NS Half-year/Interim Report

Downing Renewables & Infrastructure Trust

HALF-YEAR REPORT

DOWNING RENEWABLES & INFRASTRUCTURE TRUST PLC

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Interim Report and Accounts

Downing Renewables & Infrastructure Trust plc ("DORE" or "the Company") announces its interim results for the six months ended 30 June 2023.

The Interim Report and Accounts can be found on the Company's website at: https://www.doretrust.com/investor-relations.

Highlights

- Acquired a portfolio of operational solar PV assets located in the UK for £12.6 million. The addition of the new portfolio will increase the total number of DORE's managed solar assets to c.4,800 with a total annual average production of 100 GWh.
- Committed 9% of net asset value ("NAV") to non-energy generating assets, significantly increasing the diversification across technologies and revenues through:
  - Signing an agreement to acquire the Company's first grid services asset, Mersey Reactive Power, a UK-based, fully operational 200 MVAr shunt reactor for £11.0 million. Completion is subject to Ofgem approval.
  - Post period end, acquiring a Swedish Electricity Distribution System Operator for £7 million. This regulated electricity distributor delivers 16-18 GWh per annum of electricity through medium and low voltage lines to its c.1,500 domestic and business customers in Stromsund, northern Sweden.
- Continued to grow the Swedish hydropower platform with two accretive acquisitions, increasing the generation capacity by 4.4%.
- NAV as at 30 June 2023 of £217 million, equal to 118.0 pence per ordinary share, down a marginal 0.6 pence per ordinary share compared to the NAV as at 31 December 2022. The fall was driven primarily by decreased power price forecasts.
- NAV total return of 6.0% for the 12 months to 30 June 2023 and 30.5% since IPO.
- Interim dividends per ordinary share of 2.595 pence paid during the period and a further 1.345 pence per ordinary share declared (but not accrued) relating to the three months to June 2023 to be paid in September 2023.
- The Portfolio generated 207 GWh of renewable energy during the period, avoiding 97,461 tonnes of CO_2e and powering the equivalent of 153,146 UK homes' typical electricity demands for this period.

Hugh Little, Chair, Downing Renewables & Infrastructure Trust plc, commented:

"DORE has remained resilient in the first half of this year, despite the continued market volatility. The Company has now fully deployed all of its cash, with the acquisition of a Swedish electricity distribution system operator and an agreement to buy our first grid services asset further growing and diversifying the portfolio. We believe DORE is well positioned to continue providing its shareholders with attractive and sustainable long-term returns, taking advantage of the global transition to net zero. We look forward to providing further positive news in the second half of the year."

Tom Williams, Partner, Head of Energy and Infrastructure at Downing LLP, commented:

"The untapped potential of the existing portfolio continues to represent a significant opportunity for value creation. We have made excellent progress both towards entry into the lucrative frequency markets through our digitalisation and optimisation programme in the hydropower portfolio and also in securing grid connections for new build battery projects on our existing land holdings in Sweden."

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About Downing Renewables & Infrastructure Trust plc (DORE)

DORE is a closed-end investment trust that 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 and Northern Europe. DORE has been awarded the London Stock Exchange's Green Economy Mark in recognition of its contribution to the global 'Green Economy' and also in 2022 DORE won 'Renewables Fund of the Year' at the Sustainable Investment Awards.

The Board classifies DORE as a sustainable fund with a core objective of accelerating 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.

DORE's strategy, which focuses on diversification by geography, technology, revenue and project stage, is designed to increase the stability of revenues and the consistency of income to shareholders. For further details please visit www.doretrust.com

About Downing LLP

Downing is a responsible investment manager established in London in 1986. We currently manage £1.8 billion of assets under a broad range of investment mandates across our funds, investment trusts and tax-efficient products. As a certified B Corporation, we are focussed on creating a sustainable future, our key investment areas are renewable energy, infrastructure, property and healthcare.

Downing has c.60 professionals dedicated to renewable energy and infrastructure and a proven track record in renewables. Since 2010, Downing has made more than 175 investments and has c.£795 million of assets under management in solar, wind, hydro and battery storage technology.

For further details please visit www.downing.co.uk

Key Metrics

	As at or for period ended 30 June 2023	**As at or for year ended 31 December 2022**
Market capitalisation	£184m	£210m
Share price	100.0 pence	113.5 pence
Dividends with respect to the period	£5.0m	£8.0m
Dividends with respect to the period per ordinary share	2.69 pence	5.0 pence
GAV[1,2]	£319m	£311m
NAV	£217m	£219m
NAV per share	118.0 pence	118.6 pence
NAV total return with respect to the period[1,2,4]	1.6%	19.5%
Total Shareholder Return with respect to the period[1,2]	-10.5%	15.1%
NAV total return since inception[1,2,3]	30.5%	28.5%

Total Shareholder Return since inception[1,3]	2.5%	21.1%
Weighted average discount rate[1]	7.8%	7.7%

During the period, assets saved 97,460 tonnes of CO2 and powered the equivalent of 153,146 UK homes' typical electricity demands for this period.

Chairman's Statement

On behalf of the Board, I am pleased to present the Interim report of the Company covering the period from 1 January 2023 to 30 June 2023 (the "Interim Report").

