dividend cover <sup>5</sup>	Reflects the Company's ability to cover its dividends from the income received from its portfolio.	1.26x – excluding dividends paid immediately following the issuance of new shares  1.17x – including dividends paid immediately following the issuance of new shares	The Company, through DORE Hold Co received distributions of £12.3m from the underlying projects enabling the Company to pay full covered dividends. £8.5 million was paid up via loan interest from DORE Hold Co in the period.

Objective	KPI and Definition	Relevance to Strategy	Performance	Explanation
Capital preservation with an element of capital growth	NAV per share (pence) <sup>12</sup>	The NAV per share reflects our ability to preserve capital value and also provide an element of capital growth throughout the life cycle of our assets.	118.6 pence per share	118.6 pence per share as at 31 December 2022. NAV has increased since 31 December 2021 from 103.5 pence per share after taking into account dividends paid and further equity issuance during the year.
	Total NAV return (%) <sup>12</sup>	The total NAV return measure highlights the gross return to investors including dividends paid.	19.5%	The Company's NAV has increased due to the upward revaluation of the Company's Investment in Hold Co, and its investments in a portfolio of renewable energy assets.
	Total Shareholder return since IPO <sup>12</sup>	The share price appreciation plus reinvested dividends over a period, is a measure of a company's capital growth over the long term.	20.8%	The Company's closing share price as at 31 December 2022 was 113.5 pence per share.
	Ongoing charges ratio <sup>12</sup>	Ongoing charges shows the drag on performance caused by the operational expenses incurred by the Company.	1.5%	Company level budgets are approved annually by the Board and actual spend is reviewed quarterly. Transaction budgets are approved by the Board and potential abort exposure is carefully monitored.

<sup>12</sup> These are alternative performance measures

A glossary of terms can be found on page 152.



## Objectives and Key Performance Indicators

The Company sets out above its KPIs which it uses to track the performance of the Company over time against the objectives, as described in the Strategic Report on page 30. The Board is of the opinion that the KPIs detailed in the table above, alongside the environmental, social and governance objectives set out on page 19 provide shareholders with sufficient information to assess how effectively the Company is meeting its objectives. The Board will continue to monitor these KPIs on an ongoing basis.



# The Investment Manager

## About Downing

The Company is managed by Downing LLP, an established investment manager with over 30 years' experience and a considerable track record in the core renewables space. Downing is authorised and regulated by the FCA and, as at 31 December 2022, had over £1.8 billion of assets under management.

The Investment Manager has over 200 staff and partners. The team of 51 investment and asset management specialists who focus exclusively on energy and infrastructure transactions are supported by business operations, IT systems specialists, legal, HR and regulatory and compliance professionals.

The Investment Manager is responsible for the day-to-day management of the Company's investment portfolio in accordance with the Company's Investment Objective and policy, subject to the overall supervision of the Board.

The Investment Manager has managed investments across various sectors in the UK and internationally and identified the Energy & Infrastructure sector as a core area of focus from as early as 2010. Since then, to date it has made 180 investments in renewable energy infrastructure projects and currently oversees 459 MWp of electricity generating capacity, covering five technologies across c.7,350 installations.

The key individuals responsible for executing the Company's investment strategy are:



**Tom Williams**  
**Partner, Head of Energy and Infrastructure**

Tom joined the Investment Manager as Partner in the Energy & Infrastructure team in July 2018. Tom heads up the team and has 24 years of experience as principal and adviser across the private equity and private debt infrastructure sectors. Tom has carried out successful transactions totalling in excess of £13 billion in the energy, utilities, transportation, accommodation and defence sectors.

Tom started his career working as a project finance lawyer in 1999 before moving into private equity with Macquarie Group in London and the Middle East. Tom holds a Postgraduate Diploma in Legal Practice from the Royal College of Law and a BA in law from Cambridge University.



**Henrik Dahlström**  
**Investment Director**

Henrik joined the Investment Manager as Investment Director in June 2020 to expand its European presence and lead transactions in the Nordic regions. Before joining the Investment Manager, Henrik spent 17 years with Macquarie Infrastructure and Real Assets ("MIRA"). At MIRA, Henrik was a Director responsible for covering the Nordic region. This role included the origination and execution of transactions in the renewable energy and infrastructure sectors as well as holding asset management and board responsibilities.

Henrik has worked across renewable energy and infrastructure sectors as a principal for investments in the UK and in Europe. Henrik holds a master's degree in finance from Gothenburg School of Economics.



**Tom Moore**  
**Partner, Head of Fund Reporting**

Tom joined the Investment Manager in May 2019 to build a full-service asset management team to provide investors with an efficient and class leading asset management service. Tom is now responsible for fund and portfolio reporting and investment operations across private markets.

Prior to joining the Investment Manager, Tom was a Director at Foresight Group, where he had oversight of a significant portfolio of renewable energy investments.

Tom is a chartered accountant and holds a BSc in Economics from the University of York.



**Danielle Strothers**  
**Head of Asset Management**

Danielle joined the Investment Manager in September 2019. Danielle manages the asset management function, focussing on asset performance, business operations and compliance. Danielle is also responsible for the coordination of the valuation process across the energy portfolio.

Prior to joining Downing, Danielle was a Senior Portfolio Manager at Foresight Group, where she was responsible for the operations of their renewable energy portfolio.

Danielle is a chartered accountant and holds a BSc in Accounting & Finance from the University of Birmingham.

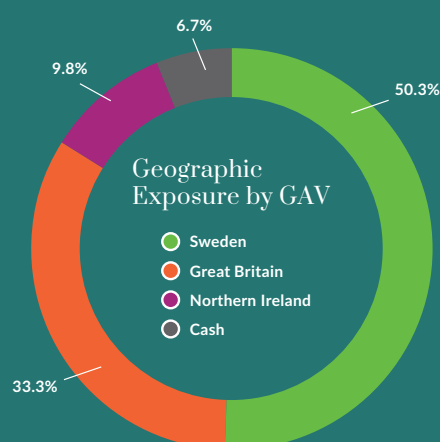
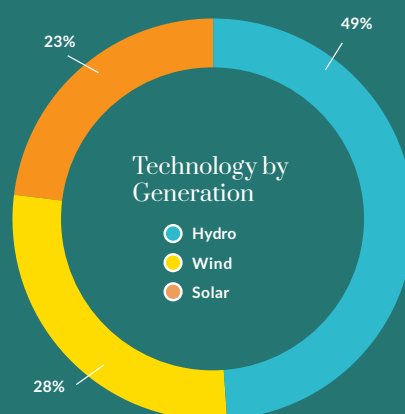
# Portfolio Summary

At the year end, through its main subsidiary, the Company owned 185 MW of hydropower, wind and solar assets with expected annual generation of around 382 GWh. The portfolio is diversified across 3,260 individual installations and across five different energy markets.

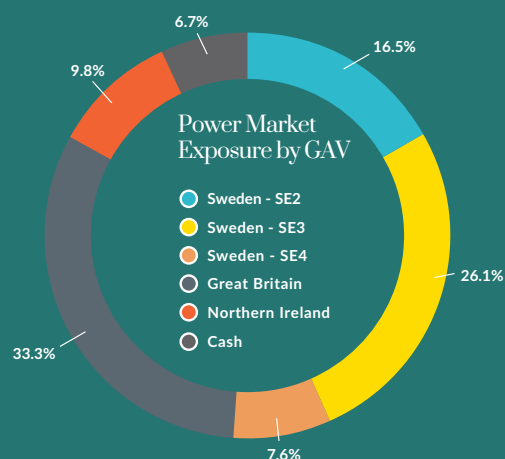
Following the period end the Group has added an additional 1.1 MW of hydropower assets with an additional annual generation of 8.3 GWh. The entire portfolio now stands at 186 MW with an aggregate expected annual generation of 391 GWh.

The Group currently has no exposure to any assets under construction.

Portfolio composition by valuation, as at 31 December 2022

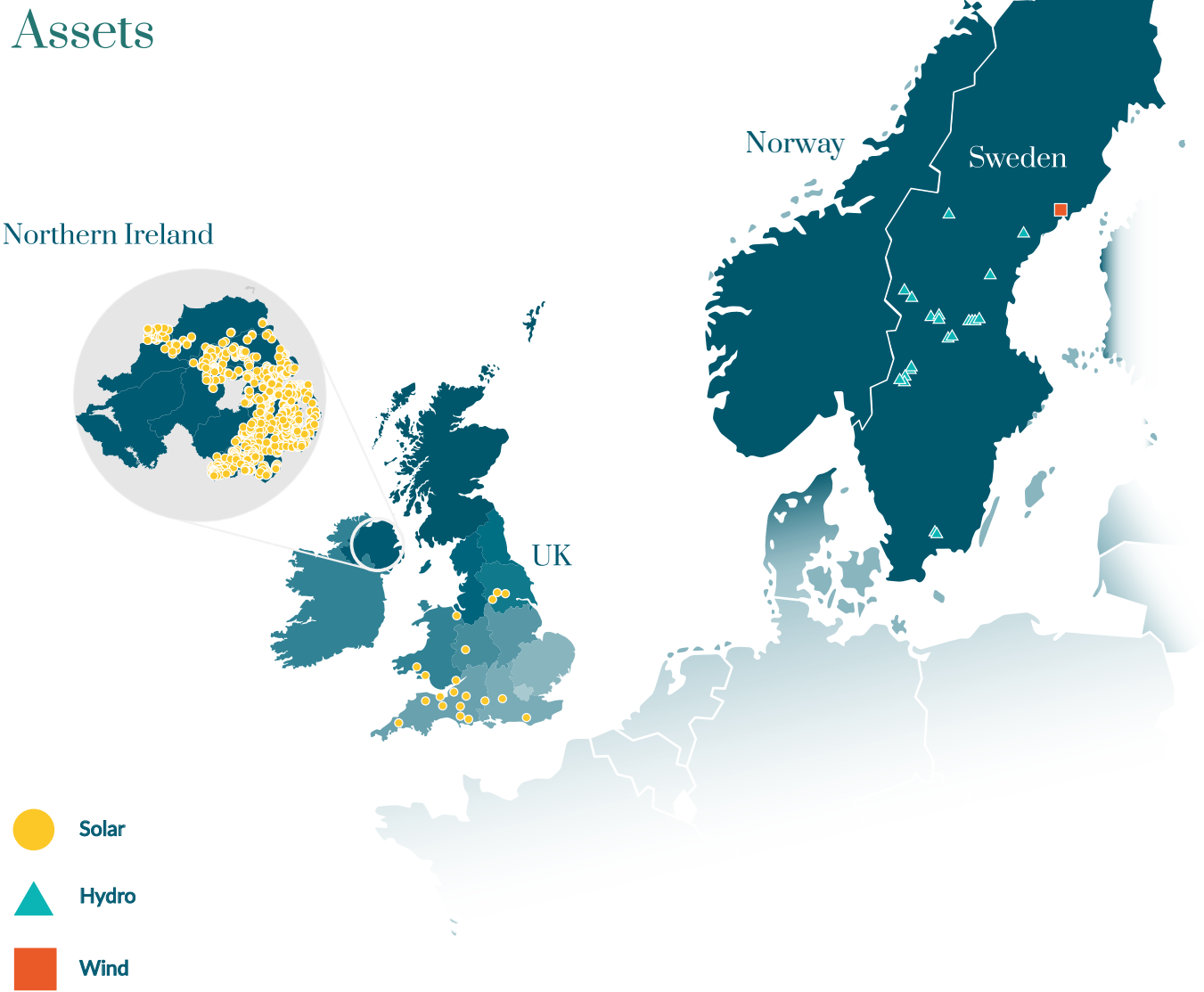


Power Market Exposure by GAV



# Portfolio

## Assets



Investment	Technology	Date Acquired	Location	Power Market / Subsidy	Installed capacity (MW)	Expected annual generation (GWh)
Ugsi	Hydro	Feb-21	Sweden	SE3	1.8	9.9
Båthusströmmen	Hydro	Feb-21	Sweden	SE3	3.5	10.3
Åsteby	Hydro	Feb-21	Sweden	SE3	0.7	2.8
Fensbol	Hydro	Feb-21	Sweden	SE3	3.0	14.0
Rödbjörke	Hydro	Feb-21	Sweden	SE3	3.3	14.9
Väls	Hydro	Feb-21	Sweden	SE3	0.8	3.2
Torsby	Hydro	Feb-21	Sweden	SE3	3.1	13.7
Tvärforsen	Hydro	Feb-21	Sweden	SE2	9.5	37.0
Sutton Bridge	Solar	Mar-21	Great Britain	Great Britain	6.7	6.7
Andover Airfield	Solar	Mar-21	Great Britain	Great Britain	4.3	4.2
Kingsland Barton	Solar	Mar-21	Great Britain	Great Britain	6.0	5.9
Bourne Park	Solar	Mar-21	Great Britain	Great Britain	6.0	6.0
Laughton Levels	Solar	Mar-21	Great Britain	Great Britain	8.3	8.8
Deeside	Solar	Mar-21	Great Britain	Great Britain	3.8	3.4
Redbridge Farm	Solar	Mar-21	Great Britain	Great Britain	4.3	4.2
Iwood	Solar	Mar-21	Great Britain	Great Britain	9.6	9.3
New Rendy	Solar	Mar-21	Great Britain	Great Britain	4.8	4.7
Redcourt	Solar	Mar-21	Great Britain	Great Britain	3.2	3.2
Oakfield	Solar	Mar-21	Great Britain	Great Britain	5.0	4.7
Kerriers	Solar	Mar-21	Great Britain	Great Britain	10.0	9.7
RSPCA Llys Nini	Solar	Mar-21	Great Britain	Great Britain	0.9	0.8
Commercial portfolio	Solar	Mar-21	Great Britain	Great Britain	5.5	4.3
Commercial portfolio	Solar	Mar-21	N. Ireland	N. Ireland	0.7	0.5
Bombardier	Solar	Mar-21	N. Ireland	N. Ireland	3.6	2.8
Residential portfolio	Solar	Mar-21	N. Ireland	N. Ireland	13.1	10.1
Lemmån	Hydro	Jan-22	Sweden	SE3	0.6	2.5
Ryssa Övre	Hydro	Jan-22	Sweden	SE3	0.7	2.6
Ryssa Nedre	Hydro	Jan-22	Sweden	SE3	0.6	2.4
Rots	Hydro	Jan-22	Sweden	SE3	1.0	4.2
Gabrielsberget Syd Vind AB	Wind	Jan-22	Sweden	SE2	46.0	107.9
Vallhaga	Hydro	Jan-22	Sweden	SE2	2.1	12.8
Österforsens Kraftstation	Hydro	Jan-22	Sweden	SE2	1.9	11.5
Bornforsen 1	Hydro	Jan-22	Sweden	SE2	0.5	2.9
Bornforsen 2	Hydro	Jan-22	Sweden	SE2	1.5	9.3
Fridafors	Hydro	May-22	Sweden	SE4	4.4	17.0
Summit	Hydro	Oct-22	Sweden	SE3	3.1	13.4
Summit	Hydro	Oct-22	Sweden	SE2	0.3	1.2
TOTAL AS AT THE REPORTING DATE:					184.5	382.5
Post balance sheet date acquisitions						
Högforsen	Hydro	Feb-22	Sweden	SE2	0.4	2.5
Gottne	Hydro	Feb-22	Sweden	SE2	0.7	5.8
TOTAL AS AT THE DATE OF THIS REPORT:					185.6	390.8



# Investment Manager's Report

## Introduction

We are delighted with the progress made during the year. During the reporting period, the Company announced five acquisitions, all of which were accretive to NAV as their fair value throughout the year exceeded cost at acquisition. The acquisitions strengthen the diversification of technology, geography and power market exposure that is central to the aims of the Company. During the year the GAV grew by 40% from £221.1 million to £310.4 million, and the expected annual generation of the portfolio grew by 93% from 199 GWh to 382 GWh.

## Acquisitions and Capital Deployment

We have continued to expand the portfolio completing five acquisitions in the wind and hydropower sectors totalling £53 million, and deploying a further £10 million in the UK solar portfolio.

The Group's first wind acquisition was a 46 MWp operational wind farm in north-eastern Sweden. In addition, four additional Swedish hydropower portfolios were acquired, including the Group's first investment in the SE4 pricing zone in Sweden. All acquisitions are 100% owned by the Group.

During the year, a £9m increase in NAV was recognised as new investments were revalued throughout the year.

## Hydro - Downing Hydro AB

The Company has a significant exposure to hydropower investments, which offer additional benefits to other renewable generation technologies. The capacity

factor of hydropower assets is much higher than a wind or solar asset, it is generating for a much higher proportion of the year, sometimes in excess of 70% of the time. The assets have very long lives and, all things remaining equal, should be worth the same in 30 years as they are today. That underpins NAV resilience and means the cash flows being generated by the assets are wholly income yield and not a return of capital.

Hydropower also enables the storage of water in reservoirs, which provides an ability to control timing of generation and align it to periods of higher power prices. This complements traditional battery technology storage facilities, which have faster reaction times but can only provide power for a shorter period of time.

DHAB is the vehicle through which the Group acquires and owns its portfolio of hydropower plants. In January 2022, the Group acquired two operational portfolios of hydropower plants located in central Sweden for £20.1 million. The acquisition comprised a c. 12 GWh per annum portfolio of hydropower plants and a c. 36 GWh per annum portfolio. These acquisitions were largely funded through a drawdown on the DHAB Swedish hydropower portfolio debt facility signed in November 2021 with Skandinaviska Enskilda Banken AB ("SEB").

The first portfolio comprises five hydropower plants located on three different rivers in central Sweden. The sites benefit from a long operational history and are located in the county of Dalarna, which is in the attractive

SE3 price area. The second of the two new portfolios include four run-of-river hydropower plants situated on a single river in central Sweden. The sites also benefit from a long operational history and were refurbished between 2010 and 2013. The hydropower plants are located in and around the Swedish town Edsbyn in the SE2 pricing zone.

In May 2022, the Company acquired, through DHAB, a 100% interest in an additional portfolio of operational run-of-river hydropower plants in Sweden for a total consideration of approximately £17 million. The acquisition was funded by drawing down on the RCF. This was subsequently repaid in full using part of the net proceeds of the June 2022 capital raise.

The portfolio acquired in May 2022 comprises two hydropower plants located in Sweden's southern SE4 pricing region. The plants were comprehensively renovated between May 2014 and September 2019 and have an aggregate forecast annual production of 17 GWh p.a. The newly acquired hydropower plants will be fully integrated into DORE's existing hydropower operational organisation.

The acquisition in May 2022 represented DORE's first assets located in the attractive southern SE4 pricing region, which has the highest wholesale power prices in Sweden and benefits from export cables to continental Europe. The acquisitions in a new price zone further

supports DORE's strategy of focusing on diversification by geography, technology, revenue and project stage, designed to increase the stability of revenues and the consistency of income to shareholders.

In November 2022, DHAB acquired six further hydropower plants in the SE3 pricing region (13GWh) and one hydropower plant in the SE2 region (1 GWh) for a total investment amount of c. £6m. The hydropower plants are a combination of run-of-river and storage assets. This acquisition increased the number of DHAB hydropower plants to 26 and the total forecast annual production of the hydropower portfolio to c.189 GWh, a c.75% increase since 31 December 2021.

The fair value uplift of acquisitions has increased the NAV due to operational and capital efficiencies resulting from the integration of the assets into the Company's platform, and also the more attractive pricing available for individual sites or small portfolios when compared to larger facilities.

A framework agreement is in place with Axpo (a leading Swiss energy company) which allows DHAB to hedge power prices through baseload products. DHAB has hedged positions in line with DORE's risk management strategy. The hydropower assets do not attract material government subsidy payments.

### **Wind - Gabrielsberget**

On 2 February 2022 the Group completed its first onshore wind investment. The Company acquired an operational 46 MW onshore wind project located in Nordmaling, north-eastern Sweden for £19.8 million. The project has been operational for c. 10 years and comprises 20 Enercon turbines with an expected total annual production of 108 GWh. Gabrielsberget has a power purchase agreement with Centrica.

### **Solar – Further Investment**

In line with the original investment case, on 7 October 2022 the Company repaid the mezzanine debt that was present in the UK solar portfolio when acquired in 2021. This has further de-risked the Company's investment and increased the Company's NAV exposure to this attractive portfolio by c.£10 million.

### **Portfolio Performance**

For the period of operations between 1 January 2022 and 31 December 2022, the 3,260 operating assets produced approximately 326GWh of renewable electricity.

From a financial perspective, the combined portfolio performed extremely well with an operating profit of £19.5 million, 14.7% above expectations. Where we report variances against expectations, those expectations and budgets are set with reference to the underlying valuation models. Operating profit was driven primarily by high power prices across the UK and the Nordics, allowing the assets to capture strong wholesale energy revenues. The average power price achieved in the

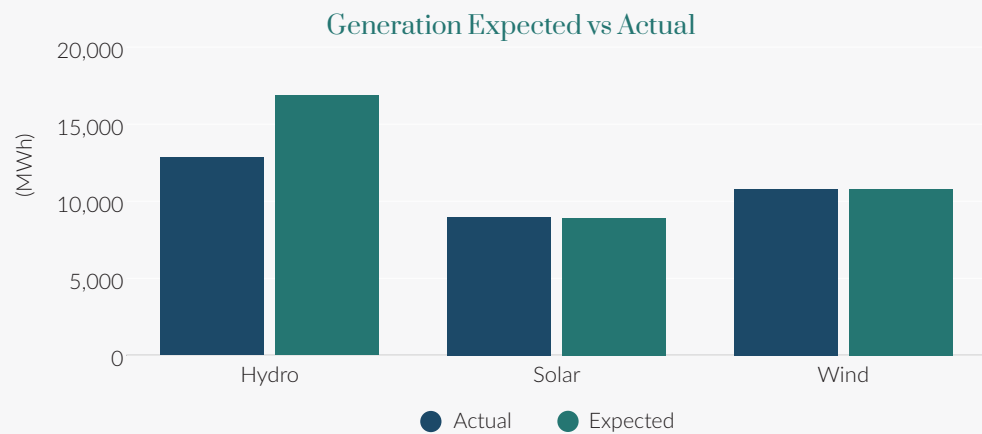
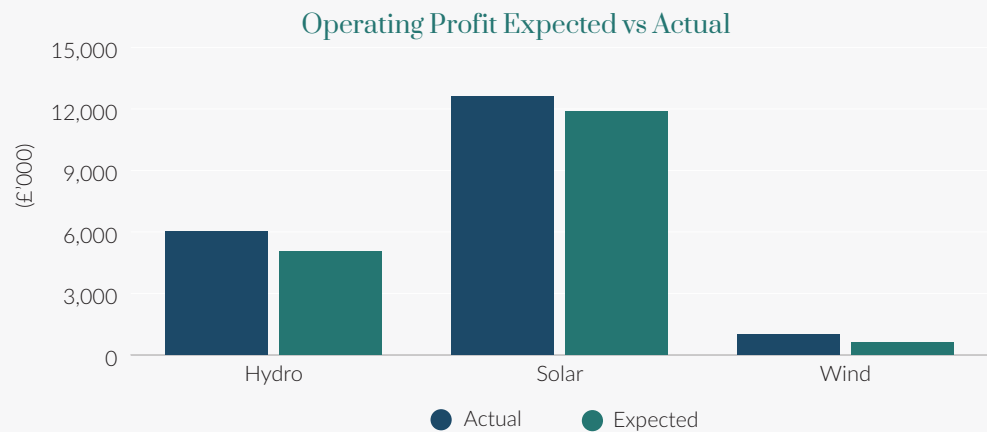
UK and Sweden was £65.54/MWh and EUR 53.27/MWh respectively, reflecting fixed price contracts and hedging activity previously put in place.

Operating profits across the hydropower portfolio were c.£6m, 18.5% higher than expected, despite generation being below expectations at 128 GWh. This was due to precipitation in Sweden falling 19% below the long term yearly average resulting in less water flow through the power plants. The plants were able to maintain their high operating profits despite an unusually dry year in Sweden as a result of high power prices and its ability to utilise its storage capacity enabling it to shift generation to higher pricing periods, further increasing power prices achieved.

The wind portfolio also exceeded financial targets, with an operating profit 68.1% higher than budget. As the operational performance was in line with expectations, generating 108 GWh of electricity during the period, the strong financial performance was due to high power prices in the SE2 region of Sweden.

Operating profit across the solar portfolio was 6.4% higher than expected at £12.6 million as a result of achieving high power prices and higher than expected ROC recycle payments. Generation from the solar portfolio was in line with expectations, generating 90 GWh across the year.

The solar assets experienced strong irradiation levels throughout the year, 8% above expectations. The deviation between irradiation and generation was



	2022				2021			
	Hydro	Wind	Solar	Total	Hydro	Wind	Solar	Total
GWh generated	128.3	108.0	89.9	326.3	108.1	nil	87.0	195.1
Average price per MWh	€72.92	€29.93	£65.54	£50.95	€40.84	n/a	£52.42	£42.83
Revenues (£m)	8.2	3.1	15.4	26.7	3.7	nil	13.1	16.8
Operating profit (£m)	6.0	1.0	12.5	19.5	2.9	nil	10.2	13.1

primarily due to faults in some of the older electrical equipment in the solar fleet and delays in the supply chain resulting in longer than normal waiting times for replacement parts. Throughout the course of the year the Asset Manager has implemented a dynamic spare parts strategy which involves completing various modification works on site to increase the compatibility with available spares and allow for more flexibility across the portfolio. Once complete, this strategy

will mitigate against the increased risks of downtime given the current challenges in the supply chain.

