

**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**”) in connection with an initial placing, initial offer for subscription and initial intermediaries offer for a target issue of 68,181,818 Ordinary Shares (the “**Initial Issue**”) and a Share Issuance Programme of up to 750 million Ordinary Shares and/or C Shares in aggregate (less the number of Ordinary Shares issued under the Initial Issue), prepared in accordance with the Prospectus Regulation Rules of the FCA made pursuant to section 73A of FSMA. This prospectus has been approved by the FCA as the competent authority under the UK Prospectus Regulation. The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or as an endorsement of the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares and/or C Shares.

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 and all of the Ordinary Shares and/or C Shares to be issued pursuant to the Share Issuance Programme 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 unconditional dealings in the Ordinary Shares will commence on 14 April 2022 and any Subsequent Admission will become effective and that unconditional dealings in such Ordinary Shares and/or C Shares will commence between 19 April 2022 and 28 March 2023. The Ordinary Shares and/or C Shares will not 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 39 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

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 Issue of up to 68,181,818 Ordinary Shares at 110 pence per Ordinary Share\***

**Share Issuance Programme of up to 750 million Ordinary Shares and/or C Shares in aggregate  
(less the number of Ordinary Shares issued under the Initial Issue)**

***Investment Manager***  
**Gore Street Capital Limited**

***Sponsor, Joint Bookrunner and Intermediaries Offer Adviser***  
**Shore Capital**

***Joint Bookrunner***  
**J.P. Morgan Cazenove**

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Each of Shore Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and J.P. Morgan Securities plc which conducts its UK investment banking activities as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”) and which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the FCA, 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. Neither Shore Capital nor J.P. Morgan Cazenove will regard any other person (whether or not a recipient of this document) as its client in relation to any Admission or the Issues and neither Shore Capital nor J.P. Morgan Cazenove will 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 or J.P. Morgan Cazenove by the FSMA or the regulatory regime established thereunder, neither Shore Capital nor J.P. Morgan Cazenove makes 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 Shares or the Issues. Each of Shore Capital and J.P. Morgan Cazenove 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 Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (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, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, except pursuant to an exemption from the registration requirements of the US Securities Act and in compliance with the applicable securities laws of any state or other jurisdiction of the United States. Outside the United States, the Shares may be sold to persons who are not “US Persons”, as defined in and pursuant to Regulation S under the US Securities Act (“**US Persons**”). 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**”), and investors are not and will not be entitled to the benefits of the US Investment Company Act. No offer, purchase, sale or transfer of the Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act.

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\*The Directors have reserved the right, in conjunction with the Joint Bookrunners, to increase the size of the Initial Issue to a maximum of 136,363,636 Ordinary Shares if overall demand exceeds 68,181,818 Ordinary Shares, with any increase being announced through a Regulatory Information Service.

**Neither the United States Securities and Exchange Commission (the “SEC”) nor any securities regulatory authority of any state or other jurisdiction of the United States has approved or disapproved of the Shares or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.**

The Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority, of any province or territory of any member state of the EEA (other than any EEA member state where the Shares are lawfully marketed), Australia, Canada, the Republic of South Africa or Japan. Subject to certain exceptions, the 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 any EEA member state where the Shares are lawfully marketed), 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 Australia, Canada, the Republic of South Africa or Japan (subject to limited exceptions). This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, 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 Investment Manager, Shore Capital or J.P. Morgan Cazenove. 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.

29 March 2022

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## SUMMARY

<b>1</b>	<b>Introduction and warnings</b>
a.	<b>Name and ISIN of securities</b> Ordinary Shares: TIDM: GSF. ISIN: GB00BG0P0V73 C Shares: TIDM: GSFC. ISIN: GB00BG12Y265
b.	<b>Identity and contact details of the issuer</b> Name: Gore Street Energy Storage Fund plc (the “ <b>Company</b> ”) (incorporated in England and Wales with registered number 1116042) Registered Office: The Scalpel 18 <sup>th</sup> Floor, 52 Lime Street, London EC3M 7AF, United Kingdom Tel: +44 (0) 20 7409 0181 Legal Entity Identifier (LEI): 213800GPUNVGG81G4O21
c.	<b>Identity and contact details of the competent authority</b> Name: Financial Conduct Authority Address: 12 Endeavour Square, London, E20 1JN, United Kingdom Tel: +44 (0) 20 7066 1000
d.	<b>Date of approval of the prospectus</b> 29 March 2022
e.	<b>Warnings</b> This summary should be read as an introduction to the prospectus. Any decision to invest in the Shares should be based on a consideration of the prospectus as a whole by the prospective investor. The investor could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the Shares.

<b>2</b>	<b>Key information on the issuer</b>
a.	<b>Who is the issuer of the securities?</b>
i.	<b>Domicile and legal form, LEI, applicable legislation and country of incorporation</b> The Company is a public limited company, registered and incorporated in England and Wales under the Companies Act 2006 (the “ <b>Act</b> ”) on 19 January 2018 with registered number 1116042. The Company’s LEI is 213800GPUNVGG81G4O21. The Company is registered as an investment company under section 833 of the Act and carries on its activities as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.
ii.	<b>Principal activities</b> The principal activity of the Company is to invest in accordance with the Company’s investment policy with a view to achieving its investment objective.
iii.	<b>Investment objective</b> The investment objective of the Company is to seek 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. 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.
iv.	<b>Major Shareholders</b> So far as is known to the Company, and which is notifiable under the Disclosure Guidance and Transparency Rules, as at the date of this document, the following persons held, directly or indirectly, three per cent. or more of the issued Ordinary Shares or the Company’s voting rights:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>
Rathbones	48,385,197	14.0%
Hargreaves Lansdown	21,614,521	6.26%
EFG Harris, Allday	17,749,765	5.14%
Interactive Investor	17,697,302	5.13%
Charles Stanley	13,088,987	3.79%
NTMA	11,730,910	3.40%
First Avenue Capital	11,658,249	3.38%
Momentum Global Investment Management	11,003,954	3.19%
AJ Bell	10,953,049	3.17%
Privium Fund	10,947,263	3.17%
Redmayne Bentley	10,565,592	3.06%

As at the date of this document, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.

v. **Directors**

Patrick Cox (Chairman), Caroline Banschky, Malcolm King and Thomas Murley.

vi. **Statutory auditors**

Ernst & Young LLP.

b. **What is the key financial information regarding the issuer?**

**Table 1: Additional information relevant to closed end funds**

Share Class	Total NAV*	No. of shares*	NAV per share*	Historical performance of the Company**
Ordinary	£358,492,240	345,035,842	103.9p (including current financial year revenue items)	Since First Admission, the Company has delivered Net Asset Value and share price total returns of 30.5 per cent. and 39.0 per cent., respectively, and the Ordinary Shares have traded at an average premium to NAV per Ordinary Share of 6.5 per cent.

\* As at 31 December 2021, being the date of the latest published Net Asset Value.

\*\* Since First Admission to the Latest Practicable Date

**Table 2: Income statement for closed end funds**

	Financial year ended 31 March 2021 (audited) (£m)	Financial year ended 31 March 2020 (audited) (£m)	Financial period ended 31 March 2019 (audited) (£m)
<b>Statement of Comprehensive Income</b>			
Net gain/(loss) on investments at fair value through profit and loss	16.2	5.6	(0.6)
Investment income	1.2	0.9	0.1
Administrative and other expenses	(2.8)	(1.7)	(0.6)
<b>Profit/(loss) before tax</b>	14.6	4.8	1.0
Taxation	–	–	–
<b>Profit/(loss) after tax</b>	14.6	4.8	1.0
<b>Total comprehensive income/(loss)</b>	14.6	4.8	1.0
Profit/(loss) per ordinary share – basic and diluted	16.06 pence	11.78 pence	3.38 pence
		Half-year ended 30 September 2021 (unaudited) (£m)	Half-year ended 30 September 2020 (unaudited) (£m)
<b>Statement of Comprehensive Income</b>			
Net gain on investments at fair value through profit and loss		11.1	3.7
Investment income		2.0	0.68
Administrative and other expenses		(2.3)	(0.9)
<b>Profit before tax</b>		10.8	2.9
Taxation		–	–
<b>Profit after tax</b>		10.8	2.9
<b>Total comprehensive income</b>		10.8	2.9
Profit per ordinary share – basic and diluted		4.20 pence	4.45 pence

**Table 3: Balance sheet for closed end funds**

	As at 31 March 2021 (audited) (£m)	As at 31 March 2020 (audited) (£m)	As at 31 March 2019 (audited) (£m)
<b>Statement of Financial Position</b>			
<b>Non-current assets:</b>			
Investments at fair value through profit or loss	80.7	30.4	6.5
<b>Current assets:</b>			
Cash and cash equivalents	60.2	15.0	17.2
Trade and other receivables	5.4	5.0	4.6
<b>Total assets</b>	146.2	50.4	28.3
<b>Current liabilities:</b>			
Trade and other payables	1.1	0.7	0.2
<b>Total net assets</b>	145.1	49.7	28.1
Net asset value per ordinary share	101 pence	95 pence	92 pence

	As at 30 September 2021 (unaudited) (£m)	As at 30 September 2020 (unaudited) (£m)
<b>Statement of Financial Position</b>		
<b>Non-current assets:</b>		
Investments at fair value through profit or loss	112.1	36.5
<b>Current assets:</b>		
Cash and cash equivalents	172.6	34.3
Trade and other receivables	1.0	5.1
<b>Total assets</b>	<b>285.6</b>	<b>75.9</b>
<b>Current liabilities:</b>		
Trade and other payables	0.3	0.8
<b>Total net assets</b>	<b>285.3</b>	<b>75.1</b>
Net asset value per ordinary share	103.28 pence	97 pence

- c. **What are the key risks that are specific to the issuer?**
- 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. The Company may, at the discretion of the Board, pay all or any part of any future dividend out of capital. The Company's targeted returns 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 or regional grids and/or their 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. Given the current global uncertainty stemming from the Russian invasion of the Ukraine and the ensuing political turmoil, there is a yet-to-be determined impact on the global energy markets. Russia is a key player in the supply chain of metals such as platinum, nickel, aluminium cobalt, copper, and palladium, some of which are integral components of the battery cells used in the Group's assets and therefore could cause supply chain disruption in the coming months.
  - The Group has no employees and is reliant on the performance of third-party service providers. Failure by the Investment Manager (or members of its group) 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. The departure of some or all of the Investment Manager's or its subsidiary's investment and other professionals could prevent the Company from achieving its investment objective. The past performance of the Investment Manager cannot be relied upon as an indication of the future performance of the Company.
  - The Group has recently acquired assets in the United States and Germany and is actively considering investments in other jurisdictions. Neither the Company nor the Investment Manager has a track record of historic performance in relation to investments outside the UK and the Republic of Ireland and investments in new geographies may not achieve the expected results or returns. The laws and regulations of various jurisdictions in which the Group invests or may invest may impose restrictions that would not apply in the UK and the Republic of Ireland.
  - 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 on the value of the Company and/or the Shares.
  - 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.
  - Notwithstanding that due diligence is undertaken prior to the acquisition of an energy storage project or special purpose vehicle, not all material risks may be identified and/or such risks may not be adequately protected against in the acquisition documentation. 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.
  - Technological and operational risks associated with project acquisitions may arise which may not be covered by warranties or insurance. The Group may be exposed to counterparties who have failed to perform their obligations under EPC contracts or O&M contracts.
  - The Company has grown materially during its short history and is pursuing further growth. This may place significant demands on the Group's and the Investment Manager's transactional, legal, compliance, accounting, and operational infrastructure. The Investment Manager (directly or through its subsidiaries) is continuously developing its systems and infrastructure so that its staff, operating platforms and management systems are sufficient to address its growth. This may require the Group to incur significant additional expenses and for the Investment Manager and members of its group to commit additional management and operational resources towards such development and there can be no assurance that the Investment Manager (directly or through its subsidiaries) will manage growth effectively and any failure to do so could have a negative impact on the Group's operations, on the Investment Manager's ability to construct and manage new assets, and on the ability of the Company to sustain continued growth.
  - The revenues generated by the Group's portfolio will be dependent on the price at which various grid balancing services, including, in particular, frequency response services, are offered by its energy storage systems to grid operators and/or their subsidiaries or other relevant system operators. In any given market, 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.

- The revenue generated by the Group's portfolio is partly dependent on the capacity market scheme remaining in its current format. The revenues will also be partly dependent on: (i) the capacity market price secured by the Company's investee companies through the capacity market auctions; and (ii) the capacity market de-rating factors. The Company cannot guarantee that capacity market prices or de-rating factors 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 or de-rating factors would have a material adverse effect on future availability of attractive projects and, therefore, the Group's business, financial position, results of operations and business prospects.
- A significant element of revenue for storage projects in Ireland is the volume uncapped under the DS3 standard contract or volume uncapped market. The Investment Manager makes investment decisions based on price forecast and market expectations for the uncapped market and estimate project timeline, but the Company cannot guarantee that the uncapped market conditions, price and timeline will remain stable over the coming years.

### **3 Key information on the securities**

#### **a. What are the main features of the securities?**

##### **i. Type, class and ISIN of the securities**

Ordinary Shares of £0.01 each and C Shares of £0.10 each in the capital of the Company.

The ISIN of the Ordinary Shares is GB00BG0P0V73 and the ISIN of the C Shares is GB00BG12Y265.

##### **ii. Currency, denomination, par value, number of securities issued and term of the securities**

The Ordinary Shares are denominated in pounds sterling and have nominal value of £0.01 each. Ordinary Shares are being made available under the Initial Issue at the Issue Price of 110 pence per Ordinary Share. No C Shares are being issued under the Initial Issue.

Following the Initial Issue, Ordinary Shares may be made available pursuant to the Share Issuance Programme at a price which is not less than the prevailing Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue. Ordinary Shares may also be issued pursuant to NTMA Subscriptions at the lower of: (i) the mid-market price of the Ordinary Shares at the time of the NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the 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 NTMA Subscription).

C Shares may also be issued pursuant to the Share Issuance Programme. The C Shares are denominated in pounds sterling and have nominal value £0.10 each. The issue price of the C Shares that may be issued under the Share Issuance Programme is 100 pence per C Share.

Up to 136,363,636 Ordinary Shares may be issued pursuant to the Initial Issue. Up to 750 million Ordinary Shares and/or C Shares in aggregate (less the number of Ordinary Shares issued under the Initial Issue) may be issued pursuant to the Share Issuance Programme.

The Ordinary Shares and the C Shares have an infinite term.

##### **iii. Rights attached to the securities**

Holders of Ordinary Shares and C Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the relevant class of shares that they hold.

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 *pro rata* among the holders of the C Shares. For so long as C Shares are in issue 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. On a winding-up or a return of capital by the Company, the holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account the net assets attributable to C Shares (if any) in issue.

The Ordinary Shares and the C Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company. 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.

##### **iv. Relative seniority of the securities in the event of insolvency**

On a winding-up or a return of capital by the Company, the holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to any C Shares (if any) in issue.

##### **v. Restrictions on free transferability of the securities**

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.

vi. **Dividend policy**

The Company will target dividends in respect of the Ordinary Shares in each financial year based on a 7 per cent. yield on the average Net Asset Value per Ordinary Share during that financial year, subject to a minimum target of 7 pence per Ordinary Share in each financial year. The annual target dividend will increase by 0.5 pence increments per Ordinary Share based on a certain progression of the average Net Asset Value per Ordinary Share in any financial year above 100 pence (subject to rounding). For illustrative purposes only: if the average Net Asset Value per Ordinary Share during a financial year is 107 pence per Ordinary Share or greater (but less than 114 pence) the target dividend for that financial year will be 7.5 pence per Ordinary Share; if the average Net Asset Value per Ordinary Share during a financial year is 114 pence per Ordinary Share or greater (but less than 121 pence) the target dividend for that financial year will be 8.0 pence per Ordinary Share; and if the average Net Asset Value per Ordinary Share during a financial year is 121 pence per Ordinary Share or greater (but less than 128 pence) the target dividend for that financial year will be 8.5 pence per Ordinary Share.

Dividends are paid quarterly and the Company will target a dividend of 2.0 pence per Ordinary Shares for the first three interim dividends in each financial year and the amount of the final dividend will depend on the overall annual dividend target for that financial year. If any C Shares are issued, holders of C Shares will be entitled to participate in any dividends which the Directors may resolve to pay to holders of C Shares out of the assets attributable to the C Shares. The target dividends set out above shall not apply to any C Shares prior to their conversion into Ordinary Shares. Investors should note that the payment of dividends is at the discretion of the Board and the Directors may resolve to pay dividends otherwise than in accordance with the targets noted above in order to reflect the Company's expected returns and future plans for the growth of the Company.

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

Investors should note that the target dividend and target return are targets only and are 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/or target return and there can be no assurance that they will be met. The target dividend and target return 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.

b. **Where will the securities be traded?**

Applications will be made to the Financial Conduct Authority for all of the Shares to be issued pursuant to the Issues to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market.

c. **What are the key risks that are specific to the securities?**

- The value of the Shares and the income derived from those Shares (if any) can fluctuate and may go down as well as up.
- The market price of the 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.
- It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares.
- If the Directors decide to issue further Shares pursuant to the Share Issuance Programme, the proportions of the voting rights held by Shareholders may be diluted.

**4 Key information on the offer of securities and admission to trading on a regulated market**

a. **Under which conditions and timetable can I invest in this security?**

i. **General terms and conditions**

Ordinary Shares are being made available under the Initial Issue at the Issue Price of 110 pence per Ordinary Share. The Initial Issue comprises the Initial Placing, the Initial Offer for Subscription and the Initial Intermediaries Offer.

Each of Shore Capital and J.P. Morgan Cazenove 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 11.00 a.m. on 12 April 2022 (or such later date as the Company, Shore Capital and J.P. Morgan Cazenove may agree). If the Initial Placing is extended, the revised timetable will be notified through a Regulatory Information Service.

The Initial Offer for Subscription is being made in the United Kingdom only. Applications under the Initial 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 Initial Offer for Subscription must be posted to the Receiving Agent so as to be received by no later than 11.00 a.m. on 12 April 2022.

Under the Initial 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 11 April 2022.



