

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 (as amended) or, if you are not resident in the UK, from another appropriately authorised independent financial adviser in your own jurisdiction.**

This document comprises a prospectus relating to Gore Street Energy Storage Fund plc (the “**Company**”) prepared in accordance with the Prospectus Rules. This document has been approved by the FCA and has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made to the FCA and the London Stock Exchange for all of the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. Applications will be made for all of the Ordinary Shares and/or C Shares of the Company to be issued pursuant to each Subsequent Placing under the Placing Programme or pursuant to any Additional NTMA Subscription to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. It is expected that Initial Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 16 August 2019 and any Subsequent Admission will become effective and that dealings for normal settlement in such Ordinary Shares and/or C Shares will commence between 19 August 2019 and 15 July 2020. All dealings in Ordinary Shares and/or C Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned. Neither the Ordinary Shares nor the C Shares will be dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

The Company and each of the Directors, whose names appear on page 48 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this entire document and, in particular, the section headed “Risk Factors” when considering an investment in the Company.

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## **GORE STREET ENERGY STORAGE FUND PLC**

*(Incorporated in England and Wales with company no. 11160422 and registered as an investment company under section 833 of the Companies Act 2006)*

INITIAL PLACING, OFFER FOR SUBSCRIPTION AND INTERMEDIARIES OFFER FOR A TARGET ISSUE OF 54,945,000 ORDINARY SHARES AT 91 PENCE PER ORDINARY SHARE<sup>1</sup>

PLACING PROGRAMME OF UP TO 100 MILLION ORDINARY SHARES AND/OR C SHARES

ADDITIONAL NTMA SUBSCRIPTIONS OF UP TO 40 MILLION ORDINARY SHARES

***Adviser***

**Gore Street Capital Limited**

***Sponsor, Broker, Placing Agent and Intermediaries Offer Adviser***

**Shore Capital**

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Shore Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and for no-one else in relation to each Admission and the Issues and the other arrangements referred to in this document. Shore Capital will not regard any other person (whether or not a recipient of this document) as its client in relation to any Admission or the Issues and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to any Admission or the Issues, the contents of this document or any transaction or arrangement referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on Shore Capital by the FSMA or the regulatory regime established thereunder, Shore Capital

does not make any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the C Shares or the Issues. Shore Capital accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might have in respect of this document or any other statement.

The Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended (the “**US Investment Company Act**”) and investors will not be entitled to the benefit of the US Investment Company Act. The Ordinary Shares or C Shares may be offered and sold (i) outside the United States to persons that are not US Persons (as defined in Regulation S) (“**non-US Persons**”) in reliance on Regulation S under the US Securities Act of 1933, as amended (“**Regulation S**” and the “**US Securities Act**”, respectively) and (ii) to persons located inside the United States or US Persons reasonably believed to be “accredited investors” as defined in Rule 501(a) of Regulation D under the US Securities Act (“**Accredited Investors**”) who are also “qualified purchasers” as defined in the US Investment Company Act (“**Qualified Purchasers**”). Resales of Ordinary Shares and C Shares initially purchased by US Persons may only be made (i) outside the United States to non-US Persons in reliance on Regulation S or (ii) to persons located inside the United States or US Persons reasonably believed to be “qualified institutional buyers” (“**QIBs**”), as defined in Rule 144A under the US Securities Act, who are also Qualified Purchasers and provided such resales comply with the procedures described herein. The Company will require the provision of a letter by any initial purchasers who are US Persons containing representations as to status under the US Securities Act and the US Investment Company Act. The Company may refuse to issue Ordinary Shares or C Shares to US Persons or recognise resales by US Persons that do not meet the foregoing requirements.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares and/or C Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM, the Adviser or Shore Capital. Neither the Ordinary Shares nor the C Shares have been, nor will be, registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom or any province or territory of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exceptions, the Ordinary Shares and C Shares may not, directly or indirectly, be offered, sold, taken up or delivered in, into or from any member state of the EEA (other than the United Kingdom or Ireland), Australia, Canada, the Republic of South Africa or Japan (subject to limited exceptions) or to or for the account or benefit of any national, resident or citizen or any person resident in any member state of the EEA (other than the United Kingdom, or to professional investors in Ireland), Australia, Canada, the Republic of South Africa or Japan (subject to limited exceptions). The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves of and observe any such restrictions.

16 July 2019

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1 The Directors have reserved the right, in conjunction with Shore Capital, to increase the size of the Initial Issue to a maximum of 109,890,000 Ordinary Shares if overall demand exceeds 54,945,000 Ordinary Shares, with any such increase being announced through a Regulatory Information Service.

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A-E (A.1-E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

### Section A – Introduction and warnings

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
A.1.	Warning	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Subsequent resale of securities or final placement of securities through financial intermediaries	<p>The Company consents to the use of this document by financial intermediaries in connection with the subsequent resale or final placement of securities by financial intermediaries in connection with the Initial Issue only.</p> <p>The offer period within which any subsequent resale or final placement of securities by Intermediaries can be made and for which consent to use this document is given commences on 1 August 2019 and closes at 3.00 p.m. on 13 August 2019, unless closed prior to that date.</p> <p><b>Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company’s consent and the conditions attached thereto. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Information on the terms and conditions of any subsequent resale or final placement of securities by any Intermediary is to be provided at the time of the offer by the Intermediary.</b></p>

### Section B – Issuer

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
B.1.	Legal and commercial name	Gore Street Energy Storage Fund plc.
B.2.	Domicile and legal form	The Company was incorporated in England and Wales on 19 January 2018 with registered number 11160422 as a public company limited by shares under the Act. The principal legislation under which the Company operates is the Act. The Company is an alternative investment fund pursuant to the AIFMD.

B.5.	Group description	<p>The Company is the ultimate parent company of the Group. The following table sets out the subsidiaries of the Company as at the date of this document:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Name of subsidiary</i></th> <th style="text-align: left;"><i>Country of incorporation</i></th> <th style="text-align: right;"><i>Percentage of issued capital held directly or indirectly by the Company (%)</i></th> </tr> </thead> <tbody> <tr> <td>GSES1 Limited</td> <td>England and Wales</td> <td style="text-align: right;">100</td> </tr> <tr> <td>NK Energy Storage Solutions Limited</td> <td>England and Wales</td> <td style="text-align: right;">100</td> </tr> <tr> <td>NK Boulby Energy Storage Limited</td> <td>England and Wales</td> <td style="text-align: right;">100</td> </tr> <tr> <td>GSC LRPOT Limited</td> <td>England and Wales</td> <td style="text-align: right;">100</td> </tr> <tr> <td>OSSPV 001 Limited</td> <td>England and Wales</td> <td style="text-align: right;">100</td> </tr> <tr> <td>GSF IRE Limited</td> <td>England and Wales</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Drumkee Energy Limited</td> <td>England and Wales</td> <td style="text-align: right;">51</td> </tr> <tr> <td>Mullavilly Energy Limited</td> <td>England and Wales</td> <td style="text-align: right;">51</td> </tr> </tbody> </table>	<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued capital held directly or indirectly by the Company (%)</i>	GSES1 Limited	England and Wales	100	NK Energy Storage Solutions Limited	England and Wales	100	NK Boulby Energy Storage Limited	England and Wales	100	GSC LRPOT Limited	England and Wales	100	OSSPV 001 Limited	England and Wales	100	GSF IRE Limited	England and Wales	100	Drumkee Energy Limited	England and Wales	51	Mullavilly Energy Limited	England and Wales	51															
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B.6.	Major shareholders	<p>So far as is known to the Company, and which is notifiable under the Disclosure Guidance and Transparency Rules, as at the Latest Practicable Date, the following persons held, directly or indirectly, three per cent. or more of the issued Ordinary Shares or the Company's voting rights:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Name</i></th> <th style="text-align: right;"><i>Number of Ordinary Shares held</i></th> <th style="text-align: right;"><i>% of voting rights</i></th> </tr> </thead> <tbody> <tr> <td>NEC Energy Solutions Inc.</td> <td style="text-align: right;">8,000,000</td> <td style="text-align: right;">26.14%</td> </tr> <tr> <td>Nippon Koei Co. Ltd</td> <td style="text-align: right;">6,000,000</td> <td style="text-align: right;">19.61%</td> </tr> <tr> <td>BNY (OSC) Nominees Ltd</td> <td style="text-align: right;">2,000,000</td> <td style="text-align: right;">6.54%</td> </tr> <tr> <td>Merril Lynch Pierce Fenner and Smith Incorporated</td> <td style="text-align: right;">1,850,000</td> <td style="text-align: right;">6.05%</td> </tr> <tr> <td>Goldman Sachs Securities (Nominees) Limited</td> <td style="text-align: right;">1,610,000</td> <td style="text-align: right;">5.26%</td> </tr> </tbody> </table> <p>All holders of Ordinary Shares have the same voting rights in respect of the share capital of the Company.</p> <p>As at the Latest Practicable Date, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.</p>	<i>Name</i>	<i>Number of Ordinary Shares held</i>	<i>% of voting rights</i>	NEC Energy Solutions Inc.	8,000,000	26.14%	Nippon Koei Co. Ltd	6,000,000	19.61%	BNY (OSC) Nominees Ltd	2,000,000	6.54%	Merril Lynch Pierce Fenner and Smith Incorporated	1,850,000	6.05%	Goldman Sachs Securities (Nominees) Limited	1,610,000	5.26%																								
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B.7.	Key financial information	<p>Selected key audited historical financial information which summarises the Group's financial condition in respect of the financial period ended 31 March 2019 is set out in the following table:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><i>As at 31 March 2019 (audited)</i></th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Balance Sheet</b></td> </tr> <tr> <td colspan="2"><b>Non-current assets:</b></td> </tr> <tr> <td>Investments held at fair value through profit or loss</td> <td style="text-align: right;">6,482,964</td> </tr> <tr> <td colspan="2"><b>Current assets</b></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">17,223,770</td> </tr> <tr> <td>Trade and other receivables</td> <td style="text-align: right;">4,616,613</td> </tr> <tr> <td><b>Total assets</b></td> <td style="text-align: right;"><b>28,323,347</b></td> </tr> <tr> <td colspan="2"><b>Current liabilities</b></td> </tr> <tr> <td>Trade and other payables</td> <td style="text-align: right;">207,510</td> </tr> <tr> <td><b>Total liabilities</b></td> <td style="text-align: right;"><b>207,510</b></td> </tr> <tr> <td><b>Total net assets</b></td> <td style="text-align: right;"><b>28,115,837</b></td> </tr> <tr> <td>Net assets per Ordinary Share (cum dividend)</td> <td style="text-align: right;">91.9 pence</td> </tr> <tr> <td colspan="2"><b>Income Statement</b></td> </tr> <tr> <td>Net (loss) on investments at fair value through the profit and loss</td> <td style="text-align: right;">(565,064)</td> </tr> <tr> <td>Investment income</td> <td style="text-align: right;">139,341</td> </tr> <tr> <td>Administrative and other expenses</td> <td style="text-align: right;">(608,749)</td> </tr> <tr> <td>Loss before tax</td> <td style="text-align: right;">(1,034,472)</td> </tr> <tr> <td>Loss after tax and loss for the period</td> <td style="text-align: right;">(1,034,472)</td> </tr> <tr> <td>Total comprehensive loss for the period</td> <td style="text-align: right;">(1,034,472)</td> </tr> <tr> <td>Loss per Ordinary Share</td> <td style="text-align: right;">(3.38) pence</td> </tr> </tbody> </table>		<i>As at 31 March 2019 (audited)</i>	<b>Balance Sheet</b>		<b>Non-current assets:</b>		Investments held at fair value through profit or loss	6,482,964	<b>Current assets</b>		Cash and cash equivalents	17,223,770	Trade and other receivables	4,616,613	<b>Total assets</b>	<b>28,323,347</b>	<b>Current liabilities</b>		Trade and other payables	207,510	<b>Total liabilities</b>	<b>207,510</b>	<b>Total net assets</b>	<b>28,115,837</b>	Net assets per Ordinary Share (cum dividend)	91.9 pence	<b>Income Statement</b>		Net (loss) on investments at fair value through the profit and loss	(565,064)	Investment income	139,341	Administrative and other expenses	(608,749)	Loss before tax	(1,034,472)	Loss after tax and loss for the period	(1,034,472)	Total comprehensive loss for the period	(1,034,472)	Loss per Ordinary Share	(3.38) pence
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		<p>Save as disclosed below, there has been no significant change in the financial condition or operating results of the Company during the period from incorporation to 31 March 2019 or since 31 March 2019, being the date to which the latest audited financial statements of the Company have been prepared.</p> <p>Initial offering: As part of its initial public offering, the Company issued or transferred 30,600,000 Ordinary Shares on 25 May 2018 at a price of 100 pence per Ordinary Share. Net of IPO expenses, on First Admission the Company's NAV was £30.07 million.</p> <p>Net asset value of portfolio companies: The Company is taking a conservative view on estimated cashflow and consequently on evaluating the assets in its portfolio. The impact of the Capacity Market contract suspension and the latest forecast frequency prices were reflected in the audited NAV as at 31 March 2019.</p> <p>Dividends: On 30 November 2018, the Company paid an interim dividend of 2 pence per Ordinary Share for the period from First Admission to 30 September 2018. On 29 March 2019, the Company paid an interim dividend of 1 penny per Ordinary Share for the period from 1 October 2018 to 31 December 2018. On 5 June 2019, the Board declared a dividend of 1 penny per Ordinary Share for the period from 1 January 2019 to 31 March 2019, paid on 5 July 2019 to Shareholders on the register on 14 June 2019.</p> <p>Acquisitions: On 4 June 2019, the Company entered into two sale and purchase agreements in respect of the NI Projects and the RoI Projects.</p>
B.8.	Key pro forma financial information	Not applicable. No <i>pro forma</i> financial information is included in this document.
B.9.	Profit forecast	Not applicable. No profit forecast or estimate has been made in this document.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audited financial statements of the Company do not contain any qualifications.
B.11.	Insufficiency of working capital	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document.
B.34.	Investment objective and policy	<p><i>A resolution is being proposed at the General Meeting to seek approval from Shareholders to amend the current investment policy of the Company to enable the Company to invest a greater percentage of its assets into project opportunities outside the UK although the majority of its assets will be invested into projects within the UK and the Republic of Ireland. The current investment policy provides that the Group's portfolio will be primarily located in the UK but that the Company will consider projects outside the UK, in particular in North America and Western Europe and that the Company does not intend that the aggregate value of investments outside the UK will be more than 30 per cent. of Gross Asset Value (calculated at the time of investment).</i></p> <p><i>It is proposed that the investment policy be amended to state that the Group's portfolio will be primarily located in the UK and the Republic of Ireland and that the Company does not intend that the aggregate value of investments outside the UK and the Republic of Ireland will be more than 40 per cent. of Gross Asset Value (calculated at the time of investment). These amendments are intended to enable the Company to access a more diversified pipeline of future investment opportunities outside the UK, in particular in the Republic of Ireland, Belgium and Germany to enable the Company to take advantage of investment opportunities in stable economies that are at differing stages of renewable and/or energy storage market growth, and with the potential to meet or exceed the Company's unleveraged target returns of 10-12 per cent. (before fees and expenses). Geographical diversification of investments also acts as a mechanism to help protect against any unanticipated negative changes to a single electric market. The Company aims to collaborate with its growing network of third-party developers, EPC contractors, O&amp;M contractors, and battery manufacturers to build a profitable and efficiently managed portfolio.</i></p> <p><i>A blacklined version of the investment objective and investment policy, showing the proposed changes, is set out below.</i></p>

	<p><b>Investment objective</b></p> <p>The Company seeks to provide investors with a sustainable and attractive dividend over the long term by investing in a diversified portfolio of utility scale energy storage projects primarily located in the UK <u>and the Republic of Ireland</u>, although the Company will also consider projects in North America and Western Europe. In addition, the Company seeks to provide investors with an element of capital growth through the re-investment of net cash generated in excess of the target dividend in accordance with the Company's investment policy.</p> <p><b>Investment policy</b></p> <p>The Company will invest in a diversified portfolio of utility scale energy storage projects. The portfolio will be primarily located in the UK <u>and the Republic of Ireland</u> but the Company will consider projects outside the UK <u>and the Republic of Ireland</u>, in particular in North America and Western Europe.</p> <p>Individual projects will be held within special purpose vehicles into which the Company will invest through equity and/or debt instruments. Typically, each special purpose vehicle will hold one project but there may be opportunities where a special purpose vehicle owns more than one project. The Company will typically seek legal and operational control through direct or indirect stakes of up to 100 per cent. in such special purpose vehicles, but may participate in joint ventures or acquire minority interests where this approach enables the Company to gain exposure to assets within the Company's investment policy which the Company would not otherwise be able to acquire on a wholly-owned basis. In such circumstances the Company will seek to secure its shareholder rights through the usual protective provisions in shareholders' agreements and other transactional documents.</p> <p>The Company currently intends to invest primarily in energy storage projects using lithium-ion battery technology as such technology is considered by the Company to offer the best risk/return profile. However, the Company is ultimately agnostic as to which energy storage technology is used by its projects and will monitor projects with alternative battery technologies such as sodium and zinc derived technologies, or other forms of energy storage technology such as flow batteries/machines and compressed air technologies, and will consider such investments (including combinations thereof) where they meet the investment policy and objectives of the Company.</p> <p>The Company does not intend that the aggregate value of investments outside the UK <u>and the Republic of Ireland</u> will be more than 30 40 per cent. of Gross Asset Value (calculated at the time of investment).</p> <p>The Company may invest cash held for working capital purposes and pending investment or distribution in cash or near-cash equivalents, including money market funds.</p> <p>The Company may (but is not obliged to) enter into hedging arrangements in relation to currency, interest rates and/or power prices for the purposes of efficient portfolio management. The Company will not enter into derivative transactions for speculative purposes.</p> <p>The Company intends to invest with a view to holding assets until the end of their useful life. However, assets may be disposed of or otherwise realised where the Adviser determines in its discretion, that such realisation is in the interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise.</p> <p><i>Risk and diversification</i></p> <p>The Board will be focussed on ensuring that there is a sufficient diversity of risk within the Company's portfolio.</p> <p>It is the Company's intention that when any new acquisition is made no single project (or interest in any project) will have an acquisition price (or, if it is an additional interest in an existing investment, the combined value of the Company's existing interest and the additional interest acquired shall not be) greater than 20 per cent. of Gross Asset Value (calculated at the time of acquisition). However, in order to retain flexibility, the Company will be permitted to invest in any single project (or interest in any project) that has an acquisition price of up to a maximum</p>
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		<p>of 25 per cent. of Gross Asset Value (calculated at the time of acquisition). The Company will target a diversified exposure with the aim of holding interests in no fewer than 10 separate projects at any one time once fully invested.</p> <p>Geographical diversification within the Company's portfolio will be achieved through investments located throughout the UK <u>and the Republic of Ireland</u>. As referred to above, the Company may invest in projects outside the UK <u>and the Republic of Ireland</u>, in particular in North America and Western Europe, although it does not intend that the aggregate value of investments outside the UK <u>and the Republic of Ireland</u> will be more than <del>30</del> <u>40</u> per cent. of Gross Asset Value (calculated at the time of investment).</p> <p>Additionally, given the flexibility of batteries as an energy storage technology, revenue diversification can be achieved through the potential to "stack" a number of different income streams with different counterparties, contract lengths and return profiles through one project, such as frequency regulation services to National Grid and/or its subsidiaries and back up capacity power to the Electricity Market Reform delivery body, TNUoS and DUoS reduction and constraint management to industrial clients, as well as wholesale arbitrage to profit from intra-day wholesale electricity prices.</p> <p>The Company will further aim to achieve diversification within the Company's portfolio through the use of a range of third party providers, insofar as appropriate, in respect of each energy storage project such as developers, EPC contractors, O&amp;M contractors, battery manufacturers, landlords and sources of revenue. In addition, each MW of a typical energy storage project will contain a battery system which has a number of battery modules in each stack, each of which is independent and can be replaced separately, thereby reducing the impact on the project as a whole of the failure of one or more battery modules.</p> <p>The Company will not invest in any projects under development so that, save in respect of final delivery and installation of the battery systems, all other key components of the projects are in place before investment or simultaneously <del>arranged</del> <u>agreed</u> at the time of investment (such as land consents, grid access rights, planning, EPC contracts and visibility of revenue contract(s)).</p> <p>No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution and, for so long as the Company's shares are listed on the Official List, in accordance with the Listing Rules.</p>
B.35.	Borrowing limits	<p>While the Company does not have any borrowing restrictions in its Articles, the Company has no present intention to utilise cash borrowings. However, in certain circumstances where the Board deems it appropriate, the Company may use short term leverage to acquire assets but with the intention that such leverage be repaid with funds raised through a new issue of equity or cash flow from the Company's portfolio, although such leverage will not exceed 15 per cent. (at the time of borrowing) of Gross Asset Value without Shareholder approval.</p>
B.36.	Regulatory status	<p>As a public limited company incorporated under the Act that carries on its business as an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the Listing Rules, Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the rules of the London Stock Exchange.</p>
B.37.	Typical investor	<p>Typical investors in the Company are expected to be institutional investors, professionally advised retail investors and non-advised retail investors with at least basic market knowledge and experience, seeking access to a diversified portfolio of utility scale energy storage projects in the UK and elsewhere, in particular in North America and Western Europe.</p> <p>An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).</p> <p>Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under the Financial Services and Markets Act 2000 to assess whether an investment in the Company is suitable.</p>

B.38.	Investment of 20 per cent. or more of gross assets (i) directly or indirectly, in a single underlying asset, (ii) in one or more collective investment undertakings or (iii) exposed to the creditworthiness or solvency of any one counterparty	The Company does not intend to invest 20 per cent. or more of gross assets (i) directly or indirectly, in a single underlying asset or (ii) in one or more collective investment undertakings. However, in order to retain flexibility, the Company will be permitted to invest up to 25 per cent. of gross assets in one project (calculated at the time of investment). Due to the nature of the Company's intended investments, more than 20 per cent. of the gross assets of the Company may be exposed to the creditworthiness of National Grid Electricity System Operator (" <b>NGESO</b> ") (a subsidiary of National Grid, the owner and manager of the electricity transmission network in England and Wales) as a single counterparty. National Grid is admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.
B.39.	Investment of 40 per cent. or more of gross assets in another collective investment undertaking	Not applicable. The Company will not invest 40 per cent. or more of gross assets in another collective investment undertaking.
B.40.	Applicant's service providers	<p><i>AIFM</i></p> <p>The Company has appointed Mirabella Financial Services LLP to act as the Company's alternative investment fund manager for the purposes of the AIFMD. The AIFM is entitled to receive from the Company, in respect of its services provided under the AIFM Agreement, a monthly fee of £7,500 for the term of the AIFM Agreement. In addition, the AIFM is entitled to fees for performing the Annex IV reporting obligations pursuant to the AIFMD ("<b>Annex IV reporting</b>") of £1,000 in respect of the first reporting schedule and £667 for each subsequent filing.</p> <p><i>Adviser</i></p> <p>Gore Street Capital Limited has been appointed as an adviser to the Company and the AIFM. The Adviser advises and supports the AIFM and the Company in all aspects of the AIFM's duties in respect of the Company's assets in accordance with the Company's investment policy and the terms of the Advisory and Services Agreement.</p> <p>Under the terms of the Advisory and Services Agreement, the Adviser is entitled to receive from the Company an advisory fee payable quarterly in arrear calculated at the rate of one-fourth of one per cent. of Adjusted Net Asset Value (the "<b>Advisory Fee</b>"). For these purposes "Adjusted Net Asset Value" means (i) for the four quarters from First Admission, Adjusted Net Asset Value shall be equal to Net Asset Value; (ii) for the next two quarters, Adjusted Net Asset Value shall be equal to Net Asset Value, <i>minus</i> cash on the Company's balance sheet, <i>plus</i> any committed cash on the Company's balance sheet; (iii) thereafter, Adjusted Net Asset Value shall be equal to Net Asset Value <i>minus</i> cash on the Company's balance sheet. For the avoidance of doubt, Adjusted Net Asset Value shall not exceed Net Asset Value. In the event that it does exceed Net Asset Value, no adjustment shall be made to Net Asset Value.</p> <p>The Advisory Fee is calculated as at each NAV Calculation Date and payable quarterly in arrear. For the avoidance of doubt, where there are C Shares in issue, the Advisory Fee will be charged on the Net Asset Value attributable to the Ordinary Shares and C Shares respectively.</p> <p>In addition to the Advisory Fee, the Adviser is also entitled to a performance fee paid in pounds Sterling calculated by reference to the movements in the Net Asset Value (before subtracting any accrued performance fee) over the Benchmark from the date of First Admission.</p> <p>For these purposes:-</p> <p>"<b>Benchmark</b>" shall be equal to (a) the gross proceeds of the Issue at First Admission increased by 7 per cent. per annum (annually compounding), adjusted for: (i) any increases or decreases in the Net Asset Value arising from issues or repurchases of Ordinary Shares during the relevant Calculation Period; (ii) the amount of any dividends or distributions (for which no adjustment has already</p>

	<p>been made under (i)) made by the Company in respect of the Ordinary Shares at any time from First Admission; and (b) where a performance fee is subsequently paid, the Net Asset Value (after subtracting performance fees arising from the Calculation Period) at the end of the Calculation Period from which the latest performance fee becomes payable increased by 7 per cent. per annum (annually compounded).</p> <p><b>“Calculation Period”</b> shall mean the 12 month period starting on 1 April and ending on 31 March in each calendar year, save that the first Calculation Period shall be the period commencing on First Admission and ending on 31 March 2019 (the <b>“First Calculation Period”</b>) and provided further that if at the end of what would otherwise be a Calculation Period no performance fee has been earned in respect of that period, the Calculation Period shall carry on for the next 12 month period and shall be deemed to be the same Calculation Period and this process shall continue until a performance fee is next earned at the end of the relevant period.</p> <p>The performance fee will be calculated in respect of each Calculation Period.</p> <p>The performance fee payable to the Adviser by the Company will be a sum equal to 10 per cent. of such amount (if positive) by which Net Asset Value (before subtracting any accrued performance fee) at the end of a Calculation Period exceeds the Benchmark provided always that in respect of any financial period of the Company (being 1 April to 31 March each year) the performance fee payable to the Adviser shall never exceed an amount equal to 50 per cent. of the Advisory Fee paid to the Adviser in respect of that period.</p> <p>Any performance fee payable to the Adviser in respect of a Calculation Period (the <b>“Relevant Calculation Period”</b>) shall be payable within 30 calendar days of the date on which the annual report and accounts of the Company for the latest relevant financial period are approved by the Board. If the Advisory and Services Agreement is terminated prior to the end of any Calculation Period, the performance fee in respect of the then Calculation Period shall be calculated and paid as though the date of termination were the end of the relevant period.</p> <p>The above provisions shall be applied <i>mutatis mutandis</i> in respect of any C Shares in issue so that, without limit to the generality of the foregoing:</p> <ul style="list-style-type: none"> <li>(a) references to the Adjusted Net Asset Value shall be to the net assets referable to the C Shares;</li> <li>(b) the adjustments shall be referable to any distributions on or new issues or buybacks of the C Shares;</li> <li>(c) the Calculation Period shall begin on the date of admission of the C Shares: (i) to the Official List; and (ii) to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange (the <b>“C Share Admission Date”</b>) and be deemed to end on the date of their conversion into Ordinary Shares (subject to any prior end of Calculation Period in accordance with the above provisions). Upon conversion of C Shares into Ordinary Shares, the Benchmark shall be reinstated by way of including the adjustment from this conversion; and</li> <li>(d) the Benchmark shall initially be the net proceeds of the issue of the C Shares at the C Share Admission Date.</li> </ul> <p><i>Sponsor, Placing Agent and Intermediaries Offer Adviser</i></p> <p>Shore Capital has agreed to act as sponsor to the Issues.</p> <p>Shore Capital has agreed to use its reasonable endeavours to procure subscribers under the Initial Placing and any Subsequent Placing. In consideration for its services in relation to the Initial Issue and conditional upon completion of the Initial Issue, Shore Capital is entitled to receive a commission of 1.25 per cent. of the value of the Ordinary Shares issued under the Initial Issue, excluding any Ordinary Shares subscribed for by the Adviser and any member of the Adviser's group and by any investor introduced to the Initial Issue by the Adviser. Shore Capital is also entitled to receive a commission of 1.25 per cent. of the value of any Ordinary Shares and/or C Shares issued to Placees under the Placing Programme, excluding any Ordinary Shares and/or C Shares subscribed for by the Adviser and any member of the Adviser's group and by any investor introduced to the Subsequent Placing by the Adviser.</p>
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		<p><i>Depositary</i></p> <p>INDOS Financial Limited has been appointed as depositary to provide depositary services to the Company, which will include custody services, to the Company.</p> <p>Under the terms of the Depositary Agreement, the Depositary is entitled to receive a fee equal to 0.04 per cent. of Net Asset Value per annum up to £150 million; 0.02 per cent. of Net Asset Value per annum on Net Asset Value between £150 million and £250 million; and 0.015 per cent. of Net Asset Value per annum in excess of £250 million, subject to a minimum fee of £1,667 per month, exclusive of VAT. Additional fees may be agreed between the Company and the Depositary for the custody of any financial instruments held by the Company.</p> <p><i>Administrator and Company Secretary</i></p> <p>JTC has been appointed as the administrator and company secretary of the Company. JTC provides the day to day administration of the Company and is responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records and ensuring that the Company complies with its continuing obligations as an investment trust. JTC also provides the Company secretarial functions required by the Act.</p> <p>Under the terms of its appointment, in respect of its role as administrator JTC is entitled to a fixed annual administration fee of £25,000 and an additional fee based on Net Asset Value in excess of £30 million and applied as follows: 0.10 per cent. of Net Asset Value per annum between £30 million and £75 million, plus 0.05 per cent. of Net Asset Value per annum between £75 million and £150 million, plus 0.04 per cent. of Net Asset Value per annum above £150 million. In respect of its role as company secretary, JTC is entitled to receive an annual fee of £35,000 and a fee of £4,000 per subsidiary of the Company. The Administrator is also entitled to reimbursement of all reasonable out-of-pocket expenses properly incurred by it in connection with its duties.</p> <p><i>Registrar</i></p> <p>Computershare Investor Services PLC has been appointed as the Company's registrar to provide share registration services.</p> <p>Under the terms of the Registrar Agreement, the Registrar is entitled to a monthly maintenance fee per Shareholder account, subject to a minimum fee. The fee is subject to increase in line with the CPI.</p> <p><i>Receiving Agent</i></p> <p>Computershare Investor Services PLC has also been appointed to provide receiving agent services to the Company in respect of the Offer for Subscription.</p> <p>Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to customary fees.</p>
B.41.	Regulatory status of investment manager and depositary	<p>The AIFM is authorised and regulated by the FCA. The AIFM has appointed the Adviser to advise and support the AIFM and the Company in respect of the AIFM's duties in relation to the Company's assets pursuant to the terms of the Advisory and Services Agreement. The Adviser is not currently subject to authorisation or regulation by the FCA.</p> <p>The Depositary is authorised and regulated by the FCA.</p>
B.42.	Calculation and publication of Net Asset Value	The unaudited Net Asset Value per Ordinary Share and per C Share (if any are in issue) is calculated in Sterling by the Administrator on a quarterly basis. Such calculations are published through a Regulatory Information Service.
B.43.	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44.	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included within this document.
B.45.	Portfolio	As at the Latest Practicable Date, the Group's portfolio comprised of eight assets with a total capacity of 189.0 MW including projects under construction and/or awaiting completion of the acquisitions. All of the assets within the Group's existing portfolio are situated in the UK and the Republic of Ireland. Operating assets represented 10.0 MW.

		<p>The Adviser has selected assets that deliver portfolio diversification by multiple revenue streams, geographical location, EPC contractors, O&amp;M counterparties and developers.</p> <p>Details of the assets within the Group's current portfolio, representing 100 per cent. of the value of the total portfolio (excluding cash and cash equivalents) as at the Latest Practicable Date, are summarised below:</p> <table border="1"> <thead> <tr> <th><i>Project</i></th> <th><i>Location</i></th> <th><i>Capacity</i></th> <th><i>% Owned by the Company</i></th> <th><i>Site Type</i></th> <th><i>Status</i></th> <th><i>Commissioning/ Expected commissioning</i></th> <th><i>Battery provider</i></th> </tr> </thead> <tbody> <tr> <td>Boulby</td> <td>North Yorkshire UK</td> <td>6.0 MW</td> <td>100%<sup>2</sup></td> <td>Industrial Mining</td> <td>Operational</td> <td>Q4 2017</td> <td>NEC ES</td> </tr> <tr> <td>Cenin</td> <td>Wales UK</td> <td>4.0 MW</td> <td>49%</td> <td>Renewable Generation</td> <td>Operational</td> <td>Q1 2018</td> <td>TESLA</td> </tr> <tr> <td>Lower Road</td> <td>Essex UK</td> <td>10.0 MW</td> <td>100%</td> <td>Greenfield</td> <td>Design stage</td> <td>Q4 2019</td> <td>NEC ES</td> </tr> <tr> <td>Port of Tilbury</td> <td>London UK</td> <td>9.0 MW</td> <td>100%</td> <td>Port</td> <td>Under construction</td> <td>Q4 2019</td> <td>NEC ES</td> </tr> <tr> <td>Mullavilly</td> <td>Northern Ireland</td> <td>50.0 MW</td> <td>51%</td> <td>Greenfield</td> <td>Acquired in June 2019</td> <td>Q1 2021</td> <td>To be confirmed</td> </tr> <tr> <td>Drumkee</td> <td>Northern Ireland</td> <td>50.0 MW</td> <td>51%</td> <td>Greenfield</td> <td>Acquired in June 2019</td> <td>Q1 2021</td> <td>To be confirmed</td> </tr> <tr> <td>Kilmannock<sup>3</sup></td> <td>Republic of Ireland</td> <td>30.0 MW</td> <td>51%</td> <td>Greenfield</td> <td>Acquisition contract signed in June 2019 (awaiting completion)</td> <td>Q3 2021</td> <td>To be confirmed</td> </tr> <tr> <td>Porterstown<sup>4</sup></td> <td>Republic of Ireland</td> <td>30.0 MW</td> <td>51%</td> <td>Greenfield</td> <td>Acquisition contract signed in June 2019 (awaiting completion)</td> <td>Q3 2021</td> <td>To be confirmed</td> </tr> </tbody> </table>	<i>Project</i>	<i>Location</i>	<i>Capacity</i>	<i>% Owned by the Company</i>	<i>Site Type</i>	<i>Status</i>	<i>Commissioning/ Expected commissioning</i>	<i>Battery provider</i>	Boulby	North Yorkshire UK	6.0 MW	100% <sup>2</sup>	Industrial Mining	Operational	Q4 2017	NEC ES	Cenin	Wales UK	4.0 MW	49%	Renewable Generation	Operational	Q1 2018	TESLA	Lower Road	Essex UK	10.0 MW	100%	Greenfield	Design stage	Q4 2019	NEC ES	Port of Tilbury	London UK	9.0 MW	100%	Port	Under construction	Q4 2019	NEC ES	Mullavilly	Northern Ireland	50.0 MW	51%	Greenfield	Acquired in June 2019	Q1 2021	To be confirmed	Drumkee	Northern Ireland	50.0 MW	51%	Greenfield	Acquired in June 2019	Q1 2021	To be confirmed	Kilmannock <sup>3</sup>	Republic of Ireland	30.0 MW	51%	Greenfield	Acquisition contract signed in June 2019 (awaiting completion)	Q3 2021	To be confirmed	Porterstown <sup>4</sup>	Republic of Ireland	30.0 MW	51%	Greenfield	Acquisition contract signed in June 2019 (awaiting completion)	Q3 2021	To be confirmed
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B.46.	Net Asset Value	As at 31 March 2019, the audited Net Asset Value per Ordinary Share (cum dividend) was 91.9 pence.																																																																								

### Section C – Securities

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>						
C.1.	Type and class of securities	<p>The Company intends to issue Ordinary Shares of nominal value £0.01 each pursuant to the Initial Issue and any Additional NTMA Subscriptions. The Company may issue Ordinary Shares of nominal value £0.01 each and C Shares of nominal value £0.10 each pursuant to the Placing Programme.</p> <p>The ISIN of the Ordinary Shares is GB00BG0P0V73. The SEDOL of the Ordinary Shares is BG0P0V7. The ticker for the Ordinary Shares is GSF.</p> <p>The ISIN of the C Shares is GB00BG12Y265. The SEDOL of the C Shares is BG12Y26. The ticker for the C Shares is GSFC.</p>						
C.2.	Currency denomination of Ordinary Shares and C Shares	The Ordinary Shares and the C Shares are denominated in Sterling.						
C.3.	Details of share capital	<p>Set out below is the issued share capital of the Company as at the date of this document:</p> <table border="1"> <thead> <tr> <th></th> <th><i>Nominal Value (£)</i></th> <th><i>Number</i></th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares</td> <td>306,000</td> <td>30,600,000</td> </tr> </tbody> </table> <p>The Ordinary Shares are fully paid up.</p>		<i>Nominal Value (£)</i>	<i>Number</i>	Ordinary Shares	306,000	30,600,000
	<i>Nominal Value (£)</i>	<i>Number</i>						
Ordinary Shares	306,000	30,600,000						
C.4.	Rights attaching to the Ordinary Shares and the C Shares	<p>The holders of the Ordinary Shares and C Shares shall only be entitled to receive, and to participate in, any dividends declared in relation to the relevant class of shares that they hold.</p> <p>On a winding-up or a return of capital by the Company, if there are C Shares in issue, the net assets of the Company attributable to the C Shares shall be divided <i>pro rata</i> among the holders of the C Shares. For so long as C Shares are in issue</p>						

2 Excluding profit sharing equity instruments owned by General Electricity Holdings Ltd, the parent company of Kiwi Power Limited.

3 Conditional on a signed DS3 fixed contract. The condition can be waived at the Company's discretion.

4 Conditional on a signed DS3 fixed contract. The condition can be waived at the Company's discretion.

		<p>and without prejudice to the Company's obligations under the Act, the assets attributable to the C Shares shall, at all times, be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to any C Shares in issue.</p> <p>The holders of Ordinary Shares shall be entitled to all of the Company's net assets after taking into account any net assets attributable to any C Shares (if any) in issue.</p> <p>The Ordinary Shares and the C Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.</p> <p>The consent of either the holders of Ordinary Shares or the holders of C Shares will be required for the variation of any rights attached to the relevant class of shares.</p> <p>The Company has no fixed life but, pursuant to the Articles, an ordinary resolution that the Company continue in existence as an investment company will be proposed at the annual general meeting of the Company to be held in 2023 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward within three months after the date of the resolution to the effect that the Company be wound up, liquidated, reconstructed or unitised.</p>
C.5.	Restrictions on the free transferability of the securities	Subject to compliance with applicable securities laws, there are no restrictions on the free transferability of the Ordinary Shares or C Shares.
C.6.	Admission	<p>Applications will be made to the FCA for all of the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Initial Admission will become effective and dealings will commence on 16 August 2019.</p> <p>Applications will also be made to the FCA for all of the Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares and/or C Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that any Subsequent Admission will become effective and dealings will commence between 19 August 2019 and 15 July 2020.</p> <p>Applications will be made to the FCA for all of the Ordinary Shares arising on conversion of any C Shares issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.</p> <p>Applications will be made to the FCA for all of the Ordinary Shares to be issued pursuant to any Additional NTMA Subscriptions to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.</p> <p>Neither the Ordinary Shares nor the C Shares will be dealt on any other recognised investment exchange and no applications for Ordinary Shares and/or C Shares to be traded on such other exchanges have been made or are currently expected.</p>
C.7.	Dividend policy	<p>The Company is targeting an annual dividend of 7 per cent. of Net Asset Value per Ordinary Share in each financial year subject to a minimum target of 7 pence per Ordinary Share commencing from the financial year ending 31 March 2020. For the period from First Admission to 31 March 2019, the Company targeted and has paid aggregate dividends of 4 pence per Ordinary Share.</p> <p>Investors should note that the target dividend, including its declaration and payment frequency, is a target only and is not a profit forecast. There may be a number of factors that adversely affect the Company's ability to achieve its target dividend yield and there can be no assurance that it will be met. The target dividend should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not rely on these targets in deciding whether to invest in the Shares or assume that the Company will make any distributions at all.</p> <p>The interim dividends will not necessarily be of equal amounts because the dividends from the Company's underlying investments are expected to arrive irregularly throughout the financial year.</p>

		<p>Net cash generated in excess of the target dividend may be re-invested in accordance with the Company's investment policy.</p> <p>Regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011 provides that, subject to certain exceptions, an investment trust must not retain more than 15 per cent. of its income in respect of each accounting period.</p> <p>In order to increase the distributable reserves available to facilitate the payment of dividends, the Company cancelled the amount of £29,694,833 standing to the credit of its share premium account immediately following completion of the First Issue. The Company may, at the discretion of the Board, and to the extent possible, pay all or any part of any future dividend out of capital.</p> <p>Further, the Company is targeting an aggregate unlevered IRR from its portfolio of projects on full investment of between 10 and 12 per cent. before fees and expenses of the Company.</p>
C.22.	Information about the Ordinary Shares and the C Shares	<p>In the event that any C Shares are issued under the Placing Programme, the investments which are attributable to the C Shares will, following Conversion, be merged with the Company's existing portfolio of investments. The new Ordinary Shares arising on the Conversion of the C Shares will, subject to the Articles, rank <i>pari passu</i> with the Ordinary Shares then in issue.</p> <p>The Ordinary Shares carry the right to receive all dividends declared by the Company or the Directors, subject to the rights attaching to any C Shares then in issue.</p> <p>On a winding up, provided that the Company has satisfied all of its liabilities and subject to the rights conferred by any C Shares in issue at that time to participate in the winding up, the holders of Ordinary Shares will be entitled to all of the surplus assets of the Company.</p> <p>Holders of Ordinary Shares will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.</p> <p>The nominal value of the Ordinary Shares is £0.01 per Ordinary Share. The nominal value of the C Shares is £0.10 per C Share.</p> <p>The Ordinary Shares are in registered form and will be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. The Company will use its reasonable endeavours to procure that, upon Conversion, the new Ordinary Shares are admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.</p> <p>There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities laws.</p>

## Section D – Risks

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
D.1.	Key information on the key risks that are specific to the Company and its industry	<ul style="list-style-type: none"> <li>● There can be no guarantee that the investment objective of the Company will be achieved or that any dividends will be paid in respect of any financial year or period.</li> <li>● The Group has no employees and is reliant on the performance of third party service providers. Failure by the Adviser or the AIFM or any other third party service provider to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Group.</li> <li>● The departure of some or all of the Adviser's investment professionals could prevent the Company from achieving its investment objective. The past performance of the Adviser's investment professionals cannot be relied upon as an indication of the future performance of the Company.</li> <li>● Any Ordinary Shares acquired by NTMA pursuant to an Additional NTMA Subscription will be issued at a price per share equal to the lower of: (i) the mid-market price of the Company's Ordinary Shares at the time of the Additional NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the Additional NTMA Subscription; plus a premium of 0.2 per cent. Where the mid-market share price is less than the last published Net Asset Value per Ordinary Share at the time an Additional NTMA Subscription is due to be made, Shareholders' consent will be sought</li> </ul>

		<p>(in accordance with the Listing Rules) for the Company to issue Ordinary Shares to NTMA at a discount to the prevailing Net Asset Value per Ordinary Share without first offering such shares <i>pro rata</i> to existing holders of Ordinary Shares. If Shareholders approve any future issue of Ordinary Shares at a discount to Net Asset Value per Ordinary Share pursuant to the Subscription Agreement, there will be a dilution in the NAV per Ordinary Share.</p> <ul style="list-style-type: none"> <li>● If the Company is unable to issue Ordinary Shares pursuant to any Additional NTMA Subscription because: (a) Shareholders have not approved the issue of shares at a price below the Net Asset Value per Ordinary Share; or (b) the issue of such Ordinary Shares would require the publication by the Company of a prospectus and the Directors (in their discretion) do not want to publish a prospectus at that time, the Company will be prohibited from investing in the relevant Eligible Project.</li> <li>● NTMA's investment in the Company is subject to the satisfaction of certain conditions and the Subscription Agreement may be terminated prior to any investment by NTMA. There can be no guarantee that the Initial NTMA Subscription or any Additional NTMA Subscription will occur and no guarantee that the Adviser will source Eligible Projects for investment by the Company. The maximum amount which may be invested in the Company by NTMA pursuant to the Subscription Agreement should not be taken as an indication of the actual amount to be invested by NTMA.</li> <li>● The Group may invest in projects outside the UK and the Republic of Ireland, in particular in North America and Western Europe and may therefore be subject to laws and regulations enacted in the United States and by European, national and local governments. The laws and regulations of various jurisdictions in which the Group may invest may impose restrictions that would not exist in the UK or the Republic of Ireland. Such jurisdictions may have their own legal, economic, political, social, cultural, business, industrial and labour and environmental risks and projects in those jurisdictions may require approvals under corporate, securities, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in the UK or the Republic of Ireland.</li> <li>● The Company, its subsidiaries and its investee companies are subject to laws and regulations enacted by national and local governments. Any change in the law and regulation affecting the Company, its subsidiaries or its investee companies may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy.</li> <li>● Any change in the Company's tax status (including any failure to maintain approval as an investment trust) or in taxation legislation or practice generally could adversely affect the value of the investments held by the Group, or the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.</li> <li>● The revenues generated by the Group's portfolio will be dependent on the price at which various balancing services in GB and Ireland, including, in particular, frequency response services, are offered by its energy storage systems to National Grid and/or its subsidiaries or other relevant system operators. As new participants enter the market, a decline in the market price of balancing services is expected which may adversely affect the Company's ability to meet target dividend distributions or rates of return.</li> <li>● Revenue generated by the Group's portfolio will be dependent on the savings of TNUoS and DUoS charges that the Group's energy storage systems can offer to its industrial and commercial customers through the deployment of behind-the-meter batteries. A decline in the TNUoS tariff levels or DUoS tariffs or charging mechanisms could materially adversely affect the Company's revenues and financial condition.</li> <li>● The revenues generated by the Group's portfolio will be partly dependent on the capacity market scheme to be reinstated after the European Court of Justice annulled the state aid approval for the GB capacity market. If and when reinstated, the revenues will also be dependent on the capacity market price the Company's investee companies secure through the capacity market auctions. A decline in the price offered in relation to capacity market contracts could materially adversely affect the viability of existing projects and availability of viable projects in the future.</li> </ul>
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		<ul style="list-style-type: none"> <li>● Although the Group invests in projects utilising lithium-ion batteries, there are a number of technologies which are currently being researched which, if successfully commercialised, could prove over time more cost effective than lithium-ion. Whilst the Company is generally agnostic about which technology it utilises in its energy storage projects, it will closely monitor such developing technologies and consider adopting new technologies where lithium-ion projects may, as a result, prove less economical and therefore earn lower returns in comparison, which would have a material adverse impact on the financial performance of the Company.</li> <li>● A significant element of revenue for storage projects in Ireland is the volume uncapped under the DS3 standard contract. The Adviser makes investment decisions based on price forecast and market expectations for the uncapped market, but the Company cannot guarantee that the uncapped market conditions and price will remain stable for the coming years. In case of an acquisition in Ireland, the Group intends to secure volume capped contracts. However, the Group may not be able to secure an attractive price through the volume capped auction (or indeed any such contracts at all). Additionally, in case the Group secures a contract in 2019, it may not be able to secure attractive terms at the time of renewal of such contracts and consequently may not be able to use the energy storage systems at their maximum capacity and capabilities, including between contracts.</li> </ul>
D.3.	Key information on the key risks that are specific to the Ordinary Shares and the C Shares	<ul style="list-style-type: none"> <li>● The value of the Ordinary Shares and C Shares and the income derived from those Shares (if any) can fluctuate and may go down as well as up.</li> <li>● The market price of the Ordinary Shares and C Shares, like shares in all investment trusts, may fluctuate independently of their underlying Net Asset Value and may trade at a discount or premium at different times, depending on factors such as supply and demand, market conditions and general investor sentiment.</li> <li>● It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares or the C Shares.</li> <li>● If the Directors decide to issue further Ordinary Shares or C Shares, whether pursuant to the Placing Programme, any Additional NTMA Subscription or otherwise, the proportions of the voting rights held by Shareholders may be diluted.</li> </ul>