In addition, several DNO outages impacted the Ground Mount portfolio throughout the year. The Asset Manager was able to work alongside the network operators to adjust the timing of these to the winter months where the outages would have a lower impact on production or to coincide with planned intrusive preventative

maintenance that would otherwise have caused downtime.

## Portfolio and Asset Management

Downing has invested significantly in an in-house asset management team capable of providing a full scope service to a wide range of generation and storage technologies. Established in 2019, the team totals 24 people, four of whom are based in an office in Stockholm which opened in 2021. There is a broad range of skills and expertise across the asset management team including power markets, engineering, data analytics, finance, and commercial management.

The asset management team works in parallel to the investment team and ensures work is started long before an asset is acquired. Prior to acquisition, Downing carries out a comprehensive onboarding process to ensure that new assets are transitioned smoothly into the wider energy portfolio.

The plan captures all key milestones that need to be completed as part of the transition, including the collection of key documents such as project contracts and design documents.

The onboarding process also ensures that the assets are embedded into existing processes, such as contract management and compliance, incident tracking, monitoring, and reporting. Assets are fully incorporated within the asset management team's portfolio reporting systems within 60 days of completion.

This dynamic onboarding process not only enables a smooth transition of new assets but is also critical in supporting the team's data led approach to asset management. By focussing on the collection and quality of the portfolio data set, the team of data analysts have been able to deploy the latest technologies and tools to optimise strategies such as preventative maintenance or water dispatch to increase power generation and therefore returns to investors

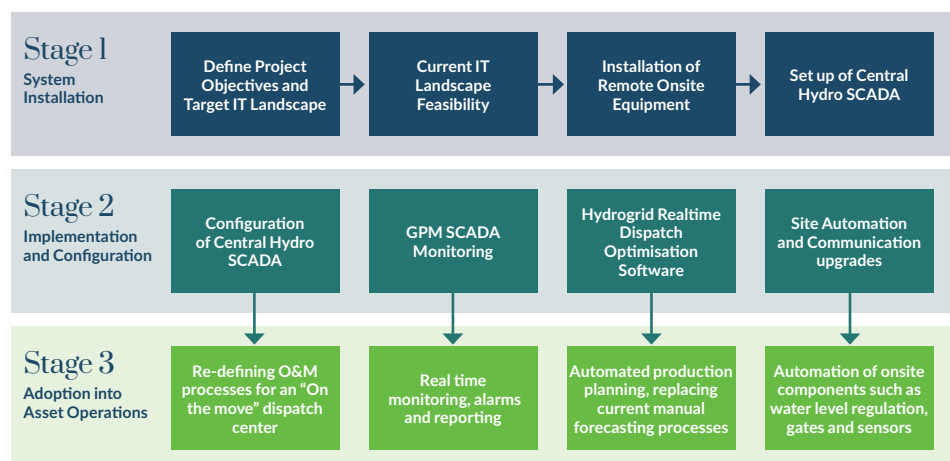
## Health and Safety

The health and safety of contractors and the public is a fundamental part of management processes.

Throughout the period, a range of workstreams were carried out by the Asset Manager in line with the Company's approach to Health and Safety management.

## Hydro Digitalisation Project

Monitoring and communications upgrade strategy to improve efficiencies and create value across a mature fleet of hydro power plants



Following the investment into Gabrielsberget, a 46MW wind site in northern Sweden, the Asset Manager ensured that the appropriate safety procedures are applied on site reflecting the seasonal conditions at the site. During icy conditions and risk of ice falling from turbine blades, all turbines are oriented North to standardise the danger area. In addition, during an icing event and when the blade heating system is activated, technicians must visually inspect the blades and make sure that the work can be performed under safe conditions.

Downing further increased its operational expertise with the appointment of Magnus Hopstadius in January 2023. Magnus has over 14 years' experience in technical asset management, with particular focus on global wind assets. Magnus brings knowledge of global health and safety practises and procedures.

A rolling programme of Health and Safety audits continues across the portfolio. These audits are based on a two-tier approach, where risks and procedures are audited at the site level and also the operator level. Downing has a process of continuous assessment and feedback of site and operator practices, ensuring effective management systems are in place and adhered to.

Finally, IT systems are used to thoroughly track all incidents. As well as these systems enabling performance measurement and trend analysis, they also ensure the effective communication, escalation, and management of incidents.

### Optimisation

During the period, the Asset Manager continued to develop and implement performance and proprietary data optimisation strategies, the latter enhancing Downing's data driven approach to asset management.

A digitalisation pilot is underway enabling all hydropower sites in remote areas of Sweden to deliver data such as dam and water flow level to one central hub. This data can be used in real time to automate production planning, enhance maintenance strategies and enable effective monitoring through sensors and detection equipment. The first site was successfully connected in December 2022, with the others to follow in 2023.

In the meantime, the Asset Manager has produced a temporary Optimal Price Analysis tool for the flexible hydropower assets, enabling enhanced commercial monitoring of production planning arrangements.

Work has continued to integrate Green Power Monitor (GPM) across the portfolio. This system allows the Asset Manager to monitor performance and weather conditions in real time. The integration of Gabrielsberget wind farm has required significant hardware development on site in November 2022, including a new system to increase connection speed and allow for extra ports for GPM to connect to the GPM. Integration was completed in February 2023. In early 2023, the hydropower sites will also be integrated with GPM.

A co-development project is underway with WinJi AG to create an interface that produces predictive component failure analysis and identification of likely short and long term maintenance costs for ground mounted solar sites. WinJi will use algorithms that consider performance, equipment, incident and meteorological data. WinJi released two iterations of the project during Q4 2022. This included a Mean Time To Failure report to display inverters at portfolio and installation level. Development has continued with mapping GPM error codes to operational faults so that the data can be used to identify anomalies and future faults. In January 2023, Downing appointed Moji Ghorbanali to architect and implement a database for the energy portfolio. This will initially support the automation and efficiency of data processes and will play a key role in driving optimisation through data across the portfolio.

The Asset Manager continues to improve and implement a dynamic spare parts strategy across the portfolio, aimed at reducing downtime and maintaining asset performance. Equipment and technical characteristics of all sites are being reviewed to understand the degree to which there is equipment intercompatibility and an assessment of all parts (i) criticality and (ii) likelihood of failure is underway.

Significant progress has been made on the solar portfolio spare part optimisation process with ground mounted solar assets grouped where they can share key components. A number of initiatives are planned to maximize availability of spare parts, including, for two assets, a wider

equipment replacement exercise which will allow for improved performance and also release of parts that can be kept in stock for use across compatible assets with similar characteristics. Key component orders have now been issued and contractual arrangements are underway to allow use of equipment across different assets with multiple changeable settings.

Several new and optimised contracts were placed during the period. With the acquisition of several new hydropower assets during the period, the Asset Manager has incorporated these new sites into the optimised O&M contracts strategy.

Ongoing active power price management ensures that performance optimisations can deliver a strong financial performance for the portfolio.

## Financing and Capital Structure

The Group adopts a prudent approach to leverage. Its objective is that each asset will be financed appropriately for the nature of its underlying cashflows and their expected volatility. Long-term debt may be used where appropriate at the SPV level to facilitate acquisitions, refinancing, capital expenditure or construction of assets.

Total long-term structural debt will not exceed 50% of the prevailing Gross Asset Value. At 31 December 2022, including project level financing, the Group's leverage stood at 30%.

In addition, the Company and/or its subsidiaries may also make use of



short-term debt, such as a revolving credit facility, to assist with the acquisition of suitable opportunities as and when they become available.

### *Revolving Credit Facility*

As at 31 December 2022, the Group had entered into a loan agreement through its main subsidiary DORE Hold Co Limited for a £25 million RCF with Santander UK plc. The RCF is available until December 2025, with the possibility to be extended for a further year. On 26 January 2023, the Company announced that the RCF had been increased to £40m further facilitating the execution capabilities of the Company's pipeline.

The terms of the RCF now includes a 'Green Projects' initiative, operating under the Loan Market Association's (LMA) Green Loan Principles, a framework of market standards and guidelines that provides a consistent methodology for use across the green loan market.

Under the 'Green Projects' criteria, the RCF can only be used in connection with assets that present environmental benefits and appropriate green credentials. Additional monitoring and reporting obligations on the environmental benefits delivered

by such assets will be required, which comfortably aligns with DORE's current investment strategy as an Article 9 fund.

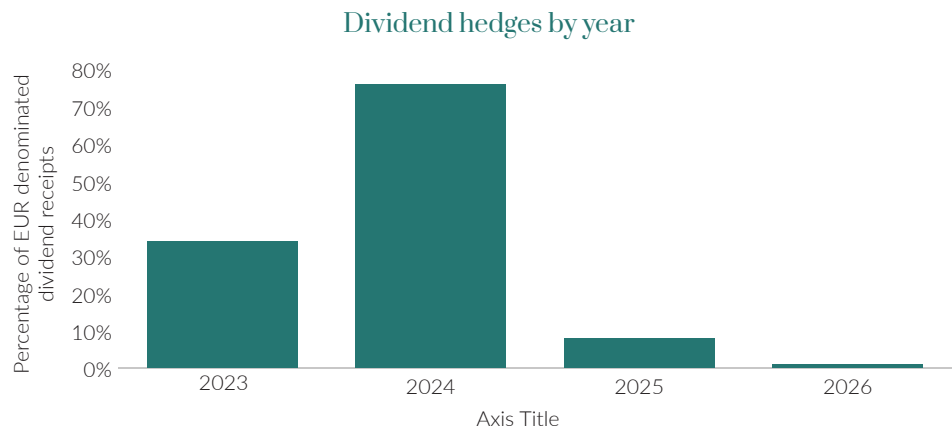
The RCF has the additional benefit of being able to be drawn in both GBP and EUR (with the ability to also able to make use of funds in other currencies) and is priced at the Sterling Overnight Index Average ("SONIA") plus 2.25% per annum. The Group will make use of the RCF mainly to fund the acquisition of additional assets.

### *Refinancing of Hydropower Assets*

The Group initially acquired DHAB, its Swedish hydropower portfolio, on an unlevered basis in February 2021, shortly after the Company's IPO. In light of the strong transaction pipeline and ongoing capital expenditure requirements, DHAB has entered into a seven-year bullet repay EUR 43.5 million debt facility with SEB, a leading corporate bank in the Nordics. As of 31 December 2022, DHAB had utilised EUR 27.4m of the facilities, predominately as source of funding for acquiring further hydropower plants in Sweden during 2022. The remainder of the undrawn facility is predominately to fund future capital expenditure requirements and further acquisitions. The total cost of the drawn debt is 2.3%, benefitting from swaps until end of 2032.

A summary of the debt across the portfolio can be found in the table below:

	2022					2021				
	Hydro	Wind	Solar	Working capital	Total	Hydro	Wind	Solar	Working capital	Total
Equity value (£'m)	103.0	26.4	62.6	26.9	218.9	65.9	0.0	44.4	31.5	141.8
Debt (£'m)	23.0	0.0	68.5	0.0	91.5	0.0	0.0	79.3	0.0	79.3
GAV (£'m)	126	26.4	131.1	26.9	310.4	65.9	0.0	123.7	31.5	221.1



#### UK Solar Portfolio

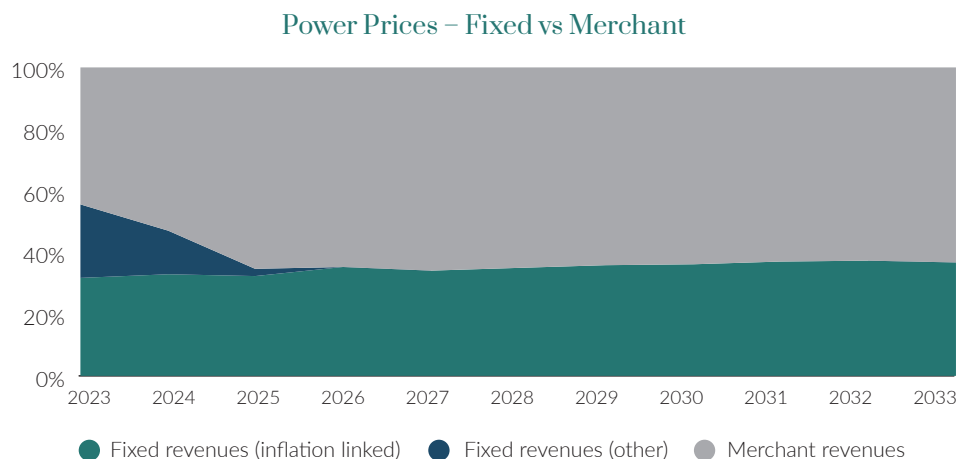
Medium term amortising debt (September 2034 maturity) is in place for the United Kingdom solar portfolio and, as at 31 December 2022, comprised outstanding principal amounts of £68.5 million lent by Aviva.

c. 12% of this debt is fixed at an interest rate of 3.37%. The interest rate is fixed in real terms on the remaining balance at 0.5%. The debt service of this larger debt tranche is inflation-adjusted, with indexation tracking UK RPI.

#### Foreign Exchange

The Group's assets in Sweden earn revenues in EUR and incur some operational cost in SEK. Assets in UK operate entirely in sterling.

The Group, together with its foreign exchange advisor, has developed and implemented its foreign exchange risk management policy in line with the Prospectus. The policy targets hedging the short to medium-term distributions (up to five years) from the portfolio of assets, that are not denominated in GBP on a “*linear reducing basis*”, whereby a high proportion of expected distributions in year one are



hedged and the proportion of expected distributions that are hedged reduces in a linear fashion over the following four years. This is a rolling programme and each year further hedges are expected to be put in place to maintain the profile.

In total, 28% of the Group's EUR dividend receipts from SPVs out to March 2026 were hedged as at the reporting date. In addition, 51% of the Group's EUR denominated NAV is hedged.

### Power markets and exposure

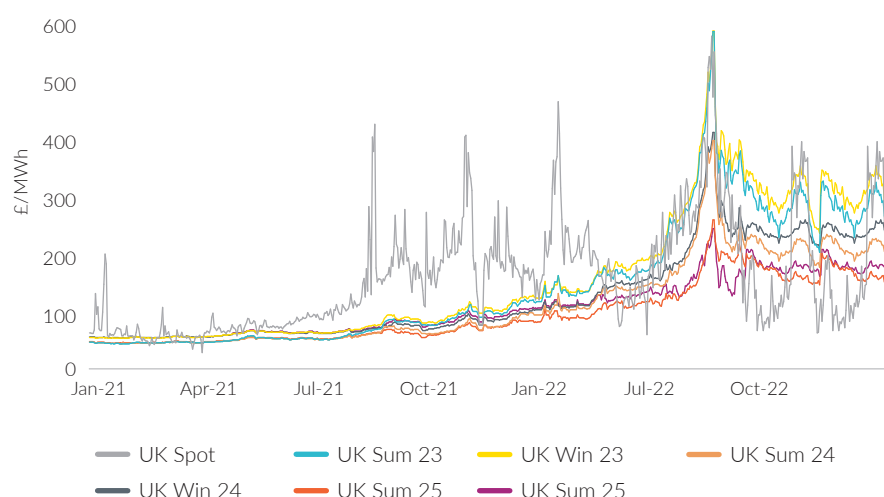
Through its portfolio companies, the Group adopts a medium to long-term power price hedging policy for its generation assets, providing an extra degree of certainty over the cash flows over the hedged periods. The fixed price generation position for the portfolio as of 31 December 2022 is set out in the chart below, showing the impact of the combination of subsidy and fixed income from power sales. The hedging positions are continuously reviewed

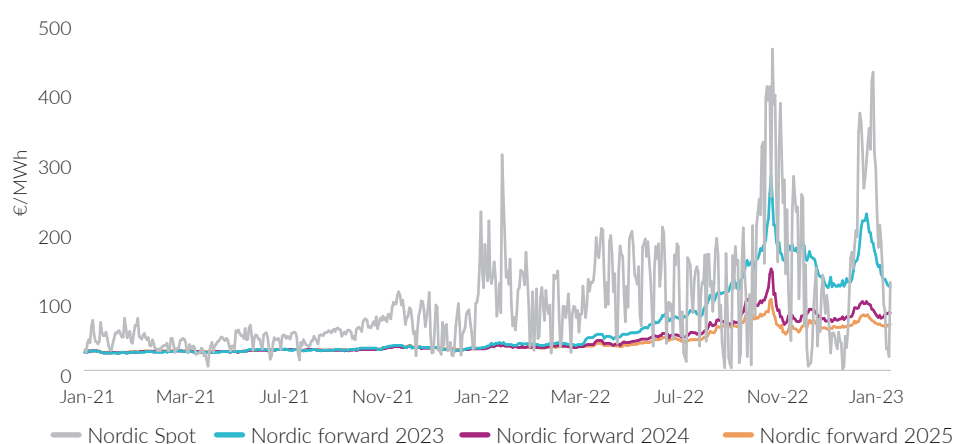
to ensure an appropriate position is maintained and new hedges are taken out as appropriate.

The Ukraine war will continue to have a major impact on power prices in Europe and the UK as gas supply is dominated by Russia. Consequently, the UK gas and UK power markets are likely to stay volatile as long as the uncertainty about the Russian gas supply continues. The Company is well protected from this volatility, due its high level of fixed pricing over the short to medium term, which can be seen on the chart below.

### United Kingdom

The energy markets continued to be dominated by the Ukraine conflict. Forward natural gas prices started to fall towards the end of the year, especially for Summer and Winter 2023, mostly on the back of warmer weather. There is a belief in the market that Winter 2023 might become tighter than Winter 2022, given Russian gas filling up the storage over 2022 will not be available for 2023.





Consequently, power prices remain volatile, especially in the spot and day ahead markets, mostly due to the volatile gas and carbon prices as described above but also due to maintenance on interconnectors, continued reduced French nuclear capacity and varying wind generation.

During the year, the UK government introduced the Electricity Generator Levy, a windfall profit tax on most non-fossil electricity generators of 45% on power revenue exceeding £75/MWh (inflation adjusted) applied to generation exported to national grid or to local distribution networks. The levy calculation is subject to a £10m allowance. Revenues stemming from behind-the-meter generation (i.e. generation that is not exported to the grid but it is consumed on site) are exempt from this windfall tax and there is a group generation threshold of 50 GWh. The Group is not affected given the total eligible generation for the purpose of the levy is within the threshold.

### Nordics

The Nordic power market remained volatile and continues to show a dependency on hydro resources which have seen an increase of intermittent generation of the total production mix for the last ten years. Until October, the year was considerably drier than normal, which led to a deficit in the hydrological balance and a tighter price coupling with the extreme continental prices. Subsequently, high precipitation resulted in high inflow, especially in southern Norway. In addition, temperatures have been higher than normal, resulting in lower demand. The volatility in wind generation added to the volatility in the spot market which was amplified by dry/wet spells, temperature and hydrology levels throughout the fourth quarter of 2022.

## Dividends

The Company achieved a cash dividend cover of 1.26x for the dividends of 5 pence per share paid during the period. Dividend cover is presented excluding dividends paid to new shareholders immediately following the issuance of new shares. If these are included, the dividend cover would be 1.17x. Cash dividend cover has been calculated on a cash basis of income received by the company and its immediate subsidiary.

The Board has resolved to pay the Company's fourth interim dividend of the year of 1.25 pence per share, equivalent to £2.3 million, in respect of the three months to 31 December 2022. This will bring total dividends in respect of the financial year to 5 pence per share, which is in line with the Company's updated dividend guidance. The fourth interim dividend is not reflected in the accounts to 31 December 2022.

The Company has chosen to designate part of each interim dividend as an interest distribution for UK tax purposes. Shareholders in receipt of such a dividend will be treated for UK tax purposes as though they have received a payment of interest in respect of the interest distribution element of this dividend. This will result in a reduction in the corporation tax payable by the Company.

Dividends in respect of the financial year to 31 December 2022 are as follows:

For the Period Ended	Dividend Paid	No. of Shares	Total Dividend (pence per share)	Interest Element (pence per share)	Dividend Element (pence per share)
<b>March 2022</b>	June 2022	137,008,487	1.25	0.810	0.440
<b>June 2022</b>	September 2022	184,622,487	1.25	0.750	0.500
<b>September 2022</b>	December 2022	184,622,487	1.25	0.625	0.625
<b>December 2022</b>	March 2023	184,622,487	1.25	0.880	0.380

The Company intends to pay dividends on a quarterly basis, with dividends typically declared in respect of the quarterly periods ending March, June, September and December. Payment of the relevant dividend declared is expected to be made within three months of the relevant quarter end.

The Company will target a dividend of 5.38pps related to the year to 31 December 2023, a 7.6% increase from 2022. The increased dividend is expected to be fully covered by the current portfolio. When near term assets that are under exclusivity are taken into account, the dividend cover against the increased dividend is expected to be in excess of 1.4x.

## Net asset value and Portfolio Valuation

The Company's NAV increased by 54.4% during the year from £141.8 million to £218.9 million. On a pence per share basis it increased by 14.6% from 103.5 pence per share to 118.6 pence per share as at 31 December 2022. The NAV increase was driven by additional fundraising, strong operational performance and increases in long term power price forecasts.

The bridge below shows the movement in NAV during the period, with each step explained further below.

### NAV Movement Bridge



#### Opening

Represents the NAV at 31 December 2021.

#### Dividends

Distributions paid by the Company in the period.

#### Management Fee

Fees charged to the Company by the Investment Manager.

#### Other costs and charges

Charges incurred by the Company, and its immediate subsidiary DORE Hold Co, in its normal operations. No transaction costs are included.

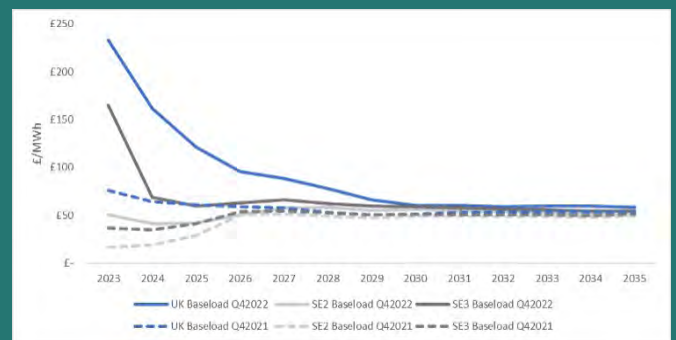
#### Performance<sup>1</sup>

Represents the difference between the expected performance, and actual performance of the portfolio companies throughout the year.

#### Power Prices<sup>1</sup>

The Group uses long-term, forward-looking power price forecasts from third party consultants for the purposes of asset valuations. In both the UK and Sweden, an equal blend is taken from the most recent central case forecasts from two leading consultants, enabling a more holistic view of the power market to be included in the valuation. Where fixed price arrangements are in place, the financial model will reflect this price for the relevant time frame. The impact of our short-term power hedging strategy is also included in this step.

The power price forecasts that are used in the valuations are set out below, alongside a comparison against the last reporting period.



#### Inflation<sup>1</sup>

Near-term inflation forecasts were revised during the period reflective of the increasing rate of inflation and in line with government forecasts.

The Group is now using near-term (calendar year 2023) inflation forecast of 6.42% for the purposes of UK asset valuations, falling to a medium-term inflation forecast of 3.0% from 2024. From 2030 onwards, this forecast reduces to 2.25% in line with the RPI reform announced by the UK Government.

A near-term inflation forecast of 5.58% is used for the Swedish asset valuations. The forecast in the medium term (from 2024) to long term reduces to 2.0%, in line with the long term Swedish central bank's target inflation rate.

Models are also updated quarterly to reflect actual inflation to date.

<sup>1</sup> This is a component of the Fair Value of Investment.

#### **Foreign Exchange<sup>1</sup>**

The impact of foreign exchange movements on underlying investment valuations. The impact of the foreign exchange hedging activity is included in this movement.

Cashflows from assets that are generated in a non-sterling currency are converted in each period they are earned using the actual hedges in place, with the residual amounts converted at the relevant exchange rate.

The relevant exchange rate is taken from a forward curve provided by the Company's foreign exchange advisors for ten years, at which point the exchange rate is held constant due to the impracticalities of hedging currency further into the future.

This step represents the impact of foreign exchange movements on underlying investment valuations.

#### **Discount rate<sup>1</sup>**

Discount rates used for the purpose of the valuation process are representative of the Investment Manager's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile.

As a result of movements in the risk-free rate in both the UK and Sweden, discount rates were increased by 0.5% to 8% for the operational levered UK solar and Swedish hydropower portfolios and by 0.3% to 6.3% for the unlevered Swedish wind farm during the period. The increased discount rates took effect as at 30 September 2022.

Discount rates in use across the portfolio range from 6.0% to 8.0%, with the weighted value at 7.7%.