Acquisitions

In the Company's Annual Report I wrote how the Investment Manager had continued to make great progress in deploying the Company's funds in Q1 2023, completing the acquisition of two additional operational hydropower plants in Sweden (with annual generation of 8.3GWh), located on the Gilleran and Moalven rivers in the SE2 electricity pricing zone, for £5.1 million.

In this period, the Investment Manager has continued to support the Company's investment strategy to increase stability of revenues and consistency of income to shareholders through its acquisition of a portfolio of operational solar PV assets located in the UK for £12.6 million. The 13.0 MWp portfolio of two ground-mounted sites and approximately 1,600 commercial and residential installations benefits from high levels of feed-in tariffs and renewable obligation certificate subsidies. The new portfolio will increase the total number of DORE's managed solar assets to c.4,800 with a total annual average production of 100 GWh.

Diversification remains central to our strategy. During the period we signed an agreement to acquire our first grid services asset, Mersey Reactive Power. This acquisition demonstrates the Company's commitment to constructing a diversified portfolio designed to provide greater certainty of future revenues and predictability of income to shareholders by increasing its access to non-generational assets. The project, which has an expected asset life of 40 years, supports the UK's electricity system in voltage management, providing increased network resilience, reducing costs to consumers and lowering carbon emissions by providing an alternative to fossil fuels. Mersey Reactive Power has an initial fixed priced, inflation-linked, availability-based contract with National Grid ESO until 2031. The acquisition will provide a new, long-term, revenue stream for DORE, one that is not derived from the sale of power on the wholesale markets.

After the period end, DORE made its second acquisition in the grid and grid stability services sector, a Swedish Electricity Distribution System Operator, Blasjon Nat AB ("Blasjon"), for c.£7 million. The Company is a regulated electricity distributor, which delivers 16-18 GWh per annum of electricity through medium and low voltage lines to its c.1,500 domestic and business customers in Stromsund, northern Sweden.

Further details on the acquisitions during the period can be found in the full Interim Report.

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 when making new investments, the Group can draw on two separate loan facility agreements: a £40 million Revolving Credit Facility ("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 SEB debt benefits from swaps until the end of 2032, the total costs of drawn debt being 2.3%. As at 30 June 2023, the Santander facility was not drawn on, while EUR 27.4 million of the SEB facility was utilised. Within the United Kingdom solar portfolio there is a principal amount of £68.5 million lent by Aviva and £10.1 million lent by institutional investors managed by Vantage Infrastructure. Approximately 12% of the Aviva debt is fixed at an interest rate of 3.37% and the interest rate is fixed in real terms on the remaining balance at 0.5%. The Vantage Infrastructure managed facility has an all-in fixed rate of 1.54%.

The Company has substantially deployed all of its remaining cash and post period end has drawn down £8.5 million of the RCF to fund the acquisition of Blasjon. A further £11m will be drawn at completion of the Mersey Reactive Power acquisition.

Financial Results

During the period to 30 June 2023 the NAV per ordinary share decreased from 118.6 pence at 31 December 2022 to 118.0 pence, an decrease of 0.5% and representing total return of 1.6% including dividends paid. The NAV total return from IPO to 30 June 2023 is 30.5%, when dividends paid of 9.85 pence per ordinary share are included.

The Company made a profit for the period to 30 June 2023 of £3.8 million, resulting in earnings per ordinary share of 2.90 pence.

Portfolio Performance

The 4,863 operating assets produced approximately 207GWh of renewable electricity during the reporting period. The assets continue to perform well, with operating profit for the 12 months to June 2023 18% ahead of budget at £26.2million.

For the period between 1 January 2023 and 30 June 2023, energy generation was ahead of expectations for the wind assets as a result of strong availability and good wind speeds. Generation in the hydropower and solar portfolios was below expectations because of dry conditions and several ongoing technical performance enhancement projects on the solar portfolio. The portfolio produced an operating profit 8% lower than expected as a result of low power prices in Sweden during spring 2023 and the lower generation mentioned above.

Dividends

The Company's dividend in respect of the quarter to 31 December 2022 of 1.25 pence per share was announced and paid during the period. The Board was also pleased to announce a target dividend of 5.38pps relating to the year to 31 December 2023, a 7.6% increase from 2022. The first increased quarterly dividend of 1.345 pence per share was paid in June 2023. I am pleased to report that a further dividend of 1.345 pence per share has been announced and will be paid on or around 29 September 2023 in respect of the quarter to 30 June 2023.

Capital Structure

The Board continues to keep the Company's share price discount under close review and is committed to buying back its own shares when deemed appropriate. While share buy-backs will not necessarily prevent the discount from widening, particularly in times of market weakness or volatility, the Board believes that buybacks enhance the NAV per share for remaining shareholders, provide some additional market liquidity and help to mitigate discount volatility which can damage shareholder returns.

During the six months to 30 June 2023, the Company has bought back a total of 702,500 shares into treasury at a cost of £0.7 million. Since the period end, a further 815,000 shares have been bought back into treasury at a cost of £0.6 million. As at 15 September 2023, the Company had 184,622,487 shares in issue (including 1,567,500 shares held in treasury, which are available to be resold at a premium to NAV per ordinary share if the opportunity

arises).The Company has purchased shares where it believes this is 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.