The Initial Issue is conditional, *inter alia*, upon: (a) the passing of the Resolutions; (b) the Share Issuance Agreement becoming wholly unconditional in all respects (save as to Initial Admission itself and any conditions which are specific to the Share Issuance 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 14 April 2022 (or such later date, not being later than 31 May 2022, as the Company, Shore Capital and J.P. Morgan Cazenove may agree).

Following the Initial Issue, the Company may issue Ordinary Shares and/or C Shares pursuant to the Share Issuance Programme. Each allotment and issue of Ordinary Shares and/or C Shares pursuant to any Subsequent Issue is conditional, *inter alia*, on: (a) in respect of any issue of Ordinary Shares, the Share Issuance Programme Price being determined by the Directors; (b) Admission of the Shares; (c) the Share Issuance Agreement becoming otherwise wholly unconditional in all respects as to the relevant Subsequent Issue 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 Regulation Rules; and (e) the Company having sufficient Shareholder authorities in place to issue such Shares.

The Share Issuance Programme Price in respect of the Ordinary Shares will be determined by the Company and will be not less than the prevailing Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue. The issue price will also take into consideration the prevailing share price per Ordinary Share. The Share Issuance Programme Price in respect of any C Shares will be 100 pence per C Share.

Ordinary Shares issued pursuant to any NTMA Subscription will be issued at the lower of: (i) the mid-market price of the Ordinary Shares at the time of the NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the 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 NTMA Subscription).

ii. **Expected Timetable**

Initial Issue opens	29 March 2022
Latest time and date for receipt of completed applications from Intermediaries in respect of the Initial Intermediaries Offer	3.00 p.m. 11 April 2022
Latest time and date for receipt of completed Application Forms in respect of the Initial Offer for Subscription	11.00 a.m. on 12 April 2022
Latest time and date for commitments under the Initial Placing	11.00 a.m. on 12 April 2022
Publication of results of the Initial Issue	12 April 2022
Initial Admission and dealings in Ordinary Shares commence	8.00 a.m. on 14 April 2022
Share Issuance Programme opens	19 April 2022
Last date for issuing Shares pursuant to the Share Issuance Programme	28 March 2023

iii. **Details of admission to trading on a regulated market**

Applications will be made to the FCA for all of the Shares to be issued pursuant to the Issues to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market.

iv. **Plan for distribution**

The number of Shares available under the Issues is intended to provide flexibility and should not be taken as an indication of the number of Shares that will be issued. Any issues of Shares will be notified by the Company through a Regulatory Information Service and the Company's website, prior to each Admission.

v. **Amount and percentage of immediate dilution resulting from the issue**

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 68,181,818 Ordinary Shares are issued pursuant to the Initial Issue, there would be a dilution of approximately 16.5 per cent. in Shareholders' ownership and voting interests in the Company.

If 681,818,182 Shares are issued in aggregate pursuant to the Share Issuance Programme, assuming the Initial Issue has been subscribed as to 68,181,818 Ordinary Shares, there would be a dilution of approximately 52 per cent. in Shareholders' ownership and voting interests in the Company following the Initial Issue (assuming an existing Shareholder does not participate at all). The voting rights may be diluted further on conversion of any C Shares depending on the applicable conversion ratio.

vi. **Estimate of the total expenses of the issue**

The costs and expenses of the Initial Issue have been capped at 2.0 per cent. of the gross proceeds of the Initial Issue. Assuming 68,181,818 Ordinary Shares are issued resulting in gross proceeds of approximately £75 million, the costs and expenses of the Initial Issue payable by the Company are expected to be approximately £1.5 million.

The costs and expenses of each Subsequent Issue under the Share Issuance Programme will depend on subscriptions received but have been capped at 2.0 per cent. of each Subsequent Issue. It is expected that the costs and expenses of any issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the NAV per Ordinary Share at the time of issue. The costs and expenses of any issue of C Shares under the Share Issuance Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only.

vii. **Estimated expenses charged to the investor**

The costs and expenses incurred by the Company in connection with the Initial Issue have been capped at 2.0 per cent. of the gross proceeds of the Initial Issue. The Ordinary Shares being issued pursuant to the Initial Issue are being issued at the last published NAV per Ordinary Share together with a premium intended to cover the costs and expenses of the Initial Issue.

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 any Intermediaries Offer.

The costs and expenses of any Subsequent Issue under the Share Issuance Programme will depend on subscriptions received but have been capped at 2.0 per cent. of each Subsequent Issue. It is expected that the costs and expenses of each issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the NAV per Ordinary Share at the time of issue. The costs and expenses of any issue of C Shares under the Share Issuance Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only.

b. **Why is this prospectus being produced?**

i. **Reasons for the offer**

The Board, as advised by the Investment Manager, believes that there continue to be attractive opportunities for the Company to deliver returns for Shareholders through exposure to utility scale battery storage assets.

ii. **The use and estimated net amount of the proceeds**

The net proceeds of the Initial Issue are dependent on the level of subscriptions received. Assuming the gross proceeds of the Initial Issue are £75 million, the net proceeds will be approximately £73.5 million. The net proceeds of any Subsequent Issue are dependent, *inter alia*, on the level of subscriptions received and the relevant Share Issuance Programme Prices(s).

The Directors intend to direct the Investment Manager to apply the net proceeds of any issue of Shares pursuant to the Issues to acquire and construct new projects in the Company's pipeline. The proceeds of any NTMA Subscription will only be used to fund acquisition and construction costs of Eligible Projects.

iii. **Underwriting**

No issue of Shares under the Issues is being underwritten.

iv. **Material conflicts of interest**

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

## 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 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 and its investment objective and policy**

#### ***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. The Company may, at the discretion of the Board, pay all or any part of any future dividend out of capital. 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 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 Investment Manager and members of its group, 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 and construction costs, income and pricing from contracts with national or regional grids and/or their 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, regulatory, 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 Shares.

Given the current global uncertainty stemming from the Russian invasion of the Ukraine and the ensuing political turmoil, there is a yet-to-be determined impact on the global energy markets. European powers, such as Germany, have adopted strategic, long-term policies to move away from a reliance on Russian natural gas towards more sustainable energy generation through renewables. This has been illustrated by Germany's decision to postpone the Nord Stream 2 Baltic Sea gas pipeline which was set to import natural gas from Russia to Western Europe. For the Company, this policy change towards renewables holds promise for its recently acquired asset in Germany, Cremzow, as the need for energy storage becomes more prominent when renewables are incorporated into the energy mix. However, the long-term uncertainty of energy markets remains a factor of concern for potential revenues to be earned by the site. In addition, Russia is a key player in the supply chain of metals such as platinum, nickel, aluminium cobalt, copper, and palladium, some of which are integral components of the battery cells used in the Group's assets and therefore could cause supply chain disruption in the coming months.

### ***New geographies***

The Company has historically focused on investment in energy storage infrastructure in the UK and the Republic of Ireland. The Company has recently acquired assets in the United States and Germany and is actively considering investments in other OECD jurisdictions. Neither the Company nor the Investment Manager has a track record of historic performance in relation to investments outside the UK and the Republic of Ireland and investments in new asset geographies may not achieve the expected results or returns.

This could have a material adverse effect on the value of the Company, its results of operations and profitability.

The laws and regulations of various jurisdictions in which the Group invests or 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 regional grids***

In most markets in which it operates, the Company will face significant exposure to the relevant electricity system operator(s) for that region as its primary counterparty for revenue contracts.

As at the date of this document, the National Grid Electricity System Operator ("**NGESO**") is the single counterparty in respect of approximately 40.1 per cent. of the Group's operating assets, EirGrid/SONI is the single counterparty in respect of approximately 44.4 per cent. of the Group's operating assets and ERCOT is the single counterparty in respect of approximately 11.5 per cent. of the Group's operating assets. The remaining 3.9 per cent. of the Group's operating assets are in Germany, which deal with 11 TSOs from eight European countries operating the Frequency Containment Reserves (FCR) Market. In each case, counterparty representation is calculated on a revenue basis, by apportioning the forecast revenue for 2022 to each relevant system operator or group of system operators, as in the case of Germany. Compared to other national electricity system operators, ERCOT has higher independency due to the electrical isolation of Texas from its neighbouring states.

NGESO is a subsidiary of National Grid plc and is the system operator for Great Britain. National Grid plc 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 £40 billion and in the top 20 UK listed companies).

EirGrid plc (“**EirGrid**”) is a public limited company, incorporated in Ireland, whose shares are held by the Minister for the Environment, Climate and Communications. EirGrid is licensed as the Transmission System Operator (TSO) in Ireland and as Market Operator (MO) for the wholesale electricity market on the island of Ireland. SONI Limited (“**SONI**”) (a subsidiary of EirGrid) is licensed as the TSO in Northern Ireland and also holds an MO licence for the island of Ireland. The registered office of EirGrid is The Oval, 160 Shelbourne Road, Ballsbridge, Dublin 4 (registration number 338522). According to its most recent annual report (as at 30 September 2020), EirGrid had total assets of €1,348,347,000. EirGrid is owned by the Irish State and therefore there is an implicit assurance that its obligations as a contractual counterparty are backed by State assets.

Although the Group’s exposure to EirGrid/SONI and NGESO is expected to decrease due to the increasing geographical and system operator diversification of the Group’s portfolio, if a grid operator to which the Group’s operating assets were exposed 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 assets exposed to such grid operator.

### ***Borrowing risk***

The Company expects, where the Board deems it appropriate, to utilise debt to expand the size and scale of operations, support development of an expanding portfolio and ultimately to seek to enhance profitability. The use of leverage adds risk to the investment. For example, changes in interest rates may affect the Group’s returns. Interest rates are sensitive to many factors including government policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, and regulatory requirements, amongst others, beyond the control of the Group.

In order to secure indebtedness, the Group may have to agree to covenants as to the Group’s operation and financial condition. The covenants to which the Group may be subject will be dependent on market conditions and the bargaining position of the Group at the time of securing such indebtedness, as well as other factors. The Group may have to agree to covenants which unduly constrain the Group’s operations in order to secure indebtedness. The consequences of breaching any such covenants imposed on the Group will depend upon what was agreed at the time between the parties; as an indication, a breach of covenant might lead to a draw-stop preventing the Group drawing on funds or, in more material cases, default and acceleration of the debt.

The Group may also have to offer security over its underlying assets in order to secure indebtedness. Any failure by the Group to fulfil obligations under any related financing documents (including repayment) may permit a lender to demand repayment of the related loan and to realise its security. In the event that such security involves the lender taking control (whether by possession or transfer of ownership) of the Group’s underlying assets, the Group’s returns may be adversely impacted. In either case, this could have a material adverse effect on the Group’s financial position, Net Asset Value and returns to investors.

While the use of borrowings can enhance the total return on the 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 Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Share and may impact the Company’s ability to pay dividends.

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.

### ***Currency risk***

The Group invests in projects outside of the UK. This means that funds of the Company are and may be invested in assets or projects which are denominated other than in Sterling, including in US Dollars, Euros or potentially other currencies. Accordingly, the value of such assets or projects and the income received from them will be affected favourably or unfavourably by fluctuations in currency rates.

The Company intends to enter into hedging arrangements as appropriate to seek to manage its exposure to foreign currency risks. 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.

### ***Impact of Covid-19 on the Group***

The Covid-19 pandemic has impacted distribution globally by delaying delivery of materials and increasing the costs and reliability of suppliers. The Investment Manager anticipates that these supply chain disruptions will negatively impact the cost of construction in the near-term.

Although the Company's returns to date have not been impacted by the pandemic and the Group's construction activities have, to date, not been materially impacted though there remains a risk that government lockdown orders could restrict the ability of engineers to access the relevant sites and impact the ability of the assets to meet market deadlines for commencement or maintenance of services.

### ***Other natural and/or political events may reduce the output of the energy storage assets***

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.

## **2 Risks relating to regulation and taxation**

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

The Group is subject to laws and regulations enacted by governments of countries in which the Group invests. 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, energy policies 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 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.

Under the National Security and Investment Act 2021, the UK Government may scrutinise and prohibit acquisitions of "material influence" or controlling interest of a company or assets based on national security grounds. There will be a mandatory notification obligation for target entities, including the energy sector, which may affect the Group's ability to purchase assets. Mandatory notification under the National Security and Investment Act 2021 applies if the Group is buying an asset or entity with a generation licence (or exemption) and capacity of 100MW or more, or when aggregate capacity of the Group is 1.0GW or more. It will be necessary to submit notification before the acquisition otherwise the acquisition will be void. There is a risk that approval may not be granted, or that the approval process may be extended and delay the purchase of any given asset over the threshold for compliance with this Act.



### ***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 for maintaining status as an investment trust, as the 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.

## **3 Risks relating to the Investment Manager**

### ***Past performance is not a guide to future performance***

The past performance of the Investment Manager or of the Investment Manager'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 Investment Manager'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 Investment Manager 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 Investment Manager 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.

### ***The departure of some or all of the investment and other professionals of the Investment Manager (or its subsidiaries) could prevent the Company from achieving its investment objective***

The Company depends on the diligence, skill and judgment of the Investment Manager's investment professionals and the information and deal flow they generate during the normal course of their activities. In addition, the Company is reliant on the services provided by the Investment Manager's subsidiary, Gore Street Operational Management Limited, in relation to the construction, maintenance and operation of the Group's assets. The Company's future success depends on the continued service of individuals employed by the Investment Manager and its subsidiary, who are not obliged to remain employed with the Investment Manager or its subsidiary, and the Investment Manager's ability to strategically recruit, retain and motivate new talented personnel. However, the Investment Manager may not be successful in its efforts to recruit, retain and motivate the required personnel as the market for qualified investment and other professionals is extremely competitive.



***There can be no assurance that the Directors will be able to find a replacement manager on termination of the AIFM Agreement or the Commercial Management Agreement***

Pursuant to the terms of the AIFM Agreement, the Investment Manager may resign by giving the Company not less than 12 months' written notice, such notice not to expire prior to 9 March 2023. The Investment Manager shall, from the date such notice takes effect, cease to make investment decisions on behalf of the Company. The Commercial Management Agreement is subject to termination on six months' notice and also terminates automatically on termination of the AIFM Agreement. The Directors would, in these circumstances, have to find a replacement investment manager and/or commercial manager 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 Investment Manager 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 Investment Manager is not required to commit all of its resources to the Group's affairs. Insofar as the Investment Manager 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 Share price.

***The Investment Manager 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 Investment Manager 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 Investment Manager 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 substantial growth of the Company may be difficult to sustain***

The Company has grown materially during its short history and is pursuing further growth. This may place significant demands on the Group's and the Investment Manager's transactional, legal, compliance, accounting, and operational infrastructure. The Investment Manager (directly or through its subsidiaries) is continuously developing its systems and infrastructure so that its staff, operating platforms and management systems are sufficient to address its growth. This may require the Group to incur significant additional expenses and for the Investment Manager and members of its group to commit additional management and operational resources towards such development and there can be no assurance that the Investment Manager (directly or through its subsidiaries) will manage growth effectively and any failure to do so could have a negative impact on the Group's operations, on the Investment Manager's ability to construct and manage new assets, and on the ability of the Company to sustain continued growth.

**4 Risks relating to the portfolio and investment strategy**

**(i) Macro risks**

***Risks relating to energy market regulations***

The revenue generated by the Group and its cost will be dependent on various energy market regulations and market dynamics (including oil and gas prices, transmission constraints and electricity supply and demand).

The Company's pipeline of projects may expose the Company to multiple regional energy markets within the United States, as well as to national markets in Western Europe and other selected jurisdictions.

All entities regulate through licensing certain activities such as generation, supply, network ownership and operation. A series of industry codes sits alongside these licences, which include more detailed rules and market processes.

In the United Kingdom, these codes include the Connection and Use of System Code (CUSC), 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 the regulators carry the deciding vote on whether these are passed.

A change in a 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 Group in that region, as well as those projects already acquired by the Group under that/those electricity market/grid regulations.

### ***New energy storage technologies***

Although the projects comprising the Group's current portfolio utilise lithium-ion batteries and many of the pipeline investments identified by the Investment Manager on behalf of 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 Investment Manager does not at present 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 commercialised, could prove over time more cost effective than lithium-ion. Whilst the Investment Manager will monitor closely 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.

The projects comprising the Group's current portfolio contain cell solutions capable of delivering up to 2 hours duration of discharge at the rated project power levels. This is a result of the Company's optimisation of a project's returns considering the current cost levels of installation and maintenance of longer duration assets, compared to the revenues such assets can deliver. Currently, the Investment Manager's analysis shows that at longer than 1 hour duration battery systems would yield lower returns on investment than a comparable system operating on 1C cells (i.e. cells with 1 hour duration or less). This analysis deploys predictive revenue curves for 1-hour and 2-hour systems, and predictive cost assumptions for installation and maintenance of these, respectively. Whilst the Investment Manager continues to update these assumptions as new data becomes available and technology improvements are being made, the revenue uplift offered by the longer duration systems can outperform the current projections which would, in relative terms, lower the returns of the Group's portfolio.

### ***Other new non-storage technologies***

While the Company considers lithium-ion battery technology to be the most competitive technology 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.

### ***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. This includes commercial and revenue contexts as well as technical uncertainties such as rate of degradation and fire safety. The Company is committed to monitoring and reducing fire risk where reasonable but this cannot be eliminated and carries high consequence to the affected projects and the Company's reputation. These risks and uncertainties may impact the special purpose vehicles holding the Group's assets and, therefore, the Company's investment returns.

(ii) **Risks relating to environment, planning and consents**

**Third party ownership of property carries risks and environmental liabilities may arise**

It is anticipated that a significant proportion or potentially all of the energy storage assets both acquired and to be acquired by the Group will be located on agricultural, commercial and industrial properties. Sites in proximity to populated or conservation areas can have a greater likelihood of 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.

*There is a material economic cost of recycling batteries at end-of-life*

The Group often negotiates for battery suppliers to manage end of life battery disposal so that the supplier shall be responsible for the removal, collection, recycling and disposal service for batteries but at the Group's cost. It is not guaranteed that all the battery suppliers from whom the Group purchases batteries will offer such options and the Group may assume direct responsibility for battery disposal.

Battery technology continues to develop to increase the durability of battery cells and the Investment Manager anticipates that, on average, a battery cell will be utilised for up to 10 years from the date of operation. There is a risk that the technical, logistical, and regulatory frameworks associated with the recycling and disposal of batteries will not be sufficiently developed at the time of decommissioning of some of the lithium batteries within the Group's portfolio, which would have an adverse impact on the Group's environmental and long-term economic performance.

