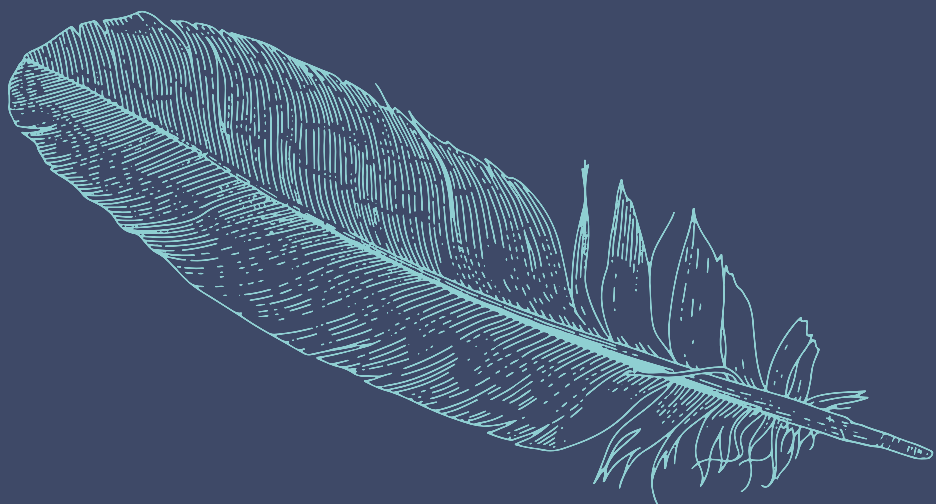
BLACKFINCH

INVESTMENTS

BLACKFINCH ADAPT IHT PORTFOLIOS UPDATE JULY 2020

Invested in real assets, the firms underlying the Adapt IHT Portfolios are successfully navigating through this period. Investments cover renewable energy generation, property development lending and asset-backed finance. This also helps to ensure a positive environmental, social and governance (ESG) impact, as investments can support the environment and economy.

Compared with the market falls and volatility seen in many other sectors, there are opportunities in these specialised areas, with market activity increasing. The firms also continue to apply enhanced contingency measures. Above all they are maintaining their focus on long-term returns for investors.



BLACKFINCH **ENERGY**

Strong deal flow: We continue to see a very positive investment landscape with many new deal introductions and a number of projects under active development. In the last two months the team has had introductions to £100m+ of new investment opportunities. We are currently in exclusivity on two of these, both onshore wind farms in Scotland. We expect the deals to complete in Q3 of this year.

New deal completed: Work has continued on the active development of our six megawatt (MW) peak subsidy-free solar farm in North Wales. We successfully signed the engineering procurement and construction contract, and the operations and maintenance contract, in June. Construction started on site in July. We expect the site to be grid connected before the end of the year.

Continuity of operations: It is very much business as usual at Blackfinch Energy. Our day-to-day operations remain unaffected. The team has proven its ability to operate remotely through the use of technology. Core suppliers have also continued to meet their contractual obligations. There have not been any significant operational issues at energy sites as a result of issues related to the coronavirus pandemic.

Portfolio performance: Our portfolio now stands at 49MW of installed capacity (operational and under construction) across 47 individual sites and 14 project companies. Total generation capacity is c.87 gigawatt hours per annum. Both the performance of the solar and the wind portfolio has been good over the recent period. The wind assets did very well in Q1 on the back of a number of winter storms. The solar assets benefited from unseasonably and prolonged fine weather during April and May.

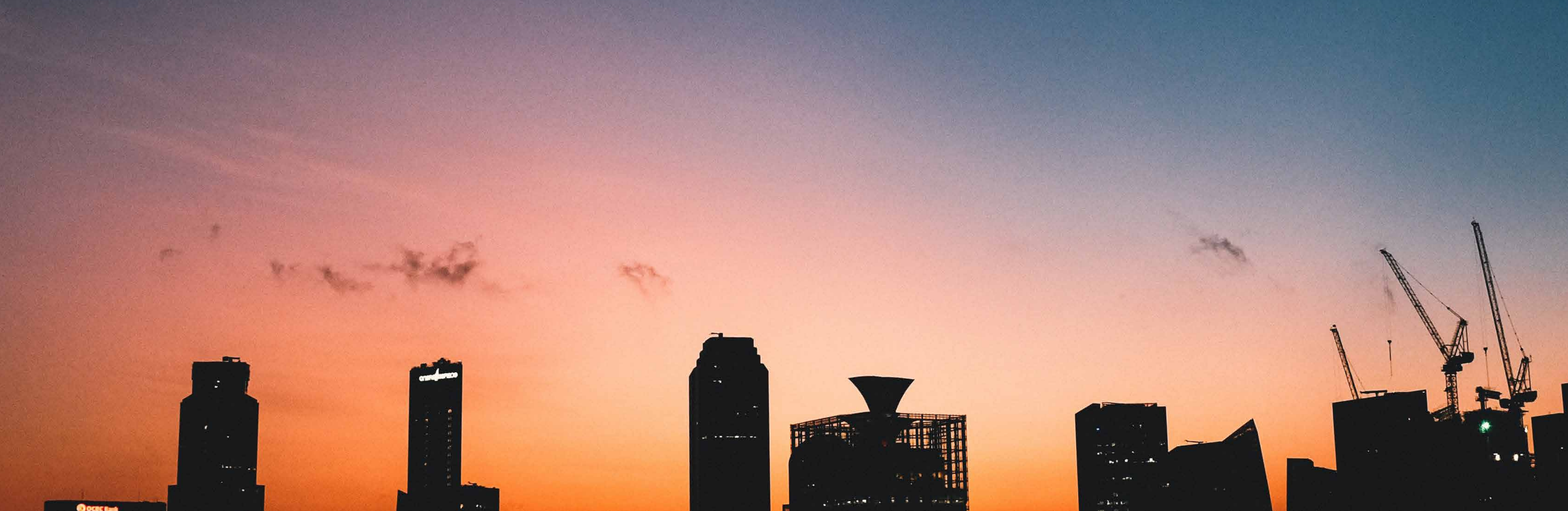
Benefits of real assets: The portfolio's performance underlines the benefits of investing in real assets such as wind and solar farms. These can continue to perform and offer returns uncorrelated with wider stock market volatility. We also have a strong focus on acquiring top-flight technology maintained by leading companies and backed by long-term agreements with availability guarantees. This means that investments are relatively insulated from the wider macro-economic impacts of the coronavirus pandemic. It underscores the benefits of generating energy from sustainable sources, which is good for the environment and helps to mitigate the impacts of climate change.

BLACKFINCH **PROPERTY**

Market activity: The property market certainly picked up in June in terms of sales and construction activity. The feeling in the market from sales agents is that sales volumes increased significantly in June versus June 2019, which is of course due to latent demand. We expect to see continued strong sales volumes in July.

Progress on loans and construction: The increased market activity will help those loans currently in a sales phase. Furthermore, there are now no significant limitations being placed on construction sites. Nearly all sites are fully progressing under new social distancing rules. Our monitoring surveyors will be reporting on these.

Government support: In early July, the Government announced some positive new measures for the property market. These included temporarily increasing the stamp duty threshold from £125k to £500k until the end of March 2021. This should encourage transactions and mitigate against any downward price pressure due to pandemic-related economic fallout. Other measures to reduce VAT for restaurants and hotels and subsidise diners will also help the recovery of these businesses. It also heralds positive news for leisure-based valuations going forward.



BLACKFINCH
INVESTMENTS