Outlook

The Board is pleased with the recent deployment of £17.7 million in the three high-quality investments made in the period and especially pleased with the progress made into the grid services market. Both Mersey Reactive Power, a UK based shunt reactor being signed in June and Blasjon, a Swedish Electricity Distribution System Operator, committed or completed after period end.

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 Investment Manager is making strong progress exploring opportunities to maximise returns within the hydro portfolio including options to integrate battery storage and gain access to Sweden's growing Frequency Containment Reserve ("FCR") markets. The Company will continue to leverage the deep expertise of the Investment Manager to deliver strong operational performance while placing its sustainability goals at the centre of its operational objectives.

Hugh W M Little
Chair
15 September 2023
Downing Renewables & Infrastructure Trust PLC

Portfolio Summary

At the period end the Company owned 197 MWp of hydropower, wind and solar assets with an annual generation of around 414 GWh. The portfolio is diversified across 4,863 individual installations and across five different energy markets.

During the period the Group added an additional 14 MW of solar and hydropower assets with an additional annual generation of 20 GWh.

The Company also signed agreements to purchase two non-generational assets. A Swedish distribution network which serves 1,500 domestic and business customers and an English 200 MVAr shunt reactor.

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

Portfolio composition by valuation, as at 30 June 2023

Technology by GAV	
Hydro	42%
Solar	47%
Wind	9%
Cash	2%

Geographic Exposure by GAV	
Sweden	51%
Great Britain	38%
Northern Ireland	9%
Cash	2%

Power Market Exposure by GAV	
Sweden SE2	25%
Sweden SE3	21%
Sweden SE4	4%
Great Britain	38%
Northern Ireland	9%
Cash	2%

Portfolio composition post acquisitions of Mersey and Blasjon:

Technology by GAV	
Hydro	39%
Solar	44%
Wind	8%
Grid Services	6%
Cash	2%

Geographic Exposure by GAV	
Sweden	51%
Great Britain	39%
Northern Ireland	8%
Cash	2%

Power Market Exposure by GAV	
Sweden SE2	24%
Sweden SE3	20%
Sweden SE4	4%
Great Britain	36%
Northern Ireland	8%
No Exposure	6%
Cash	2%

Investment	**Technology**	**Date Acquired**	**Location**	**Power Market /**	**Installed capacity**	**Expected annual**

				Subsidy	(MW)	generation (GWh)
Ugsi	Hydro	Feb-21	Alvadalen, Sweden	SE3 / n/a	1.8	9.9
Bathusstrommen	Hydro	Feb-21	Alvadalen, Sweden	SE3 / n/a	3.5	10.3
Asteby	Hydro	Feb-21	Torsby, Sweden	SE3 / n/a	0.7	2.8
Fensbol	Hydro	Feb-21	Torsby, Sweden	SE3 / n/a	3	14.1
Rodbjorke	Hydro	Feb-21	Torsby, Sweden	SE3 / n/a	3.3	14.9
Vals	Hydro	Feb-21	Torsby, Sweden	SE3 / n/a	0.8	3.2
Torsby	Hydro	Feb-21	Torsby, Sweden	SE3 / n/a	3.1	13.7
Tvarforsen	Hydro	Feb-21	Torsby, Sweden	SE2 / n/a	9.5	37
Sutton Bridge	Ground mount solar	Mar-21	Somerset, England	UK / ROC	6.7	6.7
Andover Airfield	Ground mount solar	Mar-21	Hampshire, England	UK / ROC	4.3	4.1
Kingsland Barton	Ground mount solar	Mar-21	Devon, England	UK / ROC	6	5.8
Bourne Park	Ground mount solar	Mar-21	Dorset, England	UK / ROC	6	6.0
Laughton Levels	Ground mount solar	Mar-21	East Sussex, England	UK / ROC	8.3	8.8
Deeside	Ground mount solar	Mar-21	Flintshire, Wales	UK / FiT	3.8	3.4
Redbridge Farm	Ground mount solar	Mar-21	Dorset, England	UK / ROC	4.3	4.2
Iwood	Ground mount solar	Mar-21	Somerset, England	UK / ROC	9.6	9.3
New Rendy	Ground mount solar	Mar-21	Somerset, England	UK / ROC	4.8	4.7
Redcourt	Ground mount solar	Mar-21	Carmarthenshire, Wales	UK / ROC	3.2	3.1
Oakfield	Ground mount solar	Mar-21	Hampshire, England	UK / ROC	5	4.7
Kerriers	Ground mount solar	Mar-21	Cornwall, England	UK / ROC	10	9.7
RSPCA Llys Nini	Ground mount solar	Mar-21	Swansea, Wales	UK / ROC	0.9	0.9
Commercial portfolio	Rooftop Solar	Mar-21	Various, England	UK / FiT	0.3	0.0
Commercial portfolio	Rooftop Solar	Mar-21	Various, England & Wales	UK / ROC	5.2	4.0
Commercial portfolio	Rooftop Solar	Mar-21	Various, N. Ireland	SEM / NIROC	0.7	1.0
Bombardier	Rooftop Solar	Mar-21	Belfast, N. Ireland	SEM / ROC	3.6	2.8
Residential portfolio	Residential rooftop solar	Mar-21	Various, N. Ireland	SEM / NIROC	13.1	9.6
Lemman	Hydro	Jan-22	Alvdalen, Sweden	SE3 / n/a	0.6	2.5
Ryssa Ovre	Hydro	Jan-22	Mora, Sweden	SE3 / n/a	0.7	2.6
Ryssa Nedre	Hydro	Jan-22	Mora, Sweden	SE3 / n/a	0.6	2.4
Rots Ovre	Hydro	Jan-22	Alvdalen, Sweden	SE3 / n/a	0.7	2.8
Rots Nedre	Hydro	Jan-22	Alvdalen, Sweden	SE3 / n/a	0.4	1.4
Gabrielsberget Syd Vind AB	Wind	Jan-22	Aspea, Sweden	SE2 / n/a	46.0	107.9
Vallhaga	Hydro	Jan-22	Edsbyn, Sweden	SE2 / n/a	2.5	12.9
Osterforsens Kraftstation	Hydro	Jan-22	Edsbyn, Sweden	SE2 / n/a	1.6	11.5
Bornforsen 1	Hydro	Jan-22	Edsbyn, Sweden	SE2 / n/a	0.7	2.9
Bornforsen 2	Hydro	Jan-22	Edsbyn, Sweden	SE2 / n/a	1.5	9.3
Fridafors	Hydro	May-22	Fridafors, Sweden	SE4 / n/a	4.4	16.9
Summit	Hydro	Oct-22	Sweden	SE3 /n/a	3.1	13.4
Summit	Hydro	Oct-22	Sweden	SE2/ n/a	0.3	1.2
Hogforsen	Hydro	Feb-23	Sweden	SE2/ n/a	0.3	2.5
Gottne	Hydro	Feb-23	Sweden	SE2/ n/a	0.8	5.8
AEE Renewables UK 13	Solar	Apr-23	Devon, England	UK / ROC/FiT	5.5	5.4
Gloucester Wind	Solar	Apr-23	Various, England and Wales	UK / FiT	1.1	1.0
Hewas Solar	Solar	Apr-23	Various, England and Wales	UK / FiT	2.0	1.7
Penhale Solar	Solar	Apr-23	Surrey, England	UK / FiT	0.3	0.3
Priory Farm Solar Farm	Solar	Apr-23	Suffolk, England	UK / ROC	3.2	2.4
St Colomb Solar	Solar	Apr-23	Various, England and Scotland	UK / FiT	0.8	0.6
TOTAL AS AT 30 JUNE 2023:					**198.6**	**402.1**