**Changes to permitting policies may reduce the number of energy storage plants in the 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 may reduce the number of energy storage plants in the 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.

**Energy storage assets may be considered a source of nuisance, pollution or other environmental or social 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.

The Group cannot guarantee that its energy storage assets will not be the subject of fire or water damage which may have the potential to cause environmental harm to the surrounding area. Whilst proper planning minimises the risks of fire damage and, where possible, can facilitate fire safety, there is no guarantee that fires will never occur.

The adverse sustainability indicators which the Investment Manager intends to track and monitor pursuant to the Sustainable Finance Disclosure Regulation (SFDR) include operations and suppliers at significant risk of incidents of child labour; of forced or compulsory labour; and identified cases of severe human rights issues and incidents. Essential metals necessary for the manufacture of lithium-ion batteries include lithium and cobalt. There are concentrations of these elements in jurisdictions across the world which are at a greater risk of child labour, forced or compulsory labour, and/ or human rights issues and incidents. There is a risk that metals may be sourced in a manner which uses such labour and which then becomes mixed with such metals extracted in a compliant manner. Therefore, there is a risk that the Group may have insufficient information to ensure that its supply chain sources and materials meet ethical standards.

Whilst regulation such as the SFDR is intended to increase transparency in the supply chain, such regulatory and legislative requirements may not be able to change the industry immediately.

(iii) **Risks relating to the acquisition of energy storage projects**

**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 Investment Manager (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.

**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 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 the relevant regional grid (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 Investment Manager 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 for a number of reasons including where the terms of investment in connection with certain projects are deemed unsuitable by the Investment Manager and/or the Board.

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.

In addition, although the Company may from time to time enter into legally binding agreements to acquire projects, as is the case with the Company's recently announced US assets, such agreements may be subject to a number of conditions which are not satisfied or, as applicable, waived and may not proceed to completion. Accordingly, there can be no guarantee that the acquisition of the assets in the US will complete.

The Company may acquire projects with the intention of utilising debt or equity to fund future capex requirements. In the event that the Company is unable to raise such debt or equity funding required for capex, 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 8 of Part 12 (*Additional Information*) of this document.

### ***Risks relating to co-ownership 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.

### ***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 Investment Manager 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.

### ***Reinvestment of excess cash may not be possible***

If the Group's investments do not generate sufficient returns or if for other reasons the Group does not generate profits sufficient to enable the payment of dividends at or above the target described in this document, the Company will not have excess cash available for reinvestment which may inhibit growth of the NAV or 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.

## **(iv) Operational risks**

### ***Technological and operational risks associated with project acquisitions may arise which may not be covered by warranties or insurance***

Although the Investment Manager 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. The ability to enforce rights under such warranties may be limited where the vendor is not financially credit-worthy or where its creditworthiness changes during the term of the warranty. The Company may seek to obtain warranty & indemnity insurances to improve the probability of enforcement but there can be no guarantee that it will be obtained on suitable commercial terms or at all.

The Group's operational energy storage plants are 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 operational revenues. 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 operational revenues.

Energy storage plant operators generally take out insurance to cover certain repair costs 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, damage, 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.

#### ***Risks relating to increased costs or delays to grid connection for a project***

The Company selects projects that have accepted grid offers with a specified cost and energisation date. The distribution (or transmission) network operator reserves the right to submit cost variations and/or update timescales for grid connection. As grid connection timelines can significantly impact the critical path of a project's commercial operational date, any delays may adversely impact the project's expected returns to the Group. In addition, the returns to the Group may be negatively impacted in the event of increased costs for grid connection being imposed by the distribution (or transmission) network operator.

#### ***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.

***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 an EPC contractor has not fulfilled its 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. The ability to enforce rights under such warranties and guarantees may be limited where the EPC contractor is not financially credit-worthy or where its creditworthiness changes during the term of the warranty. The Group may seek to obtain performance bonds from the EPC contractor during the term of construction to increase the ability to recover losses from performance failure. In the event the EPC contractor is not able to cover its 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.

***Risks of Operational Assets that were acquired with EPC and O&M contracts***

The Company ordinarily manages risks associated with third-party professionals and service providers by careful selection. It is possible that the Company may, as part of an otherwise attractive acquisition of an Operational Asset, inherit legacy EPC or O&M contracts entered into with third party service providers that fail to perform to the standards expected by the Group. The Group may have limited recourse against such parties based on the terms of the legacy contracts. The diminished capacity of such third party service providers could potentially also 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. Where an O&M contractor can be immediately replaced, the engagement of a replacement contractor may result in higher costs to the Group.

***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.

***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 a fire or other 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.

***Risks relating to balancing services, 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 grid operators and/or their subsidiaries or other relevant system operators.

At acquisition, the Group may acquire projects without revenue contracts and it may not be able to secure an attractive revenue contract prior to completion of the project. Grid operators may offer forward tendering in contracts, but it is expected that, if offered, it would be with a significantly shorter length than its project life.

In any given market, as new participants enter the market the Company expects a certain decline in the market price of balancing services. The Investment Manager 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 the Group's 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.

The Company could fail to deliver grid balancing services due to unplanned unavailability. Any undelivered service could result in a material revenue loss, payment penalty and/or power price exposure.

***Risks relating to changes in the methods that a grid operator uses to procure balancing services***

The procurement details and contract designs used by a grid operator for different balancing services currently vary.

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.

***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. Following the Targeted Charging Review, Ofgem published the final outcome in November 2019. The main outcomes affected TNUoS and DUoS by reducing avoidance of residual costs by using fixed charges.

Ofgem is currently undertaking a review of the Reform of Electricity Network Access and Forward Looking Charges. This review is looking at the 'forward-looking charges' which sends signals to users about the effect of their behaviour, encouraging them to use the networks in a particular way, with the objective of ensuring electricity networks are used efficiently and flexibly, allowing consumers to benefit from new technologies and services while avoiding unnecessary costs. In December 2018, Ofgem launched a Significant Code Review of the network access and forward-looking charge arrangements including a review of the DUoS and TNUoS, distribution connection charging boundary and the definition and choice of access rights for transmission and distribution users.

The updated charging methodology is undergoing its second consultation although Ofgem's minded-to position is understood. Those assets targeting revenues from Triad targeting (avoiding TNUoS charges) are likely to see a reduction in benefits. Other assets may see a reduction due to their asset classification, but until confirmed are exposed to increases in charges. 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.

### ***Risks relating to the capacity market***

The revenue generated by the Group's portfolio is partly dependent on the capacity market scheme remaining in its current format.

The revenues generated by the Group's portfolio will also be partly dependent on: (i) the capacity market price secured by the Company's investee companies 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; and (ii) the capacity market de-rating factors set up by the regulatory authorities based on analysis conducted by the system operators that are applied to the projects capacity and define the capacity used to calculate revenues in this market.

The Company cannot guarantee that capacity market prices or de-rating factors 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 or de-rating factors would have a material adverse effect on future availability of attractive projects and, therefore, the Group's business, financial position, results of operations and business prospects.

### ***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 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 2024; 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 Investment Manager makes investment decisions based on price forecast and 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 over the coming years.

A significant proportion of the Company's revenue is concentrated in its Mulavilly and Drumkee projects which generate financial returns pursuant to DS3 Standard Contracts. Any change in the terms or profitability of the DS3 Standard Contracts can be expected to have a material effect on the Company's ability to generate revenues and pay dividends to Shareholders out of income. Additionally, DS3

contracts are directly impacted by the wind penetration within the Irish system. Any change within the expected wind forecast may have a material impact on expected revenue.

### ***Risks relating to the volatility of the price of electricity***

One of the expected sources of revenue generated by the Group's portfolio arises from electricity pricing arbitrage and is 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.

Another 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. EirGrid offers a similar mechanism to solve imbalance within the Irish grid.

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 revenue stream would have an adverse effect on the Group's business, financial position, results of operations and business prospects.

The Company could fail to deliver power due to unplanned unavailability. Any undelivered power could result in a material revenue loss, payment penalty and/or power price exposure.

### ***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 load 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.

### ***Demand aggregator 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.

In the event that demand aggregators fail to perform to standard, the Group may be forced to provide additional resources to undertake their role, or to engage other companies to undertake their role. The Group's ability to invest in and operate energy storage projects could be adversely affected if the demand aggregators 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 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 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, 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.

### ***Electricity supplier risk***

The Group may rely on energy suppliers/offtakers 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/offtaker. 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.

In the event that electricity suppliers/offtakers are not able to fulfil their obligations or otherwise fail to perform to standard, the Group may be forced to provide additional resources to undertake their role, or to engage other companies to undertake their role. The Group’s ability to invest in and operate energy storage projects could be adversely affected if the electricity suppliers/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 an 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 an 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. Any such replacement may be at a higher cost. If it takes a long time to find a suitable 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.

### ***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.

### ***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.

### **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.

### **Errors may be made in the financial model, including energy market and financial forecasting**

The Investment Manager 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 Investment Manager 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 Investment Manager 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 Investment Manager 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 Investment Manager 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.

#### **(v) Risks relating to the energy storage assets**

##### **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 their lifetime. 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 the 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.



***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 plant’s technical and financial performance.

***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.

## **5 Risks relating to the Shares**

### ***General risks affecting the 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 its relevant 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 Shares, market conditions and general investor sentiment. There can be no guarantee that any discount or premium control policy will be successful or capable of being implemented. The market value of the Ordinary Shares and the C Shares may vary considerably from their respective NAV per Share.

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.

Admission should not be taken as implying that there will be a liquid market for the Shares and it may be difficult for Shareholders to realise their investment.

### ***Dilution***

While the Act contains statutory pre-emption rights for Shareholders in relation to issues of-shares in consideration for cash, the Company is seeking authority to issue Shares on a non-pre-emptive basis following Admission (up to 750 million Ordinary Shares and/or C Shares in aggregate (less the number of Ordinary Shares to be issued under the Initial Issue)) pursuant to the Share Issuance Programme. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing. The voting rights may be diluted further on conversion of any C Shares depending on the applicable conversion ratio.

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

Although the 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 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 Shares. Prospective Shareholders should rely only on the information contained in this document. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations other than as contained in this document and, if issued, given or made, such advertisement, information or representations must not be relied on as having been authorised by the Company, the Investment Manager, Administrator, Depositary, Shore Capital or J.P. Morgan Cazenove or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the UK Prospectus Regulation, the Prospectus Regulation Rules, the Listing Rules, the UK Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, neither the delivery of this document nor any subscription for or purchase of Shares 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 or J.P. Morgan Cazenove by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Shore Capital, J.P. Morgan Cazenove nor any person affiliated with either of them makes any representations, express or implied, or accepts any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification nor for any other statement made or purported to be made by it or on its behalf or on behalf of the Company or any other person in connection with the Company, the Shares, any Admission or the Issues. Each of Shore Capital and J.P. Morgan Cazenove (together with their 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.

Shore Capital, J.P. Morgan Cazenove and any of their affiliates (acting as an investor for their own account(s)) may subscribe for 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 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, J.P. Morgan Cazenove or any of their affiliates acting as an investor for its or their own account(s). Neither Shore Capital nor J.P. Morgan Cazenove intends 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".

Capitalised terms used in this document have the meanings ascribed to them in Part 13 (*Definitions*) of this document. Certain abbreviated and technical terms that are commonly used in the energy industry and which appear in this document are defined in Part 14 (*Glossary of Technical Terms*) of this document.

Under the Initial Intermediaries Offer and any Subsequent Intermediaries Offer, Shares may be offered via certain Intermediaries, which will facilitate the participation in that Issue of their respective clients (and any member of the public who becomes a client of any such Intermediary) located in the United Kingdom. The Company consents to the use of this document in connection with any subsequent resale or final placement of Shares by any Intermediaries which are appointed in respect of any Intermediaries Offer (whose name will appear on the Company's website [www.gsenergystoragefund.com](http://www.gsenergystoragefund.com) and, in respect of the Initial Intermediaries Offer only, as listed in paragraph 12 of Part 12 (*Additional Information*) of this document) from the date on which they are appointed to participate in connection with the subsequent resale or final placement of Shares in connection with that Intermediaries Offer, until the closing of the period for the subsequent resale or final placement of Shares by financial intermediaries in respect of that Intermediaries Offer.

The offer period within which any subsequent resale or final placement of Ordinary Shares by financial intermediaries can be made in respect of the Initial Intermediaries Offer and for which consent to use this document is given commences on 29 March 2022 and closes at 3.00 p.m. on 11 April 2022, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service).

The offer periods within which any subsequent resale or final placement of Ordinary Shares and/or C Shares by financial intermediaries may be made in respect of any Subsequent Intermediaries Offer and for which consent to use this document is given shall commence and close on such dates during the period from 19 April 2022 to 28 March 2023 as the Company (in consultation with Shore Capital and J.P. Morgan Cazenove) may, in its discretion, decide. The Final Details of any such offer period shall be announced by way of a publication of a notice through a Regulatory Information Service, and on the Company's website [www.gseenergystoragefund.com](http://www.gseenergystoragefund.com).

**Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. Intermediaries are required to provide, at the time of the relevant Intermediaries Offer, a copy of this document (or a hyperlink from which this document may be obtained), on request, to any investor proposing to participate in such Intermediaries Offer. Any application made by investors to any Intermediary is subject to the terms and conditions which apply to the transaction between that investor and that Intermediary. Information on the terms and conditions of any subsequent resale or final placement of Shares by any Intermediary is to be provided by that Intermediary at the time of the relevant Intermediaries Offer.**

Each Intermediary will be required, on or prior to its appointment, to agree to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries in relation to the offering of Shares on market standard terms and provide for the payment of commission to any Intermediary that elects to receive commission.

The Company accepts responsibility for the information contained in this document with respect to any subscriber for Shares pursuant to any subsequent resale or final placement of Shares by any Intermediaries to which consent to use this document is given.

New information with respect to any Intermediary appointed in respect of any Intermediaries Offer (to the extent unknown at the time of the approval of this document) will be made available on the Company's website.

### **Data protection**

The Company will process personal data provided by an investor at all times in compliance with the material requirements of applicable data protection legislation (including the UK GDPR, the EU GDPR and the DP Act) in the United Kingdom and/or the EEA, as appropriate ("**DP Legislation**") and shall only process such information for the purposes set out in the Company's privacy policy (the "**Purposes**") which is available for consultation on the Company's website at [www.gseenergystoragefund.com](http://www.gseenergystoragefund.com) (the "**Privacy Policy**").

Where necessary to fulfil the Purposes, the Company may disclose personal data to:

- (a) third parties located either within, or outside of, the United Kingdom and/or the EEA, for the Registrar, the Administrator and the Company Secretary to perform their respective functions and in particular in connection with the holding of Shares; or
- (b) the Registrar, the Administrator, the Investment Manager and their respective associates, some of which are located outside the United Kingdom and/or the EEA.

Any sharing by the Company of personal data with third parties will be carried out in compliance with DP Legislation and as set out in the Company's Privacy Policy.

Each investor acknowledges that by submitting his or her personal data to the Registrar (acting for and on behalf of the Company) where the investor is a natural person he or she represents and warrants that (as applicable) he or she has read and understood the terms of the Company's Privacy Policy and shall provide consent to the processing of his/her personal data for the Purposes where such consent is required.

Each investor hereby represents and warrants to the Company, the Registrar and the Administrator that by submitting personal data that is not the investor's own personal data to the Registrar (acting for and on behalf of the Company):

- (a) it has brought the Company's Privacy Policy to the attention of any underlying data subjects on whose behalf or account the investor may act or whose personal data will be disclosed to the Company and the Administrator as a result of the investor agreeing to subscribe for Shares under the Initial Issue and the Share Issuance Programme and has provided such underlying data subjects with details of the Purposes for which their personal data will be used;
- (b) where consent is required under DP Legislation, the investor has obtained the consent of any data subject to the Company, the Administrator and the Registrar and their respective affiliates and group companies, processing their personal data for the Purposes; and
- (c) the investor has complied in all other respects with all applicable DP Legislation in respect of disclosure and provision of personal data to the Company.

Where any investor acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, the relevant investor shall, in respect of the personal data the relevant investor processes in relation to or arising in relation to the Initial Issue and the Share Issuance Programme:

- (a) if required, agree with the Company, the Administrator and the Registrar (as applicable) the responsibilities of each such entity as regards responding to data subjects' rights and to communications with a data protection regulator; and
- (b) immediately on demand, fully indemnify the Company, the Administrator, the Company Secretary, the Registrar and the Investment Manager (as applicable) 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, the Administrator, the Registrar and/or the Investment Manager in connection with any failure by the investor to comply with the provisions set out in this section "Data protection".

### **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 Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the 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 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 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 are not and will not be entitled to the benefits of the US Investment Company Act. The 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, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, except pursuant to an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. In connection with the Initial Issue and the Share Issuance Programme, subject to certain exceptions, the Shares are being offered and sold outside the United States in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S.

The Company reserves the right, in its absolute discretion, to refuse to permit a transfer of interests in the Company and to require compulsory transfer of interests in the Company and intends to exercise this discretion as the Company determines to be necessary for the purposes of compliance with the US Securities Act, the US Investment Company Act and other US legislation.

Except as otherwise expressly agreed with the Company, Shares may not be acquired by investors subject to Title I of ERISA, or to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code, or by others holding the assets of such investors as defined in Section 3(42) of ERISA and applicable regulations.

The Shares have not been approved or disapproved by the SEC or any state securities commission, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful.

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

In relation to each EEA Member State, no Shares have been offered or will be offered pursuant to the Initial Issue or the Share Issuance Programme to the public in that EEA Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that EEA Member State, or, where appropriate, approved in another EEA Member State and notified to the competent authority in that EEA Member State, all in accordance with the EU Prospectus Regulation, except that offers of Shares to the public may be made at any time with the prior consent of Shore Capital or J.P. Morgan Cazenove, under the following exemptions under the EU Prospectus Regulation, if they are effective in that EEA Member State: (a) to any legal entity which is a qualified investor as defined in Article 2 of the EU Prospectus Regulation; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such EEA Member State; or (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation with the prior consent of Shore Capital or J.P. Morgan Cazenove, provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(1) of the EU Prospectus Regulation in an EEA Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any EEA 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 Shares.