#### **Acquisitions<sup>1</sup>**

The difference between the original cost of an investment and the fair value of that investment throughout the year, using assumptions in place at the time of the acquisition.

#### **Other<sup>1</sup>**

Reflects changes to the underlying valuations as a result of changes to operational contracts (such as insurance), long term capital expenditure assumptions and long term debt pricing, along with other minor changes.

<sup>1</sup> This is a component of the Fair Value of Investment.

## **Other Valuation Assumptions**

### **Asset life**

Where the land is owned by an external landlord, which is the case for the UK solar and Swedish wind assets, asset operations have been modelled to the earlier of the expiry of the planning or permit, and the lease agreement. As well as these factors, life assumptions are also capped at the useful economic life of the specific equipment installed on site.

As such, the Swedish wind portfolio is capped at 30 years.

The UK solar portfolio is capped at 25 years. It is noted that over the last few years the market has started to assign economic value to years 25-40 for solar assets, where lease and planning arrangements allow. Downing has and will continue to explore opportunities with local councils and landlords to extend existing planning permissions and lease agreements. In several cases this has been successful and extensions to planning permission have been granted in recent months.

To get comfortable with the technical operation risk post 25 years, we are now in the process of working through the valuation approach for modelling the cash flows after year 25. This involves building an accurate forecast for lifecycle and maintenance costs, based on historic data and external sources. Once this exercise is complete, we will look to include life extensions into the DORE valuation.

Where the land is owned with the asset, which is the case for the Swedish hydro assets, there are no constraints in terms of lease agreements that need to be considered in the valuation. Also, due to the nature of hydro as an asset class, the assets have an infinite life assuming an appropriate level of capex to maintain the equipment and dams etc.

As a result, valuations are based on a perpetual life where the model assumes the portfolio is sold in 2050. The 2050 sales price multiple is calculated as a function of the 2021 purchase price inflated, as well as the annual expected generation.



### **Portfolio Valuation sensitivities**

The NAV reflects the fair market valuation of the Company's portfolio based on a discounted cash flow analysis over the life of each of the Group's assets plus the cash balances of the Company and its holding Company and other cash and working capital balances in the Group.

The portfolio valuation is the largest component of the NAV and the key sensitivities to this valuation are considered to be discount rate and the principal assumptions used in respect of future revenues and costs.

A broad range of assumptions are used in the Company's valuation models. These assumptions are based on long-term forecasts and are generally not affected by short-term fluctuations in inputs, whether economic or technical.

The Investment Manager exercises its judgement and uses its experience in assessing the expected future cash flows from each investment.

The impact of changes in the key drivers of the valuation are set out below.

### **Discount Rate**

The weighted average discount rate of the portfolio at 31 December 2022 was 7.7%.

The Investment Manager considers a variance of plus or minus 1.0% is to be a reasonable range of alternative assumptions for discount rates.

### **Energy Yield**

For the solar assets, our underlying assumption set assumes the so called P50 level of electricity output based on reports by technical advisors. The P50 output is the estimated annual amount of electricity generation that has a 50% probability of being exceeded and a 50% probability of being underachieved.

For hydropower assets, the expected annual average production is applied to the valuation, similar to the P50 assumption applied to solar and wind assets. Given the long operational record of the hydropower assets, the annual production forecast is derived from historic datasets and validated by technical advisors.

The Energy Yield sensitivities uses a variance of plus or minus 5% applied to the generation.

### **Power Prices**

The power price sensitivity assumes a 10% increase or decrease in power prices relative to the base case for each year of the asset life.

While power markets can experience volatility in excess of +/-10% on a short-term basis, the sensitivity is intended to provide insight into the effect on the NAV of persistently higher or lower power prices over the whole life of the portfolio, which is a more severe downside scenario.

### Inflation

The Company's inflation assumptions are set out above. A long-term inflation sensitivity of plus and minus 1.0% is presented below.

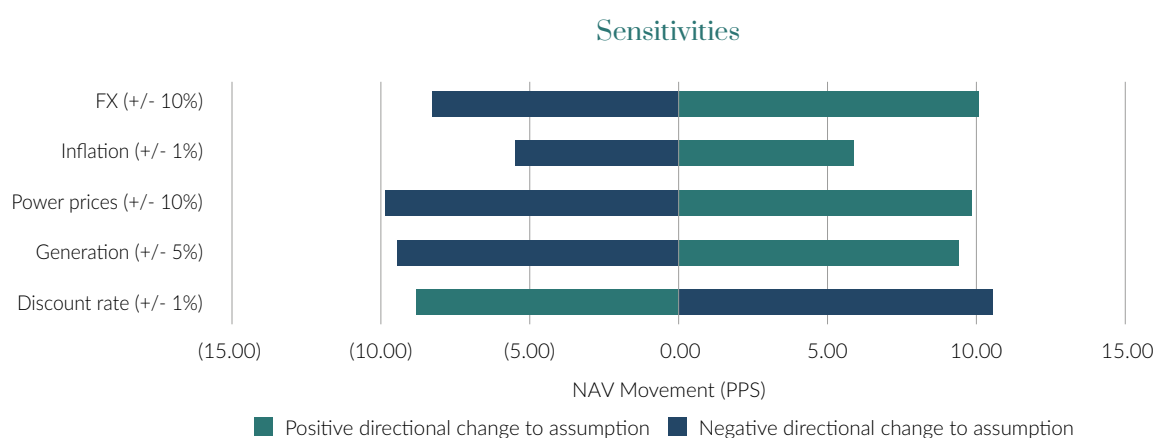
### Foreign Exchange

The Company's foreign exchange policy is set out above. A sensitivity of plus and minus 10% is applied to any non-hedged cashflows derived from non-sterling assets. The Company will also try to ensure sufficient near-term distributions from any non-sterling investments are hedged.

## Market development and opportunities

Demand for electricity worldwide continued to be resilient in 2022, despite the global energy crisis caused by Russia's invasion of Ukraine. According to the International Energy Agency ("IEA"), global electricity demand grew by 2% in 2022<sup>6</sup>. The electrification of transport and heating sectors continued to accelerate, with record numbers of Electric Vehicles and heat pumps sold in 2022. However, the unprecedented energy prices in 2022 contributed to a rise in inflation, with the economic slowdowns and high electricity prices stifling growth in electricity demand in most regions of the world.

According to IEA, Renewables and nuclear energy is expected to dominate the growth of global electricity supply over the next three years, together meeting on average



<sup>6</sup> IEA Electricity Market Report, 2023.

more than 90% of the additional demand. The share of renewables in the global power generation mix is forecast to rise from 29% in 2022 to 35% in 2025.

As a result of Russia's invasion of Ukraine, combined with other factors such as droughts across Europe (impacting hydro generation) and low nuclear generation due to closures and unavailabilities, the European Union saw in 2022 the highest absolute growth in power generation emissions since 2003 (excluding the 2021 post-pandemic rebound). The setback in the European Union is expected to be temporary, however, as power generation emissions are expected to decrease on average by about 10% annually through 2025. In order to reduce reliance on fossil fuels and to increase resilience to price shocks, the European Commission published its REPowerEU plan in May 2022 to accelerate clean energy deployment.

In 2022, Europe experienced the most pronounced increase in wholesale electricity prices, where they were, on average, more than twice as high as in 2021. The exceptionally mild winter so far in 2022/23 in Europe helped temper wholesale electricity prices, but the prices remain high compared with recent years and there are risks of continued tight supply in Europe for the winter 2023/24.

The Investment Manager is progressing a significant pipeline of opportunities across technologies / sectors including wind, solar, hydro and utilities. The geographical focus of the opportunities in progress is the Nordic region and the UK, with certain further opportunities across Northern Europe.

The outlook for the Company remains encouraging; two new acquisitions have been made in 2022 and proven operational and financial performance from the Company's existing assets provide a strong foundation for future growth.

# Section 172(1) Statement

The Directors confirm that they have acted in a way that they consider, in good faith, to be the most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard to

the matters set out in section 172(1) of the Companies Act 2006 ("s172 Matters"). The following disclosures describe how the Directors have regard for the s172 Matters.

Section 172(1)	Description
(a) the likely consequences of any decision in the long term	<p>The aim of the Board and of the Investment Manager is to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision is a key consideration.</p> <p>The Board and Investment Manager believe they have acted in good faith in managing the Company during the year, with a view to promoting the Company's long-term sustainable success and achieving its wider objectives for the benefit of our shareholders as a whole, having regard to our wider stakeholders and the other matters set out in s172 Matters.</p>
(b) the interests of the company's Employees	As a closed-ended investment company, the Company has no employees; however, the interests of any employees within project companies are considered when making decisions.
(c) the need to foster the company's business relationships with suppliers, customers and others	The Board's approach is described under 'Stakeholder Engagement' below.
(d) the impact of the company's operations on the community and the environment	<p>The Board places a high value on monitoring ESG issues and establishes the overall strategy for ESG matters pertaining to the Company. The Board is responsible for managing any climate-related risks for the group, including transparent disclosure of these risks, and taking mitigating actions to reduce or eliminate them where possible.</p> <p>A description of the Company's sustainable and responsible Investment Policy is set out on pages 10 to 29.</p>
(e) the desirability of the company maintaining a reputation for high standards of business conduct	The Board's approach is described under 'Culture and Values' below.
(f) the need to act fairly as between members of the company	The Board's approach is described under 'Stakeholder Engagement' below.

## Culture and Values

The overarching duty of the Board is to promote the Company's success for the benefit of investors while taking other stakeholders' interests into consideration. The Company strives to maintain the highest standards of business conduct and corporate governance, and the Investment Manager ensures that appropriate oversight, control, and policies are in place to ensure that the Company treats its stakeholders fairly.

Through ongoing dialogue and engagement with its key stakeholders, the Board seeks to ensure that its purpose, values, and strategy are aligned with this culture of openness, debate, and integrity. The Board, which consists of two male and one female members, aims to create a supportive business culture while also providing constructive challenge, as well as to provide shareholders and other stakeholders with regular information.

Although the Company has no employees, it is committed to respecting human rights in its broader relationships. Both the Company and the Investment Manager have anti-bribery and corruption policies in place to ensure business integrity, a commitment to truth and fair dealing, and compliance with all applicable laws and regulations.

To assist in maintaining a culture of good governance, the Company has several policies and procedures in place, including those relating to diversity, anti-bribery (including the acceptance of gifts and hospitality), tax evasion, conflicts of interest, and Directors' dealings in the Company's shares.

The Board assesses and monitors compliance with these policies on a regular basis through Board meetings and the annual evaluation process. The Board seeks to appoint the most appropriate service providers for the Company's needs and evaluates their services on a regular basis. The Board considers the culture of the Investment Manager and other service providers through regular reporting, receiving regular information, and ad hoc interactions.

## Stakeholder Engagement

This section describes how the Board engages with its key stakeholders, how it considers their interests and the outcome of the engagement when making decisions, the long-term consequences of any decision, and how it maintains a reputation for high standards of business conduct.

Stakeholder	Why is it Important to Engage?	How has the Company communicated and engaged?	What were the key topics of engagement?	Key strategic decisions impacting stakeholder group during period
Shareholders	Shareholders and their ongoing support are critical to the business's continued existence and the deployment of our long-term investment strategy.	<p>The Company makes regular market announcements where appropriate.</p> <p>The Company has published quarterly fact sheets available on the Company's website.</p> <p>Views and feedback are sought from institutional investors via the Company's corporate broker.</p>	A large number of investor meetings were held prior to fundraising during the year to engage shareholders with the Company's strategy. Prior to the Annual General Meeting ("AGM") in April 2022 and the subsequent General Meeting in June 2022, shareholders were given the opportunity to engage with the Board and the Investment Manager, and are encouraged to do so at other times throughout the year.	<p>The Company has made acquisitions during the year which should be accretive to the NAV over the long-term. The Company raised c.£52.9 million during the year. The proceeds were used to repay the revolving credit facility and to invest in an attractive pipeline of near term opportunities, which are intended to further diversify our portfolio, in line with the Company's strategy.</p> <p>The Company put a revised investment policy to shareholders for approval.</p>
Investment Manager	The Investment Manager is responsible for carrying out the Investment Objective within the parameters of the Company's Investment Policy.	The Board maintains regular and open dialogue with the Investment Manager at Board meetings and has regular contact on operational and investment matters outside of meetings.	In addition to all matters concerning the Company's Investment Objective, the Board met with the Investment Manager to discuss the Group's structure and the interpretation of investment restrictions.	Determination that the Investment Manager maintains a strong internal control environment and that the Investment Manager's continued appointment is in the best interests of shareholders.

Stakeholder	Why is it Important to Engage?	How has the Company communicated and engaged?	What were the key topics of engagement?	Key strategic decisions impacting stakeholder group during period
Service providers	As an externally managed Company, we are reliant on our service providers to conduct our core activities. We believe that fostering constructive and collaborative relationships with our service providers will assist in the promotion of the success of the Company.	The Board maintains regular contact with its service providers, both through Board and Committee meetings, as well as outside the regular meeting cycle. The Management Engagement Committee is responsible for conducting periodic reviews of service providers. During the year, the Management Engagement Committee assessed that the continued appointment of all service providers remained in the best interests of the Company and its shareholders.	Throughout the year, the Board has worked closely with its professional service providers, such as its external auditors, joint corporate brokers, legal counsel, and the company secretary, to ensure that the Company is managed efficiently and accurately in accordance with applicable laws, regulations, and best practices.	Key service providers have been retained, providing continuity of service and familiarity with the objectives of the Company.
Asset-level counterparties	Asset-level counterparties are an essential stakeholder group and engagement with them is important to ensure assets are operating safely and effectively and performing as expected.	As part of continual monitoring of investments, we have a regular dialogue with these counterparties.	The key engagement with asset-level counterparties was during the due diligence process prior to completing the investment	Acquired five new assets during the period, increasing ongoing servicing requirements from O&M counterparties.
Debt-providers	Providers of long-term debt are key to supporting the Company's long term objectives through enabling the continued financing of investment opportunities.	The Company and its unconsolidated subsidiaries provide regular updates on covenant compliance and current positioning.	Pricing and sizing of the debt was a key consideration for the Company.	Debt will be a key component of the Company's funding strategy looking forward and the portfolio will utilise the RCF debt facility when beneficial.



# Risks and Risk Management

The Board recognises that effective risk management is key to the Group's success and that a proactive approach is critical to ensuring the sustainable growth and resilience of the Group. Risk is described as the potential for events to occur that may result in damage, liability or loss. Should any of these events occur, the Company may well be adversely impacted, potentially leading to the disruption of the Company's business model, as well as potential damage to the reputation or financial standing of the Company.

The benefit of a risk management framework is that it allows for potential risks to be identified in advance and may enable these risks to either be mitigated or possibly even converted into opportunities. The Company's Prospectus, issued in June 2022 detailed the potential risks that the Directors considered were material that could occur during the process of implementing the Company's Investment Policy.

## Principal Risks and Uncertainties

### Procedures to identify principal or emerging risks

It is not possible to eliminate all risks that may be faced by the Company.

The objective of the Company's risk management framework and policies adopted by the Company is to identify risks and enable the Board to respond to risks with mitigating actions to reduce the potential impacts should any of the risks materialise.

The Board, through the Audit and Risk Committee, regularly reviews the Company's risk register, with a focus on ensuring appropriate controls are in place to mitigate each risk. Taking considered risk is the essence of all business and investment activity.

The Board considers the following to be the principal risks faced by the Company along with the potential impact of these risks and the steps taken to mitigate them.

Risk Identified	Risk Description	Risk Impact	Mitigation
Exposure to wholesale electricity prices and risk to hedging power prices	<p>The Company makes investments in Assets with revenue exposure to wholesale electricity prices. The market price of electricity is volatile and is affected by a variety of factors, including market demand for electricity, levels of electricity generation, the generation mix of power plants, government support for various forms of power generation and fluctuations in the market prices of commodities and foreign exchange.</p>	<p>Market demand for electricity can be impacted by many factors, including changes in consumer demand patterns, increased usage of smart grids, a rise in demand for electric vehicle charging capacity and residential participation in renewable energy generation. Such changing dynamics could have a material adverse effect on the Company's profitability, the NAV and the price of the Ordinary Shares.</p> <p>To the extent that the Company or an SPV enters contracts to fix the price it receives on the electricity generated or enters into derivatives with a view to hedging against fluctuations in power prices, the Company or SPV, may be exposed to risk related to delivering an amount of electricity over a specific period.</p> <p>If there are periods of non-production the Company or an SPV may need to pay the difference between the price it has sold the power at and the market price at that time.</p>	<p>The Investment Manager closely monitors exposure to power price movements. Sensitivity to long term forecasts will be disclosed to investors and the Board on a regular basis.</p> <p>Many assets are expected to have a significant proportion of revenue that is not linked to power price forecasts including subsidies such as feed-in-tariffs.</p> <p>In addition, assets are geographically diverse, spreading exposure across different power markets and price drivers. Short and medium-term exposure to power prices will be managed by locking power prices on a rolling basis. See chart on page 51 for an illustration of the portfolio's current fixed vs merchant revenues.</p>

Risk Identified	Risk Description	Risk Impact	Mitigation
Exposure to the transactional effects of foreign exchange rate fluctuations and risks of foreign exchange hedging	To the extent the Company invests in non-sterling jurisdictions, it may be exposed to foreign exchange risk caused by fluctuations in the value of foreign currencies when the net income and valuations of those operations in non-Sterling jurisdictions are translated into Sterling for the purposes of financial reporting.	<p>While the Company and SPVs may enter derivative transactions to hedge such foreign exchange rate exposures, there can be no guarantee that the Company and/or SPVs will be able to, or will elect to, hedge such exposures, or that were entered into, will be successful.</p> <p>The Company and/or SPVs may be required to satisfy margin calls in respect of hedges and in certain circumstances may not have such collateral readily available. In these circumstances, the Company could be forced to sell an Asset or borrow further funds to meet a margin call or take a loss on a position. To the extent that the Company and/or SPVs do rely on derivative instruments to hedge exposure to exchange rate fluctuations, they will also be subject to counterparty risk. Any failure by a hedging counterparty to discharge its obligations could have a material adverse effect on the Company's profitability, the NAV and the price of the Ordinary Shares.</p>	<p>Natural hedging of foreign exchange exposure will occur due to an element of costs and debt (for capital structuring purposes) being linked to the local currency.</p> <p>The Company will hedge expected income from foreign assets up to five years in advance.</p>
Non-compliance with the investment trust eligibility conditions under sections S1158/ S1159 of the CTA 2010	As an approved investment trust, the Company is exempt from UK corporation tax on its chargeable gains and capital profits on loan relationships.	If the Company fails to maintain its investment trust status from HMRC, in such circumstances, the Company would be subject to the normal rates of corporation tax on chargeable gains and capital profits arising on the transfer or disposal of investments and other assets. Which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders.	<p>The Company has contracted out the relevant monitoring to appropriately qualified professionals. The Investment Manager also monitors relevant qualifying conditions.</p> <p>The Investment Manager and the Company Secretary report on regulatory matters to the Board on a quarterly basis. The assessment of regulatory risks forms part of the Board's risk management framework.</p>

Risk Identified	Risk Description	Risk Impact	Mitigation
<b>Construction risks for certain renewable energy projects</b>	SPVs may undertake projects that are in the Construction Phase or are construction ready which may be exposed to certain risks, such as cost overruns, construction delays and construction defects that may be outside the Company's control.	<p>Should completion of any project overrun (both in terms of time and budget), there is a risk that payments may be required to be made to (or withheld by) a counterparty in relation to the delay. If the completion of a project overruns, it would also result in a delayed start to receipt of revenues, which could affect the Company's ability to achieve its target returns, depending on the nature and scale of such delay.</p> <p>Additional costs and expenses, delays in construction or carrying out repairs, failure to meet technical requirements, lack of warranty cover and/or consequential operational failures or malfunctions may have a material adverse effect on the Company's profitability, the NAV and the price of the ordinary shares.</p>	<p>The Investment Manager will monitor construction carefully and report frequently to the Board and AIFM.</p> <p>The Investment Manager has an experienced asset management team including technical experts to oversee construction projects. The Investment Manager will undertake an extensive due diligence process prior to investment with input from the Board (including technical expertise).</p> <p>Third party experts will be used as required to enhance knowledge and experience.</p>
<b>Reliance on third-party service providers</b>	<p>The Company, whose Board is non-executive, and which has no employees, is reliant upon the performance of third-party service providers for its executive function.</p> <p>The Company relies on the Investment Manager and other service providers and their reputation in the energy and infrastructure market.</p>	The third-party provider may prove to be insufficiently skilled for the role or perform the roles required to an inadequate level, which may cause the Company to underperform, to breach regulations, or in extremis to go into administration.	<p>There are clear service level agreements in place for all third-party providers and provisions are in place that any provider can be replaced, subject to an initial term or a breach of the agreement occurring.</p> <p>They have all been chosen for being skilled and experienced in their areas of expertise. The Board has regular oversight over all the other providers.</p>
<b>Lack of availability of suitable renewable energy projects</b>	Competition for renewable energy projects in the primary investment or secondary investment markets, may result in the Company being unable to make investments or on terms that enable the target returns to be delivered.	<p>If the Investment Manager is unable to source sufficient opportunities within a reasonable timeframe, whether by reason of fundamental change in market conditions creating lack of available opportunities, too much competition or otherwise. A greater proportion of the Company's assets will be held in cash for longer than anticipated and the Company's ability to achieve its Investment Objective may be adversely affected.</p>	<p>The Company has an Investment Manager in place with a strong track record, who strengthened their team ahead of the fund launch.</p> <p>Through extensive industry relationships the Investment Manager provides access to a significant pipeline of investment opportunities.</p>

Risk Identified	Risk Description	Risk Impact	Mitigation
<b>Conflicts of interest</b>	The Investment Manager and the AIFM may manage from time-to-time other managed Funds pursuing similar investment strategies to that of the Company and which may be in competition with the Company.	<p>The appointment of the AIFM is on a non-exclusive basis and each of the AIFM and Investment Manager manages other accounts, vehicles and funds pursuing similar investment strategies to that of the Company.</p> <p>This has the potential to give rise to conflicts of interest. The Company may also be in competition with other Downing Managed Funds for Assets. In relation to the allocation of investment opportunities.</p>	<p>The AIFM and the Investment Manager have clear conflicts of interest and allocation policies in place.</p> <p>Transactions where it is perceived that there may be potential conflicts of interest are overseen by the Investment Manager's Conflicts Committee, an independent fairness opinion on valuation may also be commissioned where deemed necessary.</p> <p>The application of allocation policy is reviewed by the Investment Managers Compliance Department, and by the Board on annual basis.</p> <p>Further information on these procedures can be found in the Company's Prospectus dated 12 November 2020.</p>
<b>Risks relating to the technical performance of assets</b>	The long-term performance of the assets acquired does not match the expectations at the time of the acquisition.	<p>Incorrect assumptions against technical performance of assets, or the availability of natural resources may lead to additional costs and expenses, carrying out repairs, or reduced revenues.</p> <p>Any delays or reduction in the production or supply of energy may have a material adverse effect on the performance of the Company, the NAV, the Company's earnings and returns to shareholders.</p>	<p>The Company will appoint third party technical advisors for every transaction. The advisors will undertake a review of the technology, design, installation (if applicable), and natural resource availability and provide an analysis of expected long term generation yields.</p> <p>Where Assets are going through construction, appropriate contractual guarantees will be provided. Operators will often provide guarantees as to the availability or performance of Assets.</p>

Risk Identified	Risk Description	Risk Impact	Mitigation
<b>Counterparties' ability to make contractual payments</b>	The Company's revenue derives from the renewable energy projects in the portfolio, the Company and its SPVs will be exposed to the financial strength of the counterparties to such projects and their ability to meet their ongoing contractual payment obligations.	The failure by a counterparty to pay the contractual payments due, or the early termination of a PPA by an Offtaker due to insolvency, may materially affect the value of the portfolio and could have a material adverse effect on the performance of the Company, the NAV, the Company's earnings and returns to shareholders.	<p>The Investment Manager will look to build in suitable mechanisms to protect the income stream from the relevant renewable energy projects, which may include parent guarantees and liquidated damages payments on termination.</p> <p>Exposure to defaults may be further mitigated by contracting with counterparties who are public sector or quasi-public sector bodies or who are able to draw upon government subsidies to partly fund contractual payments.</p> <p>As part of the acquisition process, the Investment Manager conducts a thorough due diligence process on all projects.</p>
<b>Risks associated with Cyber Security</b>	There exists an increasing threat of cyber-attack in which a hacker may attempt to access the Company's website or its secure data, or the computer systems that relate to one of its Assets and attempt to either destroy or use this data for malicious purposes.	<p>Increased regulation, laws, rules and standards related to cyber security, could impact the Company's reputation or result in financial loss through the imposition of fines. Suffering a cyber breach will also generally incur costs associated with repairing affected systems, networks and devices.</p> <p>If one or several Assets became the subject of a successful cyber-attack, to the extent any loss or disruption following from such attack would not be covered or mitigated by any of the Company's insurance policies, such loss or disruption could have an adverse effect on the performance of the affected Asset and consequently on the Company's profitability, the NAV and the price of the Ordinary Shares.</p>	<p>Cyber security policies and procedures implemented by key service providers are reported to the Board regularly to ensure conformity.</p> <p>Thorough third-party due diligence is carried out on all suppliers engaged to service the Company. All providers have processes in place to identify cyber security risks and apply and monitor appropriate risk plans.</p>

Further financial risks are detailed in note 16 of the financial statements.