Post balance sheet date acquisitions and commitments:

Investment	Technology	Date Acquired	Location	Power Market / Subsidy	Installed capacity (MW)	Expected annual generation (GWh)
Mersey	Grid Services	June-23	United Kingdom	United Kingdom	n/a	n/a
Blue Sea	Grid Services	July-23	Sweden	SE2	n/a	n/a
TOTAL AS AT THE DATE OF THIS REPORT:					**198.6**	**402.1**

Investment Manager's Report

Introduction

The first half of 2023 has been busy but rewarding, with the Company making three new investments during the period, spending £17.7 million. The assets acquired during and after the period end further underpins the Company's commitment to pursuing a highly diversified investment strategy. The investments provide new, long-term, revenue streams including revenues not derived from the sale of power on the wholesale markets. The Company also increased its Revolving Credit Facility from £25 million to £40 million.

Acquisitions

During the first half of the year, we have continued to grow our portfolio and have made four acquisitions in the hydropower, solar and grid services sectors. This comprises two additional Swedish hydropower portfolios to complement the Company's existing portfolio and a portfolio of Solar PV assets located in the UK. The Company further diversified its energy market exposure by signing an agreement to acquire its first grid services asset, a 200 MVAr UK-based shunt reactor. After period end, the Company acquired a Swedish grid services company.

Solar - Occasum Project
In April 2023, the Group acquired a portfolio of operational solar PV assets located in the UK for a cash consideration of £12.6 million. The 13.0 MWp portfolio of two ground-mounted sites and approximately 1,600 commercial and residential installations benefits from high levels of feed-in tariffs and renewable obligation certificate subsidies. Due to the revenue profile of these assets, this acquisition increases the percentage of revenue from subsidies from 51% to 54% across our solar portfolio.

The new portfolio will increase the total number of DORE's managed solar assets to c.4,800 with a total annual average production of 100 GWh.

DORE will remain unaffected by the UK's Electricity Generator Levy ("EGL") following this acquisition, with the Company having significant headroom in the EGL's annual allowance.

Hydro - Downing Hydro AB ("DHAB")
DHAB is the vehicle through which the Group acquires and owns its portfolio of hydropower plants.

In February 2023, the Group acquired a 2.5 GWh hydropower plant in Hogforsen, on the Gilleran river, a tributary to the Indalsalven river. The plant was commissioned in 1915 and in 2011, the plant underwent a major renovation, including replacement of generator, turbine and control system.

In March 2023, the group acquired a 6 GWh hydropower plant in the municipality of Gottne, located on the Moalven river. The plant underwent a major refurbishment in 2015.