The Shares may not be marketed to retail investors (as this term is defined in the EU AIFM Directive as transposed in the relevant EEA Member State) in any EEA Member State unless the Shares have been qualified for marketing to retail investors in that EEA Member State in accordance with applicable local laws. At the date of this document, the Shares are not eligible to be marketed to retail investors in any EEA Member State. Accordingly, the Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Shares may be distributed or made available to retail investors in any EEA Member State.

### **For the attention of prospective investors in Guernsey**

Securities in the Company may only be offered or sold in or from within the Bailiwick of Guernsey either: (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (the POI Law);

or (ii) to persons licensed under the POI Law or persons licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 2020, the Insurance Managers and Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc., (Bailiwick of Guernsey) Law, 2020.

### **For the attention of prospective investors in Jersey**

Subject to certain exemptions (if applicable), the Company shall not raise money in Jersey by way of the issue of Shares, and this prospectus relating to the issue of Shares shall not be circulated in Jersey, without first obtaining consent from the Jersey Financial Services Commission pursuant to the Control of Borrowing (Jersey) Order 1958, as amended. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this offer and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. Neither the Company nor the activities of any functionary with regard to the Company are subject to the provisions of the Financial Services (Jersey) Law 1998.

### **For the attention of prospective investors in Switzerland**

The Shares can be distributed in Switzerland exclusively to qualified investors as defined by article 10 para. 3 and 3ter of the Swiss Federal Act on Collective Investment Schemes and the implementing Swiss Federal Ordinance on Collective Investment Schemes excluding high-net-worth retail clients and private investment structures created for them, which have conducted an opting out as defined in article 5 para. 1 and 2 of the Federal Act on Financial Services (“**FinSA**”) (the “**Qualified Investors**”). The Company has not been and will not be registered with the Swiss Financial Market Supervisory Authority (“**FINMA**”). This Prospectus and/or any other offering materials relating to the Shares may be made available in Switzerland solely to Qualified Investors.

This Prospectus, and any information herein, has been prepared without regard to the disclosure standards for issuance prospectuses under the FinSA or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any information herein or marketing material relating to the Shares may be publicly offered to retail clients or high-net-worth retail clients as defined in article 5 FinSA or otherwise made publicly available in (or from) Switzerland.

Neither this Prospectus nor any information herein or marketing material relating to the Shares has been or will be filed with or approved by FINMA or any other Swiss regulatory authority or reviewing body.

### **For the attention of prospective investors in the UAE**

The offering of the Shares has not been approved or licensed by the UAE Securities and Commodities Authority (“**SCA**”) or any other relevant licensing authorities in the United Arab Emirates (“**UAE**”), and accordingly does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 32 of 2021 Concerning Commercial Companies (as amended), the SCA’s Chairman of the Authority’s Board of Directors’ Decision No. (13/Chairman) of 2021 on the Regulations Manual of the Financial Activities and Status Regularization Mechanisms (the “**SCA Rulebook**”) or otherwise. Accordingly, the Ordinary may not be offered to the public in the UAE, including the Dubai International Financial Centre (“**DIFC**”) and Abu Dhabi Global Market (“**ADGM**”). This Prospectus is strictly private and confidential and is being issued to a limited number of investors in the UAE, excluding the DIFC and ADGM,; (i) who fall within the exemptions set out in the SCA Rulebook (i.e. Professional Investors) and have confirmed the same; and (ii) upon their request and confirmation that they understand that the Shares have not been approved or licensed by or registered with the SCA or any other relevant licensing authorities or governmental agencies in the UAE; and (iii) must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The SCA has not approved this Prospectus, takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon, any part of the contents of this Prospectus.



### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) the UK's implementation of EU Directive 2014/65/EU on markets in financial instruments, as amended ("**UK MiFID II**"); (b) the UK's implementation of Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing UK MiFID II, and in particular Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (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 UK MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: the market 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 and J.P. Morgan Cazenove will, pursuant to the Initial Placing and each Subsequent Placing, only procure Placees 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 UK 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 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 investment products and UK MiFID II**

As the Company is an investment trust, the Shares are "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 conducts 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 UK MiFID II. The Directors consider that the requirements of Article 57 of the UK MiFID II Delegated Regulation are met in relation to the Shares and that, accordingly, the Shares should be considered "non-complex" for the purposes of the UK MiFID II.

### **Eligibility for investment by UCITS or NURS**

The Company has been advised that the Shares should be "transferable securities" and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in England and Wales as a public limited company; (ii) the Shares are to be admitted to trading on the main market of the London Stock Exchange; and (iii) the Investment Manager is authorised and regulated by the FCA and, as such, subject the rules of the FCA in the conduct of its investment business. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that fund, including a consideration of the factors relating to that UCITS or NURS itself, specified in the rules of the FCA.



## **Key Information Document**

In accordance with the UK PRIIPs Regulation, the Company has prepared a Key Information Document (the “**KID**”) in respect of the Ordinary Shares and made it available at [www.gseenergystoragefund.com](http://www.gseenergystoragefund.com). The UK PRIIPs Regulation requires that the KID is made available to “retail investors” prior to them making an investment decision in respect of the Ordinary Shares. 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 Shares for the purposes of the UK PRIIPs Regulation and neither Shore Capital nor J.P. Morgan Cazenove is a manufacturer for these purposes. Neither Shore Capital nor J.P. Morgan Cazenove makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of the KID prepared by the Company in relation to the Ordinary Shares or any key information document prepared in the future in relation to the Ordinary Shares or the C Shares nor accepts any responsibility to update the contents of any key information document in accordance with the UK PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such key information documents to future distributors of Ordinary Shares or C Shares. Each of Shore Capital and J.P. Morgan Cazenove 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.

## **Websites**

Without limitation, neither the contents of the Company’s ([www.gseenergystoragefund.com](http://www.gseenergystoragefund.com)) or the Investment Manager’s website (or any other website) nor the content of any website accessible from hyperlinks on the Company’s or the Investment Manager’s website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Shares on the contents of this document and any supplementary prospectus published by the Company prior to Initial Admission (in the case of the Initial Issue) or the relevant Admission of any Ordinary Shares and/or C Shares issued pursuant to a Subsequent Issue under the Share Issuance Programme alone.

## **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 UK Prospectus Regulation, the Prospectus Regulation Rules, the UK 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 8 of Part 12 (*Additional Information*) of this document.

## EXPECTED TIMETABLE

### Initial Issue

Initial Issue opens	29 March 2022
Latest time and date for receipt of completed applications from Intermediaries in respect of the Initial Intermediaries Offer	3.00 p.m. on 11 April 2022
Latest time and date for receipt of completed Application Forms in respect of the Initial Offer for Subscription	11.00 a.m. on 12 April 2022
Latest time and date for commitments under the Initial Placing	11.00 a.m. on 12 April 2022
Publication of results of the Initial Issue	12 April 2022
Initial Admission and dealings in Ordinary Shares commence	8.00 a.m. on 14 April 2022
CREST accounts credited with uncertificated Ordinary Shares	14 April 2022
Where applicable, definitive share certificates despatched by post*	within ten Business Days of Initial Admission

### Share Issuance Programme

Share Issuance Programme opens	19 April 2022
Publication of the Share Issuance Programme Price or the methodology for determining the Share Issuance Programme Price in respect of each Subsequent Issue	As soon as reasonably practicable in advance of the relevant Subsequent Issue
Latest time and date for receipt of completed Application Forms under each Subsequent Issue undertaken by way of a Subsequent Offer for Subscription and payment in full under the Subsequent Offer for Subscription and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on the third Business Day before the closing of the relevant Subsequent Issue
Latest time and date for receipt of completed applications from Intermediaries in respect of any Subsequent Intermediaries Offer	3.00 p.m. on the third Business Day before the closing of the relevant Subsequent Issue
Admission and dealings in the Shares issued pursuant to a Subsequent Issue commence	8.00 a.m. on each day the Shares are issued
CREST accounts credited in respect of the Shares in uncertificated form	As soon as is reasonably practicable on each day the Shares are issued
Dispatch of definitive share certificates for the Shares in certificated form (where applicable)*	Within ten Business Days following Admission of the relevant Shares
Last date for Shares to be issued pursuant to the Share Issuance Programme	28 March 2023

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 Shares under any Intermediaries Offer will not receive share certificates.

## ISSUE STATISTICS

### Initial Issue Statistics

Issue Price for the Initial Issue	110 pence per Ordinary Share
Gross proceeds of the Initial Issue*	£75 million
Estimated net proceeds of the Initial Issue to be received by the Company*	£73.5 million

\* Assuming that the Resolutions are passed at the General Meeting and the Initial Issue is subscribed as to 68,181,818 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.

### Share Issuance Programme Statistics

Maximum size of the Share Issuance Programme*	750 million Ordinary Shares and/or C Shares (less the number of Ordinary Shares issued under the Initial Issue)
Share Issuance Programme Price (Ordinary Shares) (other than pursuant to an NTMA Subscription)	not less than the prevailing Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue
Issue Price per Ordinary Share issued pursuant to an NTMA Subscription	the lower of: (i) the mid-market price of the Ordinary Shares at the time of the NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the NTMA Subscription; plus a premium of 0.2 per cent.**
Share Issuance Programme Price (C Shares)	100 pence

\* subject to Shareholder approval at the General Meeting, save that the Directors already have authority remaining to issue up to 29.9 million Ordinary Shares to NTMA pursuant to the Subscription Agreement. Pursuant to a resolution passed at a general meeting held on 14 August 2019, the Directors were authorised to issue up to 40 million Ordinary Shares to NTMA pursuant to the Subscription Agreement. As at the date of this document, 10.1 million Ordinary Shares have already been issued to NTMA pursuant to that authority.

\*\* 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 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 will be 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> )  all independent and all of the registered office below
<b>Registered Office</b>	18th Floor 52 Lime Street London EC3M 7AF Telephone: +44 (0) 20 7409 0181
<b>Sponsor</b>	Shore Capital and Corporate Limited Cassini House 57 St James's Street London SW1A 1LD
<b>Joint Broker, Joint Bookrunner and Intermediaries Offer Adviser</b>	Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD
<b>Joint Broker and Joint Bookrunner</b>	J.P. Morgan Cazenove 25 Bank Street London E14 5JP
<b>Investment Manager</b>	Gore Street Capital Limited Lower Third Floor Evelyn Suite Quantum House 22-24 Red Lion Court London EC4A 3EB
<b>Administrator</b>	Sanne Group (UK) Limited 6th Floor 125 London Wall London EC2Y 5AS
<b>Company Secretary</b>	JTC (UK) Limited 18th Floor 52 Lime Street London EC3M 7AF
<b>Legal Adviser to the Company</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
<b>Legal Adviser to the Joint Bookrunners</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 St Clements House 27-28 Clements Lane London EC4N 7AE

**Registrar**

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ

**Receiving Agent**

Computershare Investor Services PLC  
Corporate Actions Projects  
Bristol BS99 6AH

**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<sup>1</sup>**

The Company will target dividends in respect of the Ordinary Shares in each financial year based on a 7 per cent. yield on the average Net Asset Value per Ordinary Share during that financial year, subject to a minimum target of 7 pence per Ordinary Share in each financial year. The annual target dividend will increase by 0.5 pence increments per Ordinary Share based on a certain progression of the average Net Asset Value per Ordinary Share in any financial year above 100 pence (subject to rounding). For illustrative purposes only: if the average Net Asset Value per Ordinary Share during a financial year is 107 pence per Ordinary Share or greater (but less than 114 pence) the target dividend for that financial year will be 7.5 pence per Ordinary Share; if the average Net Asset Value per Ordinary Share during a financial year is 114 pence per Ordinary Share or greater (but less than 121 pence) the target dividend for that financial year will be 8.0 pence per Ordinary Share; and if the average Net Asset Value per Ordinary Share during a financial year is 121 pence per Ordinary Share or greater (but less than 128 pence) the target dividend for that financial year will be 8.5 pence per Ordinary Share. Dividends are paid quarterly and the Company will target a dividend of 2.0 pence per Ordinary Shares for the first three interim dividends in each financial year and the amount of the final dividend will depend on the overall annual dividend target for that financial year.

The Company intends to hold an internationally diversified portfolio of energy storage projects with target unleveraged IRRs from its portfolio of projects of 10-12 per cent. (before fees and expenses of the Company) through multiple revenue streams which may be stacked on a single battery. The majority of the Group's revenues are currently derived from grid balancing services and/or wholesale trading. Whilst grid balancing services have been the prominent revenue source for energy storage to date, wholesale trading has become increasingly lucrative, as illustrated by the Company's trading performance in the quarter ended 31 December 2021.

#### **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-the-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 OECD projects. The revenue generated by the projects held by the Group is not linked to electricity prices or subsidies.

#### **3 Growth potential in grid flexibility from decarbonising environment**

During the Conference of the Parties (COP)26 held in Glasgow in 2021, countries stressed the urgency of action to reduce carbon dioxide emissions by 45 per cent. in order to achieve net zero around the mid-century. Countries are called to present stronger national action plans next year, instead of in 2025, the original timeline. Countries have also ultimately agreed to a provision for phasing-down coal power and phasing-out inefficient fossil fuel subsidies, therefore moving away from fossil fuels. Additionally, energy independence from Russia could further accelerate the energy transition. The International Energy Agency (IEA) in March 2022 issued a 10-point plan to reduce Russian gas imports by 63bcm, approximately half of what Europe imported last year.

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<sup>1</sup> Investors should note that the target dividend and target return are targets only and are 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/or target return and there can be no assurance that they will be met. The target dividend and target return 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 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 Investment Manager 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 Investment Manager believes will be a dominant theme in energy investment over the coming years.

As a result of the experienced growth, the Investment Manager has been identifying and investing in larger projects since the Company's IPO. The Company's first acquisition was an asset with 6.0MW installed capacity. The most recent energisation was of two 50.0MW sites located in Northern Ireland. The latest acquisition announced by the Company was a portfolio of 80.0MW located in the US.

#### **4 Diversified portfolio and pipeline**

At the date of this document, the Company had a portfolio of 25 projects with a total capacity of 708MW. Of these, 15 projects (with a combined capacity of 262MW) are operational and earning income. Furthermore, through its own network, and relationships with strategic investors and partners, the Investment Manager has access to a pipeline of proposed investments which the Investment Manager will screen and prioritise based on defined criteria. The Investment Manager has a pipeline of several potential projects equating to over 1.3GW of capacity, in addition to the option to acquire the Residual Projects.

#### **5 Experienced Investment Manager and independent Board**

The Investment Manager was one of the first to deploy privately owned grid scale battery projects in GB. Since 2015 the Investment Manager has developed relationships with a number of developers, EPC contractors, O&M contractors and battery manufacturers. The Investment Manager's Investment Committee has extensive experience investing in the renewables sector and is led by Alex O'Conneide and Sumi Arima, with support from 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 Investment Manager 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 are admitted to the Official List and to trading on the London Stock Exchange's main market.

The Company has an independent board of non-executive directors and is managed on a day-to-day basis by the Investment Manager.

#### 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: (i) enable the Company to invest a greater percentage of its assets into project opportunities outside the UK and the Republic of Ireland (up to 60 per cent. of Gross Asset Value (calculated at the time of investment) permitting it to take advantage of the Investment Manager's considerable pipeline of energy storage opportunities in other markets. The proposed amendments also limit the jurisdictions (outside the UK and the Republic of Ireland) into which the Company may invest to North America, Western Europe, Australia, Japan and South Korea; (ii) increase the limit on borrowings as part of the Group's gearing policy to ensure that it is appropriate in light of the energy storage market's maturity and to allow for the ability to utilise debt where appropriate to expand the size and scale of operations, support the development of an expanding portfolio, and ultimately to seek to enhance profitability; and (iii) clarify the Company's approach to hedging.*

*Notwithstanding the proposed changes to the investment policy, the Board's gearing policy will firmly limit borrowings to no more than 30 per cent. of gross assets at any time. If in the future the Directors views on this policy were to change, they will revert to Shareholders for further approval.*

*If the amendment to the investment policy is approved, the investment objective will also be amended to reflect that the Group's portfolio may no longer primarily be located in the UK and the Republic of 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. The Company will invest in a diversified portfolio of utility scale energy storage projects. 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 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 intends to enter into hedging arrangements in relation to currency, interest rates and/or power prices for the purposes of efficient portfolio management as appropriate to seek to manage its exposure to foreign currency risks associated with capital expenditure, interest rate risk and risks relating to power prices as well as repayment of intra-Group debts. The Company will not enter into derivative transactions for speculative purposes.

The Company does not have any borrowing restrictions in its Articles. The Company intends to utilise cash borrowings as leverage to acquire and develop assets but with the current intention that such leverage be repaid with funds raised through a new issue of equity or cash flow from the Company's portfolio. Such leverage will not exceed 15 per cent. (at the time of borrowing) of Gross Asset Value without Shareholder approval, but the Directors intend that the Company will maintain a conservative level of borrowings with a maximum level of Aggregate Group Debt of 50 per cent. of Gross Asset Value at the time of drawdown of the relevant borrowings.

For these purposes, the "**Gross Asset Value**" shall mean the Company's Net Asset Value increased by the amount of the Aggregate Group Debt.

The Net Asset Value is the value of all the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time.

The "**Aggregate Group Debt**" is the Group's proportionate share of the outstanding third-party interest bearing borrowings of any Group companies and any non-subsidiary companies in which the Group holds an interest.

It is intended that debt will be secured at asset level or SPV level, with parental company guarantees or other collateral security, if any, provided at Company level. Debt arrangements will ultimately depend on the structure adopted by the Company, having consideration to key metrics including lender diversity, debt type and maturity profiles.

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 Investment Manager 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 The Company may invest in projects outside in the UK and, the Republic of Ireland, in particular in North America and, Western Europe, Australia, Japan and South Korea, although it does not intend that the aggregate value of investments outside the UK and the Republic of Ireland will be more than 40 60 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 EirGrid and/or their 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, asset managers, 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 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 10-12 per cent. before fees and expenses of the Company<sup>2</sup>.

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

A typical investment involves at least one executive member of the Investment Manager's Investment Committee, one managing director, one principal and an associate/analyst, as well as operational professionals (collectively referred to as the “**Deal Team**”) in the process of evaluating and executing each potential investment transaction. The Investment Manager's Investment Committee comprises of Alex O' Cinneide (chair), 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.