### Emerging Risks

Emerging risks are characterised by a degree of uncertainty; therefore, the Investment Manager and the Board consider new and emerging risks every six months. The risk register is then updated to include these considerations. The Board has a process in place to identify emerging risks, such as climate related risks, and to determine whether any actions are required. The Board relies on regular reports provided by the Investment Manager and the Administrator regarding risks that the Company faces. When required, experts are employed to provide further advice, including tax and legal advisers.

### Climate Change

Environmental laws and regulations continue to evolve as the UK, Europe and the rest of the world continue to focus their efforts on the goals laid out by the Paris Agreement. In jurisdictions where the Company's Assets are located, newly implemented laws and/or regulations may have an impact on a given Asset's activities.

These laws may impose liability whether or not the owner or operator of the Assets knew of or was responsible. There can be no assurance that environmental costs and liabilities will not be incurred in the future. In addition, environmental regulators may seek to impose injunctions or other sanctions on an Asset's operations that may have a material adverse effect on its financial condition and valuation. Climate change may also have other wide-ranging impacts such as an increased likelihood of market reform, insurance coverage availability and cost.

Climate change may also lead to increased variability in average weather patterns such as periods of increased or reduced wind speeds or rainfall as well as extreme events which may affect the performance of the Company's investments.

### Physical Effects of Climate Change

While efforts to mitigate climate change continue to progress, the physical impacts are already emerging in the form of changing weather patterns. Such as the recent heatwaves experienced in North America and recent flash flooding seen throughout the UK and Europe.

Extreme weather events can result in flooding, drought, fires and storm damage, which may potentially impair the operations of existing and future portfolio companies at certain locations or impacting locations of companies within their supply chain.

### Transition Risks

Much of the conversation around climate change focuses on environmental impacts, such as rising temperatures and extreme weather events. A big part of climate risk, however, involves transition risk – or the risk that results from changing policies, practices and technologies that arise as countries and societies work to decrease their reliance on carbon. In the near and medium term, transition risks to portfolio investments may arise from any unexpected changes to existing government policies. An increase in renewables build-out ambition without sufficient demand could reduce power price forecasts. This could have a negative impact on the valuation of the Company's assets.



# Going Concern and Viability Statement

## Going Concern

The Board, in its consideration of the going concern position of the Company, has reviewed comprehensive cash flow forecasts prepared by the Company's Investment Manager which are based on market data and believes, based on those forecasts, the assessment of the Company's subsidiary's banking facilities and the assessment of the principal risks described in this report, that it is appropriate to prepare the financial statements of the Company on the going concern basis.

In arriving at their conclusion that the Company has adequate financial resources, the Directors were mindful that the Group had cash of £23 million as at 31 December 2022, though £5.1 million has been spent on new acquisitions since the reporting date. The Group utilised EUR 27.4 million of its facility with SEB to help fund the additional hydropower acquisitions. There is EUR 16.1 million remaining available to be drawn on this facility. The directors are provided with base cash flow forecasts and potential downside scenarios.

Through its main subsidiary, DORE Hold Co Limited, the Company has access to an undrawn £40 million RCF which is available for either new investments or investment in existing projects and working capital. The RCF is currently undrawn.

The Company's net assets at 31 December 2022 were £218.9 million and total expenses for the period ended 31 December 2022 were £2.9 million, which represented approximately 1.5% of average net assets during the period.

The Directors are satisfied that the Company has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

## Viability Statement

In accordance with Principle 21 of the AIC Code, the Board has assessed the prospects of the Company over a period longer than 12 months required by the relevant 'Going Concern' provisions. In reviewing the Company's viability, the Directors have assessed the viability of the Company for the period to 31 December 2027 (the 'Period'). The Board believes that the Period, being approximately five years, is an appropriate time horizon over which to assess the viability of the Company, particularly when considering the long-term nature of the Company's investment strategy, which is modelled over five years, and the principal risks outlined above. Based on this assessment, the Directors have a

reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the period to 31 December 2027.

In making this statement, the Directors have considered and challenged the reports of the Investment Manager in relation to the resilience of the Company, taking account of its current position, the principal risks faced in severe but reasonable scenarios, including a stressed scenario, the effectiveness of any mitigating actions and the Company's risk appetite.

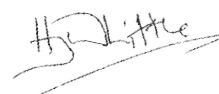
Sensitivity analysis has been undertaken to consider the potential impacts of such risks on the business model, future performance, solvency and liquidity over the period, both on an individual and combined basis. This has considered the achievement of budgeted energy yields, the level of future electricity and gas prices, continued government support for renewable energy subsidy payments and the impact of a downside scenario which includes significant reduction of projects' yields under severe power price and generation volume assumptions.

The Directors have determined that a five-year look forward to December 2027 is an appropriate period over which to provide its viability statement. This is consistent with the outlook period used in medium-term forecasts regularly prepared for the Board by the Investment Manager and the discussion of any new strategies undertaken by the Board in its normal course of business.

These reviews consider both the market opportunity and the associated risks, principally the ability to raise third-party funds and invest capital, or mitigating actions taken, such as a reduction of dividends paid to shareholders or utilisation of additional borrowings available under the RCF.

### **Board approval of the Strategic Report**

The Strategic Report has been approved by the Board of Directors and signed on its behalf by the Chair.



**Hugh W M Little**  
Chair

31 March 2023







# Board of Directors



**Hugh W M Little**  
Chair

Hugh was appointed as Chair and Director of the Company on 28 October 2020, as well as serving as Chair of the Company's Management Engagement Committee ("MEC").

Hugh qualified as a chartered accountant in 1982. In 1987 he joined Aberdeen Asset Management ("AAM") and from 1990 to 2006 oversaw the growth of the private equity business before moving into the corporate team as Head of Acquisitions. Hugh retired from AAM in 2015.

In addition to his directorships at Downing Renewables & Infrastructure Trust plc, Hugh serves as a Director of Dark Matter Distillers Limited and as a governor of Robert Gordon's College. In recent years, Hugh has also been Chair of Drum Income Plus REIT plc and CLAN Cancer Support, a local charity. Hugh won the 'Non-Executive Director of the Year' award at the Institute of Directors, Scotland awards ceremony held in 2019.



**Joanna Holt**  
Non-Executive Director

Joanna was appointed as a Director of the Company on 28 October 2020 and serves as chair of the Company's Nomination Committee.

Joanna is a specialist in the technical and commercial elements of energy projects, with 20 years' experience in renewable energy and flexibility investments, building on her academic engineering background. In 2015, Joanna co-founded international consultancy company Everoze; a company that provides a broad range of engineering and strategic consulting services, as well as the development of other start-ups in this space. Prior to co-founding Everoze, Joanna led the global Project Engineering Group within DNV Renewables and was a member of the DNV Renewable Advisory Board. Joanna's early career included management consultancy (PWC) and project finance (Fortis Bank). Jo has previously used the name Joanna De Montgros.



**Ashley Paxton**  
Non-Executive Director

Ashley was appointed as a Director of the Company on 28 October 2020 and serves as Chair of the Company's Audit & Risk and Remuneration Committees.

Ashley has over 30 years of experience serving the funds and financial services industry in London and Guernsey, with deep sectoral experience supporting listed funds. Ashley was a partner with KPMG in the Channel Islands ("C.I.") from 2002 and transitioned from audit to become its C.I. Head of Advisory in 2008; a position he held through to his retirement from the firm in 2019.

Ashley is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a resident of Guernsey. In addition to his directorships at Downing Renewables & Infrastructure Trust plc, he serves as Director at JZ Capital Partners Limited and Twentyfour Select Monthly Income Fund Limited, and on a number of other unlisted company boards. He plays an important role in the local third sector as Chairman of the Youth Commission for Guernsey & Alderney; a locally based charity delivering high quality targeted services to children and young people to support the development of their social, physical and emotional wellbeing.



# Directors' Report

The Directors of the Company are pleased to present their report for the year ended 31 December 2022.

## **Directors**

The Directors who held office during the year and as at the date of this report are detailed on page 74.

Details of the Directors' terms of appointment can be found in the corporate governance statement and the Directors' remuneration report.

## **Share Capital**

The Company was granted authority at the 2022 AGM to issue up to 13,700,800 Ordinary Shares (equivalent to 10% of the Company's issued Ordinary Share capital as at the date of the AGM) on a non-pre-emptive basis until the conclusion of the Company's next annual general meeting in 2023. No ordinary shares have been allotted under this authority during the year. As at the date of this report, the Company may allot further ordinary shares up to an aggregate nominal amount of £137,008 under its existing authority.

Following the passing of the proposed Issue Resolutions at the General Meeting on 23 June 2022, the Directors were granted authority to issue up to 250 million Ordinary Shares on a non-pre-emptive basis under the Initial Issue and Share Issuance Programme.

Following the General Meeting held on 23 June 2022, the Company announced that gross proceeds of approximately £52.9 million had been raised through the

issue of 47,614,000 Ordinary Shares at an issue price of 111.0 pence per Ordinary Share. The shares were issued to institutional investors and professionally advised private investors and admitted to trading on the Premium Segment of the London Stock Exchange's Main Market on 27 June 2022. As at the date of this report, the Company may allot further ordinary shares up to an aggregate nominal amount of £2,023,860 under its existing authority. This authority will expire on 6 June 2023.

A special resolution was passed at the 2022 AGM granting the Directors authority to repurchase up to 20,537,572 Ordinary Shares (representing 14.99% of the Company's issued Ordinary Share capital as at the date of the AGM) during the period, expiring on the earlier of the Company's annual general meeting to be held in 2023 and 31 December 2023. This authority will expire at the conclusion of, and renewal will be sought at, the annual general meeting to be held later this year. Ordinary Shares purchased by the Company may be held in treasury or cancelled. No ordinary shares have been bought back under this authority.

At the year end, and at the date of this report, the issued share capital of the Company comprised 184,622,487 ordinary shares. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held.

At 31 December 2022 and at the date of this report, the total voting rights of the Company were 184,622,487.



### Substantial Shareholdings

The Directors have been informed of the following notifiable interests in the Company's voting rights as at the date of this report:

Shareholder	Number of Ordinary Shares	% of Total Voting Rights
Bagnall Energy Limited	27,501,267	14.89
T Choithram & Sons Ltd (UK)	10,000,000	5.41
EFG Private Bank Limited	9,031,331	4.89

The Company has not been informed of any changes to the notifiable interests between 31 December 2022 and the date of this report.

### Information About Securities Carrying Voting Rights

The following information is disclosed in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules:

- the Company's capital structure and voting rights and details of the substantial shareholders in the Company are set out above;
- proposals to grant powers to the Board to issue and buy back the Company's shares will be set out in the notice of AGM; and
- there are no restrictions concerning the transfer of securities in the Company or on voting rights, no special rights regarding control attached to securities and no agreements between holders of securities regarding their transfer known to the Company.

### Dividends and Dividend Policy

Dividends paid in respect of the year ended 31 December 2022 are set out on in note 20 to the financial statements.

The Company currently targets quarterly dividends totalling 5 pence in respect of the 12 months ending 31 December 2022. The Company adopts a progressive dividend policy taking into consideration the prevailing inflationary environment. Given the nature of the Company's income streams, the Board expects that this will result in increases to the dividend in the medium term. The target dividend for the year from 1 January 2023 has been increased by 7.6% to 5.38 pence per ordinary share.

The Company pays dividends on a quarterly basis with dividends typically declared in respect of the quarterly periods ending March, June, September and December and paid in June, September, December and March respectively. Dividends on Ordinary Shares shall be declared and paid in Sterling. The Company may, where the Directors consider it appropriate, use the special distributable reserve created by the cancellation of its Share premium account to pay dividends. Distributions made by the Company may take either the form of dividend income, or of "qualifying interest income" which may be designated as interest distributions for UK tax purposes.

### Significant Agreements

On 3 December 2021 the Company's wholly owned subsidiary, Dore Holdco Limited, executed a £25 million multi-currency revolving credit facility with Santander UK plc, as arranger, agent and security trustee ("Santander"). The RCF was increased from £25 million to £40 million on 26 January 2023. The facility can be extended for a further year at Santander's approval. The facility can be drawn in GBP and EUR (with the Company also able to make use of funding in other currencies). As at the 31 December 2022, no capital has been drawn down under the Revolving Credit Facility Agreement.

Further details regarding the principal agreements between the Company and its service providers, including the Investment Manager, are set out in note 4 to the financial statements.

### **Financial Risk Management**

Information about the Company's financial risk management objectives and policies is set out in note 16 to the financial statements.

### **Greenhouse Gas Emissions and Taskforce on Climate-Related Financial Disclosures**

Information about the Company's GHG emissions and the Company's reporting against the TCFD recommendations is set out in the strategic report on pages 19 to 29.

### **Requirements of the Listing Rules**

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. The information required under Listing Rule 9.8.4(7) in relation to allotments of shares is set out on page 76. The Directors confirm that no additional disclosures are required in relation to Listing Rule 9.8.4.

### **Audit Information**

The Directors holding office at the date of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

### **Streamlined Energy Carbon Reporting**

As the Company has outsourced operations to third parties, there are no significant greenhouse gas emissions to report from the operations of the Company. The Company qualifies as a low energy user due to producing less than 40,000 kWh and is therefore exempt from

disclosures on greenhouse gas emissions and energy consumption.

Further detail on the Company's environmental reporting can be seen in the Sustainability report on pages 28 and 29.

### **Future Developments**

Further information regarding likely future developments in the business of the Company is set out in the Investment Manager's Report on page 58.

### **Post Balance Sheet Events**

#### **Dividends**

On 23 February 2023, The Board declared an interim dividend of 1.25 pence per share with respect to the period ended 31 December 2022.

The Dividend is expected to be paid on or around 31 March 2022 to shareholders on the register on 3 March 2023. The ex-dividend date is 3 March 2023.

#### **Acquisitions**

- The Company, through its main subsidiary acquired two operational power plants located in Sweden for £5.1 million.

This Directors' report has been approved by the Board.

By order of the Board

#### **Link Company Matters Limited**

Company Secretary  
31 March 2023



# Corporate Governance Statement

This corporate governance statement forms part of the Directors' report.

## Introduction from the Chairman

I am pleased to present the corporate governance statement for the year ended 31 December 2022. The Company reports on its compliance with the AIC Code in this statement, as well as how the Board and its committees have operated over the past year and how the Board exercises effective stewardship over the Company's activities in the interests of shareholders. The Board is accountable to shareholders for the governance of the Company's affairs and is committed to upholding the highest level of corporate governance for the Company's long-term success.

The Company assesses its governance standards against the principles and recommendations of the AIC Code, as published in 2019.

The Board believes that reporting against the principles and recommendations of the AIC Code provides better information to shareholders because it addresses all of the principles set out in the UK Code while also establishing additional principles and recommendations on issues of particular relevance to investment companies and is endorsed by the FRC. According to the terms of the FRC's endorsement, AIC members who report against the AIC Code and the AIC Guide fully meet their obligations under the UK Code and the related disclosure requirements contained in the FCA's listing rules.

A copy of the AIC Code can be found at [www.theaic.co.uk](http://www.theaic.co.uk). A copy of the UK Code can be obtained at [www.frc.org.uk](http://www.frc.org.uk).

## Statement of Compliance with the AIC Code

According to the FCA's listing rules, the Company is required to provide shareholders with a statement on how the AIC Code's main and supporting principles have been applied, as well as whether the Company has complied with the AIC Code's provisions. The Board recognises the importance of a strong corporate governance culture and

has established a framework for corporate governance which it considers to be appropriate to the business of the Company as a whole.

It should be noted that, because the Company is an investment trust, all of its Directors are non-executive, and the majority of the Company's day-to-day responsibilities are delegated to third parties. As a result, the Company has not reported on the UK Code provisions relating to the role of the chief executive, executive remuneration or internal audit.

The Board has reviewed the principles and recommendations of the AIC Code and considers that it has complied throughout the year, except that Directors are not appointed for a specific term as all Directors are non-executive and the Company has adopted a policy of all Directors, including the Chair, standing for annual re-election. The Board is mindful of and will have regard to corporate governance best practice recommendations with respect to the tenure of the Chair and in future succession planning. The Company does not have a Senior Independent Director. The Board believes that the appointment of a Senior Independent Director is not necessary at present given the size of the Company.

## The Principles of the AIC Code

The AIC Code is comprised of 18 Principles and 42 Provisions over five sections covering the following areas:

1. Board Leadership and Purpose;
2. Division of Responsibilities;
3. Composition, Succession and Evaluation;
4. Audit, Risk and Internal Control; and
5. Remuneration

The Board's Corporate Governance Statement sets out how the Company has complied with each of the Principles of the AIC Code.

AIC Code Principle	How the Company Complies
<p><b>A.</b> A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.</p>	<p>Members of the Board are fully engaged and bring diverse skills to the table fostering healthy debate. The Investment Objective is to provide investors with an attractive and sustainable level of income returns, with an element of capital growth, by investing in a diversified portfolio of renewable energy and infrastructure assets in the UK, Ireland and Northern Europe.</p> <p>As part of this, the opportunities and risks faced by the business are considered, monitored and assessed on a regular basis, both in terms of potential and emerging risks that the Company may face. More detail regarding the principal risks and uncertainties and the sustainability of the business model can be found in the Strategic Report on pages 64 to 70.</p>
<p><b>B.</b> The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.</p>	<p>The purpose of the Company is also the Investment Objective which is to provide investors with an attractive and sustainable level of income returns, with an element of capital growth, by investing in a diversified portfolio of renewable energy and infrastructure assets in the UK, Ireland and Northern Europe.</p> <p>The investment process followed by the Investment Manager is set out on pages 30 to 37.</p> <p>The Board embraces a culture of inclusivity, fairness and responsibility, adopting a responsible governance culture. Transparency and openness are important values both amongst Board members and in the Board's dealings with the Company's stakeholders. The Board assesses and monitors its own culture as part of the annual Board evaluation process, including its policies, practices and behaviour to ensure that it is appropriately aligned to the Company's activities.</p>
<p><b>C.</b> The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.</p>	<p>The Board and the Management Engagement Committee regularly review the performance of the Company and the performance and resources of the Investment Manager and other key service providers to ensure that the Company can continue to meet its objectives.</p> <p>The Audit and Risk Committee is responsible for assessing and managing risks. Further information about how this is done can be found in the Audit and Risk Committee Report on pages 92 to 94.</p>
<p><b>D.</b> In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.</p>	<p>The Board understands its responsibilities to Shareholders and stakeholders and stakeholder considerations form an important part of decision making. Further information on the Company's engagement with stakeholders is set out in the Section 172 statement on pages 60 to 63.</p> <p>The Board considers the impact any decision will have on all relevant stakeholders to ensure that they are making a decision that promotes the long-term success of the Company, including those in relation to dividends, new investment opportunities and capital requirements.</p> <p>The Directors welcome the views of all Shareholders and place considerable importance on communications with them. All Shareholders are encouraged to attend the AGM, where they will be given the opportunity to question the Chairman, the Board and representatives of the Investment Manager. In addition, the Directors are available to meet Shareholders. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company Secretary at <a href="mailto:dorecosec@linkgroup.co.uk">dorecosec@linkgroup.co.uk</a>.</p> <p>The Management Engagement Committee reviews the performance and continuing appointment of the Company's key service providers annually to ensure that performance levels are satisfactory and any service issues can be discussed, as appropriate.</p>

AIC Code Principle	How the Company Complies
<p><b>F.</b> The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information.</p>	<p>The Chair is responsible for leading the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The Chair ensures that all Directors receive accurate, timely and clear information and promotes a culture of openness and debate in Board meetings and within the Company by encouraging and facilitating the effective contribution of other Directors.</p> <p>There is a clear division of responsibilities between the Chair, the Directors, the Investment Manager and the Company's other third-party service providers.</p> <p>The Board meets regularly throughout the year and representatives of the Investment Manager are in attendance, when appropriate, at each meeting and most Committee meetings. The Board has agreed a schedule of matters specifically reserved for decision by the Board which is available on the Company's website.</p> <p>Prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company's investment performance, transactions and financial position. All Directors have timely access to all relevant management, financial and regulatory information.</p> <p>The review of the performance of the Chair was carried out during the year by Joanna Holt as the Chair of the Nomination Committee as part of the Board evaluation exercise. The document setting out the role of the Chair is available on the Company's website. This review concluded that the Chair continues to make a significant contribution to, and devotes sufficient time to the affairs of, the Company and continues to display excellent leadership.</p>
<p><b>G.</b> The Board should consist of an appropriate combination of Directors (and, in particular, independent non-executive Directors) such that no one individual or small group of individuals dominates the Board's decision making.</p>	<p>All of the Directors are non-executive and are independent of the Investment Manager and the other service providers.</p> <p>The Chair, Hugh Little, was independent of the Investment Manager at the time of his appointment in 2020 and remains so. No Director is a director of another investment company managed by the Company's Investment Manager.</p>
<p><b>H.</b> Non-executive Directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.</p>	<p>As part of the Board evaluation process, the contributions of each Director, as well as the time commitments made by each Board member are considered and reviewed. The Directors' other commitments are regularly reviewed, and any new appointments are considered by the other Directors to ensure there is no conflict of interest or risk of over boarding.</p> <p>Following the Board evaluation, it was concluded that each Director provides appropriate levels of challenge and provided the Company and the Investment Manager with strategic guidance and specialist advice when required.</p> <p>The Management Engagement Committee reviews the performance and cost of the Company's third-party service providers on an annual basis. More information regarding the work of the Management Engagement Committee can be found on page 91.</p>
<p><b>I.</b> The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	<p>The Directors have access to the advice and services of the Company Secretary through its appointed representatives and the Company Secretary is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.</p>

AIC Code Principle	How the Company Complies
<b>Composition, succession and evaluation</b>	
<p><b>J.</b> Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<p>The Board has established a Nomination Committee, comprising all Directors. This Committee will lead the appointment process of new Directors as and when vacancies arise and as part of the Directors' ongoing succession planning. More information regarding the work of the Nomination Committee can be found on pages 88 to 90.</p> <p>In accordance with the AIC Code, the Board is comprised of a mixture of individuals who have an appropriate balance of skills and experience to meet the future opportunities and challenges facing the Company. Appointments are made first and foremost on the basis of merit and taking into account the recognised benefits of all types of diversity. The Board ensures that diversity is an important consideration and part of the selection criteria used to assess candidates to achieve a balanced Board.</p> <p>The Company's policy on diversity can be found on page 88.</p>
<p><b>K.</b> The Board and its committees should have a combination of skills, experience and knowledge.</p> <p>Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.</p>	<p>The Directors bring a wide range of skills, experience and knowledge to the Board. Further details are set out in their biographies on page 74.</p> <p>The Directors' skills, experience and knowledge are reviewed as part of the annual Board evaluation process. When considering new appointments in future, the Board will review the skills of the Directors and seek to add persons with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.</p>
<p><b>L.</b> Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.</p>	<p>The Board has agreed to evaluate its own performance and that of its Committees, Chair and Directors on an annual basis. For the period under review, this was carried out by way of a questionnaire prepared by the Company Secretary. A report was circulated to the Directors which set out the results of the evaluation process and the Directors met subsequently to discuss the findings and take any actions. The Nomination Committee led the evaluation, which covered the functioning of the Board as a whole, the effectiveness of the Board Committees, the performance of the Chair and the independence and contribution made by each Director.</p> <p>The Nomination Committee considers the findings of the evaluation process when making a recommendation to the Board regarding the election and re-election of Directors.</p> <p>Following this review, the Board is satisfied that the structure, mix of skills and operation of the Board is effective and relevant for the Company and it is recommended that shareholders vote in favour of the election of the Directors at the AGM to be held in June 2023.</p> <p>Further information regarding the proposed election of each Director can be found in the Notice of AGM.</p>
<b>Audit, risk and internal control</b>	
<p><b>M.</b> The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.</p>	<p>The Audit and Risk Committee ensures that any work outside the scope of the standard audit work requires prior approval by the Audit and Risk Committee. This enables the Committee to ensure that the Auditor remains fully independent.</p> <p>The Audit and Risk Committee carries out a review of the performance of the Auditor on an annual basis. Feedback from other third parties, including the Investment Manager, is included as part of this assessment to ensure that the Audit and Risk Committee takes into account the views of different parties who have a close working relationship with the Auditor.</p> <p>Further information regarding the work of the Audit and Risk Committee can be found on page 92.</p>

AIC Code Principle	How the Company Complies
<b>N.</b> The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	The Board, through the Audit and Risk Committee, has considered the Annual Report and financial statements as a whole and agreed that they believe that the document presents a fair, balanced and understandable assessment of the Company's position and prospects.
<b>O.</b> The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.	<p>The Audit and Risk Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon.</p> <p>The Audit and Risk Committee has carried out an annual review of the effectiveness of the Company's systems of internal control. Given the nature of the business, and being an Investment Trust, the Company is reliant on its service providers and their own internal controls. The Audit and Risk Committee reviews the control systems in operation at the Company's key service providers on an annual basis, insofar as they relate to the affairs of the Company.</p> <p>As set out in more detail in the Audit and Risk Committee on pages 92 to 94 the Company has in place a detailed system for assessing the adequacy of those controls.</p>
<b>P.</b> Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	<p>As outlined in the Remuneration Policy on page 100, the Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time, commitment and responsibilities of the role. The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments. Directors are not eligible for bonuses, share options, long-term incentive schemes or other performance-related benefits as the Board does not believe that this is appropriate for non-executive Directors.</p> <p>The Remuneration Policy is therefore designed to attract and retain high quality Directors, whilst ensuring that Directors remain focused and incentivised to promote the long-term sustainable success of the Company.</p> <p>All Directors hold shares in the Company, all of which were purchased in the open market and using the Directors' own resources.</p> <p>More information regarding the work of the Remuneration Committee can be found in the Remuneration Report and Policy which are set out on pages 95 to 100.</p>
<b>Q.</b> A formal and transparent procedure for developing policy on remuneration should be established. No Director should be involved in deciding their own remuneration outcome.	The Remuneration Policy has been developed with reference to the peer group and the principles of the AIC Code. There are agreed Directors' remuneration levels which all non-executive Directors receive (irrespective of experience or tenure) for Directors, for the Audit and Risk Committee Chair and for the Chair of the Company. Any changes to the Chairman's fee are considered by the Remuneration Committee as a whole, with the exception of the Chair who excuses himself for this part of the meeting.
<b>R.</b> Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	Any decision regarding remuneration is taken after considering the performance of the Company and wider market conditions and circumstances.