The acquisitions increase the total number of DORE's managed Swedish hydropower plants to 28 with a total annual average production of 197 GWh. The new hydropower plants will be integrated into the existing portfolio and will continue to support DORE's highly diversified investment strategy, designed to increase the stability of revenues and consistency of income to shareholders.

The acquisitions were accretive to NAV due to operational and capital efficiencies as a result of the integration of the assets into the Company's platform. During the period, a £0.3 million increase in NAV was recognised as the new investments were revalued throughout the period.

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

Grid Services - Blasjon Nat AB (Post Period end)

In July, DORE acquired a Swedish Electricity Distribution System Operator ("DSO"), Blasjon Nat AB ("Blasjon"), for £7.3 million. The Company has acquired 100% of the share capital in Blasjan, a regulated electricity distributor, which delivers 16-18 GWh per annum of electricity through medium and low voltage lines to its c.1,500 domestic and business customers in Stromsund, northern Sweden.

An Electricity DSO is a critical entity within the electricity supply chain that plays a vital role in the efficient and reliable distribution of electrical power to end-users. The electricity distribution system is the part of the power grid responsible for delivering electricity from the transmission system to consumers, businesses, and industries at lower voltage levels.

Blasjon's grid network is 436km in length and comprises overhead lines, three primary and 161 secondary substations. Blasjon operates a licensed monopoly in a highly regulated environment and generates consistent and predictable cashflows that are not directly exposed to energy price fluctuations. This reduces DORE's risk exposure to movements in electricity market prices and increases the Company's revenue diversification. Long term revenues under the regulatory regime are linked to inflation and interest rates. Grid networks are operating businesses with very long-life assets.

This is DORE's second acquisition in the grid and grid stability services sector, and will further support the Company's strategy of constructing a diversified portfolio by increasing the stability of revenues and consistency of income to shareholders. Blasjon will account for 3.5% of the Company's revenues, providing a steady revenue stream throughout the year without being affected by seasonal variations.

Grid Services - Mersey Reactive Power
In June, the Group signed an agreement to acquire Mersey Reactive Power, a UK-based, fully operational 200 Megavoltamperes reactive ("MVAr") shunt reactor for a cash consideration of c.£11.0 million. It is located in Frodsham, Merseyside. Completion is subject to Ofgem approval.

This grid services asset became operational in May 2022 and was the first project to go live as part of the National Grid's Stability Pathfinder initiative. The project, which has an expected asset life of 40 years, supports the UK's electricity system in voltage management, providing increased network resilience, reducing costs to consumers and lowering carbon emissions. Mersey Reactive Power further reinforces the Company's commitment to providing stable revenue through an initial fixed priced, inflation-linked, availability-based contract with National Grid ESO until 2031.

Traditionally, reactive power services have been provided by large fossil fuel plants, but to support the transition to low and zero carbon energy, new sources and providers of reactive power are needed. The Mersey region has been identified as a key problem area for reactive power and as fossil fuel generation assets continue to be decommissioned across the network, reactive power will become more expensive.

In power transmission systems, the interplay between real power and reactive power is crucial for maintaining voltage stability. Real power is the power that does practical work, such as running motors or powering appliances. Reactive power is required to maintain voltage levels in the system and support the flow of real power.

Mersey Reactive Power supports the balancing of real and reactive power through a shunt reactor, a piece of electrical equipment used in high-voltage electricity transmission systems. It is a passive device, meaning it does not generate electricity itself but rather helps in regulating the flow of electricity on the power grid. In power transmission systems, when long transmission lines are not adequately loaded, they may experience overvoltage conditions. Overvoltage can damage equipment and lead to inefficiencies in the transmission network. A shunt reactor is designed to absorb and consume reactive power, which helps in maintaining the voltage levels within an acceptable range.

When the transmission line is lightly loaded or has excess capacitive reactive power, the shunt reactor draws in this reactive power. By doing so, it lowers the voltage levels, preventing overvoltage issues. Conversely, when the load increases, and the system requires more reactive power, the shunt reactor can reduce its absorption, allowing more reactive power to flow through the line and support the voltage levels.

The acquisition will provide a new, long-term, revenue stream for DORE, one that is not derived from the sale of power on the wholesale markets. It demonstrates the Company's continued commitment to pursuing a highly diversified investment strategy. DORE will continue to seek similar opportunities in the grid services sector, constructing a portfolio designed to increase the stability of revenues and consistency of income to shareholders.

Mersey offers a higher than average returns profile compared to other core renewables assets. The investment is materially de-risked by a nine-year, availability based, fully index-linked High Voltage Pathfinder Contract ("Pathfinder Contract") from National Grid.

Market Development and Opportunities

The outlook for the Company is very encouraging. The existing assets continue to operate well and five new acquisitions have been signed in 2023, including the Company's first grid services assets. The Investment Manager is progressing a significant pipeline of opportunities across technologies, geographies and sectors including wind, solar, hydropower, utilities, battery storage and ancillary markets and continues to work to finalise a series of investments that would see the RCF fully utilised. The main geographical focus of the opportunities in progress is the Nordic region and the UK, with certain further opportunities across Northern Europe.