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<sup>2</sup> Investors should note that the target return is a target only and not a profit forecast. There may be a number of factors that adversely affect the Company's ability to achieve its target return and there can be no assurance that it will be met. The target return should not be seen as an indication of the Company's expected or actual results or returns.

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

(a) ***Potential investment deal sourcing and screening***

The Investment Manager sources potential projects through its long-standing relationships with several third-party developers, utility companies, project owners and EPC contractors. 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 addressing the early stage developmental risks for a project, including securing the sites, arranging grid connection, obtaining planning permission and consents (where required). Following this, the Investment Manager will then focus on securing EPC and O&M contracts, revenue contracts with the support of route to market providers (if required), and engaging operational, maintenance and asset managers.

Each prospective investment is assessed against the Company's investment objective and investment policy and, if considered suitable, a detailed financial, technical and economic analysis and review of the project is undertaken by the Deal Team. The Deal Team screens each opportunity based on its review of market updates, the proposed revenue stack, a project's grid connection costs, planning constraints, site lease terms, EPC tender proposals (if available), generation licence requirements and site environmental studies, and general readiness of the project for construction.

(b) ***Pre-investment due diligence and approval process***

Once the Deal Team decides to proceed with the acquisition of a suitable potential project, the approval of the Investment Manager's Investment Committee is required. The Deal Team prepares a memorandum which sets out the results of its due diligence, the proposed acquisition structure, investment rationale, risks and anticipated returns, capital expenditure and operational budget, proposed revenue stack, expected EPC and O&M tender terms, initial stage developer arrangements, and any other requirements and recommendations. The Deal Team then submits this memorandum to the Investment Manager's Investment Committee for consideration and approval.

Based on the memorandum, the Investment Manager's Investment Committee determines whether further financial, legal and technical due diligence should be carried out by the Deal Team and/or third-party firms and advisers before proceeding with negotiations with the relevant counterparties. Once approved to proceed, the Deal Team is responsible for completing its financial due diligence, while the technical, planning and legal due diligence process is conducted by third-party firms and/or advisers. The Deal Team negotiates acquisition, construction and operational terms with relevant counterparties such as developers, EPC and route-to-market providers, as applicable.

Upon concluding negotiations, the Deal Team prepares a memorandum update detailing its final diligence findings, final revenue stack proposals and revenue contract terms, as well as its financial model illustrating risk and anticipated returns, along with sensitivity analyses. The Investment Manager's Investment Committee reviews the detailed memorandum to ensure the investment is compliant with the Company's investment policy and to confirm the soundness of the investment thesis. The Investment Manager's Investment Committee may also assess the operational and commercial risks and benefits that the proposed investment poses when considered holistically as part of the Group's portfolio.

The Investment Manager communicates regularly with the Board on both the pipeline and the individual projects that the Investment Manager is transacting on, before such a transaction is concluded. The Board retains the right to request such additional information as necessary to confirm compliance with the Company's investment policy.

(c) ***Role of the Investment Manager and project process***

The Investment Manager does not develop the projects. Projects are typically acquired from project developers who may require additional 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 Investment Manager will arrange the acquisition and construction of the project by the Company (through an SPV structure) once a revenue route has been determined.

Based on the Investment Manager's recent experience, energy storage systems generally take at least eighteen months to be delivered, depending on the DNO's proposed timeline for grid connection and equipment lead times. The battery storage systems are typically designed to fit within a specific enclosed container and installation involves installing foundations, installing inverters, installing battery racks into the container, installing and monitoring control software, completing the connection to the grid and the testing requirements of National Grid or EirGrid. The energy storage system suppliers or EPC contractor typically warrants the time for completion of the installation works (consistent with the revenue contract requirements) by providing for liquidated damages in relation to delays or the failure to meet design specifications on time.

Once operational, battery energy storage systems have scheduled maintenance requirements which are undertaken by operational and maintenance service providers. The Investment Manager is solely responsible for developing the preferred revenue stack and revenue strategies for a project. The Investment Manager then collaborates with route-to-market providers to manage and optimise project revenues on behalf of the Group.

(d) **Monitoring and risk management**

The Investment Manager actively assesses the Group's portfolio risk and performance and routinely reports to the Board on the Deal Team's execution of revenue strategy, month-to-month financials, operational performance, health and safety performance and financial projections.

At the project level, the Deal Team works closely with third-parties to monitor revenue contracts and cash flow level, and to review the financial model to assess actual and projected project returns based on actual operational performance.

The Group's general intention is 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 Strategic investment by NTMA**

NTMA (as controller and manager of the Ireland Strategic Investment Fund) has committed to an aggregate investment of up to £26.5 million in the Company over the maximum five-year term of the Subscription Agreement. To date, NTMA has invested approximately £11 million in the Company under the Subscription Agreement.

When the Investment Manager sources an Eligible Project, NTMA will subscribe for Ordinary Shares for an aggregate subscription price equal to 40 per cent. of the acquisition and construction costs of the relevant Eligible Project (each a "**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 Investment Manager).

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 (a "**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 Ordinary Shares at the time of the NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the 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 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.

Further details on the Subscription Agreement are set out in paragraph 6.12 of Part 12 (*Additional Information*) of this document.



## **6 Dividend policy**

The Company will target dividends in respect of the Ordinary Shares in each financial year based on a 7 per cent. yield on the average Net Asset Value per Ordinary Share during that financial year, subject to a minimum target of 7 pence per Ordinary Share in each financial year. The annual target dividend will increase by 0.5 pence increments per Ordinary Share based on a certain progression of the average Net Asset Value per Ordinary Share in any financial year above 100 pence (subject to rounding). For illustrative purposes only: if the average Net Asset Value per Ordinary Share during a financial year is 107 pence per Ordinary Share or greater (but less than 114 pence) the target dividend for that financial year will be 7.5 pence per Ordinary Share; if the average Net Asset Value per Ordinary Share during a financial year is 114 pence per Ordinary Share or greater (but less than 121 pence) the target dividend for that financial year will be 8.0 pence per Ordinary Share; and if the average Net Asset Value per Ordinary Share during a financial year is 121 pence per Ordinary Share or greater (but less than 128 pence) the target dividend for that financial year will be 8.5 pence per Ordinary Share.

Dividends are paid quarterly and the Company will target a dividend of 2.0 pence per Ordinary Shares for the first three interim dividends in each financial year and the amount of the final dividend will depend on the overall annual dividend target for that financial year. If any C Shares are issued, holders of C Shares will be entitled to participate in any dividends which the Directors may resolve to pay to holders of C Shares out of the assets attributable to the C Shares. The target dividends set out above shall not apply to any C Shares prior to their conversion into Ordinary Shares.

Investors should note that the payment of dividends is at the discretion of the Board and the Directors may resolve to pay dividends otherwise than in accordance with the targets noted above in order to reflect the Company's expected returns and future plans for the growth of the Company.

For the year ended 31 March 2021, the Company paid aggregate dividends of 7 pence per Ordinary Share (totalling £10,090,637); for the year ended 31 March 2020, the Company paid aggregate dividends of 7 pence per Ordinary Share (totalling £3,552,638); and for the period from First Admission to 31 March 2019, the Company paid aggregate dividends of 4 pence per Ordinary Share (totalling £1,224,000).

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.

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 £40 million standing to the credit of its share premium account in December 2021. 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 and may, subject to Shareholder approval and the approval of the Court, seek a further reduction to the amount standing to the credit of its share premium account following the Initial Issue in order to increase the distributable reserves to support the payment of future dividends.

## **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***

The Directors are seeking authority at the General Meeting to issue up to 750 million Ordinary Shares and/or C Shares, in aggregate, on a non-pre-emptive basis so that the Directors will not be obliged to offer any new 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 plus a premium to cover the expenses of such issue.

Investors should note that the issuance of new 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 up to 41,406,070 Ordinary Shares. 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 UK 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.

The Directors will not conduct buybacks of any C Shares prior to their conversion.

## **8 C Shares**

The Company may seek to raise further funds through the issue of C Shares under the Share Issuance 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 Investment Manager 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.

## **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 is (and per C Share will be, where applicable) 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 unaudited Net Asset Value per Ordinary Share as at 31 December 2021 was 103.9 pence.

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.

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 The Takeover Code

Given the existence of the buyback powers described in this document, 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 Investment Manager 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.

If an offer is made for the shares or any class of shares in the capital of a company and if, within 4 months after the date of such offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares) then the offeror may, within 2 months after the expiration of those 4 months, send an acquisition notice to any dissenting shareholders informing them that it wishes to acquire their shares (an "**Acquisition Notice**"). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, approved by the shareholders comprising 90 per cent. in value of the shares affected, was made.

## PART 3

### MARKET BACKGROUND AND SOURCES OF REVENUE

Certain abbreviated and technical terms that are commonly used in the energy industry and which appear in this Part 3 (Market background and sources of revenue) and elsewhere in this document are defined in Part 14 (Glossary of Technical Terms) of this document.

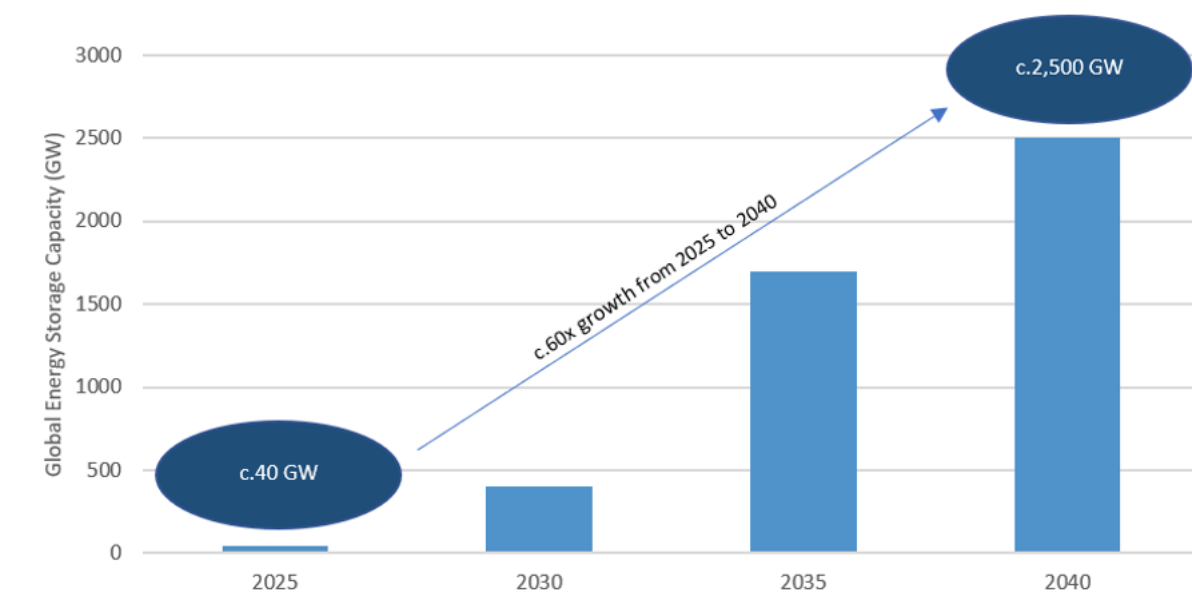
#### 1 Introduction

The electricity industry continues to undergo change, with the ongoing integration of more than US\$2.7 trillion worth of variable renewable forms of generation in the last decade onto power systems (including wind, solar, electric vehicle stations and other technologies). The demand side is also subject to substantial changes as electricity demand increases to accommodate decarbonisation strategies; the move from combustion engines to electric vehicles alone will change global energy demand patterns.

This has meant that there is greater complexity in managing demand and supply and ensuring stability in power systems. Energy storage remains a critical tool of national power systems to tackle these imbalances and support the successful transition to a net-zero economy.

Despite turbulent global markets ensuing the Covid-19 pandemic, market projections for the global energy storage market remain optimistic across all regions, with significant growth in energy storage capacity expected (see chart 1) and with annual revenue predicted to reach US\$546 billion by 2035.

**Chart 1 – Growth in global energy storage capacity<sup>3</sup>**



The 87 per cent. reduction in the cost of lithium-ion over the last 10 years has reduced capital expenditure for battery storage, further encouraging its use. In addition, the Investment Manager continues to evaluate the commercial viability of flow battery technology and of long duration storage technologies. The Investment Manager anticipates that prices of vanadium redox batteries (a potential alternative to Lithium-ion) will reduce from the current level of US\$100/KWh within the next few years.

The Group's current portfolio is based in GB, the Republic of Ireland, Germany and the US. An overview of those markets is set out below and a detailed breakdown of the current portfolio is set out in Part 4 (*The Group's existing portfolio and pipeline of investments*) of this document.

The Company is monitoring the potential price volatility stemming from the Russian invasion of the Ukraine, given the European strategic move away from Russian gas imports and the likely increased adoption of renewable energy across Europe.

<sup>3</sup> Source: McKinsey & Company, published November 2021.

**2 The GB market**

**GB market update**

The GB market remains a key focus for the Company, with the fundamental drivers for storage remaining strong, including the UK Government’s target of net zero emissions by 2050. The GB market has seen significant increases in renewable generation. Q3 of 2020 saw a 0.9 per cent. increase in the share of renewable energy generation in comparison to Q3 of 2019. However, Q3 of 2021 stands as an anomaly and saw a 4 per cent. decrease compared to Q3 of 2020, caused in part by unfavourable weather conditions<sup>4</sup>.

**Current services and sources of revenue**

The Company is able to take advantage of multiple revenue streams available in the GB market, as summarised below.

Grid Balancing		Peak Shifting		Trading
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Frequency Response Services</b>	<b>Balancing Mechanisms</b>	<b>Capacity Market</b>	<b>Triad Targeting</b>	<b>Wholesale Market Arbitrage</b>
<ul style="list-style-type: none"> <li>• Fast acting services to support the balancing of demand and supply of electricity based on grid frequency</li> <li>• Monthly and daily availability contracts with National Grid</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in the platform that National Grid uses to make adjustments to generation output in real time</li> <li>• Contract with electricity supplier which manages trading activities</li> </ul>	<ul style="list-style-type: none"> <li>• Payment for generators to secure back up capacity to support peak electricity demand</li> <li>• Up to 15 years of inflation linked fixed price contracts with the UK Government</li> </ul>	<ul style="list-style-type: none"> <li>• Payments associated with targeted exports during periods of maximum grid demand (TRIADs)</li> <li>• Volumetric rate benefit for successfully exporting during peak demand</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase/charge electricity when wholesale electricity price is low and sell/discharge when the price is higher</li> <li>• Contract with electricity supplier which manages trading activities</li> </ul>

**Frequency services**

Frequency services, which balance supply and demand of electricity to ensure that frequency remains at 50Hz (+/- 1 per cent.), are currently a major revenue source for energy storage systems in GB and a key component in the National Grid’s objective of a zero-carbon system by 2025.

Over the coming years, the UK’s increasing reliance on renewable power generation and decreasing use of traditional synchronous generators will result in lower system inertia, a key factor in the management of frequency. In response, the National Grid has started introducing new frequency response products, namely: Dynamic Containment (“**DC**”), Dynamic Moderation (“**DM**”), and Dynamic Regulation (“**DR**”). DC has been delivered since October 2020, whilst DM and DR will enter auction in Q1 2022/2023, leading to the gradual phase out of existing monthly frequency services.<sup>5</sup>

**Balancing mechanism**

The balancing mechanism (“**BM**”) is one of the main tools used by the National Grid to balance the GB grid in real time. The BM can accept bids and offers from available market participants to decrease or increase their output. As such, cost effective and flexible participants in the BM can earn additional revenues to, for example, wholesale market participants, by offering these adjustments to National Grid. In recent years, 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.

<sup>4</sup> Source: UK Department for BEIS, Energy Trends UK, published December 2021.

<sup>5</sup> Source: National Grid, DM and DR delivery plan, published January 2022.



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. The Company notes and continues to monitor changes that National Grid is making to its Response and Reserve products, and the opportunities that they represent.

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

### **Capacity market**

Capacity market contracts represent procurement of future energy capacity by the National Grid to ensure that sufficient generation exists on the system to meet security of supply standards. The latest capacity market auctions took place in February 2022 for both the T-1 (1-year advance procurement), and T-4 (4-year advance procurement) contracts. The Company may use the capacity market auction for procurement of 1, 3, or 15 year contracts for its GB-based portfolio assets. Based on Aurora's forecasts<sup>6</sup>, CM prices are likely to remain high in the coming decade as newly built capacity is developed to replace decommissioned fossil fuel plants and meet increased demand.

### **Triad avoidance**

Triads refer to the three half-hour settlement periods with the highest system demand between November and February, which will dictate part of the yearly user network charges. Historically, battery storage systems allowed users to avoid Triad related costs by eliminating grid imports during these periods. From April 2023, these charges will be levied on a per site basis, removing the incentives from TRIAD avoidance.

### **Wholesale market arbitrage/Energy trading**

The UK wholesale market facilitates the trade of energy between generators and suppliers. Wholesale market contracts allow the buying and selling of power from months to minutes in advance (day ahead or intraday) and earn revenues from the price differential. The level of forecasted supply is matched exactly to the level of forecasted demand, with deviations between actual volumes settled in the BM.

## **3 The Irish market**

### **Background**

The electricity market in 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 and Northern Ireland Electricity, 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 (“**Uregni**”).

### **Integrated Single Electricity Market**

The Integrated Single Electricity Market (“**I-SEM**”) covers electricity trading arrangements for the whole of Ireland and came into force in October 2018 replacing the Single Electricity Market. The I-SEM provides access to the following revenue streams for storage assets:

- (a) wholesale energy trading on a day ahead and intraday basis;
- (b) balancing mechanism services to help manage real time demand; and
- (c) capacity market services to ensure the security of supply within Ireland.

All three of the above revenue streams are similar to those that the assets in GB can access.

However, unlike in GB, capacity market contracts are structured such that successful capacity providers are obliged to make payments to return excess revenues above a certain regulated strike-price. The intent behind this is that capacity providers can trade in the I-SEM during peak price periods to generate revenues to cover the difference in payments, thus optimising the use of the assets connected to the grid.

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6 Aurora Energy Research - GB Distributed and Flexible Energy Market Forecast, January 2022.