### Section E – Offer

<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E.1.	Proceeds and expenses of the issue	<p>The net proceeds of the Initial Issue are dependent on the level of subscriptions received. Assuming the gross proceeds of the Initial Issue are £50 million, the net proceeds will be approximately £49 million.</p> <p>The costs and expenses of the Initial Issue (including the Initial NTMA Subscription) are not expected to exceed approximately 2.0 per cent. of the gross proceeds of the Initial Issue. Assuming 54,945,000 Ordinary Shares are issued resulting in gross proceeds of approximately £50 million, the costs and expenses of the Initial Issue payable by the Company are expected to be approximately £1 million.</p> <p>The net proceeds of the Placing Programme and any Additional NTMA Subscriptions are dependent, <i>inter alia</i>, on the level of subscriptions received and the price at which Shares are issued. The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only.</p>
E.2.a.	Reasons for the issue, use of proceeds and estimated net amount of proceeds	<p>The Board, as advised by the Adviser, believes that there continue to be attractive opportunities for the Company to deliver returns for Shareholders through exposure to utility scale battery storage assets.</p> <p>The net proceeds of the Initial Issue (including the Initial NTMA Subscription), after deduction of expenses, are expected to be approximately £49 million on the assumption that gross proceeds of £50 million are raised through the Initial Issue.</p>

		<p>The net proceeds of the Placing Programme and any Additional NTMA Subscriptions are dependent, <i>inter alia</i>, on the level of subscriptions received and the price at which Shares are issued.</p> <p>The Directors intend to direct the Adviser to use the net proceeds of the Initial Issue and the Placing Programme to fund investments in accordance with the Company's investment objective and policy.</p> <p>The proceeds of any Additional NTMA Subscription will only be used to fund acquisition and construction costs of Eligible Projects.</p>
E.3.	Terms and conditions of the issue	<p>Ordinary Shares are being made available under the Initial Issue at the Issue Price of 91 pence per Ordinary Share. The Initial Issue comprises the Initial Placing, the Offer for Subscription and the Intermediaries Offer. The Initial NTMA Subscription will be made pursuant to the Offer for Subscription.</p> <p>Shore Capital has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing for the Ordinary Shares. The Initial Placing will close at 12.00 p.m. on 31 July 2019 (or such later date as the Company and Shore Capital may agree). If the Initial Placing is extended, the revised timetable will be notified through a Regulatory Information Service.</p> <p>The Offer for Subscription is being made in the United Kingdom only. Applications under the Offer for Subscription must be for a minimum of 1,000 Ordinary Shares and in multiples of 100 thereafter. Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be posted to the Receiving Agent so as to be received by no later than 1.00 p.m. on 31 July 2019.</p> <p>Under the Intermediaries Offer, the Ordinary Shares are being offered to Intermediaries in the United Kingdom who will facilitate the participation of their retail investor clients located in the United Kingdom. A minimum application of £1,000 per Underlying Applicant will apply. Completed applications from Intermediaries must be received by Shore Capital no later than 3.00 p.m. on 13 August 2019.</p> <p>The Initial Issue is conditional, <i>inter alia</i>, upon: (a) the passing of the Initial Issue Resolutions; (b) the Placing and Offer Agreement becoming wholly unconditional in all respects (save as to Initial Admission itself and any conditions which are specific to the Placing Programme) and not having been terminated in accordance with its terms prior to Initial Admission; and (c) Initial Admission occurring by 8.00 a.m. on 16 August 2019 (or such later date, not being later than 16 September 2019, as the Company and Shore Capital may agree).</p> <p>The Initial NTMA Subscription and any Additional NTMA Subscriptions are subject to additional conditions including, <i>inter alia</i>, Shareholder approval at the General Meeting and the Initial Issue (excluding the Initial NTMA Subscription) raising a minimum of £15 million in aggregate (£9 million of which is subscribed by investors that are not public bodies, authorities or undertakings).</p> <p>Following the Initial Issue, the Company proposes to implement the Placing Programme. Each allotment and issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme is conditional, <i>inter alia</i>, on: (a) the Placing Programme Price being determined by the Directors; (b) Admission of the Ordinary Shares and/or C Shares pursuant to such issue occurring not later than 8.00 a.m. on such dates as may be agreed between the Company and Shore Capital, not being later than 15 July 2020; (c) the Placing and Offer Agreement becoming otherwise wholly unconditional in all respects as to the relevant Subsequent Placing and not having been terminated on or before the date of any such Subsequent Admission; (d) a valid supplementary prospectus being published by the Company if such is required pursuant to the Prospectus Rules; and (e) the Company having sufficient Shareholder authorities in place to issue such Shares.</p> <p>The Placing Programme Price will be determined by the Company and, in the case of Ordinary Shares will be not less than the prevailing Net Asset Value per Ordinary Share at the time of issue and, in the case of C Shares, will be £1.00 per C Share.</p>
E.4.	Material interests	<p>Not applicable. There are no interests that are material to the Initial Issue or the Placing Programme and no conflicting interests.</p>

E.5.	Name of person selling securities /lock-up agreements	<p>Not applicable. No person or entity is offering to sell Ordinary Shares and/or C Shares as part of the Initial Issue, the Placing Programme or any Additional NTMA Subscription.</p> <p>The Ordinary Shares issued to NEC ES and NK pursuant to the First Issue were subject to a lock-up restriction until 25 May 2019 and remain subject to orderly market provisions until 25 May 2020.</p> <p>Directors and certain shareholders of the Adviser invested approximately £0.225 million, in aggregate, pursuant to the First Issue. Those Ordinary Shares are subject to the provisions of a Lock-up and Orderly Market Deed which imposed a lock-up restriction until 25 May 2019 and remain subject to orderly market provisions until 25 May 2020.</p> <p>Any Ordinary Shares to be issued to NTMA and NEC ES pursuant to the Initial Issue will be subject to a lock-up restriction of 12 months and orderly market provisions for a further 12 months thereafter.</p>
E.6.	Dilution	<p>The Initial Issue is not being made on a pre-emptive basis and existing Shareholders may participate in the Initial Issue on the same terms as any other third party investor. Shareholders who do not participate in the Initial Issue for an amount at least <i>pro rata</i> to their existing holding will have their percentage holding diluted following Initial Admission. If 54,945,000 Ordinary Shares are issued pursuant to the Initial Issue, there would be a dilution of approximately 64.2 per cent. in Shareholders' ownership and voting interests in the Company.</p> <p>If 100 million Ordinary Shares or C Shares are issued pursuant to the Placing Programme, assuming the Initial Issue has been subscribed as to 54,945,000 Ordinary Shares, there would be a dilution of approximately 53.9 per cent. in Shareholders' ownership and voting interests in the Company following the Initial Issue.</p> <p>The number of Ordinary Shares into which each C Share issued under the Placing Programme converts will be determined by the relative NAV per C Share and NAV per Ordinary Share at the Calculation Date. As a result of Conversion, the percentage of the total number of issued Ordinary Shares held by each existing holder of Ordinary Shares will be reduced to the extent that Shareholders do not acquire a sufficient number of C Shares under the relevant Subsequent Placing. However, Conversion will be NAV neutral to holders of Ordinary Shares.</p> <p>Any issue of Ordinary Shares pursuant to an Additional NTMA Subscription will result in a dilution of Shareholders' (other than NTMA's) ownership and voting interests in the Company following the Additional NTMA Subscription. If 40 million Ordinary Shares are issued pursuant to Additional NTMA Subscriptions, assuming the Initial Issue has been subscribed as to 54,945,000 Ordinary Shares but no Shares are issued pursuant to the Placing Programme, there would be a dilution of approximately 32 per cent. in Shareholders' ownership and voting interests in the Company following the Initial Issue.</p>
E.7.	Estimated expenses charged to the investor by the issuer	<p>Expenses incurred by the Company in connection with the Initial Issue are not expected to exceed 2.0 per cent. of the gross proceeds of the Initial Issue. New investors and existing Shareholders will indirectly bear any such expenses as they will be met out of gross issue proceeds and be reflected in the Net Asset Value per Ordinary Share following Initial Admission.</p> <p>All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.</p> <p>The costs and expenses of the Placing Programme will depend on subscriptions received but are expected to be approximately 1.25 per cent. of the proceeds of any Subsequent Placing. The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of gross proceeds and will be borne by the holders of C Shares only.</p>

## Risk Factors

**Any investment in the Company should not be regarded as short-term in nature and involves a degree of risk. Accordingly, investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the risks described below. An investment in the Shares is suitable for long-term investors including institutional investors, professionally-advised retail investors and non-advised retail investors with at least basic market knowledge and experience, who understand that there may be limited liquidity in the underlying investments of the Group and in the Shares, who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.**

**The Directors believe that the risks described below are the material risks relating to the Ordinary Shares and/or C Shares at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the Shares. Investors should review the document carefully and in its entirety and consult with their professional advisers before making an application to participate in the Issues.**

### **1) Risks relating to the Company**

#### ***The Company may not meet its investment objective***

The Company may not achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met. The Company's investment objective includes the aim of providing Shareholders with a dividend income. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of income returns from the Group's portfolio of investments. There can be no guarantee that the Group's portfolio of investments will achieve the target rates of return referred to in this document or that it will not sustain any capital losses through its investments.

#### ***The Company has a limited operating history***

The Company was incorporated on 19 January 2018 and commenced operations following First Admission on 25 May 2018. Accordingly, the Company has a limited operating history. An investment in the Company is therefore subject to all the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence.

#### ***The Group has no employees and is reliant on the performance of third party service providers***

The Group has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for its executive function. In particular, the AIFM, the Adviser, the Administrator and the Registrar will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company.

#### ***The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies and the actual rate of return may be materially lower than the targeted returns***

The Company's targeted returns set out in this document are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, purchase prices of energy storage systems and components, project development and construction costs, income and pricing from contracts with National Grid and/or its subsidiaries and other counterparties, performance of the Group's investments and the Company's ability to secure projects within minimum return parameters in accordance with the Company's investment policy, all of which are inherently subject to significant business, economic and market uncertainties and contingencies and all of which are beyond the Company's control and which may adversely

affect the Company's ability to achieve its targeted returns. The Company may not be able to implement its investment policy in a manner that generates returns in line with the targets. Furthermore, the targeted returns are based on the market conditions and the economic, regulatory and policy environment at the time of assessing the targeted returns and are therefore subject to change. In particular, the targeted returns assume (save as set out in this document) no material changes occur in government regulations or other policies, or in law and taxation, and that the Group is not affected by natural disasters, terrorism, social unrest or civil disturbances or the occurrence of risks described elsewhere in this document. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in this document. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the price of the Ordinary Shares and/or C Shares.

***Investor returns will be dependent upon the performance of the portfolio and the Company may experience fluctuations in its operating results***

Investors contemplating an investment in the Ordinary Shares and/or C Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment.

The Company may experience fluctuations in its financial results due to a number of factors, including changes in the values of investments made by the Group, changes in the amount of distributions, dividends or interest paid by companies in the portfolio, changes in the Group's operating expenses and the operating expenses of the Adviser, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the Ordinary Shares and/or C Shares and cause the Group's results for a particular period not to be indicative of its performance in a future period.

The past performance of other investments managed or advised by the Adviser or the Adviser's investment professionals cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing its investment policy. The success of the Company will depend *inter alia* on the Adviser's ability to identify, acquire and realise investments in accordance with the Company's investment policy. This, in turn, will depend on the ability of the Adviser to apply its investment processes in a way which is capable of identifying suitable investments for the Company to invest in. There can be no assurance that the Adviser will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

***Changes in laws or regulations governing the Company's operations may adversely affect the Company's business***

The Group is subject to laws and regulations enacted by European, national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. In addition, the Company is subject to the continuing obligations imposed by the FCA on all investment companies whose shares are admitted to a premium listing on the Official List. Environmental laws and regulations, as well as any changes thereto, may also impact on the Group.

Any change in the law and regulation affecting the Group and its operations may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy and on the value of the Company and/or the Ordinary Shares and/or C Shares. In such event, the investment returns of the Company may be materially adversely affected. In addition, there can be no guarantee that environmental costs and liabilities will not be incurred in the future. Environmental regulators may seek to impose injunctions or other sanctions that affect the Group's operations and that may have a material adverse effect on the Group's results of operations or financial condition.

***Investments outside the UK and the Republic of Ireland may be exposed to local legal, economic, political, social and other risks***

The Group may invest in projects outside the UK and the Republic of Ireland, in particular in North America and Western Europe and may therefore be subject to laws and regulations enacted in the United States

and by European, national and local governments. The laws and regulations of various jurisdictions in which the Group may invest may impose restrictions that would not exist in the UK or the Republic of Ireland. Such jurisdictions may have their own legal, economic, political, social, cultural, business, industrial and labour and environmental risks and projects in those jurisdictions may require approvals under corporate, securities, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in the UK or the Republic of Ireland.

### ***Risks relating to the UK's exit from the European Union***

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU and the vote was in favour of leaving ("**Brexit**"). On 29 March 2017, the UK triggered the formal process to leave the EU. As the terms of Brexit remain inconclusive, the extent of the impact of Brexit on the Company is unknown and will depend in part on the nature of the arrangements that are put in place between the UK and the EU following the eventual Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. The Company may be subject to a significant period of uncertainty in the period leading up to eventual Brexit including, among other things, uncertainty in relation to any potential regulatory or tax change.

In addition, the implications of Brexit for the energy sector are also unknown. Although the Adviser believes that the cross-border policy between Europe and the UK will endure, a deal where the UK leaves not only the EU, but also the single market and customs union, could have a significant impact on energy sector prices and regulations. The UK Government, Ofgem, and Irish regulators have published guidance to the markets recently to provide a steer on the potential outcome of a "no deal" Brexit, which is considered to be the most disruptive to electricity markets. In such a scenario: (a) the electricity interconnectors between GB and the continent, and GB and Ireland; and (b) Northern Ireland and the Republic of Ireland single electricity market (i-SEM operation), may face serious operational challenge and cause disruption in the electricity market.

Brexit could also create significant UK (and potentially global) stock market uncertainty, which may have a material adverse effect on the price of the Shares. As such, it is not possible to accurately state the impact that Brexit will have on the Group and its investments at this stage. Brexit may also increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.

## **2) Risks relating to the Adviser**

### ***The departure of some or all of the Adviser's investment professionals could prevent the Company from achieving its investment objective***

The Company depends on the diligence, skill and judgment of the Adviser's investment professionals and the information and deal flow they generate during the normal course of their activities. The Company's future success depends on the continued service of these individuals, who are not obliged to remain employed with the Adviser, and the Adviser's ability to strategically recruit, retain and motivate new talented personnel. However, the Adviser may not be successful in its efforts to recruit, retain and motivate the required personnel as the market for qualified investment professionals is extremely competitive.

### ***There can be no assurance that the Directors will be able to find a replacement adviser if the Adviser resigns***

Pursuant to the terms of the Advisory and Services Agreement the Adviser may resign by giving the Company not less than 12 months' written notice, such notice not to expire prior to the fifth anniversary of First Admission. The Adviser shall, from the date such notice takes effect, cease to make investment decisions on behalf of the Company. The Directors would, in these circumstances, have to find a replacement adviser for the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. In this event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company, which may include its merger with another investment company, reconstruction or winding-up.

***The Adviser may allocate some of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objective***

The Adviser is not required to commit all of its resources to the Group's affairs. Insofar as the Adviser devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Group's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and Ordinary Share and/or C Share price.

***The Adviser and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of its activities on behalf of the Company***

The Adviser and its affiliates may be involved with other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Adviser may manage funds other than for the Company and may provide investment management, investment advisory or other services in relation to these funds or future funds which may have similar investment policies to that of the Company.

### **3) Risks relating to the portfolio and investment strategy**

#### ***Macro risks***

*(a) Risks relating to energy market regulations*

The revenue generated by the Group and its cost will be dependent on various energy market regulations. The Gas and Electricity Markets Authority within the Office of Gas and Electricity Markets ("**Ofgem**") regulates GB energy markets through licensing certain activities such as generation<sup>5</sup>, supply, network ownership and operation. A series of industry codes sits alongside these licences, which include more detailed rules and market processes. These codes include the Connection and Use of System Code (CUSEC), the Balancing and Settlement Code (BSC), the Grid Code, the Distribution Use of System Agreement (DCUSA) and the Distribution Code. Industry representatives are able to develop and propose changes to the codes, and Ofgem carries the deciding vote on whether these are passed. A future change in UK Government or the regulator's direction regarding the design of the energy market, network charges, access to networks or a change in industry consensus around detailed market rules could lead to unfavourable energy or grid policies which may negatively affect the future availability of attractive projects for the Company, as well as those projects already acquired by the Group under current electricity market/grid regulations.

*(b) Risks relating to the growth of the renewables sector*

A significant factor contributing to the expected growth of the energy storage market relates to the expected continued expansion of renewable energy capacity, especially wind and solar in GB, Ireland and overseas, as the intermittent nature of renewables impacts electric system management and battery storage is uniquely placed to address those impacts. If the growth of renewable energy does not continue as expected due, for example, to low energy prices, increased contribution of fossil or other non-renewable fuels to energy generating capacity (e.g. gas fired or nuclear power stations) or increased imports across cross-channel interconnectors (in the case of GB), this will have an adverse impact on the Company's prospects and performance.

*(c) New energy storage technologies*

Although the projects comprising the Group's current portfolio utilise lithium-ion batteries and much of the pipeline of investments identified by the Company are also expected to utilise lithium-ion batteries, the Company is generally agnostic about which technology it utilises in its energy storage projects. The Company does not presently see any energy storage technology which is a viable alternative to lithium-ion batteries, due to their market dominance and use in mobile phones, electric cars and other devices and consequent pricing, safety, performance track record and established infrastructure benefits. However, there are a number of technologies which are being researched which, if successfully

<sup>5</sup> Ofgem intends to include the definition of storage in generation licences to provide clarity to storage operators. This is yet to be completed.

commercialised, could prove over time more cost effective than lithium-ion. Whilst the Company will closely monitor such developing technologies and consider adopting such technologies for new projects where appropriate, existing lithium-ion projects may, as a result, prove less economical and therefore earn lower returns in comparison which will have a material adverse impact on the financial performance of the Company.

(d) *Other new non-storage technologies*

While the Company considers lithium-ion battery technology to be the most competitive provider in its target markets (i.e. frequency response provision, capacity market participation and in earning embedded benefits/energy savings), other non-storage technologies may enter the market with the ability to provide similar services to a lithium-ion battery at lower cost. In such a scenario, and with sufficient scale in technology development and deployment into the market, lithium-ion batteries could be outbid for contracts and customers, which could adversely affect the Group's revenues, and therefore the performance of the Shares.

(e) *Changes in economic conditions may adversely affect the Company's prospects*

Changes in general economic and market conditions including, for example, interest rates, rates of inflation, foreign exchange rate, industry conditions, competition, political events and trends, tax laws, national and international conflicts and other factors could substantially and adversely affect the Company's prospects and thereby the performance of the Shares.

(f) *Natural and/or political events may reduce the output of the energy storage assets*

Events beyond the control of the Company, such as acts of God (including fire, flood, earthquake, storm, hurricane or other natural disasters), war, insurrection, civil unrest, strikes, public disobedience, computer and other technological malfunctions, telecommunication failures, terrorism, crimes, nationalisation, national or international sanctions and embargoes, could materially adversely affect investment returns.

Natural disasters, severe weather or accidents could damage the Group's energy storage assets or the ability of engineers to access the relevant sites, which could have a material adverse effect on the Group's business, financial position, results of operations and business prospects. Earthquakes, lightning strikes, tornadoes, extreme winds, severe storms, wildfires and other unfavourable weather conditions or natural disasters may damage, or require the shutdown of, the energy storage assets, their equipment or connected facilities which would materially adversely affect the functionality of the energy storage systems and results of operations.

The occurrence of such events may have a variety of adverse consequences for the Group, including risks and costs related to the damage or destruction of property, suspension of operation and injury or loss of life, as well as litigation related thereto. Such risk may not always constitute contractual force majeure. Such risks may not be insurable or may be insurable only at rates that the Company deems uneconomic.

(g) *Risks relating to the untested nature of long-term operational environment for such energy storage systems*

Given the long-term nature of energy storage systems and the fact that battery storage plants are a relatively new investment class there is limited experience of the operational problems that may be experienced in the future, both in a commercial context, in the operation of revenue generating contracts and a technological context, such as the battery modules themselves (including rate of degradation), which may affect energy storage plants, the special purpose vehicles holding the Group's assets and, therefore, the Company's investment returns.

### **Risks relating to environment, planning and consents**

- (h) *Third party ownership of property carries risks; environmental liabilities may arise, particularly on “brownfield” sites*

It is anticipated that a significant proportion or potentially all of the energy storage assets both acquired and to be acquired by the Company will be located on agricultural, commercial and industrial properties. Such sites can have a greater likelihood of project participants suffering environmental liability and/or require a higher degree of due diligence in the permitting steps.

Reliance upon a third party owned property gives rise to a range of risks including lease related costs, counterparty and third party risks in relation to the lease agreement, property damage and early termination of the lease. Whilst the Company will seek to minimise these risks through appropriate insurances, lease negotiation and site selection there can be no guarantee that any such circumstances will not arise.

To the extent there are environmental liabilities arising in the future in relation to any sites owned or used by the Group including, but not limited to, clean-up and remediation liabilities, such operating company may, subject to its contractual arrangements, be required to contribute financially towards any such liabilities, and the level of such contribution may not be restricted by the value of the sites or by the value of the total investment in the relevant energy storage asset.

The battery suppliers may offer the end of life battery disposal options where the supplier shall be responsible for the removal, collection, recycling and disposal service for batteries but it is not guaranteed that all the battery suppliers from whom the Group purchases batteries will offer such options and the Group may incur battery disposal cost at the end of the battery life.

The Group may choose to operate the energy storage system beyond the end of life period of the battery in which the supplier offers battery disposal service and, in such case, the Group, not the supplier, may be responsible for disposal of the battery and the Group may incur battery disposal cost.

- (i) *Changes to permitting policies may reduce the number of energy storage plants in the GB market*

Energy storage plants require compliance with an extensive permitting process in order to secure approvals for construction, grid connection and operation. For example, development of a project will require planning permission from the Local Planning Authority and may require an Environmental Impact Assessment depending upon the size and impact of the proposed project.

Any change to permitting policies and procedures in GB may reduce the number of energy storage plants in the GB market and consequently reduce the number of investment opportunities available to the Company. As a result, the Company's ability to deploy the net proceeds and acquire those projects which it has identified in its pipeline may be adversely impacted.

- (j) *Energy storage assets may be considered a source of nuisance, pollution or other environmental harm*

Proper planning and good maintenance practices can be used to minimise impacts from hazardous materials, however, there is no guarantee that this will always be the case. The Group cannot guarantee that its energy storage assets will not be considered a source of nuisance, pollution or other environmental harm or that claims will not be made against the Group in connection with its energy storage assets and their effects on the natural environment. This could also lead to increased cost of compliance and/or abatement of the generation activities for affected energy storage assets which could also lead to a material reduction in the returns from the affected assets and as a result adversely impact the results of operation of the Group.

### **Risks relating to the acquisition of energy storage projects**

- (k) *Competition for acquisitions*

The Company may face significant competition for assets in the energy storage sector from a variety of potential buyers and investors. Any significant increase in the competition for appropriate investment opportunities (including, for example, from utilities who would have significantly greater resources and lower cost of capital compared to the Company for investment purposes), may cause a reduction in

the number of opportunities available to, and adversely affecting the terms upon which investments can be made by, the Company.

Such competition may cause a decrease in expected financial returns. The ability of the Company to achieve its investment objective and deploy its cash resources in order to deliver its pipeline depends on the Company (assisted by the Adviser) identifying, selecting and executing investments which offer the potential for satisfactory returns.

Whilst under the terms of each of the Project Sourcing Agreements the Company has a right of first refusal to acquire certain energy storage projects sourced by NEC ES and NK, there can be no assurance that sufficient projects will be made available to the Company under these pipeline arrangements or that the Company will be able to identify and execute a sufficient number of investments from other sources to achieve its investment objective and/or to expand its portfolio of energy storage projects as currently intended.

- (l) *The Company may incur costs in relation to projects that are not ultimately acquired and may be unable to fund all future capital expenditure requirements in respect of its acquired projects without raising additional funding*

An investment in an energy storage project may be conditional upon, *inter alia*, receipt of all necessary consents, approvals, authorisations and permits, the Company deciding to proceed with the acquisition, securing power supply contracts with National Grid and/or its subsidiaries and other organisations, the Company being able to finance its commitment to a particular investment and satisfactory completion of due diligence.

Pipeline projects will be assessed by the Adviser and the final decision to acquire any project will be made in accordance with the processes described in Part 2 (*The Company*) of this document. The Company may fail to acquire all or any of the projects which may be made available to it pursuant to the terms of the Project Sourcing Agreements and/or from other project developers for a number of reasons including where the terms of investment in connection with certain projects are deemed unsuitable by the Adviser and/or the Board.

The Company has not entered into any legally binding agreements in connection with the acquisition of any energy storage projects in its pipeline, other than the Residual Projects and there can be no guarantee that the Company will ultimately be able to invest in any of its pipeline energy storage projects on satisfactory terms, or at all.

The RoI Projects anticipate revenues from the “DS3” or “Delivery Secure Sustainable Electricity System” Programme as well as the Irish Capacity Remuneration Mechanism and wholesale revenues (the latter, after the end of DS3 services). The Company may withdraw from the RoI Projects if they do not secure sufficient revenue contracts before 31 December 2019. In addition, Low Carbon has reserved a buy-back right for any NI Project or RoI Project for which the Company is unwilling or unable to secure EPC and capex funding.

The Company may in future seek to raise additional funding (whether through Additional NTMA Subscriptions, from equity raises under the Placing Programme, from strategic investors or otherwise) to meet capex requirements on any of its acquired projects. In the event that the Company is unable to raise such additional funding required for capex on any of its acquired projects, it may be required to sell all or part of its investment in a project. Nothing in this paragraph should be taken as limiting the working capital statement in paragraph 9 of Part 12 (*Additional Information*) of this document.

- (m) *Due diligence may fail to uncover all material risks; unknown liabilities may arise*

Prior to the acquisition of an energy storage project or any special purpose vehicle that holds an energy storage asset or rights to construct an energy storage project, the Adviser (with the assistance of third party advisers as appropriate) will undertake, or procure to be undertaken, commercial, financial, technical and legal due diligence on the project and/or special purpose vehicle (as applicable). Notwithstanding that such due diligence is undertaken, not all material risks affecting the project or special purpose vehicle (as the case may be) may be identified and/or such risks may not be adequately protected against in the acquisition documentation.

The Group may acquire assets with unknown liabilities and without any recourse, or with limited recourse, with respect to unknown liabilities. If an unknown liability was later asserted against the acquired assets, the Group may be required to pay substantial sums to settle it or enter into litigation, which could adversely affect cash flow and the results of its operations.

If the operation of a project has not been duly authorised or permitted it may result in closure, seizure, enforced dismantling or other legal action in relation to the project. Certain issues, such as failure in the construction of an energy storage system, for example as a result of faulty components or insufficient structural quality, may not be evident at the time of acquisition or during any period in which a warranty claim may be brought against the contractor. Such issues may result in loss of value without full or any recourse to insurance or construction warranties.

Accordingly, in the event that material risks are not uncovered and/or such risks are not adequately protected against, this may have a material adverse effect on the Company.

(n) *Behind-the-meter project availability and risks*

The Company invests a significant part of its capital in energy storage projects located next to electricity demand user sites or electricity generator sites ("behind-the-meter" projects). The availability of behind-the-meter projects is constrained by both the size of existing grid connections to such sites and the base-load demand or generation of the sites. The maximum size of demand site connections tends to be approximately 10 MW and the size of the energy storage facilities suitable for these types of sites can also be limited by the shape of the demand user's consumption profile<sup>6</sup>. Further, the lead time for the negotiation of contracts in connection with these sites is typically longer than for the independent Greenfield sites ("front-of-meter" projects). The energy demand / generation profiles of the behind-the-meter projects may change over the life of the battery. Significant changes, including termination of the operation of the sites, could change the level of fees or benefits generated at these sites, which may result in the projects becoming considerably less attractive than originally anticipated and this could have a material adverse effect on the Group's business, financial condition and result of operations.

The Group generally seeks to invest into projects with a long-term lease contract covering the maximum life of the assets. However, the Group may invest into projects with shorter lease terms or leases with a break clause if the other terms of the projects are attractive enough to offset the risk. If the lease contract is terminated before the end of storage life (for example if the site owner decides to move to new premises), the Group may incur additional expense to move the storage systems to other sites and replicate a similar strategy or may need to terminate the project and sell the storage equipment to a secondary market, if available.

(o) *Risks relating to not acquiring 100 per cent. of an energy storage project*

Although the Group typically seeks legal and operational control of the energy storage projects it acquires, it may not always be able, for structural or commercial reasons, to acquire a 100 per cent. equity interest in such projects. The Group may participate in joint ventures or acquire minority interests where this approach enables the Company to gain exposure to projects within its investment policy which it would not otherwise be able to acquire on a wholly-owned basis. This may hamper the Group's ability to control such assets and may also reduce the future returns to the Group.

(p) *Valuation risk*

The Group's investments are and will be largely, if not entirely, unquoted assets and the valuation of such investments will involve the Adviser and/or any independent valuer exercising judgment. There can be no guarantee that the basis of calculation of the value of the Group's investments used in the valuation process will reflect the actual value on realisation of those investments.

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<sup>6</sup> For example, a demand site with a 10 MW import connection, but a consumption profile of only 5 MW on a "flat" basis would likely only be suitable for a 5 MW battery.

## **Operational risks**

- (q) *The Group is exposed to counterparties who may fail to perform their obligations under operation and maintenance (O&M) contracts*

The Company carefully selects and relies on third-party professionals and independent contractors and other service providers to provide the required operational and maintenance support services (where required) throughout the construction and operating phases of the energy storage assets in the Group's investment portfolio. In the event that such contracted third parties are not able to fulfil their obligations or otherwise fail to perform to standard, the Group may be forced to seek recourse against such parties, provide additional resources to undertake their work, or to engage other companies to undertake their work. However, any such legal action, breach of contract or delay in services by these third-party professionals and independent contractors could have a material adverse effect on the Group's business, financial condition and results of operations. The Group's ability to invest in and operate energy storage projects could be adversely affected if the contractors with whom the Group wishes to work do not have sufficient capacity to work with the Group on its chosen projects. In addition, if the quality of a contractor's work does not meet the requisite requirements, this could have an adverse effect on the construction and operations, and financial returns of such projects, as well as the Group's reputation. Where an operation and maintenance contractor, or any other contractor, needs to be replaced, whether due to expiry of an existing contract, insolvency, poor performance or any other reason, the Group will be required to appoint a replacement contractor. Any such replacement contractor may be of higher costs. If it takes a long time to find a suitable contractor, it could potentially lead to delays, lower technical and operating performance or downtime for the relevant asset or cancellation of key contracts. This could have a material adverse effect on the Group's financial position, results of operation and business prospects.

- (r) *The Group may be exposed to counterparties who have failed to perform their obligations under EPC contracts*

The Group may acquire projects on which, as a general rule, third-party EPC contractors have provided the required turn-key construction contracts. As part of these EPC contracts, the EPC contractor assumes financial and operational warranties and guarantees during the initial phase of the plant's operational life. Where a EPC contractor has not fulfilled his contractual duties and/or the performance of the plant falls below the guaranteed levels, the Group will pursue all means to recover any losses resulting therefrom and seek compensation for any incremental investment costs sustained by the Group to correct any faults uncovered. In the event the EPC contractor is not able to cover his contractual liabilities, the Group's financial position, results of operations and ability to pay Shareholder dividends may be adversely impacted. If the construction is delayed for any reason which could include for example extended period of adverse weather conditions, this could delay commissioning and lead to the loss of a revenue contract for the project and, consequently, adversely impact the level of revenue achieved by the asset.

- (s) *Technological and operational risks may arise which may not be covered by warranties or insurance*

Although the Adviser procures that appropriate legal and technical due diligence is undertaken on behalf of the Group in connection with any proposed acquisition of energy storage projects by the Group, this may not reveal all facts and risks that may be relevant in connection with an investment. In particular, if the operation of projects has not been duly authorised or permitted, it may result in closure, seizure, enforced dismantling or other legal action in relation to such projects. Certain issues, such as failure in the construction of a plant, for example, faulty components or insufficient structural quality, may not be evident at the time of acquisition or during any period during which a warranty claim may be brought against the contractor. Such issues may result in loss of value without full or any recourse to insurance or construction warranties.

Warranties and performance guarantees typically only apply for a limited period and may also be conditional on the equipment supplier being engaged to provide maintenance services to the project. Performance guarantees may also be linked to certain specified causes and can exclude other causes of failure in performance, such as unscheduled and scheduled grid outages. Should equipment fail or not perform properly after the expiry of any warranty or performance guarantee period and should insurance policies not cover any related losses or business interruption the Group will bear the cost of repair or replacement of that equipment.

Under the acquisition documentation the relevant member of the Group receives the benefit of various warranties in relation to the projects that it acquires. Such warranties are limited in extent and will be subject to disclosure, time limitations, materiality thresholds and liability caps. To the extent that any material issue is not covered by the warranties or is excluded by such limitations or exceeds such cap, the relevant member of the Group will have no recourse against the vendor. Even if the relevant member of the Group does have a right of action in respect of a breach of warranty, there is no guarantee that the outcome to any claim will be successful or that the relevant member of the Group will be able to recover anything.

In addition, operational energy storage plants remain subject to on-going risks, some of which may not be fully protected by contractor or manufacturer warranties, including but not limited to security risks, technology failure, manufacturer defects, electricity grid forced outages or disconnection, force majeure or acts of God. Whilst energy storage technology has been utilised for many years manufacturers continue to develop and change technology and this may result in unforeseen technology failures or defects.

Any unforeseen loss of performance and/or efficiency in battery modules, beyond the warranted degradation, on an acquired or developed asset would have a direct effect on the yields produced by an energy storage plant and, as a consequence, could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, any unforeseen loss or reduction of performance of other technology components of an energy storage plant, such as the inverters, wiring, electronic components, switchgear and interconnection facilities, could have a material adverse change on the Group's business, financial condition and result of operations.

Energy storage plant operators generally take out insurance to cover certain costs of repairs and any other project specific risks that may have been identified as insurable and are insurable against. Not all potential risks and losses in relation to the operation of an energy storage plant will be covered by insurance policies. For example, losses as a result of force majeure, natural disasters, terrorist attacks or sabotage, cyber-attacks, environmental contamination or theft may not be available at all or on commercially reasonable terms or a dispute may develop over insured risks. The Company cannot guarantee that insurance policies will cover all possible losses resulting from outages, equipment failure, repair, replacement of failed or stolen equipment, environmental liabilities, theft or legal actions brought by third parties (including claims for personal injury or loss of life). The uninsured loss, or loss above limits of existing insurance policies, could have an adverse effect on the business and financial position of the Group.

In cases of frequent damage, insurance contracts might be amended or cancelled by the insurance company or the insurance premium levels will be increased, in which case the Group may not be able to maintain insurance coverage comparable to that currently in effect or may only be able to do so at a significantly higher cost. An increase in insurance premium cost could have an adverse effect on the Group's financial position and business prospects.

(t) *Inability to control operating expenses and investments may adversely impact the Group*

The profitability of an energy storage asset over its full life is dependent, *inter alia*, on the owner's ability to manage and control the operating expenses of the asset. Operating expenses include rent under any lease, insurance coverage and asset management costs, as well as other selling, general and administrative costs. In addition, a plant's profitability over its life is also dependent on the owner's ability to manage and control investment costs during the operational phase. Investment costs at plant level include replacing faulty technology components (such as battery modules, inverters, cables, interconnection gear and module control systems) that are not covered by supplier warranties or guarantees and rebuilding the plant following any unexpected event (such as theft, burglary or act of vandalism not covered by insurance providers). As a result, the Group's inability to control operating expenses and investments at the energy storage plants it acquires may adversely affect the Group's financial position and business prospects.

(u) *Health and safety risks may result in liability for the Group in the event of an accident*

The physical location, maintenance and operation of an energy storage plant may pose health and safety risks to those involved. The operation of an energy storage plant may result in bodily injury or

industrial accidents, particularly if an individual were to be crushed, injured or electrocuted. If an accident were to occur in relation to one or more of the Group's energy storage plants, the Group could be liable for damages or compensation to the extent such loss is not covered under existing insurance policies. Liability for health and safety could have a material adverse effect on the business, financial position, results of operations and business prospects of the Group.

(v) *Risks relating to the balancing services in GB, contracts and pricing, including frequency response and failure to secure new contracts on expiry*

The revenues generated by the Group's portfolio will be dependent on the price at which various balancing services, including, in particular, frequency response services, are offered by its energy storage systems to National Grid and/or its subsidiaries or other relevant system operators.

The current GB frequency response service is procured by National Grid via a monthly tender process. The Group intends to secure at least one of the contracts for the provision of balancing services for each of its projects (such as for enhanced and firm frequency response services) before or simultaneously with the acquisition of each project. However, if the Group acquires a project without a frequency response contract it may not be able to secure an attractive price prior to the completion of the project. The GB firm frequency response market currently offers forward tendering in contracts with a volume up to 30 months ahead, which is significantly shorter than the expected life of the projects that the Group may acquire. The Group may not be able to secure attractive terms at the time of renewal of such contracts (or indeed any such contracts at all) and consequently may not be able to use the energy storage systems at their maximum capacity and capabilities, including between contracts.

As new participants enter the market, the Company expects a certain decline in the market price of balancing services. The Adviser makes investment decisions based on price forecasts and so a greater than expected decline in the market price of balancing services could materially adversely affect the Company's revenues and financial condition. Furthermore, the Company cannot guarantee that market prices of balancing services will remain at levels which will allow the Company to maintain target dividend distributions or rates of return on the energy storage projects within its portfolio. A significant drop in market prices for balancing services would have a material adverse effect on the Group's business, financial position, results of operations and business prospects.

(w) *Risks relating to changes in the methods that National Grid uses to procure balancing services in GB*

The procurement details and contract designs that National Grid uses for different balancing services currently vary. For example, firm frequency response contract tenders alternate between short-term (month ahead) requirements, and longer term (up to 30 months out) and the time windows in which the service is provided can be specified to the nearest 30 minutes. This tender process is currently undergoing a transition, National Grid is currently working on the trial of a weekly auction mechanism to procure response.

Changes in the specification of services, for example, relating to the speed and duration of the delivery of a balancing service, may require battery storage projects to incur additional investment and set up costs which may adversely affect the Group's financial performance, results and ability of the Company to pay dividends to Shareholders.

(x) *Risks relating to Transmission Network Use of System (TNUoS) charges and Distribution Use of System (DUoS) charges in GB*

An element of the revenue expected to be generated by the Group's portfolio will be dependent on the savings of TNUoS and DUoS charges that the Group's energy storage systems can offer to its industrial and commercial customers through the deployment of behind-the-meter batteries. Ofgem is currently undertaking two reviews of network charging arrangements:

- a Targeted Charging Review (a "**Significant Code Review**"); and
- a Reform of Electricity Network Access and Forward Looking Charges.

The purpose of these work streams is to review how network costs, including TNUoS and DUoS charges, are levied on consumers. In November 2018, Ofgem published its draft decision to change

these charging methodologies. In principle, the proposals aim to reduce avoidance of residual costs by using fixed charges, or metering of gross demand on the distribution system (not net demand, which nets off the output from distribution-connected sites). After considering responses from industry participants, Ofgem will publish those responses and is due to finalise its decision in June 2019. If and when the changes are confirmed, Ofgem has proposed to implement its decisions between April 2020 and April 2021.

It is not yet clear whether the Reform of Electricity Network Access and Forward Looking Charges will result in significant changes, nor the timeline for implementation if so.

A decline in the TNUoS tariff levels for standalone assets, or further change in charging mechanism, or an adoption of a similar approach for behind-the-meter storage projects, potentially combined with further reductions and changes in the charging mechanism, could materially adversely affect the Group's revenues and financial condition. Similarly, a decline in DUoS tariff or charging mechanism could materially adversely affect the Group's revenues and financial condition. In addition, if new charges are introduced under which an energy storage asset could increase the charges payable by the on-site customer, then this may create an exposure for the Group. The Company cannot guarantee that TNUoS or DUoS tariffs or their charging mechanisms will remain at levels which will allow the Group to maintain projected revenue levels or rates of return on the energy storage projects within its portfolio.

*(y) Risks relating to capacity market contracts suspension and pricing volatility*

On 15 November 2018, the General Court of the Court of Justice of the European Union ruled in favour of Tempus Energy, against the European Commission, annulling the Commission's State aid approval for the UK capacity market ("**CM**"). The appeal is an objection on grounds of the European Commission not following due process in the preliminary examination stage that led to its decision. As a consequence, the National Grid has since suspended the CM and payments for all existing agreements.

Based on the UK Government's announcements, the Company expects this to be a temporary suspension and has adjusted its projections to reflect the CM contract restarting in 1 October 2019. Nonetheless, the Company cannot guarantee that the CM scheme will be reinstated under the expected terms.

If and when reinstated, the revenues generated by the Group's portfolio will be partly dependent on the capacity market price the Company's investee companies secure through the capacity market auctions. The Company seeks to secure long term fixed price capacity market contracts before or (in certain circumstances and subject to the limitations set out in the Company's investment policy) following its investment into any project. A decline in the price offered in relation to capacity market contracts could materially adversely affect the viability of existing projects and availability of viable projects in the future. The Company cannot guarantee that capacity market prices will remain at levels which will allow the Group to maintain projected revenue levels or rates of return on the energy storage projects within its portfolio (or indeed that it can secure or renew any such contracts at all). A significant drop in capacity market prices would have a materially adverse effect on future availability of attractive projects and, therefore, the Group's business, financial position, results of operations and business prospects.

*(z) Risks of pursuing the DS3 Standard Contracts procurement in Ireland and risks of significant changes within procurement*

A significant element of revenue for storage projects in Ireland is the DS3 Standard Contract or volume uncapped market. Under the volume uncapped procurement route, the Transmission System Operators ("**TSOs**"), EirGrid and SONI, contract for system services with eligible providers following conclusion of a procurement exercise, and these service providers are paid a regulated tariff approved by the regulatory authorities. The DS3 spend under a budget of €235 million is expected to remain until 2026. Under the Standard Contract, the service providers have the flexibility to tailor the service specification to suit the asset's capability. Additionally, the Standard Contract is a five year contract expiring in April 2023; and the TSOs retain a right to terminate the contract for convenience on 12 months' notice or to extend it for up to 36 months.

Given the current scenario, the estimated financial returns for projects targeting the DS3 Standard Contract procurement in Ireland are dependent on, among other factors, its commercial operational date (COD) (including grid connection date), the uncapped market tariffs and market conditions. The Adviser makes investment decisions based on price forecast, market expectations for the uncapped market and estimated project timeline. The Company cannot guarantee that the uncapped market conditions, price and timeline will remain stable for the coming years.

*(aa) Risks related to the volume capped outcome in Ireland*

EirGrid and SONI intend to procure a series of services under a volume capped contract. They intend to do so through a competitive tender in 2019 targeting procurement of 90 to 140 MW from potential service providers across both Northern Ireland and the Republic of Ireland. The TSOs issued a procurement notice on 7 March 2019 commencing pre-qualification for the upcoming tender. The date for release of the tender documents by the TSOs is indicatively set for 31 May 2019, and the 6-year contract award targeted for August 2019.

In case of an acquisition in Ireland, the Group also intends to secure volume capped contracts. However, the Group may not be able to secure an attractive price through the volume capped auction (or indeed any such contracts at all). Additionally, in case the Group secures a contract in 2019, it may not be able to secure attractive terms at the time of renewal of such contracts and consequently may not be able to use the energy storage systems at their maximum capacity and capabilities, including between contracts.

*(bb) Risks relating to the volatility of the price of electricity*

One of the future expected sources of revenue generated by the Group's portfolio relating to electricity pricing arbitrage will be dependent on the daily or hourly fluctuation of the price at which electricity can be discharged or charged by its energy storage facilities. A lower than expected volatility in the market price of electricity could adversely affect the Group's revenues and financial condition.

An additional potential revenue stream for the Group's assets is balancing mechanisms. The balancing mechanism is a service offered to National Grid which involves offering different amounts of power at different prices in order to help National Grid to close any supply and demand mismatch prior to the start of a half hour period.

The Company cannot guarantee that electricity market price volatility will be at levels nor regularity which will allow the Group to generate projected revenue levels or rates of return on the energy storage projects within its portfolio. A significant drop in volatility of market prices for electricity whilst the Group is pursuing this future revenue stream would have an adverse effect on the Group's business, financial position, results of operations and business prospects.

*(cc) Risks relating to the purchase price of electricity*

Part of the operating expenses of the Group's portfolio will be dependent on the price at which electricity is consumed by its energy storage facilities due to parasitic loan and efficiency loss. While the Company will look to hedge these costs with a supplier to reduce costs, an increase in the market price of electricity over time could adversely affect the Group's operating cost and financial condition. The Company cannot guarantee that electricity market prices will remain at levels which will allow the Group to maintain projected operating expense levels or rates of return on the energy storage projects within its portfolio. A significant increase in market prices for electricity would have an adverse effect on the Group's business, financial position, results of operations and business prospects.

*(dd) Demand aggregator risk / electricity supplier risk*

The Group may rely on demand aggregators for the operation of its energy storage systems. Demand aggregators offer market access and revenue management services to optimise revenue from the energy storage assets. This service typically includes advice to the Group on the optimal selection of revenue-generating programmes to maximise profit for the Group, monitoring and management of the state of charge and discharge and charging schedule of the storage system, tendering for any revenue-generating programmes or services on behalf of the Group or as an intermediary of such

programmes, and providing and maintaining back-end IT systems to interface to the customer (such as National Grid) for the provision of the necessary data.

The Group may also rely on energy supplier/off-takers for the purchase and sale of electricity discharged or charged by the energy storage system. Power purchase agreements (“PPAs”) will be entered into between each of the energy storage plants in its portfolio and creditworthy suppliers/offtakers. Under the PPAs, the assets will sell electricity discharged from the storage and purchase electricity to charge the storage from and to the designated supplier/offtake. The Group may retain exposure to power prices through PPAs that contain price stabilising mechanisms, such as fixed prices or price floors. Assets sharing a grid connection/meter with C&I companies (“behind-the-meter” projects) or electricity generators may have a shared electricity supplier arrangement with the C&I companies or the electricity generators for the aggregated electricity use or supply based on agreed methodology to allocate electricity revenue / cost with the C&I companies or electricity generators.