## Board of Directors

Under the leadership of the Chair, the Board of Directors is collectively responsible for the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders, within a framework of high standards of corporate governance and effective internal controls. The Directors are responsible for the determination of the Company's Investment Policy and investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of the Investment Manager.

The Board consists of three non-executive Directors. It seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial recent and relevant experience of investment trusts and financial and public company management. The Chair of the Audit and Risk Committee, Ashley Paxton, has recent and relevant financial experience as set out in his biography on page 74.

The terms and conditions of the appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year. Directors are not entitled to any compensation for loss of office.

## Board Operation

The Directors have adopted a formal schedule of matters specifically reserved for the approval of the Board. These include the following:

- approval of the Company's Investment Policy, long-term objectives and investment strategy;
- approval of acquisitions from, divestments to, or co-investments by the Company with other funds which are managed by the Investment Manager;
- approval of Annual and Interim Reports and financial statements and accounting policies, prospectuses, circulars and other shareholder communications;

- approval of the raising of new capital and major financing facilities;
- approval of dividends and the Company's dividend policy;
- Board appointments and removals;
- appointment and removal of the Investment Manager, AIFM, Auditor and the Company's other service providers; and
- approval of the Company's operating budgets.

## Board Meetings

The Company has four scheduled Board meetings a year, with additional meetings arranged as necessary.

At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Company Secretary. The Investment Manager, Administrator, AIFM and Company Secretary regularly provide the Board with financial information, including an annual expenses budget, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

At each Board meeting, representatives from the Investment Manager are in attendance to present reports to the Directors covering the Company's current and future activities, portfolio of assets and its investment performance over the preceding period. The Board and the Investment Manager operate in a fully supportive, co-operative and open environment and ongoing communication with the Board is maintained between formal meetings.

## Committees

The Board has established four committees to assist its operations: the Audit and Risk Committee, the Management Engagement Committee, the Remuneration Committee and the Nomination Committee. The delegated responsibilities of each committee are clearly defined in formal terms of reference, which are available on the Company's website.

Given the size and nature of the Board it is felt appropriate that all Directors are members of all Committees.

### **Audit and Risk Committee**

The Audit and Risk Committee meets twice a year and is chaired by Ashley Paxton.

The Committee ensures that the Company's financial performance is properly monitored, controlled and reported. The Committee has direct access to the Company's Auditor and provides a forum through which the Auditor reports to the Board. Representatives of the Auditor attend both scheduled meetings of the Committee.

Further details about the Audit and Risk Committee and its activities during the year under review are set out on pages 92 to 94.

### **Nomination Committee**

The Nomination Committee meets once a year and is chaired by Joanna Holt. The Committee oversees Board recruitment and succession planning and the annual Board evaluation process.

Further details about the Nomination Committee and its activities during the year under review are set out on pages 88 to 90.

### **Management Engagement Committee**

The Management Engagement Committee meets once a year and is chaired by Hugh Little. The Committee reviews the performance and continuing appointment of the Investment Manager and the Company's other principal service providers.

Further details about the Management Engagement Committee and its activities during the year under review are set out on page 91.

### **Remuneration Committee**

The Remuneration Committee meets once a year and is chaired by Ashley Paxton. The Committee conducts an annual review of the remuneration of the Directors.

Further details about the Remuneration Committee and its activities during the year under review are set out on pages 95 to 100.

## **Meeting Attendance**

The number of scheduled Board and Committee meetings held during the period ended 31 December 2022 and the attendance of the individual Directors is shown below:

	Board		Audit and Risk Committee		Nomination Committee		Remuneration Committee		Management Engagement Committee	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Hugh Little	4	4	2	2	1	1	1	1	1	1
Ashley Paxton	4	4	2	2	1	1	1	1	1	1
Joanna Holt	4	4	2	2	1	1	1	1	1	1

During the financial year ended 31 December 2022, the Company held a number of additional meetings to discuss acquisitions and fundraising.

### Induction of New Directors

A procedure for the induction of new Directors has been established, including the provision of an induction pack containing relevant information about the Company, its processes and procedures. New appointees have the opportunity of meeting with the Chair, relevant persons at the Investment Manager and the Company Secretary.

### Election/Re-election of Directors

Under the Company's Articles of Association and in accordance with the AIC Code, Directors are required to retire at the first AGM following their appointment. Thereafter, at each AGM all Directors will seek annual re-election. Following formal performance evaluation as detailed below, the Board strongly recommends the re-election of each of the Directors based on their experience and expertise in investment matters, their independence and continuing effectiveness and commitment to the Company.

### Conflicts of Interest

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. The Director must request authorisation from the Board as soon as he/she becomes aware of the possibility of an interest that conflicts, or might possibly conflict, with the interests of the Company ("situational conflicts"). The Company's Articles of Association authorise the Board to approve such situations, where deemed appropriate.

A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include:

- whether the situational conflict could prevent the Director from properly performing their duties;

- whether it has, or could have, any impact on the Company; and
- whether it could be regarded as likely to affect the judgement and/ or actions of the Director in question.

When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

### Insurance and Indemnity Provisions

The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties. The Company has Directors' and Officers' liability insurance, Public Offering of Securities insurance and professional indemnity insurance to cover legal defence costs. Under the Company's Articles, the Directors are provided, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. This indemnity was in force during the year and remains in force as at the date of this report. Apart from this, there are no third-party indemnity provisions in place for the Directors.

### Performance Evaluation of the Board

The Directors are aware that they need to continually monitor and improve performance and recognise this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness. The Directors have therefore opted to undertake an internal performance evaluation by way of questionnaires specifically designed to assess the strengths and independence of the Board and the Chairman, individual Directors and the performance of the Committees. The evaluation of the Chair is carried out by the other Directors of the Company, led by the Chair of the Nomination Committee. The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. The Chair acts on the results of the evaluation by recognising the strengths and addressing any



weaknesses of the Board as appropriate. The results of the Board evaluation process are reviewed and discussed by the Board as a whole. This evaluation process is carried out annually.

Following the evaluation process conducted during the year under review, the Board considers that all current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company. The Board has satisfied itself that the Directors have enough time to devote to the Company's affairs.

### Internal Control Review

The Board is responsible for the systems of internal controls relating to the Company, including the reliability of the financial reporting process and for reviewing the systems' effectiveness. The Directors have reviewed and considered the guidance supplied by the FRC on risk management, internal control and related finance and business reporting and an ongoing process has been established for identifying, evaluating and managing the principal risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of this report.

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the year and up to the date of approval of the report and financial statements. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

### Internal Control Assessment Process

Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall Investment Objective.

In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance;
- the cost to the Company and benefits related to the review of risk and associated controls of the Company; and
- the extent to which third parties operate the relevant controls.

A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks can be monitored. The risks are assessed based on the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk matrix is reviewed twice a year by the Audit and Risk Committee and at other times as necessary. The principal risks that have been identified by the Board are set out on pages 64 to 70.

# Nomination Committee Report

**I am pleased to present the Nomination Committee (the “Committee”) Report for the year ended 31 December 2022.**

## Meetings

The Committee comprises all Directors of the Company and met once during the year.

## Responsibilities of the Committee

The primary responsibilities of the Committee are as follows:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
- to give full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- to review the results of the Board performance evaluation process that relate to the composition of the Board; and
- to review annually the time required from non-executive Directors.

The Committee's terms of reference are available on the Company's website. The Committee's meeting attendance is set out on page 85.

## Appointment of New Directors

The Committee regularly reviews the composition and effectiveness of the Board and its committees with the objective of ensuring that these have the appropriate balance of skills and experience required to meet the current and future opportunities and challenges facing the Company.

When considering the appointment of new Directors, the Committee will actively consider a range of factors including the expertise and experience required in a prospective candidate and the diversity of the Board, as set out in the Company's Diversity Policy below.

## Diversity Policy

In accordance with the AIC Code, the Board is comprised of a mixture of individuals who have an appropriate balance of skills and experience to meet the future opportunities and challenges facing the Company. Appointments are made on the basis of merit and objective criteria designed to promote diversity of gender, social background, ethnicity, age, sexual orientation, disability, and professional and industry specific knowledge, all of which are important considerations in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge to carry out their responsibilities.

The Board is made up of 33% female Directors, therefore meeting the recommendation of the FTSE Women Leaders Review (formally known as the Hampton-Alexander review).

The Committee is mindful of the new gender and diversity recommendations by the FCA on diversity and inclusion on company boards effective for financial years beginning on or after 1 April 2022:

- a) at least 40% of individuals on the Board are to be women;
- b) at least one senior Board position is to be held by a woman; and
- c) at least one individual on the Board is to be from a minority ethnic background.

The Committee continues to develop succession plans to increase diversity on the Board; however, it also recognised that the size of the Board should be considered alongside the Company's specific needs. Diversity of thought, skills and experience was the key focus for Board

member selection at IPO and subsequently, and Board composition is felt to be well-rounded and commensurate for the Company's present needs. As the Company continues to grow and prosper, the Committee is considering the need to embellish the board further and will give due consideration to the new gender and ethnic diversity recommendations as part of future Director appointments alongside the particular established needs of the Company.

The following tables, in the prescribed format, show the gender and ethnic background of the Directors as of the date of this report, in accordance with Listing Rule 9 Annex 2.1.

#### Gender identity or sex

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
Men	2	66.6%	1
Women	1	33.3%	0
Not specified/prefer not to say	0	0	0

#### Ethnic background

	Number of Board members	Percentage on the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	3	100%	1
Mixed/Multiple Ethnic Groups	0	0	0
Asian/Asian British	0	0	0
Black/African/Caribbean/ Black British	0	0	0
Other ethnic group, including Arab	0	0	0
Not specified/prefer not to say	0	0	0

The data in the above tables was collected through self-reporting by the Directors.

### Tenure Policy

Directors are not appointed for a specific term as all Directors are non-executive. The Company has adopted a policy of all Directors, including the Chairman, standing for annual re-election. The Board is mindful of, and will have regard to, corporate governance best practice recommendations with respect to the tenure of the Chairman and in future succession planning, as appropriate.

### Performance Evaluation of the Board

The Committee has considered the performance of the Board and concluded that each Director continues to demonstrate the appropriate skills, experience and commitment to contribute effectively to the Board. Further information on the performance evaluation of the Board can be found in the Corporate Governance report on page 86.



**Joanna Holt**

Chair of the Nomination Committee  
31 March 2023

# Management Engagement Committee Report

**I am pleased to present the Management Engagement Committee (the “Committee”) Report for the year ended 31 December 2022.**

## Meetings

The Committee comprises all Directors of the Company and met once during the year.

## Responsibilities of the Committee

The primary responsibilities of the Committee are as follows:

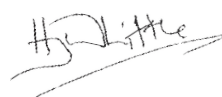
- to monitor and evaluate the performance of the Investment Manager and its compliance with the terms of the investment management agreement;
- to monitor and evaluate the performance of the Alternative Investment Fund Manager and its compliance with the terms of the alternative investment fund management agreement;
- to consider the appropriateness of the investment management agreement, that it is fair, complies with all regulatory requirements, conforms with market and industry practice and remains in the best interests of shareholders;
- to consider the appropriateness of the alternative investment fund management agreement, that it is fair, complies with all regulatory requirements, conforms with market and industry practice and remains in the best interests of shareholders;
- to consider and review the level and method of remuneration of the Investment Manager and the Alternative Investment Fund Manager pursuant to the terms of their respective agreements with the Company;
- to consider the continuing appointment of the Investment Manager and Alternative Investment Fund Manager and make recommendations to the Board; and
- to review the performance and services provided by the Company's other service providers and consider whether the continuing appointment of such service providers under the terms of their agreements are in the interests of shareholders as a whole, and make recommendations to the Board.

The Committee's terms of reference are available on the Company's website. Committee meeting attendance is set out on page 85.

## Continuing Appointment of the Investment Manager

The Board, through the Management Engagement Committee, keeps the performance and continuing appointment of the Investment Manager under continual review. The Committee conducts an annual review of the Investment Manager's performance and makes a recommendation to the Board about its continuing appointment.

The Directors consider that the Investment Manager has executed the Company's investment strategy according to the Board's expectations. Accordingly, the Board believes that the continuing appointment of Downing LLP as the Investment Manager of the Company, on the terms agreed, is in the best interests of the Company and its shareholders.



**Hugh W M Little**

Chair of the Management Engagement Committee  
31 March 2023

# Audit and Risk Committee Report

**I am pleased to present the Audit and Risk Committee Report for the year ended 31 December 2022.**

## Meetings

The Committee (the “Committee”) comprises all Directors of the Company and met twice during the year ended 31 December 2022 and once post year end.

## Responsibilities of the Committee

The primary responsibilities of the Committee are as follows:

- to monitor the integrity of the financial statements of the Company including its annual and interim reports and any other formal announcements relating to its financial performance;
- to review and report to the Board on any significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the Auditor;
- to review the content of the annual report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides shareholders with sufficient information to assess the Company's position and performance, business model and strategy;
- to keep under review the Company's internal financial controls and review the adequacy and effectiveness of the Company's internal control and risk management systems and monitor the proposed implementation of such controls;
- to assess the current position of the Company's emerging and principal risks, including those that would threaten its business model, future performance, solvency or liquidity and reputation, and how they are managed and mitigated, and the prospects of the Company over such period as deemed appropriate;

- to manage the relationship with the Company's external Auditor, including reviewing the Auditor's remuneration, independence and performance and make recommendations to the Board as appropriate;
- to review the Auditor's independence and objectivity and the effectiveness and quality of the audit process; and
- to consider annually whether there is a need for the Company to have its own internal audit function.

## Activities in the Year

- conducted a review of the internal controls and risk management systems of the Company and its third-party service providers;
- agreed the plan and fees with the Auditor in respect of the interim review of the half-year report for the period ended 30 June 2022 and the statutory audit of the Annual Report for the year ended 31 December 2022, including the principal areas of focus;
- received and discussed with the Auditor its report on the results of the review of the half-yearly financial statements and the year-end audit;
- reviewed the Company's interim and annual financial statements and recommended these to the Board for approval;
- reviewed the methodology and assumptions applied in valuing the assets of the Company;
- reviewed whether an internal audit function would be of value and concluded that this would provide minimal additional comfort at considerable extra cost to the Company;
- reviewed the continued application adoption of the investment entity accounting standard; and
- reviewed the viability statement.

## Significant issues

The Committee considered the following key issues in relation to the Company's financial statements during the year. A more detailed explanation of the consideration of the issues set out below, and the steps taken to manage them, is set out in the Principal Risks and Uncertainties on pages 64 to 70.

### *Valuation of Investments*

The discount rates used to determine the valuation are selected and recommended by the Investment Manager. The discount rate is applied to the expected future cash flows from each investment's financial forecasts to arrive at a valuation (discounted cash flow valuation).

The Audit and Risk Committee has considered the subjectivity and appropriateness of the discount rates and other key assumptions used to determine the valuation of the investments held through DORE Hold Co, which could affect the NAV and share price of the Company.

The board is comfortable with the valuation and have discussed with the Investment Manager and external auditor.

### *Internal controls*

The Committee carefully considers the internal control systems by continually monitoring the services and controls of its third-party service providers. The Committee reviewed and, where appropriate, updated the risk matrix during the year under review. This is done on a biannual basis. The Committee received a report on internal control and compliance from the Investment Manager, the Administrator and the Registrar and no significant matters of concern were identified.

### *Going concern and long-term viability of the Company*

The Committee considered the Company's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments.

Consequently, the financial statements have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the Annual Report for the year ended 31 December 2022, covering a five-year period, and the underlying factors and assumptions which contributed to the Committee deciding that this was an appropriate length of time to consider the Company's long-term viability.

### *Adoption of Investment entity accounting standard*

Under IFRS 10, investment entities are required to hold subsidiaries at fair value through the Income Statement rather than consolidate them on a line-by-line basis. There are three key conditions to be met by the Company for it to meet the definition of an investment entity. Further detail on this can be found in note 2 to the Financial Statements.

The Directors have reviewed the criteria and are satisfied that the Company meets the criteria of an Investment Entity under IFRS 10. As explained in note 2 to the financial statements, the Directors are of the opinion that the Company meets the requirements of an "Investment Entity". Assessing whether the Company and certain subsidiaries met the criteria of Investment Entities, in accordance with the definition set out in IFRS 10 was seen as a key judgement. The Audit and Risk Committee debated the appropriateness of adopting the standard with the Investment Manager and external auditor. The Audit and Risk Committee concluded that applying the investment entity exemption to IFRS 10 will improve stakeholders' understanding of the financial performance and position of the Group.

The Company's viability statement can be found on page 71.

### **Audit fees and non-audit services provided by the Auditor**

The Committee reviewed the audit plan and fees presented by the Auditor and considered its report on the financial statements. Total fees for the year payable to the Auditor amounted to £312,000. This figure includes non-audit fees of £157,500 in respect of the professional fees in respect of the share issuance programme.

All non-audit services provided by the Auditor during the year were approved in advance by the Audit and Risk Committee and Directors. Further information on the fees paid to the Auditor is set out in note 6 to the financial statements.

### **Effectiveness of the external audit**

The Committee reviews the effectiveness of the external audit carried out by the Auditor on an annual basis. The Chair of the Committee maintained regular contact with the Company's Audit Partner throughout the year and also met with them prior to the finalisation of the audit of the Annual Report and financial statements for the year ended 31 December 2022, without the Investment Manager present, to discuss how the external audit was carried out, the findings from such audit and whether any issues had arisen from the Auditor's interaction with the Company's various service providers.

### **Independence and objectivity of the Auditor**

The Committee has considered the independence and objectivity of the Auditor and has conducted a review of non-audit services which the Auditor has provided during

the year under review. The Committee receives an annual confirmation from the Auditor that its independence is not compromised by the provision of such non-audit services. Peter Smith is the Audit Partner allocated to the Company by BDO LLP. The audit of the financial statements for the year ended 31 December 2022 is his second as Audit Partner. The Committee is satisfied that the Auditor's objectivity and independence is not impaired by the performance of their non-audit services and that the Auditor has fulfilled its obligations to the Company and its shareholders.

### **Re-appointment of the Auditor**

Following a review of the Auditor's performance, services provided during the year, and independence and objectivity, the Committee has recommended to the Board that BDO LLP be re-appointed as the Company's auditor. The approval for the re-appointment of BDO as Auditor will be sought from shareholders at the Company's Annual General Meeting on 8 June 2023.



**Ashley Paxton**

Chair of the Audit and Risk Committee

31 March 2023



# Directors' Remuneration Report

## Statement from the Chair

I am pleased to present the Directors' Remuneration Report (the "Committee") for the year ended 31 December 2022.

As set out in the Corporate Governance statement on pages 79 to 87, the Committee comprises all Directors and meets at least once a year to discuss matters relating to Directors' remuneration.

During the year ended 31 December 2022, the annual fees were set at the rate of £50,000 for the Chair, £40,000 for the Chair of the Audit and Risk Committee and £35,000 for a Director. These fees levels were set in 2020, prior to the Company's IPO.

At its meeting in November 2022, the Committee compared Directors' remuneration to that of the Company's peer group and the average for similar-sized investment trusts.

The Committee also reviewed the Trust Associates 2022 Newsletter on Investment Company Non-Executive Directors' Fees. The Committee noted that Directors' fees had not been increased since the Company's incorporation, and following two successful fundraises and rising inflation, a modest increase in Directors' fee levels was deemed appropriate and in the best interests of the Company and its shareholders.

Therefore, following the review, the Committee agreed to raise the Chair's fee to £55,000 per year, the Audit & Risk Committee Chair's fee to £45,000 per year, and the Directors' fee to £40,000 per year. These changes took effect on 1 October 2022.

The Remuneration Policy will be implemented in the same manner as it was in the previous financial year. There are no planned changes to the Remuneration Policy in 2023.

## Directors' Fee Levels

	<b>Expected fees for the year ending 31 December 2023</b>	<b>Fees for the year ended 31 December 2022</b>
Chair	£55,000	£50,000
Chair of the Audit and Risk Committee	£45,000	£40,000
Director	£40,000	£35,000

The approval of shareholders would be required to increase the aggregate limit for Directors' fees of £300,000 per annum, as set out in the Company's articles of association.

## Voting at the AGM

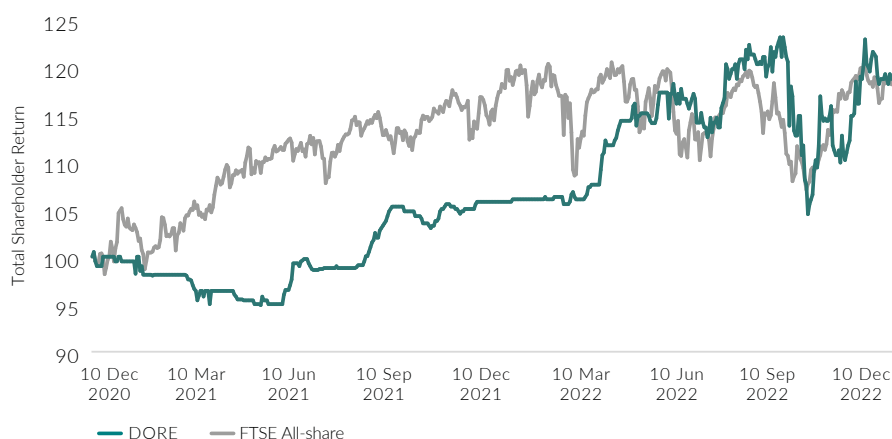
The Directors' Remuneration Report is put to a shareholder vote on an annual basis. The Directors' Remuneration Policy is put to a shareholder vote in the first year of a Company or in any year where there is to be a change to the policy and, in any event, at least once every three years. The Company's Remuneration Report and Remuneration Policy were approved by shareholders at its AGM on 6 April 2022, and there will be no changes to the policy this year. An ordinary resolution will be put to shareholders at the upcoming AGM in June 2023 to receive and approve the Directors' Remuneration Report for the year ended 31 December 2022.

The votes cast by proxy at the Company's AGM in 2022 were as follows:

	<b>Directors' Remuneration Report (AGM 2022)</b>		<b>Directors' Remuneration Policy (AGM 2022)</b>	
	<b>Number of votes</b>	<b>% of votes cast</b>	<b>Number of votes</b>	<b>% of votes cast</b>
For	52,161,106	99.86	52,151,106	99.82
Against	74,028	0.14	96,528	0.18
Total votes cast	52,235,134	100	52,247,634	100
Number of votes withheld	39,325	–	26,825	–

## Performance of the Company

The Company does not have a specific benchmark but has deemed the FTSE All-Share Index to be the most appropriate comparator for its performance. This graph has been chosen as a comparison as it is a publicly available broad equity index which focuses on smaller companies and is therefore more relevant than most other publicly available indices.



## Directors' Remuneration for the Year Ended 31 December 2022 (audited)

The remuneration paid to the Directors during the year ended 31 December 2022 is set out in the table below:

	<i>Fees</i>	<i>Expenses</i>	<i>Total</i>	<i>Fees</i>	<i>Expenses</i>	<i>Total</i>	
	Year ended 31 December 2022 £	Year ended 31 December 2022 £	Year ended 31 December 2022 £	Period ended 31 December 2021 £	Period ended 31 December 2021 £	Period ended 31 December 2021 £	Percentage change (fees only) 2021 – 2022
Hugh W M Little	51,250	3,744	54,994	58,333	Nil	58,333	2.5%
Joanna Holt	36,250	2,294	38,544	40,833	Nil	40,833	3.6%
Ashley Paxton	41,250	3,412	44,662	46,667	Nil	46,667	3.1%
	<b>128,750</b>	<b>9,450</b>	<b>138,200</b>	<b>145,833</b>	<b>Nil</b>	<b>145,833</b>	

All Directors were appointed on 28 October 2020. There is no variable component to the Directors' pay, all pay is fixed.