**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>Description</i>
<b>Synchronous Inertial Response</b>	Response from stored kinetic energy of dispatchable synchronous generator
<b>Fast Frequency Response</b>	MW delivered between 2 and 10 seconds
<b>Primary Operating Reserve</b>	MW delivered between 5 and 15 seconds
<b>Secondary Operating Reserve</b>	MW delivered between 15 and 90 seconds
<b>Tertiary Operating Reserve 1</b>	MW delivered between 90 seconds to 5 minutes
<b>Tertiary Operating Reserve 2</b>	MW delivered between 5 to 20 minutes
<b>Replacement Reserve – Synchronised</b>	MW delivered between 20 minutes to 1 hour
<b>Replacement Reserve – Desynchronised</b>	MW delivered between 20 minutes to 1 hour
<b>Ramping Margin 1</b>	The increased output that can be delivered with a good degree of certainty for the given time horizon
<b>Ramping Margin 3</b>	
<b>Ramping Margin 8</b>	
<b>Fast Post Fault Active Power Recovery</b>	Quick recovery of active power output following voltage disturbance
<b>Steady State Reactive Power</b>	Dispatchable reactive power (MVar) capability
<b>Dynamic Reactive Response</b>	Reactive power (MVar) delivery during large voltage dips

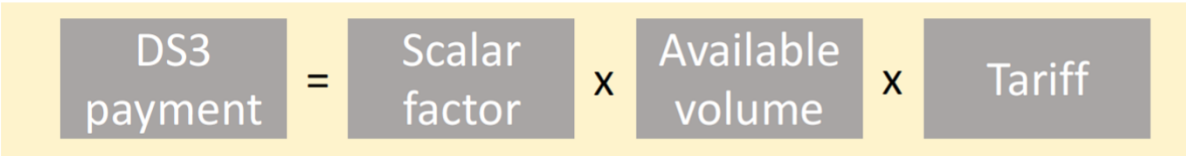
The DS3 system services are procured by EirGrid and SONI under two separate procurement routes: (i) volume uncapped procurement, also known as the regulated arrangements; and (ii) volume capped procurement, also known as fixed contract procurement.

**Volume uncapped procurement**

Under the volume uncapped route, EirGrid and SONI contract for system services including frequency response and operating reserves with eligible providers, and these service providers are paid a regulated tariff approved by the regulatory authorities. This route affords a great level of flexibility for service providers to tailor the service specification to suit the asset’s capability.

EirGrid and SONI incentivise service providers through the use of ‘scalars’ in remuneration. High scalar values translate to higher DS3 system service payments, and are a factor of the asset’s service capability, performance against specification in operation, or availability to provide contracted services when needed by the TSO.

The figure below depicts how the payments are calculated for DS3 uncapped procurement:



EirGrid and SONI retain the right to extend contract terms subject to regulatory authority approval, and terminate contracts on 12 months’ notice. The initial term limit of the volume uncapped contracts has been extended from 30 April 2023 to 30 April 2024.

The Investment Manager seeks to participate with the Group’s assets in Northern Ireland within this route and expects any new contracts awarded will be for a period up to 30 April 2023, although, as noted above, the regulatory authorities have the option of extending the contracts up to 2026.

### **Volume capped procurement**

EirGrid and SONI procure a subset of the DS3 system services under the volume capped route with a defined service specification. The five services procured under this route are: (i) fast frequency response; (ii) primary operating reserve; (iii) secondary operating reserve; (iv) tertiary operating reserve 1; and (v) tertiary operating reserve 2.

In addition, EirGrid and SONI also require asset owners participating in this route to provide a high-frequency response capability of at least 15 per cent. of the lower frequency contracted MW volume contracted for a service delivery duration of 90 seconds.

The figure below depicts how the payments are calculated for DS3 capped procurement:

$$\text{DS3 payment} = \text{Available volume} \times \text{Competitive bid}$$

EirGrid and SONI procured 110MW under the volume capped route through a competitive tender in 2019, with service providers in the Republic of Ireland winning all three tenders. The Investment Manager notes that two of the Group's assets in the Republic of Ireland (Porterstown and Kilmannock) managed to procure 60MW of the 110MW that was awarded through the competitive tender<sup>7</sup>. The volume capped contracts are offered for a six-year term, which began in September 2021, and will conclude on 31 August 2027.

## **4 The US market**

As in the UK, grid scale storage requirements across the US are set to grow in order to smooth the variability from renewable energy penetration, provide dispatchable capacity as thermal generation retires, and manage load from increased demand side factors, such as increased electric vehicle sales. Together with policy changes at the state and federal levels, this underpins support for growth in the development of grid scale storage.

The US market is characterised by a number of distinct and separate grids which present various advantages and challenges with respect to pricing, technical feasibility and legislative support among.

Notable state level storage mandates include:

- California – 14.08GW target by 2030<sup>8</sup>
- Virginia – 3.1GW target by 2035<sup>9</sup>
- Massachusetts\* – 1GWh target by end of 2025 + Clean Peak Standard<sup>10</sup>
- Connecticut\* – 1GWh target by 2030<sup>11</sup>
- New York – 3.0GW target by 2030<sup>12</sup>
- New Jersey – 2GW target by 2030<sup>13</sup>
- Nevada – 1GW target by 2030<sup>14</sup>
- Maine\* – 400MW target by 2030<sup>15</sup>

\*Connecticut, Massachusetts and Maine are all part of the integrated regional ISO New England Grid.

7 Source: Eirgrid, DS3 Volume Capped Tender outcome, published June 2019.

8 Source: California Public Utilities Commission, Decision Adopting 2021 Preferred System Plan, December 2021.

9 Source: <https://www.energy-storage.news/maine-becomes-9th-us-state-to-adopt-energy-storage-deployment-target/>

10 Source: 2018 Massachusetts Energy Bill.

11 Source: Senate Bill (SB) 952.

12 Source: state energy storage roadmap, 2018 <https://www.energy-storage.news/maine-becomes-9th-us-state-to-adopt-energy-storage-deployment-target/>.

13 Source: New Jersey Assembly Bill A3723.

14 Source: Public Utilities Commission of Nevada (PUCN) Proposal.

15. Source: <https://www.energy-storage.news/maine-becomes-9th-us-state-to-adopt-energy-storage-deployment-target/>

Bloomberg New Energy Finance (BNEF)<sup>16</sup> estimates that the US will lead the global market in energy storage installations from 2021 to 2025, accounting for 38 per cent. of GW installed globally. According to the US Energy Information Administration, an additional 10GW of large-scale battery storage's ability to contribute electricity to the grid is likely to be installed between 2021 and 2023 in the United States; 10 times the total amount of maximum generation capacity by all systems in 2019. Furthermore, a stand-alone investment tax credit has strong support from the Biden administration, and state energy storage targets have been effective mechanisms for utilities to create frameworks to integrate energy storage into procurement plans.

### ***The Group's current market in the US***

#### *ERCOT*

The Electric Reliability Council of Texas (ERCOT) operates power grid and markets for approximately 90 per cent. of Texas's load, managing the flow of electric power to more than 26 million Texas customers<sup>17</sup>. The market is exhibiting a clear shift in market fundamentals through the increase in renewables deployment which is driving the retirement of thermal generation (mainly coal plants) alongside an increase in storage. The ERCOT market has multiple tailwinds promoting its attractiveness including strong electricity demand growth, an increasing renewable generation mix, outstanding solar and wind resource and liquid wholesale and hedging markets.

ERCOT is one of four grid interconnections in North America which include the Eastern Interconnection, Western Interconnection and Quebec; since these grids have limited interconnections with one another and are effectively electrically isolated. Given the limited interchange with neighbouring systems, load and generation balancing has to be done locally, which has implications for ERCOT's operating reserve requirements and ancillary service markets. Furthermore, ERCOT is a 'low inertia' power system due to the grid's relatively small size and isolation, and resultingly any disturbances on the grid will have a more material effect on grid frequency. This was seen during Winter Storm Uri in February 2021, when cold weather impacted the grid materially for several days.

Renewable energy additions are creating increased congestion and volatility across the state, with an additional 22GW of renewables and 4GW of nameplate storage capacity to be added to the grid, underpinned by rapid build out of renewables in West Texas. ERCOT has the fastest expected load growth of any ISO. Combined with coal retirements, these developments will widen an already large gap in ERCOT interconnection; these grid system failures require peak demand resilience.

Catastrophic weather events have similarly emphasised the need for reform in ERCOT specific to grid reliability. Winter Storm Uri in February 2021, an unexpected state-wide freeze, led to electrical blackouts throughout Texas. After approximately 200 people died in Texas on account of the storm, ERCOT has been under major public scrutiny to be better prepared for similar extreme weather. At the residential level, demand has sharply risen for solar panels paired with battery installations. Given the increased deployment of renewables to modernise the ERCOT grid, storage is expected to be increasingly deployed on account of weather fundamentals and public support for battery deployment.

ERCOT operates as an energy-only market and relies on scarcity pricing to attract new capacity to enter the market. The arbitrage opportunity observed in ERCOT is based on "traditional" off peak and on peak spreads, with operating reserve demand curve price spikes providing significant opportunity for revenue.

ERCOT has no capacity market, which leads to increased energy / ancillary service price volatility, and such persistent market volatility has increased the value of day ahead / real time energy arbitrage as a revenue stream. As storage deployments lags renewable built out, there is increasing price volatility for which flexible generation and energy storage can provide significant value through increasing reliability and reducing volatility.

The primary relevant ancillary service products for battery energy storage systems ("**BESS**") in Texas include Response Reserve Services ("**RRS**"), Regulation Up and Regulation Down. RRS has emerged as a proxy for capacity payment such that ERCOT will compensate RRS sellers on a 24/7/365 basis for being available to the grid for potential RRS call events in case of a contingency, much lower than expected output from renewable generators or much higher than expected load. RRS is procured and priced on a day ahead basis and reflects the daily price shape (higher on evening ramp). Together with the forthcoming fast

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<sup>16</sup> Source: New Energy Outlook, Bloomberg NEF, published 2021.

<sup>17</sup> Source: Ercot Website: <https://www.ercot.com/about>.

frequency response, these products require a speed of response significantly faster than those typically found in ISOs across North America, and this is a distinction for BESS since it is a differentiator to other forms of generation. Regulation Up and Regulation Down help balance grid frequency by adjusting resource output on a sub minute scale to correct imbalances in electric supply and demand.

In 2020/21, Winter Storm Uri led to a rise in winter forward markets stimulated new legislation and discussions around ERCOT's planning processes around Texas renewable power generation. Growing renewable build out also led to an increase in non-spin requirements which created a strong additional potential revenue source for storage and driving up ancillary prices.

ERCOT is the most deregulated market in the US with electricity isolated within its neighbouring system, with plants designed to maximise profit to fit into a deregulated market. In addition, permitting in Texas is typically less onerous compared to other states which facilitates the development of BESS systems and timing to bring projects to commercial operation.

### **Potential markets for the Group in the US**

#### **CAISO**

CAISO has experienced a rapid energy storage growth in the US due to increasing penetration of renewable energy, legislative support including storage mandates and an inability to build new fossil fuelled plants. In the US, CAISO provides clear visibility into long term demand and procurement opportunities relative to other ISOs.

California currently has a regulatory goal of 100 per cent. of the state's electricity to come from carbon-free sources by 2045. To facilitate this goal, the California Public Utilities Commission (CPUC) has unanimously approved plans to add more than 25.5GW of renewables and 15GW of storage in the state by 2032 at a cost of US\$49 billion<sup>18</sup>.

In California, renewables continue to shift the market fundamentals with increased volatility from baseload retirement, persistent congestion and renewable penetration all strengthening demand for energy storage.

CAISO supports increased revenue optionality and optimisation opportunities with multiple offtakers across IOUs, CCAs, municipally-owned electric utilities and power marketers underpinned by lucrative energy arbitrage, frequency regulation and capacity revenue streams. Furthermore, there are increasing reliability concerns and needs for capacity located in close proximity to load; heat waves and drought in summer 2020 and 2021 demonstrated that imports and hydro capacity are less reliable for meeting system demand.

CAISO batteries can earn diversified revenue streams from the following with opportunities growing as California pursues 100 per cent. carbon free electricity:

- Capacity Market: Resource Adequacy (RA) – energy designated by the state to be bid into the market for the reliable operation of the power grid, minus the impacts of outage derates. Any energy needed over that designated amount has to be procured in the real-time market.
- Energy Arbitrage and Trading: Day Ahead and Real Time prices as increased share of renewables continues to bolster energy price volatility.
- Ancillary services: Regulation up; Regulation down; Spinning reserve; and Non-spinning reserve.

## **5 The European market**

### **Overview**

European countries in general are adopting policies of decarbonisation; and incorporating renewable energy as a more prominent contributor to the energy generation mix. This renewable generation introduces greater intermittency to the system, which results in a need for energy storage. Although pumped hydro is a key technology of energy storage in Europe, particularly in France and Iberia, its geographical constraints create opportunities for energy storage to fill the gap. From a general perspective, Italy is amongst the leading European countries in energy storage, with the introduction of key revenue streams and the most progressive

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<sup>18</sup> Senate Bill No. 100: 'SB-100 California Renewables Portfolio Standard Program: emissions of greenhouse gases (2017-2018).'

regulatory environment. More rapid growth is seen in Germany and Italy, with a slower buildout forecast in Iberia.

Policies for renewable energy generation and energy storage across Europe are generally progressive, with the key focus being to ensure grid stability alongside increasing renewable penetration.

In general, in Europe there are the same three main revenue sources as seen in GB (Ancillary Services, Trading and Capacity reserve mechanism).

**The Group’s current market in Western Europe (other than GB and Ireland)**

*Germany*

In Germany, all nuclear plants are set to be phased out by 2023. This baseload generation will, in the short-term up until late the 2020s, be replaced by coal as the primary source of generation before being phased out by CCGTs. This change in the energy mix will be accompanied by increased adoption of renewable energy, which increases the need for storage.

In Germany, the primary ancillary service (Frequency Containment Reserve – FCR) has seen high prices in recent years and has made the business case for batteries due to the increased revenue opportunities. Batteries are well suited to providing ancillary services due to their rapid speed of response. FCR has generated greater interest in energy storage in Germany, with potential capacities of 540MW by 2030.

The regulatory environment in Germany is increasing its renewable energy generation as it winds down its dependence on nuclear energy, incentivising a market for batteries. Currently, batteries can benefit from vNNE, which is a policy that allows storage sites to avoid grid charges, although these sites need to be built before 2023 to benefit from it.<sup>19</sup>

An overview of the revenue sources in the German market is set out in the table below<sup>20</sup>:

	<i>Capacity Market</i>	<i>Ancillary Services</i>	<i>Trading</i>
Germany	No CM market in place	3 main services: Primary (FCR) – 50 per cent. capacity within 15s and 100 per cent. within 30s for 15 mins Secondary (Auto FRR) – respond < 5 mins for 1-hour Tertiary (Manual FRR) – respond < 15 min for 1-hour	Wholesale market – Trading contracts differ with regards to term, ranging from years ahead to imminent delivery. Balancing market – Operates through control reserves

**Potential markets for the Group in Western Europe**

*France*

In France, although nuclear energy remains its prominent source of generation, the level of offshore wind generation is forecast to increase significantly throughout the next decade to replace natural gas.

France introduced new 7-year capacity market contracts for new build energy storage sites which enable them to earn steady revenues for 7 years, creating new opportunities for batteries. The auction has seen over 250MW of batteries and 150MW of DSR secure contracts. The European FCR market is also inducing greater interest in storage in France, with potential capacities of 130MW by 2030.

The regulatory environment in France already benefits from a flexible energy system due to its large presence of hydro in its energy mix, which means batteries are not as necessary as they are in other countries. However, new capacity market 7-year contracts were introduced for the first time in 2020 (under the Long Term Capacity Market Auction (AOLT)), which paves the way for new storage to be built<sup>21</sup>.

19 Source: Aurora Energy Research - European Battery Outlook H2 2020.  
20 Source: Aurora Energy Research - European Battery Outlook H2 2020.  
21 Source: Aurora Energy Research - European Battery Outlook H2 2020.



An overview of the revenue sources in the French market is set out in the table below<sup>22</sup>:

	<i>Capacity Market</i>	<i>Ancillary Services</i>	<i>Trading</i>
France	2 Contract types:  1-year contracts for next-year delivery  7-year contracts for new build assets	3 main services:  Primary (FCR) – 50 per cent. capacity within 15s and 100 per cent. within 30s for 15 mins  Secondary (Auto FRR) – respond < 15 mins for 30 mins  Tertiary (Manual FRR) – respond < 15 min for 30 mins	Wholesale market – Trading contracts differ with regards to term, ranging from years ahead to imminent delivery.  Balancing market – Operates through control reserves

### *Iberia*

In Iberia, hydropower is a large source of generation which reduces the need for storage throughout the next decade; although Portugal is making progressive policy changes for energy storage. There is a slower buildout of batteries forecast in Iberia, largely due to the large portfolio of hydro generators which reduces the need for energy storage. However, Portugal has created a new flexibility option on solar capacity payments for solar and storage projects in order to avoid price spikes on the network.

An overview of the revenue sources in the Iberian market is set out in the table below<sup>23</sup>:

	<i>Capacity Market</i>	<i>Ancillary Services</i>	<i>Trading</i>
Iberia	No CM market yet, expected soon in Portugal	3 main services:  Secondary Regulation (= aFRR): balances supply/demand through actions between 20s and 15 minutes  Tertiary Regulation (= mFRR): balancing service response required within 15 minutes for a duration of up to 2 hours  Deviation management (= Replacement Reserve) – balance supply/demand at the boundary between two intraday market periods	Wholesale market – Trading contracts differ with regards to term, ranging from years ahead to imminent delivery.  Balancing market – Operates between gate closure and delivery

### *Italy*

In Italy, the National Energy Strategy set a target to close all coal-powered plants by 2025, alongside national targets of reaching 93.2GW of renewable energy capacity by 2030. The Italian market may also benefit from greater flexibility of its energy network in terms of market participants due to having one TSO and over 130 DSOs, and its movements towards a smarter grid system since its smart-meter policy change in 2006. These factors pave the way for a storage-friendly environment.