The Company expects to carefully select and rely on the demand aggregators and/or electricity supplier/offtakers to manage storage revenue and electricity cost throughout the life of the energy storage assets in the Group’s investment portfolio. In the event that such demand aggregators and/or electricity supplier/offtakers are not able to fulfil their obligations or otherwise fail to perform to standard, the Group may be forced to seek recourse against such parties, provide additional resources to undertake their role, or to engage other companies to undertake their role. However, any such legal action, breach of contract or delay in services by these demand aggregators and/or electricity supplier/offtakers could have a material adverse effect on the Group’s business, financial condition and results of operations. The Group’s ability to invest in and operate energy storage projects could be adversely affected if the demand aggregators and/or electricity supplier/offtakers with whom the Company wishes to work do not have sufficient resources to work with the Group on its chosen projects. In addition, if the quality of service of a demand aggregator and/or electricity supplier/offtaker does not meet the requisite requirements, this could have an adverse effect on the operations and financial returns of such projects. Where a demand aggregator and/or electricity supplier/offtaker, needs to be replaced, whether due to expiry of an existing contract, insolvency, poor performance or any other reason, the Group will be required to appoint a replacement aggregator. Any such replacement aggregator may be at a higher cost. If it takes a long time to find a suitable demand aggregator and/or electricity supplier/offtaker, it could potentially lead to delays, lower operating performance or downtime for the relevant asset or cancellation of key contracts. This could have a material adverse effect on the Group’s financial position, results of operation and business prospects.

*(ee) The Group is reliant upon electricity transmission facilities owned by third parties*

In order to sell their energy storage services and thus realise value, energy storage facilities must be and remain connected to the distribution or transmission grid, through a designated connection, or through an existing customer’s connection. Therefore, the Group is reliant upon electricity transmission facilities owned by third parties to sell the services produced by its energy storage assets. Typically, the Group will not be the owner of, nor will it be able to control, the transmission or distribution facilities except those needed to interconnect its energy storage plants to the electricity network. Accordingly, an energy storage plant must have in place the necessary connection agreements and comply with their terms in order to avoid potential disconnection or de-energisation of the relevant connection point. In addition, in the event that the transmission or distribution facilities break down with or without fault of the distribution or transmission grid operator, the Group may be unable to provide its services and this could have a material adverse effect on the Group’s business, financial status and results of operations. The circumstances in which compensation, if any, would be payable are limited and the amounts payable are unlikely to be sufficient to cover any losses of revenue, which could have a material adverse effect on the Group’s financial position and results of operation.

*(ff) Battery delivery and installation may be delayed*

The Group may invest in certain projects which are, at the time of investment, subject to the delivery and installation of battery systems to enable completion and commissioning of the project. Therefore, any such projects are dependent upon being able to source a timely supply of battery systems and components for the balance-of-plant, many of which such items are manufactured abroad on long-lead times. Whilst the Company factors delivery delays into the assumptions underlying the project models,

it may be the case that there are delays to securing battery or component suppliers, delays or potentially cancellation of delivery of battery systems and delays or complications relating to the installation of the battery equipment and connection to the grid (construction of balance-of-plant) that remain unforeseen. Any such delays may result in the revenue contracts for the project being cancelled which could, in turn, lead to the cancellation of the project in its entirety. Any such cancellation will have an adverse impact on the revenue, profits and returns of the Group.

*(gg) Counterparty risk*

The Group is exposed to third party credit risk in several instances and the possibility that counterparties with which the Group contracts may default or fail to perform their obligations in the manner anticipated by the Group. Such counterparties may include (but are not limited to) manufacturers who have provided warranties in relation to the supply of any equipment or plant, EPC contractors who have constructed the Group's plants, who may then be engaged to operate assets held by the Group, property owners or tenants who are leasing ground space and/or grid connection to the Group for the locating of the assets, contractual counterparties who acquire services from the Group underpinning revenue generated by each project or the energy suppliers, or demand aggregators, insurance companies who may provide coverage against various risks applicable to the Group's assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Group. In the event that such credit risk crystallises, in one or more instances, and the Group is, for example, unable to recover sums owed to it, make claims in relation to any contractual agreements or performance of obligations (e.g. warranty claims) or require the Group to seek alternative counterparties, this may materially adversely impact the investment returns. Further the projects in which the Group may invest will not always benefit from a turnkey contract with a single contractor and so will be reliant on the performance of several suppliers. Therefore, the key risks during battery installation in connection with such projects are the counterparty risk of the suppliers and successful project integration.

*(hh) Risks relating to National Grid*

The Company's investment policy and investment strategy mean that the Group has significant exposure to National Grid Electricity System Operator ("**NGESO**") (a subsidiary of National Grid, the owner and manager of the electricity transmission network in England and Wales) as a single counterparty. National Grid is a public limited company incorporated in England and Wales with company number 04031152. The registered office of National Grid is at 1-3 Strand, London WC2N 5EH. National Grid is admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. National Grid is also listed on the New York Stock Exchange. National Grid is one of the largest companies in the UK (it is capitalised at approximately £25 billion and is in the top 25 UK listed companies). NGESO is responsible for ensuring the stable and secure operation of the whole electricity transmission system in GB. The Government does not guarantee the solvency of NGESO. If this company were to collapse or if its financial strength materially deteriorates, its obligations as a counterparty to the Group may be seriously impacted or become worthless, which could materially affect the solvency and operating performance of the Group.

*(ii) Concentration risk*

The Company's investment policy is limited to investment in energy storage infrastructure, which will principally operate in the UK and Ireland. This means that the Group has a significant concentration risk relating to the UK and Irish energy storage infrastructure sector. Significant concentration of investments in any one sector may result in greater volatility in the value of the Group's investments and consequently the Net Asset Value and may materially and adversely affect the performance of the Group and returns to Shareholders.

*(jj) Borrowing risk*

Although there is no present intention to utilise borrowings, the Company may, where the Board deems it appropriate, use short term leverage to acquire assets but with the intention that such leverage be repaid with funds raised through a new issue of equity or cash flow from the Group's portfolio. Such leverage will not exceed 15 per cent. (at the time of borrowing) of Gross Asset Value without Shareholder approval. While the use of borrowings can enhance the total return on the Ordinary Shares

and/or C Shares where the return on the Group's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Group's underlying assets is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the Ordinary Shares and/or C Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Ordinary Share and/or C Share.

Any reduction in the value of the Group's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to adversely affect the price of an Ordinary Share and/or C Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Group's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

*(kk) Delays in deployment of the proceeds of the Initial Issue may have an impact on the Group's results of operations and cash flows*

There can be no assurance as to how long it will take for the Company to invest any or all of the net proceeds of the Initial Issue, if at all, and the longer the period the greater the likelihood that the Group's results of operations will be materially adversely affected.

*(ll) Credit risk*

To the extent the Company has cash balances (including any un-invested proceeds of the Initial Issue or any Subsequent Placing), these may be held on deposit with banks or financial institutions. To the extent the Company holds material cash balances it will be subject to the credit risk of the banks or financial institutions with which they are deposited. If any such bank or financial institution were to become insolvent, the Company would be exposed to the potential loss of the sum deposited. This may materially and adversely affect the performance of the Company, the Net Asset Value and returns to Shareholders.

*(mm) Currency risk*

Pursuant to the Company's investment policy, the Group may invest in projects outside of the UK, in particular in North America, Ireland and other parts of Western Europe. This means that funds of the Company may be invested in assets or projects which are denominated in US Dollars, Euros, Sterling or other currencies. Accordingly, the value of such assets or projects and the income received from them may be affected favourably or unfavourably by fluctuations in currency rates.

The Company may, in its discretion, hedge its currency exposure under any specific project contract between Sterling and any other currency in which the Group's payment obligations may be denominated, in particular US Dollars and Euros, for a short period. There can be no assurances or guarantees that the Company will successfully hedge against such risks or that adequate hedging arrangements will be available on an economically viable basis, and in some cases, hedging arrangements may result in additional costs being incurred or losses being greater than if hedging had not been used.

*(nn) Risks relating to relationships with substantial shareholders in the Company*

From time to time, there may be Shareholders with substantial interests in the Company. Such Shareholders' interests may not be aligned to the interests of other Shareholders and such Shareholders may seek to exert influence over the Group to the detriment of other Shareholders, which may have an adverse effect on Shareholder returns.

In particular, NEC ES and NK are substantial shareholders in the Company. The Company has entered into an agreement with each of NEC ES and NK in relation to the introduction of projects to the Company on the terms set out in the Project Sourcing Agreements. There is no guarantee that any such projects will materialise or if they do will be on terms which are suitable for or within the terms of

the investment policy or objectives of the Company. Furthermore, the shareholdings held by NEC ES and NK in the Company and the commercial relationship between each of NEC ES and NK and the Company and the Adviser may deter their competitors from working with the Company in connection with any projects in which the Group invests. This may have an adverse effect on the number of attractive projects and other investment opportunities that are available to the Group.

Any Ordinary Shares acquired by NTMA pursuant to an Additional NTMA Subscription will be issued at a price per share equal to the lower of: (i) the mid-market price of the Company's Ordinary Shares at the time of the Additional NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the Additional NTMA Subscription; plus a premium of 0.2 per cent. Where the mid-market share price is less than the last published Net Asset Value per Ordinary Share at the time an Additional NTMA Subscription is due to be made, Shareholders' consent will be sought (in accordance with the Listing Rules) for the Company to issue Ordinary Shares to NTMA at a discount to the prevailing Net Asset Value per Ordinary Share without first offering such shares *pro rata* to existing holders of Ordinary Shares. If Shareholders approve any future issue of Ordinary Shares at a discount to Net Asset Value per Ordinary Share pursuant to the Subscription Agreement, there will be a dilution in the NAV per Ordinary Share.

If the Company is unable to issue Ordinary Shares pursuant to any Additional NTMA Subscription because: (a) Shareholders have not approved the issue of shares at a price below the Net Asset Value per Ordinary Share; or (b) the issue of such Ordinary Shares would require the publication by the Company of a prospectus and the Directors (in their discretion) do not want to publish a prospectus at that time, the Company will be prohibited from investing in the relevant Eligible Project.

NTMA's investment in the Company is subject to the satisfaction of certain conditions and the Subscription Agreement may be terminated in certain circumstances prior to any investment by NTMA. There can be no guarantee that the Initial NTMA Subscription or any Additional NTMA Subscription will occur and no guarantee that the Adviser will source Eligible Projects for investment by the Company. The maximum amount which may be invested in the Company by NTMA pursuant to the Subscription Agreement should not be taken as an indication of the actual amount to be invested by NTMA.

### ***Risks relating to the energy storage assets***

#### *(oo) Batteries are subject to degradation and the risk of equipment failure*

Battery systems degrade gradually with reduced capacity and cycle life due to chemical changes to the electrodes over its life time. The degradation effect can be separated into calendar loss and cycling loss. Calendar loss results from the passage of time and cycling loss is due to usage and depends on both the maximum state of charge and the depth of discharge. Although the battery manufacturers provide certain warranties on a battery degradation schedule based on certain operating conditions and the life span of the battery, the operation of the battery may fall outside of the warranty conditions due to unexpected events. Also, the Group may continue to operate the battery beyond the period covered by the degradation warranty of the battery manufacturers and this may result in unexpectedly lower performance of battery assets. The Group's investment will take into account the realistic degradation profile of the battery based on the Company's assessment of the supplier's battery technology however this can be higher than the warranted degradation profile and the asset may not meet its expected performance at the time of acquisition, even if the use of the battery is within the warranted period and conditions. As a result, and to the extent not covered by the warranties, any such excess battery degradation may necessitate greater than expected repair and maintenance expenses or the requirement for replacement of some or all of the battery modules or components earlier than anticipated.

There is also a risk of equipment failure due to wear and tear, design error or operator error in connection with the energy storage system and this failure, among other things, could adversely affect the returns to the Company.

#### *(pp) Balance-of-plant equipment is subject to degradation and the risk of equipment failure*

Energy storage plants contain a multitude of technical, electronic, mounting structures and other components, commonly referred to as "balance-of-plant". Balance-of-plant components are subject to degradation, technical deterioration, possible theft of components and other loss of efficiency and

effectiveness over an energy storage plant's lifespan. There is a risk of unexpected equipment failure or decline in performance over the life cycle of the plant which would adversely affect the plants technical and financial performance.

*(qq) Prices for battery systems may decline faster than expected*

The prices paid for battery systems are a key component of the total cost of an energy storage project. It is expected that prices of such systems will decline due the expected growth in the demand for the lithium-ion batteries, therefore it will be the primary technology to be utilised by the Group in its projects. The Company has made certain assumptions in its financial modelling, based upon independent forecast data, relating to the declines in prices for battery systems. However, if prices fall faster than expected, the returns implied by existing projects may be lower than expected if and to the extent, pricing on renewal of shorter-term contracts (such as for balancing services) does not adjust accordingly.

**Other risks relating to the portfolio and investment strategy**

*(rr) Reinvestment of excess cash may not be possible*

In the event that the Group's investments do not generate sufficient returns or if for other reasons the Group does not generate profits for the Company sufficient to enable the payment of dividends at or above the target described herein, the Company will not have excess cash available for reinvestment which may inhibit growth of the NAV or, indeed, its maintenance at prior levels. Further, since the Company is an investment trust, such status may require the distribution of cash that would otherwise be available for reinvestment. Even if excess cash is available there is no guarantee that suitable investments will be available for the deployment of that cash.

*(ss) Errors may be made in the financial model, including energy market and financial forecasting*

The Adviser may use or rely on forecasts, financial models and other market data prepared by third parties as part of its analysis of the Group's portfolio and the markets in which the Group invests. Neither the Adviser nor the Company will undertake any additional verification of such forecasts, models or market data and there can be no guarantee that such information is accurate. Further, the Adviser may itself make errors in the interpretation and use of third party forecasts, financial models and other market data in preparing its own forecasts in connection with each of the projects acquired by the Group. The data prepared by the Adviser will typically include forecasts on a number of operating expenses for each project including, *inter alia*, electricity costs, rent, O&M costs, management costs, insurance premiums and other expenses. Differences between the data prepared by the third parties and/or the Adviser and the economic and market conditions that materialise in actuality may have adverse effects on the Company's returns. In addition, forecasters tend to look at long-term data only and there may be short term fluctuations which are unaccounted for.

**4) Risks relating to taxation**

***Investment trust status***

It is the intention of the Directors to conduct the affairs of the Company so as to continue to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. A failure to maintain HMRC approval as an investment trust, including as a result of a change in tax law or practice, could result in the Company not being able to benefit from the current exemption for investment trusts from UK tax on chargeable gains and could affect the Company's ability to provide returns to Shareholders. It is not possible to guarantee that the Company will remain a company that is not a close company for UK tax purposes, which is a requirement to obtain and maintain status as an investment trust, as the Ordinary Shares (and any C Shares) are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for approval as an investment trust company, will, as soon as reasonably practicable, notify Shareholders of this fact.

***Overseas taxation***

The Company and its subsidiaries may, as well as being subject to taxation in the jurisdictions in which they are tax resident, also be subject to taxation under the tax rules of other jurisdictions in which they invest, including by way of withholding of tax from interest and other income receipts. Although the Company will endeavour to minimise any such taxes this may affect the level of returns to Shareholders.

***Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company***

Changes in tax legislation or practice, whether in the UK or elsewhere, could affect the value of investments held by the Group, affect the ability of the Company to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in the Company.

In the event that withholding taxes are imposed with respect to any of the Group's investments, the effect will generally be to reduce the income received by the Group on such investments.

Investors should consult their tax advisers with respect to their particular tax situation and the tax effects of an investment in the Company. Statements in this document concerning the taxation of investors or prospective investors in Ordinary Shares and/or C Shares are based on current tax law and practice, each of which is potentially subject to change. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances. This document is not a substitute for independent tax advice.

**5) Risks relating to the Ordinary Shares and the C Shares**

***General risks affecting the Ordinary Shares and the C Shares***

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The market price of the Ordinary Shares and the C Shares, like shares in all investment companies, may fluctuate independently of their underlying net asset value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares and C Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share or a C Share may therefore vary considerably from their respective NAVs.

An investor may not recover the amount originally invested. The Company can offer no assurance that its investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

Although certain of the Company's substantial shareholders have been or will be subject to lock-in and orderly market provisions restricting the timing and manner of sales of the Shares, there is no guarantee that they will look to continue to hold their shares beyond any lock-in periods. In the event that a number of such holders seek to sell and there is little liquidity in the market for such Shares, this may have a significant and detrimental effect on the Company's share price.

***It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares or the C Shares***

The price at which the Ordinary Shares and C Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares or the C Shares. Consequently, the share price may be subject to greater fluctuation on small volumes of trading of Ordinary Shares or C Shares and the Ordinary Shares and/or C Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares and/or C Shares may not reflect their underlying Net Asset Value.

While the Directors retain the right to effect repurchases of Ordinary Shares in the manner described in this document, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares and/or C Shares in the market. There can be no guarantee that a liquid market in the Ordinary Shares and/or C Shares will develop or that the Ordinary Shares and/or C Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

The number of Ordinary Shares and C Shares to be issued pursuant to the Initial Issue, the Placing Programme or any Additional NTMA Subscription is not yet known, and there may be a limited number of holders of such Ordinary Shares and/or C Shares. Limited numbers and/or holders of Ordinary Shares

and/or C Shares may mean that there is limited liquidity in the Ordinary Shares and/or C Shares which may affect (i) an investor's ability to realise some or all of his investment and/or (ii) the price at which such investor can effect such realisation and/or (iii) the price at which the Ordinary Shares and/or C Shares trade in the secondary market.

### ***Dilution***

The Ordinary Shares being issued pursuant to the Initial Issue will be issued at 91 pence per Ordinary Share, being the audited Net Asset Value per Ordinary Share as at 31 March 2019 less the dividend paid for the period from 1 January 2019 to 31 March 2019. New investors and existing Shareholders will indirectly bear any expenses of the Initial Issue as they will be met out of the gross proceeds of the Initial Issue and reflected in the Net Asset Value per Ordinary Share following Initial Admission.

The Directors are seeking authority at the General Meeting to issue up to 100 million Ordinary Shares and/or C Shares in aggregate immediately following Initial Admission pursuant to the Placing Programme without the application of pre-emption rights. If the Directors decide to issue further Ordinary Shares and/or C Shares on a non-pre-emptive basis the proportions of the voting rights held by holders of Ordinary Shares on Initial Admission will be diluted on the issue of such shares as each Ordinary Share and each C Share carries the right to one vote. The voting rights may be diluted further on the Conversion of any C Shares depending on the applicable conversion ratio. New investors and existing Shareholders may indirectly bear any expenses of any Subsequent Placing of Ordinary Shares to the extent that the Placing Programme Price of such Ordinary Shares is not at a premium to the Net Asset Value per Ordinary Share sufficient to cover the costs and expenses of such Subsequent Placing.

The Directors are also seeking authority at the General Meeting to issue up to 40 million Ordinary Shares pursuant to any Additional NTMA Subscriptions without the application of pre-emption rights. Any issue of Ordinary Shares pursuant to an Additional NTMA Subscription will result in a dilution of Shareholders' (other than NTMA's) ownership and voting interests in the Company following such Additional NTMA Subscription.

### ***The Shares are subject to certain provisions that may cause the Board to require the transfer of Shares***

Although the Ordinary Shares and/or C Shares are freely transferable, there are certain circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of the Ordinary Shares and/or C Shares. These circumstances include where the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any Benefit Plan Investor; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the US Securities Act and/or the US Exchange Act of 1934 and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the US Exchange Act of 1934; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation).

## Important Notices

### General

This document should be read in its entirety before making any application for Ordinary Shares and/or C Shares. Prospective Shareholders should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, AIFM, Adviser, Administrator, Depositary or Shore Capital or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Apart from the liabilities and responsibilities (if any) which may be imposed on Shore Capital by FSMA or the regulatory regime established thereunder, Shore Capital does not make any representations, express or implied, or accept any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the C Shares any Admission or the Issues. Shore Capital (together with its respective affiliates) accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

In connection with the Issues, Shore Capital and any of its affiliates (acting as an investor for their own account(s)) may subscribe for the Ordinary Shares and/or C Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or related investments in connection with the Issues or otherwise. Accordingly, references in this document to the Ordinary Shares and/or C Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Shore Capital or any of its affiliates acting as an investor for its or their own account(s). Shore Capital does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum of Association and the Articles which investors should review. A summary of the Articles is contained in paragraph 3 of Part 12 (*Additional Information*) of this document under the section headed "Articles of Association".

The Company consents to the use of this document by financial intermediaries in connection with any subsequent resale or final placement of securities by financial intermediaries in connection with the Initial Issue only in the UK on the following terms. Any Intermediaries will be appointed after the date of this document, and a list of the same will appear on the Company's website from the date on which they are appointed to participate in connection with any subsequent resale or final placement of securities until the closing of the period for the subsequent resale or final placement of securities by financial intermediaries.

The offer period within which any subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use this document is given commences on 1 August 2019 and closes at 3.00 p.m. on 13 August 2019, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service).

**Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent and the conditions attached thereto. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.**

The Company accepts responsibility for the information contained in this document with respect to any subscriber for Ordinary Shares pursuant to any subsequent resale or final placement of securities by financial intermediaries in connection with the Initial Issue.

Any new information with respect to financial intermediaries unknown at the time of approval of this document will be available on the Company's website.

### **Data protection**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares and/or C Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("**personal data**") will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (a) the relevant data protection legislation and regulatory requirements of the United Kingdom ("**Data Protection Legislation**"); and (b) the Company's privacy notice, a copy of which is available for review on the Company's website (and if applicable any other third party delegate's privacy notice) ("**Privacy Notice**").

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) and in accordance with the Company's Privacy Notice for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere or any third party functionary or agent appointed by the Company.

For the purposes set out above, it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) to:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors in the United Kingdom (as applicable).

The foregoing processing of personal data is required in order to perform the contract with the prospective investor to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that such transfer is in accordance with Data Protection Legislation.

Prospective investors are responsible for informing any third party individual to whom the personal data relates as to the disclosure and use of such data in accordance with these provisions.

Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company's Privacy Notice.

### **Regulatory information**

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares and/or C Shares;

- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares and/or C Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares and/or C Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, taxation, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions. This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Ordinary Shares and/or C Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

Statements made in this document are based on the law and practice in force in England and Wales as at the date of this document and are subject to changes therein.

### **Notice to prospective investors in the United States**

The Company has not been, and will not be, registered under the US Investment Company Act and investors will not be entitled to the benefit of the US Investment Company Act. The Ordinary Shares and the C Shares may be offered and sold (i) outside the United States to non-US Persons in reliance on Regulation S and (ii) to persons located inside the United States or US Persons reasonably believed to be Accredited Investors who are also Qualified Purchasers. Resales of Ordinary Shares or C Shares initially purchased by US Persons may only be made (i) outside the United States to non-US Persons in reliance on Regulation S or (ii) to persons located inside the United States or US Persons reasonably believed to be QIBs who are also Qualified Purchasers and provided such resales comply with the procedures described herein. The Company will require the provision of a letter by any initial purchasers who are US Persons who apply for Ordinary Shares under the Initial Placing or Ordinary Shares and/or C Shares under any Subsequent Placing containing representations as to status under the US Securities Act and the US Investment Company Act. The Company may refuse to issue Ordinary Shares or C Shares to US Persons or recognise resales by US Persons that do not meet the foregoing requirements.

The Ordinary Shares and the C Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares and the C Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Ordinary Shares or the C Shares into or within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if that offer or sale is made otherwise than in accordance with an exemption from registration under the US Securities Act.

The Ordinary Shares and the C Shares have not been approved or disapproved by the United States Securities and Exchange Commission, or any other securities commission or regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares and the C Shares nor have they approved the Prospectus or confirmed the accuracy or adequacy of the information contained in the Prospectus. Any representation to the contrary is a criminal offence in the United States.

The enforcement by investors of civil liabilities under the federal securities laws of the United States may be adversely affected by the fact that the Company is incorporated outside the United States, and that all of its directors, and the experts named in the Prospectus, are residents of a foreign country. As a result, it may be difficult or impossible for investors to effect service of process within the United States upon the Company, its directors or the experts named in the Prospectus, or to realise against them upon judgments of courts

of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, investors should not assume that the courts of the United Kingdom: (a) would enforce judgments of US courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

The Company’s audited annual report and accounts are prepared in accordance with International Financial Reporting Standards (“**IFRS**”). The Company does not intend to provide Shareholders with financial information reconciled to United States generally accepted accounting principles (“**US GAAP**”). IFRS differs in certain material respects from US GAAP and prospective investors are cautioned to consult with their own accounting advisors concerning the differences between IFRS and US GAAP.

In addition, the Prospectus relates to the securities of a company incorporated in England and Wales and is subject to UK disclosure requirements. US investors should be aware that the Prospectus has been prepared in accordance with UK format and style, which differs from US format and style and should be read accordingly. In particular, Part 7 and Part 12 of this document contain information concerning the offer, sale and transfer of Ordinary Shares and C Shares that has been included to satisfy UK disclosure requirements that may be material and that in many cases has not been summarised elsewhere.

All prospective purchasers of Ordinary Shares and/or C Shares are urged to consult with their own tax advisors concerning the US federal income tax considerations associated with acquiring, owning and disposing of Ordinary Shares and/or C Shares in light of their particular circumstances, as well as any considerations arising under the laws of any non-US state, local, or other taxing jurisdiction.

**PROSPECTIVE PURCHASERS OF ORDINARY SHARES AND/OR C SHARES ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS CONCERNING THE US FEDERAL INCOME TAX CONSIDERATIONS ASSOCIATED WITH ACQUIRING, OWNING AND DISPOSING OF ORDINARY SHARES AND/OR C SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS ANY CONSIDERATIONS ARISING UNDER THE LAWS OF ANY NON-US, STATE, LOCAL OR OTHER TAXING JURISDICTION.**

#### **Notice to prospective investors in the European Economic Area**

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), no Ordinary Shares or C Shares have been offered or will be offered pursuant to the Issues to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Ordinary Shares or the C Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares and/or C Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined hereafter), 150 natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive) in such Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares or C Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Ordinary Shares or C Shares or to whom any offer is made under the Initial Placing or any Subsequent Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU (the “**2010 PD Amending Directive**”)), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

### **Notice to prospective investors in Japan**

No securities registration statement pursuant to Article 4, Paragraph 1, of the Financial Instruments and Exchange Act of Japan, as amended, has been made or will be made with respect to subscription for interests by investors in Japan on the grounds that any such subscription will take place outside of Japan.

### **Notice to prospective investors in other jurisdictions**

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**Directive 2014/65/EU**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU; and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issues. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Shore Capital will only procure investors under the Issues who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

### **Non-mainstream pooled investments status and MiFID II**

As the Company is an investment trust, the Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.

The Company intends to conduct its affairs so that its Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under MiFID II. The Directors consider that the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016 will be met in relation to the Shares and that, accordingly, the Shares should be considered "non-complex" for the purposes of MiFID II.

### **PRIPs Regulation**

In accordance with the PRIPs Regulation, the Company has prepared a key information document (the "**KID**") in respect of the Ordinary Shares. The PRIPs Regulation requires that the KID is made available to "retail investors" prior to them making an investment decision in respect of the Ordinary Shares at <http://www.gsenenergystoragefund.com>. Accordingly, if you are distributing Ordinary Shares, it is your responsibility to ensure the KID is provided to any relevant clients.

The Company is the only manufacturer of the Ordinary Shares for the purposes of the PRIPs Regulation and Shore Capital is not a manufacturer for these purposes. Shore Capital makes no representation, express or implied, nor accepts any responsibility whatsoever for the contents of the KID prepared by the Company nor accepts any responsibility to update the contents of the KID in accordance with the PRIPs Regulation, to undertake any review processes in relation thereto or to provide such KID to future distributors of Ordinary Shares. Shore Capital accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might have in respect of the KID or any other key information document prepared by the Company from time to time.

### **Forward-looking statements**

This document contains forward-looking statements including, without limitation, statements containing the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variation or similar expressions. Such forward-looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect changes in expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based, unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the Prospectus Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 9 of Part 12 (*Additional Information*) of this document.

## Expected Timetable

<b>Initial Issue</b>	<b>2019</b>
Initial Placing and Offer for Subscription opens	16 July
Latest time and date for commitments under the Initial Placing	12.00 p.m. on 31 July
Latest time and date for receipt of completed Application Forms in respect of the Offer for Subscription	1.00 p.m. on 31 July
Publication of results of Initial Placing and Offer for Subscription	1 August
Intermediaries Offer opens	1 August
Latest time and date for receipt of completed applications from the Intermediaries in respect of the Intermediaries Offer	3.00 pm on 13 August
Publication of results of the Initial Issue	14 August
Initial Admission and dealings in Ordinary Shares commence	8.00 a.m. on 16 August
CREST accounts credited with uncertificated Ordinary Shares	16 August
Where applicable, definitive share certificates despatched by post in the week commencing*	19 August

<b>Placing Programme and Additional NTMA Subscriptions</b>	<b>2019</b>
Placing Programme opens	19 August

	<b>2020</b>
Latest date for issuing Ordinary Shares and/or C Shares under the Placing Programme or pursuant to any Additional NTMA Subscription pursuant to this prospectus**	15 July

*Any changes to the expected timetable set out above will be notified by the Company through a Regulatory Information Service.*

*All references to times in this document are to London times.*

\* Underlying Applicants who apply to Intermediaries for Ordinary Shares under the Intermediaries Offer will not receive share certificates.

\*\* The Directors are seeking authority at the General Meeting to issue new Ordinary Shares on a non-pre-emptive basis pursuant to any Additional NTMA Subscriptions for a period of five years from the date of the passing of the resolutions. Any Additional NTMA Subscriptions made pursuant to this prospectus will need to be completed within 12 months of the date of this prospectus. To the extent that Additional NTMA Subscriptions are to be made after 15 July 2020, the Company may publish a new prospectus to cover the admission to trading on the main market of the London Stock Exchange of such new Ordinary Shares or, if available, rely on an exemption to the requirement to publish a prospectus in respect of any such Admission.

## Issue Statistics

### Initial Issue Statistics

Issue Price for the Initial Issue	91 pence per Ordinary Share
Gross proceeds of the Initial Issue*	approximately £50 million
Estimated net proceeds of the Initial Issue to be received by the Company*	£49 million

\* Assuming that the Initial Issue is approved by Shareholders at the General Meeting and is subscribed as to 54,945,000 Ordinary Shares. The number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the gross proceeds of the Initial Issue, is not known as at the date of this document but will be notified by the Company via a Regulatory Information Service prior to Initial Admission. The Directors have reserved the right, in conjunction with Shore Capital, to increase the size of the Initial Issue to a maximum of 109,890,000 Ordinary Shares if overall demand exceeds 54,945,000 Ordinary Shares.

### Placing Programme Statistics

Maximum number in aggregate of Ordinary Shares and/or C Shares being issued pursuant to the Placing Programme*	100 million
Issue Price per Ordinary Share issued under the Placing Programme	not less than the prevailing Net Asset Value per Ordinary Share at the time of issue
Issue Price per C Share issued under the Placing Programme	£1.00 per C Share

\* Subject to Shareholder approval at the General Meeting

### Additional NTMA Subscription Statistics

Maximum number of Ordinary Shares to be issued in aggregate pursuant to Additional NTMA Subscriptions	40 million
Issue price per Ordinary Share issued pursuant to an Additional NTMA Subscription	the lower of: (i) the mid-market price of the Company's Ordinary Shares at the time of the Additional NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the Additional NTMA Subscription; plus a premium of 0.2 per cent.*

\* Subject to Shareholder approval in the event that the mid-market price of the Ordinary Shares is lower than the last published Net Asset Value per Ordinary Share at the time of the relevant Additional NTMA Subscription

## Dealing Codes

The dealing codes for the Ordinary Shares are as follows:

ISIN	GB00BG0P0V73
SEDOL	BG0P0V7
Ticker	GSF

The dealing codes for the C Shares are as follows:

ISIN	GB00BG12Y265
SEDOL	BG12Y26
Ticker	GSFC

## Directors, Management and Advisers

<b>Directors</b>	Patrick Cox ( <i>Non-executive Chairman</i> ) Caroline Banszky ( <i>Non-executive Director</i> ) Malcolm King ( <i>Non-executive Director</i> ) Thomas Murley ( <i>Non-executive Director</i> ) <i>all independent and all of the registered office below</i>
<b>Registered Office</b>	7 <sup>th</sup> Floor 9 Berkeley Street Mayfair London W1J 8DW  Telephone: +44 (0) 20 7409 0181
<b>Sponsor</b>	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
<b>Broker, Placing Agent and Intermediaries Offer Adviser</b>	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
<b>AIFM</b>	Mirabella Financial Services LLP 130 Jermyn Street London SW1Y 4UR
<b>Adviser</b>	Gore Street Capital Limited 81 Fulham Road London SW3 6RD
<b>Administrator and Company Secretary</b>	JTC (UK) Limited 7 <sup>th</sup> Floor 9 Berkeley Street Mayfair London W1J 8DW
<b>Legal Adviser to the Company</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
<b>Legal Adviser to the Sponsor</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Reporting Accountant</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Depository</b>	INDOS Financial Limited 5 <sup>th</sup> Floor 54 Fenchurch Street London EC3M 3JY

**Registrar**

Computershare Investor Services PLC  
The Pavillions  
Bridgwater Road  
Bristol BS13 8AE

**Receiving Agent**

Computershare Investor Services PLC  
The Pavillions  
Bridgwater Road  
Bristol BS13 8AE

**Auditor**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London E14 5EY

## PART 1

### THE INVESTMENT OPPORTUNITY

The Directors believe that an investment in the Company offers the following attractive characteristics:

#### 1. High yield

For the period from First Admission to 31 March 2019, the Company has paid aggregate dividends of 4 pence per Ordinary Share. The Company is targeting an annual dividend of 7 per cent. of Net Asset Value per Ordinary Share in each financial year subject to a minimum target of 7 pence per Ordinary Share commencing from the financial year ending 31 March 2020. The Company intends to hold a diversified portfolio of energy storage projects with target unleveraged IRRs from its portfolio of projects once fully invested of 10-12 per cent. (before fees and expenses of the Company) through multiple revenue streams which may be stacked on a single battery. Revenues may be derived from: (i) frequency response contracts; (ii) capacity market contracts; (iii) Triad contracts; (iv) wholesale trading revenues; and (v) balancing mechanisms.

#### 2. Diversified risk under portfolio

The Company seeks to ensure sufficient diversification of risks associated with project profiles, geographies, stakeholders and concentration limits. Projects include behind-the-meter projects, front-of-meter projects and storage facilities co-located with generation assets. It is the intention that no single project (or interest in any project) will have an acquisition price of greater than 20 per cent. of Gross Asset Value (calculated at the time of acquisition). Geographical risk is diversified between UK and overseas projects. The revenue generated by the projects held by the Group is not linked to electricity prices or subsidies. Furthermore, the primary contractual exposure in the UK is with the National Grid, a FTSE 100 company. In Ireland, the contractual exposure would be to EirGrid and SONI – two state companies that act as system operators.

#### 3. Growth potential in grid flexibility from decarbonizing environment

Lithium-ion battery prices have declined by approximately 80 per cent. since 2010, allowing the technology to be a viable part of the grid scale energy mix. Further, there has been a significant increase in the contribution of wind and solar energy sources to total UK power generation, representing 15.0 per cent. of total energy generated in 2016 and expected to grow to 25.0 per cent. by 2022. This increase of wind and solar renewable energy, which are intermittent sources of electricity, together with the closure of coal and nuclear power plants is expected to create difficulties in balancing demand/supply of electricity in the system which creates tight capacity margins and which could, therefore, lead to blackout risks during peak demand. The Adviser expects that energy storage will increasingly be required to play an important role in managing critical balancing and frequency management services to stabilise the system and provide flexibility to the electricity market. Therefore, Shareholders will have early exposure to what the Adviser believes will be a dominant theme in energy investment over the coming years.

#### 4. Substantial cornerstone investment

The Adviser has long-standing relationships with NEC ES and NK. At the time of the Company's IPO, NEC ES, a wholly owned subsidiary of NEC Corporation, a global information and communications technology leader listed on the Tokyo Stock Exchange, invested £8 million. NEC ES has supplied grid battery storage systems in the UK for several sites with aggregate storage capacity of over 50 MW, which includes 25 per cent. of project capacity in respect of the first auction for approximately 200 MW of EFR contracts, which took place in 2016. In addition NK, a multinational Japanese engineering consulting firm, invested £6 million. Each of NEC ES and NK offer exclusive project sourcing and commercial support.

The Directors believe that the experience of NEC ES and NK, together with their presence in the market, puts the Company in a strong position to create investment opportunities for investors.

NEC ES has agreed to invest £1 million pursuant to the Initial Issue. Any Ordinary Shares acquired by NEC ES pursuant to the Initial Issue will be subject to lock-in and orderly market arrangements.

The National Treasury Management Agency (“**NTMA**”) (as controller and manager of the Ireland Strategic Investment Fund (“**ISIF**”)) has committed both an investment of £5 million in the Company under the Initial Issue and a subsequent investment of up to £25 million (less certain expenses) in the Company pursuant to a subscription agreement entered into between the Company and NTMA dated 4 June 2019 (the “**Subscription Agreement**”). ISIF was established by the Irish National Treasury Management Agency Act 2014, pursuant to which the NTMA (an Irish state body) is required to hold and invest ISIF assets on a commercial basis and in a manner designed to support economic activity and employment in Ireland. Any Ordinary Shares acquired by NTMA pursuant to the Initial Issue will be subject to lock-in and orderly market arrangements.

Details of the Subscription Agreement and the ISIF Lock-up and Orderly Market Deed are set out in paragraphs 7.4 and 7.5 respectively of Part 12 (*Additional Information*) of this document.

## **5. Diversified portfolio and pipeline**

The Company currently has a portfolio of eight projects with a total capacity of 189.0 MW. Of these, two projects (with a combined capacity of 10 MW) are operational and earning income. A further two projects with a combined capacity of 19 MW are expected to be commissioned and earning income in Q4 2019. In addition, as announced on 5 June 2019, the Company has recently acquired two projects of 50 MW each in Northern Ireland and (subject to completion) two projects of 30 MW each in the Republic of Ireland. The aggregate return for the four Irish projects has the potential to be greater than the unleveraged target returns of 10-12 per cent. (before fees and expenses) from the Group’s portfolio on full investment. Furthermore, through its own network, and relationships with cornerstone investors and partners, the Adviser has access to a pipeline of proposed investments which the Adviser will screen and prioritise based on defined criteria. The Adviser has already identified a pipeline of 15 potential projects located in the UK, Republic of Ireland, Belgium and Germany equating to over 500 MW of capacity, including the option to acquire the Residual Projects.

## **6. Experienced Adviser and independent Board**

The Adviser was one of the first to deploy privately owned grid scale battery projects in GB. Since 2015 the Adviser has developed relationships with a number of developers, EPC contractors, O&M contractors and battery manufacturers – including its long-standing relationships with NEC ES and NK. The Adviser Investment Committee has extensive experience investing in the renewables sector and is led by Alex O’Cinneide and Sumi Arima, with support from Daniel Mudd and Frank Wouters in an advisory capacity.

The Board comprises four non-executive Directors with backgrounds in private equity, investment banking, insurance, asset management, legal, infrastructure, renewable energy and non-profit organisations, all of which is relevant to the Company.

Further details about the Adviser and the Directors are set out in Part 5 (*Directors and Management*) of this document.

## PART 2

### THE COMPANY

#### 1 Introduction

Gore Street Energy Storage Fund plc was incorporated on 19 January 2018 in England and Wales with company number 11160422 and is registered as an investment company under Section 833 of the Act. The Company carries on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The existing Ordinary Shares were admitted to the Official List and to trading on the London Stock Exchange's main market on 25 May 2018.

The Company has an independent board of non-executive directors and is managed on a day-to-day basis by the Adviser. Further details of the governance of the Company and the Adviser are set out in Part 5 (*Directors and Management*) of this document.

The Company is targeting an issue of 54,945,000 Ordinary Shares at 91 pence each to raise gross proceeds of approximately £50 million for the purposes of investment in a diversified portfolio of utility scale energy storage projects, including the Projects. The Directors have reserved the right, in conjunction with Shore Capital, to increase the size of the Initial Issue to a maximum of 109,890,000 Ordinary Shares, if overall demand exceeds 54,945,000 Ordinary Shares.

#### 2 Investment objective and policy

*A resolution is being proposed at the General Meeting to seek approval from Shareholders to amend the current investment policy of the Company to enable the Company to invest a greater percentage of its assets into project opportunities outside the UK although the majority of its assets will be invested into projects within the UK and the Republic of Ireland. The current investment policy provides that the Group's portfolio will be primarily located in the UK but that the Company will consider projects outside the UK, in particular in North America and Western Europe and that the Company does not intend that the aggregate value of investments outside the UK will be more than 30 per cent. of Gross Asset Value (calculated at the time of investment).*

*It is proposed that the investment policy be amended to state that the Group's portfolio will be primarily located in the UK and the Republic of Ireland and that the Company does not intend that the aggregate value of investments outside the UK and the Republic of Ireland will be more than 40 per cent. of Gross Asset Value (calculated at the time of investment). These amendments are intended to enable the Company to access a more diversified pipeline of future investment opportunities outside the UK, in particular in the Republic of Ireland, Belgium and Germany to enable the Company to take advantage of investment opportunities in stable economies that are at differing stages of renewable and/or energy storage market growth, and with the potential to meet or exceed the Company's unleveraged target returns of 10-12 per cent. (before fees and expenses). Geographical diversification of investments also acts as a mechanism to help protect against any unanticipated negative changes to a single electric market. The Company aims to collaborate with its growing network of third-party developers, EPC contractors, O&M contractors, and battery manufacturers to build a profitable and efficiently managed portfolio.*

*If the amendment to the investment policy is approved, the investment objective will also be amended to reflect that the portfolio will be primarily located in the UK and the Republic Ireland.*

*A blacklined version of the investment objective and investment policy, showing the proposed changes, is set out below.*

#### **Investment objective**

The Company seeks to provide investors with a sustainable and attractive dividend over the long term by investing in a diversified portfolio of utility scale energy storage projects primarily located in the UK and the Republic of Ireland, although the Company will also consider projects in North America and Western Europe. In addition, the Company seeks to provide investors with an element of capital growth through the re-investment of net cash generated in excess of the target dividend in accordance with the Company's investment policy.

### ***Investment policy***

The Company will invest in a diversified portfolio of utility scale energy storage projects. The portfolio will be primarily located in the UK and the Republic of Ireland but the Company will consider projects outside the UK and the Republic of Ireland, in particular in North America and Western Europe.

Individual projects will be held within special purpose vehicles into which the Company will invest through equity and/or debt instruments. Typically, each special purpose vehicle will hold one project but there may be opportunities where a special purpose vehicle owns more than one project. The Company will typically seek legal and operational control through direct or indirect stakes of up to 100 per cent. in such special purpose vehicles, but may participate in joint ventures or acquire minority interests where this approach enables the Company to gain exposure to assets within the Company's investment policy which the Company would not otherwise be able to acquire on a wholly-owned basis. In such circumstances the Company will seek to secure its shareholder rights through the usual protective provisions in shareholders' agreements and other transactional documents.

The Company currently intends to invest primarily in energy storage projects using lithium-ion battery technology as such technology is considered by the Company to offer the best risk/return profile. However, the Company is ultimately agnostic as to which energy storage technology is used by its projects and will monitor projects with alternative battery technologies such as sodium and zinc derived technologies, or other forms of energy storage technology such as flow batteries/machines and compressed air technologies, and will consider such investments (including combinations thereof) where they meet the investment policy and objectives of the Company.

The Company does not intend that the aggregate value of investments outside the UK and the Republic of Ireland will be more than ~~30~~ 40 per cent. of Gross Asset Value (calculated at the time of investment).

The Company may invest cash held for working capital purposes and pending investment or distribution in cash or near-cash equivalents, including money market funds.

The Company may (but is not obliged to) enter into hedging arrangements in relation to currency, interest rates and/or power prices for the purposes of efficient portfolio management. The Company will not enter into derivative transactions for speculative purposes.

While the Company does not have any borrowing restrictions in its Articles, the Company has no present intention to utilise cash borrowings. However, in certain circumstances where the Board deems it appropriate, the Company may use short term leverage to acquire assets but with the intention that such leverage be repaid with funds raised through a new issue of equity or cash flow from the Company's portfolio, although such leverage will not exceed 15 per cent. (at the time of borrowing) of Gross Asset Value without shareholder approval.

The Company intends to invest with a view to holding assets until the end of their useful life. However, assets may be disposed of or otherwise realised where the Adviser determines in its discretion, that such realisation is in the interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise.

### ***Risk and diversification***

The Board will be focussed on ensuring that there is a sufficient diversity of risk within the Company's portfolio.

It is the Company's intention that when any new acquisition is made no single project (or interest in any project) will have an acquisition price (or, if it is an additional interest in an existing investment, the combined value of the Company's existing interest and the additional interest acquired shall not be) greater than 20 per cent. of Gross Asset Value (calculated at the time of acquisition). However, in order to retain flexibility, the Company will be permitted to invest in any single project (or interest in any project) that has an acquisition price of up to a maximum of 25 per cent. of Gross Asset Value (calculated at the time of acquisition). The Company will target a diversified exposure with the aim of holding interests in no fewer than 10 separate projects at any one time once fully invested.

Geographical diversification within the Company's portfolio will be achieved through investments located throughout the UK and the Republic of Ireland. As referred to above, the Company may invest in projects outside the UK and the Republic of Ireland, in particular in North America and Western Europe, although it does not intend that the aggregate value of investments outside the UK and the Republic of Ireland will be more than 30 40 per cent. of Gross Asset Value (calculated at the time of investment).

Additionally, given the flexibility of batteries as an energy storage technology, revenue diversification can be achieved through the potential to "stack" a number of different income streams with different counterparties, contract lengths and return profiles through one project, such as frequency regulation services to National Grid and/or its subsidiaries and back up capacity power to the Electricity Market Reform delivery body, TNUoS and DUoS reduction and constraint management to industrial clients, as well as wholesale arbitrage to profit from intra-day wholesale electricity prices.

The Company will further aim to achieve diversification within the Company's portfolio through the use of a range of third party providers, insofar as appropriate, in respect of each energy storage project such as developers, EPC contractors, O&M contractors, battery manufacturers, landlords and sources of revenue. In addition, each MW of a typical energy storage project will contain a battery system which has a number of battery modules in each stack, each of which is independent and can be replaced separately, thereby reducing the impact on the project as a whole of the failure of one or more battery modules.

The Company will not invest in any projects under development so that, save in respect of final delivery and installation of the battery systems, all other key components of the projects are in place before investment or simultaneously ~~arranged~~ agreed at the time of investment (such as land consents, grid access rights, planning, EPC contracts and visibility of revenue contract(s)).

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution and, for so long as the Company's shares are listed on the Official List, in accordance with the Listing Rules.

### **3 Target returns**

The Company is targeting an aggregate unlevered IRR from its portfolio of projects on full investment of between 10 and 12 per cent. before fees and expenses of the Company.

Net cash generated in excess of the target dividend may be re-invested in accordance with the Company's investment policy.

### **4 Investment process and risk management**

The Adviser is responsible for sourcing and managing the transaction process for new acquisitions. The Adviser sources potential acquisitions through various connections as described below.

A typical investment involves at least one executive member of the Adviser Investment Committee, one managing director and an associate, as well as operational professionals (collectively referred to as the "**Deal Team**") in the process of evaluating and executing each potential investment transaction. The Adviser Investment Committee comprises of Alex O'Connell (chair), Daniel Mudd, Suminori Arima and Frank Wouters. The biographies of these individuals are set out in paragraph 2 of Part 5 (*Directors and Management*) of this document.