Within the hydro portfolio, the Investment Manager is investigating thoroughly opportunities to maximise revenues and returns, including gaining access to the attractive Swedish Frequency Regulation Markets, by installing add-on equipment and software to the existing hydropower stations and / or the potential integration of battery storage assets on land already owned by the Company.

FCR is a type of ancillary service provided by power system operators to maintain the grid frequency within the standard range. If the frequency deviates from this value, it can cause significant issues and even blackouts. The combination of an increasingly centralised operation system across the hydro portfolio and software and hardware upgrades will enable the Company to regulate its power production to such an extent that it can bid for FCR contracts. The Company is targeting initial participation in this market in Q4 2023.

The Company has a significant landbank alongside its hydropower plants that make suitable locations for battery installations and is well positioned for a reduced cost of entry to the FCR and Fast Frequency Reserve ("FFR") markets. Limited supply in the FCR / FFR markets combined with increased underlying demand as a result of an increased share of intermittent generation in the electricity system has resulted in high FFR and FCR prices, making the market particularly attractive. Batteries, especially large-scale energy storage systems, play a crucial role in modern power systems due to their ability to store and release electricity quickly. This makes them valuable assets for providing FCR and FFR services to the grid.

Portfolio Performance

The 4,863 operating assets produced approximately 207GWh of renewable electricity during the reporting period.

The assets continue to operate well, with operating profit for the 12 months to June 2023 18% ahead of budget. Portfolio generation for the 12-month period was 7.5% under expectations, driven by low natural resource in the wind and hydropower portfolios, and technical performance enhancement projects in the Solar portfolio.

Asset Generation Vs Budget 6 Months to June 2023

	Actual Production (MWh)	Expected Production (MWh)
Hydro	96,630.65	101,497.90
Solar	52,776.55	55,818.93
Wind	57,339.11	53,734.00

For the period of operations from 1 January 2023 to 30 June 2023, generation was ahead of expectations for the wind assets as a result of strong availability and good wind speeds, but slightly lower than expected in the solar and hydropower portfolios.

The solar portfolio performed slightly below expectations, generating 53GWh. The solar portfolio experienced good irradiation levels throughout the period at 4.6% above expectations. The deviation between irradiation and generation was due to several technical performance enhancement projects at some of the older ground mounted sites. These projects, alongside the Asset ManagerÕs dynamic spare parts strategy continue to be addressed by the Asset Manager. A full update on this strategy can be found in the full Interim Report.

The hydropower portfolio performed well from an operational perspective, however precipitation in Sweden was 5% below the long-term average leading to a lower-than-expected generation figure of 96 GWh.

Operating profit was lower than expected as a result of low power prices in Sweden during spring 2023, which impacted both the wind and hydropower portfolios. As previously reported, the hydropower portfolio strategically holds water in reservoirs for release at times when power prices are higher. However, during the period this became difficult due to low inflow and the need to maintain a regulatory minimum release of water from the reservoirs. As detailed under 'Ancilliary Services Projects', Downing is exploring several options to enhance the flexibility and revenue options for the Swedish portfolio to optimise the portfolio's participation in the power market and reduce the direct impact of such periods of low power prices.

Asset Operating Profit Vs Budget for 6 month period to 30 June 2023

	Actual Operating Profit (£m)	Expected Operating Profit (£m)
Hydro	2,409,263	4,507,731
Solar	9,696,816	8,652,643
Wind	845,329	959,726

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, grid and storage technologies. Established in 2019, the team totals 26 and includes expertise across power markets, engineering, data analytics, finance and commercial management.

Health and Safety

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

In order to ensure a comprehensive approach to Health and Safety management, the Asset Manager has engaged a third-party expert to provide health and safety support to assess systems in place and revise existing processes where applicable.

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 and power pricing strategies, the latter enhancing Downing's data driven approach to asset management.

The digitalisation pilot project on the Swedish hydropower sites has progressed well. Onsite remote monitoring was installed at the pilot project sites and successfully connected to a central system that can be used to operate the sites and store the data. Work continued to automate and optimise a production planning and dispatch strategy for the assets, which has previously been calculated manually. This involves incorporating real time data from the sites and their corresponding water reservoirs along with price forecasts and meteorological forecasts to produce automated, site specific dispatch plans. A project is also underway to calibrate the model using historical telemetry data, with a simulation of the tool expected to start next quarter.

The Asset Manager has been working with a specialist artificial intelligence company 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. A report showing the Mean-Time-To-Failure for inverters has been developed which gives insight, based on historical incidents, into when the inverter is likely to fail. There will be further development that aims to include a greater variety of parameters into the model that will provide further insights into the correlation of anomalies and incidents so that maintenance could be scheduled prior to component failures.

During the period, the Asset Manager has continued to enhance existing spare parts strategies, with the aim of reducing downtime and maintaining asset performance given prolonged equipment lead times. The strategy considers all technologies within the DORE portfolio and aims to utilise opportunities of cross compatibility across the portfolio.

During the period, the Asset Manager also completed a successful O&M tender and takeover process for 13 ground mount solar assets, transitioning to new contracts with RES and including additional maintenance stipulations and performance guarantees.

Ancillary Services

A number of ancillary service projects have commenced during the period. These services present opportunities for additional revenue streams for the assets in Sweden, as well as supporting the relevant local grid in balancing supply and demand.