Italy expects to install almost 4.5GW of energy storage by 2050 (Source: Baringa 2020), facilitated by the large buildout of renewables. Its political policies on decarbonisation and the potential for future revenue services are driving the trend. Batteries will, however, face increasing demand from CCGTs and new European interconnector networks.<sup>24</sup>

22 Source: Aurora Energy Research - European Battery Outlook H2 2020.

23 Source: Aurora Energy Research - European Battery Outlook H2 2020.

24 Source: Baringa – Longlist of Markets for Energy Storage, July 2020.

An overview of the revenue sources in the Italian market is set out in the table below<sup>25</sup>:

	<i>Capacity Market</i>	<i>Ancillary Services</i>	<i>Trading</i>
Italy	A capacity remuneration mechanism is in place.	2 main services:  Frequency Regulation (FRU): automatic response < 1 second and maintained for 30 seconds at full power.  Tertiary Reserve (UVAM): provides broader range of balancing services through Terna auctions.	Wholesale market – Trading contracts differ with regards to term, ranging from years ahead to imminent delivery.

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25 Source: Baringa – Longlist of Markets for Energy Storage, July 2020

## PART 4

### THE GROUP'S EXISTING PORTFOLIO AND PIPELINE OF INVESTMENTS

Certain abbreviated and technical terms that are commonly used in the energy industry and which appear in this Part 4 (The Group's existing portfolio and pipeline of investments) and elsewhere in this document are defined in Part 14 (Glossary of Technical Terms) of this document.

#### 1 The Group's existing portfolio

As at the date of this document, the Group's portfolio (unaudited) comprised 25 projects with a total capacity of 708MW including projects under construction. The assets within the Group's existing portfolio are situated in the UK, the Republic of Ireland, the US and Germany. Operational Assets represent 262MW.

The Investment Manager aims to secure portfolio diversification through multiple revenue streams, and diverse geographical locations, EPC contractors, O&M counterparties and initial project 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 date of this document, are summarised below:

#### Operational projects

Project	Location	Capacity	% owned by the Company	Site Type	Commissioning	Battery Provider
Boulby	North Yorkshire UK	6.0MW	100% <sup>26</sup>	Industrial Mining	Q4 2017	NEC ES
Cenin	Wales UK	4.0MW	49%	Renewable Generation	Q1 2018	TESLA
Lower Road	Essex UK	10.0MW	100%	Greenfield	Q1 2020	NEC ES
Port of Tilbury	London UK	9.0MW	100%	Port	Q4 2019	NEC ES
Mullavilly	Northern Ireland	50.0MW	51%	Greenfield	Q1 2021	NEC ES
Drumkee	Northern Ireland	50.0MW	51%	Greenfield	Q1 2021	NEC ES
Lascar	Manchester UK	20.0MW	100%	Greenfield	Q1 2019	BYD
Hulley	Cheshire UK	20.0MW	100%	Greenfield	Q2 2019	BYD
Larport	Derbyshire UK	19.5MW	100%	Greenfield	Q2 2019	BYD
Ancala <sup>27</sup>	Various UK	11.2MW	100%	Renewable Generation	Q4 2017 – Q1 2018	BYD
Breach	Derbyshire UK	10.0MW	100%	Greenfield	Q3 2017	BYD
Snyder <sup>28</sup>	Texas USA	9.95MW	100%	Brownfield	Q4 2021	LG Chem
Sweetwater <sup>29</sup>	Texas USA	9.95MW	100%	Brownfield	Q4 2021	LG Chem
Westover <sup>30</sup>	Texas USA	9.95MW	100%	Brownfield	Q4 2021	LG Chem
Cremzow	Cremzow Germany	22.0MW	90%	Brownfield	Q2 2019	LG Chem-Leclanche

<sup>26</sup> Excluding profit sharing equity instruments owned by General Electricity Holdings Ltd, the parent company of Kiwi Power Limited.

<sup>27</sup> Ancala is comprised of 10 separate sites of 1.0 – 1.2MW each co-located with solar PV projects across the UK and totalling 11.2MW installed capacity.

<sup>28</sup> Signed on 10 March 2022 to be closed imminently.

<sup>29</sup> Signed on 10 March 2022 to be closed imminently.

<sup>30</sup> Signed on 10 March 2022 to be closed imminently.

## Projects under construction/ pre-construction

Project	Location	Capacity	% Owned by the Company	Site Type	Status	Commissioning/ Expected commissioning	Technology provider
Ferrymuir	Scotland UK	49.9MW	100%	Greenfield	Pre-construction	Q1 2023	NIDEC
Kilmannock	Republic of Ireland	30.0-90.0MW	51%	Greenfield	Under construction	Q4 2023	To be confirmed
Porterstown	Republic of Ireland	30.0-90.0MW	51%	Greenfield	Under construction	Q3 2022	Fluence
Stony	UK	80.0MW	100%	Greenfield	Pre-construction	Q2 2023	NIDEC
Enderby	Leicester UK	57.0MW	100%	Greenfield	Pre-construction	Q4 2023	To be confirmed
Mineral Wells <sup>31</sup>	Texas USA	9.95MW	100%	Greenfield	Pre-construction	H2 2023	To be confirmed
Cedar Hill <sup>32</sup>	Texas USA	9.95MW	100%	Greenfield	Pre-construction	H2 2023	To be confirmed
Wichita Falls <sup>33</sup>	Texas USA	9.95MW	100%	Greenfield	Pre-construction	H2 2023	To be confirmed
Mesquite <sup>34</sup>	Texas USA	9.95MW	100%	Greenfield	Pre-construction	H2 2023	To be confirmed
Skyline <sup>35</sup>	Texas USA	9.95MW	100%	Greenfield	Pre-construction	H2 2023	To be confirmed

## Operational projects

### Boulby

Boulby is a 6.0MW 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. During 2021, the Boulby site had three sources of revenue: (i) firm frequency response (FFR) contract; (ii) capacity market contract; and (iii) Triad contract.

### Cenin

The Group has ownership of 49 per cent. in the Cenin Project which is a 4.0MW 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 provides an availability warranty for the project. During 2021, the Cenin site had two sources of revenue: (i) DC & FFR contracts; and (ii) capacity market contract.

### Lower Road

Lower Road is a green field site, front-of-the-meter project located in Brentwood, Essex. It is a 10.0MW battery energy storage project. Lower Road was energised and started its commercial operation in Q1 2020. During 2021, the project benefited from: (i) Triad revenues; (ii) DC & FFR contracts; and (iii) a capacity market contract. Lower Road was constructed by NEC ES under a turn-key EPC contract.

### Port of Tilbury

Port of Tilbury is a 9.0MW behind-the-meter battery energy storage site. The project was energised and started its commercial operation in Q4 2019. During 2021, Port of Tilbury benefited from: (i) Triad revenues; (ii) DC & FFR contracts; and (iii) a capacity market contract. Port of Tilbury was constructed by NEC ES under a turn-key EPC contract.

### Mullavilly and Drumkee

The Company has a 51 per cent. interest in each of two projects in Northern Ireland with a total installed capacity of 100.0MW (the "NI Projects"). The NI Projects, each comprising 50.0MW capacity, are located in Drumkee, County Tyrone and Mullavilly, County Armagh.

31 Signed on 10 March 2022. Expected to be closed in the next few months.

32 Signed on 10 March 2022. Expected to be closed in the next few months.

33 Signed on 10 March 2022. Expected to be closed in the next few months.

34 Signed on 10 March 2022. Expected to be closed in the next few months.

35 Signed on 10 March 2022. Expected to be closed in the next few months.

In 2021, the NI Projects derived 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 continue to participate in the DS3 programme under the DS3 Standard Contracts tender.

The NI Projects were developed by Low Carbon (also a 49 per cent. equity partner) and constructed by NEC ES under a turn-key EPC contract.

#### *Larport, Lascar, Hulley, Breach and Ancala*

On 30 October 2020, the Company acquired a 100 per cent. interest in each of five projects held within an operational portfolio totalling 80.7MW located across the United Kingdom. Of the five projects four are single sites: **Larport; Lascar; Hulley; and Breach**, with total installed capacity ranging between 10.0MW – 20.0MW, and one, **Ancala**, is comprised of ten smaller sites: Blue House; Hermitage; High Meadow; Grimsargh; Heywood Grange; Brookhall; Low Burntoft; Fell View; Hungerford; and Beeches, with total installed capacity ranging between 1.0MW – 1.2MW. The Larport, Lascar and Hulley sites were energised and became operational in 2019, while the Breach and Ancala sites became operational between 2017 and 2018.

During 2021, the five assets had two main sources of revenue: (i) DC & FFR contracts; and (ii) capacity market contract.

All five projects were developed by Anesco Limited using BYD battery systems.

#### *Snyder, Sweetwater and Westover*

On 10 March 2022, the Company entered into an agreement to acquire a 100 per cent. interest in Snyder, Sweetwater and Westover. It consists of 29.85MW of operational sites which are two-hour systems located in Texas (ERCOT) in the US. This acquisition is the Group’s first investment in the US energy storage market and the sellers are expected to continue providing monetisation services for a temporary period post acquisition.

The assets are expected to benefit from revenue streams including: (i) energy trading; and (ii) ancillary services.

#### *Cremzow*

The Company successfully completed the acquisition of a 90 per cent. stake in Cremzow, a 22.0MW front-of-the-meter operational project located in Germany, on 4 March 2022. This acquisition is the Company’s first international transaction in Western Europe (outside of GB and the Republic of Ireland). The site is comprised of two assets; the first being a 2.0MW / 3.2MWh asset that became operational in June 2018, and the second is a 20.0MW / 31.6MWh asset that became operational in April 2019. In addition, the project’s minority shareholder is the local grid operator.

The site is expected to benefit from revenue streams including: (i) Frequency Containment Reserve (FCR); and (ii) intraday wholesale markets.

### **Projects under construction / pre-construction**

#### *Ferrymuir*

The Company acquired 100 per cent. of the Ferrymuir project in June 2020. The project consists of a 49.9MW front-of-the-meter battery energy solution located in Scotland. The project is scheduled to be operational by Q1 2023. The project is expected to benefit from: (i) DC & FFR revenue streams; (ii) a capacity market revenue stream; and (iii) reactive power revenue stream. The Company appointed NIDEC as the EPC contractor in Q1 2022.

#### *Kilmannock and Porterstown*

The Company has a 51 per cent. interest in two projects in the Republic of Ireland with a total installed capacity of 60.0MW. The projects, each with a 30MW capacity, are in Porterstown, County Kildare and Kilmannock, County Wexford (the “**Rol Projects**”). Both projects have secured grid connection capacity extension allocations in the enduring connection policy process, which saw Porterstown awarded additional 60MW of grid connection capacity and Kilmannock has been awarded 90MW of additional grid capacity.

The RoI 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 secured two 30MW DS3 Fixed Contracts through a competitive auction held in 2019. The contract is a six-year contract commencing from the operation date.

The RoI Projects were developed by Low Carbon (also a 49 per cent. equity partner). On 17 November 2020, the Company announced a turn-key EPC contract with Fluence (a joint venture between AES Corp and Siemens AG) for Porterstown. Porterstown and Kilmannock are expected to be energised in Q2 2022 and Q2 2023, respectively.

*Stony*

The Company has a 100 per cent. interest in Stony. It is an 80MW front-of-the-meter project located in Milton Keynes in England. It is scheduled to be commissioned in Q2 2023 and expected to benefit from revenue streams including (i) DC & FFR contracts; and (ii) capacity market contract.

*Enderby*

The Company has a 100 per cent. interest in Enderby. It is a 57.0MW front-of-the-meter project located in Leicester in England. It is scheduled to be commissioned in Q4 2023 and is expected to benefit from: (i) DC & FFR contracts; and (ii) capacity market contracts.

*Mineral Wells, Cedar Hill, Wichita Falls, Mesquite and Skyline*

On 10 March 2022, the Company entered into an agreement to acquire a 100 per cent. interest in Mineral Wells, Cedar Hill, Wichita Falls, Mesquite and Skyline. Each of these assets is a 9.95MW pre-construction site with two hours duration, located in Texas (ERCOT). They are expected to become operational in H2 2023.

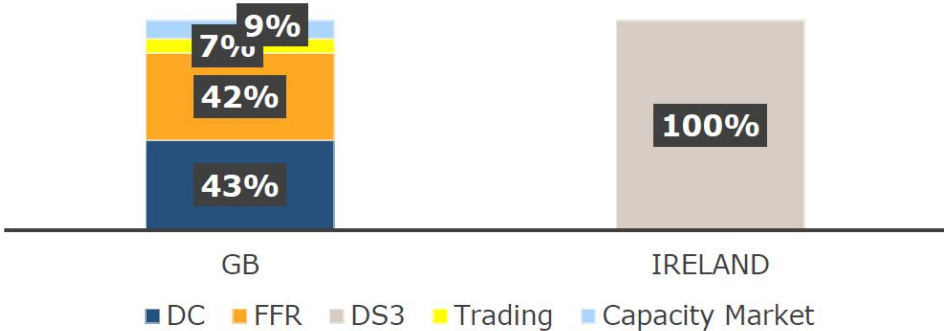
The assets are expected to benefit from revenue streams including: (i) energy trading; and (ii) ancillary services. Together with the projects Snyder, Sweetwater and Westover in Texas, US, these five pre-construction assets constitute the Group’s first investment in the US energy storage market.

**2 Portfolio revenues**

The following charts show the split of the Group’s portfolio by revenue source for Q4 2021:

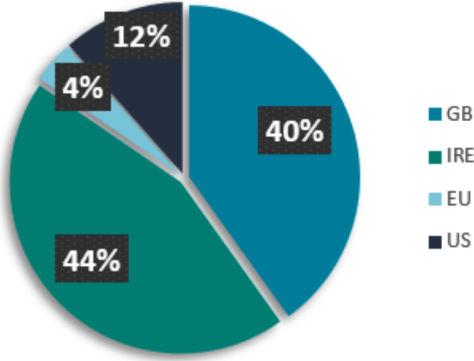
Grid balancing services have dominated the revenues earned throughout 2021; trading is expected to become more prominent in 2022.

Majority grid balancing coming from DS3. Multiplier based on wind penetration; CM income will kick-in in Oct-2022

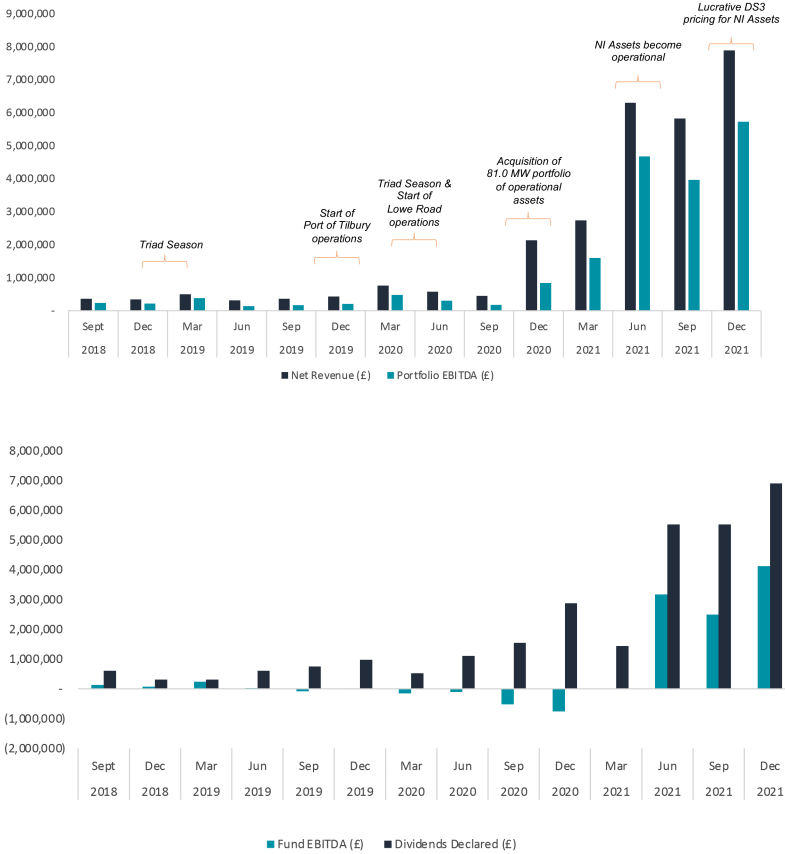




The following chart shows the Investment Manager’s expected split of the Group’s portfolio for 2022 based on revenue by geography and on the composition of the portfolio as at the date of this document (although this is based on a number of forecasts and annualised assumptions and is subject to change):



The following charts illustrate the Company’s historic key metrics, including its portfolio consolidated revenue and EBITDA, as well as Company-level expenses (including holding company expenses):



### 3 Portfolio assets valuation methodology

All of the assets in the Group’s portfolio are valued using the discounted cash flow approach that adheres to the principles of IFRS13 and the International Valuation Standards Council. The valuation assumes the assets have a useful life of up to 30 years, with the Investment Manger conservatively assuming no residual value (despite possessing active grid connections) at the end of life of the assets.

The standard discount rates matrix used by the Investment Manager is set out below:

<i>Discount rate Matrix</i>	<i>Pre-Construction Phase</i>	<i>Construction Phase*</i>	<i>Operational Phase**</i>
Contracted income	10.0%	6.5%-9.5%	6.0%-7.0%
Uncontracted income	10.0%	7.5%-9.5%	7.0%-8.5%

\* Construction discount rates vary based on programme status and lead time.

\*\* Uncontracted revenue rates vary in accordance with market maturity. Contracted revenue rates vary by counterparty.

#### **4 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 200.0MW of total installed capacity in Ireland (the "**Residual Projects**"). 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 6.13 of Part 12 (*Additional Information*) of this document.

#### **5 Market opportunities and pipeline**

##### ***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 driver is the steady increase in intermittent renewable energy capacity combined with a need for grid stability and electricity price stability. Storage projects are well positioned to address these issues. As a result, energy storage is a key part of government energy policy, helping to deliver the low-carbon electricity sector that is the stated goal of the UK, the US, 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 Board, having been advised by the Investment Manager, considers that the Company remains ideally positioned to capitalise on this anticipated increase in demand for energy storage assets.

##### ***Pipeline***

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. As at the date of this document, the Investment Manager has identified a pipeline of investment with a total project size of over 1.3GW, in addition to the option to acquire the Residual Projects. The Investment Manager continues to work with several sources of potential pipeline projects, such as strategic partners, developers and EPC contractors.

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 Investment Manager 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 Investment Manager is currently analysing projects that include: (i) balancing mechanisms; (ii) wholesale trading; (iii) distribution network cost saving; (iv) voltage control; (v) black start; and (vi) DS3 services in Ireland.

