NET ASSET VALUE - 30 SEPTEMBER 2022

ATRATO ONSITE ENERGY PLC

Released 05:00:08 31 October 2022

RNS Number : 5765E
Atrato Onsite Energy PLC
31 October 2022

31 October 2022

LEI: 213800IE1PPREDIIZB62

Atrato Onsite Energy plc

(the "Company")

Net Asset Value as at 30 September 2022

Atrato Onsite Energy plc (LSE: ROOF), the renewables investment trust focusing on UK commercial onsite solar, announces its unaudited net asset value ("**NAV**") as at 30 September 2022 and an investment and pipeline update.

Net Asset Value

The Company's NAV as at 30 September 2022 was £139 million (92.8 pence per Ordinary Share).

The NAV reflects the valuation of the Company's portfolio and incorporates the costs associated with the Company's Initial Public Offering ("**IPO**"), ongoing running costs and dividend distributions.

The Company has invested one-third of its IPO proceeds to date. These assets are performing in line with expectations and together with higher realised inflation, made a positive contribution to NAV. This has been offset by the first year's dividend, fund management fees and a prudent increase to the valuation discount rate.

Elevated macro-economic volatility, higher inflation expectations and UK political uncertainty over recent weeks has led to an increase in long-term UK government bond yields. Given the scale of the movements, Atrato Partners Limited (the "**Investment Adviser**") and the Board have conservatively valued the portfolio based on a weighted average unlevered discount rate of 6.6%. This discount rate is materially higher than the average unlevered discount rates observed in the UK renewables market. The increase in the discount rate equated to a reduction in the NAV of 6.5 pence per share.

The Company's future pipeline will be underwritten based on this increased discount rate. As such the company expects to deliver a return in-line with its original target as set out at IPO.

Market Backdrop

A multitude of factors have driven UK wholesale electricity prices to historic highs. Daily prices reached almost £600/MWh in August 2022. For August as a whole, the average auction price exceeded £370/MWh, compared to £107/MWh last year and £37/MWh in August 2020.

This was followed by UK legislation that provided financial support for businesses struggling with higher energy costs. Further legislation has been proposed to impose an effective cap on the revenues earned by non-fossil fuel generators. While the level and scope of such a cap remains to be determined, the energy price cap is expected to be set higher than the typical rate for the Company's PPAs. The Company is therefore confident that its PPA rates will continue to offer significant economic savings to clients.

Investment Update

At the time of the interim results, the Company published a selected pipeline of near-term projects to be completed by September 2022 (worth £39m), and a further batch of projects that were due to be completed by December 2022 (worth £86m, the "**December Selected Pipeline**").

The initial target was met in September with the Company successfully committing a total of £49m, amassing a portfolio with a total capacity of 62MWp. Highlights of the portfolio include:

- *37 sites across the UK, in six industries, including pharma, manufacturing and grocery*
- *> 90%[i] of the forecast energy generation contracted under minimum purchase obligations*
- *Weighted average unexpired Power Purchase Agreements ("PPA") term of 19 years.*
- *c. 40% of revenue benefits from uncapped inflation and c. 50% from fixed annual uplifts[ii].*
- *Free cash flow generated from the portfolio covers c. 50% of the Company's target dividend.*

Pipeline Update

The December Selected Pipeline remains broadly intact. However, the recent market backdrop of economic and political instability has led in some cases for the Company and in other cases the off-taker, to delay the decision to execute on those deals. The Company has revised its deployment timeline and now expects be fully deployed by CY 2Q23. The Investment Adviser has also increased its selected near-term pipeline from £86m to £100m, out of a total pipeline worth £360m. A more detailed update on the pipeline will be provided at the Company's full year results announcement which will be published on 29 November.

Outlook

Whilst the recent weeks have been challenging, there are now encouraging signs of stability. The recent increase in the cost of capital is reflected in all new PPA proposals. The Investment Adviser is confident that these costs can be passed through whilst still offering corporates compelling financial savings.

The Company's strategy is at the confluence of two major global macroeconomic investment themes, structurally higher energy prices and corporate and government commitments to reach net zero. The investment case underpinning these two long-term thematics continues to strengthen and hence the Company is very well positioned for the future.

ENQUIRIES

Atrato Partners Limited Gurpreet Gujral Francisca Wiggins Christopher Fearon	+44 (0)20 3790 8087
Alvarium Securities Limited Mark Thompson Eddie Nissen Oliver Kenyon	+44 (0)20 7016 6711 +44 (0)20 7016 6713 +44 (0)20 7016 6704
Kaso Legg Communications Charles Gorman Millie Steyn	atrato@kl-communications.com +44 (0)20 3995 6673 +44 (0)20 3995 6671

Notes to Editors

Atrato Onsite Energy plc (LSE: ROOF) is an investment company focused on onsite green energy generation, providing new renewable energy capacity with 100% carbon traceability to industrial and commercial counterparties. The Company focuses on UK commercial rooftop solar, helping its corporate clients achieve net zero and reduce their energy bills. It raised £150 million in a significantly oversubscribed IPO in November 2021. Atrato Onsite Energy provides investors with attractive capital growth and secure, index-linked income, targeting a 5% dividend yield and a total shareholder return of 8 - 10%[iii]. Its shares were admitted to trading on the premium segment of the Main Market of the London Stock Exchange on 23 November 2021. Atrato Partners Limited is the Company's investment adviser.

Further information is available on the Company's website, www.atratoroof.com.

---

[i] The minimum contracted amount of energy (kWh) to be consumed in that year / forecast annual generation (kWh) from the first operational year following financial close

[ii] Proportionate revenues are projections based on our first full year of operations (2024)

[iii] The target dividend and target NAV Total Return set out above are targets only and are not profit forecasts. There can be no assurance that these targets can or will be met. These targets have been developed based upon assumptions with respect to future business decisions and conditions that are subject to change, including the Company's execution of its investment objective and strategies, as well as growth in the sector and markets in which the Company operates. As a result, the Company's actual results may vary from the targets set out above and those variations may be material. The target dividend yield reflects the IPO price of 100 pence per Ordinary Share.

END

NAVDGBDGRUXDGDG