### Relative Importance of Spend on Pay

The table below sets out in respect of the year ended 31 December 2022:

- a) the remuneration paid to the Directors;
- b) the Investment management fee; and
- c) the distributions made to shareholders by way of dividend.

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000	Percentage change 2021-2022
Directors' remuneration	125	146	-14%
Investment management fee	1,781	1,284	38%
Dividends paid to shareholders	8,039	2,938	172%

### Directors' Interests (audited)

There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company.

As set out in the Company's Prospectus at IPO, Joanna Holt agreed that any fees payable to her in respect of her first year of service should, save where the Company and the Directors agreed otherwise, be used to acquire shares in the Company.

As at 31 December 2022, the interests of the Directors and any connected persons in the shares of the Company are set out below:

	<b>Year ended 31 December 2022 Number of Shares</b>	<b>Period ended 31 December 2021 Number of Shares</b>
Hugh W M Little	150,000	150,000
Joanna Holt	21,085	21,085
Ashley Paxton <sup>1</sup>	80,000	80,000

There have been no changes to any of the above holdings between 31 December 2022 and the date of this report.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

<sup>1</sup> All of Ashley Paxton's shares are held jointly with Alexandra Paxton, a person closely associated with Ashley Paxton.

# Remuneration Policy

A resolution to approve this Remuneration Policy was proposed at the Company's AGM on 6 April 2022. The resolution was passed, and the policy provisions outlined below will be in effect until they are next put to shareholders for renewal of that approval, which must happen every three years, or if the Remuneration Policy is changed, in which case shareholder approval for the new Remuneration Policy will be sought.

The Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments. The fees of the non-executive Directors are determined within the limits set out in the Company's articles of association; the Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There are no performance conditions attached to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors. Under the Directors' letters of appointment, there is no notice period, and no compensation is payable to a Director on leaving office.

It is the Board's policy that Directors do not have service contracts, but Directors are provided with a letter of appointment as a non-executive Director. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment. The Directors are subject to retirement by rotation in accordance with the articles of association; however, the Company has adopted the policy of annual re-election of all Directors.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' remuneration policy and in the annual review of Directors' fees.

## Approval

The Directors' Remuneration Report was approved by the Board and signed on its behalf by:



**Ashley Paxton**

Chair of the Remuneration Committee  
31 March 2023

# Statement of Directors' Responsibilities

## **In respect of the financial statements**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

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Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

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In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
  - state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
  - make judgements and accounting estimates that are reasonable and prudent;
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
  - prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.
- 

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

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### Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

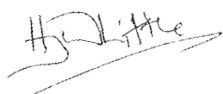
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### Directors' responsibilities pursuant to DTR4

The Directors confirm that, to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards and Article 4 of the IAS regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
  - The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.
- 

On behalf of the Board.



**Hugh W M Little (Chair)**

31 March 2023







# Independent Auditor's Report

To the members of Downing Renewables & Infrastructure Trust Plc

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Downing Renewables and Infrastructure PLC (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

## Independence

Following the recommendation of the audit committee, we were appointed by the Board on 10 November 2020 to audit the financial statements for the period ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the

period ended 31 December 2021 and year ended 31 December 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing and challenging the inputs in the cashflow forecast prepared by the Directors against existing contractual commitments, including performing stress testing considering downside scenarios and assessing the impact on the Company's liquidity position;
- Assessing assumptions used within the valuation models to supporting documentation per the Key audit matter noted below and considering how these impact on the ability of the portfolio companies to make distributions to the Company and therefore on the Company's ability to meet its commitments as they fall due;
- Reviewing the future commitments of the Company and checking they have been appropriately incorporated into the forecast; and
- Reviewing the amount of headroom in the forecasts of both the base case and downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to

the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Overview

Key audit matters	Valuation of investments	
	2022 Yes	2021 Yes
Materiality	<i>Company financial statements as a whole</i> £3.290m (2021:£2.125m) based on 1.5% (2021: 1.5%) of Net assets	

## An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the scope of our audit addressed the key audit matter
<p><b>Valuation of Investments</b></p> <p>See note 9 and accounting policy on page 122.</p> <p>100% of the underlying investment portfolio is represented by unquoted equity and loan investments.</p> <p>The valuation of investments is calculated using discounted cash flow models. This is a highly subjective accounting estimate where there is an inherent risk of bias arising from the investment valuations being prepared by the Investment Manager (with the assistance of externally appointed experts), who is remunerated based on the net asset value of the company.</p> <p>These estimates include judgements including future power prices, power generation, discount rates, asset lives and inflation.</p> <p>Investments at fair value through profit or loss is the most significant balance in the financial statements and is the key driver of performance therefore we determined this to be a key audit matter.</p>	<p>In respect of the all equity investments valued using discounted cash flow models, we performed the following specific procedures:</p> <ul style="list-style-type: none"> <li>• For new investments, obtained and reviewed purchase agreements and contracts and considered whether inputs were accurately reflected in the valuation model.</li> <li>• For existing investments, we analysed changes in significant assumptions and inputs compared with assumptions audited in previous periods and vouched these to supporting documentation and independent evidence including industry data.</li> <li>• Used spreadsheet analysis tools to assess the integrity of the valuation models.</li> <li>• Agreed power generation and power price forecasts to power purchase agreements and independent reports prepared by management's experts. We assessed the competency, independence and objectivity of the management's expert.</li> <li>• Challenged the appropriateness of the selection and application of key assumptions in the model including the discount rate, inflation, asset life, energy yield and power price applied by benchmarking to available industry data and with the assistance of our internal valuations experts.</li> <li>• Reviewed the corporation tax workings within the valuation model and considered whether these had been modelled accurately in the context of current corporation tax legislation and rates</li> <li>• Agreed a sample of cash and other net assets incorporated into the valuation to bank statements and investee company management accounts.</li> <li>• Considered the accuracy of forecasting by comparing forecasts to actual results.</li> <li>• Vouched loans to loan agreements, verified the terms of the loans and recalculated interest income and compared to that recorded.</li> </ul> <p>For each of the key assumptions in the valuation models, we considered the appropriateness of the assumption by benchmarking to available industry data and consulting with our internal valuations experts and considering whether alternative reasonable assumptions could have been applied. We considered each assumption in isolation as well as in conjunction with other assumptions and the valuation as a whole in order to derive a reasonable range of valuations and assess whether the company's valuation was within that range.</p> <p><b>Key observations</b></p> <p>Based on our procedures performed we found the valuation of the investment portfolio and judgements applied therein to be acceptable.</p>

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality,

we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2022	2021
<b>Materiality</b>	£3.290m	£2.125m
<b>Basis for determining materiality</b>	1.5% of Net Assets	
<b>Rationale for the benchmark applied</b>	Net Asset Value is a key indicator of performance and as such the most relevant benchmark on which to base materiality for the users of the financial statements..	
<b>Performance materiality</b>	£2.303m	£1.487m
<b>Basis for determining performance materiality</b>	70% of Materiality	
<b>Rationale for the percentage applied for performance materiality</b>	The level of performance materiality applied was set after having considered a number of factors including our assessment of the Company's overall control environment and the expected total value of known and likely misstatements and the level of transactions in the year.	

## Specific materiality

We also determined that for those items impacting realised return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users as it is a measure of the Company's performance. As a result, we determined materiality for these items to be £267k (2021: a lower testing threshold of £217k was applied), based on 5% of revenue return before tax (2021: 10% of gross expenditure). We further applied a performance materiality level of 70% (2021:70%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

We used a specific materiality in the current year rather than a lower testing threshold given the presence of a dividend target and therefore an enhanced incentive to overstate revenue returns.

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £65k (2021:£42k) and for those items impacting realised return £5k (2021: n/a). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

<b>Going concern and longer-term viability</b>	<ul style="list-style-type: none"><li>• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and</li><li>• The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.</li></ul>
<b>Other Code provisions</b>	<ul style="list-style-type: none"><li>• Directors' statement is fair, balanced and understandable;</li><li>• Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;</li><li>• The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and</li><li>• The section describing the work of the Audit Committee</li></ul>

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"><li>the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li><li>the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li></ul> <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<b>Directors' remuneration</b>	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<b>Matters on which we are required to report by exception</b>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"><li>adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or</li><li>the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or</li><li>certain disclosures of Directors' remuneration specified by law are not made; or</li><li>we have not received all the information and explanations we require for our audit.</li></ul>

## Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, requirements of s.1158 of the Corporation Tax Act, and applicable accounting standards.

Our procedures in response to the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management, the board and relevant Service Organisations regarding known or suspected instances of non-compliance with laws and regulation and fraud. We corroborated our enquiries through our review of board meeting minutes for the year and other evidence gathered during the course of the audit; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be the valuation of investments, revenue recognition and management override of controls.

Our procedures in response to the above included:

- The procedures set out in the Key Audit Matters section above;
- Obtaining independent evidence to support the ownership of investments;
- Recalculating the investment management fees in total;
- Recalculating interest income in total and agreeing receipts to bank; and
- Testing a risk based sample of journal entries to supporting documentation and evaluating whether there was evidence of bias by the Directors that

represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom  
31 March 2023

DocuSigned by:

*Peter Smith*

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BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).







# Statement of Comprehensive Income

For the year from 1 January 2022 to 31 December 2022

		<i>Revenue</i> 31 December 2022 £'000s	<i>Capital</i> 31 December 2022 £'000s	<i>Total</i> 31 December 2022 £'000s	<i>Revenue</i> 31 December 2021 £'000s	<i>Capital</i> 31 December 2021 £'000s	<i>Total</i> 31 December 2021 £'000s
	Notes						
<b>Income</b>							
Return on investment	5	8,044	28,058	36,102	4,978	7,327	12,305
<b>Total income</b>		<b>8,044</b>	<b>28,058</b>	<b>36,102</b>	<b>4,978</b>	<b>7,327</b>	<b>12,305</b>
<b>Expenses</b>							
Investment management fees	4	(1,781)	–	(1,781)	(1,284)	–	(1,284)
Directors' fees	18 & 22	(125)	–	(125)	(146)	–	(146)
Other expenses	6	(1,001)	–	(1,001)	(745)	–	(745)
<b>Total expenses</b>		<b>(2,907)</b>	<b>–</b>	<b>(2,907)</b>	<b>(2,175)</b>	<b>–</b>	<b>(2,175)</b>
<b>Profit before taxation</b>		<b>5,137</b>	<b>28,058</b>	<b>33,195</b>	<b>2,803</b>	<b>7,327</b>	<b>10,130</b>
<b>Taxation</b>	7	–	–	–	–	–	–
Profit after taxation		5,137	28,058	33,195	2,803	7,327	10,130
<b>Profit and total comprehensive income attributable to:</b>							
Equity holders of the Company		5,137	28,058	33,195	2,803	7,327	10,130
Earnings per share – Basic & diluted (pence)	8	3.2	17.4	20.6	2.6	6.8	9.4

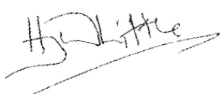
The total column of this statement is the Statement of Comprehensive Income of the Company prepared in accordance with International Financial Reporting Standards (IFRS) as adopted. The supplementary revenue return and capital columns have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice (AIC SORP).

# Statement of Financial Position

As at 31 December 2022

		31 December 2022	31 December 2021
	Notes	£'000s	£'000s
<b>Non-current assets</b>			
Investments at fair value through profit and loss	9	196,866	131,508
		<b>196,866</b>	<b>131,508</b>
<b>Current assets</b>			
Trade and other receivables	10	567	280
Cash and cash equivalents	15	23,328	11,254
		<b>23,895</b>	<b>11,534</b>
<b>Total assets</b>		<b>220,761</b>	<b>143,042</b>
<b>Current liabilities</b>			
Trade and other payables	11	(1,862)	(1,201)
		<b>(1,862)</b>	<b>(1,201)</b>
<b>Total liabilities</b>		<b>(1,862)</b>	<b>(1,201)</b>
<b>Net assets</b>		<b>218,899</b>	<b>141,841</b>
<b>Capital and reserves</b>			
Called up share capital	12	1,846	1,370
Share Premium		65,910	14,506
Special distributable reserve	13	114,618	118,435
Revenue reserve		1,140	203
Capital reserve		35,385	7,327
<b>Shareholders' funds</b>		<b>218,899</b>	<b>141,841</b>
Net asset value per ordinary share (pence)	14	118.57	103.5

The audited financial statements of Downing Renewables & Infrastructure Trust PLC were approved by the Board of Directors and authorised for issue on 31 March 2023 and are signed on behalf of the Board by:



**Hugh W M Little**  
Chair

Company registration number 12938740

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# Statement of Changes in Equity

For the year ending 31 December 2022

	Notes	Share Capital £'000s	Share Premium £'000s	Capital Reserve £'000s	Revenue Reserve £'000s	Special Distributable Reserve £'000s	Total £'000s
<b>Balance at the start of the period</b>		-	-	-	-	-	-
Gross proceeds from share issue		1,370	136,001	-	-	-	137,371
Bonus shares		-	(52)	-	-	-	(52)
Share issue costs		-	(220)	-	-	(2,450)	(2,670)
Dividend		-	-	-	(2,600)	(338)	(2,938)
Transfer to special distributable reserve		-	(121,223)	-	-	121,223	-
Total comprehensive income for the period		-	-	7,327	2,803	-	10,130
<b>Net assets attributable to shareholders at 31 December 2021</b>		<b>1,370</b>	<b>14,506</b>	<b>7,327</b>	<b>203</b>	<b>118,435</b>	<b>141,841</b>
Gross proceeds from share issue	12	476	52,375	-	-	-	52,851
Share issue costs	12	-	(971)	-	-	22	(949)
Dividends	20	-	-	-	(4,201)	(3,840)	(8,041)
Total comprehensive income for the year		-	-	28,058	5,137	-	33,195
<b>Net assets attributable to shareholders at 31 December 2022</b>		<b>1,846</b>	<b>65,910</b>	<b>35,385</b>	<b>1,140</b>	<b>114,618</b>	<b>218,899</b>

The Company's distributable reserves consist of the Special distributable reserve, Capital reserve attributable to realised gains and Revenue reserve. There have been no realised gains or losses at the reporting date.

# Statement of Cash Flows

For the year ending 31 December 2022

		Year to 31 December 2022	Incorporation to 31 December 2021
	Notes	£000s	£000s
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>33,196</b>	<b>10,130</b>
Adjusted for:			
Interest income	5	(7,792)	(4,978)
Unrealised gains on investments at fair value	5	(28,058)	(7,327)
Increase in receivables		(285)	(280)
Increase in payables		661	1,201
<b>Net cash outflows from operating activities</b>		<b>(2,278)</b>	<b>(1,254)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	9	(38,008)	(121,749)
Loan Interest Received	9	8,500	2,546
<b>Net cash outflows from investing activities</b>		<b>(29,508)</b>	<b>(119,203)</b>
<b>Cash flows from financing activities</b>			
Gross proceeds of share issue	12	52,852	137,371
Bonus shares	12	–	(52)
Dividends Paid	20	(8,041)	(2,938)
Share issue costs	12	(949)	(2,670)
<b>Net cash flows from financing activities</b>		<b>43,862</b>	<b>131,711</b>
Increase in cash and cash equivalents		12,074	11,254
Cash and cash equivalents at the start of the year		11,254	–
<b>Cash and cash equivalents at the end of the year</b>	15	<b>23,328</b>	<b>11,254</b>

# Notes to the Financial Statements

For the year ending 31 December 2022

## 1. General Information

The Company is registered in England and Wales under number 12938740 pursuant to the Companies Act 2006 and its registered office Link Company Matters Limited 6th Floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ.

The Company was incorporated on 8 October 2020 and is a Public Limited Company and the ultimate controlling party of the group. The Company's ordinary shares were first admitted to the premium segment of the Financial Conduct Authority's Official List and to trading on the Main Market of the London Stock Exchange under the ticker DORE on 10 December 2020.

The audited financial statements of the Company (the "financial statements") are for the period from 1 January 2022 to 31 December 2022 and comprise only the results of the Company, as all of its subsidiaries are measured at fair value in line with IFRS 10 as disclosed in note 2.

The Company's objective is to generate an attractive total return for investors comprising stable dividend income and capital preservation, with the opportunity for capital growth through the acquiring and realising value from a diverse portfolio of renewable energy infrastructure projects.

The Company currently makes its investments through its principal holding company and single subsidiary, DORE Hold Co Limited ("Hold Co"), and

intermediate holding companies which are directly owned by the Hold Co. The Company controls the Investment Policy of each of the Hold Co and its intermediate holding companies in order to ensure that each will act in a manner consistent with the Investment Policy of the Company.

The Company has appointed Downing LLP as its Investment Manager (the "Investment Manager") pursuant to the Investment Management Agreement dated 12 November 2020. The Investment Manager is registered in England and Wales under number OC341575 pursuant to the Companies Act 2006. The Investment Manager is regulated by the FCA, number 545025.

## 2. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have also been prepared as far as is relevant and applicable to the Company in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued in October 2019 by the Association of Investment Companies ("AIC").

The financial statements are prepared on the historical cost basis, except

for the revaluation of certain financial instruments at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies are consistently applied.

The financial statements are presented in Sterling, which is the Company's functional currency and are rounded to the nearest thousand, unless otherwise stated.

Estimates and underlying assumptions are reviewed regularly on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future year affected. The significant estimates, judgement or assumptions for the year are set out on page 119.

### ***Basis of Consolidation***

The sole objective of the Company and through its subsidiary DORE Hold Co Limited is to own Renewable Energy Infrastructure Projects, via individual corporate entities. Hold Co typically will issue equity and loans to finance its investments.

The Directors have concluded that in accordance with IFRS 10, the Company meets the definition of an investment entity having evaluated the criteria that needs to be met (see below). Under IFRS 10, investment entities are required to hold subsidiaries at fair value through profit or loss rather than consolidate them on a line-by-line basis, meaning Hold Co's

cash, debt and working capital balances are included in the fair value of the investment rather than in the Company's assets and liabilities. Hold Co has one investor which is the Company. However, in substance, Hold Co is investing the funds of the investors of the Company on its behalf and is effectively performing investment management services on behalf of many unrelated beneficiary investors.

### ***Characteristics of an investment entity***

There are three key conditions to be met by the Company for it to meet the definition of an investment entity. For each reporting year, the Directors will continue to assess whether the Company continues to meet these conditions:

- It obtains funds from one or more investors for the purpose of providing these investors with professional investment management services;
- It commits to its investors that its business purpose is to invest its funds solely for the returns (including having an exit strategy for investments) from capital appreciation, investment income or both; and
- It measures and evaluates the performance of substantially all its investments on a fair value basis.

In satisfying the second criterion, the notion of an investment timeframe is critical. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. The

Company intends to hold its renewable energy infrastructure assets for the remainder of their useful life to preserve the capital value of the portfolio. However, as the renewable energy infrastructure assets are expected to have no residual value after their useful lives, the Directors consider that this demonstrates a clear exit strategy from these investments.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 “Fair Value Measurement”, IFRS 10 “Consolidated Financial Statements” and IFRS 9 “Financial Instruments”.

The Directors believe the treatment outlined above provides the most relevant information to investors.

### **Going concern**

The Directors have adopted the going concern basis in preparing the Annual Report. The following is a summary of the Director’s assessment of going concern status of the Company. In reaching this conclusion, the Directors have considered the liquidity of the Company’s portfolio of investments as well as its cash position, income and expense flows. As at 31 December 2022, the Company had net assets of £218.9 million (2021: £141.8) million including cash balances of £23.3 (2021: £11.3) million which are sufficient to meet current obligations as they fall due. Since the year end £5.1 million has been spent on new acquisitions. The Group, through one of its unconsolidated subsidiaries, utilised EUR 27.4 million of its facility with SEB to help fund the

additional hydropower acquisitions.

Through its main subsidiary, DORE Hold Co Limited, the Company has access to a RCF of £40 million which is available for either new investments or investment in existing projects and working capital. At the reporting date £0m had been drawn down from the RCF.

The Directors and the Investment Manager continue to actively monitor this and its potential effect on the Company and its investments.

In particular, they have considered the following specific key potential impacts:

- Unavailability of key personnel at the Investment Manager or Administrator; and
- Increased volatility in the fair value of investments.

The directors have considered the impact of the Ukraine war on SPV revenues, which are derived from the sale of electricity, and note that 58% of revenues are not exposed to floating power prices. Revenue is received through power purchase agreements in place with providers of electricity to the market and also through government subsidies. In the year since acquisition and up to the date of this report, there has been no significant impact on revenue and cash flows of the SPVs. The SPVs have contractual operating and maintenance agreements in place with large and reputable providers. Therefore, the Directors and the Investment Manager



do not anticipate a threat to the Group's revenue.

The Directors do not consider that the effects of COVID-19 have created a material uncertainty over the assessment of the Company as a going concern.

The Directors have reviewed Company forecasts and projections which cover a period of at least 12 months from the date of approval of this report, considering foreseeable changes in investment and trading performance, which show that the Company has sufficient financial resources to continue in operation for at least the next 12 months from the date of approval of this report. The directors have considered the impact of the current economic environment in their review. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation and accordingly. They continue to adopt the going concern basis in preparing the financial statements.

#### ***Segmental reporting***

The Chief Operating Decision Maker (the "CODM") being the Board of Directors, is of the opinion that the Company is engaged in a single segment of business, being investment in renewable energy infrastructure.

The Company has no single major customer. The internal financial

information to be used by the CODM on a quarterly basis to allocate resources, assess performance and manage the Company will present the business as a single segment comprising the portfolio of investments in renewable energy infrastructure assets.

#### ***Critical accounting judgements, estimates and assumptions***

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts. It is possible, that actual results may differ from these estimates.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates, by their nature, are based on judgement and available information, hence actual results may differ from these judgements, estimates and assumptions.

The key assumptions that have a significant impact on the carrying value of investments that are valued by reference to the discounted value of future cashflows are the useful life of the assets, the discount rates, the rate of inflation, the price at which the power and associated benefits can be sold and

the amount of electricity the assets are expected to produce. The sensitivity analysis of these key assumptions is outlined in note 9 to the financial statements, on page 128.

Useful lives are based on the Investment Manager's estimates of the period over which the assets will generate revenue which are periodically reviewed for continued appropriateness. Where land is leased from an external landlord, the operational life assumed for the purposes of the asset valuations is valued at the earlier of planning or lease expiry. Where a project has a life in excess of 75 years, the land it is located on is owned and there are no constraints regarding planning, asset valuations are based on a perpetual life including long term capital expenditure assumptions. This is the basis for the valuation of the hydropower assets. The actual useful life may be a shorter or longer period depending on the actual operating conditions experienced by the asset.

The discount rates are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different value. The discount rates applied to the cashflows are reviewed regularly by the Investment Manager to ensure they are at the appropriate level. The Investment Manager will take into consideration market transactions, where of similar nature, when considering changes to the discount rates used.

The revenues and expenditure of the investee companies are frequently, partly, or wholly subject to indexation and an assumption is made as to near term and long-term rates.

The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and the revenue received from the Government support regimes. Future power prices are estimated using external third-party forecasts which take the form of specialist consultancy reports, which reflect various factors including gas prices, carbon prices and renewables deployment, each of which reflect the UK and global response to climate change.

The Company's investments in unquoted investments are valued by reference to valuation techniques approved by the Directors and in accordance with the International Private Equity and Venture Capital ("IPEV") Guidelines.

As noted above, the Board have concluded that the Company meets the definition of an investment entity as defined in IFRS 10. This conclusion involved a degree of judgement and assessment as to whether the Company meets the criteria outlined in the accounting standards.

#### *New, revised and amended standards applicable to future reporting periods*

There were no new standards or interpretations effective for the first time for periods beginning on or after incorporation that had a significant effect on the Company's financial statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on the financial statements.

#### *New and revised standards not applied*

At the date of authorisation of these financial statements, the following amendments had been published and will be mandatory for future accounting periods. Effective for accounting periods beginning on or after 1 January 2022:

- a number of narrow-scope amendments to IFRS 3 "Business combinations", IAS 16 "Property, plant and equipment", IAS 37 "Provisions, contingent liabilities and contingent assets" and annual improvements on IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and the Illustrative Examples accompanying IFRS 16 "Leases".

Effective for accounting periods beginning on or after 1 January 2023:

- Narrow-scope amendments to IAS 1 "Presentation of Financial Statements", Practice statement 2 and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

- Amendments to IAS 12, "Income Taxes" – deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IFRS 17, "Insurance contracts" – this standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts.

Effective for accounting years beginning on or after 1 January 2024:

- Amendments to IAS 1 on classification of liabilities clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting year.

The impact of these standards is not expected to be material to the reported results and financial position of the Company.

### 3. Significant Accounting Policies

#### *Financial Instruments*

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are to be de-recognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for de-recognition in accordance with IFRS 9 Financial Instruments.