There are four key stages in the Adviser's investment process:

#### **(1) Potential investment deal sourcing and screening**

The Adviser sources potential projects through its long-standing relationships with several third-party developers, utility companies, project owners, EPCs and its strategic relationships with NEC ES and NK. With regards to the target projects acquired and to be acquired by the Group, these are typically put together in the initial stages by third party developers. This involves securing and arranging all aspects of a project including securing the sites, arranging grid connection, obtaining planning permission and all consents (where required). This will all be in place subject only to securing a key revenue contract and the ordering and installation of the energy storage system.

Each prospective investment is assessed against the Company's investment objective and investment policy and, if considered potentially suitable, a detailed financial and economic analysis and review of the project is undertaken by the Deal Team. The Deal Team screens each opportunity based on the review of proposed revenue stack, a project's grid connection, planning permission, site lease terms, EPC proposal (if available), license procurement and environmental study, and readiness of the project for the construction process.

(2) Pre-investment due diligence and approval process

Once a potential project which falls within the Company's investment policy has been identified and the Deal Team wish to proceed with the acquisition of such project, Adviser Investment Committee approval is required. The Deal Team undertakes initial due diligence on the project and prepares a memorandum which sets out details of the results of the due diligence, investment structure, investment rationale, risks and returns, capital expenditure budget, proposed revenue stack, EPC and O&M preliminary terms, terms of development arrangements, necessary future steps required to engage into such investments and recommendations. The Deal Team then submits this memorandum to the Adviser Investment Committee for consideration and approval.

Based on the memorandum, the Adviser Investment Committee determines whether further detailed financial, legal and technical due diligence should be carried out by the Deal Team and/or third-party firms and advisers or whether to proceed with the further negotiation of deal terms with the relevant counterparties. Once approved to proceed, the Deal Team is responsible for further business due diligence, while the rest of due diligence process is conducted by third-party firms and/or advisers. The Deal Team also negotiates various transaction terms with relevant counterparties such as developers, EPC and revenue counterparties, where applicable.

Once the detailed due diligence process has been completed, the Deal Team prepares a further detailed memorandum which comprises details of investment opportunity, risk, investment structure based on due diligence process and final EPC terms, final revenue stack proposals and revenue contract terms as a result of negotiations, as well as financial model illustrating risk and return in scenario and sensitivity analysis. The Adviser Investment Committee reviews the detailed memorandum ensuring that the investment is consistent with the Company's investment policy and confirm the soundness of investment thesis from both operational and commercial aspects covering the risks and returns posed to the Group's portfolio.

The Board has delegated authority to the AIFM to acquire or dispose of assets or similar investments without seeking further approval from the Board provided that the Board is given the opportunity to consider each acquisition or disposal before it is concluded. The Adviser communicates regularly with the Board on both the pipeline and the individual projects that the Adviser is transacting on, before such a transaction is concluded. The Board retains the right to change these arrangements.

(3) Role of the Adviser and project process

The Adviser does not develop the projects. Projects are typically acquired from project developers who require capital to complete the projects. Projects often are reliant on revenue contracts which vary in length and pricing and are subject to competitive bidding (typically through an auction process). Typically, the Adviser will arrange the acquisition and development of the project by the Company (through an SPV structure) once a revenue route has been defined.

Based on the Adviser's recent experience, energy storage systems generally take around four to six months to be delivered, including three to four weeks to be installed once they arrive on site. The battery storage systems are typically designed to fit within a specific enclosed container and installation involves installing foundations, installing battery racks into the container and monitoring software and completing the connection to the site and/or National Grid. The energy storage system suppliers or EPC contractor typically warrants the time for completion of the installation works (consistent with the revenue contract requirements) and the contract typically provides for liquidated damages in relation to delays and certain performance criteria.

Once operational, the battery energy storage systems have relatively limited requirements for maintenance which is undertaken in any event by the relevant suppliers pursuant to a service agreement and overseen by the Adviser in its role as adviser to the Company. The Adviser is solely responsible for sourcing, managing and optimising the revenues of the projects on behalf of the Company.

It is noted that NEC ES and NK may be (although this is not guaranteed) a supplier of products, equipment and/or services for the projects.

(4) Monitoring and risk management

Prior to the execution of the investment, the Adviser proposes and agrees with the Board the scope and frequency of the reporting requirements based on risk, availability of data and characteristics of each investment.

Following the successful acquisition of an investment, the Adviser applies the agreed post-investment monitoring processes and actively assesses portfolio risk and performance – a typical investment may include execution of revenue strategy, monthly financials, operational performance and financial projections.

The Deal Team monitors the ongoing operation of the Group's portfolio and each project. At project level the Deal Team works closely with third-parties to monitor revenue contracts, cash flow level, periodic onsite due diligence and review financial model to assess actual return of the projects based on actual operational performance.

The Group intends to own each project until the end of its life. However, the Group may choose to sell an investment before the end of its project life if there is an attractive offer from a buyer where the valuation is equal to or higher than the net asset value of the specific asset, or to use the proceeds to fund an attractive future investment opportunity or for distribution to Shareholders.

## 5 Cornerstone investors

### **NEC ES and NK**

NEC ES and NK invested £8 million and £6 million respectively pursuant to the First Issue. The Ordinary Shares issued to NEC ES and NK pursuant to the First Issue are subject to the provisions of the Lock-up and Ordinary Market Deed, the terms of which are summarised at paragraph 7.11 of Part 12 (*Additional Information*) of this document.

NEC ES has agreed to invest £1 million pursuant to the Initial Issue. Any Ordinary Shares acquired by NEC ES pursuant to the Initial Issue will be subject to lock-in and orderly market arrangements, the terms of which are summarised at paragraph 7.2 of Part 12 (*Additional Information*) of this document.

Under the terms of the Project Sourcing Agreements, each of NEC ES and NK has agreed to provide the Company with a right of first offer with respect to all equity investment opportunities in grid battery storage projects that are within the investment policy and objective of the Company and that are originated by each of NEC ES and NK. Further details of the Project Sourcing Agreements are set out in paragraph 7.12 of Part 12 (*Additional Information*) of this document.

### **NTMA**

The National Treasury Management Agency ("**NTMA**") (as controller and manager of the Ireland Strategic Investment Fund ("**ISIF**")) has committed to both an investment in the Company under the Initial Issue and a subsequent investment in the Company pursuant to the terms of the Subscription Agreement. NTMA's total investment commitment is up to £30 million.

Pursuant to the Subscription Agreement, conditional on, *inter alia*, the Company raising a minimum of £15 million in aggregate pursuant to the Initial Issue (£9 million of which is subscribed by investors that are not public bodies, authorities or undertakings), excluding any investment by NTMA, NTMA has agreed to invest £5 million at the Issue Price (the "**Initial NTMA Subscription**"). The Initial NTMA Subscription will be made pursuant to the Offer for Subscription.

In addition, pursuant to the Subscription Agreement, conditional on, *inter alia*, Shareholder approval and the Initial NTMA Subscription, when the Adviser sources an Eligible Project, NTMA will subscribe for additional Ordinary Shares for an aggregate subscription price equal to 40 per cent. of the acquisition and construction costs of the relevant Eligible Project (each an “**Additional NTMA Subscription**”). The remaining 60 per cent. of the costs of the Eligible Project will be funded by the Company (or, in certain circumstances, by other investment vehicles which are controlled by, or have appointed as their investment adviser, the Adviser).

Subject to the satisfaction of certain conditions, NTMA has agreed to commit up to £25 million to fund Additional NTMA Subscriptions (less its costs incurred in connection with the Subscription Agreement and the investment management agreement it has entered into with the Adviser in connection with its investment in the Company, together the “**Relevant Expenses**”).

Prior to completion of an investment in an Eligible Project, and subject to the satisfaction of certain conditions, the Company will issue a notice to NTMA (an “**Additional NTMA Subscription Notice**”) to subscribe for such number of new Ordinary Shares (at a price per share equal to the lower of: (i) the mid-market price of the Company’s Ordinary Shares at the time of the Additional NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the Additional NTMA Subscription; plus a premium of 0.2 per cent.) as is equal to 40 per cent. of the acquisition and construction costs of the Eligible Project. Where the mid-market share price is less than the last published Net Asset Value per Ordinary Share at the time an Additional NTMA Subscription is due to be made, Shareholders’ consent will be sought (in accordance with the Listing Rules) for the Company to issue Ordinary Shares to NTMA at a discount to the prevailing Net Asset Value per Ordinary Share without first offering such shares *pro rata* to existing holders of Ordinary Shares.

NTMA has also entered into a lock-up and orderly market deed with the Company and Shore Capital dated 4 June 2019 (the “**ISIF Lock-up and Orderly Market Deed**”). Pursuant to the terms of this deed NTMA has agreed that, subject to certain exceptions, it will not dispose of any interest in any Ordinary Shares acquired by it pursuant to the Initial NTMA Subscription for a period of 12 months from Initial Admission. Thereafter, NTMA has agreed, subject to certain exceptions, to only effect disposals of those Ordinary Shares through Shore Capital (or such other broker as may be appointed by the Company from time to time) for a further 12 months.

Further details on the Subscription Agreement and the ISIF Lock-up and Orderly Market Deed are set out in paragraphs 7.4 and 7.5 respectively of Part 12 (*Additional Information*) of this document.

## **6 Dividend policy**

The Company is targeting an annual dividend of 7 per cent. of Net Asset Value per Ordinary Share in each financial year subject to a minimum target of 7 pence per Ordinary Share commencing from the financial year ending 31 March 2020. For the period from First Admission to 31 March 2019, the Company has paid aggregate dividends of 4 pence per Ordinary Share. The Company intends to pay dividends on a quarterly basis.

Investors should note that the target dividend, including its declaration and payment frequency, is a target only and is not a profit forecast. There may be a number of factors that adversely affect the Company’s ability to achieve its target dividend yield and there can be no assurance that it will be met. The target dividend should not be seen as an indication of the Company’s expected or actual results or returns. Accordingly, investors should not rely on these targets in deciding whether to invest in the Shares or assume that the Company will make any distributions at all.

The interim dividends will not necessarily be of equal amounts because the dividends from the Company’s underlying investments are expected to arrive irregularly throughout the financial year.

Net cash generated in excess of the target dividend may be re-invested in accordance with the Company’s investment policy.

Regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011 provides that, subject to certain exceptions, an investment trust must not retain more than 15 per cent. of its income in respect of each accounting period.

In order to increase the distributable reserves available to facilitate the payment of dividends, the Company cancelled the amount of £29,694,833 standing to the credit of its share premium account immediately following completion of the First Issue. The Company may, at the discretion of the Board, and to the extent possible, pay all or any part of any future dividend out of capital.

## **7 Share rating management**

The Board considers that it would be undesirable for the market price of the Ordinary Shares to diverge significantly from their Net Asset Value.

### ***Premium management***

In connection with the Placing Programme, the Directors are seeking authority at the General Meeting to issue up to 100 million Ordinary Shares and/or C Shares on a non-pre-emptive basis so that the Directors will not be obliged to offer any new Ordinary Shares and/or C Shares to Shareholders on a *pro rata* basis. No Ordinary Shares will be issued at a price less than the prevailing Net Asset Value per existing Ordinary Share at the time of their issue. C Shares (if any) issued pursuant to this authority will be issued at £1.00 per C Share.

Further details of the Placing Programme are set out in Part 8 (*The Placing Programme and Additional NTMA Subscriptions*) of this document.

Investors should note that the issuance of new Ordinary Shares and/or C Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Ordinary Shares and/or C Shares that may be issued.

### ***Treasury shares***

The Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. No Ordinary Shares will be sold from treasury at a price less than the prevailing Net Asset Value per existing Ordinary Share at the time of their sale unless they are first offered *pro rata* to existing Shareholders.

### ***Discount management***

The Company may seek to address any significant discount to Net Asset Value at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an *ad hoc* basis.

The Directors currently have the authority to make market purchases of Ordinary Shares. A renewal of this authority to make market purchases is being sought from Shareholders at the annual general meeting of the Company convened for 14 August 2019. The maximum price (exclusive of expenses) that may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by the regulatory technical standards adopted by the EU pursuant to the Market Abuse Regulation from time to time. Ordinary Shares will be repurchased only at prices below the prevailing NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for remaining Shareholders.

Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board. Any purchase of Ordinary Shares would be made only out of the available cash resources of the Company. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

Purchases of Ordinary Shares may be made only in accordance with the Act, the Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules.

Investors should note that the repurchase of Ordinary Shares is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of Ordinary Shares that may be repurchased.

## 8 C Shares

The Company may seek to raise further funds through the issue of C Shares under the Placing Programme, as an alternative to the issue of Ordinary Shares. The issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors that could arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the C Shares would not convert into Ordinary Shares until at least 90 per cent. of the proceeds of the C Share issue (or such other percentage as the Directors and Adviser may agree) have been invested in accordance with the Company's investment policy (or, if earlier, 12 months after the date of their issue);
- the assets representing the net proceeds of a C Share issue would be accounted for and managed as a distinct pool of assets until their conversion date. By accounting for the net proceeds of a C Share issue separately, Shareholders will not participate in a portfolio containing a substantial amount of uninvested cash before the conversion date;
- the basis on which the C Shares would convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares would become entitled will reflect the relative net asset values per share of the assets attributable to the C Shares and the Ordinary Shares. As a result, the Net Asset Value per Ordinary Share can be expected to be unchanged upon the issue and conversion of any C Shares; and
- the Net Asset Value of the Ordinary Shares would not be diluted by the expenses of the C Share issue, which would be borne by the C Share pool.

The Articles contain the C Share rights, full details of which are set out in paragraph 3.19 of Part 12 (*Additional Information*) of this document.

The Directors are seeking authority at the General Meeting to issue up to 100 million C Shares (less any Ordinary Shares issued under the Placing Programme) until the annual general meeting of the Company to be held in 2020.

## 9 Life of the Company

The Company has no fixed life but pursuant to the Articles an ordinary resolution proposing that the Company continue in existence as an investment company will be proposed at the annual general meeting of the Company to be held in 2023 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward by the Directors within three months after the date of the resolution to the effect that the Company be wound up, liquidated, reconstructed or unitised.

## 10 Net Asset Value

The unaudited Net Asset Value per Ordinary Share (and per C Share will be, where applicable) is calculated in Sterling by the Administrator on a quarterly basis. Such calculations are published through a Regulatory Information Service and made available through the Company's website.

The Net Asset Value is the value of all assets of the Company less its liabilities to creditors (including provisions for such liabilities) determined in accordance with the Association of Investment Companies' valuation guidelines and in accordance with applicable accounting standards under IFRS.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case, or generally, they may adopt such other valuation procedures as they consider reasonable in the circumstances.

The Directors may temporarily suspend the calculation, and publication, of the Net Asset Value during a period when, in the opinion of the Directors:

- (i) there are political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, and disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated;

- (ii) there is a breakdown of the means of communication normally employed in determining the calculation of the Net Asset Value; or
- (iii) it is not reasonably practicable to determine the Net Asset Value on an accurate and timely basis.

Any suspension in the calculation of the Net Asset Value, to the extent required under the Articles or by the Listing Rules, will be notified through a Regulatory Information Service as soon as practicable after any such suspension occurs.

## **11 Profile of a typical investor**

Typical investors in the Company are expected to be institutional investors, professionally advised retail investors and non-advised retail investors with at least basic market knowledge and experience, seeking access to a diversified portfolio of utility scale energy storage projects in the UK and elsewhere, in particular in North America and Western Europe.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under the Financial Services and Markets Act 2000 to assess whether an investment in the Company is suitable.

## **12 Meetings, reports and accounts**

The Company will hold its first annual general meeting on 14 August 2019 and will then hold an annual general meeting in each year thereafter. The annual report and accounts of the Company are made up to 31 March in each year with copies expected to be sent to Shareholders within the following four months. The Company also publishes unaudited half-yearly reports to 30 September with copies expected to be sent to Shareholders within the following three months.

The Company's financial statements are prepared in accordance with IFRS.

## **13 The Takeover Code**

The Takeover Code applies to the Company.

Given the existence of the buyback powers described in paragraph 7 above, there are certain considerations that Shareholders should be aware of with regard to the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

Under Rule 37 of the Takeover Code when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A shareholder who is neither a director nor acting in concert with a Director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code where a shareholder has acquired shares at a time when he had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. The buyback powers should enable the Company to anticipate the possibility of such a situation arising. Prior to the Board implementing any share buyback the Board will seek to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 3 of Rule 37. However, neither the Company, nor any of the Directors, nor the Adviser will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

#### **14 Taxation**

Potential investors are referred to Part 11 (*UK Taxation*) of this document which contains a general summary of certain UK tax considerations relating to the acquisition, holding and disposal of Ordinary Shares and C Shares. That summary, which is based on current UK law and the current published practice of HMRC, does not constitute tax advice. Investors are strongly advised to consult their own professional advisers.

#### **15 Risk factors**

The Company's business is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 19 to 38.

#### **16 Disclosure obligations**

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time) ("**DTR 5**") of the Financial Conduct Authority Handbook apply to the Company on the basis that the Company is an "issuer", as such term is defined in DTR 5.

As such, a person is required to notify the Company of the percentage of voting rights it holds as a holder of Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent.

## PART 3

### MARKET BACKGROUND

#### 1 GB market update

##### **Market overview**

The GB market remains a key focus for the Company, as the fundamental drivers for storage appear to be strong. For example, in 2019, the UK Government reported its annual statistics on the performance of the industry over the previous year. In that document, it set out that renewable generation in GB and Northern Ireland reached 33.3 per cent. in 2018, growing from 24.5 per cent. in 2016.

Further, the Company continues to see reductions in battery costs, which are now standing at an approximately 82 per cent. reduction in cell costs since 2010.

Outside of the fundamental drivers, the Adviser has been monitoring a number of changes in market design and regulation and these drivers and their impact are discussed and evaluated in the sections that follow.

##### **Electricity network charges**

Ofgem, the GB electricity and gas markets regulator has been reviewing electricity charging arrangements to ensure that they are fit for purpose. In recent years, it had identified certain charging methodologies as being distortive to markets because they acted as subsidies to the costs of producing power, which disrupts competition. In response, it committed to conducting two reviews.

The first, the Targeted Charging Review (“**TCR**”) addressed the issue of charging for residual costs, which are the sunk network costs that network operators are entitled to collect over the lifetime of their assets. The current charging methodologies for recovering the residual cost in transmission charges, and balancing charges for distribution-connected sites allows for them to avoid these costs, which are significant in the case of transmission charges. Similarly, some distribution charges recover the residual through a variable component that commonly takes the form of a payment to the site for running at certain times of the day.

In November 2018, Ofgem consulted on its draft decision to change these charging methodologies. The draft decision process enables Ofgem to consider feedback on its detailed proposals before these are finalised in licences and other industry rules and regulations. In principle, the proposals aim to reduce avoidance of residual costs by using fixed charges, or metering of gross demand on the distribution system (not net demand, which nets off the output from distribution-connected sites). After considering responses from industry participants, Ofgem will publish those responses and is due to finalise its decision in June 2019. If and when the changes are confirmed, Ofgem has proposed to implement its decisions between April 2020 and April 2021.

These changes will have the impact of reducing the “embedded benefit” to sites that are distribution-connected. While the Group’s portfolio of sites is distribution-connected, the Company has been tracking the review from the outset, and has reflected the direction of travel on transmission and distribution charges in its investment decisions since First Admission.

In parallel, Ofgem has also been considering how to most efficiently allocate capacity on the network, and how to signal the costs and benefits that different users create from their usage patterns under its Network Access and Forward-Looking Charging Review. Ofgem initiated this review in December 2018, and confirmed that a significant focus would be distribution charging, including both a variable component and a review of whether connection charges could change to become “shallower” (e.g. less of an upfront cost to the connecting site, but more of an ongoing commitment in development timescales). This review is due to publish working papers in 2019, and reach a final decision in early 2021. Ofgem expects implementation to take place from April 2023.

The impact of the Network Access and Forward Looking Charging review is not yet clear, as the decision could range from reducing distribution charges from levels seen today, through to creating new charging mechanisms that benefit flexible generation at different times of the day. As such, the Company is closely monitoring and contributing to the consultative phase of the review.

### **Capacity market**

The UK capacity market is a policy mechanism that provides a long-term revenue stream to the Group's sites, based in a £/kW/year payment which is derated according to the level of storage installed at the site. As the Company reported in November 2018, the capacity market was suspended on 15 November 2018, following a European Court of Justice decision to rule in favour of an objection against the original decision for State Aid not following due process.

Since this decision, the capacity market has entered a standstill period which prevents further auctions being held or making any further payments under auctions already conducted, until the State Aid clearance situation is resolved.

The UK Government is working towards reinstating the capacity market, and the industry has received regular updates from both the UK Government and National Grid during the standstill period. In December 2018, the UK Government stated that it is exploring with the European Commission the most rapid and effective path to conduct a formal investigation (i.e. the due process that was omitted from the original State Aid decision). It confirmed that it had asked the delivery organisations to continue to operate the capacity market scheme short of making payments, and confirmed that it would hold a "top-up" auction later in summer 2019, for delivery in winter 2019/20. Any agreements that are allocated in that auction would be conditional on the European Commission's formal investigation. On 3 January 2019, the UK Government responded to the Business, Energy, and Industrial Strategy Committee, stating that it expects that in the event of a positive decision, past payments would be honoured, and it would expect to make deferred payments from the standstill period. It also said that it was considering ways to continue to collect payments from electricity suppliers (who fund the capacity market through collecting levies in consumer bills).

As such, it is the Adviser's view that the capacity market will be restored, and any deferred payments collected in line with the UK Government's steer. For all portfolio companies, the Adviser has taken a conservative approach and written-off 12-months of CM income for all contracted sites.

Looking forward to the next capacity market auction scheduled for this summer, the Adviser notes that de-rating factors (the fraction of capacity payment awarded to different technology classes) have been adjusted downwards slightly compared to the auctions held in 2018, (e.g. from 36.44 per cent. in 2018 T-4 auction to 34.21 per cent. in the summer 2019 T-1 auction, for a one hour battery).

### **Brexit and the impact on the electricity industry**

The UK Government, Ofgem, and Irish regulators have published guidance to the markets recently to provide a steer on the potential outcome of a "no deal" Brexit, which is considered to be the most disruptive to electricity markets.

In such a scenario, the electricity interconnectors between GB and the continent, and GB and Ireland, may face serious operational challenges and cause disruption in the electricity market.

Outside of the impact on interconnector flows, Ofgem has identified that some industry licences and codes may need to change during the implementation period (if a withdrawal agreement is agreed), or sooner in a no deal scenario, as these currently reflect EU legislation. Similarly, the monitoring of energy market trades and protection against insider trading will need to transition to GB either at the end of the implementation period, or from the date of no deal.

The Adviser does not currently consider the changes to licences and codes, nor the reporting of trades, to be directly applicable to the Group's business at this point in time.

### **Licensing storage assets in GB**

Ofgem is also addressing the regulatory treatment of storage assets in Great Britain, to provide clarity to storage operators. Licensing brings about certain benefits, including not being subject to final consumption levies on electricity used to charge the asset. Currently, storage assets license as generators, though that licence does not define storage as a function, nor does it provide clarity on final consumption under different metering arrangements.

The Adviser understands that Ofgem had intended to change the generation licence to address these clarification points, but this has not yet been completed. The Company will continue to use the existing generation licence until these arrangements have been made, at which point the Adviser expects that all generation licences will be updated to feature the new storage-specific terms.

### ***Access to National Grid's balancing mechanism***

National Grid is responsible for balancing the GB system in real time. It uses the balancing mechanism (“**BM**”) as one of the main tools to perform this role. In the BM, it is able to accept bids and offers from available market participants to decrease or increase their output (respectively). As such, cost effective and flexible participants in the BM can earn additional revenues to, for example, wholesale market participation by offering these adjustments to National Grid.

Historically, the avenues to accessing the BM have been as a transmission-connected plant (i.e. being connected at high voltage), as a distribution-connected plant with a relevant contract with National Grid, or as a supplier. However, in late 2018, a number of aggregator and route to market providers pioneered access into the BM using a form of the supplier approach, where aggregated units could directly participate in the BM. Since then, National Grid and Elexon (the electricity industry settlements agent) have been working on widening access to the BM through additional registration routes, to take advantage of increasing levels of flexible small-scale generation connected at the distribution level.

As part of these initiatives, National Grid and Elexon are also participating in the Trans-European Replacement Reserve Exchange (“**TERRE**”), which aims to exchange standardised balancing products across market borders, widening access to the European market for those balancing participants with over 1.0 MW in installed capacity.

The Adviser notes that the BM does not have the same depth of liquidity as, for example, the wholesale market, and there may be reasons why the economic dispatch of low cost providers of flexibility (such as batteries) does not always occur – for example, the location of a site relative to network constraints. Nonetheless, the Adviser views these developments in the BM as positive for the portfolio as this is an additional revenue stream from the Company's base-case. The Adviser expects to review options for entering the BM with selected sites in the future.

### ***Reform of balancing services, and opening up of other balancing services to distribution-connected flexibility resources***

Separate to the BM, National Grid continues to review and reform its suite of balancing services to ensure they are appropriate for the challenges ahead that the system faces. In its IPO prospectus, the Company noted changes that National Grid was making to its Response and Reserve products, which are currently underway. For Response, National Grid has successfully implemented a change to its monthly tendering schedule, whereby tenders alternate between short term (month ahead) requirements, and longer term (up to 30 months out). It has also successfully aligned the duration of bids to Electricity Forward Agreement blocks, and implemented new contract terms, to simplify contracting and tendering arrangements.

National Grid is currently working on the trial of a weekly auction mechanism to procure Response. It is prioritising the auction over the redesign of Response products, so that it can assess the impact of each change on the market separately. For the Company, this means that current products may exist longer than previously anticipated (National Grid does not specify a date for the new response products), though the means of procurement may shift to auctions if the current trial is successful.

Prices for FFR fell through 2018, with many contracts now awarded at around £7/MW/hour, though there are contract awards often observed at higher and lower prices, based on the level of competition received, and the cost to National Grid of procuring alternative sources of FFR.

Outside of Reserve and Response, National Grid has also published roadmaps in the areas of Reactive Power and Black Start, which map the way to lowering barriers to entry for participating in these markets.

For Reactive Power, National Grid has outlined that it intended to design a better functioning market, with separate regional requirements, minimal barriers to entry, and taking in learnings from the trial of procuring Reactive Power from distribution-connected providers in the South East of England (known as “**Power Potential**”). For Black Start, National Grid has set out a roadmap to improve transparency, and broaden participation from renewable generation, distributed energy resources, and interconnectors.

The Adviser views the opening of these large markets as positive for the Group’s portfolio overall, as their opening may provide new revenue streams on which sites can rely after current contracting arrangements come to an end.

### ***Opening up of local flexibility markets***

Local network operators, known as distribution system operators (“**DSOs**”), are developing new methods for managing flows on their networks. Such methods are beginning to take the form of markets within which participants can be remunerated for delivering changes in output.

One such method is the procurement of flexibility services, which involves the shaving or shifting of peak demand for a site away from the peak in system demand. For example, UKPN, the DSO for the Group’s sites at Lower Road and Port of Tilbury, has recently launched a tender for flexibility services whereby successful providers are paid availability and utilisation fees from winter 2019 for up to four seasons ahead (two years).

The Adviser views this as a positive development in the flexibility space, again providing further contracting opportunities to complement the current strategy for the Group’s portfolio.

## **2 The Irish electricity market**

### ***Background***

The electricity market in the Island of Ireland is common to both the Republic of Ireland and Northern Ireland. The transmission network for the Republic of Ireland and Northern Ireland is operated by two separate system operators – EirGrid and SONI, respectively, and the corresponding distribution networks operated by the Electricity Supply Board (“**ESB**”) and Northern Ireland Electricity (“**NIE**”), respectively. The electricity industry in the Republic of Ireland and Northern Ireland is overseen by the respective regulators – Commission for Regulation of Utilities (“**CRU**”), and Northern Ireland Authority for Utility Regulation (“**UR**”).

### ***Integrated Single Electricity Market***

The Integrated Single Electricity Market (“**I-SEM**”) covers electricity trading arrangements for the whole of the Island of Ireland and came into force in October 2018 replacing the Single Electricity Market (“**SEM**”). The I-SEM introduces new markets for energy trading: two ex-ante energy markets – the day-ahead and intra-day markets, a balancing market and two markets for forward financial instruments.

The I-SEM also introduces a new capacity market called the Capacity Remuneration Mechanism (“**CRM**”) replacing the capacity payments that previously existed under the SEM. Capacity from generators or interconnectors is procured on a competitive basis through T-1 and T-4 auctions (similar to the GB capacity market) and successful capacity providers receive a regular capacity payment. Unlike the GB capacity market, the CRM is structured as a one-way contract-for-difference, where successful capacity providers are obliged to make difference payments to return revenues above a certain regulated strike-price. The intent behind the CRM is that capacity providers shall trade in the I-SEM during such peak price periods to generate revenues to cover the difference payments.

### ***DS3 Programme***

In response to meeting Ireland’s binding 2020 EU target for sourcing renewable energy, EirGrid together with SONI began a multi-year programme, ‘Delivering a Secure, Sustainable Electricity System’ (the “**DS3 Programme**”). One of the key areas in the DS3 Programme is procurement of a suite of system services to ensure that the electricity system operates securely and efficiently whilst facilitating higher levels of renewable energy penetration on the all-island network. A summary of these system services is shown in the table below:

<i>System service</i>	<i>Abbreviation</i>	<i>Description</i>
<b>Synchronous Inertial Response</b>	SIR	Response from stored kinetic energy of dispatchable synchronous generator
<b>Fast Frequency Response</b>	FFR	MW delivered between 2 and 10 seconds
<b>Primary Operating Reserve</b>	POR	MW delivered between 5 and 15 seconds
<b>Secondary Operating Reserve</b>	SOR	MW delivered between 15 and 90 seconds
<b>Tertiary Operating Reserve 1</b>	TOR1	MW delivered between 90 seconds to 5 minutes
<b>Tertiary Operating Reserve 2</b>	TOR2	MW delivered between 5 to 20 minutes
<b>Replacement Reserve - Synchronised</b>	RRS	MW delivered between 20 minutes to 1 hour
<b>Replacement Reserve – Desynchronised</b>	RRD	MW delivered between 20 minutes to 1 hour
<b>Ramping Margin 1</b>	RM1	The increased output that can be delivered with a good degree of certainty for the given time horizon
<b>Ramping Margin 3</b>	RM3	
<b>Ramping Margin 8</b>	RM8	
<b>Fast Post Fault Active Power Recovery</b>	FPFAPR	Quick recovery of active power output following voltage disturbance
<b>Steady State Reactive Power</b>	SSRP	Dispatchable reactive power (MVA <sub>r</sub> ) capability
<b>Dynamic Reactive Response</b>	DRR	Reactive power (MVA <sub>r</sub> ) delivery during large voltage dips

The DS3 system services are procured by EirGrid and SONI under two separate procurement routes: (i) volume uncapped procurement, also known as the regulated arrangements; and (ii) volume capped procurement, also known as fixed contract procurement.

### ***Volume uncapped procurement***

Under the volume uncapped procurement route, EirGrid and SONI as the TSOs contract for system services with eligible providers following conclusion of a procurement exercise, and these service providers are paid a regulated tariff approved by the regulatory authorities.

The volume uncapped procurement route affords a great level of flexibility for service providers to tailor the service specification to suit the asset's capability – for example, service providers are permitted to specify the trigger and trajectory frequencies and the speed of response to define their frequency response capability for service provision. The service providers are also able to define the time periods they are able to provide the contracted system services through provision of availability forecasts.

The TSOs incentivise certain behaviours from the service providers through the use of 'scalars' in remuneration, where a higher scalar value translates to higher DS3 system service payments. Some scalars are defined by the asset's service capability, with others used as a measure of the asset's service delivery against specification during operations. There are also scalars such as the Temporal Scarcity Scalar which incentivises the service provider to be available to provide the contracted system service during periods when the TSOs need it the most for managing the electricity network.

The volume uncapped procurement tenders were conducted in two phases during 2018 for 12 out of the 14 DS3 system services; dynamic reactive response and fast post fault active power recovery service were not procured at that time. Contracts were awarded for service providers in both Northern Ireland and the Republic of Ireland. There is no jurisdictional limit for service volume procured through the tenders at this

stage. The awarded services providers commenced service delivery in May 2018 (for 11 of the tendered services) and in October 2018 (for fast frequency response).

The volume uncapped contracts are for a five-year term up to 30 April 2023, with an option for the TSOs to extend the term, subject to regulatory authority approval. TSOs retain a right to terminate the contract for convenience at 12 months' notice.

The TSOs had previously advised that the qualification system for the volume uncapped route would be refreshed periodically and new entrants invited to apply under a gated process. Any new contracts awarded will be for up to 30 April 2023. The procurement notice for the first gate was issued on 29 March 2019 and it targets service delivery later in the year from 1 September 2019. TSOs had also previously advised that a subsequent qualification system refresh will be done every six months thereafter.

**Volume capped procurement**

Separate to the DS3 system services procured under the volume uncapped procurement route, EirGrid and SONI intend to procure a subset of the DS3 system services for a defined service specification. A summary of the key service specification for the system services procured under the volume capped procurement route is shown in the table below:

<i>Service characteristic</i>	<i>Service requirement</i>
<b>Type of service</b>	Frequency response (containment)
<b>Dynamic or static response</b>	Dynamic capability in response to a reserve trigger
<b>Reserve trigger</b>	Commence service delivery when system frequency goes outside of +/- 0.2 Hz from nominal frequency
<b>Trajectory</b>	Achieve maximum contracted active power output when frequency reaches +/- 0.5 Hz from nominal frequency
<b>Speed of response</b>	300ms minimum, incentivised to provide faster response at up to 150ms

Five DS3 system services are procured as a bundled service under the volume capped procurement route – fast frequency response, primary operating reserve, secondary operating reserve, tertiary operating reserve 1 and tertiary operating reserve 2, requiring a service delivery duration of up to 20 minutes for low-frequency events. The TSOs also require service providers to provide high-frequency response capability of at least 15 per cent. of the contracted MW volume for low-frequency response for a service delivery duration of 90 seconds.

As part of defining the service specification, the TSOs have also simplified the ‘scalars’ to be used under the volume capped contract and remuneration mechanisms compared to the volume uncapped procurement route. Most notably, the TSOs intend to fix the value of the Temporal Scarcity Scalar (“TSS”) to be used for calculation of DS3 system service payments under the volume capped contracts, to improve revenue certainty for service providers. The TSS values are to be published by the TSOs ahead of the tender submission date.

EirGrid and SONI intend to procure the volume capped service through a competitive tender in 2019 targeting procurement of 90 to 140 MW from potential service providers across both Northern Ireland and the Republic of Ireland. There is no jurisdictional limit for service volume procured in the upcoming tender. Individual project size is limited to 50 MW.

The TSOs issued a procurement notice on 7 March 2019 commencing pre-qualification for the upcoming tender. The date for release of the contract award is targeted for August 2019.

Successful service providers have two years to build-out the asset and shall commence service delivery by 1 September 2021. The volume capped contracts are offered for a six-year term up to 31 August 2027.

## PART 4

### THE GROUP'S EXISTING PORTFOLIO, PERFORMANCE TO DATE AND PIPELINE OF PROPOSED INVESTMENTS

#### 1 The Group's existing portfolio

As at the Latest Practicable Date, the Group's portfolio comprised of eight assets with a total capacity of 189.0 MW including projects under construction and/or awaiting completion of the acquisitions. All of the assets within the Group's existing portfolio are situated in the UK and the Republic of Ireland. Operating assets represented 10.0 MW.

The Adviser has selected assets that deliver portfolio diversification by multiple revenue streams, geographical location, EPC contractors, O&M counterparties and developers.

Details of the assets within the Group's current portfolio, representing 100 per cent. of the value of the total portfolio (excluding cash and cash equivalents) as at the Latest Practicable Date, are summarised below:

<i>Project</i>	<i>Location</i>	<i>Capacity</i>	<i>% Owned by the Company</i>	<i>Site Type</i>	<i>Status</i>	<i>Commissioning/ Expected commissioning</i>	<i>Battery provider</i>
Boulby	North Yorkshire UK	6.0 MW	100% <sup>7</sup>	Industrial Mining	Operational	Q4 2017	NEC ES
Cenin	Wales UK	4.0 MW	49%	Renewable Generation	Operational	Q1 2018	TESLA
Lower Road	Essex UK	10.0 MW	100%	Greenfield	Design stage	Q4 2019	NEC ES
Port of Tilbury	London UK	9.0 MW	100%	Port	Under construction	Q4 2019	NEC ES
Mullavilly	Northern Ireland	50.0 MW	51%	Greenfield	Acquired in June 2019	Q1 2021	To be confirmed
Drumkee	Northern Ireland	50.0 MW	51%	Greenfield	Acquired in June 2019	Q1 2021	To be confirmed
Kilmannock <sup>8</sup>	Republic of Ireland	30.0 MW	51%	Greenfield	Acquisition contract signed in June 2019 (awaiting completion)	Q3 2021	To be confirmed
Porterstown <sup>9</sup>	Republic of Ireland	30.0 MW	51%	Greenfield	Acquisition contract signed in June 2019 (awaiting completion)	Q3 2021	To be confirmed

<sup>7</sup> Excluding profit sharing equity instruments owned by General Electricity Holdings Ltd, the parent company of Kiwi Power Limited.

<sup>8</sup> Conditional on a signed DS3 fixed contract. The condition can be waived at the Company's discretion.

<sup>9</sup> Conditional on a signed DS3 fixed contract. The condition can be waived at the Company's discretion.

### ***Boulby Project***

Boulby is a 6.0 MW storage behind-the-meter asset co-located with an industrial partner in Cleveland, North Yorkshire. Boulby started its commercial operations in October 2017. NEC is a battery system provider for the project, and it provides a 95 per cent. availability warranty for the project. KiwiPower provides the asset management and the route to market services.

The Boulby site has three sources of revenue: (i) frequency response (FR) contract; (ii) capacity market contract; and (iii) Triad contract.

### ***Cenin Project***

The Group has ownership of 49 per cent. in the Cenin Project which is a 4.0 MW front-of-the-meter storage asset based in Swansea, Wales. The Cenin Project is co-located within Cenin cement factory, a renewable generation farm comprised of solar PV, wind turbine and anaerobic digestion plant, and started its commercial operations in February 2018. Tesla Motors Limited is an EPC provider for the Cenin Project and it provides an availability warranty for the project.

The Cenin site has two sources of revenue: (i) firm frequency response (FFR) contract; and (ii) capacity market contract.

### ***Lower Road Project***

Lower Road is a green field site, front-of-the-meter project located in Brentwood, Essex. It is a 10.0 MW battery energy storage project. Lower Road has a secured grid connection offer and commissioning is expected in Q4 2019. The project benefits from: (i) FFR contracts already secured; (ii) a capacity market contract; and (iii) wholesale trading revenues. Lower Road will be constructed by NEC ES under a turn-key EPC contract and Origami Energy is providing the operational control and route to market.

### ***Port of Tilbury Project***

Port of Tilbury is a 9.0 MW behind-the-meter battery energy storage site. The project is under construction and commissioning is expected in Q4 2019. Port of Tilbury will benefit from: (i) the Triad revenues; (ii) FFR contracts previously secured; and (iii) a capacity market contract. Port of Tilbury will be constructed by NEC ES under a turn-key EPC contract and Origami Energy is providing operational support and route to market services.

### ***Mullavilly and Drumkee Projects***

On 4 June 2019, the Company acquired a 51 per cent. interest in each of two projects in Northern Ireland with a total installed capacity of 100.0 MW (the “**NI Projects**”). The NI Projects, each comprising 50.0 MW capacity, are located in Drumkee, County Tyrone and Mullavilly, County Armagh.

The NI Projects are expected to derive revenues from the “DS3” or “Delivery Secure Sustainable Electricity System” Programme operated in Northern Ireland as well as the Irish Capacity Remuneration Mechanism and wholesale trading revenues (the latter after the end of DS3 services). The Company intends to participate in the DS3 programme under the DS3 Standard Contracts tender. The DS3 Standard Contracts offer tariffs set by regulatory authorities although such contracts are due to expire in April 2023 (unless the contract is terminated earlier with 12 months’ notice).

The NI Projects were developed by Low Carbon (also a 49 per cent. equity partner). So far, the Company has committed £9.1<sup>10</sup> million in aggregate to the acquisition of the NI Projects (£4.5 million for each of the NI Projects).

### ***Kilmannock and Porterstown Projects***

The Company has also signed a share purchase agreement to acquire a 51 per cent. interest in two projects in the Republic of Ireland with a total installed capacity of 60.0 MW. The projects, each with a 30 MW capacity, are in Porterstown, County Kildare and Kilmannock, County Wexford (the “**RoI Projects**”).

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<sup>10</sup> Total amount including VAT

The Rol Projects also anticipate revenues from the “DS3” or “Delivery Secure Sustainable Electricity System” Programme as well as the Irish Capacity Remuneration Mechanism and wholesale revenues (the latter, after the end of DS3 services). The Company intends to participate in the DS3 programme under EirGrid’s DS3 Fixed Contracts tender scheduled for July 2019. The DS3 Fixed Contracts offer fixed price contracts through competitive auction to be held this summer. Bidders would be awarded a six-year contract commencing from the operation date in Q3 2021. The Company has a right to terminate the share purchase agreement if the Rol Projects do not secure the DS3 Fixed Contracts.

The Rol Projects were developed by Low Carbon (also a 49 per cent. equity partner). Upon securing the DS3 Fixed Contracts, the Company will commit funds to grid connection and early project design requirements necessary in relation to the DS3 Fixed Contract award.

The aggregate return for the Projects has the potential to be greater than the unleveraged target returns of 10-12 per cent. (before the Company’s fees and expenses) from the Group’s portfolio on full investment.

The Company is in an advanced stage of selecting an EPC contractor for both the NI Projects and the Rol Projects.

There is an estimated aggregate total funding requirement of £77 million for project construction, acquisition and CAPEX in respect of the Projects which will be provided by the Company (funded through equity fundraisings (including the Initial Issue, Additional NTMA Subscriptions and the Placing Programme), strategic investors or otherwise). Low Carbon has reserved a buy-back right for any NI Project or Rol Project for which the Company is unwilling or unable to secure EPC and capex funding. Investment in the Projects is by way of shareholder loans carrying 10 per cent. interest, stepping down to 8 per cent. or 9 per cent. upon commissioning of the Projects, with 51 per cent. of any excess profits due to the Company.

Further details of the sale and purchase agreements relating to the NI Projects and the Rol Projects are set out in paragraph 7.6 of Part 12 (*Additional Information*) of this document.

## 2 The Low Carbon Project Options

The single electricity market that serves both the Republic of Ireland and Northern Ireland represents a highly attractive market for the Company, as it is a leading renewable energy producer with a major need for energy storage technology.

The Company has entered into an option deed to acquire a 51 per cent. interest in Low Carbon’s existing portfolio in Northern Ireland and the Republic of Ireland, constituting a further 200.0 MW of total installed capacity (the “**Residual Projects**”). The Residual Projects are listed in the table below in paragraph 5. Each Residual Project option may be exercised by the later of four months after a grid offer notification has been received or one month after a project has obtained a grid connection.

Further details on the Low Carbon options are set out in paragraph 7.7 of Part 12 (*Additional Information*) of this document.

## 3 Audited Net Asset Value

As at 31 March 2019, the audited Net Asset Value per Ordinary Share (cum dividend) was 91.9 pence. The table below illustrates the change in NAV from First Admission to 31 March 2019:

	NAV (£m)	NAV per Ordinary Share (pence)
NAV on First Admission after IPO expenses	30.07	98.3
Return from invested assets	(0.57)	-1.8
Return from cash	0.14	0.5
Dividend	(0.92)	-3.0
Fund expenses	(0.61)	-2.0
NAV as at 31 March 2019 (cum dividend)	28.12	91.9

As part of its initial public offering, the Company issued or transferred 30,600,000 Ordinary Shares on 25 May 2018 at a price of 100 pence per Ordinary Share. Net of IPO expenses, the NAV on First Admission was £30.07 million. The Company is taking a conservative view on estimated cashflow and consequently on evaluating the assets in its portfolio. The impact of the Capacity Market contract suspension and the latest forecast frequency prices were reflected in the audited NAV as at 31 March 2019. No further potential upsides were taken into consideration at this point. Trading opportunities and capacity expansion for portfolio and pipeline projects are under review.

The Company adopts a disciplined approach to investments and will only acquire projects that fit into its investment policy. As a consequence of the Company holding its acquisition discipline, the Company had uninvested cash during the period from First Admission to 31 March 2019 which generated a 0.5 per cent. in aggregate return.

The Company has paid aggregate dividends of 4 pence per Ordinary Share since First Admission.

The return from cash does not include an advance to NEC interest (total advance of £4,500,000 and incurs interest of 3 per cent. from First Admission). The £0.14 million return from cash includes £0.06 million of intercompany loan interest.

#### **4 Market opportunities**

##### ***The energy storage addressable market***

Energy storage is a market which is undergoing continued and transformative growth in the UK and globally. The fundamental growth drivers are driven by fossil and nuclear power plant closures combined with the steady increase in intermittent renewable energy capacity which affect grid stability and electricity price stability, both issues that storage projects are uniquely positioned to address. As a result, energy storage is a key part of government energy policy as it helps to deliver the low-carbon electricity sector that is the stated goal of the UK, the EU and many other countries. The growth in energy storage assets is therefore anticipated to increase in these markets as the levers that drive their growth further develop. The Adviser, having built a significant amount of knowledge and experience in this sector, is ideally positioned to capitalise on this anticipated increase in demand for energy storage assets.

In addition to the Company's significant UK investment pipeline, the opportunities outside the UK have continued to grow considerably and there are potentially attractive opportunities available. The Adviser's advanced pipeline encompasses projects across Belgium, Germany and the Republic of Ireland.

The assets which form part of the Company's pipeline are flexible in terms of services and availability, and therefore present multiple and increasing revenue opportunities. The Adviser believes these additional revenues streams will become increasingly important as a means of diversification. Initially, projects were focused on: (a) frequency response services; (b) Triad avoidance services; and (c) capacity market services. Today, the Adviser is currently analysing projects that include: (i) balancing mechanisms; (ii) wholesale trading; (iii) distribution network cost saving; (iv) voltage control; and (v) DS3 services in Ireland.

##### ***Pipeline channels***

The Adviser continues to work with several sources of potential pipeline projects, such as strategic partners, developers and EPC contractors.

#### **5 Project pipeline**

The Adviser screens and prioritises projects based on the Company's investment policy.

As at the date of this document, inclusive of the Residual Projects, the Adviser has identified a pipeline of potential investments set out in the table below:

## Deals under option or in advanced stages of negotiations

<i>Project</i>	<i>Location</i>	<i>Total project size - MW</i>
Project 1	GB	30
Project 2	GB	20
Project 3	GB	10
Project 4	GB	35
Project 5	GB	10
Project 6	Belgium	25
Project 7	Republic of Ireland (Residual Project)	30
Project 8	Republic of Ireland (Residual Project)	30
Project 9	Republic of Ireland (Residual Project)	20
Project 10	Northern Ireland (Residual Project)	30
Project 11	Northern Ireland (Residual Project)	30
Project 12	Northern Ireland (Residual Project)	50
Project 13	Northern Ireland (Residual Project)	10
Project 14	Germany	10
Project 15 <sup>11</sup>	Germany	9
Total		508

11 Average of potential project size range

The Adviser intends to continually build the pipeline on an ongoing basis.

There is no certainty that the above, or any future pipeline assets, will be available for the Company to purchase or indeed fall within the Company's stated investment objective and investment policy.

There can therefore, be no guarantee that the Company will be able to acquire all or any of the potential pipeline assets.