FCR and manual Frequency Restoration Reserve ("mFRR") are services required by the grid when there is an imbalance of electricity between supply and demand, at which point assets are asked to power down or power up. Downing has been exploring these markets and is expecting to participate with the Swedish hydropower plants in Q4 2023. To participate in these markets, the Asset Manager is currently upgrading hardware and software on site to enable additional functionality such as remote switch off/on.

The Asset Manager is also in the process of assessing which Swedish hydropower sites could be suitable for the installation of battery energy storage systems ("BESS"). This involves reviewing space requirements, grid connections and IT infrastructure. Installing BESS will enable the assets to participate in additional frequency regulation markets such as Fast Frequency Reserve ("FFR"), presenting additional revenue stream opportunities for the portfolio.

Financing and Capital Structure

The Company and its subsidiaries ("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 30 June 2023, including project level financing, the Group's leverage stood at 32%. All third party debt is held by the Company's subsidiaries.

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

The Group has access to a loan agreement through its main subsidiary DORE Hold Co 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 from £25m 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 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.

Post period end the Company has drawn down £8.5 million of the RCF to fund the acquisition of Blasjon, and a further £11m will be drawn at completion of Mersey Reactive Power.

Refinancing of Hydropower Assets

In early 2022, DHAB entered into a seven-year bullet repayment EUR 43.5 million debt facility with SEB, a leading corporate bank in the Nordics. As of 30 June 2023, 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 available to fund future capital expenditure requirements and further acquisitions. The total cost of the drawn debt is 2.3%. DHAB benefits from interest rate swaps until the end of 2032.

UK Solar Portfolio

Medium term amortising debt (September 2034 maturity) is in place for the United Kingdom solar portfolio and, as at 30 June 2023, comprised outstanding principal amounts of £68.5 million lent by Aviva and £10.1m lent by institutional investors managed by Vantage Infrastructure.

Approximately 12% of the Aviva 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. The Vantage Infrastructure managed facility has an all in fixed rate of 1.54%.

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

	30 June 2023					31 December 2022				
	Hydro	Wind	Solar	Working capital	Total	Hydro	Wind	Solar	Working capital	Total
Equity value (£m)	110.6	27.7	71.9	6.8	217.0	103.0	26.4	62.6	26.9	218.9
Debt (£m)	23.5	0.0	78.9	0.0	102.4	23.0	0.0	68.5	0.0	91.5
GAV (£m)	134.1	27.7	150.8	6.8	319.4	130.6	25.6	133.7	20.5	310.4

Foreign Exchange

The Group's generation assets in Sweden earn revenues in EUR and incur some operational costs in SEK. Assets in the 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 June 2022 Prospectus. The policy targets hedging expected 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, 39% of the Group's forecast EUR dividend receipts from SPVs out to December 2027 were hedged as at the reporting date.

Dividend Hedging

	% hedged of forecast distributions
2023	84
2024	96
2025	15
2026	19
2027	0

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 for the hedged periods. The fixed price generation position for the portfolio as of 30 June 2023 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 invasion of Ukraine continues to have a major impact on power prices throughout Europe and the UK as European gas supply is dominated by Russia. The UK gas and UK power markets are likely to remain volatile if the uncertainty about the Russian gas supply continues. The Company has taken steps to reduce its exposure to this volatility, due to its high level of fixed pricing over the short to medium term.

Including the acquisitions of Mersey and Blasjon, the Company has increased its percentage of fixed revenues, reducing the percentage of revenue exposed to power markets.

United Kingdom

Weather and LNG gas supply dominated the evolution of forward power prices in the UK in H1 2023. Wind generation reached record highs in the beginning of the quarter which, combined with milder weather, lower demand and rising imports pushed power prices to levels below those at the start of the Ukraine crisis over the course of the quarter. Industrial action in France, North Sea gas outages, news about continued cracks in French nuclear power plants and cold spells in Q1 resulted in various brief uplifts, but overall the forward power prices followed a downward trend in H1, although the market recovered somewhat at the end of Q2.

Nordics

The Nordic power market was dominated by the falling gas and power prices on the continent in H1 2023. A cold spell resulting in a (temporary) increased demand and the delayed spring flood resulted in bullish news in Q1.

Warmer weather than usual combined with the delayed spring flood turned into hydro inflows which were twice as high as the seasonal average, this resulted in a downward pressure at the beginning of Q2. The market recovered again at the end of Q2 when the hydro inflows eased off. The variability in the wind generation added to the volatility on the spot market.

Dividends

The Board has declared the Company's interim dividend of 1.345 pence per share, equivalent to £2.5 million, in respect of the three months to 30 June 2023. Once paid, this will bring total dividends paid in respect of the first half of the financial year to 2.595 pence per share. This dividend is not reflected in the accounts to 30 June 2023.

In the Annual Report to December 2022, the Company announced that it would increase its dividend guidance to target 5.38 pence per share for the 12 months to December 2023, a 7.6% increase from 2022. The increased dividend is expected to be fully covered by income from the current portfolio.

