

Majority buyout of company owning UK wide ground source heat pump portfolio and its related manager and servicer Rendesco



Company Overview

Rendesco is the UK's leading designer and installer of heat pump technology. It provides a full service offering for commercial properties and large country estates. Founded in 2012, it has installed more than 300 bespoke heat pumps, generating over 30MW of renewable heat energy. It manages and operates the company Renewable Heat Holdings, which owns a UK wide portfolio of approximately 90 heat pump installations with a market value of £15 million.

Transaction Motivation

Heat energy from the assets qualifies under the UK Government's Renewable Heat Incentive (RHI). It results in 20- year inflation-linked revenue to the company via an Ofgem-operated tariff scheme. The expected 20-year return on the portfolio is highly attractive on a risk-adjusted basis versus equivalent maturity UK gilts.

Further, the underlying installations are in newbuild retirement homes widespread around the country. These properties typically have higher and more

predictable heat energy demand. Ownership of the retirement units is widely diversified, reducing exposure to the home operators themselves.

Go Forward Business Plan

Copley Point and its co-investors in the transaction intend to own Renewable Heat Holdings through maturity for cash flow. The portfolio may be expanded, subject to UK legislation developments. Its manager, Rendesco, is already the market leader in its space in the UK. It is led by an exceptional management team, which has retained significant ownership and is strongly aligned to future outcomes.

The company is experiencing rapid growth and expects to develop other managed offerings in future. Simultaneously, it is growing its design, installation and maintenance revenue as uptake of heat pumps continues. It benefits from strong underlying market trends as the UK pursues its emissions target of NetZero 2050, and expectations of a ban on fossil-fuelled heating systems in all new builds by 2025.