## PART 5

### DIRECTORS AND MANAGEMENT

#### 1 Directors

The Directors are responsible for determining the Company's investment policy and 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 Company's service providers. The Directors may delegate certain functions to other parties such as the Adviser, the Administrator and the Registrar.

All of the Directors are non-executive and are independent of the AIFM and the Adviser. The Directors meet at least four times per annum.

The Directors are as follows:

#### ***Patrick Cox (Chairman)***

Mr Cox has significant board experience and is currently the Chairman of the Public Interest Committee for KPMG Ireland, a member of the Appointment Advisory Committee for the European Investment Bank, a member of Michelin SCA's Supervisory Board and a non-executive director of Appian Asset Management Ltd. He also sits on the boards of various think tanks and not-for-profit organisations, including as a Senior Fellow and Board Member of the Institute for International and European Affairs, Ireland, a Board Member of the Third Age Foundation Ireland, and President of Alliance Française Dublin. He was formerly the President of the European Parliament from 2002 – 2004, having been a Member of the European Parliament for Munster, Ireland from 1989 to 2004 and is now the European Coordinator for the Scandinavian-Mediterranean TEN-T Core Network Corridor, appointed by the European Commission. He has been bestowed National Honours by Presidents of Austria, Bulgaria, Estonia, Italy, Latvia, Lithuania and Romania, and is a Commander of the Legion of Honour, France. He is a graduate of Trinity College, Dublin and holds Honorary Doctorates from Trinity College Dublin, the National University of Ireland, the University of Limerick, the Open University and the American College Dublin.

#### ***Caroline Banzky***

Ms Banzky is currently a non-executive director of 3i Group plc, where she is the Chairman of the Audit and Compliance Committee and a member of the Remuneration Committee, and a non-executive director of IntegraFin Holdings plc where she is Chairman of the Audit and Risk Committee. She is a past Committee member of the Association of Investment Companies (AIC) Self-Managed Investment Trusts, a director and General Committee member of The Caledonian Club Trustees Ltd, a director of the AllChurches Trust Limited and a member of their investment committee, a director of the UK Stem Cell Foundation and a member of the Investment Committee of The Open University. Prior to this, for 15 years to August 2016, she was the CEO of The Law Debenture Corporation plc. Between 1997 and 2002, she was the COO of SVB Holdings plc (now Novae Group plc, a Lloyd's listed and integrated company). Additionally, from 1981 to 1997, Ms Banzky worked at N.M. Rothschild & Sons Ltd, where she held various senior management roles including Finance Director and CFO. Ms Banzky is a graduate of the University of Exeter and is a Chartered Accountant, having trained at Peat Marwick & Mitchell (now KPMG).

#### ***Malcolm King***

Mr King has had a varied career in financial services, including over 30 years in investment management. For 10 years Mr King was the investment manager at Finsbury Asset Management where he was responsible for the investments of seven investment trusts. Subsequently he moved to J O Hambro Capital Management where he was director and investment manager of two investment trusts and a number of other portfolios. From 2004 until his retirement in 2016, Mr King worked at Investec Asset Management where he was the co-manager of various multi-asset funds invested in internal and external funds, including closed-ended funds. A Chartered Accountant, having trained at Peat, Marwick & Mitchell (now KPMG), he is currently a non-executive director of Henderson Opportunities Trust and Ecofin Global Utilities & Infrastructure Trust plc. He writes regularly for MoneyWeek as well as having a number of unpaid commitments. Mr King is an economics graduate of Trinity College, Cambridge.

### **Thomas Murley**

Mr Murley has been involved in investing in renewable energy projects for over 25 years in both Europe and the United States. From 2004 to 2016 Mr Murley was a director at HgCapital, a London-based private equity firm, where he established its renewable energy investment fund business which raised and invested over US\$1 billion in equity in over 70 EU wind, solar, biomass and hydroelectric projects. From 2016 to 2018 Mr Murley continued to act as Chairman and Senior Advisor to the HgCapital Renewable Energy team, which spun out of HgCapital in December 2017 and is now trading as Asper Investment Management, serving on investment and portfolio committees. In 2012 Mr Murley was appointed as a non-executive director to the inaugural board of the UK Green Investment Bank, where he also served on the investment committee. Mr Murley remained on the board until the privatisation of the Green Investment Bank in August 2017. In October 2016 he was appointed as an independent non-executive director of Ameresco Inc., a renewable energy and energy efficiency company listed on the New York Stock Exchange. Mr Murley also serves as an independent investment committee member for two private renewable energy investment funds, one based in New York and the other in Amman, Jordan. From 1993-2003 Mr Murley was a lawyer and later Managing Director of EIF Group in Boston Massachusetts, one of the first energy infrastructure funds, where he was responsible for equity investments and renewable and conventional power projects. Mr Murley has a degree in History from Northwestern University in Evanston Illinois and a Law Degree, with honors, from Fordham University in New York.

## **2 Adviser**

The Company and the AIFM have appointed Gore Street Capital Limited as the Company's adviser.

The Adviser was formed in 2013 as a platform to acquire, develop and manage global renewable energy assets. It is headquartered in the UK and comprises a strong team of investment professionals with significant experience in sourcing, structuring and managing large renewable energy projects globally. The Adviser was the first to deploy privately owned large scale battery projects in GB.

The Adviser is not currently subject to authorisation or regulation by the FCA, although it has submitted an application for authorisation as an alternative investment fund manager to the FCA.

Biographies of the directors and key individuals of the senior investment team at the Adviser are set out below:

### **Alex O'Conneide**

Alex O'Conneide, Managing Partner of the Adviser, is a former Managing Director and Head of Paladin Capital Europe, a Senior Adviser to Kleinwort Benson and Head of Investments for Masdar, a sovereign wealth fund based in Abu Dhabi which was managing US\$15 billion of renewable energy investment. He launched and led a 15-person team at Masdar Capital, a private equity business with over US\$500 million assets under management, co-managing third party investment funds with Deutsche Bank and Credit Suisse across wind, solar and waste technologies. From 2006 to 2012, Masdar invested in the largest off-shore wind farm in the world, owning 20 per cent. of the 1 GWp London Array project in a joint venture with E.ON UK and Dong; China's largest non-SOE wind developer (over a GWp of active projects); a range of PV and CSP plants in both Europe and the US, including 40 per cent. of a EUR1.76 billion investment in Torresol Energy devoted to the construction of three CSP plants in Spain; Acciona Solargenix CSP plants (over 60 MW) in the US; and waste-to-energy plants in both the US and Europe, as well as a range of growth equity positions in new technology companies located globally. Mr O'Conneide is currently an adviser to the board of 8 Minute Energy, one of the largest independent solar project developers in North America and serves as UNICEF UK Advisor focusing on climate finance. Mr O'Conneide has a Masters in Finance from London Business School, an MSc in Philosophy from the London School of Economics and an MA from Trinity College Dublin.

### **Daniel Mudd**

Daniel Mudd is a director of the Adviser. He has over 30 years of experience leading businesses; advising boards, investors, and governments; and serving in the military. His assignments have often involved complex special situations and distressed businesses. Currently, Mr Mudd is the founder of DBDh Advisory.

Mr Mudd was the CEO of Paladin Global in 2015-2017. From 2009-2012, Mr Mudd was the CEO of Fortress Investment Group, a global asset management firm with over US\$50 billion invested in private equity, credit,

and hedge funds. Under his leadership, the firm expanded its base to Asia and the Middle East, acquired new business, eliminated corporate debt while restoring shareholder dividends, and operated market-leading distressed debt funds. He had served on the Fortress board since the firm's IPO in 2007. He was the President and Chief Executive Officer of Fannie Mae, the United States' largest mortgage investor, from 2005-2008. From 1991-2000, he was a senior officer at General Electric. As President of GE Capital Asia-Pacific, he was responsible for all lines of business, including power and industrial development projects in Indonesia, China, India and the Philippines. Mr Mudd graduated with a B.A. from the University of Virginia. In 1980, he was a finalist in the Olympic Rowing Trials. He was a commissioned officer in the U.S. Marines and was decorated for combat service in Beirut, Lebanon.

After a tour in the Office of the Secretary of Defence, he obtained his Masters in Public Administration at Harvard University.

### ***Frank Wouters***

Mr Wouters is a director of the Adviser. He is Global Lead Green Hydrogen at Worley and heads the EU Clean Energy Technology Network from Abu Dhabi. Mr Wouters was recently the Deputy Director General of the International Renewable Energy Agency ("**IRENA**"). IRENA is an intergovernmental organisation that supports governments in their transition to a sustainable energy future. Prior to IRENA, Mr Wouters was the Director of the Clean Energy Unit at Masdar, a subsidiary of Mubadala, one of Abu Dhabi's sovereign wealth funds. During his tenure as Director of the Masdar Clean Energy Unit, Mr Wouters led the development and construction of renewable energy projects worth more than US\$3 billion, including a solar plant in Abu Dhabi, three in Spain and the London Array, the largest offshore wind park in the world.

He received his MSc in Mechanical Engineering from Delft University of Technology.

### ***Suminori Arima***

Suminori Arima, a Managing Director at the Adviser, is a former managing director of RHJ International in Japan and London, and of Kleinwort Benson in London. RHJ International was a parent company of Kleinwort Benson and was a publicly listed private equity business spun off from Ripplewood Holdings. Since Suminori joined Ripplewood in 2002, he has gained over 15 years' experience in private equity, including various large investments and divestments. He was also a board member of various public and private companies. Most recently he has been engaged in various investment activities in solar and wind (on-shore and off-shore) in Europe. He has a Masters in Finance from Princeton University and a BA in Economics from the University of Tokyo.

### ***Piers Lindsay-Fynn***

Mr Lindsay-Fynn is a director of the Adviser. As CEO of Lindsay-Fynn Family Office, Mr Lindsay-Fynn is responsible for determining individual asset allocations and the day-to-day sourcing, structuring and management of investments in all assets including: bonds, cash, listed equities, private equity, property and other alternative investments. Prior to that he was an Interest Rate Derivatives Broker at Tradition UK in which he covered clients including Lloyds, Barclays, BearStearns, Deutsche Bank, AIG, General Reinsurance and BNP Paribas.

Mr Lindsay-Finn has a Masters in Finance (with merit) from London Business School and B.Sc. in Real Estate Management from Oxford Brooks University.

### **Track record**

Senior management of the Adviser have extensive experience and expertise in sourcing, structuring and managing large renewable energy projects globally. They have particular expertise in:

- developing renewable energy infrastructure projects and managing such projects (evidenced by the Boulby Project and Cenin Project which form part of the Group's existing portfolio);
- managing investments in other renewable energy assets across Europe and the Middle East, including hydro, solar and wind power;
- sourcing disruptive technologies in the energy sector;

- forming strategic partnerships and working with multiple public and private sector stakeholders in the development of large complex projects;
- providing strategic advice for buy-side energy investments; and
- designing and managing strategic deals in a challenging policy environment.

The team's industry experience and extensive networks enable the Adviser to achieve consistent high quality deal flows and successfully execute assets under management through its disciplined investment approach.

### **Advisory and Services Agreement**

The Company, the AIFM and the Adviser have entered into the Advisory and Services Agreement, a summary of which is set out in paragraph 7.9 of Part 12 (*Additional Information*) of this document, under which the Adviser has been appointed to act as the adviser in respect of the Company's assets (including un-invested cash) in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors.

Details of the fees and expenses payable to the Adviser are set out in the section headed "Fees and expenses" below.

### **3 AIFM**

The Company has appointed Mirabella Financial Services LLP as the Company's alternative investment fund manager ("**AIFM**"), pursuant to the terms of the AIFM Agreement (further details of which are set out in paragraph 7.8 of Part 12 (*Additional Information*) of this document). The AIFM acts as the Company's alternative investment fund manager for the purposes of the AIFMD. The Company and the AIFM have appointed the Adviser to provide certain services in relation to the Group and its portfolio.

The AIFM is registered as a limited liability partnership in England and Wales (registered number OC309035) and is authorised and regulated by the FCA (firm reference number 415559). The principal place of business of the AIFM is 30 Jermyn Street, London, SW1Y 4UR. The AIFM's telephone number is +44 (0) 207 408 2448. The AIFM is regulated in the conduct of investment business by the FCA. The AIFM is, for the purposes of the AIFMD and the rules of the FCA, a "full scope" UK alternative investment fund manager with a Part 4A permission for managing AIFs such as the Company.

It is currently intended that, following Initial Admission, the AIFM will cease to act as alternative investment fund manager to the Company and that the Adviser will be appointed as the alternative investment fund manager of the Company, once its application for authorisation as an alternative investment fund manager has been processed and approved by the FCA.

### **4 Administration of the Company**

The Administrator provides general fund administration services (including calculation of the NAV based on the data provided by the Adviser), bookkeeping, and accounts preparation.

### **5 Fees and expenses**

#### ***Expenses of the Initial Issue***

The expenses of the Initial Issue include fees and commissions payable under the Placing and Offer Agreement, Receiving Agent's fees, admission fees, printing, legal and accounting fees and any other applicable expenses which will be met by the Company and paid on or around Initial Admission out of the gross proceeds of the Initial Issue. The costs and expenses of the Initial Issue are not expected to exceed approximately 2.0 per cent. of the gross proceeds of the Initial Issue. Assuming 54,945,000 Ordinary Shares are issued resulting in gross proceeds of approximately £50 million, the costs and expenses of the Initial Issue payable by the Company are expected to be approximately £1 million.

## **Ongoing annual expenses**

Ongoing annual expenses include the following:

(i) *AIFM*

Under the AIFM Agreement, the AIFM receives a monthly fee of £7,500. In addition, the AIFM is entitled to fees for Annex IV reporting of £1,000 in respect of the first reporting schedule and £667 for each subsequent filing.

(ii) *Adviser*

Under the terms of the Advisory and Services Agreement, the Adviser is entitled to receive from the Company an advisory fee payable quarterly in arrear calculated at the rate of one-fourth of one per cent. of Adjusted Net Asset Value (the "**Advisory Fee**"). For these purposes "Adjusted Net Asset Value" means (i) for the four quarters from First Admission, Adjusted Net Asset Value shall be equal to Net Asset Value; (ii) for the next two quarters, Adjusted Net Asset Value shall be equal to Net Asset Value, *minus* cash on the Company's balance sheet, *plus* any committed cash on the Company's balance sheet; (iii) thereafter, Adjusted Net Asset Value shall be equal to Net Asset Value *minus* cash on the Company's balance sheet. For the avoidance of doubt, Adjusted Net Asset Value shall not exceed Net Asset Value. In the event that it does exceed Net Asset Value, no adjustment shall be made to Net Asset Value.

The Advisory Fee is calculated as at each NAV Calculation Date and payable quarterly in arrear. For the avoidance of doubt, where there are C Shares in issue, the Advisory Fee will be charged on the Net Asset Value attributable to the Ordinary Shares and C Shares respectively.

In addition to the Advisory Fee, the Adviser is also entitled to a performance fee paid in pounds Sterling calculated by reference to the movements in the Net Asset Value (before subtracting any accrued performance fee) over the Benchmark from the date of First Admission.

For these purposes:-

"**Benchmark**" shall be equal to (a) the gross proceeds of the Issue at First Admission increased by 7 per cent. per annum (annually compounding), adjusted for: (i) any increases or decreases in the Net Asset Value arising from issues or repurchases of Ordinary Shares during the relevant Calculation Period; (ii) the amount of any dividends or distributions (for which no adjustment has already been made under (i)) made by the Company in respect of the Ordinary Shares at any time from First Admission; and (b) where a performance fee is subsequently paid, the Net Asset Value (after subtracting performance fees arising from the Calculation Period) at the end of the Calculation Period from which the latest performance fee becomes payable increased by 7 per cent. per annum (annually compounded).

"**Calculation Period**" shall mean the 12 month period starting on 1 April and ending on 31 March in each calendar year, save that the first Calculation Period shall be the period commencing on First Admission and ending on 31 March 2019 (the "**First Calculation Period**") and provided further that if at the end of what would otherwise be a Calculation Period no performance fee has been earned in respect of that period, the Calculation Period shall carry on for the next 12 month period and shall be deemed to be the same Calculation Period and this process shall continue until a performance fee is next earned at the end of the relevant period.

The performance fee will be calculated in respect of each Calculation Period.

The performance fee payable to the Adviser by the Company will be a sum equal to 10 per cent. of such amount (if positive) by which Net Asset Value (before subtracting any accrued performance fee) at the end of a Calculation Period exceeds the Benchmark provided always that in respect of any financial period of the Company (being 1 April to 31 March each year) the performance fee payable to the Adviser shall never exceed an amount equal to 50 per cent. of the Adviser Fee paid to the Adviser in respect of that period.

Any performance fee payable to the Adviser in respect of a Calculation Period (the “**Relevant Calculation Period**”) shall be payable within 30 calendar days of the date on which the annual report and accounts of the Company for the latest relevant financial period are approved by the Board. If the Advisory and Services Agreement is terminated prior to the end of any Calculation Period, the performance fee in respect of the then Calculation Period shall be calculated and paid as though the date of termination were the end of the relevant period.

The above provisions shall be applied *mutatis mutandis* in respect of any C Shares in issue so that, without limit to the generality of the foregoing:

- (a) references to the Adjusted Net Asset Value shall be to the net assets referable to the C Shares;
- (b) the adjustments shall be referable to any distributions on or new issues or buybacks of the C Shares;
- (c) the Calculation Period shall begin on the date of admission of the C Shares: (i) to the Official List; and (ii) to trading on the London Stock Exchange’s main market for listed securities becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange (the “**C Share Admission Date**”) and be deemed to end on the date of their conversion into Ordinary Shares (subject to any prior end of Calculation Period in accordance with the above provisions). Upon conversion of C Shares into Ordinary Shares, the Benchmark shall be reinstated by way of including the adjustment from this conversion; and
- (d) the Benchmark shall initially be the net proceeds of the issue of the C Shares at the C Share Admission Date.

(iii) *Administrator and Company Secretary*

Under the terms of its appointment, in respect of its role as administrator JTC is entitled to a fixed annual administration fee of £25,000 and an additional fee based on Net Asset Value in excess of £30 million and applied as follows: 0.10 per cent. of Net Asset Value per annum between £30 million and £75 million, plus 0.05 per cent. of Net Asset Value per annum between £75 million and £150 million, plus 0.04 per cent. of Net Asset Value per annum above £150 million. In respect of its role as company secretary, JTC is entitled to receive an annual fee of £35,000 and a fee of £4,000 per subsidiary of the Company. The Administrator is also entitled to reimbursement of all reasonable out-of-pocket expenses properly incurred by it in connection with its duties.

(iv) *Registrar*

Under the terms of the Registrar Agreement, the Registrar is entitled to a monthly maintenance fee per Shareholder account, subject to a minimum fee. The fee is subject to increase in line with the CPI.

(v) *Depositary*

Under the terms of the Depositary Agreement, the Depositary is entitled to receive a fee equal to 0.04 per cent. of Net Asset Value per annum up to £150 million; 0.02 per cent. of Net Asset Value per annum on Net Asset Value between £150 million and £250 million; and 0.015 per cent. of Net Asset Value per annum in excess of £250 million, subject to a minimum fee of £1,667 per month, exclusive of VAT. Additional fees may be agreed between the Company and the Depositary for the custody of any financial instruments held by the Company.

(vi) *Directors*

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles.

Save for the Chairman of the Board and the Chairman of the Audit Committee, the fee is currently £18,000 for each Director per annum. The Chairman’s current fee is £33,000 per annum and the fee for the Chairman of the Audit Committee is currently £21,000 per annum. The Company does not award any other remuneration or benefits to the Chairman or the Directors. The Company has no bonus schemes, pension schemes, share option or long-term incentive schemes in place for the Directors.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

(vii) *Other operational expenses*

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company will be borne by the Company including travel, accommodation, printing, audit, finance costs, due diligence, external valuation, broker, public relations and legal fees. All reasonable out of pocket expenses of the Adviser, the AIFM, the Administrator, the Registrar, the Depository and the Directors relating to the Company will be borne by the Company.

## **6 Conflicts of interest**

Under the terms of the Advisory and Services Agreement neither the Adviser nor any of its associates shall, without the consent of the Company (which it may withhold in its discretion) (a) act as the manager and/or adviser to or otherwise be actively involved with any new fund, partnership, client, segregated account or counterparty in respect of or, (b) for its own account invest in energy storage assets in the geographic regions contemplated under the Company's investment policy prior to the date on which the Company's assets are 100 per cent. invested or committed (pursuant to legally binding arrangements) for investment in accordance with the Company's investment policy (and for those purposes cash or cash equivalents) pending investment shall not be deemed to be invested or committed for investment as aforesaid). Thereafter, however, the Adviser and its associates may be involved with other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Adviser may manage funds other than for the Company and may provide investment management, investment advisory or other services in relation to these funds or future funds which may have similar investment policies to that of the Company. The Directors have satisfied themselves that the Adviser has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Adviser will allocate opportunities on a fair basis in accordance with its conflicts of interest and allocation policies in effect at the time. In the event that the Adviser is involved with any project that is identified as a suitable investment for the Company in line with the Company's investment objective and investment policy, such project will only be acquired at the Board's absolute discretion and the Board may commission an independent valuation of such project as part of its decision making process.

NTMA has engaged the Adviser to intermediate NTMA's investment in the Company in accordance with the Subscription Agreement and to actively source Eligible Projects and the Company has consented to this appointment.

The AIFM and its officers and employees may from time to time act for other clients or manage other funds, which may have similar investment objectives and policies to that of the Company.

The AIFM, the Adviser and any of their directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Group. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest. The Adviser has in place policies designed to address other conflicts that may arise between it and/or its employees on the one hand and the Company on the other hand. Relevant conflicts of interest will be disclosed in reports to the Board recommending any investment decision and reports of any decision of the Adviser to allocate an opportunity to another client.

Pursuant to the terms of the Project Sourcing Agreements, the Company has entered into arrangements with each of NEC ES and NK whereby they have agreed to provide the Company with an exclusive right of first offer with respect to all equity investment opportunities that are within the Company's stated investment policy and objective and that are originated by each of NEC ES and NK and their affiliates. The Company has also committed to invest £8 million in products, equipment and/or services provided by NEC ES and £6 million in products, equipment and/or services provided by NK. For projects that are introduced to the

Adviser and the Company by NEC ES, the Adviser shall be obliged to obtain a proposal from NEC ES for the provision of products, equipment and/or services from NEC ES and from no other third party supplier(s). Similarly, where NK have introduced a project to the Adviser and the Company, the Adviser shall be obliged to obtain a proposal from NK for the provision of products, equipment and/or services from NK and from no other third party supplier(s). Notwithstanding these arrangements, to the extent that the Board does not consider that a proposal received from either NEC ES or NK (as appropriate) is beneficial, having regard to the interests of the Company and the Shareholders, the Board shall not be obliged to proceed with the proposed acquisition. The Board shall have absolute discretion with regards to the decision to invest in any project.

## **7 Corporate governance**

The Board of the Company has considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to Shareholders.

The Financial Reporting Council ("**FRC**"), the UK's independent regulator for corporate reporting and governance responsible for the UK Corporate Governance Code, has endorsed the AIC Code. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code meet fully their obligations under the UK Corporate Governance Code and the related disclosure requirements contained in the Listing Rules.

The Company complies with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to: the role of the chief executive; the appointment of a senior independent director; executive directors' remuneration; and the need for an internal audit function. The Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company and the Company does not therefore comply with them.

The Company's Audit Committee is chaired by Caroline Banzsky, consists of all the Directors and meets at least twice a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee examines the effectiveness of the Company's control systems. It reviews the half-yearly and annual reports and also receives information from the Adviser. It also reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor.

In accordance with the AIC Code the Company has established a Management Engagement Committee which is chaired by Patrick Cox and consists of all the Directors. The Management Engagement Committee meets at least once a year or more often if required. Its principal duties are to consider the terms of appointment of the Adviser and it annually reviews that appointment and the terms of the Advisory and Services Agreement. The Management Engagement Committee also reviews the continued appointment and performance of the Company's other service providers.

**PART 6**  
**FINANCIAL INFORMATION**

**1 Historical financial information incorporated by reference**

The Company has published audited financial statements for the period from incorporation on 19 January 2018 to 31 March 2019 (the “**2019 Report and Accounts**”).

The 2019 Report and Accounts, which have been incorporated into this document by reference and which are available online at [www.gsenergystoragefund.com](http://www.gsenergystoragefund.com) and are also available for inspection at the address referred to in paragraph 14 of Part 12 (*Additional Information*) of this document included, on the pages specified in the table below, the following information:

<i>Nature of information</i>	<i>2019 Report and Accounts (page nos)</i>
Financial Highlights	2
Chairman’s Statement	3
Strategic Report	4-9
Investment Advisor’s report	10-17
Corporate Governance Statement	18-21
Leadership	22-28
Remuneration and Nomination Committee Report	29-31
Audit Committee Report	34-37
Management Engagement Committee Report	38
Directors report	39-41
Statement of Directors’ Responsibilities	42
Investment Manager Report	43
Independent Auditor’s report to the members of Gore Street Energy Storage Fund plc	44-49
Statement of Comprehensive Income	50
Statement of Financial Position	51
Statement of Changes in Equity	52
Statement of Cash Flows	53
Notes to the financial statements	54-69

The 2019 Report and Accounts were prepared in accordance with IFRS and were audited by Ernst & Young LLP, whose report was unqualified. Save for the 2019 Report and Accounts, no other audited information is included in this document.

Those parts of the 2019 Report and Accounts which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this document.

## 2 Selected financial information

Selected key audited historical financial information which summarises the Group's financial condition in respect of the financial period ended 31 March 2019 is set out in the following table:

	<i>As at 31 March 2019 (audited)</i>
<b>Balance Sheet</b>	
<b>Non-current assets:</b>	
Investments held at fair value through profit or loss	6,482,964
<b>Current assets</b>	
Cash and cash equivalents	17,223,770
Trade and other receivables	4,616,613
<b>Total assets</b>	<b>28,323,347</b>
<b>Current liabilities</b>	
Trade and other payables	207,510
<b>Total liabilities</b>	<b>207,510</b>
<b>Total net assets</b>	<b>28,115,837</b>
Net assets per Ordinary Share (cum dividend)	91.9 pence
<b>Income Statement</b>	
Net (loss) on investments at fair value through the profit and loss	(565,064)
Investment income	139,341
Administrative and other expenses	(608,749)
Loss before tax	(1,034,472)
Loss after tax and loss for the period	(1,034,472)
Total comprehensive loss for the period	(1,034,472)
Loss per Ordinary Share	(3.38) pence

## 3 Operating and financial review

The 2019 Report and Accounts included, on the pages specified in the table below: descriptions of the Company's financial condition; details of the Company's investment activity and portfolio exposure; and changes in its financial condition for the period covered by the historical financial information.

<i>Nature of information</i>	<i>2019 Report and Accounts (audited) (page no(s))</i>
Chairman's Statement	3
Investment Advisor's Report	10-17

## 4 Significant change

Save for the signature and entry into of the sale and purchase agreements in respect of the NI Projects and the RoI Projects as set out in paragraph 7.6 of Part 12 (*Additional Information*) of this document, there has been no significant change in the financial or trading position of the Group since 31 March 2019, being the date to which the latest audited financial information of the Company has been prepared.

## 5 Capitalisation and indebtedness

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 30 April 2019 and the Company's capitalisation as at 31 March 2019 (being the last date in respect of which the Company has published audited financial information).

30 April 2019  
(unaudited)  
£000

**Total Current Debt**

Guaranteed	–
Secured	–
Unguaranteed/Unsecured	–

**Total Non-Current Debt**

Guaranteed	–
Secured	–
Unguaranteed/Unsecured	–

*Shareholders' Equity*

31 March 2019  
(audited)  
£000

Called up share capital	306
Legal reserves (Share premium and special reserve)	254
Other reserves (excluding retained earnings)	28,590

There has been no material change in the capitalisation of the Company since 31 March 2019.

The following table shows the Company's unaudited net indebtedness as at 30 April 2019:

30 April 2019  
(unaudited)  
£000

(A) Cash	16,908
(B) Cash equivalent	–
(C) Securities	–
(D) Liquidity (A+B+C)	–
(E) Current financial receivables	–
(F) Current bank debt	–
(G) Current portion of non-current debt	–
(H) Other current financial debt	–
(I) Current financial debt (F+G+H)	–
(J) Net current financial indebtedness (I-E-D)	–
(K) Non-current bank loans	–
(L) Bonds issued	–
(M) Other non-current loans	–
(N) Non-current financial indebtedness (K+L+M)	–
(O) Net financial indebtedness (J+N)	–

## PART 7

### THE INITIAL ISSUE

#### 1 Introduction

The Company is proposing to raise a target of approximately £50 million, before expenses, through the Initial Placing, Offer for Subscription and Intermediaries Offer of up to 54,945,000 Ordinary Shares at a price of 91 pence per Ordinary Share, being the audited Net Asset Value per Ordinary Share as at 31 March 2019 less the dividend paid for the period from 1 January 2019 to 31 March 2019. The Initial NTMA Subscription will be made pursuant to the Offer for Subscription. In this document, the Initial Placing, the Offer for Subscription and the Intermediaries Offer and, where the context requires, the Initial NTMA Subscription, are together referred to as the Initial Issue. The Directors have reserved the right, in conjunction with Shore Capital, to increase the size of the Initial Issue to a maximum of 109,890,000 Ordinary Shares if overall demand exceeds 54,945,000 Ordinary Shares. The Initial Issue is not being underwritten.

The aggregate proceeds of the Initial Issue, after deduction of expenses, are expected to be not less than £49 million on the assumption that gross proceeds of approximately £50 million are raised through the Initial Issue.

The actual number of Ordinary Shares to be issued pursuant to the Initial Issue is not known as at the date of this document but will be notified by the Company through a Regulatory Information Service, prior to Initial Admission.

#### 2 The Initial Placing

Shore Capital has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing for the Ordinary Shares on the terms and subject to the conditions set out in the Placing and Offer Agreement. Details of the Placing and Offer Agreement are set out in paragraph 7.1 of Part 12 (*Additional Information*) of this document.

The terms and conditions which shall apply to any subscription for Ordinary Shares procured by Shore Capital are set out in Part 9 (*Terms and conditions of application under the Initial Placing and any Subsequent Placing under the Placing Programme*) of this document. The Initial Placing will close at 12.00 p.m. on 31 July 2019 (or such later date, not being later than 12 September 2019, as the Company and Shore Capital may agree). If the Initial Placing is extended, the revised timetable will be notified through a Regulatory Information Service.

Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing, have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Initial Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with the laws of England and Wales. For the exclusive benefit of Shore Capital, the Company, the Adviser, the AIFM and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the grounds of venue or on the grounds that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

#### 3 The Offer for Subscription

The Directors are also proposing to offer Ordinary Shares under the Offer for Subscription, subject to the terms and conditions of the Offer for Subscription set out in Part 10 (*Terms and conditions of application under the Offer for Subscription*) of this document. These terms and conditions and the Offer for Subscription Application Form attached as Appendix 1 to this document should be read carefully before an application is made. The Offer for Subscription will close at 1.00 p.m. on 31 July 2019. If the Offer for Subscription is extended, the revised timetable will be notified through a Regulatory Information Service.

Applications under the Offer for Subscription must be for Ordinary Shares at the Issue Price of 91 pence per Ordinary Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum of 1,000 Ordinary Shares and applications in excess of that number should be made in multiples of 100, although the Board may accept applications below the minimum numbers stated above in their absolute discretion. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

Completed Application Forms accompanied by either a cheque or banker's draft or appropriate delivery versus payment ("DVP") instructions in relation to the Offer for Subscription must be posted to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received by no later than 1.00 p.m. on 31 July 2019. For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 1.00 p.m. on 31 July 2019. Please contact Computershare Investor Services PLC by email at OFSPaymentQueries@computershare.co.uk stating "**GORE OFS 2019**" and the Receiving Agent will provide applicants with a unique reference number which must be used when sending payment.

Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors.

Please also refer to the section below in this Part 7 headed "CREST".

#### **4 The Intermediaries Offer**

Investors may also subscribe for Ordinary Shares at the Issue Price of 91 pence per Ordinary Share pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.

No Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom. A minimum application of £1,000 per Underlying Applicant will apply. Allocations to Intermediaries will be determined solely by the Company (following consultation with Shore Capital and the Adviser).

An application for Ordinary Shares in the Intermediaries Offer means that the Underlying Applicant agrees to acquire the Ordinary Shares applied for at the Issue Price. Each Underlying Applicant must comply with the appropriate money laundering checks required by the relevant Intermediary and all other laws and regulations applicable to their agreement to subscribe for Ordinary Shares. Where an application is not accepted or there are insufficient Ordinary Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the Underlying Applicant as required and all such refunds shall be made without interest. The Company, the Adviser and Shore Capital accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary will on appointment agree to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of a commission and/or fee (to the extent permissible by the rules of the FCA) to Intermediaries from the Intermediaries Offer Adviser acting on behalf of the Company if such Intermediary elects to receive a commission and/or fee. Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom subject to the terms of the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and will not be reviewed or approved by any of the Company, the Adviser or Shore Capital. Any liability relating to such documents shall be for the relevant Intermediaries only.

The Intermediaries Terms and Conditions provide for the Intermediaries to have an option (where the payment of such commission and/or fee is not prohibited) to be paid a commission and/or fee by the

Intermediaries Offer Adviser (acting on behalf of the Company) where they have elected to receive such commission and/or fee in respect of the Ordinary Shares allocated to and paid for by them pursuant to the Intermediaries Offer.

## **5 Conditions**

The Initial Issue is conditional, *inter alia*, on:

- (i) the passing of the Initial Issue Resolutions;
- (ii) the Placing and Offer Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and
- (iii) Initial Admission occurring by 8.00 a.m. on 16 August 2019 (or such later date, not being later than 16 September 2019, as the Company and Shore Capital may agree).

The Initial NTMA Subscription is subject to additional conditions including, *inter alia*, Shareholder approval at the General Meeting and the Initial Issue (excluding the Initial NTMA Subscription) raising a minimum of £15 million in aggregate (£9 million of which is subscribed by investors that are not public bodies, authorities or undertakings).

If the Initial Issue does not proceed, application monies received will be returned to applicants without interest within 14 days at the applicants' risk.

## **6 Scaling back**

The Directors have reserved the right, in consultation with Shore Capital and the Adviser, to increase the size of the Initial Issue to up to 109,890,000 Ordinary Shares if overall demand exceeds 54,945,000 Ordinary Shares.

In the event that commitments received under the Initial Issue exceed the maximum number of Ordinary Shares available, applications under the Initial Placing, Offer for Subscription and the Intermediaries Offer will be scaled back at Shore Capital's discretion (in consultation with the Company and the Adviser).

## **7 Costs of the Initial Issue**

The costs and expenses of the Initial Issue are not expected to exceed approximately 2.0 per cent. of the gross proceeds of the Initial Issue. Assuming 54,945,000 Ordinary Shares are issued resulting in gross proceeds of approximately £50 million, the costs and expenses of the Initial Issue payable by the Company are expected to be approximately £1 million. New investors and existing Shareholders will indirectly bear any such expenses as they will be met out of the gross issue proceeds and reflected in the Net Asset Value per Ordinary Share following Initial Admission.

## **8 The Placing and Offer Agreement**

The Placing and Offer Agreement contains provisions entitling Shore Capital to terminate the Initial Issue (and the arrangements associated with it) at any time prior to Initial Admission in certain circumstances. If this right is exercised, the Initial Issue and these arrangements will lapse and any monies received in respect of the Initial Issue will be returned to applicants without interest at the applicants' risk.

The Placing and Offer Agreement provides for Shore Capital to be paid commission by the Company in respect of certain Ordinary Shares to be allotted pursuant to the Initial Issue. Any Ordinary Shares subscribed for by Shore Capital may be retained or dealt in by it for its own benefit.

Under the Placing and Offer Agreement, Shore Capital is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Initial Issue. Shore Capital is also entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of the Initial Issue to any or all of those agents out of its own resources.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 7.1 of Part 12 (*Additional Information*) of this document.

## **9 General**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents (and their agents) or the Adviser may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued to that applicant.

## **10 Dilution**

The Initial Issue is not being made on a pre-emptive basis and existing Shareholders may participate in the Initial Issue on the same terms as any other third party investor. Shareholders who do not participate in the Initial Issue for an amount at least *pro rata* to their existing holding will have their percentage holding diluted following Initial Admission. If 54,945,000 Ordinary Shares are issued pursuant to the Initial Issue, there would be a dilution of approximately 64.2 per cent. in Shareholders' ownership and voting interests in the Company.

## **11 Admission, clearing and settlement**

Applications will be made to the FCA for all of the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Initial Admission will become effective and dealings will commence on 16 August 2019.

Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Ordinary Shares to be issued in uncertificated form pursuant to the Initial Issue, these will be transferred to successful applicants through the CREST system.

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched by post, at the risk of the recipients, to the relevant holders in the week beginning 19 August 2019. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the Register. No temporary documents of title will be issued.

The ISIN number of the Ordinary Shares is GB00BG0P0V73 and the SEDOL code is BG0P0V7.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

## **12 CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. Settlement of transactions in the Ordinary Shares following Initial Admission may take place within the CREST system if any Shareholder so wishes.

## **13 Use of proceeds**

The Directors intend to direct the Adviser to use the net proceeds of the Initial Issue to fund investments in accordance with the Company's investment objective and policy.

## **14 Material interests**

There are no interests that are material to the Initial Issue and no conflicting interests.

## **15 Profile of a typical investor**

The Ordinary Shares are expected to be suitable for institutional investors, professionally advised retail investors and non-advised retail investors with at least basic market knowledge and experience, seeking access to a diversified portfolio of utility scale energy storage projects in the UK and elsewhere, in particular in North America and Western Europe.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under the Financial Services and Markets Act 2000 to assess whether an investment in the Company is suitable.

## **16 Overseas persons**

Potential investors in any territory other than the United Kingdom should refer to the notices set out in the section entitled "Important Notices" on page 39 of this document.

The Articles contain provisions designed to restrict the holding of Ordinary Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company some legal, regulatory, tax or other material administrative disadvantage.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Initial Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

## PART 8

### THE PLACING PROGRAMME AND ADDITIONAL NTMA SUBSCRIPTIONS

#### 1 Details of the Placing Programme

The Directors are seeking authority at the General Meeting to issue up to 100 million Ordinary Shares and/or C Shares pursuant to the Placing Programme without having to first offer those Ordinary Shares and/or C Shares to existing Shareholders.

The Placing Programme is being implemented to satisfy market demand and to enable the Company to raise additional capital in the period from 19 August 2019 to 15 July 2020. The Directors intend to direct the Adviser to apply the net proceeds of the Placing Programme in making investments in accordance with the Company's investment objective and policy.

The number of Ordinary Shares and/or C Shares available under the Placing Programme is intended to be flexible and should not be taken as an indication of the number of Shares to be issued. Depending on the materiality of any issue under the Placing Programme, the Company will update Shareholders at the appropriate time. Any issues of such Shares will be notified by the Company through a Regulatory Information Service, prior to each Admission. The Placing Programme is not being underwritten.

The Placing Programme may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares and/or C Shares over the duration of the Placing Programme. Ordinary Shares and/or C Shares may be issued under the Placing Programme from 8.00 a.m. on 19 August 2019 until 8.00 a.m. on 15 July 2020. Applications will be made to the FCA for all of the Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme is at the discretion of the Directors.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to any Admission of any Ordinary Shares and/or C Shares issued pursuant to the Placing Programme, the Company will publish a supplementary prospectus. Any supplementary prospectus published will give details of the significant change(s) or the significant new matter(s).

#### 2 Conditions

Each allotment and issue of Ordinary Shares and/or C Shares under the Placing Programme following the Initial Issue, is conditional, *inter alia*, on:

- (i) the Placing Programme Price being determined by the Directors as described below;
- (ii) Admission of the Ordinary Shares and/or C Shares being issued pursuant to such issue occurring not later than 8.00 a.m. on such dates as may be agreed between the Company and Shore Capital, not being later than 15 July 2020;
- (iii) the Placing and Offer Agreement becoming otherwise unconditional in respect of the relevant Subsequent Placing and not having been terminated on or before the date of any such Subsequent Admission;
- (iv) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules; and
- (v) the Company having sufficient Shareholder authorities in place to issue such Shares.

In circumstances where these conditions are not fully met, the relevant issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme will not take place.

### **3 Placing Programme Price**

The Placing Programme Price will be determined by the Company and, in the case of the Ordinary Shares, will be not less than the prevailing Net Asset Value per Ordinary Share at the time of issue and, in the case of the C Shares, will be £1.00 per C Share.

In determining the Placing Programme Price of the Ordinary Shares, the Directors will take into consideration, *inter alia*, the prevailing market conditions at that time. The costs and expenses of any issue of C Shares pursuant to the Placing Programme will be borne by the holders of C Shares only.

The Placing Programme Price will be announced through a Regulatory Information Service as soon as is practicable in conjunction with each Subsequent Placing.

### **4 Additional NTMA Subscriptions**

Pursuant to the Subscription Agreement, conditional on, *inter alia*, Shareholder approval and the Initial NTMA Subscription, when the Adviser sources an Eligible Project, the Company will issue an Additional NTMA Subscription Notice to NTMA and NTMA will make an Additional NTMA Subscription for an aggregate subscription price equal to 40 per cent. of the acquisition and construction costs of the relevant Eligible Project. The remaining 60 per cent. of the costs of the Eligible Project will be funded by the Company (or, in certain circumstances, by other investment vehicles which are controlled by, or have appointed as their investment adviser, the Adviser).

NTMA has agreed to commit up to £25 million to fund Additional NTMA Subscriptions (less any Relevant Expenses).

Prior to completion of an investment in an Eligible Project, and subject to the satisfaction of certain conditions, the Company will issue an Additional NTMA Subscription Notice to NTMA to subscribe for such number of new Ordinary Shares (at a price per share equal to the lower of: (i) the mid-market price of the Company's Ordinary Shares at the time of the Additional NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the Additional NTMA Subscription; plus a premium of 0.2 per cent.) as is equal to 40 per cent. of the acquisition and construction costs of the Eligible Project. Where the mid-market share price is less than the last published Net Asset Value per Ordinary Share at the time an Additional NTMA Subscription is due to be made, Shareholders' consent will be sought (in accordance with the Listing Rules) for the Company to issue Ordinary Shares to NTMA at a discount to the prevailing Net Asset Value per Ordinary Share without first offering such shares *pro rata* to existing holders of Ordinary Shares.

Shareholders should therefore note that the price at which new Ordinary Shares may be issued pursuant to an Additional NTMA Subscription, which may or may not take place at the same time as any Subsequent Placing, may differ from the Placing Programme Price.

The Directors are seeking authority at the General Meeting to issue up to 40 million Ordinary Shares to NTMA pursuant to any Additional NTMA Subscriptions on a non-pre-emptive basis. Applications will be made to the FCA for all of the Ordinary Shares to be issued pursuant to any Additional NTMA Subscriptions to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that any Subsequent Admission will become effective and dealings will commence between 19 August 2019 and 15 July 2020.

The Directors are seeking authority at the General Meeting to issue new Ordinary Shares on a non-pre-emptive basis pursuant to any Additional NTMA Subscriptions for a period of five years from the date of the passing of the resolutions. Any Additional NTMA Subscriptions made pursuant to this prospectus will need to be completed within 12 months of the date of this prospectus. To the extent that Additional NTMA Subscriptions are to be made after 15 July 2020, the Company may publish a new prospectus to cover the admission to trading on the main market of the London Stock Exchange of such new Ordinary Shares or, if available, rely on an exemption to the requirement to publish a prospectus in respect of any such Admission.

### **5 Dilution**

If 100 million Ordinary Shares or C Shares are issued pursuant to the Placing Programme, assuming the Initial Issue has been subscribed as to 54,945,000 Ordinary Shares, there would be a dilution of

approximately 53.9 per cent. in Shareholders' ownership and voting interests in the Company following the Initial Issue (and prior to the conversion of any C Shares). The voting rights may be further diluted on conversion of any C Shares depending on the applicable conversion ratio.

Any issue of Ordinary Shares pursuant to an Additional NTMA Subscription will result in a dilution of Shareholders' (other than NTMA's) ownership and voting interests in the Company following the Additional NTMA Subscription. If 40 million Ordinary Shares are issued pursuant to the Additional NTMA Subscriptions, assuming that the Initial Issue has been subscribed as to 54,945,000 Ordinary Shares and that no Shares have been issued pursuant to the Placing Programme, there would be a dilution of approximately 32 per cent. in Shareholders' ownership and voting interests in the Company following the Initial Issue.

## **6 The Placing and Offer Agreement**

Shore Capital is entitled to terminate the Placing and Offer Agreement at any time prior to any Subsequent Admission in certain circumstances. If this right is exercised, the Placing Programme and these arrangements will lapse and, where applicable, any monies received in respect of the Placing Programme will be returned to applicants without interest at the applicants' risk.

The Placing and Offer Agreement provides for Shore Capital to be paid commission by the Company in respect of certain Ordinary Shares and/or C Shares to be allotted pursuant to the Placing Programme. Any Ordinary Shares and/or C Shares subscribed for by Shore Capital may be retained or dealt in by it for its own benefit.

Under the Placing and Offer Agreement, Shore Capital is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Placing Programme. Shore Capital is also entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of the Placing Programme to any or all of those agents out of its own resources.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 7.1 of Part 12 (*Additional Information*) of this document.

## **7 Scaling back**

In the event of oversubscription of a Subsequent Placing of Ordinary Shares and/or C Shares under the Placing Programme, applications will be scaled back at Shore Capital's discretion (in consultation with the Company and the Adviser).

## **8 Costs of the Placing Programme**

The costs and expenses of each Subsequent Placing of Ordinary Shares or C Shares under the Placing Programme will depend on subscriptions received but are expected to be approximately 1.25 per cent. of the proceeds of any Subsequent Placing. The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only.

## **9 General**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents (and their agents) or the Adviser may require evidence in connection with any application for Ordinary Shares and/or C Shares, including further identification of the applicant(s), before any Ordinary Shares and/or C Shares are issued.

## **10 Clearing and settlement**

Ordinary Shares and/or C Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Ordinary Shares and/or C Shares to be issued in uncertificated form pursuant to the Placing Programme, these will be transferred to successful applicants through the CREST system.

The Company does not guarantee that, at any particular time, market maker(s) will be willing to make a market in the Ordinary Shares and/or C Shares, nor does it guarantee the price at which a market will be

made in the Ordinary Shares and/or C Shares. Accordingly, the dealing price of the Ordinary Shares and/or C Shares may not necessarily reflect changes in the underlying Net Asset Value per share.

The ISIN of the Ordinary Shares is GB00BG0P0V73 and the SEDOL code is BG0P0V7.

The ISIN of the C Shares is GB00BG12Y265 and the SEDOL code is BG12Y26.

Any Ordinary Shares issued under the Placing Programme or pursuant to an Additional NTMA Subscription will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant Ordinary Shares).

## **11 CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares and C Shares under the CREST system. Settlement of transactions in the Ordinary Shares and/or C Shares following the relevant Subsequent Admission may take place within the CREST system if any Shareholder so wishes.

## **12 Use of proceeds**

The Directors intend to use the net proceeds of any issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme to fund investments in accordance with the Company's investment objective and policy.

The proceeds of any Additional NTMA Subscription will only be used to fund acquisition and construction costs of Eligible Projects.

## **13 Material interests**

As at the date of this document, there are no interests that are material to the Placing Programme and no conflicting interests.

## **14 Profile of a typical investor**

The Ordinary Shares and/or C Shares are expected to be suitable for institutional investors, professionally advised retail investors and non-advised retail investors with at least basic market knowledge and experience, seeking access to a diversified portfolio of utility scale energy storage projects in the UK and elsewhere, in particular in North America and Western Europe.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under the Financial Services and Markets Act 2000 to assess whether an investment in the Company is suitable.