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 paid during the financial year to 31 December 2023 are as follows:

For the Period	Dividend Paid	No. of Shares	Total Dividend (pence per share)	Interest Element (pence per share)	Dividend Element (pence per share)
December 2022	**March 2023**	184,622,487	1.25	0.875	0.375
March 2023	**June 2023**	184,587,487	1.345	0.875	0.470
June 2023	**September 2023**	183,919,987	1.345	1.076	0.269
Total			**3.94**	**2.826**	**1.114**

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 be made within three months of the relevant quarter end.

Valuation of the portfolio

Net asset value

The Company's NAV decreased during the period from £218.9 million to £217.0 million as at 30 June 2023, equivalent to a decrease of 0.6 pence per share from 118.6 pence per share to 118.0 pence per share. The NAV decrease was driven by long term power price forecasts, and an update to discount rates.

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

H1'23 Nav Bridge by Movement	
Opening NAV 1-Jan-23	**218.9**
Management Fee	(1.0)
Other Costs & Charges	(1.9)
Performance	7.2
Power Curve	(9.5)
FX	6.2
Inflation	1.4
Acquisitions (net)	0.7
Other	0.3
Discount Rate	(0.5)
Dividend	(4.8)
Closing NAV 30-Jun-23	**217.0**

Opening

Represents the audited NAV at 31 December 2022.

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

Represents the balance sheet variance at the portfolio company level representing higher cashflows than anticipated in the short term.

Power Prices

The Company uses long-term, 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, along with forward pricing for the first three years. In Sweden, an additional third power price forecast is blended into the curve. 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.

Foreign Exchange

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.

Inflation

Since IPO, the Group has used a near-term annual inflation forecast of 2.25% until December 2023, and a medium-term forecast of 2.75% rising to 3.0% from 2024 for the purposes of UK asset valuations. From 2030 onwards, this forecast reduces to 2.25% because of the RPI reform announced by the UK Government in 2021.

Given the recent increases in inflation throughout 2022 and 2023, the UK inflation forecast for the remainder of 2023 has been increased to an annualised 8.0%.

For the Swedish asset valuations, the Company previously used a near-term inflation forecast of 4.0% and a medium to long-term inflation forecast of 2.0%, which is reflective of the Swedish central bank's target inflation rate.

Again, given the recent increases in inflation throughout 2022 and 2023, the Sweden inflation forecast for the remainder of 2023 has been increased to an annualised 8%.

All models are updated quarterly to reflect actual inflation to date.

Other

Reflects changes to operational contracts (such as insurance), the cost of debt in the future, and other minor changes.

Discount Rates

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. The discount rate of the solar assets has been increased to a weighted average 8.0% from 7.8% to reflect the current market transactions.

Discount rates for the levered solar and hydropower portfolios are 8%. The Company has an unlevered wind asset in Sweden which has a discount rate of 6.5%. The increased discount rates applied to the solar portfolio have resulted in a slightly increased weighted average discount rate from 7.7% to 7.8%.

Dividends

Distributions paid by the Company in the period.

Key Valuation Assumptions

Asset life

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 an indefinite life, the land it is located on is owned and there are no constraints regarding planning and asset valuations are based on a perpetual life. This is the basis for the valuation of the hydropower assets.

The asset life assumed for each of the ground mounted solar sites was set taking into consideration the length of the respective planning consent and term of leasing agreement in place at the time of acquisition. On a capacity-weighted basis this results in an average asset life of close to 25 years. There is an ongoing process underway to extend planning and lease terms to allow the assets to operate for longer than initially expected. This project is expected to increase the weighted useful life of the ground mount portfolio to 27.8 years.

Portfolio Valuation sensitivities

The NAV of the Company comprises the sum of the discounted value of future cash flows of the underlying investments in solar, wind and hydropower assets (being the portfolio valuation), the cash balances of the Company and its holding Company and the other assets and liabilities of 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.

Sensitivities		
	Negative directional change to assumption (pence per share)	Positive directional change to assumption (pence per share)
FX (+/- 5%)	(4.41)	4.87
Inflation (+/- 1%)	(6.17)	6.92
Power Prices (+/- 10%)	(10.86)	10.85
Generation (+/- 5%)	(9.90)	9.94
Discount Rate (+/- 1%)	11.72	(9.78)

Discount Rate

The weighted average discount rate of the portfolio at 30 June 2023 was 7.8%.

The Investment Manager considers a variance of plus or minus 0.5% to be a reasonable range of alternative assumptions for discount rates.

Generation

For the solar assets, our underlying assumption set assumes the 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 also taking into consideration the effect of climate change in the future and validated by technical advisors.

The generation sensitivities use a variance of plus or minus 5% applied to the generation for each year of the asset life.

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% is presented.

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 for each year of the asset life. The Company will also try to ensure sufficient near-term distributions from any non-sterling investments are hedged.

National Storage Mechanism

A copy of the Interim Report will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

LEI Number: 2138004JHBJ7RHDYDR62

For further information, please contact: Link Company Matters Limited, +44 (0)7596 599436

Name of authorised official of issuer responsible for making notification: Link Company Matters Limited, Company Secretary

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[1] These are alternative performance measures.

[2] A measure of total asset value including debt held in unconsolidated subsidiaries.

[3] Total returns in sterling, including dividend reinvested.

[4] Based on NAV at IPO of £0.98/share.

END

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