#### *Financial assets*

The Company classifies its financial assets as either investments at fair value through profit or loss or financial assets at amortised cost. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

#### *Investments at fair value through profit or loss ("FVTPL")*

The fair value of investments in renewable energy infrastructure projects is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings, from investments in both equity (dividends and equity redemptions), shareholder and inter-company loans (interest and repayments).

Investments are designated upon initial recognition as held at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income at each valuation point. As shareholder loan investments form part of a managed portfolio of assets whose performance is evaluated on a fair value basis, loan investments are designated at fair value in line with equity investments. The Company's loan and equity investments in Hold Co are held at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the Company's Statement of Comprehensive Income at each valuation point.

Financial assets are recognised/derecognised at the date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given. Transaction costs are recognised in the Statement of Comprehensive Income as incurred. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is calculated on a levered, discounted cashflow basis in accordance with IFRS 13.

#### *Financial assets at amortised cost*

Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are greater than 12 months after the reporting date,

in which case they are to be classified as non-current assets. The Company's financial assets held at amortised cost comprise "other receivables" and "cash and cash equivalents" in the statement of financial position.

#### ***Impairment***

Impairment provisions for loans and receivables are recognised based on a forward-looking expected credit loss model. All financial assets assessed under this model are immaterial to the financial statements.

#### ***Financial liabilities***

Financial liabilities are classified as other financial liabilities, comprising other non-derivative financial instruments, including trade and other payables, which are to be measured at amortised cost using the effective interest method.

#### ***Financial liabilities and equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### ***Equity instruments***

The Company's Ordinary Shares are classified as equity and are not redeemable. Costs associated or directly attributable to the issue of new equity shares are recognised as a deduction in equity and are charged either from the

share premium account or the special distributable reserve, created on court cancellation of share premium account.

#### ***Taxation***

The Company is approved as an Investment Trust Company ("ITC") under sections 1158 and 1159 of the Corporation Taxes Act 2010 and part 2 Chapter 1 Statutory Instrument 2011/2999. The approval is subject to the Company continuing to meet the eligibility conditions of the Corporation Tax Act 2010. The Company intends to ensure that it complies with the ITC regulations on an ongoing basis and regularly monitors the conditions required to maintain ITC status.

Under the current system of taxation in the UK, the Company is not liable to taxation on its operations in the UK. Current tax is the expected tax payable on the taxable income for the year, using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position.

#### ***Dividends***

Dividends to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders at the Annual General Meeting.

### **Income**

Income includes investment income from financial assets at FVTPL and finance income.

Investment income from financial assets at FVTPL is recognised in the Statement of Comprehensive Income within income when the Company's right to receive payments is established.

Finance income comprises interest earned on intercompany loans and is recognised on an accruals basis.

### **Expenses**

Expenses are accounted for on an accruals basis. Share issue expenses directly attributable to the listing of shares are charged through profit and loss with incremental costs associated with raising capital charged through the Special Distributable Reserve or Share Premium Account. The Company's investment management fee, administration fees and all other expenses are charged through the Statement of Comprehensive Income. In respect of the analysis between revenue and capital these items are presented and charged 100% as revenue items.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, deposits held on call with

banks and other short-term highly liquid deposits with original maturities of three months or less.

Deposits to be held with original maturities of greater than three months are included in other financial assets. There are no expected credit losses as the bank institutions will have high credit ratings assigned by international credit rating agencies.

## **4. Investment management fees**

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee from the Company, which is calculated quarterly in arrears at 0.95% of NAV per annum up to £500 million and 0.85% per annum of NAV in excess of £500 million.

The Company incurred £1,780,561 (2021: £353,135) of management fees during the year, investment management fees of £1,426,289 (2021: £933,414) were unpaid at the year end.

No performance fee is payable to the Investment Manager under the Investment Management Agreement and there are no provisions that would entitle the Investment Manager to a performance fee in respect of future years.

## 5. Return on investment

	31 December 2022	31 December 2021
	£'000s	£'000s
Unrealised movement in fair value of investments (Note 9)	28,058	7,327
Interest receivable on shareholder loans (Note 9)	7,792	4,978
Provision of Corporate Services to DORE Holdco Limited	252	0
	<b>36,102</b>	<b>12,305</b>

## 6. Other expenses

	31 December 2022	31 December 2021
	£'000s	£'000s
Alternative investment fund manager fee	152	110
Fees payable to the Company's auditor for the audit of the Company's annual accounts	167	96
Fees payable to the Company's auditor for other services	–	89
Company secretarial fee	58	62
Legal fees	69	87
Depositary fee	49	48
Hedging advisory	25	39
Marketing fee	64	53
Broker fee	88	53
Retainer fee	–	34
Professional fees	199	–
Other fees	130	74
	<b>1,001</b>	<b>745</b>



Total fees payable to BDO LLP for non-audit services during the year were £157,500 (2021: £88,500) for professional fees provided in respect of the share issuance programme, this cost was taken directly to share premium. These services were pre-approved by the Audit and Risk Committee and are not subject to the fee cap. Audit fees which relate to the year ending 31 December 2022 were £154,500, £12,500 relate to accruals for the period ending 31 December 2021.

## 7. Taxation

Taxable income during the year was offset by expenses and the tax charge for the year ended 31 December 2022 is £Nil.

As described above, the Company is recognised as an ITC for accounting years and therefore not liable to UK taxation. To the extent that there is insufficient group tax relief available to eliminate taxable profits, the Company may make interest distributions to reduce taxable profits to nil.

### (a) Analysis of charge in the year

	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>
	£'000	£'000	£'000
Analysis of tax charge / (credit) in the year:			
<i>Current tax:</i>			
UK corporation tax on profits of the year	–	–	–
Adjustments in respect of previous year	–	–	–
<i>Deferred tax:</i>			
Origination & reversal of timing differences	–	–	–
Adjustments in respect of previous years	–	–	–
Tax charge / (credit) on profit on ordinary activities	–	–	–

#### (b) Factors affecting total tax charge for the year

The effective UK corporation tax rate applicable to the Company for the year is 19%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The differences are explained below.

	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Profit / (Loss) on ordinary activities before tax	5,336	25,058	30,394
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	1,013	4,761	5,774
<b>Effect of:</b>			
Capital profits not taxable	–	(4,761)	(4,761)
Non-taxable income	–	–	–
Expenses non deductible		–	
Interest distributions	(1,013)	–	(1,013)
Timing differences	–	–	–
Group relief	–	–	–
Excess management expenses	–	–	–
<b>Total charge / (credit) for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>

HM Revenue & Customs (“HMRC”) has granted approval to the Company’s status as an investment trust, and it is the Company’s intention to continue meeting the conditions required to obtain approval in the foreseeable future. Investment companies which have been approved by HMRC under section 1158 of the Corporation Tax Act 2010, as amended are exempt from tax on capital gains.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has been substantively enacted at the balance sheet date.

There is no unrecognised deferred tax asset or liability at 31 December 2022.

## 8. Earnings per share

	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>
	£'000s	£'000s	£'000s
Revenue and capital profit attributable to equity holders of the Company	5,137	28,058	33,196
Weighted average number of ordinary shares in issue	161,532,958	161,532,958	161,532,958
<b>Basic and diluted earnings per share (pence)</b>	<b>3.2</b>	<b>17.4</b>	<b>20.6</b>

Basic and diluted earnings per share are the same as there are no arrangements which could have a dilutive effect on the Company's ordinary shares.

## 9. Investments at fair value through profit and loss

	<b>Total 2022</b>	<b>Total 2021</b>
	£'000s	£'000s
<b>Fair value at start of the year</b>	<b>131,508</b>	<b>-</b>
Loan advanced to DORE Hold Co Limited	38,008	113,749
Shareholding in DORE Hold Co limited	-	8,000
Unrealised gain on investments at FVTPL	28,058	7,327
Loan Interest (movement)	(708)	2,432
<b>Fair value at end of the year</b>	<b>196,866</b>	<b>131,508</b>

There is a loan agreement between the Company and DORE Hold Co Limited for £200,000,000 (2021: £120,000,000). At the reporting date £151,756,990 (2021: £113,748,641) had been advanced. The rate of interest on the loan is a rate agreed between DORE Hold Co Limited and the Company and has been set at 6% per annum. Interest accrued at the year end and outstanding at the reporting date amounted to £1,724,341 (2021: £2,432,398). Interest is repayable at the repayment date of 31 December 2030 unless otherwise agreed between the parties to repay earlier.

The Company received interest payments of £8,500,000 (2021: £2,546,000) during the year. Included in the fair value are cash balances at DORE Hold Co of £4.8 million (2021: £21.8 million).

The Company owns 100% of the nine shares in DORE Hold Co Limited. These shares were allotted for a consideration of £8,000,000.

#### *Fair value measurements*

IFRS 13 “Fair Value Measurement” requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities ranges from level 1 to level 3 and is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of the Company’s investments is ultimately determined by the underlying net present values of the SPV (“Special Purpose Vehicle”) investments. Due to their nature, they are always expected to be classified as level 3 as the investments are not traded and contain unobservable inputs.

The fair value hierarchy consists of the following three levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses the Company's assets at 31 December 2022:

	Level 1	Level 2	Level 3	Total
	£'000s	£'000s	£'000s	£'000s
<b>Investment portfolio summary</b>				
Unquoted investments at fair value through profit and loss	-	-	196,866	196,866
<b>Total</b>	<b>-</b>	<b>-</b>	<b>196,866</b>	<b>196,866</b>

The determination of what constitutes 'observable' requires significant judgement by the Company. Observable data is considered to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only investment held at fair value is the investment in DORE Holdco Limited, which is fair valued at each reporting date. The investment has been classified within level 3 as the investment is not traded and contains unobservable inputs.

As the fair value of the Company's equity and loan investments in Hold Co is ultimately determined by the underlying fair values of the SPV investments, the Company's sensitivity analysis of reasonably possible alternative input assumptions is the same as for the Group.

There have been no transfers between levels during the year.

Valuations are derived using a discounted cashflow methodology in line with IPEV Valuation Guidelines and take into account, *inter alia*, the following:

- i. due diligence findings where relevant;
- ii. the terms of any material contracts including PPAs;
- iii. asset performance;
- iv. power price forecasts from leading market consultants; and
- v. the economic, taxation or regulatory environment.

The DCF valuations of the Company's investments represent the largest component of GAV and the key sensitivities are considered to be the discount rate used in the DCF valuations and assumptions in relation to inflation, energy yield, foreign exchange and power price.

The shareholder loan and equity investments are valued as a single class of financial asset at fair value in accordance with IFRS 13 Fair Value Measurement.

### *Sensitivity*

Sensitivity analysis is produced to show the impact of changes in key assumptions adopted to arrive at the valuation. For each of the sensitivities, it is assumed that potential changes occur independently of each other with no effect on any other base case assumption, and that the number of investments in the portfolio remains static throughout the modelled life. Accordingly, the NAV per share impacts shown below assume the issue of further shares to fund these commitments.

Information on climate related sensitivities can be found on pages 25 and 26.

The analysis below shows the sensitivity of the portfolio value (and its impact on NAV) to changes in key assumptions as follows:

### *Discount rate*

The weighted average valuation discount rate applied to calculate the portfolio valuation is 7.7%.

An increase or decrease in this rate by 1.0% points has the following effect on valuation.

<b>Discount rate</b>	<b>NAV per share impact</b>	<b>-1.0% change £'000s</b>	<b>Total portfolio Value £'000s</b>	<b>+1.0% change £'000s</b>	<b>NAV per share impact</b>
Directors' valuation – Dec 2022	10.53	19,438	196,866	(16,238)	(8.80)

### Energy yield

The table below shows the sensitivity of the portfolio valuation to a sustained decrease or increase of energy generation by minus or plus 5% on the valuation, with all other variables held constant. The fair value of the solar investments is based on a "P50" level of electricity generation for the renewable energy assets, being the expected level of generation over the long term. For hydropower assets, the expected annual average production is applied to the valuation, similar to the P50 assumption applied to solar and wind assets.

A change in the forecast energy yield assumptions by plus or minus 5% has the following effect.

Energy Yield	NAV per share impact	-5% change £'000s	Total portfolio Value £'000s	+5% change £'000s	NAV per share impact
Directors' valuation – Dec 2022	(9.42)	(17,383)	196,866	17,369	9.41

### Power prices

The sensitivity considers a flat 10% movement in power prices for all years, i.e. the effect of adjusting the forecast electricity price assumptions in each of the jurisdictions applicable to the portfolio down by 10% and up by 10% from the base case assumptions for each year throughout the operating life of the portfolio.

A change in the forecast electricity price assumptions by plus or minus 10% has the following effect.

Power Prices	NAV per share impact	-10% change £'000s	Total portfolio Value £'000s	+10% change £'000s	NAV per share impact
Directors' valuation – Dec 2022	(9.84)	(18,172)	196,866	18,126	9.82



### *Inflation*

The projects' income streams are principally a mix of subsidies, which are amended each year with inflation, and power prices, which the sensitivity assumes will move with inflation. The projects' operating expenses typically move with inflation, but debt payments are fixed. This results in the portfolio returns and valuation being positively correlated to inflation. The weighted average long-term inflation assumption across the portfolio is 2.4%.

The sensitivity illustrates the effect of a 1.0% decrease and a 1.0% increase from the assumed annual inflation rates in the financial model for each year throughout the operating life of the portfolio.

<b>Inflation</b>	<b>NAV per share impact</b>	<b>-1.0% change £'000s</b>	<b>Total portfolio Value £'000s</b>	<b>+1.0% change £'000s</b>	<b>NAV per share impact</b>
Directors' valuation – Dec 2022	(5.52)	(10,192)	196,866	11,263	6.10

### *Foreign exchange*

The Company, where appropriate, seeks to manage its exposure to foreign exchange movements, to ensure that the Sterling value of known future investment commitments is fixed. The portfolio valuation assumes foreign exchange rates based on the relevant foreign exchange rates against GBP at the reporting date. A change in the foreign exchange rate by plus or minus 10% (Euro against Swedish Krona), has the following effect on the NAV, with all other variables held constant. The effect is shown after the effect of current level of hedging which reduces the impact of foreign exchange movements on the Company's NAV.

<b>Foreign Exchange</b>	<b>NAV per share impact</b>	<b>-10% change £'000s</b>	<b>Total portfolio Value £'000s</b>	<b>+10% change £'000s</b>	<b>NAV per share impact</b>
Directors' valuation – Dec 2022	(8.26)	(15,258)	196,866	18,606	10.08

## 10. Trade and other receivables

	31 December 2022	31 December 2021
	£'000s	£'000s
Prepayments	271	14
VAT	44	266
Debtors	252	–
	<b>567</b>	<b>280</b>

## 11. Trade and other Payables

	31 December 2022	31 December 2021
	£'000s	£'000s
Accounts Payable	1,098	51
Accruals	764	1,150
	<b>1,862</b>	<b>1,201</b>

Included in the accruals amount at the year end, £525,893 relates to the management fee charged by Downing LLP during the year.

## 12. Called up share capital

Allotted, issued and fully paid:	Number of Shares
Opening Balance at 1 January 2022	137,008,487
Ordinary Shares issued – June 2022	47,614,000
<b>Closing Balance of Ordinary Shares at 31 December 2022</b>	<b>184,622,487</b>

Each ordinary share has equal rights to dividends and has equal rights to participate in a distribution arising from a winding up of the Company.

The Company issued 47,614,000 additional ordinary shares on 27 June 2022 raising gross proceeds of £52,851,540. The share issue costs incurred to raise the funding was £971,557. Accrued share issuance costs of £22,432 relating to the previous accounting year was rebated. The net share issuance costs for the year therefore amounted to £949,124.

## 13. Special distributable reserve

At 31 December 2022 the special distributable reserve account was £114,617,564. (2021: 118,435,271).

## 14. Net asset value per ordinary share

The basic total net assets per ordinary share is based on the net assets attributable to equity shareholders as at 31 December 2022 of £218,899,172 (2021: £141,841,774) and ordinary shares of 184,622,487 (2021: 137,008,487) in issue at 31 December 2022.

There is no dilution effect and therefore no difference between the diluted total net assets per ordinary share and the basic total net assets per ordinary share.

## 15. Cash and Cash equivalents

At the year end, the Company had cash of £23.3 (2021: £11.3) million. This balance was held by the Royal Bank of Scotland.

## 16. Financial Risk Management

The Company's investment activities expose it to a variety of financial risks, including, interest rate risk, foreign exchange risk, power price risk, credit risk and liquidity risk. The Board of Directors have overall responsibility for overseeing the management of financial risks, however the review and management of financial risks are delegated to the AIFM and Investment Manager.

Each risk and its management are summarised below.

### *Foreign exchange risk*

Foreign exchange risk is defined as the risk that the fair value of future cash flows will fluctuate because of changes in foreign exchange rates. The Company monitors its foreign exchange exposures using its near-term and long-term cash flow forecasts. Its policy is to use foreign exchange hedging to provide protection to the level of sterling distributions that the Company aims to receive from portfolio companies over the medium-term, where considered appropriate. This may involve the use of forward exchange. The Company's sensitivity to foreign exchange risk can be seen in note 9.

### *Interest rate risk*

The Company may be exposed to changes in variable market rates of interest as this could impact the discount rate and therefore the valuation of the projects as well as the fair value of the loan receivables. The Company is not considered to be materially exposed to interest rate risk.

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2022 are summarised below:

<b>Assets</b>	<b>Interest Bearing £'000s</b>	<b>Non- Interest bearing £'000s</b>	<b>Total £'000s</b>
Cash and cash equivalents	–	23,328	23,328
Trade and other receivables	–	567	567
Investments at fair value through profit and loss	151,757	45,109	196,866
<b>Total assets at 31 December 2022</b>	<b>151,757</b>	<b>69,004</b>	<b>220,761</b>
<b>Total assets at 31 December 2021</b>	<b>113,749</b>	<b>29,293</b>	<b>143,042</b>
<b>Liabilities</b>			
Accrued expenses	–	(1,862)	(1,862)
<b>Total liabilities at 31 December 2022</b>	<b>–</b>	<b>(1,862)</b>	<b>(1,862)</b>
<b>Total liabilities at 31 December 2021</b>	<b>–</b>	<b>(1,201)</b>	<b>(1,201)</b>

#### *Liquidity risk*

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. The Investment Manager, AIFM and the Board continuously monitor forecast and actual cash flows from operating, financing, and investing activities to consider payment of dividends, repayment of trade and other payables or funding further investing activities.

The Company ensures it maintains adequate reserves, will put in place banking facilities and will continuously monitor forecast and actual cash flows to seek to match the maturity profiles of financial assets and liabilities.

At the year end, the Company's investments were in secured loan and equity investments in private companies, in which there is no listed market and therefore such investments would take time to realise, and there is no assurance that the valuations placed on the investments would be achieved from any such sale process. The Company's Hold Co is the entity through which the Company holds its investments, the liquidity of Hold Co is reflective of the investments in which it holds. The Company's main subsidiary holds an RCF, which has currently been undrawn.

	Less than 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
<b>Assets</b>				
Investments at fair value through profit and loss (note 9)	–	–	196,866	196,866
Trade and other receivables	252	–	–	252
Cash and cash equivalents	23,328	–	–	23,328
<b>Liabilities</b>				
Trade and other payables	(1,862)	–	–	(1,862)
Total at 31 December 2022	21,718	–	196,866	218,584
Total at 31 December 2021	10,333	–	131,508	141,841

### **Credit risk**

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company. It is a key part of the pre-investment due diligence. The credit standing of the companies which the Company intends to lend or invest is reviewed, and the risk of default estimated for each significant counterparty position. Monitoring is on-going, and year end positions are reported to the Board on a quarterly basis.

Credit risk may also arise from cash and cash equivalents and deposits with banks and financial institutions. The Company and its subsidiaries may mitigate their risk on cash investments by only transacting with major international financial institutions with high credit ratings assigned by international credit rating agencies.

The carrying value of the investments and cash represent the Company's maximum exposure to credit risk.

The Company's credit risk exposure as at 31 December 2022 is summarised below:

	<b>As at 31 December 2022 £'000s</b>	<b>As at 31 December 2021 £'000s</b>
Trade and other receivables	252	-
Loan Investment	151,757	113,749
Cash and cash equivalents	23,328	11,254
<b>Total</b>	<b>175,337</b>	<b>125,003</b>

There is a loan agreement between the Company and DORE Hold Co Limited for £200,000,000 (2021: £120,000,000). DORE Hold Co Limited is a wholly owned subsidiary of the Company. The total undrawn facility is £48,243,010.

#### *Price risk*

Price risk is defined as the risk that the fair value of a financial instrument held by the Company will fluctuate. Investments are measured at FVTPL. As at 31 December 2022, the Company held three investments through its intermediate holding company. The value of the underlying renewable energy investments held by Hold Co will vary according to a number of factors including discount rate used, asset performance and forecast power prices.

#### *Capital risk management*

The capital structure of the Company at the year-end consists of equity attributable to equity holders of the Company, comprising issued capital and reserves. The Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

#### *Market risk*

Returns from the Company's investments are affected by the price at which the investments are acquired. The value of these investments will be a function of the discounted value of their expected future cash flows, and as such will vary with, *inter alia*, movements in interest rates, market prices and the competition for such assets. The Investment Manager carries out a full valuation quarterly and this valuation exercise takes into account changes described above.



## 17. Unconsolidated subsidiaries, associates and joint ventures

The following table shows subsidiaries of the Group. As the Company is regarded as an Investment Entity as referred to in note 2, these subsidiaries have not been consolidated in the preparation of the financial statements:

Investment	Place of Business	Ownership Interest as at 31 December 2022
DORE Hold Co Limited <sup>7</sup>	England <sup>8</sup>	100%
DORE Sweden Hold Co Limited <sup>18</sup>	England <sup>17</sup>	100%
Downing Hydro AB <sup>9</sup>	Sweden <sup>10</sup>	100%
Abercomyn Solar Ltd <sup>21</sup>	England <sup>17</sup>	100%
Andover Airfield Solar Developments Ltd <sup>20</sup>	England <sup>17</sup>	100%
Appleton Renewable Energy <sup>11</sup>	England <sup>17</sup>	100%
Appleton Renewables <sup>21</sup>	England <sup>17</sup>	100%
Beeston Solar Energy Ltd <sup>12</sup>	England <sup>17</sup>	100%
Beeston Solar Ltd <sup>21</sup>	England <sup>17</sup>	100%
Bourne Park Solar Ltd <sup>13</sup>	England <sup>17</sup>	100%
Brookside Solar Ltd <sup>21</sup>	England <sup>17</sup>	100%
Brown Argus Trading Ltd <sup>23</sup>	England <sup>17</sup>	100%
Chalkhill Commercial PV Ltd <sup>23</sup>	England <sup>17</sup>	100%
Chalkhill Life Holdings Ltd <sup>18</sup>	England <sup>17</sup>	100%
Deeside Solar Farm Ltd <sup>14</sup>	England <sup>17</sup>	100%
Emerald Isle Solar Energy Ltd <sup>15</sup>	Northern Ireland <sup>17</sup>	100%
Emerald Isle Solar Ltd <sup>21</sup>	Northern Ireland <sup>17</sup>	100%
Greenacre Redbridge Ltd <sup>25</sup>	England <sup>17</sup>	100%
Greenacre Solar Energy Ltd <sup>16</sup>	England <sup>17</sup>	100%
Greenacre Solar Ltd <sup>21</sup>	England <sup>17</sup>	100%
Heulwen Solar Ltd <sup>21</sup>	England <sup>17</sup>	100%
Hulse Energy Ltd <sup>21</sup>	Northern Ireland <sup>17</sup>	100%
Hulse Renewable Energy Ltd <sup>17</sup>	Northern Ireland <sup>17</sup>	100%
KPP132 Ltd <sup>27</sup>	England <sup>17</sup>	100%
KPP141 Ltd <sup>33</sup>	Northern Ireland <sup>17</sup>	100%
Moray Energy Ltd <sup>18</sup>	Northern Ireland <sup>17</sup>	100%
Moray Power (UK) Ltd <sup>27</sup>	Northern Ireland <sup>17</sup>	100%
Moray Power Ltd <sup>21</sup>	Northern Ireland <sup>17</sup>	100%
Newton Solar Energy Ltd <sup>19</sup>	England <sup>17</sup>	100%
Newton Solar Ltd <sup>21</sup>	England <sup>17</sup>	100%
Penarth Energy Ltd <sup>21</sup>	England <sup>17</sup>	100%
Ridgeway Solar Energy Ltd <sup>20</sup>	England <sup>17</sup>	100%
Ridgeway Solar Ltd <sup>21</sup>	England <sup>17</sup>	100%
Ringlet Trading Ltd <sup>23</sup>	England <sup>17</sup>	100%
ROC Solar (UK) Ltd <sup>21</sup>	Northern Ireland <sup>17</sup>	100%
ROC Solar Ltd <sup>21</sup>	Northern Ireland <sup>17</sup>	100%
Solar Finco 1 Limited <sup>22</sup>	England <sup>17</sup>	100%
Solar Finco 2 Limited <sup>23</sup>	England <sup>17</sup>	100%
Solar Finco 3 Limited <sup>23</sup>	England <sup>17</sup>	100%

Investment	Place of Business	Ownership Interest as at 31 December 2022
TGC Solar Oakfield Ltd <sup>29</sup>	England <sup>17</sup>	100%
Triumph Renewable Energy Ltd <sup>33</sup>	Northern Ireland <sup>17</sup>	100%
Triumph Solar Energy Ltd <sup>24</sup>	Northern Ireland <sup>17</sup>	100%
Triumph Solar Ltd <sup>21</sup>	Northern Ireland <sup>17</sup>	100%
Voltaise (UK) Ltd <sup>25</sup>	England <sup>17</sup>	100%
Voltaise Ltd <sup>21</sup>	England <sup>17</sup>	100%
Wakehurst Renewable Energy Ltd <sup>26</sup>	Northern Ireland <sup>17</sup>	100%
Wakehurst Renewables Ltd <sup>21</sup>	Northern Ireland <sup>17</sup>	100%
York NIHE Ltd <sup>36</sup>	Northern Ireland <sup>17</sup>	100%
York Renewable Energy Ltd <sup>27</sup>	England <sup>17</sup>	100%
York Renewables Ltd <sup>21</sup>	Northern Ireland <sup>17</sup>	100%
Watten i Sverige AB <sup>28</sup>	Sweden <sup>10</sup>	100%
Edsbyn Vattenkraft AB <sup>28</sup>	Sweden <sup>10</sup>	100%
Downing Summit AB <sup>28</sup>	Sweden <sup>10</sup>	100%
AB Rots Ovre Kraftverk <sup>28</sup>	Sweden <sup>10</sup>	100%
ASI Produktion AB <sup>28</sup>	Sweden <sup>10</sup>	100%
Downing Wind Sweden Holdco AB <sup>9</sup>	Sweden <sup>10</sup>	100%
Gabrielsberget Syd Vind AB <sup>29</sup>	Sweden <sup>10</sup>	100%

- 7 DORE Hold Co is the intermediate holding company of the Group, this is 100% owned by DORE PLC
- 8 The Registered office is St Magnus House, 3 Lower Thames Street, London EC3R 6HD
- 9 These Companies are 100% owned by DORE Hold Co Limited
- 10 The registered office is c/o Cirio Advokatbyrå Box 3294, 103 65 Stockholm
- 11 Appleton Renewable Energy Ltd is 100% owned by Appleton Renewables, Appleton Renewable Energy Ltd, in turn owns 100% of Andover Airfield Solar Developments Ltd
- 12 These companies are 100% owned by Solar Finco 1 Ltd
- 13 Bourne Park Solar is 100% owned by Penarth Energy Ltd
- 14 These companies are 100% owned by Chalkhill Life Holdings Ltd
- 15 Emerald Isle Solar Energy Limited is 100% owned by Emerald Isle Solar Ltd
- 16 Both companies are 100% owned by Greenacre Solar Ltd
- 17 Hulse Renewable Energy Ltd is 100% owned by Hulse Energy Ltd
- 18 Moray Energy Ltd and Moray Power (UK) are 100% owned by Moray Power Ltd, Moray Power (UK) Ltd owns 100% of KPP 132 Ltd
- 19 Newton Solar Energy is 100% owned by Newton Solar Ltd
- 20 Both companies are 100% owned by Ridgeway Solar Ltd
- 21 ROC Solar (UK) Ltd is 100% owned by ROC Solar Ltd
- 22 Solar Finco 1 Ltd is 100% owned by Solar Finco 2 Ltd
- 23 Solar Finco 2 Ltd is 100% owned by Solar Finco 3 Ltd
- 24 Triumph Solar Energy is 100% owned by Triumph Solar Ltd, Triumph Solar Energy Ltd in turn owns 100% of Triumph Renewable Energy Ltd and KPP 141 Ltd.