## **15 Overseas persons**

Potential investors in any territory other than the United Kingdom should refer to the notices set out in the section entitled "Important Notices" on page 39 of this document.

The Articles contain provisions designed to restrict the holding of Ordinary Shares and C Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company some legal, regulatory, tax or other material administrative disadvantage.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under any Subsequent Placing if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

## PART 9

### TERMS AND CONDITIONS OF APPLICATION UNDER THE INITIAL PLACING AND ANY SUBSEQUENT PLACING UNDER THE PLACING PROGRAMME

#### 1 Introduction

- 1.1 Each Placee which confirms its agreement to the Company and/or Shore Capital to subscribe for Ordinary Shares under the Initial Placing and/or to subscribe for Ordinary Shares and/or C Shares under a Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Company and/or Shore Capital may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see(s) fit and/or may require any Placee to execute a separate letter (a "**Placing Letter**"). The terms and conditions of this Part 9 will, where applicable, be deemed to be incorporated into any such Placing Letters.
- 1.3 The commitment to acquire Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing may be agreed orally with Shore Capital as agent for the Company and further evidenced in a contract note ("**Contract Note**") or placing confirmation ("**Placing Confirmation**") or subscription letter.

#### 2 Agreement to subscribe for Ordinary Shares and conditions

- 2.1 A Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares and/or C Shares allocated to it at the Issue Price or the relevant Placing Programme Price, conditional on:
  - 2.1.1 the Placing and Offer Agreement becoming unconditional in respect of the relevant placing (save for any condition relating to Admission) and not having been terminated on or before the date of Admission of the relevant Ordinary Shares and/or C Shares being issued;
  - 2.1.2 (in respect of the Initial Placing) Admission of the Ordinary Shares occurring and becoming effective by 8.00 a.m. on or prior to 16 August 2019 (or such later time and/or date as the Company and Shore Capital may agree and, in any event, no later than 8.00 a.m. on 16 September 2019) and (in respect of a Subsequent Placing) any Admission of Ordinary Shares and/or C Shares occurring not later than 8.00 a.m. on such other dates as may be agreed between the Company and Shore Capital prior to the closing of each Subsequent Placing, not being later than 15 July 2020;
  - 2.1.3 in the case of any Subsequent Placing, the relevant Placing Programme Price being determined by the Directors;
  - 2.1.4 in the case of any Subsequent Placing, a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules;
  - 2.1.5 the Company having sufficient authorities in place to issue such Ordinary Shares and/or C Shares; and
  - 2.1.6 Shore Capital confirming to the Placees their allocation of Ordinary Shares and/or C Shares.
- 2.2 To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

#### 3 Payment for Ordinary Shares and/or C Shares

- 3.1 Each Placee must pay the Issue Price or relevant Placing Programme Price for the Ordinary Shares and/or C Shares issued to the Placee, as applicable, in the manner and by the time directed by Shore Capital. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Ordinary Shares and/or C Shares may, at the discretion of Shore Capital, as appropriate,

either be rejected or accepted and, in the latter case, paragraph 3.2 of these terms and conditions shall apply.

- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Issue Price or relevant Placing Programme Price for the Ordinary Shares and/or C Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Shore Capital elects to accept that Placee's application, Shore Capital may sell all or any of the Ordinary Shares and/or C Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for Shore Capital's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Ordinary Shares and/or C Shares on such Placee's behalf.

#### **4 Representations and warranties**

By agreeing to subscribe for Ordinary Shares and/or C Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares and/or C Shares will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and/or C Shares and any nominee(s) for any such person(s)) be deemed to represent, warrant and acknowledge to each of the Company, the Adviser, the Registrar and Shore Capital that:

- 4.1 in agreeing to subscribe for Ordinary Shares under the Initial Placing and/or Ordinary Shares and/or C Shares under a Subsequent Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Initial Placing and/or a Subsequent Placing including, without limitation, the key information document. It agrees that none of the Company, the Adviser, Shore Capital or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Initial Placing and/or Ordinary Shares and/or C Shares under a Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Adviser, Shore Capital or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or a Subsequent Placing;
- 4.3 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Ordinary Shares and/or C Shares on the terms and subject to the conditions set out in this Part 9 and the Articles as in force at the date of Admission of the relevant Ordinary Shares and/or C Shares and agrees that in accepting a participation in the Initial Placing and/or any Subsequent Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for the Ordinary Shares and/or C Shares;
- 4.4 it has not relied on Shore Capital or any person affiliated with Shore Capital in connection with any investigation of the accuracy of any information contained in this document;
- 4.5 the content of this document is exclusively the responsibility of the Company and its Directors and neither Shore Capital nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Initial Placing and/or a Subsequent Placing based on any information, representation or statement contained in this document or otherwise;
- 4.6 it acknowledges that no person is authorised in connection with the Initial Placing and/or a Subsequent Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Adviser or Shore Capital;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased

rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);

- 4.8 it accepts that none of the Ordinary Shares and/or C Shares has been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the Ordinary Shares and/or C Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.9 it is entitled to subscribe for the Ordinary Shares and/or C Shares under the laws of all relevant jurisdictions and it has fully observed the laws of all relevant jurisdictions, has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Ordinary Shares and/or C Shares and will honour such obligations, and it has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.10 if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Ordinary Shares and/or C Shares may otherwise lawfully be offered under such Order and/or is a person who is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Ordinary Shares and/or C Shares may be lawfully offered under that other jurisdiction’s laws and regulations;
- 4.11 if it is a resident in the EEA (other than the United Kingdom): (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive 2003/71/EC; and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the Ordinary Shares and/or C Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of that relevant Member State;
- 4.12 in the case of any Ordinary Shares and/or C Shares acquired by a Placee as a financial intermediary within the EEA as that term is used in Article 3(2) of the Prospectus Directive: (a) the Ordinary Shares and/or C Shares acquired by it in the Initial Placing and/or a Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State (other than the United Kingdom) other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of Shore Capital has been given to the offer or resale; or (b) where Ordinary Shares and/or C Shares have been acquired by it on behalf of persons in any relevant Member State (other than the United Kingdom) other than qualified investors, the offer of those Ordinary Shares and/or C Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.13 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with the Initial Placing and/or a Subsequent Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares and/or C Shares pursuant to the Initial Placing and/or a Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or material could lawfully be provided to it or such person and Ordinary Shares and/or C Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.14 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and/or C Shares and it is not acting on a non-discretionary basis for any such person;
- 4.15 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee’s agreement to subscribe for Ordinary Shares under the Initial Placing and/or Ordinary Shares and/or C Shares under a Subsequent Placing and will not be any such person on the date any such agreement to subscribe under the Initial Placing or a Subsequent Placing is accepted;
- 4.16 it has complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation with respect to anything done by it in relation to the Initial Placing and any Subsequent Placing and/or the Ordinary Shares and/or the C Shares;

- 4.17 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Initial Placing and/or a Subsequent Placing or the Ordinary Shares and/or the C Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 4.18 it acknowledges and agrees to the representations, warranties and agreements as set out under the heading “United States purchase and transfer restrictions” in paragraph 7, below;
- 4.19 it acknowledges that neither Shore Capital nor any of its affiliates, nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing and/or a Subsequent Placing or providing any advice in relation to the Initial Placing and/or a Subsequent Placing and participation in the Initial Placing and/or a Subsequent Placing is on the basis that it is not and will not be a client of Shore Capital and that Shore Capital does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing and/or a Subsequent Placing nor in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with its application under the Initial Placing and/or a Subsequent Placing;
- 4.20 it acknowledges that where it is subscribing for Ordinary Shares and/or C Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (a) to subscribe for the Ordinary Shares and/or C Shares for each such account; (b) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (c) to receive on behalf of each such account any documentation relating to the Initial Placing and/or a Subsequent Placing in the form provided by the Company and/or Shore Capital. It agrees that the provisions of this paragraph shall survive any resale of the Ordinary Shares and/or C Shares by or on behalf of any such account;
- 4.21 if it is acting as a “distributor” (for the purposes of the MiFID II Product Governance Requirements):
- 4.21.1 it acknowledges that the Target Market Assessment undertaken by the Adviser and Shore Capital does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares and/or C Shares and each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and/or C Shares and determining appropriate distribution channels;
- 4.21.2 notwithstanding any Target Market Assessment undertaken by the Adviser and Shore Capital, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Ordinary Shares and/or C Shares and that it has considered the compatibility of the risk/reward profile of such Ordinary Shares and/or C Shares with the end target market;
- 4.21.3 it acknowledges that the price of the Ordinary Shares and/or C Shares may decline and investors could lose all or part of their investment; the Ordinary Shares and the C Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares and/or the C Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom; and
- 4.21.4 it agrees that if so required by Shore Capital or the Adviser, it shall provide aggregate summary information on sales of the Ordinary Shares and/or C Shares as contemplated under rule 3.3.30(R) of the PROD Sourcebook and information on the reviews carried out under rules 3.3.26(R) to 3.3.28(R) of the PROD Sourcebook;
- 4.22 it irrevocably appoints any director of the Company and any director of Shore Capital to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares and/or C Shares for which it has given a commitment under the Initial Placing and/or a Subsequent Placing, in the event of its own failure to do so;
- 4.23 it accepts that if the Initial Placing and/or a Subsequent Placing does not proceed or the conditions to the Placing and Offer Agreement are not satisfied or the Ordinary Shares and/or C Shares for which valid applications are received and accepted are not admitted to the Official List and to trading on the

London Stock Exchange's main market for listed securities for any reason whatsoever then neither of Shore Capital nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 4.24 in connection with its participation in the Initial Placing and/or a Subsequent Placing it has observed all relevant legislation and regulations;
- 4.25 it acknowledges that Shore Capital and the Company are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.26 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Shore Capital and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares and/or C Shares are no longer accurate, it shall promptly notify Shore Capital and the Company;
- 4.27 where it or any person acting on behalf of it is dealing with Shore Capital, any money held in an account with Shore Capital on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Shore Capital to segregate such money, as that money will be held by Shore Capital under a banking relationship and not as trustee;
- 4.28 any of its clients, whether or not identified to Shore Capital, will remain its sole responsibility and will not become clients of Shore Capital for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.29 it accepts that the allocation of Ordinary Shares and/or C Shares shall be determined by the Company in its absolute discretion (in consultation with Shore Capital and the Adviser) and that Shore Capital (in consultation with the Company and the Adviser) may scale down any commitments for this purpose on such basis as it may determine;
- 4.30 time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and/or C Shares and to comply with its other obligations under the Initial Placing and/or a Subsequent Placing;
- 4.31 its commitment to acquire Ordinary Shares and/or C Shares may be agreed orally with Shore Capital as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Shore Capital as soon as possible thereafter. That oral confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Shore Capital to subscribe for the number of Ordinary Shares and/or C Shares allocated to it at the Issue Price or the relevant Placing Programme Price on the terms and conditions set out in this Part 9 and, as applicable, in the Contract Note or Placing Confirmation. Except with the consent of Shore Capital, such oral commitment will not be capable of variation or revocation after the time at which it is made; and
- 4.32 its allocation of Ordinary Shares and/or C Shares under the Initial Placing and any Subsequent Placing may be evidenced by the Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares and/or C Shares that such Placee has agreed to subscribe for; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares and/or C Shares; and (iii) settlement instructions to pay Shore Capital as agent for the Company. The terms of this Part 9 will be deemed to be incorporated into that Contract Note or Placing Confirmation.

The Company reserves the right to reject all or part of any offer to purchase Ordinary Shares and/or C Shares for any reason. The Company also reserves the right to sell fewer than all of the Ordinary Shares and/or C Shares offered by this Prospectus or to sell to any purchaser less than all of the Ordinary Shares and/or C Shares a purchaser has offered to purchase.

## **5 Money Laundering**

Each Placee:

- 5.1 represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

(“**Money Laundering Regulations**”) and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that: (i) satisfactory evidence has been obtained and recorded by it to verify the identity of the third party; and (ii) arrangements have been entered into with the third party to obtain from the third party copies of any identification and verification data immediately on request as required by the Money Laundering Regulations and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Ordinary Shares and/or C Shares comprising the Placee’s allocation may be retained at Shore Capital’s discretion; and

- 5.2 acknowledges and agrees that: (i) due to anti-money laundering and the countering of terrorist financing requirements, Shore Capital and/or the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Shore Capital and/or the Company may refuse to accept the application and the subscription moneys relating thereto; and (ii) it holds harmless and will indemnify Shore Capital and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it or has not been provided on a timely basis.

## **6 Data Protection**

- 6.1 Each Placee acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (the “**DP Legislation**”) the Company and/or the Registrar may hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may be retained on record for a reasonable period after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out below (collectively, the “**Purposes**”), being to:
- 6.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its service contract, including as required by or in connection with its holding of Ordinary Shares and/or C Shares, including processing personal data in connection with credit and money laundering checks on it;
  - 6.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares and/or C Shares;
  - 6.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
  - 6.1.4 process its personal data for the Registrar’s internal administration.
- 6.2 In order to meet the Purposes, it will be necessary for the Company and the Registrar to provide personal data to:
- 6.2.1 third parties located either within, or outside of the EEA, if necessary for the Registrar to perform its functions, or when it is necessary for its legitimate interests, and in particular in connection with the holding of Ordinary Shares and/or C Shares; or
  - 6.2.2 its affiliates, the Company or the Adviser and their respective associates, some of which may be located outside of the EEA.
- 6.3 By becoming registered as a holder of Ordinary Shares and/or C Shares a person becomes a data subject (as defined in the DP Legislation). In providing the Registrar with information, each Placee hereby represents and warrants to the Registrar that it has: (i) notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of any data protection notice which has been provided by the Company and/ or the Registrar; and (ii) where consent is legally required under applicable DP Legislation, it has obtained the consent of any data subject to the Registrar and its associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 6).
- 6.4 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is a natural person he or she has read and understood the terms

of the Company's privacy notice which is available for review on the Company's website [www.gsenergystoragefund.com](http://www.gsenergystoragefund.com) ("**Privacy Notice**").

- 6.5 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants that:
- 6.5.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Ordinary Shares and/or C Shares;
- 6.5.2 the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company; and
- 6.5.3 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions of this paragraph 6.5.

## **7 United States purchase and transfer restrictions**

- 7.1 By participating in the Initial Placing and/or a Subsequent Placing, each Placee located inside the United States or who is a US Person acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and/or C Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Adviser, the Registrar and Shore Capital that:
- 7.1.1 it is authorised to consummate the purchase, taking up or exercise of the Ordinary Shares and/or C Shares;
- 7.1.2 it is either: (i) a non-US Person and it acknowledges that the Ordinary Shares and/or C Shares are being offered or sold outside the United States in reliance on Regulation S; or (ii) a US Person who is an Accredited Investor and a Qualified Purchaser;
- 7.1.3 if it is an entity, it represents that: (i) it was not formed for the purpose of investing in the Company; (ii) it does not invest more than 40 per cent. of its total assets in the Company; (iii) each of its beneficial owners participates in investments made by it *pro rata* in accordance with such beneficial owner's interest in it and such beneficial owners cannot opt-in or opt-out of investments made by it; and (iv) its beneficial owners did not and will not contribute additional capital (other than previously committed capital) for the purpose of purchasing the Ordinary Shares and/or C Shares;
- 7.1.4 it acknowledges that the Ordinary Shares and/or C Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold into or within the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from, or in a transaction not subject to, registration under the US Securities Act and in compliance with applicable securities laws of any state or other jurisdiction of the United States and in circumstances that would not require the Company to register under the US Investment Company Act;
- 7.1.5 it acknowledges that the Company has not and will not be registered under the US Investment Company Act and, as such, it will not be afforded the protections provided to investors under the US Investment Company Act, and that the Company has elected to impose the transfer and offering restrictions with respect to persons in the United States and US Persons described herein so that the Company will have no obligation to register as an "investment company" even if it were otherwise determined to be an "investment company" under the US Investment Company Act;
- 7.1.6 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares and/or C Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an "employee benefit

plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a “plan” as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares and/or C Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- 7.1.7 it understands and acknowledges that the Ordinary Shares and C Shares are “restricted securities” within the meaning of Rule 144 under the US Securities Act, and that if in the future it decides to offer, resell, pledge or otherwise transfer any Ordinary Shares and/or C Shares, it may do so only (a) to the Company or a subsidiary thereof; (b) outside the United States in an “offshore transaction” complying with the provisions of Regulation S under the US Securities Act to a person not known by the transferor to be a US Person, by prearrangement or otherwise and otherwise in compliance with applicable local laws and regulations; or (c) within the United States or to a person known to be a US Person, in another transaction that does not require registration under the US Securities Act or any applicable securities laws of any state or other jurisdiction of the United States, to a person that is a Qualified Purchaser whom the transferor and any person acting on its behalf reasonably believes to be a QIB, after, in the case of proposed transfers pursuant to (c) above, providing to the Company and the Registrar, an opinion of counsel of recognised standing reasonably satisfactory to the Company, to the effect that the proposed transfer may be effected without registration of the Ordinary Shares and/or C Shares under the US Securities Act or any applicable securities laws of any state or other jurisdiction of the United States or registration of the Company under the US Investment Company Act; it understands that no representation can be made as to the availability of the exemption provided by Rule 144 for resales of the Ordinary Shares and C Shares;
- 7.1.8 if any Ordinary Shares and/or C Shares are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

**“GORE STREET ENERGY STORAGE FUND PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “US INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”), OR ANY STATE SECURITIES LAWS (“BLUE SKY LAWS”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT THE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY OR A SUBSIDIARY THEREOF, (B) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF REGULATION S PROMULGATED UNDER THE US SECURITIES ACT (“REGULATION S”) TO A PERSON NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON, BY PREARRANGEMENT OR OTHERWISE AND OTHERWISE IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, OR (C) WITHIN THE UNITED STATES OR TO A PERSON NOT KNOWN TO BE A US PERSON, IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE US SECURITIES ACT OR ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, OR REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, WHOM THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES TO BE A “QUALIFIED INSTITUTIONAL BUYER”, AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C) ABOVE, A LEGAL OPINION SATISFACTORY TO THE COMPANY MUST FIRST BE PROVIDED.**

**THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON USING THE ASSETS OF (A) (I) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) THAT IS SUBJECT TO TITLE I OF ERISA; (II) A “PLAN” AS DEFINED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “US CODE”), INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE US CODE; OR (III) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY OF THE FOREGOING TYPES OF PLANS, ACCOUNTS OR ARRANGEMENTS THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE US CODE; OR (B) A GOVERNMENTAL, CHURCH, NON-US OR OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE LOCAL OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE US CODE IF THE PURCHASE, HOLDING OR DISPOSITION OF THE SECURITIES WILL NOT RESULT IN A VIOLATION OF APPLICABLE LAW AND/OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 503 OF THE US CODE OR ANY SUBSTANTIALLY SIMILAR LAW.”;**

- 7.1.9 it acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 7.1.10 it understands that no representation has been made as to the availability of any exemption under the US Securities Act and rules promulgated thereunder for the reoffer, resale, pledge or other transfer of the Ordinary Shares and/or C Shares;
- 7.1.11 it understands and acknowledges that the Company is not obligated to file and has no present intention of filing any registration statement in respect of resales of Ordinary Shares or C Shares in the United States with the SEC or with any state securities administrator;
- 7.1.12 it acknowledges that it has not purchased, taken up or exercised the Ordinary Shares and/or C Shares as a result of any “general solicitation” or “general advertising” within the meaning of Regulation D under the US Securities Act, including advertisements, articles, notices or other communications published in any newspaper, magazine, website or similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- 7.1.13 it is purchasing the Ordinary Shares and/or C Shares for its own account or for one or more investment accounts of Accredited Investors that are also Qualified Purchasers for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares and/or C Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 7.1.14 no person other than it or the owners of the investment accounts described in paragraph 7.1.13 above will have a beneficial interest in the Ordinary Shares and/or C Shares (other than as shareholder, partner or other beneficial owner of an equity interest in the purchaser);
- 7.1.15 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 7.1.16 it understands and acknowledges that (i) the Company is not obligated to remain a “foreign issuer” within the meaning of Regulation S, (ii) that the Company may not, at the time the Ordinary Shares and/or C Shares are resold by the Placee or at any other time, be a foreign issuer, and (iii) that the Company may engage in one or more transactions which could cause it not to be a foreign issuer;
- 7.1.17 it is entitled to acquire the Ordinary Shares and/or C Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and/or C Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Adviser, the Registrar,

Shore Capital or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Initial Placing and/or a Subsequent Placing or its acceptance of participation in the Initial Placing and/or a Subsequent Placing;

- 7.1.18 it agrees and acknowledges that the Ordinary Shares and C Shares (whether in physical, certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that, for so long as they remain “restricted securities”, the Ordinary Shares and C Shares may not be deposited, and agrees it will not deposit the Ordinary Shares and/or C Shares, into any unrestricted depositary receipt facility established or maintained by a depositary bank;
- 7.1.19 it agrees the Company may make a notation on its records or give instructions to the registrar and any transfer agent of the Ordinary Shares and C Shares in order to implement the restrictions on transfer set forth and described herein;
- 7.1.20 it understands and acknowledges that, under US federal tax laws, the Ordinary Shares and C Shares likely will be considered an equity interest in a passive foreign investment company (as defined in the US Code) (a “**PFIC**”). It further understands and acknowledges that it may be subject to adverse US federal income tax consequences as a result of the Company’s PFIC status, and agrees that it will seek its own independent specialist advice with respect to the US tax consequences of its interest in the Ordinary Shares and/or C Shares;
- 7.1.21 it acknowledges that the Company may, presently or in the future, be classified as a “controlled foreign corporation” (“**CFC**”) for US federal income tax purposes. It has considered and understands the consequences of a CFC classification for the Placee;
- 7.1.22 it is aware that the Hiring Incentives to Restore Employment Act of 2010 (“**HIRE**”) imposes reporting requirements with respect to “foreign financial assets”, which would include Ordinary Shares and C Shares in the Company. It understands its reporting responsibilities under HIRE;
- 7.1.23 it (i) has received and carefully read a copy of this document, (ii) understands and agrees that this document speaks only as of its date and that the information contained herein may not be correct or complete as of any time subsequent to that date and (iii) has held and will hold this document in confidence, it being understood that the document received by it is solely for its use and it has not duplicated, distributed, forwarded, transferred or otherwise transmitted, and will not duplicate, distribute, forward, transfer or otherwise transmit, this document or any other materials concerning the Ordinary Shares or C Shares (including electronic copies thereof) to any persons within the United States or to any US Persons;
- 7.1.24 it understands the acquisition of the Ordinary Shares and/or C Shares is a speculative investment that involves a degree of risk of loss of its investment therein. It is able to bear the economic risk of the investment in the Ordinary Shares and/or C Shares being made hereby for an indefinite period of time, including the risk of a complete loss of the investment in the Ordinary Shares and/or C Shares;
- 7.1.25 it understands that this document has been prepared in accordance with UK format and style, which differs from US format and style, and the financial information contained in this document has been prepared in accordance with IFRS and thus may not be comparable to financial statements of US companies prepared in accordance with US GAAP;
- 7.1.26 it understands that no US federal or state or non-US agency has made any finding or determination as to the fairness for investment or any recommendation or endorsement of the Ordinary Shares or C Shares;
- 7.1.27 it has consulted its own tax advisers as to the particular tax considerations applicable to it relating to the purchase, ownership and disposition of the Ordinary Shares and/or C Shares, including the applicability of US federal, state, and local tax laws and non-US tax laws; and
- 7.1.28 if it is acquiring any Ordinary Shares and/or C Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.
- 7.2 The Company, the Adviser, the Registrar, Shore Capital and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

- 7.3 Assuming the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements of the Placee, the Company will not be required to register the offer and sale of the Shares in connection with the Initial Placing and/or a Subsequent Placing under US Securities Act or register under the US Investment Company Act.
- 7.4 Each of the Company, the Adviser and the Registrar represents and warrants that it has not engaged in any general solicitation or general advertising in connection with the Initial Placing and/or a Subsequent Placing.
- 7.5 If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and Shore Capital.
- 7.6 The Company reserves the right to reject all or part of any offer to purchase Ordinary Shares and/or C Shares for any reason. The Company also reserves the right to sell fewer than all of the Ordinary Shares and/or C Shares offered by this document or to sell to any purchaser less than all of the Ordinary Shares and/or C Shares a purchaser has offered to purchase.

## **8 Supply and disclosure of information**

If Shore Capital, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing, such Placee must promptly disclose it to them.

## **9 Non United Kingdom investors**

- 9.1 If the Placee is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing and/or any Subsequent Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares and/or C Shares pursuant to the Initial Placing and/or any Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares and/or C Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements.
- 9.2 None of the Ordinary Shares and/or C Shares has been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the Ordinary Shares and/or C Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction (subject to limited exceptions) unless an exemption from any registration requirement is available.

## **10 Miscellaneous**

- 10.1 The rights and remedies of the Company, the Adviser, Shore Capital and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 10.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Initial Placing and/or a Subsequent Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 10.3 Each Placee agrees to be bound by the Articles once the Ordinary Shares and/or C Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or a Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Adviser, Shore Capital and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue

or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

10.4 In the case of a joint agreement to subscribe for Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

10.5 Shore Capital and the Company expressly reserve the right to modify the Initial Placing and/or a Subsequent Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined.

10.6 The Initial Placing and/or a Subsequent Placing are subject to the satisfaction of the relevant conditions contained in the Placing and Offer Agreement and the Placing and Offer Agreement not having been terminated. Further details of the terms of the Placing and Offer Agreement are contained in paragraph 7.1 of Part 12 (*Additional Information*) of this document.

## Part 10

### Terms and conditions of application under the Offer for Subscription

#### 1 Introduction

- 1.1 Ordinary Shares are available under the Offer for Subscription at a price of 91 pence per Ordinary Share. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 1.2 Applications to acquire Ordinary Shares must be made on the Offer for Subscription Application Form attached as Appendix 1 to this document or otherwise published by the Company.
- 1.3 In addition to completing and returning the Application Form to the Receiving Agent, new investors who intend to hold Ordinary Shares in certificated form will also need to complete and return a Tax Residency Self-Certification Form. The “individual tax residency self-certification – sole holding” form can be found at Appendix 2 of this document and further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from the Receiving Agent on 0370 707 1741 (from within the UK) or on +44 370 707 1741 (from outside the UK). The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. It is a condition of application that (where applicable) a completed version of that form is provided with the Offer for Subscription Application Form before any application can be accepted.

#### 2 Offer for Subscription to acquire shares

- 2.1 By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
  - 2.1.1 offer to subscribe for such number of Ordinary Shares specified in Box 1 on your Application Form, or any smaller amount for which such application is accepted, at the Issue Price on the terms, and subject to the conditions, set out in this document, including these terms and conditions of application and the Articles;
  - 2.1.2 agree that, in consideration for the Company agreeing that it will not offer any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked, subject to your statutory right of withdrawal in the event of publication of a supplementary prospectus by the Company, and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
  - 2.1.3 undertake to pay the subscription amount specified in Box 1A on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Shore Capital against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received at your risk of any proceeds of the remittance which accompanied your Application Form, without interest);

- 2.1.4 agree that, where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account (a) the Receiving Agent may in its absolute discretion amend the form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds); and (b) the Receiving Agent, the Company or Shore Capital may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;
- 2.1.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1.4 of this paragraph 2.1 to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled (and any monies returnable to you) may be retained by the Receiving Agent:
- (a) pending clearance of your remittance;
  - (b) pending investigation of any suspected breach of the warranties contained in paragraphs 6.1, 6.2, 6.3, 6.8, 6.13, 6.15 or 6.16 below or any other suspected breach of these terms and conditions of application; or
  - (c) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- 2.1.6 agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- 2.1.7 agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name on which the payment accompanying the application was first drawn without interest and at your risk;
- 2.1.8 agree that you are not applying on behalf of a person engaged in money laundering;
- 2.1.9 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- 2.1.10 undertake to pay interest at the rate described in paragraph 3.3 below if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.1.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed section 2B on your Application Form or, subject to paragraph 2.1.4 above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing bank to the bank account name from which such monies were first received without interest and at your risk;
- 2.1.12 confirm that you have read and complied with paragraph 8 below;

2.1.13 agree that all subscription cheques and payments will be processed through a bank account (the “**Acceptance Account**”) in the name of “**CIS PLC re Gore Street Energy Storage Fund plc OFS 2019 Acceptance a/c**” opened by the Receiving Agent;

2.1.14 agree that your Application Form is addressed to the Company and the Receiving Agent; and

2.1.15 agree that any application may be rejected in whole or in part at the sole discretion of the Company.

### **3 Acceptance of your offer**

3.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received (accompanied by the validly completed Tax Residency Self-Certification Form if required), valid (or treated as valid), processed and not rejected) by notifying the FCA through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

3.2 The basis of allocation will be determined by Shore Capital in consultation with the Company and the Adviser. The right is reserved, notwithstanding the basis as so determined, to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept:

3.2.1 an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these terms and conditions of application; and

3.2.2 an application for fewer than 1,000 Ordinary Shares, or which is for more than 1,000 Ordinary Shares but not a multiple of 100.

3.3 The Receiving Agent will present all cheques and bankers’ drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants’ payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 4 per cent. per annum.

3.4 All payments must be in pounds Sterling and cheques or banker’s drafts should be payable to “**CIS PLC re Gore Street Energy Storage Fund plc OFS 2019 Acceptance a/c**”. Cheques or banker’s drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques may not be accepted, with the exception of building society cheques or banker’s drafts where the building society or bank has inserted the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or banker’s drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker’s drafts to allow the Company to obtain value for remittances at the earliest opportunity. It is a term of the Offer for Subscription that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.

3.5 For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 1.00 p.m. on 31 July 2019. Applicants wishing to make a CHAPS payment should contact Computershare stating “**GORE OFS 2019**” by email at

OFSpaymentqueries@computershare.co.uk for full bank details or telephone the shareholder helpline on 0370 707 1741 (from within the UK) or on +44 370 707 1741 (if calling from outside the UK) for further information. Applicants will be provided with a unique reference number which must be used when making the payment.

- 3.6 Should you wish to apply for Ordinary Shares by delivery versus payment method (“**DVP**”), you will need to match your instructions to Computershare Investor Services PLC’s Participant Account 8RA35 by no later than 1.00 p.m. on 15 August 2019 allowing for the delivery and acceptance of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the relevant settlement date, following the CREST matching criteria set out in the Application Form.
- 3.7 By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian’s CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 1.00 p.m. on 31 July 2019 against payment of the Issue Price. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling plus 2 per cent. per annum.

#### **4 Conditions**

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
- (a) the passing of the Initial Issue Resolutions;
  - (b) Initial Admission occurring by 8.00 a.m. on 16 August 2019 (or such later time or date as the Company and Shore Capital may agree (not being later than 16 September 2019)); and
  - (c) the Placing and Offer Agreement becoming otherwise unconditional in respect of the Initial Issue and not being terminated in accordance with its terms before Initial Admission.
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

#### **5 Return of Application Monies**

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest within 14 days. In the meantime, application monies will be retained by the Receiving Agent in a separate non-interest bearing account.

#### **6 Warranties**

By completing an Application Form, you:

- 6.1 undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2 warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;

- 6.3 confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in this document (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such other information or representation;
- 6.4 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained therein;
- 6.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Shore Capital, the Adviser or the Receiving Agent;
- 6.6 warrant that you are not under the age of 18 on the date of your application;
- 6.7 agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- 6.8 confirm that you have reviewed the restrictions contained in paragraph 8 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or complied with the provisions therein;
- 6.9 agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 6.10 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription and any non-contractual obligations existing under or in connection therewith shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 6.11 irrevocably authorise the Company, Shore Capital or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Shore Capital and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 6.12 agree to provide the Company with any information which it, Shore Capital or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations;
- 6.13 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Shore Capital, the Adviser or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- 6.14 agree that Shore Capital and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;

- 6.15 warrant that the information contained in the Application Form is true and accurate;
- 6.16 agree that if you request that Ordinary Shares are issued to you on a date other than Initial Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date; and
- 6.17 acknowledge that the Company's key information document prepared pursuant to the PRIIPs Regulation can be provided to you in paper or by means of a website, but that where you are applying under the Offer for Subscription directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the key information document via the website at [www.gseenergystoragefund.com](http://www.gseenergystoragefund.com), or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which the key information document will be provided to you.

## **7 Money Laundering**

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, the Receiving Agent may at its absolute discretion require verification of identity of you as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:
- 7.1.1 the owner(s) and/or controller(s) (the "**payor**") of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker's draft or cheque; or
- 7.1.2 where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons, such person or persons.
- 7.2 Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents or CREST account being credited.
- 7.3 Without prejudice to the generality of this paragraph 7, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (approximately £13,000). If, in such circumstances, you use a building society cheque or banker's draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and payor an original or copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of two of the following documents, no more than 3 months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressee's risk) together with a signed declaration as to the relationship between the payor and you, the applicant.
- 7.4 For the purpose of the UK's Money Laundering Regulations, a person making an application for Ordinary Shares will not be considered as forming a business relationship with either the Company or with the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.
- 7.5 The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).
- 7.6 If the amount being subscribed exceeds €15,000 (approximately £13,000) you should endeavour to have the declaration contained in Box 7 of the Application Form signed by an appropriate firm as described in that box.

## 8 Non United Kingdom investors

- 8.1 If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom, you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.2 None of the Ordinary Shares has been or will be registered under the laws of any Restricted Jurisdiction or under the US Securities Act or with any securities regulatory authority of any state or other political subdivision of any Restricted Jurisdiction. Accordingly, unless an exemption under such act or laws is applicable, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within any Restricted Jurisdiction (subject to limited exceptions) (as the case may be). If you subscribe for Ordinary Shares you will, unless the Company and the Registrar agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a US Person or a resident of any Restricted Jurisdiction or a corporation, partnership or other entity organised under the laws of any Restricted Jurisdiction and that you are not subscribing for such Ordinary Shares for the account of any US Person or resident of any Restricted Jurisdiction and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into any Restricted Jurisdiction or to any US Person or any resident in a Restricted Jurisdiction (subject to limited exceptions). No application will be accepted if it shows the applicant or a payor having an address in a Restricted Jurisdiction (subject to limited exceptions).

## 9 Data Protection

- 9.1 Each applicant acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (the "**DP Legislation**") the Company and/or the Registrar may hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may be retained on record for a reasonable period after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out below (collectively, the "**Purposes**"), being to:
- 9.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its service contract, including as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
  - 9.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
  - 9.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
  - 9.1.4 process its personal data for the Registrar's internal administration.
- 9.2 In order to meet the Purposes, it will be necessary for the Company and the Registrar to provide personal data to:
- 9.2.1 third parties located either within, or outside of the EEA, if necessary for the Registrar to perform its functions, or when it is necessary for its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or
  - 9.2.2 its affiliates, the Company or the Adviser and their respective associates, some of which may be located outside of the EEA.
- 9.3 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Legislation). In providing the Registrar with information, each applicant hereby represents and warrants to the Registrar that it has: (i) notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of any data protection notice which has been provided by the Company and/or the Registrar; and (ii) where consent is legally required under applicable DP Legislation, it has obtained the consent of any data subject to the

Registrar and its associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 9).

- 9.4 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is a natural person he or she has read and understood the terms of the Company's privacy notice which is available for review on the Company's website [www.gseenergystoragefund.com](http://www.gseenergystoragefund.com) ("**Privacy Notice**").
- 9.5 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is not a natural person it represents and warrants that:
- 9.5.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Ordinary Shares;
- 9.5.2 the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company; and
- 9.5.3 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or Registrar in connection with any failure by the Placee to comply with the provisions of this paragraph 9.5.

## **10 United States purchase and transfer restrictions**

- 10.1 By participating in the Offer for Subscription, each applicant acknowledges and agrees that it will be further deemed to represent and warrant to each of the Company, the Adviser, the Receiving Agent and the Registrar that:
- 10.1.1 it is not a US Person and it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the Ordinary Shares for the account or benefit of a US Person;
- 10.1.2 it acknowledges that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold into or within the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the US Securities Act;
- 10.1.3 it acknowledges that the Company has not been and will not be registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- 10.1.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a "plan" as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if an applicant is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

10.1.5 if any Ordinary Shares offered and sold pursuant to Regulation S are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

**“GORE STREET ENERGY STORAGE FUND PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “US INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”), OR ANY STATE SECURITIES LAWS (“BLUE SKY LAWS”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT THE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY OR A SUBSIDIARY THEREOF, (B) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF REGULATION S PROMULGATED UNDER THE US SECURITIES ACT (“REGULATION S”) TO A PERSON NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON, BY PREARRANGEMENT OR OTHERWISE AND OTHERWISE IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, OR (C) WITHIN THE UNITED STATES OR TO A PERSON NOT KNOWN TO BE A US PERSON, IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE US SECURITIES ACT OR ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, OR REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, WHOM THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES TO BE A “QUALIFIED INSTITUTIONAL BUYER”, AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C) ABOVE, A LEGAL OPINION SATISFACTORY TO THE COMPANY MUST FIRST BE PROVIDED.**

**THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON USING THE ASSETS OF (A) (I) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) THAT IS SUBJECT TO TITLE I OF ERISA; (II) A “PLAN” AS DEFINED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “US CODE”), INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE US CODE; OR (III) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY OF THE FOREGOING TYPES OF PLANS, ACCOUNTS OR ARRANGEMENTS THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE US CODE; OR (B) A GOVERNMENTAL, CHURCH, NON-US OR OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE LOCAL OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE US CODE IF THE PURCHASE, HOLDING OR DISPOSITION OF THE SECURITIES WILL NOT RESULT IN A VIOLATION OF APPLICABLE LAW AND/OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 503 OF THE US CODE OR ANY SUBSTANTIALLY SIMILAR LAW.”;**

10.1.6 if in the future the applicant decides to offer, sell, transfer, assign or otherwise dispose of its Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;

- 10.1.7 it is purchasing the Ordinary Shares for its own account for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 10.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such Ordinary Shares or interests in accordance with the Articles;
- 10.1.9 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 10.1.10 it is entitled to acquire the Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Adviser, or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Offer for Subscription or its acceptance of participation in the Offer for Subscription; and
- 10.1.11 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Ordinary Shares to within the United States or to any US Persons, nor will it do any of the foregoing.
- 10.2 The Company, the Adviser, the Registrar and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.
- 10.3 If any of the representations, warranties, acknowledgments or agreements made by the applicant are no longer accurate or have not been complied with, the applicant will immediately notify the Company.

## **11 Miscellaneous**

- 11.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.
- 11.2 The rights and remedies of the Company, the Adviser and the Receiving Agent under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 11.3 The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 1.00 p.m. on 31 July 2019. In that event, the new closing time and/or date will be notified through a Regulatory Information Service.
- 11.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest at the risk of the applicant.
- 11.5 You agree that Shore Capital and the Receiving Agent are acting for the Company in connection with the Initial Issue and no-one else and that none of Shore Capital and the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Offer for Subscription or for providing the protections afforded to their customers.

- 11.6 Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used elsewhere in this document.
- 11.7 If you have any questions please contact the Receiving Agent on 0370 707 1741 (from within the UK) or on +44 370 707 1741 (from outside the UK). The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## Part 11

### UK Taxation

#### 1 General

The following comments do not constitute tax advice and are intended only as a guide to current UK law and HMRC's published practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of Shareholders.

Except insofar as express reference is made to the treatment of non-UK residents, the comments are intended to apply only to Shareholders who for UK tax purposes are resident solely in and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply.

The comments apply only to Shareholders who are the absolute beneficial owners of their Ordinary Shares and/or C Shares and the dividends payable on them.

The comments apply only to Shareholders who hold their Ordinary Shares and/or C Shares as investments and may not apply to certain categories of Shareholder such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation (or who hold their Ordinary Shares and/or C Shares through an ISA) and Shareholders who have (or are deemed to have) acquired their Ordinary Shares and/or C Shares by virtue of any office or employment. Such persons may be subject to special rules.

**Prospective investors are strongly advised to consult their own professional advisers.**

#### 2 The Company

The Company has been approved by HMRC as an investment trust. It is the intention of the Directors to continue to conduct the affairs of the Company so that it satisfies the conditions necessary for this approval to be maintained.

However, neither the Adviser nor the Directors can guarantee that this approval will be maintained. In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust the Company will be exempt from UK corporation tax on its chargeable gains. The Company will however (subject to what follows) be liable to UK corporation tax on its income in the normal way.

It is expected that the majority of the Company's income will be dividend income. In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which the Company expects to be applicable in respect of dividends it receives.

Approved investment trusts are able to elect to take advantage of modified UK tax treatment in respect of their "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under such treatment, the Company may designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, Shareholders would (broadly speaking) be taxed as if the dividend received were a payment of interest and the Company would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period. Given the nature of its investment portfolio, the Company does not expect to generate a significant amount of "qualifying interest income" and, accordingly, the Directors do not currently anticipate that the streaming regime would be used. The statements below regarding the taxation of dividends received by Shareholders from the Company assume that the streaming regime does not apply.

#### 3 Shareholders

##### ***Taxation of dividends***

The Company is not required to withhold UK tax when paying a dividend on the Ordinary Shares and/or C Shares.

## **Individuals**

In outline, UK resident individual shareholders will pay tax on dividends received over the annual dividend allowance at the following rates (for tax year 2019/2020):

- 7.5 per cent. on dividend income within the basic rate band;
- 32.5 per cent. on dividend income within the higher rate band; and
- 38.1 per cent. on dividend income within the additional rate band.

## **Companies**

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be subject to UK corporation tax on dividends paid by the Company on the Ordinary Shares and/or C Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Ordinary Shares and/or C Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Ordinary Shares and/or C Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

## **Taxation of chargeable gains**

### *Disposals of Ordinary Shares and/or C Shares – general*

A disposal of Ordinary Shares and/or C Shares by a Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder’s circumstances, and subject to any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

For Shareholders within the charge to UK corporation tax, indexation allowance may reduce the amount of any chargeable gain arising on a disposal of Ordinary Shares and/or C Shares (but cannot give rise to or increase the amount of an allowable loss). However, indexation allowance was frozen at 31 December 2017 such that any indexation allowance would be calculated only to 31 December 2017 and will not apply to disposals of Shares acquired after that date.

Shareholders that are not resident in the UK for tax purposes (and not only temporarily non-resident) will not generally be subject to UK taxation of chargeable gains on a disposal of their Ordinary Shares and/or C Shares, provided that their Ordinary Shares and/or C Shares are not and have not been acquired, held or used in or for the purposes of any trade, profession or vocation carried on by the Shareholder in the UK through a branch, agency or permanent establishment. It should however be noted that, in certain circumstances, an individual Shareholder who is only temporarily non-UK resident may, on re-establishing UK tax residence, be subject to capital gains tax in respect of disposals which occurred in the period of temporary non-residence.

### *Conversion of C Shares*

A Conversion of C Shares into new Ordinary Shares should, for the purposes of UK taxation of chargeable gains, generally be treated as a reorganisation of the share capital of the Company with the new Ordinary Shares being treated as the same asset as the Shareholder’s original C Shares and as having been acquired at the same time as the C Shares are treated as having been acquired. To the extent that reorganisation treatment applies, the Conversion will not be treated as giving rise to a disposal of the Shareholder’s C Shares for the purposes of UK taxation of chargeable gains.

## **ISAs**

Ordinary Shares should be eligible for inclusion in an ISA, subject to applicable annual subscription limits, provided that the Company maintains its approval as an investment trust.

**Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility.**

### **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

The following comments in relation to UK stamp duty and SDRT apply to Shareholders wherever they are resident or domiciled. They are intended only as a general guide and (except to the extent stated) do not relate to persons such as market makers, brokers, dealers, intermediaries or persons connected with depositary arrangements or clearance services, to whom special rules may apply.

### **Placing Programme**

The issue of Ordinary Shares and/or C Shares pursuant to the Initial Issue and any Subsequent Placing under the Placing Programme (whether in certificated form outside the CREST system or credited in uncertificated form to an account in CREST) will not give rise to stamp duty or SDRT.

### **Subsequent transfers of Ordinary Shares and/or C Shares**

Stamp duty at the rate of 0.5 per cent. (rounded up, if necessary, to the nearest £5) of the amount or value of the consideration given will generally be payable in respect of an instrument transferring Ordinary Shares and/or C Shares. An exemption from stamp duty is available for instruments transferring shares where the amount or value, or aggregate amount or value if it is part of a larger transaction or series of transactions, of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by it does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also arise in respect of an unconditional agreement to transfer Ordinary Shares and/or C Shares (at the rate of 0.5 per cent. of the amount or value of the consideration for the shares). However, if an instrument of transfer is executed in pursuance of the agreement and duly stamped within six years of the date on which the agreement became unconditional, the SDRT charge will generally be cancelled and any SDRT which has already been paid can generally be reclaimed.

### **Ordinary Shares and/or C Shares held through CREST**

Paperless transfers of Ordinary Shares and/or C Shares within CREST are generally subject to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. The SDRT on such transactions will generally be collected through the CREST system. Deposits of Ordinary Shares and/or C Shares into CREST will generally not be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

### **Information reporting**

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, an Inter-governmental Agreement with the US in relation to FATCA and International Tax Compliance Agreements with Guernsey, Jersey, the Isle of Man and Gibraltar. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions.

## PART 12

### ADDITIONAL INFORMATION

#### 1 The Company, the AIFM and the Adviser

- 1.1 The Company was incorporated in England and Wales on 19 January 2018 with registered number 11160422 as a public company limited by shares under the Act. The Company is registered as an investment company under section 833 of the Act. The Company has an indefinite life. The Company is domiciled in England and Wales and currently has no employees.
- 1.2 The principal place of business and registered office of the Company is 7<sup>th</sup> Floor, 9 Berkeley Street, Mayfair, London W1J 8DW and its telephone number is +44 20 7409 0181.
- 1.3 The principal legislation under which the Company operates is the Act. The Company is not regulated as a collective investment scheme by the FCA. The Company is subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and to the rules of the London Stock Exchange.
- 1.4 The Company is the ultimate parent company of the Group. The following table sets out the subsidiaries of the Company as at the date of this document:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued capital held directly or indirectly by the Company (%)</i>
GSES1 Limited	England and Wales	100
NK Energy Storage Solutions Limited	England and Wales	100
NK Boulby Energy Storage Limited	England and Wales	100
GSC LRPOT Limited	England and Wales	100
OSSPV 001 Limited	England and Wales	100
GSF IRE Limited	England and Wales	100
Drumkee Energy Limited	England and Wales	51
Mullavilly Energy Limited	England and Wales	51

In addition, the Company, through its wholly-owned subsidiary, NK Energy Storage Solutions Limited, holds 49 per cent. of the shares in Kiwi Power ES B Limited which owns the Cenin Project.

- 1.5 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the key conditions that must be met for approval by HMRC as an investment trust, and which must continue to be met for each accounting period in respect of which the Company is approved as an investment trust are that:
- all or substantially all of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
  - the Company is not a close company at any time during the accounting period;
  - the Company is resident in the UK throughout that accounting period;
  - the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and
  - the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15 per cent. of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from

previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses.

- 1.6 The AIFM, Mirabella Financial Services LLP, is registered as a limited liability partnership in England and Wales (registered number OC309035) and is authorised and regulated by the FCA (firm reference number 415559). The principal place of business of the AIFM is 130 Jermyn Street, London, SW1Y 4UR. The AIFM's telephone number is +44 (0) 207 408 2448. The AIFM is regulated in the conduct of investment business by the FCA. The AIFM is, for the purposes of the AIFMD and the rules of the FCA, a "full scope" UK alternative investment fund manager with a Part 4A permission for managing AIFs such as the Company.
- 1.7 The Adviser is a private limited company registered in England and Wales with number 09707413. The address of the registered office of the Adviser is Michelin House, 81 Fulham Road, London SW3 6RD and its telephone number is +44 20 3826 0290.

## 2 Share Capital

- 2.1 The Company was incorporated with an initial capital of £0.01 represented by one Ordinary Share held by the subscriber to the Company's memorandum of association. To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under Section 761 of the Act, on 1 February 2018, 50,000 redeemable preference shares were allotted to the Adviser. The redeemable preference shares were redeemed immediately following First Admission out of the proceeds of the First Issue. On 25 May 2018, the Company issued 30,599,999 Ordinary Shares at a price of 100 pence per Ordinary Share pursuant to the First Issue. The Ordinary Share held by the subscriber to the Company's memorandum of association was also transferred as part of the First Issue.

- 2.2 Set out below is the issued share capital of the Company as at the date of this document:

	<i>Nominal Value (£)</i>	<i>Number</i>
Ordinary Shares	306,000	30,600,000

The Ordinary Shares are fully paid up.

- 2.3 Set out below is the issued share capital of the Company as it will be immediately following the Initial Issue (assuming that the Initial Issue is subscribed as to 54,945,000 Ordinary Shares):

	<i>Nominal Value (£)</i>	<i>Number</i>
Ordinary Shares	855,450	85,545,000

All Ordinary Shares will be fully paid.

- 2.4 The following resolutions are being proposed at the General Meeting:

- (A) that the Directors be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £1,098,900 in connection with the Initial Issue, such authority to expire immediately following Initial Admission, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired;
- (B) that the Directors be generally empowered (pursuant to section 570 of the Act) to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph 2.4(A) above as if section 561 of the Act did not apply to any such allotment, such power to expire immediately following Initial Admission, save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power had not expired;

- (C) that the Directors be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot up to 100 million Ordinary Shares and/or C Shares in aggregate in connection with the Placing Programme such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2020, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired;
  - (D) that the Directors be empowered (pursuant to sections 570 and 573 of the Act) to allot Ordinary Shares and C Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.4(C) above as if section 561 of the Act did not apply to any such allotment or sale, such power to expire at the conclusion of the annual general meeting of the Company to be held in 2020, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired;
  - (E) that the Directors be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £400,000 pursuant to the Subscription Agreement, such authority to expire on the fifth anniversary of the date of the passing of this resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired; and
  - (F) that the Directors be generally empowered (pursuant to sections 570 and 573 of the Act) to allot Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.4(E) above as if section 561 of the Act did not apply to any such allotment or sale, such power to expire on the fifth anniversary of the date of the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted or sold from treasury after such expiry and the Directors may allot or sell from treasury equity securities in pursuance of such offer or agreement as if the power had not expired.
- 2.5 In accordance with the authority referred to in paragraph 2.4(A) above, it is expected that the Ordinary Shares in respect of the Initial Issue will be allotted pursuant to a resolution of the Board to be passed shortly before, and conditional upon, Initial Admission.
- 2.6 The provisions of section 561 of the Act (which, to the extent not disapplied pursuant to section 570 or section 573 of the Act, confer on Shareholders rights of pre-emption in respect of the allotment or sale of equity securities for cash) shall apply to any unissued share capital of the Company, except to the extent disapplied by the resolutions referred to in paragraphs 2.4(B), 2.4(D) and 2.4(F) above.
- 2.7 Save as disclosed in this paragraph 2, since the date of its incorporation: (i) there has been no alteration in the share capital of the Company; (ii) save in respect of the Initial Issue and pursuant to the Subscription Agreement, no share or loan capital of the Company has been issued or agreed to be issued, or, save in respect of the Issues, is now proposed to be issued for cash or any other consideration; and (iii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
- 2.8 The Shares, expected to be issued on 16 August 2019 in the case of the Initial Issue and in the period from 19 August 2019 to 15 July 2020 in the case of any Subsequent Placing under the Placing Programme, and any Ordinary Shares issued pursuant to any Additional NTMA Subscription, will be in registered form. Temporary documents of title will not be issued.

### **3 Articles of Association**

A summary of the main provisions of the Articles is set out below.

#### **3.1 Objects**

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

#### **3.2 Variation of rights**

Subject to the provisions of the Act as amended and every other statute for the time being in force concerning companies and affecting the Company (the "**Statutes**"), if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Company is a going concern or during or in contemplation of a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum), any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

#### **3.3 Alteration of share capital**

The Company may by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- (ii) sub-divide its shares, or any of them, into shares of smaller nominal value than its existing shares; and
- (iii) determine that, as between the shares resulting from such a sub-division, one or more shares may, as compared with the others, have any such preferred, deferred or other rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

#### **3.4 Issue of shares**

Subject to the provisions of the Act and without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or if the Company has not so determined, as the Directors may determine).

#### **3.5 Dividends**

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the shareholders but no dividends shall exceed the amount recommended by the Directors. Subject to the provisions of the Act, the Directors may pay interim dividends, or dividends payable at a fixed rate, if it appears to them that they are justified by the profits of the Company available for distribution. If the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid.

### 3.6 **Voting rights**

Subject to any rights or restrictions attached to any shares, on a show of hands every shareholder present in person has one vote, every proxy present who has been duly appointed by a shareholder entitled to vote has one vote and every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll every shareholder (whether present in person or by proxy or by corporate representative) has one vote for every share of which he is the holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.

Where a shareholder vote is required to be taken in accordance with the Listing Rules, that vote must be decided by a resolution of the holders of the shares that have been admitted to the premium listing. Where the provisions of the Listing Rules require that any resolution must, in addition, be approved by the independent shareholders (as defined in the Listing Rules), only independent shareholders who hold shares that have a premium listing shall be entitled to vote on the relevant resolution.

### 3.7 **Transfer of shares**

A share in certificated form may be transferred by an instrument of transfer, which may be in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. A share in uncertificated form may be transferred by means of the relevant electronic system concerned.

In their absolute discretion, the Directors may refuse to register the transfer of a share in certificated form which is not fully paid provided that if the share is listed on the Official List such refusal does not prevent dealings in the shares from taking place on an open and proper basis. The Directors may also refuse to register a transfer of a share in certificated form unless the instrument of transfer:

- (i) is lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (ii) is in respect of only one class of share; and
- (iii) is not in favour of more than four transferees.

The Directors may refuse to register a transfer of a share in uncertificated form in any case where the Company is entitled to refuse to register the transfer under the CREST Regulations provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company or, in the case of an uncertificated share, the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the CREST Regulations send to the transferee notice of refusal.

No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as “plan assets” of any Benefit Plan Investor; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the US Securities Act of 1933 and/or the US Exchange Act of 1934 and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the

US Exchange Act of 1934; (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the US Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Directors may declare the Shareholder in question a “Non-Qualified Holder” and the Directors may require that any shares held by such Shareholder (“**Prohibited Shares**”) shall (unless the Shareholder concerned satisfies the Directors that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder.

### 3.8 ***Distribution of assets on a winding-up***

If the Company is wound up, with the sanction of a special resolution and any other sanction required by law and subject to the Act, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he may with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

### 3.9 ***Restrictions on rights: failure to respond to a Section 793 notice***

If a shareholder, or any other person appearing to be interested in shares held by that shareholder, fails to provide the information requested in a notice given to him under section 793 of the Act by the Company in relation his interest in shares (the “**default shares**”) within 28 days of the notice (or, where the default shares represent at least 0.25 per cent. of their class, 14 days of the notice), sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default shares represent at least 0.25 per cent. of their class (excluding treasury shares), the withholding of any dividend payable in respect of those shares and the restriction of the transfer of those shares (subject to certain exceptions).

### 3.10 ***Untraced shareholders***

Subject to various notice requirements, the Company may sell any of a shareholder’s shares if, during a period of 12 years, at least three dividends (either interim or final) on such shares have become payable and no cheque for amounts payable in respect of such shares has been presented and no warrant or other method of payment has been effected and no communication has been received by the Company from the shareholder or person concerned.

### 3.11 ***Appointment of Directors***

Unless the Company determines otherwise by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum but shall not be less than two.

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act as, and is permitted by law to do so, to be a Director either to fill a vacancy or as an additional Director. The Directors may appoint a person who is willing to act, and is permitted by law to do so, to be a Director, either to fill a vacancy or as an additional Director. A person appointed as a Director by the other Directors is required to retire at the Company’s next annual general meeting and shall then be eligible for reappointment.

### 3.12 ***Powers of Directors***

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company.

Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

### 3.13 ***Borrowings***

The Board on behalf of the Company may exercise all the powers of the Company to borrow money, to indemnify, to guarantee and to mortgage or charge its undertaking property and uncalled capital and (subject to the provisions of the Statutes regarding authority to allot debentures convertible into shares) to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

### 3.14 ***Voting at board meetings***

No business shall be transacted at any meeting of the Directors unless a quorum is present and the quorum may be fixed by the Directors; unless so fixed at any other number the quorum shall be two. A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not himself a Director shall, if his appointor is not present, be counted in the quorum.

Questions arising at a meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

### 3.15 ***Restrictions on voting***

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises only because the case falls within certain limited categories specified in the Articles.

### 3.16 ***Directors' interests***

Subject to the provisions of the Act and provided that the Director has disclosed to the other Directors the nature and extent of any material interest of his, a Director, notwithstanding his office, may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is interested.

### 3.17 ***Indemnity***

Subject to the provisions of the Act, the Company may indemnify any person who is a Director, secretary or other officer (other than an auditor) of the Company, against (a) any liability whether in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company or (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office; and purchase and maintain insurance for any person who is a Director, secretary, or other officer (other than an auditor) of the Company in relation to anything done or omitted to be done or alleged to have been done or omitted to be done as Director, secretary or officer.

### 3.18 ***General meetings***

In the case of the annual general meeting, twenty-one clear days' notice at the least shall be given to all the members and to the auditors. All other general meetings shall also be convened by not less than twenty-one clear days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen clear days has been passed in which case a general meeting may be convened by not less than fourteen clear days' notice in writing.

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a shareholder or a proxy for a shareholder or a

duly authorised representative of a corporation which is a shareholder (including for this purpose two persons who are proxies or corporate representatives of the same shareholder), shall be a quorum.

A shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Subject to the provisions of the Act, any corporation (other than the Company itself) which is a shareholder may, by resolution of its directors or other governing body, authorise such person(s) to act as its representative(s) at any meeting of the Company, or at any separate meeting of the holders of any class of shares.

Delivery of an appointment of proxy shall not preclude a shareholder from attending and voting at the meeting or at any adjournment of it.

Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of shares, whether or not they are shareholders.

A poll on a resolution may be demanded at a general meeting either before a vote on a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared. A poll may be demanded by the Chairman or by: (a) not less than five members having the right to vote at the meeting; or (b) a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (c) a member or members holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### 3.19 **C Shares and Deferred Shares**

The rights and restrictions attaching to the C Shares and the Deferred Shares arising on their conversion are summarised below.

(l) The following definitions apply for the purposes of this paragraph 3.19 only:

**“Calculation Date”** means the earliest of the:

- (i) close of business on the date to be determined by the Directors occurring not more than 10 Business Days after the day on which the Adviser shall have given notice to the Directors that at least 90 per cent. of the Net Proceeds (or such other percentage as the Directors and the Adviser may agree) shall have been invested; or
- (ii) close of business on the date falling 12 calendar months after the allotment of the C Shares or if such a date is not a Business Day the next following Business Day; or
- (iii) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;

**“Conversion”** means conversion of the C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph VIII below;

**“Conversion Date”** means the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date;

**“Conversion Ratio”** is the ratio of the net asset value per C Share to the net asset value per Ordinary Share, which is calculated as:

$$\begin{aligned} \text{Conversion Ratio} &= \frac{A}{B} \\ A &= \frac{C - D}{E} \\ B &= \frac{F - C - I - G + D + J}{H} \end{aligned}$$

Where:

**C** is the aggregate of:

- (a) the value of the investments of the Company attributable to the C Shares of the relevant class, calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with any valuation policy adopted by the Company from time to time; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the relevant class of C Shares (excluding the investments valued under (i) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with any valuation policy adopted by the Company from time to time;

**D** is the amount (to the extent not otherwise deducted from the assets attributable to the relevant class of C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the relevant class of C Shares on the Calculation Date (including the amounts of any declared by unpaid dividends in respect of such Shares);

**E** is the number of C Shares of the relevant class in issue on the Calculation Date;

**F** is the aggregate of:

- (a) the value of all the investments of the Company, calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with any valuation policy adopted by the Company from time to time; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with any valuation policy adopted by the Company from time to time;

**G** is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date (including the amounts of any declared but unpaid dividends); and

**H** is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury);

**I** is the aggregate of:

- (a) the value of the investments of the Company attributable to all other class(es) of C Shares in issue other than the class of C Shares as referred to in C above (the "**Other Class(es) of C Shares**"), calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with any valuation policy adopted by the Company from time to time; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the Other Class(es) of C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with any valuation policy adopted by the Company from time to time; and

**J** is the amount (to the extent not otherwise deducted from the assets attributable to the Other Class(es) of C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the Other Class(es) of C Shares on the Calculation Date;

provided that the Directors shall make such adjustments to the value or amount of A and B as the Auditors shall report to be appropriate having regard among other things, to the assets of

the Company immediately prior to the date on which the Company first receives the Net Proceeds relating to the relevant class of C Shares and/or to the reasons for the issue of the relevant class of C Shares;

**“Deferred Shares”** means deferred shares of £0.01 each in the capital of the Company arising on Conversion;

**“Existing Ordinary Shares”** means the Ordinary Shares in issue immediately prior to Conversion;

**“Force Majeure Circumstances”** means (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest; and

**“Net Proceeds”** means the net cash proceeds of the issue of the C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company).

References to the Auditors confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

References to ordinary shareholders, C Shareholders and deferred shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares and Deferred Shares respectively.

- (II) The holders of the Ordinary Shares, the redeemable preference shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:
- (a) the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of one per cent. of the nominal amount thereof, the first such dividend (adjusted *pro rata temporis*) (the **“Deferred Dividend”**) being payable on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph VIII (the **“Relevant Conversion Date”**) and on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed repurchase of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;
  - (b) the C Shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares;
  - (c) a holder of redeemable preference shares shall be entitled (in priority to any payment of dividend on any other class of share) to a fixed cumulative preferential dividend of 0.01 per cent. per annum on the nominal amount of the redeemable preference shares held by him, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 days of the end of such period;
  - (d) the Existing Ordinary Shares shall confer the right to dividends declared in accordance with the Articles;
  - (e) the Ordinary Shares into which C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and

- (f) no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between the Calculation Date and the Conversion Date relating to such C Shares (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).
- (III) The holders of the Ordinary Shares, the redeemable preference shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:
  - (a) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any C Shares are for the time being in issue and prior to the Conversion Date relating to such C Shares, be applied (after having deducted therefrom an amount equivalent to (C-D) in respect of each class of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio set out above save that the "Calculation Date" shall be such date as the liquidator may determine, which amount attributable to each class shall be applied amongst the C Shareholders of such class *pro rata* according to the nominal capital paid up on their holdings of C Shares), first, amongst the redeemable preference shareholders *pro rata* according to the nominal capital paid up on their holdings of redeemable preference shares and, second, amongst the existing Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares provided however that the holders of the redeemable preference shares shall only receive an amount up to the capital paid up on such redeemable preference shares and the redeemable preference shares shall not confer the right to participate in any surplus remaining following payment of such amount; and
  - (b) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when no C Shares are for the time being in issue be applied as follows:
    - (i) first, if there are Deferred Shares in issue, in paying to the deferred shareholders £0.01 in aggregate in respect of every 1,000,000 Deferred Shares (or part thereof) of which they are respectively the holders; and
    - (ii) secondly, the surplus shall be divided, first, amongst the holders of redeemable preference shares *pro rata* according to the nominal capital paid up on their holdings of redeemable preference shares and, second, amongst the Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares provided however that the holders of the redeemable preference shares shall only receive an amount up to the capital paid up on such redeemable preference shares and the redeemable preference shares shall not confer the right to participate in any surplus remaining following payment of such amount.
- (IV) As regards voting:
  - (a) the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class; and
  - (b) the Deferred Shares and the redeemable preference shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.
- (V) The following shall apply to the Deferred Shares:
  - (a) the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out herein;
  - (b) immediately upon Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of Conversion for an aggregate consideration of £0.01 for every 1,000,000 Deferred Shares and the notice referred to in paragraph (VIII) (b) below shall be deemed to constitute notice to each C Shareholder (and any person or persons having

rights to acquire or acquiring C Shares on or after the Calculation Date) that the Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of £0.01 for each holding of 1,000,000 Deferred Shares. On repurchase, each Deferred Share shall be treated as cancelled in accordance with section 706 of the Act without further resolution or consent; and

- (c) the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the repurchase moneys in respect of such Deferred Shares.
- (VI) Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Company's Articles:
- (a) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and
  - (b) no resolution of the Company shall be passed to wind-up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and C Shares, as described above, shall not be required in respect of:

- (i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or
  - (ii) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Act) in accordance with sections 727 and 731 of the Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).
- (VII) For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall:
- (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares;
  - (b) allocate to the assets attributable to the C Shares such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to such C Shares (both dates inclusive) as the Directors consider to be attributable to the C Shares; and
  - (c) give or procure the giving of appropriate instructions to the Adviser to manage the Company's assets so that such undertakings can be complied with by the Company.
- (VIII) The C Shares for the time being in issue shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph VIII:
- (a) the Directors shall procure that as soon as reasonably practicable and in any event within one month of the Calculation Date:
    - (i) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C Shareholder shall be entitled on Conversion shall be calculated; and
    - (ii) the Auditors shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and

binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H in paragraph I above.

- (b) The Directors shall procure that, as soon as practicable following such confirmation and in any event within one month of the Calculation Date, a notice is sent to each C Shareholder advising such C Shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C Shareholder will be entitled on Conversion.
- (c) On conversion each C Share shall automatically subdivide into 10 conversion shares of £0.01 each and such conversion shares of £0.01 each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
  - (i) the aggregate number of Ordinary Shares into which the same number of conversion shares of £0.01 each are converted equals the number of C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share); and
  - (ii) each conversion share of £0.01 which does not so convert into an Ordinary Share shall convert into one Deferred Share.
- (d) The Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C Shareholders *pro rata* according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).
- (e) Forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue to each former C Shareholder new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued.
- (f) The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

### 3.20 **Life of the Company**

The Articles contain a provision requiring the Directors to propose an ordinary resolution that the Company continue in existence as an investment company at the annual general meeting of the Company to be held in 2023 and, if passed, every five years thereafter. Upon such resolution not being passed, proposals will be put forward by the Directors within three months after the date of the resolution to the effect that the Company be wound up, liquidated, reconstructed or unitised.

## 4 **City Code on Takeovers and Mergers**

### 4.1 **Mandatory bid**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (i) a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares

at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

#### 4.2 **Compulsory acquisition**

Under sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to holders of outstanding shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the holders of outstanding shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of outstanding shares notice of his right to be bought out within one month of that right arising. Such sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of outstanding shares notifying them of their sell-out rights. If a holder of shares exercises their rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

### 5 **Interests of Directors, major Shareholders and related party transactions**

- 5.1 Save as set out in this paragraph 5.1, no Director has any interests (beneficial or non-beneficial) in the share capital of the Company as at the Latest Practicable Date:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>
Patrick Cox	49,996	0.16%
Caroline Banszky	35,000	0.11%
Thomas Murley	30,000	0.10%
Malcolm King	25,000	0.08%

- 5.2 So far as is known to the Company, and which is notifiable under the Disclosure Guidance and Transparency Rules, as at the Latest Practicable Date, the following persons held, directly or indirectly, three per cent. or more of the issued Ordinary Shares or the Company's voting rights:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>
NEC Energy Solutions Inc.	8,000,000	26.14%
Nippon Koei Co. Ltd	6,000,000	19.61%
BNY (OSC) Nominees Ltd	2,000,000	6.54%
Merril Lynch Pierce Fenner and Smith Incorporated	1,850,000	6.05%
Goldman Sachs Securities (Nominees) Limited	1,610,000	5.26%

- 5.3 Each of the Directors was appointed to the Board on 22 February 2018. No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can

be terminated in accordance with the Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles.

There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.

- 5.4 Save for the Chairman of the Board and the Chairman of the Audit Committee, the Directors' remuneration is currently £18,000 per annum for each Director per annum. The Chairman's current fee is £33,000 per annum and the fee for the Chairman of the Audit Committee is currently £21,000 per annum. The aggregate of the remuneration (including any contingent or deferred compensation) paid and benefits in kind granted to the Directors in respect of the financial period ended 31 March 2019 was £80,526.

There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

- 5.5 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 5.6 In addition to their directorship of the Company and its subsidiaries, the Directors have been members of the administrative, management or supervisory bodies or partners of the following companies and partnerships, at any time in the previous five years:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Patrick Cox	Appian Asset Management Ltd Alliance Française Dublin Yalta European Strategy Limited Ecocem Ltd Supernode Ltd Budmo Limited Institute of International and European Affairs, Ireland Ireland China Institute, Ireland Jean Monnet Foundation for Europe, Switzerland Third Age Foundation, Ireland	CAPA Ltd Michelin
Caroline Banzsky	3i Group plc Integrafin Holdings plc Allchurches Trust Limited The Caledonian Club Trust Limited The UK Stem Cell Foundation The British Neurological Research Trust The Open University	The Law Debenture Corporation plc Law Debenture Guarantee Ltd EMC Funding (Options) Ltd The British Neurological Research Trust Law Debenture Investment Management Ltd Safecall Training Ltd Safecall Ltd The Law Debenture Pension Trust Corporation PLC Law Debenture Corporate Services Ltd Law Debenture (Independent Professional Services) Ltd The Sole Trustee Plc Law Debenture Governance Services Ltd Beagle Nominees Ltd Law Debenture Finance plc The Whistleblowing Company Ltd

<i>Name</i>	<i>Current</i>	<i>Previous</i>
		The Law Debenture Intermediary Corporation plc Law Debenture Overseas (No.1) Ltd L.D. Pension Plan Trustee Ltd Law Debenture Trustees Ltd The Law Debenture Turst Corporation plc L.D.C. Trust Management Ltd LDC (NCS) Ltd TMF Agency Solutions Ltd
Malcolm King	Henderson Opportunities Trust Plc Ecofin Global Utilities & Infrastructure Trust plc	Finsbury Trust Finsbury Growth Trust Finsbury Smaller Companies Trust Finsbury Underwriting & Investment Trust Contra Cyclical Investment Trust Benfield & Rea Investment Trust Capital Opportunities Trust Piccadilly Growth Trust Investec Asset Management
Thomas Murley	Ameresco Inc Catalyst Investment Management (Guernsey) Limited	UK Green Investment Bank plc Hg Capital LLP Ridge Wind Holdings Sarl Havsnas Vindkraft AB Harsnas Vindkraft Einat AB Vindkraft I Ytterberg AB Amliden Vindkraft AB

5.7 Save as disclosed in paragraph 5.8 below, the Directors in the five years before the date of this document:

- (i) do not have any convictions in relation to fraudulent offences;
- (ii) have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- (iii) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

5.8 Patrick Cox was a director of CAPA Ltd which was put into members' voluntary liquidation on 24 October 2016.

5.9 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.

5.10 As at the Latest Practicable Date, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

5.11 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

5.12 Save as disclosed in note 22 of the 2019 Report and Accounts, which are incorporated by reference into this document, the Company has not entered into any related party transactions during or subsequent to the period covered by the historical financial information contained in Part 6, (*Financial Information*) of this document.

5.13 None of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his private interests and any other duties. The Adviser, any of its directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an “**Interested Party**”) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

## **6 Investment restrictions**

6.1 The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part 2 (*The Company*) of this document.

6.2 The Company will not invest in other listed closed-ended investment funds.

6.3 In the event of a breach of the investment policy set out in Part 2 (*The Company*) of this document and the investment restrictions set out therein, the Adviser shall inform the Board and the Depositary 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.

6.4 The Company must not conduct any trading activity which is significant in the context of its group as a whole.

## **7 Material contracts**

Save as described below, no member of the Group has: (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years preceding the date of this document; or (ii) entered into any contracts (other than contracts in the ordinary course of business) that contain provisions under which any member of the Group has any obligation or entitlement that is material to the Group as at the date of this document.

### **7.1 Placing and Offer Agreement**

The Placing and Offer Agreement dated 16 July 2019 between the Company, the Adviser and Shore Capital whereby Shore Capital has undertaken, as agent for the Company, to use its reasonable endeavours to procure subscribers under the Initial Placing for Ordinary Shares and under any Subsequent Placing for Ordinary Shares and/or C Shares at the relevant issue price. In the event of oversubscription of the Initial Issue, applications under the Initial Placing, Offer for Subscription and/or the Intermediaries Offer will be scaled back at Shore Capital's discretion (in consultation with the Company and the Adviser). In the event of oversubscription of any Subsequent Placing, applications under such Subsequent Placing will be scaled back at Shore Capital's discretion (in consultation with the Company and the Adviser).

The obligations of Shore Capital under the Placing and Offer Agreement in respect of the Initial Issue are subject to, *inter alia*, the Ordinary Shares to be issued pursuant to the Initial Issue being admitted to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange's main market by 16 August 2019 (or such later date as may be agreed between Shore Capital and the Company but not later than 8.00 a.m. on 16 September 2019).

In consideration for its services in relation to the Initial Issue and conditional upon completion of the Initial Issue, Shore Capital is entitled to receive a commission of 1.25 per cent. of the value of the Ordinary Shares issued under the Initial Issue, excluding any Ordinary Shares subscribed for by the Adviser and any member of the Adviser's group and by any investor introduced to the Initial Issue by the Adviser. Shore Capital is also entitled to receive a commission of 1.25 per cent. of the value of any Ordinary Shares and/or C Shares issued to Placees under any Subsequent Placing, excluding any Ordinary Shares and/or C Shares subscribed for by the Adviser and any member of the Adviser's group.

Under the Placing and Offer Agreement, which may be terminated by Shore Capital in certain circumstances prior to Initial Admission or any Subsequent Admission, the Company and the Adviser have given certain warranties and indemnities to Shore Capital. These warranties and indemnities are customary for an agreement of this nature.

Under the Placing and Offer Agreement, Shore Capital may, at its discretion and out of its own resources at any time rebate to some or all investors, or to other parties, part or all of its fees relating to the Initial Issue or any Subsequent Placing. Shore Capital is also entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of the Initial Issue or any Subsequent Placing to any or all of those agents out of its own resources.

The Placing and Offer Agreement is governed by the laws of England and Wales.

## 7.2 **NEC ES lock-up and orderly market deed**

NEC ES has entered into a lock-up and orderly market deed with the Company and Shore Capital dated 15 July 2019. Pursuant to the terms of this deed NEC ES has agreed that, subject to certain exceptions summarised below, it will not sell, grant options over or otherwise dispose of any interest in any Ordinary Shares acquired by it under the Initial Issue for a period of 12 months from Initial Admission. Thereafter, NEC ES has agreed, subject to the exceptions summarised below, to only effect disposals of those Ordinary Shares through Shore Capital (or such other broker as may be appointed by the Company from time to time) for a further 12 months.

The exceptions are: (i) any disposal of Ordinary Shares with the prior written consent of the Company and Shore Capital; (ii) any disposal of Ordinary Shares to an associate of NEC ES; (iii) any disposal of Ordinary Shares pursuant to an acceptance of a general offer to all Shareholders made in accordance with the Takeover Code; (iv) any disposal of Ordinary Shares pursuant to an offer by the Company to purchase its own shares which is made on identical terms to all Shareholders; (v) any disposal of Ordinary Shares pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986 in relation to the Company; (vi) any disposal of Ordinary Shares pursuant to any compromise or arrangement under sections 895 to 899 of the Act providing for the acquisition, by any person or group of persons acting in concert, of 50 per cent. or more of the equity share capital of the Company; (vii) any disposal of Ordinary Shares pursuant to an intervening court order; (viii) any disposal of Ordinary Shares following the passing of a resolution for the winding-up of the Company; or (ix) any transfer of the legal title in the Ordinary Shares to a nominee to hold such shares as nominee on behalf of NEC ES.

The agreement will terminate on the expiry of the orderly market period and is governed by the laws of England and Wales.

## 7.3 **Receiving Agent Agreement**

The Receiving Agent Agreement between the Company and the Receiving Agent dated 27 June 2019, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Initial Issue.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to fees in connection with the Offer for Subscription including: (a) a set up management fee; (b) processing fees per item processed per application form; and (c) various other fees in relation to certain matters. The Receiving Agent is also entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties. The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the agreement. The Receiving Agent's liability under the Receiving Agent Agreement is subject to a cap.

The Receiving Agent Agreement is governed by the laws of England and Wales.

## 7.4 **Subscription Agreement**

Pursuant to the Subscription Agreement, conditional on, *inter alia*, the Company raising a minimum of £15 million in aggregate pursuant to the Initial Issue (£9 million of which is subscribed by investors that are not public bodies, authorities or undertakings), excluding any investment by NTMA, NTMA has agreed to invest £5 million at the Issue Price (the "**Initial NTMA Subscription**").

In addition, pursuant to the Subscription Agreement, conditional on, *inter alia*, Shareholder approval and the Initial NTMA Subscription, when the Adviser sources an Eligible Project, the Company will issue an Additional NTMA Subscription Notice to NTMA and NTMA will make an Additional NTMA Subscription for an aggregate subscription price equal to 40 per cent. of the acquisition and construction costs of the relevant Eligible Project. The remaining 60 per cent. of the costs of the Eligible Project will be funded by the Company (or, in certain circumstances, by other investment vehicles which are controlled by, or have appointed as their investment adviser, the Adviser).

Save as set out below, NTMA has agreed to commit up to £25 million to fund Additional NTMA Subscriptions (less any Relevant Expenses).

Prior to completion of an investment in an Eligible Project, and subject to the satisfaction of certain conditions, the Company will issue an Additional NTMA Subscription Notice to NTMA to subscribe for such number of new Ordinary Shares (at a price per share equal to the lower of: (i) the mid-market price of the Company's Ordinary Shares at the time of the Additional NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the Additional NTMA Subscription; plus a premium of 0.2 per cent.) as is equal to 40 per cent. of the acquisition and construction costs of the Eligible Project. Where the mid-market share price is less than the last published Net Asset Value per Ordinary Share at the time an Additional NTMA Subscription is due to be made, Shareholders' consent will be sought (in accordance with the Listing Rules) for the Company to issue Ordinary Shares to NTMA at a discount to the prevailing Net Asset Value per Ordinary Share without first offering such shares *pro rata* to existing holders of Ordinary Shares.

If the Company is unable to issue Ordinary Shares pursuant to any Additional NTMA Subscription because: (i) Shareholders have not approved the issue of shares at a price below the Net Asset Value per Ordinary Share; or (ii) the issue of such Ordinary Shares would require the publication by the Company of a prospectus and the Directors (in their discretion) do not want to publish a prospectus at that time, the Company will be prohibited from investing in the relevant Eligible Project.

NTMA's obligation to make Additional NTMA Subscriptions pursuant to the Subscription Agreement will end on the earlier of the date on which its commitment has reached £25 million (less the Relevant Expenses) or, if earlier, on the third anniversary of the date of the Subscription Agreement if: (i) less than £12.5 million has been subscribed for in Ordinary Shares in the Company by NTMA pursuant to the Subscription Agreement (excluding pursuant to the Initial Issue) and NTMA has not consented to the extension of the Subscription Agreement; or (ii) more than £12.5 million has been subscribed for in Ordinary Shares in the Company by NTMA pursuant to the Subscription Agreement (excluding pursuant to the Initial Issue) but NTMA has served notice to terminate the Subscription Agreement on the third anniversary of the Subscription Agreement. The maximum term of the Subscription Agreement is five years. The Subscription Agreement is subject to earlier termination on the occurrence of certain events, including: (i) any breach of the warranties given by the Company under the agreement or a material breach of the Company's obligations under the agreement; (ii) any material adverse change in the financial position or business of the Group; or (iii) any investment by the Group in any asset which contravenes the Exclusionary Strategy.

If the aggregate amount invested by NTMA pursuant to any Additional NTMA Subscriptions is, on the date which is 18 months following Initial Admission, less than £7.5 million, the Subscription Agreement contains a mechanism to reduce the amount which NTMA may be required to invest pursuant to any future Additional NTMA Subscriptions.

NTMA shall not be required to acquire any new Ordinary Shares pursuant to the Subscription Agreement to the extent that such acquisition would result in NTMA or any person acting in concert with it being required to make a mandatory offer for all of the issued Ordinary Shares pursuant to the Takeover Code.

The Subscription Agreement contains certain warranties given by the Company to NTMA. The Subscription Agreement is governed by the laws of England and Wales.

#### 7.5 **ISIF Lock-up and Orderly Market Deed**

NTMA has entered into a lock-up and orderly market deed with the Company and Shore Capital dated 4 June 2019. Pursuant to the terms of this deed NTMA has agreed that, subject to certain exceptions summarised below, it will not sell, grant options over or otherwise dispose of any interest in any Ordinary Shares acquired by it under the Initial NTMA Subscription for a period of 12 months from Initial Admission. Thereafter, NTMA has agreed, subject to the exceptions summarised below, to only effect disposals of those Ordinary Shares through Shore Capital (or such other broker as may be appointed by the Company from time to time) for a further 12 months.

The exceptions are: (i) any disposal of Ordinary Shares with the prior written consent of the Company and Shore Capital; (ii) any disposal of Ordinary Shares to an associate of NTMA; (iii) any disposal of Ordinary Shares pursuant to an acceptance of a general offer to all Shareholders made in accordance with the Takeover Code; (iv) any disposal of Ordinary Shares pursuant to an offer by the Company to purchase its own shares which is made on identical terms to all Shareholders; (v) any disposal of Ordinary Shares pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986 in relation to the Company; (vi) any disposal of Ordinary Shares pursuant to any compromise or arrangement under sections 895 to 899 of the Act providing for the acquisition, by any person or group of persons acting in concert, of 50 per cent. or more of the equity share capital of the Company; (vii) any disposal of Ordinary Shares pursuant to an intervening court order; (viii) any disposal of Ordinary Shares following the passing of a resolution for the winding-up of the Company; (ix) any transfer of the legal title in the Ordinary Shares to a nominee to hold such shares as nominee on behalf of NTMA or to any person acting in the capacity of a trustee of a trust created by NTMA; (x) any disposal of Ordinary Shares to any Minister of the Irish government, any Irish state agency, governmental department or body nominated by a Minister of the Irish government, and/or any statutory or other body or agency; or (xi) any disposal of Ordinary Shares in the event that the Group invests in assets in breach of the Exclusionary Strategy.

The ISIF Lock-up and Orderly Market Deed will terminate on the earlier of: (i) the expiry of the orderly market period and (ii) termination of the Subscription Agreement.

The ISIF Lock-up and Orderly Market Deed is governed by the laws of England and Wales.

#### 7.6 **Sale and purchase agreements in connection with the Projects**

GSF Ire Limited, a member of the Group, entered into two sale and purchase agreements, each dated 4 June 2019, for the acquisition of the RoI Projects and NI Projects respectively. In relation to these acquisitions, the Company will seek to secure funding arrangements required for capital expenditure as early as by 1 October 2019 for each NI Project and 1 November 2019 for each RoI Project. Low Carbon has reserved a buy-back right for any NI Project or RoI Project for which the Company does not secure EPC and capex funding within the agreed timeframe. However, prior to, and in order for Low Carbon to exercise such a buy-back right, it would have to first repay any funds advanced by the Company with interest charged at 8-10 per cent. per annum.

Under the agreement to acquire the RoI Projects, the Company has a right to withdraw from one or both of the RoI Projects and terminate the sale and purchase agreement where either project is unable to secure DS3 or an alternative stream of revenues before 31 December 2019.

#### 7.7 **Option agreement in connection with the Residual Projects**

The Low Carbon Residual Project options grant the Company the right to acquire a further 200.0 MW of total installed capacity (of which 120 MW is in Northern Ireland and 80 MW is in the Republic of Ireland) provided that the Company: (i) reimburses Low Carbon for all commercially reasonable third-party development costs incurred to develop the Residual Projects; (ii) pays Low Carbon development fees equal to £35,000 per MW, (with five-sixths of the payment due once all land agreements, grid connection offer(s) and planning permissions required to develop a project are obtained, and one-sixth of the payments deferred until project commissioning); and (iii) commit to funding capital expenditure for the projects by way of a shareholder loan to each Residual Project owning special purpose vehicle.

The Company's option rights expire on the later of: (i) the date falling four months after the date on which it is notified that a grid offer notification in respect of the project has been received; or (ii) the

date falling one month after the Company is informed that a grid connection offer has been issued in respect of that project.

#### **7.8 AIFM Agreement**

The AIFM Agreement dated 9 March 2018 between the Company and the AIFM, pursuant to which the AIFM is appointed to act as alternative investment fund manager of the Company for the purposes of the AIFMD subject to the overall control and supervision of the Board. The AIFM has delegated responsibility for the management of the Company's portfolio to the Adviser by way of the Advisory and Services Agreement (summarised below at paragraph 7.9).

Pursuant to the terms of the AIFM Agreement, the AIFM is entitled to receive from the Company a monthly fee of £7,500. In addition, the AIFM is entitled to fees for Annex IV reporting of £1,000 in respect of the first reporting schedule and £667 for each subsequent filing. The AIFM is also entitled to reimbursement of reasonable expenses incurred by it in the performance of its duties.

The AIFM Agreement is terminable by either the AIFM or the Company giving to the other not less than 6 months' written notice. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency, on a change of control of the AIFM or in the event of a material breach which fails to be remedied within 30 days of receipt of notice. The AIFM shall transfer or assign its rights and obligations under the AIFM Agreement to the Adviser, subject to the Adviser having obtained all necessary regulatory authorisations and approvals from the FCA to act as an AIFM to the Company.

The Company has agreed to hold harmless and indemnify the AIFM against all actions, proceedings, claims and costs, demands and expenses incidental thereto which may be brought against, suffered or incurred by the AIFM by reason of the proper performance of its duties in accordance with the terms of the AIFM Agreement in each case including all reasonable legal, professional and other expenses properly incurred in connection therewith, except as shall arise from the fraud, wilful default or negligence of the AIFM or directly from any material breach of the AIFM Agreement or the rules of the FCA by the AIFM.

The AIFM Agreement is governed by the laws of England and Wales.

#### **7.9 Advisory and Services Agreement**

The Advisory and Services Agreement dated 9 March 2018 between the Company, the AIFM and the Adviser, pursuant to which the Adviser is appointed to provide advice and support to the AIFM and the Company in all aspects of the AIFM's duties in respect of the Company's assets in accordance with the Company's investment policy.

Nothing in the Advisory and Services Agreement authorises or permits or requires the Adviser to undertake any activity which would require it to be an authorised person under FSMA. To the extent that an activity necessary in connection with the management, investment and re-investment of the Company's assets can only be undertaken by a person authorised under FSMA such activity is undertaken by the AIFM and not the Adviser.

The Adviser is entitled to receive an advisory fee from the Company in respect of its services provided under the Advisory and Services Agreement. In addition to the advisory fee, the Adviser is also entitled to receive a performance fee. The advisory fee and performance fee are more fully described in paragraph 5 of Part 5 (*Directors and Management*) of this document.

The Advisory and Services Agreement shall continue until terminated by either the AIFM or the Adviser giving to the other not less than 12 months' written notice, such notice to expire, in the case of notice given by the AIFM to the Adviser, on or at any time after the fifth anniversary of First Admission. The Advisory and Services Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency, on a change of control of the Adviser or in the event of a material breach which fails to be remedied within 30 days of receipt of notice. The Advisory and Services Agreement shall terminate immediately if the AIFM Agreement is terminated for whatever reason. The Advisory and Services Agreement may also be terminated by the AIFM on not less than six months' notice in writing to the Adviser if, without the prior written consent of the Company, a Key Man Event

occurs prior to the fifth anniversary of First Admission. For these purposes, a “Key Man Event” will be deemed to occur if: (a) Alex O’Cinneide ceases to be employed full time by the Adviser or any member of its group; or (b) Alex O’Cinneide ceases to be actively involved in respect of the Adviser’s obligations under the Advisory and Services Agreement.

The Company has given an indemnity in favour of the Adviser in respect of the Adviser’s potential losses in carrying on its responsibilities under the Advisory and Services Agreement, except as shall arise from the fraud, wilful default or negligence of the Adviser or any material breach of the Advisory and Services Agreement by the Adviser.

The Advisory and Services Agreement is governed by the laws of England and Wales.

#### 7.10 **Share purchase agreement**

Under a share purchase agreement entered into between NK and the Company and dated 9 March 2018, NK agreed to sell and the Company agreed to purchase the entire issued share capital of NK Energy Storage Solutions Ltd and all loans advanced by NK to NK Energy Storage Solutions Ltd that were outstanding at the date of completion.

The share purchase agreement is governed by the laws of England and Wales.

#### 7.11 **Lock-Up and Orderly Market Deed**

Each of NEC ES, NK, Alex O’Cinneide, Suminori Arima, Peter Gutman, Daniel Mudd, Frank Wouters, Piers Lindsay-Fynn and certain shareholders of the Adviser, entered into a Lock-up and Orderly Market Deed with the Company and Stockdale Securities Limited dated 9 March 2018. Pursuant to the terms of this deed each of NEC ES, NK, Alex O’Cinneide, Suminori Arima, Peter Gutman, Daniel Mudd, Frank Wouters, Piers Lindsay-Fynn and certain shareholders of the Adviser agreed that they would not sell, grant options over or otherwise dispose of any interest in any Ordinary Shares acquired by them under the First Issue until 25 May 2019. Thereafter, each of NEC ES, NK, Alex O’Cinneide, Suminori Arima, Peter Gutman, Daniel Mudd, Frank Wouters, Piers Lindsay-Fynn and certain shareholders of the Adviser has agreed to only effect disposals of their respective Ordinary Shares through Stockdale Securities Limited (or such other broker as may be appointed by the Company from time to time) until 25 May 2020. Each Lock-up and Orderly Market Deed is governed by the laws of England and Wales.

#### 7.12 **Project Sourcing Agreements**

References to “projects” in this paragraph 7.12 mean energy storage projects identified as being within the Company’s stated investment policy and together with references to a specific geographical site and grid connection details for such project.

##### *NEC ES Agreement*

Pursuant to the terms of the NEC ES Agreement entered into between NEC ES and the Adviser dated 5 February 2018 and a deed of adherence between NEC ES, the Adviser and the Company dated 9 March 2018, as amended, NEC ES invested £8 million pursuant to the First Placing (the “**NEC ES Investment**”). The Ordinary Shares issued to NEC ES pursuant to the First Issue are subject to the provisions of a Lock-up and Orderly Market Deed, the terms of which are summarised in paragraph 7.11 above.

The Company committed to invest into projects that involve NEC ES providing, directly or indirectly, a supply of products, equipment and/or services required for those projects within 18 months from the date of First Admission, provided that NEC ES had the ability to meet the requirements of such projects and the terms and pricing of the products, equipment and/or services to be provided are on standard market terms (as determined by the Company) (the “**NEC ES Commitment**”). To date, the Company has made contractual commitments to NEC ES for Port of Tilbury and Lower Road in the amount of £7,790,130. The Company’s obligations in respect of the NEC ES Commitment shall be discharged once NEC ES and/or any of its affiliates have received contractual commitments in respect of the relevant projects in an amount equal to or greater than the NEC ES Investment.

Further, the Company agreed to pay an advance of £4.5 million to NEC ES to be used in connection with the Company's purchase of products, equipment and/or services from NEC ES for projects in which the Company will invest. The Company's purchase of such products, equipment and/or services from NEC ES is conditional upon NEC ES' ability to meet the requirements of the Company's projects and is subject to market standard terms and pricing (as determined by the Company). NEC ES committed to repay to the Company the balance of any unused amount of the advance payment on the first anniversary of Admission and interest on the balance accrued from the date of First Admission at a rate of 3 per cent. per annum.

For so long as the Company has not fully invested the net proceeds of the First Issue, (a) where NEC ES becomes involved in a project that requires equity financing and falls within the parameters of the Company's stated investment policy and is invited to participate in that project (by the provision of services, products or otherwise), NEC ES shall use reasonable endeavours to ensure that the Company is offered the opportunity to provide equity financing for such project before any further person is offered such opportunity by NEC ES. Where such project is expected to be developed by NEC ES, NEC ES shall procure that the Company has the opportunity to provide equity financing for the project, on terms satisfactory to NEC ES, before any further person is offered such opportunity.

For so long as the Company has not fully invested the net proceeds of the First Issue, where NEC ES or any of its affiliates provides an introduction to a project that is recommended by the Adviser to the Board for investment by the Group, the Adviser shall be required to obtain a proposal from NEC ES for the provision of products, equipment and services that are required for that project, details of which shall be included in the recommendation to the Board. NEC ES shall have 15 Business Days from the date on which it is contacted by the Adviser for its proposal to provide such proposal to the Adviser. For the avoidance of doubt, the Adviser shall not be entitled to seek (a) proposal(s) from other third party supplier(s) in connection with such project. The Board will consider the recommendation for investment in the project from the Adviser and shall, in its absolute discretion, decide whether to invest in the project.

Where (i) the Company seeks to invest in a project that was not introduced to the Company by NEC ES, (ii) NEC ES has not sold or otherwise transferred any of the NEC ES Shares (save as may be permitted by the terms of the Lock-up and Orderly Market Deed) and (iii) the Company has not yet satisfied its obligations pursuant to the NEC ES Commitment, the following provisions apply:

- (1) no later than 50 Business Days prior to the Adviser making a recommendation to the Board in connection with the acquisition of the project by the Group, the Adviser shall give written notice to NEC ES setting out details of the project (the "**NEC ES Project Notice**");
- (2) within 10 Business Days of receipt of the NEC ES Project Notice, NEC ES shall be entitled to notify the Adviser that it wishes to make an offer to supply the project with products, equipment and/or services (the "**NEC ES Participation Notice**");
- (3) within 10 Business Days of receipt of a NEC ES Participation Notice from NEC ES the Adviser, in consultation with the Company, may, but is not obliged to, seek to obtain proposals for the provision of products, equipment and/or services from alternative suppliers (not including NEC ES) ("**Alternative Suppliers**") (the "**Alternative Supplier Proposals**");
- (4) once proposals have been received from the Alternative Suppliers, the Adviser shall ask NEC ES to provide its written proposal for the provision of products, equipment and/or services for the project within 10 Business Days of the date of such request (the "**NEC ES Proposal**");
- (5) the NEC ES Proposal and the Alternative Supplier Proposals will be submitted to the Board for consideration. If the Board considers, in its discretion, that the NEC ES Proposal is the most beneficial, having regard to the interests of the Group and the interests of Shareholders, the Board may elect to proceed with the NEC ES Proposal;
- (6) if the Board does not consider the NEC ES Proposal to be the most beneficial, the Board shall provide NEC ES with the details of the Alternative Supplier Proposal that it considers to be the most beneficial for the Company (except that the name of the supplier shall not be provided to NEC ES under any circumstances) and NEC ES shall be given 5 Business Days to provide a revised proposal to the Company (the "**Revised NEC ES Proposal**") that at least matches the terms of the relevant Alternative Supplier Proposal (the "**NEC ES Match Right**");

- (7) if the Revised NEC ES Proposal at least matches the terms of the relevant Alternative Supplier Proposal the Board will accept the Revised NEC ES Proposal. If the Revised NEC ES Proposal does not at least match the terms of the relevant Alternative Supplier Proposal or NEC ES elects not to exercise its NEC Match Right or if NEC ES does not reply in time, the Board may accept the terms of the relevant Alternative Supplier Proposal;
- (8) in the event that NEC ES does not serve the Company with an NEC ES Participation Notice the Company shall be entitled to work with other suppliers in connection with the project without further reference to NEC ES.