- 24 Triumph Solar Energy is 100% owned by Triumph Solar Ltd, Triumph Solar Energy Ltd in turn owns 100% of Triumph Renewable Energy Ltd and KPP 141 Ltd.
- 25 Voltaire (UK) Limited is 100% owned by Voltaire Ltd.
- 26 Wakehurst Renewable Energy Ltd is 100% owned by Wakehurst Renewables Ltd
- 27 These Companies are 100% owned by York Renewables Ltd
- 28 These Companies are 100% owned by Downing Hydro AB
- 29 These Companies are 100% owned by Downing Wind Sweden Holdco AB

## 18. Employees and Directors

The Company is governed by a Board of Directors, all of whom are independent and non-executive. During the year, they received fees for their services of £125,000 (2021: £145,833). The Company has 3 non-executive Directors.

Other than the Directors, the Company had no employees during the year.

## 19. Contingencies and commitments

The Company has no commitments or contingencies.(2021: no commitments or contingencies). The total undrawn facility on the loan between the Company and DORE Hold Co Limited is £48,243,010.

## 20. Dividends declared

As outlined on page 8 of the Chairman's statement, in the IPO Prospectus on 12 November 2020, the Company was targeting an initial annualised dividend yield of 3% by reference to the IPO price of £1.00, in respect of the financial year from IPO on 10 December 2020 to 31 December 2021 (equating to 3.0 pence per share), rising to a target annualised dividend yield of 5% by reference to the IPO price in respect of the financial year to 31 December 2022.

Interim dividends paid during the year ended 31 December 2022	Dividend per share pence	Total dividend £'000s
With respect to the quarter ended 30 December 2021	1.25	1,713
With respect to the quarter ended 31 March 2022	1.25	1,712
With respect to the quarter ended 30 June 2022	1.25	2,308
With respect to the quarter ended 31 September 2022	1.25	2,308
	<b>5.00</b>	<b>8,041</b>

<b>Interim dividends declared after 31 December 2022 and not accrued in the year</b>	<b>Dividend per share pence</b>	<b>Total dividend £'000s</b>
With respect to the quarter ended 31 December 2022	1.25	2,308
	<b>1.25</b>	<b>2,308</b>

On 23 February 2023, The Board declared an interim dividend of 1.25 pence per share with respect to the year ended 31 December 2022.

The Dividend is expected to be paid on or around 31 March 2023 to shareholders on the register on 3 March 2023. The ex-dividend date is 2 March 2023.

As announced in September 2021, the Company has increased the dividend to 5 pence representing a dividend per share of 1.25 pence for the quarter ending September 2021 and thereafter.

During the year, the Board declared four interim dividends of 1.25 pence per share in respect of the quarterly periods ending 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022. As outlined in the Company's Prospectus, the Company has chosen to designate part of these interim dividends as an interest distribution.

The dividend for the period to 31 December 2022, was paid as 0.425 pence per share as an interest payment and 0.825 as an ordinary dividend. The dividend paid for the period to 31 March 2022 was paid as 0.437 pence per share as an interest payment and 0.813 as an ordinary dividend. The dividend paid for the period to 30 June 2022 was paid as 0.5 pence per share as an interest payment and 0.750 as an ordinary dividend. The dividend paid for the period to 30 September 2022 was paid as 0.625 pence per share as an interest payment and 0.625 as an ordinary dividend.

Shareholders in receipt of such a dividend will be treated for UK tax purposes as though they have received a payment of interest in respect of the interest distribution element of this dividend. This will result in a reduction in the corporation tax payable by the Company.

## **21. Events after the balance sheet date**

### ***Dividends***

On 24 February 2023, The Board declared an interim dividend of 1.25 pence per share with respect to the period ended 31 December 2022.

The dividend is expected to be paid on or around 31 March 2023 to shareholders on the register on 3 March 2023. The ex-dividend date is 2 March 2023.

The target dividend for the year from 1 January 2023 has been increased by 7.6% to 5.38 pence per ordinary share.

### *Acquisitions*

The Company, through its main subsidiary acquired two operational power plants located in Sweden for £5.1 million.

## **22. Related party transactions**

The amounts incurred in respect of the Investment Management fees during the year to 31 December 2022 was £1,781,037. Of this amount, £1,426,289 were unpaid at 31 December 2022.

The Investment Manager is owed £113,830 commission in respect of funds raised during the placing, open offer, offer for subscription and intermediaries offer. This amount remained unpaid at the year end.

The amounts paid in respect of Directors fees during the year to 31 December 2022 was £125,000. The directors fees were increased by £5,000 per annum from 1 October 2022 which remains unpaid. The amounts paid to individual directors during the year were as follows:

<b>Hugh W M Little (Chair)</b>	£50,000, with an amount of £1,250 unpaid.
<b>Jo Holt</b>	£35,000, with an amount of £1,250 unpaid.
<b>Ashley Paxton</b>	£40,000, with an amount of £1,250 unpaid.

Due to the Company being an externally managed investment company, there are no other fees due to key management personnel.

### *Intercompany Loans*

During the year interest totalling £7.79 (2021: £4.98) million was charged on the Company's long-term interest-bearing loan between the Company and its subsidiary. At the year end, £1.7 (2021: £2.4) million remained unpaid.

The loan to DORE Hold Co Limited is unsecured. As at the balance sheet date, the loan balance stood at £151.7 (2021: £113.7) million.

# Alternative Performance Measures

In reporting financial information, the Company presents alternative performance measures, ("APMs"), which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company. The APMs presented in this report are shown below:

## Gross Asset Value or GAV

A measure of total asset value including debt held in unconsolidated subsidiaries.

As at 31 December 2022		Page	As at 31 December 2022 £'000	As at 31 December 2021 £'000
NAV	a	113	218,899	141,841
Debt held in unconsolidated subsidiaries	b	n/a	91,495	79,250
<b>Gross Asset Value</b>	<b>a + b</b>		<b>310,394,595</b>	<b>221,091</b>

## NAV Total Return

A measure of NAV performance over the reporting year (including dividends paid). NAV total return is shown as a percentage change from the start of the year. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

Year Ended 31 December 2022			Page	As at 31 December 2022 £'000	As at 31 December 2021 £'000
NAV at 1 January 2022	pence	a	n/a	103.5	98.00
NAV at 31 December 2022	pence	b	113	118.6	103.5
Reinvestment assumption	pence	c	n/a	0.1	0.02
Dividends paid	pence	d	8	5	2.25
<b>Total NAV Return</b>				<b>19.5%</b>	<b>7.9%</b>

### Total Shareholder Return

A measure of share price performance over the reporting year (including dividends reinvested). Share price total return is shown as a percentage change from the start of the year. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex-dividend.

Year Ended 31 December 2022			Page	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Opening price at 1 January 2022	pence	a	n/a	103.50	100.00
Closing price at 31 December 2022	pence	b	4	113.50	103.50
Benefits of reinvesting dividends	pence	c	n/a	0.06	0.03
Dividends paid	pence	d	8	5	2.25
<b>Total Return</b>		<b>((b + c + d)/a) - 1</b>		<b>15.1%</b>	<b>5.8%</b>

### Ongoing Charges

A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running the Company per Ordinary Share. This has been calculated and disclosed in accordance with the AIC methodology.

Year Ended 31 December 2022		Page	Year Ended 31 December 2022 £'000	Year Ended 31 December 2021 £'000
Average NAV	a	n/a	200,318	126,443
Annualised Expenses	b	n/a	2,907	2,056
<b>Ongoing charges ratio</b>	<b>b / a</b>		<b>1.5%</b>	<b>1.6%</b>



## Dividend yield

This is the annualised measure of the amount of cash dividends paid out to shareholders relative to the IPO price of £1.00 per share and the issue price.

Year Ended 31 December 2022			Page	Year Ended 31 December 2022 £'000	Year Ended 31 December 2021 £'000
Dividend from IPO to 31 December 2022	pence	a	n/a	7.25	3.50
Ordinary Share price as at 31 December 2022	pence	b	4	113.50	103.50
Issue price at IPO	pence	c	n/a	100.00	100.00
Annualisation factor		d	n/a	0.95	0.95
<b>Dividend yield by reference to share price</b>		<b>(a/b * d)</b>		<b>6.07%</b>	<b>3.32%</b>
<b>Dividend yield by reference to Issue Price</b>		<b>(a/c * d)</b>		<b>6.89%</b>	<b>3.31%</b>

## Dividend Cover

Dividend cover illustrates the number of times the Company's cash flow can cover its dividend payments to Shareholders.

Dividend Cover Year Ended 31 December 2022			Page	Year Ended 31 December 2022 £'000	Year Ended 31 December 2021 £'000
Cash flows (from portfolio companies)		a	n/a	12,135	4,678
Cash expenses (Company and Hold Co)		b	n/a	(2,767)	(1,339)
Dividends for FY 2022 (excluding new equity)		c	n/a	7,446	2,756
Dividends for FY 2022 (including new equity)		d	n/a	8,041	2,938
<b>Dividend Cover excluding new equity</b>		<b>(a + b) / c</b>		<b>1.26</b>	<b>1.21</b>
<b>Dividend Cover including new issuance</b>		<b>(a + b) / d</b>		<b>1.17</b>	<b>1.14</b>

# SFDR Periodic Disclosure Template (Unaudited)

As a Financial Market Participant with products labelled as Article 9 under the EU's Sustainable Finance Disclosure Regulation, the Company is required to make a statement on principal adverse sustainability impacts. These are included alongside other indicators in the table on pages 28 and 29.

SFDR indicators not included in the table on pages 28 and 29 as not relevant to infrastructure investment (i.e. more applicable to listed investments) are:

- Exposure to companies active in the fossil fuel sector
- Exposure to energy-inefficient real estate assets
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Emissions to water
- Exposure to controversial weapons

Under Annex V, a template periodic report for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 is required. This follows for DORE.

## To what extent was the sustainable investment objective of this financial product met?

Did this financial product have a sustainable investment objective? [tick and fill in as relevant, the percentage figure represents the sustainable investments]	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: <u>100</u>%</b> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> It made <b>sustainable investments with a social objective: ____%</b>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective  <input type="checkbox"/> It promotes E/S characteristics, but <b>did not make any sustainable investments</b>

The Company is an impact fund, falling under Article 9 of the European Union's Sustainable Finance Disclosure Regulation, with a core sustainable investment objective to accelerate the transition to net zero through its investments, compiling and operating a diversified portfolio of renewable energy and infrastructure assets to help facilitate the transition to a more sustainable future. This directly contributes to climate change mitigation.

This objective above has been met by investments in renewable energy.

*How did the sustainability indicators perform?*

The performance of sustainability indicators can be found in the preceding section.

*...and compared to previous periods?*

As this is the first reporting period, a comparison to previous periods is not made. The 2023 Disclosure will include commentary to compare to 2022.

*How did the sustainable investments not cause significant harm to any sustainable investment objective?*

The pre-investment scorecard and process (see next section) captures risk of significant harm through either a low overall score, or through a low score to individual questions. The ESG team independently review and provide an opinion, up to recording any risk and plans to mitigate. In the period, no deals were rejected based on causing harm to a sustainability objective. Instead, investments in renewable energy contributed to the objective of reducing or avoiding greenhouse emissions, and therefore climate change mitigation.

*How did this financial product consider principal adverse impacts on sustainability factors?*

Pre-investment research uses a proprietary scorecard based on multiple sustainability factors and assesses risks or other potential indicators for adverse sustainability impacts. The EU Taxonomy and the Do No Significant Harm criteria are also referenced within the scorecard and process. The objective is to identify any risks and provide a foundation for future monitoring and engagement.

As investors in infrastructure, data availability and likelihood of occurrence for breaches of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is different to other asset classes like listed equity. Our approach is to monitor via quarterly declarations in the Operations & Maintenance providers' KPI forms and to assume providers have correctly reported with no violations unless notified.

## **2. What were the top investments of this financial product?**

During the reference period, which is full year 2022, the top three largest investments by installed capacity were the Gabrielsberget Syd Vind AB wind farm in Sweden (46MW), the Summit hydro plant also in Sweden (14MW) and a residential solar portfolio in N. Ireland (13.1 MW).

The Portfolio Summary section has full investments of this financial product, including infrastructure sub-sector and location.

### 3. What was the proportion of sustainability-related investments?

*What was the asset allocation?*

100% to renewable power, based on this flow described in the guidance for Annex V:

Investment → #1 Sustainable (environmental objectives) → Environmental → Taxonomy-aligned

Note we have legacy assets transferred in from other entities that have not been assessed through the research and scorecard process described in part 1 above. However given the sector of these assets, they are assumed to meet the technical screening criteria for sustainability under the Taxonomy: wind, solar and hydro (using the run of river qualification).

*In which economic sectors were the investments made?*

Following the EU Taxonomy Compass: Sector is Energy, Activity is Electricity generation from hydropower, Electricity generation from wind power, Electricity generation using solar photovoltaic technology.

*What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?*

0%

*What was the share of socially sustainable investments?*

0%

*What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?*

None.

### 4. What actions were taken to attain the sustainable investment objective during the reference period?

The objective, in line with DORE’s prospectus, was attained by the generation of renewable power as a natural contributor to climate change mitigation by reducing the emissions from burning fossil fuels to generate power. Three actions in particular were taken.

Robust integration of material sustainability factors, risks and potentially adverse impacts to investment committee discussions and decisions.

Active ownership and monitoring these sustainability impacts post-investment.

A dynamic, internal ESG dashboard for KPIs – including Scope 1-3, plus avoided, greenhouse gas emissions – is used to report performance of sustainability indicators during the reference period.

# GRI Standards

We recognise the Global Reporting Initiative as the global best practice for sustainability reporting. Relevant indicators are mapped below.

## Statement of use

The Company has reported the information cited in this GRI content index for the period 1 January to 31 December 2022 with reference to the GRI Standards.

GRI 1 used, GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Legal name & Ownership: Downing Renewables & Infrastructure Trust PLC ("DORE" or the "Company") Location of headquarters: London Counties of operation: UK, Sweden
	2-3 Reporting period, frequency and contact point	1 Jan to 31 Dec 2022. Annual reporting. Contact: Roger Lewis, Head of ESG
	2-4 Restatements of information	None
	2-5 External assurance	None
	2-23 Policy commitments	This report: Chairman's Statement
	2-28 Membership associations	This report: Downing's approach to sustainability
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Key Performance Indicators on pages 28 and 29
	302-3 Energy intensity	Key Performance Indicators on pages 28 and 29
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Key Performance Indicators on pages 28 and 29
	304-2 Significant impacts of activities, products and services on biodiversity	Key Performance Indicators on pages 28 and 29
	304-3 Habitats protected or restored	Key Performance Indicators on pages 28 and 29
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Key Performance Indicators on pages 28 and 29
	305-2 Energy indirect (Scope 2) GHG emissions	Key Performance Indicators on pages 28 and 29
	305-3 Other indirect (Scope 3) GHG emissions	Key Performance Indicators on pages 28 and 29
	305-4 GHG emissions intensity	Key Performance Indicators on pages 28 and 29
	305-5 Reduction of GHG emissions	Key Performance Indicators on pages 28 and 29
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Key Performance Indicators on pages 28 and 29
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Key Performance Indicators on pages 28 and 29
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Key Performance Indicators on pages 28 and 29

# Glossary

<b>2016 Paris Agreement</b>	an agreement within the United Nations Framework Convention on Climate Change, dealing with greenhouse-gas-emissions mitigation, adaption, and finance, signed in 2016
<b>AIC</b>	Association of Investment Companies
<b>Asset Manager</b>	INFRAM LLP a company operated by Downing LLP. Downing LLP is the controlling member.
<b>CCGT</b>	Combined Cycle Gas Turbines
<b>Corporate PPA</b>	a PPA with a corporate end-user of electricity rather than with an electricity utility
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>CO<sub>2</sub>e</b>	Carbon dioxide equivalent
<b>COP26</b>	The 2021 United Nations Climate Change Conference
<b>DHAB</b>	Downing Hydro AB
<b>distribution network</b>	low voltage electricity network that carries electricity locally from the substation to the end-user
<b>ESG</b>	environmental, social and governance
<b>FiT</b>	feed-in tariff
<b>GAV</b>	Gross asset value – the aggregate value of the Group's underlying investments, cash and cash equivalents, and third-party borrowings.
<b>GBP</b>	Pounds Sterling
<b>GHG</b>	Greenhouse Gas
<b>Group</b>	the Company and its subsidiaries
<b>GW</b>	Gigawatt
<b>GWh</b>	Gigawatt hours
<b>Investment Manager</b>	Downing LLP (Company No: OC341575)
<b>IPO</b>	Initial Public Offering
<b>KPI</b>	key performance indicator
<b>MW</b>	Megawatt
<b>MWh</b>	Megawatt hour
<b>MWp</b>	Megawatt peak
<b>NAV</b>	Net asset value
<b>NAV Total Return</b>	A measure of NAV performance over the reporting year (including dividends paid)

<b>NIROC/s</b>	Northern Ireland ROC/s
<b>O&amp;M</b>	operations and maintenance
<b>Ofgem</b>	the Office of Gas and Electricity Markets
<b>Offtaker</b>	a purchaser of electricity and/or ROCs under a PPA
<b>Other Infrastructure</b>	Means other infrastructure assets and investments in businesses whose principal revenues are not derived from the generation and sale of electricity on the wholesale electricity markets
<b>PPA</b>	a power purchase agreement
<b>PPS</b>	Pence per share
<b>RCF</b>	Revolving credit facility
<b>Renewable Energy Directive</b>	EU Renewable Energy Directive (2009/28/EC)
<b>RO</b>	Renewables Obligation
<b>ROC/s</b>	renewables obligation certificate/s
<b>SE2</b>	South Sweden
<b>SE3</b>	North Sweden
<b>SEB</b>	Skandinaviska Enskilda Banken AB
<b>SEK</b>	Swedish Kroner
<b>SEM</b>	Single Electricity Market
<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>Solar PV</b>	photovoltaic solar
<b>SORP</b>	Statement of recommended practise
<b>SPV</b>	Special purpose vehicle
<b>Sustainable Development Goals</b>	Set out in the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015
<b>Total Shareholder Return</b>	A measure of share price performance over the reporting year (including dividends reinvested)
<b>transmission network</b>	high voltage power lines that transport electricity across large distances at volume, from large power stations to the substations upon which the distribution networks connect



# Cautionary Statement

The Review Section of this report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Review Section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager concerning, amongst other things, the Investment Objectives and Investment Policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend

on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. In addition, the Review Section may include target figures for future financial year. Any such figures are targets only and are not forecasts.

This Annual Report has been prepared for the Company as a whole and therefore gives greater emphasis to those matters which are significant in respect of Downing Renewables & Infrastructure Trust PLC and its subsidiary undertakings when viewed as a whole.

# Company Information

<b>Directors (all non-executive)</b>	Hugh W M Little (Chair) Joanna Holt Ashley Paxton	<b>Sponsor</b>	Singer Capital Markets Advisory 1 Bartholomew Lane London EC2N 2AX
<b>Registered Office</b>	Link Company Matters Limited 6 <sup>th</sup> Floor 65 Gresham Street London EC2V 7NQ	<b>Company Secretary</b>	Link Company Matters Limited 6 <sup>th</sup> Floor 65 Gresham Street London EC2V 7NQ
<b>AIFM and Administrator</b>	Gallium Fund Solutions Limited Gallium House Unit 2 Station Court Borough Green Sevenoaks Kent TN15 8AD	<b>Solicitors to the Company</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Investment Manager</b>	Downing LLP 6 <sup>th</sup> Floor Saint Magnus House 3 Lower Thames Street London EC3R 6HD	<b>Registrar</b>	Link Group 10 <sup>th</sup> Floor Central Square 29 Wellington Street Leeds LS1 4DL
<b>Joint Brokers</b>	Singer Capital Markets LLP 1 Bartholomew Lane London EC2N 2AX  Winterflood Securities Limited The Atrium Building Cannon Bridge House 25 Dowgate Hill London EC4R 2GA	<b>Depository</b>	Gallium P E Depository Limited Gallium House Unit 2 Station Court Borough Green Sevenoaks Kent TN15 8AD
		<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# Shareholder Information

## Key Dates

<b>March 2023</b>	Annual results announced Payment of fourth interim dividend
<b>June 2023</b>	Annual General Meeting
<b>June 2023</b>	Company's half-year end Payment of first interim dividend
<b>September 2023</b>	Interim result announced Payment of second interim dividend
<b>December 2023</b>	Company's year end Payment of third interim dividend

\* These dates are provisional and subject to change.

## Frequency of NAV Publication

The Company's NAV is released to the London Stock Exchange on a quarterly basis and is published on the Company's website.

## Share Register Enquiries

The register for the Company's shares is maintained by Link Group. If you have any queries in relation to your shareholding, please contact the Registrar on 0371 664 0300 or on +44 (0)371 664 0300, UK Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. You can also contact the Registrar by email at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk) or by sending a letter to Link Group, 10<sup>th</sup> Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

## Sources of Further Information

Copies of the Company's Annual and Interim Reports, stock exchange announcements and further information on the Company can be obtained from the Company's website [www.doretrust.com](http://www.doretrust.com).

## Contacting the Company

Shareholder queries are welcomed by the Company. While any queries regarding your shareholding should be raised with the Registrar, shareholders who wish to raise any other matters with the Company may do so by emailing the Company Secretary at [dorecosec@linkgroup.co.uk](mailto:dorecosec@linkgroup.co.uk).



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