Where (i) the Company seeks to invest in a project that was not introduced to the Company by NEC ES; (ii) the Company has met its obligations pursuant to the NEC ES Commitment; (iii) the Company has not yet fully invested the net proceeds of the First Issue; and (iv) NEC ES has not sold or otherwise transferred any of the NEC ES Shares (save as may be permitted pursuant to the terms of the Lock-up and Orderly Market Deed), the following provisions shall apply:

- (1) no later than 20 Business Days prior to the Adviser making a recommendation to the Board in connection with the project, the Adviser shall seek an NEC ES Proposal from NEC ES as well as Alternative Supplier Proposals from Alternative Suppliers;
- (2) the NEC ES Proposal and Alternative Supplier Proposals will be submitted to the Board for consideration. If the Board considers, in its discretion, that the NEC ES Proposal is the most beneficial, having regard to the interests of the Group and the interests of Shareholders, the Board may elect to proceed with the NEC ES Proposal. If the Board considers, in its discretion, that one of the Alternative Supplier Proposals is the most beneficial, the Board may elect to proceed with that Alternative Supplier Proposal.

For the avoidance of doubt, NEC ES will not receive details of the Alternative Supplier Proposals that have been obtained by the Adviser. The Company shall not be obliged to provide NEC ES with an NEC ES Match Right where the Board considers that an Alternative Supplier Proposal is the most beneficial.

Where the Company commits to an investment in a project in which NEC ES is involved, NEC ES shall provide the Company and the Adviser with engineering support and advice, as reasonably required, in connection with the implementation of the Company's investment at no further cost to the Company.

The NEC ES Agreement is governed by the laws of England and Wales.

#### *NK Agreement*

Pursuant to the terms of the NK Agreement entered into between NK and the Adviser dated 5 February 2018 and a deed of adherence between NK, the Adviser and the Company dated 9 March 2018, NK invested £6 million in the Company pursuant to the First Issue (the "**NK Investment**"). The Ordinary Shares issued to NK pursuant to the First Issue are subject to the provisions of a Lock-up and Orderly Market Deed, the terms of which are summarised in paragraph 7.11 above.

Under the terms of the NK Agreement, the Company has committed to invest an amount equal to the NK Investment into projects that involve NK providing a supply of products, equipment or services within 18 months from the date of First Admission, provided that NK has the ability to meet the requirements of such projects and the terms and pricing of the products, equipment or services to be provided are on market standard terms (as determined by the Company) (the "**NK Commitment**").

For so long as the Company has not fully invested the net proceeds of the First Issue, where NK provides an introduction to a project to the Adviser, the Adviser shall be obliged to obtain a proposal from NK (and no other third party supplier(s)) for the provision of products, equipment and/or services that are necessary for that project, details of which shall be included in the recommendation to the Board. For the avoidance of doubt, the Adviser shall not be entitled to seek (a) proposal(s) from other third party supplier(s) in connection with such project but shall be under no obligation to proceed with the acquisition of any such project.

Where (i) the Company seeks to invest in a project that was not introduced to the Company by NK, (ii) NK has not sold or otherwise transferred any of the NK Shares (save as may be permitted by the

terms of the Lock-up and Orderly Market Deed) and (iii) the Company has not yet satisfied its obligations pursuant to the NK Commitment, the following provisions apply:

- (1) no later than 50 Business Days prior to the Adviser making a recommendation to the Board in connection with the acquisition of the project by the Group, the Adviser shall give written notice to NK setting out details of the project (the “**NK Project Notice**”);
- (2) within 10 Business Days of receipt of the NK Project Notice, NK shall be entitled to notify the Adviser that it wishes to make an offer to supply the project with products, equipment and/or services (the “**NK Participation Notice**”);
- (3) within 10 Business Days of receipt of an NK Participation Notice from NK the Adviser, in consultation with the Company, may, but is not obliged to, seek to obtain proposals for the provision of products, equipment and/or services from alternative suppliers (not including NK) (“**Alternative Suppliers**”) (the “**Alternative Supplier Proposals**”);
- (4) once proposals have been received from the Alternative Suppliers, the Adviser shall ask NK to provide its written proposal for the provision of products, equipment and/or services for the project within 10 Business Days of the date of such request (the “**NK Proposal**”);
- (5) the NK Proposal and the Alternative Supplier Proposals will be submitted to the Board for consideration. If the Board considers, in its discretion, that the NK Proposal is the most beneficial, having regard to the interests of the Group and the interests of Shareholders, the Board may elect to proceed with the NK Proposal;
- (6) if the Board does not consider the NK Proposal to be the most beneficial, the Board shall provide NK with the details of the Alternative Supplier Proposal that it considers to be the most beneficial for the Company (except that the name of the supplier shall not be provided to NK under any circumstances) and NK shall be given 5 Business Days to provide a revised proposal to the Company (the “**Revised NK Proposal**”) that at least matches the terms of the relevant Alternative Supplier Proposal (the “**NK Match Right**”);
- (7) if the Revised NK Proposal at least matches the terms of the relevant Alternative Supplier Proposal the Board will accept the Revised NK Proposal. If the Revised NK Proposal does not at least match the terms of the relevant Alternative Supplier Proposal or NK elects not to exercise its NK Match Right or if NK does not reply in time, the Board may accept the terms of the relevant Alternative Supplier Proposal;
- (8) in the event that NK does not serve the Company with an NK Participation Notice the Company shall be entitled to work with other suppliers in connection with the project without further reference to NK.

Where (i) the Company seeks to invest in a project that was not introduced to the Company by NK; (ii) the Company has met its obligations pursuant to the NK Commitment; (iii) the Company has not yet fully invested the net proceeds of the First Issue; and (iv) NK has not sold or otherwise transferred any of the NK Shares (save as may be permitted pursuant to the terms of the Lock-up and Orderly Market Deed), the following provisions shall apply:

- (1) no later than 20 Business Days prior to the Adviser making a recommendation to the Board in connection with the project, the Adviser shall seek an NK Proposal from NK as well as Alternative Supplier Proposals from Alternative Suppliers;
- (2) the NK Proposal and Alternative Supplier Proposals will be submitted to the Board for consideration. If the Board considers, in its discretion, that the NK Proposal is the most beneficial, having regard to the interests of the Group and the interests of Shareholders, the Board may elect to proceed with the NK Proposal. If the Board considers, in its discretion, that one of the Alternative Supplier Proposals is the most beneficial, the Board may elect to proceed with that Alternative Supplier Proposal.

For the avoidance of doubt, NK will not receive details of the Alternative Supplier Proposals that have been obtained by the Adviser. The Company shall not be obliged to provide NK with an NK Match Right where the Board considers that an Alternative Supplier Proposal is the most beneficial.

Where the Company commits to an investment in a project in which NK is involved, NK shall provide the Company and the Adviser with engineering support and advice, as reasonably required, in connection with the implementation of the Company's investment at no further cost to the Company.

The NK Agreement is governed by the laws of England and Wales.

In the event that both NEC ES and NK seek to exercise their respective right of last look in respect of any project, following receipt of their proposals, the Board shall have discretion to select the proposal which is the most beneficial, having regard to the interests of the Company and the Shareholders.

#### 7.13 **Administration and Company Secretarial Services Agreement**

The Administration and Company Secretarial Services Agreement between the Company and JTC dated 9 March 2018, pursuant to which JTC has agreed: (i) to provide certain company secretarial services to the Company and is the named company secretary of the Company; and (ii) to provide certain administrative services to the Company (including the calculation of the NAV, bookkeeping and the preparation of the accounts).

Under the terms of the Administration and Company Secretarial Services Agreement, the Administrator is entitled to fees as set out under the heading "*Fees and expenses*" in Part 5 (*Directors and Management*) of this document.

The Administrator shall, in addition, be entitled to make reasonable charges based on time spent for work performed in connection with the issue of any C Shares and the administration of any C Share portfolios.

The Administrator will also be entitled to reimbursement of all reasonable out of pocket expenses incurred by it in providing its services under the agreement.

Either party may terminate the Administration and Company Secretarial Services Agreement on six months' written notice. The agreement is also subject to immediate termination on the occurrence of certain events, including material and continuing breach or insolvency.

The Company has agreed to indemnify, defend and hold harmless the Administrator, its directors, officers, employees, agents, sub-contractors or delegates from and against all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, legal costs, reasonable expenses or disbursements (other than those resulting from fraud, negligence or wilful default on the part of the Administrator and any agent, sub-contractor or delegate appointed by it), which may be imposed on, incurred by or asserted against the Administrator as a result of or in connection with performing its services under the agreement. This indemnity is customary for an agreement of this nature.

The Administration and Company Secretarial Services Agreement is governed by the laws of England and Wales.

#### 7.14 **Depositary Agreement**

The Depositary Agreement between the Company, the AIFM and the Depositary, dated 9 March 2018, pursuant to which the Depositary is appointed as the Company's depositary for the purposes of the AIFM Directive.

Under the terms of the Depositary Agreement, the Depositary is entitled to be paid customary fees as set out under the heading "*Fees and expenses*" in Part 5 (*Directors and Management*) of this document.

The Depositary Agreement provides for the Depositary and its employees, officers and (each, an "**Indemnified Person**") to be indemnified by the Company against any liability or loss suffered or incurred by an Indemnified Person as a result of or in connection with the proper provision of the Depositary services and any costs and expenses reasonably incurred in defending any proceedings relating to the Depositary services whether civil or criminal, in which judgment is given in favour of the Indemnified Person or it is acquitted, in each case, other than as a result of the fraud, wilful default, negligence, or bad faith on the part of an Indemnified Person.

In accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFM Directive, the Depositary may delegate its safe-keeping functions in relation to financial instruments and other assets of the Company. The liability of the Depositary shall in principle not be affected by any delegation of its custody function and the Depositary shall be liable to the Company or its investors for the loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments has been delegated. The Depositary may discharge its responsibility in case of a loss of a financial instrument: (i) in the event it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; (ii) where it has contractually discharged its responsibility in compliance with article 21(13) of the AIFM Directive; or (iii) in compliance with the conditions set out under article 21(14) of the AIFM Directive where the laws of a third country require that certain financial instruments be held by a local entity and there are no local entities that satisfy the delegation requirements of article 21(11) of the AIFM Directive. Save as aforesaid, the Depositary shall be liable to the Company for any loss or liability incurred by the Company as a consequence of the Depositary's fraud, wilful default, negligence, or bad faith in failing to properly fulfil its obligations pursuant to the AIFM Directive. In the absence of the Depositary's fraud, wilful default, negligence, or bad faith in failing to properly fulfil its obligations pursuant to the AIFM Directive, the Depositary shall not be liable to the Company or any other person with respect to any act or omission in connection with the services provided under the Depositary Agreement. Indirect and/or consequential damages are excluded.

The Depositary Agreement is terminable by the Company, the AIFM or the Depositary giving to the other parties not less than three months' written notice. In accordance with the AIFM Rules, the Depositary's notice of retirement shall not take effect except upon the appointment of a successor depositary taking effect.

The Depositary Agreement is governed by the laws of England and Wales.

#### **7.15 Registrar Agreement**

The Registrar Agreement between the Company and the Registrar dated 9 March 2018, pursuant to which the Registrar has been appointed as registrar to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to a monthly maintenance fee per Shareholder account, subject to a minimum fee. The fee is subject to increase in line with the CPI. The Registrar is also entitled to activity fees under the Registrar Agreement.

The Registrar Agreement may be terminated on six months' notice and is also terminable on written notice in the event of, *inter alia*, breach of the agreement (which has not been remedied within 21 days' written notice of such breach) or insolvency. The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liability under the Registrar Agreement is subject to a cap.

The Registrar Agreement is governed by the laws of England and Wales.

#### **7.16 Placing and offer agreement**

A placing and offer agreement dated 9 March 2018 between the Company, the Adviser, the Directors and Stockdale Securities Limited whereby Stockdale Securities Limited undertook, as agent for the Company, to use its reasonable endeavours to procure subscribers under, *inter alia*, the First Placing for Ordinary Shares.

Under the placing and offer agreement, the Company and the Adviser gave certain warranties and indemnities to Stockdale Securities Limited and the Directors gave certain warranties to Stockdale Securities Limited. These warranties and indemnities were customary for an agreement of this nature.

The placing and offer agreement is governed by the laws of England and Wales.

### 7.17 **Receiving agent agreement**

A receiving agent agreement between the Company and the Receiving Agent dated 9 March 2018, pursuant to which the Receiving Agent agreed to provide receiving agent duties and services to the Company in respect of the First Issue.

The Company gave certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the agreement.

The agreement is governed by the laws of England and Wales.

## **8 Litigation**

There are no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, during the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company and/or the Group.

## **9 Working capital**

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this document.

## **10 General**

10.1 Where information has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of information have been disclosed.

10.2 The AIFM has given and not withdrawn its written consent to the publication of this document with the inclusion of its name and references to it in the form and context in which they appear.

10.3 The Adviser has given and not withdrawn its written consent to the inclusion in this document of references to its name and to the information referred to at paragraph 10.4 below, each in the form and context in which they appear.

10.4 The Adviser accepts responsibility for the information contained in Part 1 (*The Investment Opportunity*), paragraph 4 (*Investment process and risk management*) of Part 2 (*The Company*) of this document, Part 3 (*Market Background*), Part 4 (*The Group's existing portfolio, performance to date and pipeline of proposed investments*) of this document and paragraph 2 (*Adviser*) of Part 5 (*Directors and Management*) of this document, and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. All such information is included in this document, in the form and context in which it appears, with the consent of the Adviser.

10.5 Shore Capital is acting as sponsor and placing agent to the Issues and intermediaries offer adviser in relation to the Intermediaries Offer and has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

10.6 The effect of the Initial Issue will be to increase the net assets of the Company. On the assumption that the Initial Issue is subscribed as to 54,945,000 Ordinary Shares, the fundraising is expected to increase the net assets of the Company by approximately £50 million before expenses of the Initial Issue.

## **11 Auditors**

The auditors to the Company are Ernst & Young LLP of 1 More London Place, London SE1 2AF, United Kingdom. Ernst & Young LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales (ICAEW).

## **12 Depositary**

The Depositary is INDOS Financial Limited, whose registered office is located at 5th Floor, 54 Fenchurch Street, London EC3M 3JY. The Depositary is a private limited company incorporated in England and Wales with company registration number 08255973 and its telephone number is +44(0) 203 319 1589. The Depositary maintains its registered office and place of central administration in the United Kingdom. The Depositary is authorised and regulated by the FCA.

The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document.

The principal business of the Depositary is the provision of depositary services to alternative investment funds.

## **13 Intermediaries**

No intermediaries have been authorised at the date of this document to use this document in connection with the Intermediaries Offer. Any new information with respect to financial intermediaries unknown at the date of this Prospectus will be available on the Company's website.

## **14 Documents on display**

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH until 15 July 2020:

14.1 this document;

14.2 the Articles; and

14.3 the 2019 Report and Accounts.

Dated 16 July 2019

## PART 13

### DEFINITIONS

<b>2010 PD Amending Directive</b>	Directive 2010/73/EU
<b>2019 Report and Accounts</b>	the audited financial statements of the Company for the period from incorporation on 19 January 2018 to 31 March 2019
<b>Act</b>	the Companies Act 2006, as amended from time to time
<b>Additional NTMA Subscription</b>	has the meaning given to it in paragraph 5 of Part 2 of this document ( <i>The Company</i> )
<b>Additional NTMA Subscription Notice</b>	has the meaning given to it in paragraph 5 of Part 2 of this document ( <i>The Company</i> )
<b>Administration and Company Secretarial Services Agreement</b>	the administration and company secretarial services agreement dated 9 March 2018, between the Company and the Administrator, summarised in paragraph 7.13 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Administrator</b>	JTC (UK) Limited
<b>Admission</b>	the admission of any Ordinary Shares and/or C Shares to be issued pursuant to the Issues: (i) to the premium segment of the Official List; and (ii) to trading on the London Stock Exchange's main market for listed securities, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange, as applicable
<b>Adviser</b>	Gore Street Capital Limited
<b>Adviser Investment Committee</b>	the Adviser's investment committee, as described in Part 2 ( <i>The Company</i> ) of this document
<b>Advisory and Services Agreement</b>	the advisory and services agreement dated 9 March 2018, between the AIFM, the Adviser and the Company, summarised in paragraph 7.9 of Part 12 ( <i>Additional Information</i> ) of this document
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the Association of Investment Companies' Code of Corporate Governance, as amended from time to time
<b>AIF</b>	alternative investment fund
<b>AIFM</b>	alternative investment fund manager, being, at the date of this document and in respect of the Company, Mirabella Financial Services LLP
<b>AIFM Agreement</b>	the AIFM agreement dated 9 March 2018, between the Company, the Adviser and the AIFM, summarised in paragraph 7.8 of Part 12 ( <i>Additional Information</i> ) of this document
<b>AIFM Directive</b> or <b>AIFMD</b>	Directive 2011/61/EU on Alternative Investment Fund Managers
<b>AIFM Rules</b>	the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK

<b>Application Form or Offer for Subscription Application Form</b>	the form of application as appended to this document by which application may be made under the Offer for Subscription
<b>Articles</b>	the articles of association of the Company as at the date of this document or, in the context of the Placing Programme, as at the date of the relevant issue under the Placing Programme
<b>Auditors</b>	Ernst & Young LLP or such other auditor as the Company may appoint from time to time
<b>Benefit Plan Investor</b>	a “benefit plan investor” as defined in Section 3(42) of ERISA and any regulations promulgated by the US Department of Labor thereunder, being “employee benefit plans” as defined in Section 3(3) of ERISA that are subject to Title I of ERISA, “plans” that are subject to the prohibited transaction provisions of Section 4975 of the US Internal Revenue Code, and entities the assets of which are treated as “plan assets” under Section 3(42) of ERISA and any regulations promulgated thereunder
<b>Boulby Project</b>	the 6 MW batteries installed in the Cleveland Potash Mine in North Yorkshire, acquired by the Company following First Admission
<b>BM</b>	balancing mechanism
<b>Business Day</b>	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
<b>C Shareholder</b>	a holder of C Shares
<b>C Shares</b>	C shares of £0.10 each in the capital of the Company having the rights and restrictions set out in paragraph 3.19 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Cenin Project</b>	the full turnkey design, supply, installation, commissioning and testing of the 4 MW battery storage system and ancillary equipment installed at Parc Stormy, Stormydown, in respect of which the Company acquired 49 per cent. of the economic interests following First Admission
<b>certificated form</b>	not in uncertificated form
<b>CM</b>	Capacity Market
<b>Company</b>	Gore Street Energy Storage Fund plc
<b>Company Secretary</b>	JTC (UK) Limited
<b>Conversion</b>	the conversion of C Shares into new Ordinary Shares, as described in paragraph 3.19 of Part 12 ( <i>Additional Information</i> ) of this document
<b>CPI</b>	Consumer Price Index
<b>CREST</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended

<b>Deferred Shares</b>	deferred ordinary shares of £0.01 each in the capital of the Company arising on Conversion
<b>Depository</b>	INDOS Financial Limited
<b>Depository Agreement</b>	the depository agreement dated 9 March 2018, between the Company, the AIFM and the Depository, summarised in paragraph 7.14 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Directors or Board</b>	the board of directors of the Company
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules contained in the FCA's Handbook of Rules and Guidance
<b>DSOs</b>	distribution system operators
<b>DUoS</b>	Distribution Use of System
<b>DVP</b>	delivery versus payment
<b>EEA</b>	European Economic Area
<b>EirGrid</b>	EirGrid plc, the state-owned electric power transmission operator in Ireland
<b>Eligible Project</b>	a battery electricity storage facility located in the Republic of Ireland which meets certain criteria, including: (i) that it will, on acquisition, be partially or wholly owned by the Company or a member of its Group; (ii) that it is in accordance with the Company's investment policy and restrictions (as proposed to be amended pursuant to a resolution being proposed at the General Meeting); and (iii) that it does not contravene the Exclusionary Strategy
<b>EPC Contract</b>	engineering, procurement and construction contract
<b>ERISA</b>	the United States Employee Retirement Income Security Act of 1974, as amended
<b>Euroclear</b>	Euroclear UK & Ireland Limited
<b>Exclusionary Strategy</b>	NTMA's Sustainability and Responsible Investment Strategy (as amended from time to time) that restricts NTMA, as an Irish statutory body, from investing in certain entities or investments
<b>FATCA</b>	The US Foreign Account Tax Compliance Act
<b>FCA</b>	the UK Financial Conduct Authority
<b>FR</b>	frequency response
<b>FFR</b>	fast frequency response
<b>First Admission</b>	the first admission of the Ordinary Shares to: (i) the premium segment of the Official List; and (ii) trading on the London Stock Exchange's main market, which became effective on 25 May 2018
<b>First Issue</b>	together the First Placing, the offer for subscription and the intermediaries offer of Ordinary Shares pursuant to which 30,600,000 Ordinary Shares were issued or transferred in May 2018

<b>First Placing</b>	the first placing of Ordinary Shares by Stockdale Securities Limited in May 2018
<b>FSMA</b>	the UK Financial Services and Markets Act 2000, as amended
<b>GB</b>	Great Britain
<b>General Meeting</b>	the general meeting of the Company convened for 14 August 2019 at which, <i>inter alia</i> , the Initial Issue Resolutions will be proposed
<b>Grid Code</b>	the Grid Code administered by National Grid, which specifies the technical requirements for connection to, and use of, the National Electricity Transmission System
<b>Gross Asset Value</b>	the value of the gross assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time
<b>Group</b>	the Company and its subsidiaries from time to time (together, individually or in any combination, as the context requires)
<b>GW</b>	gigawatt, a unit of electric power equal to one billion watts
<b>HMRC</b>	HM Revenue and Customs
<b>IFRS</b>	International Financial Reporting Standards
<b>Initial Admission</b>	Admission of the Ordinary Shares to be issued pursuant to the Initial Issue
<b>Initial Issue</b>	the Initial Placing, the Offer for Subscription and the Intermediaries Offer and includes, where the context requires, the Initial NTMA Subscription
<b>Initial Issue Resolutions</b>	the resolutions to be proposed at the General Meeting to authorise the Directors to issue new Ordinary Shares pursuant to the Initial Issue on a non-pre-emptive basis
<b>Initial NTMA Subscription</b>	has the meaning given to it in paragraph 5 of Part 2 of this document ( <i>The Company</i> )
<b>Initial Placing</b>	the conditional placing of Ordinary Shares by Shore Capital at the Issue Price pursuant to the Placing and Offer Agreement as described in Part 7 ( <i>The Initial Issue</i> ) of this document
<b>Intermediaries</b>	any intermediary that is appointed by the Company in connection with the Intermediaries Offer after the date of this document and “ <b>Intermediary</b> ” shall mean any one of them
<b>Intermediaries Booklet</b>	the booklet entitled “Gore Street Energy Storage Fund plc: Intermediaries Offer - Information for Intermediaries” and containing, among other things, the Intermediaries Terms and Conditions
<b>Intermediaries Offer</b>	the offer of Ordinary Shares by the Intermediaries
<b>Intermediaries Offer Adviser</b>	Shore Capital
<b>Intermediaries Terms and Conditions</b>	the terms and conditions agreed between the Intermediaries Offer Adviser, the Company, the Adviser and the Intermediaries in relation to the Intermediaries Offer and contained in the Intermediaries Booklet

<b>IPO</b>	initial public offer
<b>IRR</b>	internal rate of return
<b>ISA</b>	an Individual Savings Account maintained in accordance with the Individual Savings Account Regulations 1998
<b>I-SEM</b>	Integrated Single Electricity Market
<b>ISIF</b>	the Ireland Strategic Investment Fund
<b>ISIF Lock-up and Orderly Market Deed</b>	the lock-up and orderly market deed entered into between the Company, Shore Capital and NTMA as summarised in paragraph 7.5 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Issue Price</b>	the price at which Ordinary Shares are issued, being 91 pence per Ordinary Share in the case of the Initial Issue and being the relevant Placing Programme Price in the case of any Subsequent Placing under the Placing Programme
<b>Issues</b>	the Initial Issue and any Subsequent Placing under the Placing Programme and, where the context requires, any Additional NTMA Subscription
<b>JTC</b>	JTC (UK) Limited
<b>Latest Practicable Date</b>	12 July 2019, being the latest practicable date prior to the publication of this document to ascertain certain information contained herein
<b>Listing Rules</b>	the listing rules made by the FCA under section 73A of FSMA
<b>Lock-up and Orderly Market Deed</b>	the lock-up and orderly market deed entered into between the Company and Stockdale Securities Limited and each of NEC ES, NK, Alex O’Cinneide, Suminori Arima, Peter Gutman, Daniel Mudd, Frank Wouters, Piers Lindsay-Fynn and certain shareholders of the Adviser as summarised in paragraph 7.11 of Part 12 ( <i>Additional Information</i> ) of this document
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Low Carbon</b>	Low Carbon Limited, a company incorporated in England and Wales whose registered office is at 2nd Floor, 13 Berkeley Street, London, W1J 8DU
<b>Market Abuse Regulation</b>	the Market Abuse Regulation (EU) No. 596/2014
<b>Member State</b>	any member state of the EEA
<b>MiFID II Product Governance Requirements</b>	has the meaning given to it on page 43 of this document
<b>Money Laundering Regulations</b>	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
<b>MW</b>	megawatt, a unit of electric power equal to one million watts
<b>National Grid</b>	National Grid plc, the high-voltage electric energy transmission network in Great Britain

<b>NAV or Net Asset Value</b>	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time
<b>NAV per Ordinary Share or Net Asset Value per Ordinary Share</b>	the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (excluding treasury shares)
<b>NEC</b>	NEC Corporation
<b>NEC ES</b>	NEC Energy Solutions Inc., a company incorporated in the United States whose principal office is at 155 Flanders Road, Westborough MA 01581, USA
<b>NEC ES Agreement</b>	the agreement entered into between the Company and NEC ES dated 5 February 2018, as amended, in connection with, <i>inter alia</i> , the NEC ES Investment and the NEC ES Commitment, as summarised in paragraph 7.12 of Part 12 ( <i>Additional Information</i> ) of this document
<b>NEC ES Investment</b>	£8 million
<b>NEC ES Shares</b>	the 8,000,000 Ordinary Shares issued to NEC ES pursuant to the First Placing
<b>NGESO</b>	National Grid Electricity System Operator, a subsidiary of National Grid
<b>NI Projects</b>	a 50 MW project in each of Drumkee, County Tyrone and Mullavilly, County Armagh
<b>NK</b>	Nippon Koei Co., Ltd., a company incorporated under the laws of Japan with its registered address at 4, Kojimachi 5-chome, Chiyoda-ku, Tokyo, Japan
<b>NK Agreement</b>	the agreement entered into between the Company and NK dated 5 February 2018 in connection with, <i>inter alia</i> , NK's investment in the Company and the NK Commitment, as summarised in paragraph 7.12 of Part 12 ( <i>Additional Information</i> ) of this document
<b>NK Investment</b>	£6 million
<b>NK Shares</b>	the 6,000,000 Ordinary Shares issued to NK pursuant to the First Issue
<b>NTMA</b>	the National Treasury Management Agency, as controller and manager of ISIF
<b>O&amp;M</b>	operation and maintenance
<b>Offer for Subscription</b>	the offer for subscription of Ordinary Shares at the Issue Price as described in this document
<b>Official List</b>	the official list maintained by the FCA
<b>Ofgem</b>	Office of Gas and Electricity Markets
<b>Ordinary Shares</b>	ordinary shares of £0.01 each in the capital of the Company
<b>Placee</b>	a person subscribing for Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing

<b>Placing Agent</b>	Shore Capital
<b>Placing and Offer Agreement</b>	the conditional agreement dated 16 July 2019, between the Company, the Adviser and Shore Capital, summarised in paragraph 7.1 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Placing Programme</b>	the conditional programme of placings of Ordinary Shares and/or C Shares by Shore Capital pursuant to the Placing and Offer Agreement as described in Part 8 ( <i>The Placing Programme and Additional NTMA Subscriptions</i> ) of this document
<b>Placing Programme Price</b>	the applicable price at which new Shares will be issued under the Placing Programme, being, in the case of any new Ordinary Shares, not less than the prevailing Net Asset Value per Ordinary Share and, in the case of any C Shares, £1.00 per C Share
<b>PRIPs Regulation</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products and its implementing and delegated acts
<b>PROD Sourcebook</b>	the Product Intervention and Product Governance Sourcebook contained in the FCA's Handbook of Rules and Guidance
<b>Project Sourcing Agreements</b>	the NEC ES Agreement and the NK Agreement, as summarised in paragraph 7.12 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Projects</b>	together the NI Projects and the Rol Projects
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of the European Union and any relevant implementing measure in each Relevant Member States (as amended, supplemented and/or replaced by the 2010 PD Amending Directive and/or, where the context so requires, the Prospectus Regulation)
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>Prospectus Rules</b>	the rules and regulations made by the FCA under Part VIII of FSMA
<b>Receiving Agent</b>	Computershare Investor Services PLC
<b>Receiving Agent Agreement</b>	the receiving agent services agreement between the Company and the Receiving Agent summarised in paragraph 7.3 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Register</b>	the register of members of the Company
<b>Registrar</b>	Computershare Investor Services PLC
<b>Registrar Agreement</b>	the agreement dated 9 March 2018, between the Company and the Registrar, summarised in paragraph 7.15 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Regulatory Information Service</b>	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange

<b>Relevant Expenses</b>	has the meaning given to it in paragraph 5 of Part 2 of this document ( <i>The Company</i> )
<b>Relevant Member State</b>	each Member State which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator
<b>Residual Projects</b>	has the meaning given in paragraph 2 of Part 4 of this document ( <i>The Group's existing portfolio and pipeline of proposed investments</i> )
<b>Restricted Jurisdiction</b>	each of Australia, Canada, Japan, the Republic of South Africa and the United States
<b>RoI Projects</b>	a 30 MW project in each of Porterstown, County Kildare and Kilmannock, County Wexford
<b>SEC</b>	the United States Securities and Exchange Commission
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	Ordinary Shares and/or C Shares, as the context may require
<b>Shore Capital</b>	Shore Capital and Corporate Limited and/or Shore Capital Stockbrokers Limited, as the context requires, the Company's sponsor, broker, placing agent and intermediaries offer adviser
<b>SONI</b>	System Operator for Northern Ireland
<b>SPV</b>	special purpose vehicle
<b>Sterling or £ or GBP</b>	pounds sterling, the legal currency of the United Kingdom
<b>Subscription Agreement</b>	the agreement dated 4 June 2019, between the Company and NTMA, summarised in paragraph 7.4 of Part 12 ( <i>Additional Information</i> ) of this document
<b>Subsequent Admission</b>	Admission of any Ordinary Shares and/or C Shares issued pursuant to a Subsequent Placing under the Placing Programme and, where the context requires or permits, Admission of any Ordinary Shares issued pursuant to an Additional NTMA Subscription
<b>Subsequent Placing</b>	any placing of Ordinary Shares and/or C Shares pursuant to the Placing Programme described in this document
<b>Takeover Code</b>	The City Code on Takeovers and Mergers
<b>Target Market Assessment</b>	has the meaning given to it on page 43 of this document
<b>Tax Residency Self-Certification Form</b>	the tax residency self-certification form required to be completed by all new investors who intend to hold their Ordinary Shares in certificated form for FATCA reporting purposes
<b>TNUoS</b>	Transmission Network Use of System
<b>Triad</b>	the three half-hour periods of highest demand on the GB electricity transmission system between November and February each year
<b>TSOs</b>	transmission system operators
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland

<b>uncertificated or in uncertificated form</b>	a Share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>Underlying Applicants</b>	investors who wish to acquire Ordinary Shares under the Intermediaries Offer who are clients of any Intermediary
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Code</b>	the US Internal Revenue Code of 1986, as amended
<b>US Investment Company Act</b>	the United States Investment Company Act of 1940, as amended
<b>US Person</b>	a US Person as defined for the purposes of Regulation S promulgated under the Securities Act
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended

## APPENDIX 1

### APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION

Please send this completed form by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than 1.00 p.m. (London time) on 31 July 2019.

The Directors may alter such date and thereby shorten or lengthen the offer period. In the event that the offer period is altered, the Company will notify investors of such change.

Important: Before completing this form, you should read the Prospectus dated 16 July 2019 and the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus and accompanying notes to this form.

To: Gore Street Energy Storage Fund plc and the Receiving Agent

#### 1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe for the number of Ordinary Shares shown in Box 1 at the Issue Price of 91 pence per Ordinary Share subject to the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus dated 16 July 2019 and subject to the articles of association of the Company in force from time-to-time.

FOR OFFICIAL USE ONLY

Log No.

Box 1 (minimum of 1,000 and in multiples of 100 thereafter)

Box 1A (number of Ordinary Shares shown in Box 1 multiplied by the Issue Price of 91 pence per Ordinary Share)

£

#### 2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) ORDINARY SHARES WILL BE ISSUED

(BLOCK CAPITALS)

<b>1:</b>	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
Postcode		Designation (if any):
<b>2</b>	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
Postcode		Designation (if any):

<b>3</b>	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
Postcode		Designation (if any):
<b>4</b>	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
Postcode		Designation (if any):

**2B. CREST ACCOUNT DETAILS INTO WHICH ORDINARY SHARES ARE TO BE DEPOSITED (IF APPLICABLE)**

Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in Section 2A.

(BLOCK CAPITALS)

CREST Participant ID:

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CREST Member Account ID:

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**3. SIGNATURE(S): ALL HOLDERS MUST SIGN**

By completing box 3 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part 10 of the Prospectus (Terms and conditions of application under the Offer for Subscription) and to have given the warranties, representations and undertakings set out therein.

First Applicant Signature:	Date:
Second Applicant Signature:	Date:
Third Applicant Signature:	Date:
Fourth Applicant Signature:	Date:

Execution by a Company

Executed by (Name of Company):		Date:
Name of Director:	Signature:	Date:
Name of Director/Secretary:	Signature:	Date:
If you are affixing a company seal, please mark a cross: <input type="checkbox"/>	Affix Company Seal here:	

**4. SETTLEMENT**

**Please tick the relevant box confirming your method of payment**

**4A. CHEQUES/BANKER'S DRAFT**

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, pin or staple to this form your cheque or banker's draft for the number of Ordinary Shares shown in Box 1 made payable to "CIS PLC re Gore Street Energy Storage Fund plc OFS 2019 Acceptance a/c " and crossed "A/C payee only". Cheques and banker's payments must be drawn in sterling on an account at a bank branch in the United Kingdom and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp.

**4B. ELECTRONIC BANK TRANSFER**

If you are subscribing for Ordinary Shares and sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 1.00 p.m. on 31 July 2019. Please contact Computershare Investor Services PLC stating GORE OFS 2019 by email at OFSpaymentqueries@computershare.co.uk for full bank details. You will be provided with a unique reference number which must be used when making the payment.

Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 1.00 p.m. on 31 July 2019, together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code:	Account Number:
Account Name:	Bank Name and Address:

**4C. SETTLEMENT BY DELIVERY VERSUS. PAYMENT (DVP)**

Only complete this section if you choose to settle your application within CREST, that is delivery versus payment (DVP).

Please indicate the CREST Participant ID from which the DEL message will be received by the Receiving Agent for matching, which should match that shown in 2B above, together with the relevant Member Account ID.

**(BLOCK CAPITALS)**

CREST Participant ID:					
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CREST Member Account ID:								
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You or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment at the Issue Price per Ordinary Share, following the CREST matching criteria set below:

Trade Date:	1 August 2019
Settlement Date:	16 August 2019
Company:	Gore Street Energy Storage Fund plc
Security Description:	Ordinary Shares of £0.01
SEDOL:	BG0P0V7
ISIN:	GB00BG0P0V73

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account 8RA35 by no later than 1.00 p.m. on 15 August 2019.

You must also ensure that you or your settlement agent/custodian have a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/their own daily trading and settlement requirements.

**5. RELIABLE INTRODUCER DECLARATION**

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to operation of 'know your customer' and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom.

**DECLARATION:  
To the Company and the Receiving Agent**

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 and the payor identified in section 6 if not also a holder (collectively the “**subjects**”) WE HEREBY DECLARE:

- 1. we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
- 2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- 3. each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- 4. we confirm the accuracy of the names and residential business address(es) of the holder(s) given at section 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;
- 5. having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares mentioned; and
- 6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed:	Name:	Position:
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Name of regulatory authority:	Firm’s licence number:
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Website address or telephone number of regulatory authority:
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STAMP of firm giving full name and business address:
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**6. IDENTITY INFORMATION**

If the declaration in section 5 cannot be signed and the value of your application is greater than €15,000 (or the sterling equivalent), please enclose with that Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named Applicant.

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

**A. For each holder being an individual enclose:**

- (1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and
- (2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in section 2A is that person’s residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and
- (3) if none of the above documents show their date and place of birth, enclose a note of such information; and
- (4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

**B. For each holder being a company (a “holder company”) enclose:**

- (1) a certified copy of the certificate of incorporation of the holder company; and
- (2) the name and address of the holder company’s principal bankers from which the Receiving Agent may request a reference, if necessary; and
- (3) a statement as to the nature of the holder company’s business, signed by a director; and
- (4) a list of the names and residential addresses of each director of the holder company; and
- (5) for each director provide documents and information similar to that mentioned in A above; and
- (6) a copy of the authorised signatory list for the holder company; and
- (7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete C below and, if another

Holders				Payor
Tick here for documents provided				

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company is named (hereinafter a “**beneficiary company**”), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

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**C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4).**

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**D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:**

(1) a certified copy of the certificate of incorporation of that beneficiary company; and

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(2) a statement as to the nature of that beneficiary company’s business signed by a director; and

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(3) the name and address of that beneficiary company’s principal bankers from which the Receiving Agent may request a reference, if necessary; and

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(4) a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

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**E. If the payor is not a holder and is not a bank providing its own cheque or banker’s payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:**

(1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or

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(2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and

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(3) an explanation of the relationship between the payor and the holder(s).

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The Receiving Agent reserves the right to ask for additional documents and information.

## 7. CONTACT DETAILS

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:	E-mail address:
Contact address:	
	Postcode:
Telephone No:	Fax No:

## **NOTES ON HOW TO COMPLETE THE OFFER FOR SUBSCRIPTION APPLICATION FORM (APPENDIX 1) AND THE TAX RESIDENCY SELF-CERTIFICATION FORM (APPENDIX 2)**

**All applicants must complete Appendix 1.**

**All applicants who are individuals, excluding any applicants who already hold Ordinary Shares or who intend to hold Ordinary Shares in CREST, must complete the Tax Residency Self-Certification Form at Appendix 2.**

**Any individual applicant who is a joint holder, does not already hold Ordinary Shares and who does not intend to hold Ordinary Shares in CREST should not complete Appendix 2 and should contact the Receiving Agent to request the relevant Tax Residency Self-Certification Form to complete as set out in the following paragraph.**

**In the case of applicants who are: (i) joint holders; or (ii) entities, please contact the Receiving Agent on 0370 707 1741 or from outside the UK on +44 370 707 1741 to request the relevant Tax Residency Self-Certification Form.**

**Applications (including Appendix 2, if applicable or any other Tax Residency Self-Certification Form provided by the Receiving Agent on request by the applicant) should be returned so as to be received no later than 1.00 p.m. (London time) on 31 July 2019.**

**HELP DESK:** If you have a query concerning completion of the Application Form or the Tax Residency Self-Certification Form please call the Receiving Agent on 0370 707 1741 or from outside the UK on +44 370 707 1741.

### **APPENDIX 1**

#### **1. APPLICATION**

Fill in (in figures) in Box 1 the number of Ordinary Shares you wish to subscribe for at the Issue Price being 91 pence per Ordinary Share. The number being subscribed for must be a minimum of 1,000 and thereafter in multiples of 100. Fill in (in figures) in Box 1A the total amount being invested in Ordinary Shares. This should be the number specified in Box 1 multiplied by the Issue Price of 91 pence per Ordinary Share. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from any scaling back should this be required or to benefit most favourably from any commission arrangements.

#### **2A. HOLDER DETAILS**

Fill in (in block capitals) the full name and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first named will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form at section 3.

#### **2B. CREST**

If you wish your Ordinary Shares to be deposited in a CREST Account in the name of the holders given in section 2A enter in section 2B the details of that CREST Account. Where it is requested that Ordinary Shares be deposited into a CREST Account please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued. Should you wish to apply for Ordinary Shares by delivery versus payment method (DVP) you will need to match you instructions to Computershare Investor Services PLC's Participant Account 8RA35 by no later than 1.00 p.m. on 15 August 2019 allowing for the delivery and

acceptance of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the relevant settlement date, following the CREST matching criteria set out in the Application Form.

### **3. SIGNATURE**

All holders named in section 2A must sign section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### **4. SETTLEMENT**

#### **(a) Cheque/Banker's Draft**

Payments must be made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds should be made payable to "CIS PLC re Gore Street Energy Storage Fund plc OFS 2019 Acceptance a/c". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque/banker's draft to such effect.

The account name should be the same as that shown on the application.

#### **(b) Electronic Bank Transfers**

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 1.00 p.m. on 31 July 2019. Applicants wishing to make a CHAPS payment should contact Computershare stating GORE OFS 2019 by email at OFSpaymentqueries@computershare.co.uk for full bank details. Applicants will be provided with a unique reference number which must be used when making the payment.

#### **(c) CREST Settlement**

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission (the "**Settlement Date**"). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Form in Appendix 1 contains details of the information which Computershare will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Computershare to match to your CREST account, Computershare will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with Computershare, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Computershare in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (i) the person procured by you to subscribe for or acquire the relevant Ordinary Shares; or (ii) yourself; or (iii) a nominee of any such person or yourself, as the case may be. Neither Computershare nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Computershare, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price per Ordinary Share through the CREST system upon the Settlement Date.

By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 8.00 a.m. on 31 July 2019 against payment of the Issue Price per Ordinary Share. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling plus 2 per cent. per annum.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade Date:	1 August 2019
Settlement Date:	16 August 2019
Company:	Gore Street Energy Storage Fund plc
Security Description:	Ordinary Shares of £0.01
SEDOL:	BG0P0V7
ISIN:	GB00BG0P0V73

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account 8RA35 by no later than 1.00 p.m. on 15 August 2019.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with Computershare, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

## **5. RELIABLE INTRODUCER DECLARATION**

Applications will be subject to the UK's verification of identity requirements. This will involve you providing the verification of identity documents listed in section 6 of the Application Form UNLESS you can have the declaration provided at section 5 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the declaration provided in section 5 of the Application Form completed and signed by a suitable firm.

## **6. IDENTITY INFORMATION**

Applicants need only consider section 6 of the Application Form if the declaration in section 5 cannot be completed. Notwithstanding that the declaration in section 5 has been completed and signed the Receiving Agent reserves the right to request of you the identity documents listed in section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are provided such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank,

stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

## 7. CONTACT DETAILS

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

## APPENDIX 2

### 1. INSTRUCTIONS FOR COMPLETION

The law requires the Company to collect, retain and report certain information about its Shareholders, including their tax residence. For this purpose, the Shareholder is the person whose name appears on the share register. This may not necessarily be the same as the person who is entitled to dividends or the sale proceeds of the Shares, for example where Shares are held by a nominee. For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders <https://www.gov.uk/government/publications/exchangeof-information-account-holders>.

- To enable the Company to comply with its obligation to report to HMRC which may then share it with other tax authorities, you are required to provide certain information, including your country of residence for tax purposes.
- Please complete parts 1, 2 and 3 in Appendix 2 below as directed and provide any additional information requested.
- If your declared country/countries of residence for tax purposes is not the UK and is on the OECD list of countries with which the UK has agreed to exchange information <http://www.oecd.org/tax/exchangeof-tax-information/MCAA-Signatories.pdf>, the Company will be obliged to share this information with HMRC who may then share it with other relevant local tax authorities.
- **If you have any remaining questions about how to complete the Tax Residency Self-Certification Form or about how to determine your tax residency you should contact your tax adviser.**
- **If any of the information in the Tax Residency Self-Certification Form about your tax residency changes, you are required to provide the Company with a new, updated, Tax Residency Self-Certification Form within 30 days of such change in circumstances. Please contact Computershare Investor Services PLC to request a new Tax Residency Self-Certification Form in such circumstance.**

### 2. NOTES - DEFINITIONS

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**The Common Reporting Standard**”) <http://www.oecd.org/tax/automatic-exchange/common-reportingstandard/> contains definitions for the terms used within it. However, the following definitions are for general guidance only to help you in completing the Tax Residency Self-Certification Form.

**If you have any questions about these definitions or require further details about how to complete this form then please contact your tax adviser. NOTHING IN THE TAX RESIDENCY SELF-CERTIFICATION FORM CAN BE CONSIDERED TO BE TAX ADVICE.**

**“Country/Countries of residence for tax purposes”** You are required to list the country or countries in which you are resident for tax purposes, together with the tax reference number which has been allocated to you, often referred to as a tax identification number (“**TIN**”). Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country/countries in which you might be obliged to submit a tax return are likely to be your country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered tax resident in the US even if you live outside the US.

**“Tax Identification Number or TIN”** The number used to identify the Shareholder in the country of residence for tax purposes. Some jurisdictions do not issue a TIN or do not issue a TIN to all residents. Depending on the country or jurisdiction these can include functional equivalent references such as a national insurance number, social security number or resident registration number. Some jurisdictions that do issue TINs have domestic law that does not require the collection of the TIN for domestic reporting purposes so that a TIN is not required to be completed by a Shareholder resident in such jurisdictions.

**INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS AND TAX RESIDENCY SELF-CERTIFICATION FORMS** – Completed Application Forms and, if applicable, Tax Residency Self-Certification Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours), to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than 1.00 p.m. (London time) on 31 July 2019, together with payment in full in respect of the application. If you post your Application Form and, if applicable, Tax Residency Self-Certification Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms and Tax Residency Self-Certification Forms received after this date may be returned.

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## APPENDIX 2

### TAX RESIDENCY SELF-CERTIFICATION FORM (INDIVIDUALS)

Please send this completed form by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than 1.00 p.m. (London time) on 31 July 2019.

To: Gore Street Energy Storage Fund plc and the Receiving Agent

#### 1. IDENTIFICATION OF INDIVIDUAL SHAREHOLDER

##### A. Please provide the Residence Address

(BLOCK CAPITALS)

House Name .....

Street/Road Name .....

Town/City .....County .....

Country .....

Postal or ZIP Code .....

##### B. Date of Birth

DD/MM/YY

#### 2. COUNTRY/COUNTRIES OF RESIDENCE FOR TAX PURPOSES

Country of residence for tax purposes	Tax Identification Number (see Definition)

#### 3. DECLARATIONS AND SIGNATURE

I acknowledge that the information contained in this form and information regarding my Shares may be reported to the local tax authority and exchanged with tax authorities of another country or countries in which I may be tax resident where those countries have entered into Agreements to exchange Financial Account information.

I undertake to advise Gore Street Energy Storage Fund plc within 30 days of any change in circumstances which causes the information contained herein to become incorrect and to provide Gore Street Energy Storage Fund plc with a suitably updated Declaration within 30 days of such change in circumstances.

I certify that I am the Shareholder (or am authorised to sign for the Shareholder).

I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.

Signature: .....

Print Name: .....

Date: .....

- If signing under a power of attorney, please also attach a copy of the power of attorney.