As at the date of this document, the Investment Manager has identified the pipeline of potential investments set out in the table below:

<i>Project</i>	<i>Location</i>	<i>Total project size – MW</i>
A	US	40
B	US	200
C	US	100
D	US	35
E	UK	50
F	UK	200
G	UK	100
H	UK	100
I	UK	200
J	UK	250
K	Europe	100
<b>Total</b>		<u>1.375 GW</u>

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 Investment Manager, the Administrator and the Registrar.

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

The Directors are as follows:

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

Mr Cox has significant board experience and, in addition to his role as Chairman of the Board of the Company, he is currently Chairman of Ecocem Ltd and a non-executive director of Supernode Ltd and Gresham House Ireland. He is a member of the Appointment Advisory Committee of the European Investment Bank. 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 and as a Board Member of the Ireland China Institute and the Third Age Foundation Ireland. He is a former President of the European Parliament from 2002 – 2004 and of its Liberal Democrat group from 1998-2002, having been a Member of the European Parliament for Munster, Ireland, from 1989 to 2004. He is now the European Coordinator for the Scandinavian- Mediterranean TEN-T Core Network Transport 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 Banzsky***

Ms Banzsky 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. In addition she is a director of the Benefact Trust Limited and a member of their Finance & Investment Committee, a director of the UK Stem Cell Foundation and a member of the Investment Sub-Committee of The Open University. Formerly the Chief Executive of The Law Debenture Corporation p.l.c. from 2002 to 2016, she was also Chief Operating Officer of SVB Holdings PLC, then a Lloyd's listed integrated vehicle, from 1997 to 2002 and Finance Director of N M Rothschild & Sons Limited from 1995 to 1997, having joined the bank in 1981. She originally trained at what is 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 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 Ecofin Global Utilities & Infrastructure Trust plc and a former non-executive director of Henderson Opportunities Trust. 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 Investment Manager**

The Company has appointed Gore Street Capital Limited as the Company's investment manager.

The Investment Manager was formed in 2015 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 Investment Manager was the first to deploy privately owned large scale battery projects in GB.

Biographies of the directors of the Investment Manager and of the members of the Investment Manager's Investment Committee are set out below:

### **Alex O'Conneide**

Alex O'Conneide is CEO and Chair of the Investment Committee of Gore Street Capital, a business he founded in 2015. Prior to this he was Managing Director and Head of Europe for Paladin Capital, a Senior Advisor to Kleinwort Benson Bank, and served on the Investment Committee of IndoChina Capital; and from 2006 to 2013 was Head of Investments for Masdar, Abu Dhabi's USD15 billion sovereign wealth fund. From 2006 to 2012, Masdar invested in the largest off-shore wind farm in the world, owning 20 per cent. of the 1GWp 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 60MW) 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. Alongside those commercial activities he is a trustee of the London Irish Centre, a UNICEF Advisor, is a visiting researcher to the Energy Policy Group in Cambridge University and a Fellow of the Royal Geographical Society. Alex O'Conneide holds a MA from Trinity College Dublin, a MSc from the London School of Economics, a MSc from the London Business School and a Phd from Trinity College Dublin on Energy Policy.

### **Frank Wouters**

Mr Wouters is a director of the Investment Manager. He is Senior Vice President New Energy at Reliance Industries 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.

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

### **Suminori Arima**

Suminori Arima, the Chief Investment Officer (CIO) at the Investment Manager, 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 20 years' experience in private equity, including various large investments and divestments. He was also a board member of various public and private companies. Prior to joining Gore Street Capital, Suminori had 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.

### **Track record**

The members of the Investment Manager's Investment Committee 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;
- 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 Investment Manager to achieve consistent high quality deal flows and successfully execute assets under management through its disciplined investment approach.

### **AIFM Agreement**

The Company and the Investment Manager have entered into the AIFM Agreement, a summary of which is set out in paragraph 6.11 of Part 12 (*Additional Information*) of this document, under which the Investment Manager has been appointed to act as the investment manager (and AIFM) of the Company, subject to the overall control and supervision of the Directors.

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

## **3 Administration of the Company**

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

## **4 Fees and expenses**

Ongoing annual expenses include the following:

### **(i) Investment Manager**

Under the terms of the AIFM Agreement, the Investment Manager is entitled to receive from the Company a management fee payable quarterly in arrear calculated at the rate of one-fourth of one per cent. of Adjusted Net Asset Value (the "**Management Fee**"). For these purposes "**Adjusted Net**



**Asset Value**” means Net Asset Value, minus uncommitted cash, being cash that has not been allocated for repayment of a liability on the balance sheet of any member of the Group.

Where there are C Shares in issue, the Management Fee will be charged on the Net Asset Value attributable to the Ordinary Shares and C Shares respectively.

In respect of its services as AIFM, the Investment Manager is entitled to receive a fee of £75,000 per annum in addition to fees for Annex IV reporting of £667 for each scheduled reporting filed on behalf of the Company.

The Investment Manager is also entitled to a performance fee calculated by reference to the movements in the Net Asset Value (before subtracting any accrued performance fee) over the Benchmark.

For these purposes:

**“Benchmark”** shall be equal to (a) the gross proceeds raised on the Company's IPO (being £30,600,000) 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”** means the 12 month period starting on 1 April and ending on 31 March in each calendar year, provided 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 Investment Manager 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 Investment Manager shall never exceed an amount equal to 50 per cent. of the Management Fee in respect of that period.

Any performance fee payable to the Investment Manager 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 AIFM 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 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.

#### *Commercial Management Agreement*

Pursuant to the Commercial Management Agreement, a subsidiary of the Investment Manager, Gore Street Operational Management Limited (“**GSOML**”) provides certain operational and administrative services to the Company. These include services in respect of the Development Projects (the “**Construction Services**”) and services in respect of the Operational Assets (the “**Operational Services**”).

The Construction Services include, *inter alia*, managing development related matters that arise in relation to the project until the project has been commissioned, overseeing the exercise of lease options and negotiation of lease terms and overseeing the construction phase of the project.

The Operational Services include, *inter alia*, facilitating the timely response to issues on site, including dispatch of engineering resources and technicians, assessing daily performance of energy storage assets and identifying and monitoring project operations risks and issues and interfacing with and holding accountable the asset manager and operation and maintenance provider.

Pursuant to the Commercial Management Agreement, GSOML also provides administrative services to the Group, including in relation to financial reporting, supporting transactions and in relation to the development and implementation of ESG policies. As the Group’s portfolio continues to grow, including with the acquisition of assets in new jurisdictions, the scope of the services to be provided by GSOML pursuant to the Commercial Management Agreement will increase.

GSOML is entitled to receive a quarterly fee equal to the lower of: (i) its costs associated with the provision of all services by it to the Group pursuant to the Commercial Management Agreement during the relevant quarter plus a 15 per cent. mark-up; and (ii) one-fourth of one per cent. of Net Asset Value.

(ii) **Administrator**

The Administrator is entitled to a fee of £50,000 per annum for the provision of accounting and administration services based on Net Asset Value of up to £30 million and an ad valorem fee based on total assets of the Company which exceed £30 million applied as follows:

- 0.05 per cent. on assets from £30 million to £75 million; plus
- 0.025 per cent. on assets from £75 million to £150 million; plus
- 0.02 per cent. on assets over £150 million.

Additional fees of between £6,000 and £6,500 per subsidiary of the Company per annum are charged by the Administrator.

(iii) **Company Secretary**

The Company Secretary is entitled to receive an annual fee of £70,000, plus a fee of £1,700 per subsidiary of the Company.

(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 of £333.33. The fee is subject to increase in line with the consumer price index.

(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 £40,000 for each Director per annum. The Chairman's current fee is £57,500 per annum and the fee for the Chairman of the Audit Committee is currently £45,000 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 Investment Manager, the Administrator, the Registrar, the Depositary and the Directors relating to the Company will be borne by the Company.

## **5 Conflicts of interest**

Under the terms of the AIFM Agreement neither the Investment Manager 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 alternative investment fund manager 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). The Investment Manager and its associates may otherwise 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 Investment Manager 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 Investment Manager has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Investment Manager 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 Investment Manager 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 Investment Manager 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.

## **6 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; 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 Banszky, 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 Investment Manager. It also reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor.

The Company’s Remuneration and Nomination Committee is chaired by Patrick Cox, consists of all the Directors and meets at least once a year. The Remuneration and Nomination Committee has responsibility for reviewing the remuneration of the Directors; specifically reflecting the time commitment and responsibilities of the role. The Remuneration and Nomination Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where considered appropriate.

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 Investment Manager and it annually reviews that appointment and the terms of the AIFM 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 2019 Report and Accounts, 2020 Report and Accounts, 2021 Report and Accounts and the 2021 Half-Year Report, which have been incorporated into this document by reference and which are available online at [www.gsenergystoragefund.com](http://www.gsenergystoragefund.com) included, on the pages specified in the table below, the following information:

<i>Nature of information</i>	<i>2021 Half-Year Report (page no(s))</i>	<i>2021 Report and Accounts (page no(s))</i>	<i>2020 Report and Accounts (page no(s))</i>	<i>2019 Report and Accounts (page no(s))</i>
Overview and Highlights	1-9	1-9	1-4	1
Chairman's Statement	10-11	10-11	6-7	3
Strategic Report	–	12-15	5-7	4-8
Investment Manager's Report/ Investment Adviser's Report	12-16	16-20	8-22	9-14
Directors' Report	–	30-32	24-28	31-32
Statement of Directors' Responsibilities	22	36	29	33
Corporate Governance Report	–	37-48	30-40	15-23
Audit Committee Report	–	49-52	41-44	27-29
Remuneration and Nomination Committee Report	–	53-56	45-48	24-25
Management Engagement Committee Report	–	57-59	49-50	30
Independent Auditor's Report	–	60-65	51-58	35-38
Independent Auditor's Review Report	23	–		
Statement of Comprehensive Income	25	67	60	40
Statement of Financial Position	26	68	61	41
Statement of Changes in Equity	27-28	69-70	62-63	42
Statement of Cash Flows	29	71	64	43
Notes to the Financial Statements	30-39	72-92	65-85	44-59

The 2019 Report and Accounts, 2020 Report and Accounts, 2021 Report and Accounts and the 2021 Half-Year Report were prepared in accordance with IFRS and the 2019 Report and Accounts, 2020 Report and Accounts and 2021 Report and Accounts were audited by Ernst & Young LLP, whose report was unqualified. Save for the 2019 Report and Accounts, 2020 Report and Accounts and 2021 Report and Accounts, no other audited information is included in this document.

Those parts of the 2019 Report and Accounts, 2020 Report and Accounts, 2021 Report and Accounts and the 2021 Half-Year Report which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this document.

#### 2 Operating and financial review

The 2019 Report and Accounts, 2020 Report and Accounts, 2021 Report and Accounts and the 2021 Half-Year Report 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>2021 Half-Year Report (page no(s))</i>	<i>2021 Report and Accounts (page no(s))</i>	<i>2020 Report and Accounts (page no(s))</i>	<i>2019 Report and Accounts (page no(s))</i>
Chairman's Statement	10-11	10-11	6-7	3
Investment Manager's Report/ Investment Adviser's Report	12-16	16-20	8-20	10-17

### 3 Significant change

Save as disclosed below, there has been no significant change in the financial position of the Group since 30 September 2021, being the end of the last financial period for which interim financial information of the Company has been published:

- on 4 October 2021, the Company issued 68,811,220 new Ordinary Shares at 107 pence per Ordinary Share pursuant an institutional placing and retail offer, raising gross proceeds of £73.6 million; and
- on 19 November 2021, Kilmannock, one of the Company's assets in the Republic of Ireland, secured a 90MW increase in its allocated grid connection capacity, increasing the asset's total expected installed capacity to 120MW;
- on 10 March 2022, the Company entered into an agreement to acquire a 100 per cent. interest in Mineral Wells, Cedar Hill, Wichita Falls, Mesquite and Skyline for aggregate consideration of US\$9 million. Each of these assets is a 9.95MW pre-construction site with two hours duration, located in Texas (ERCOT);
- on 10 March 2022, the Company entered into an agreement to acquire a 100 per cent. interest in Snyder, Sweetwater and Westover for aggregate consideration of US\$29.7 million. Each of these is a 9.95MW operational site with two-hours in durations located in Texas (ERCOT);
- on 4 March 2022, the Company completed the acquisition of a 90 per cent. stake in Cremzow, a 22.0MW front-of-the-meter operational project located in Germany for total consideration of €11.9 million; and
- on 7 March 2022, the Company declared a dividend of 2.0 pence per Ordinary Share for the period 1 October 2021 to 31 December 2021, payable to Shareholders on the register on 18 March 2022.

### 4 Capitalisation and indebtedness

The following tables show the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 28 February 2022 and the Company's capitalisation as at 30 September 2021.

The capitalisation information as at 30 September 2021 has been extracted without material adjustment from the 2021 Half-Year Report incorporated by reference in this Part 6.

The unaudited indebtedness information as at 28 February 2022 has been sourced from the Company's internal accounting records.

	<i>28 February 2022</i> <i>(unaudited)</i> £000
<b>Total Current Debt</b>	
Guaranteed	–
Secured	–
Unguaranteed/Unsecured	–
<b>Total Non-Current Debt</b>	
Guaranteed	–
Secured	–
Unguaranteed/Unsecured	–
	 <i>30 September 2021</i> £000
<i>Shareholders' Equity</i>	
Share capital	2,762
Legal reserves (Share premium and special reserve)	238,702
Other reserves (excluding revenue reserve)	47,007

On 4 October 2021, the Company issued 68,811,220 new Ordinary Shares pursuant to an institutional placing and retail offer.



The following table, sourced from the Company's internal accounting records, shows the Company's unaudited net indebtedness as at 28 February 2022:

	<i>28 February 2022</i> <i>(unaudited)</i> £000
(A) Cash	206,998
(B) Cash equivalents	–
(C) Other current financial assets	–
<b>(D) Liquidity (A+B+C)</b>	<b>206,998</b>
(E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	–
(F) Current portion of non-current financial debt	–
<b>(G) Current financial indebtedness (E+F)</b>	<b>–</b>
<b>(H) Net current financial indebtedness (G-D)</b>	<b>(206,998)</b>
(I) Non-current financial debt (excluding current portion and debt instruments)	–
(J) Debt instruments	–
(K) Non-current trade and other payables	–
<b>(L) Non-current financial indebtedness (I+J+K)</b>	<b>–</b>
<b>(M) Total financial indebtedness (H+L)</b>	<b>(206,998)</b>

As at 28 February 2022, the Company had no indirect or contingent indebtedness.

## PART 7

### THE INITIAL ISSUE

#### 1 Introduction

The Company is targeting a raise of approximately £75 million, before expenses, through the Initial Placing, Initial Offer for Subscription and Initial Intermediaries Offer of 68,181,818 Ordinary Shares at a price of 110 pence per Ordinary Share. In this document, the Initial Placing, the Initial Offer for Subscription and the Initial Intermediaries Offer are together referred to as the Initial Issue. The Initial Issue is not being underwritten. The Directors have reserved the right, in conjunction with the Joint Bookrunners, to increase the size of the Initial Issue to a maximum of 136,363,636 Ordinary Shares if overall demand exceeds 68,181,818 Ordinary Shares, with any increase being announced through a Regulatory Information Service.

The aggregate proceeds of the Initial Issue, after deduction of expenses, are expected to be approximately £73.5 million, on the assumption that gross proceeds of approximately £75 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.

The Ordinary Shares to be issued pursuant to the Initial Issue 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 new Ordinary Shares). On 7 March 2022, the Directors declared a dividend of 2.0 pence per Ordinary Share for the period from 1 October 2021 to 31 December 2021, payable to Shareholders on the register on 18 March 2022. The new Ordinary Shares to be issued pursuant to the Initial Issue will not be entitled to that dividend. The first dividend to which holders of new Ordinary Shares to be issued pursuant to the Initial Issue will be entitled will be the final dividend for the financial year ended 31 March 2022.

#### 2 The Initial Placing

Each of Shore Capital and J.P. Morgan Cazenove has agreed to use its respective reasonable endeavours to procure subscribers pursuant to the Initial Placing for the Ordinary Shares at the Issue Price on the terms and subject to the conditions set out in the Share Issuance Agreement. Details of the Share Issuance Agreement are set out in paragraph 6.1 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 or J.P. Morgan Cazenove are set out in Part 9 (*Terms and conditions of each Placing*) of this document. The Initial Placing will close at 11.00 a.m. on 12 April 2022 (or such later date, not being later than 27 May 2022, as the Company, Shore Capital and J.P. Morgan Cazenove 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, J.P. Morgan Cazenove, the Company, the Investment Manager 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 Initial Offer for Subscription

The Directors are also proposing to offer Ordinary Shares under the Initial Offer for Subscription, subject to the terms and conditions set out in Part 10 (*Terms and conditions of each Offer for Subscription*) of this document. These terms and conditions and the Application Form attached as Appendix 1 to this document should be read carefully before an application is made. The Initial Offer for Subscription will close at 11.00 a.m. on 12 April 2022. If the Initial Offer for Subscription is extended, the revised timetable will be notified through a Regulatory Information Service.

Applications under the Initial Offer for Subscription must be for Ordinary Shares at the Issue Price being 110 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 its absolute discretion. Multiple subscriptions under the Initial 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 Initial Offer for Subscription must be posted to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH so as to be received by no later than 11.00 a.m. on 12 April 2022. For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 12 April 2022. Please contact Computershare Investor Services PLC by email at GSESOffer@computershare.co.uk stating "**GORE OFS 2022**" and the Receiving Agent will provide applicants with a unique reference number which must be used when sending payment.

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

### 4 The Initial Intermediaries Offer

Investors may also subscribe for Ordinary Shares at the Issue Price of 110 pence per Ordinary Share pursuant to the Initial Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom are eligible to participate in the Initial Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client. No Ordinary Shares allocated under the Initial 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 (as the Intermediaries Offer Adviser) and the Investment Manager).

An application for Ordinary Shares in the Initial 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 Investment Manager 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 Initial 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 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 Investment Manager 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 Initial Intermediaries Offer.

## **5 Conditions**

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

- (i) the passing of the Resolutions;
- (ii) the Share Issuance 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 14 April 2022 (or such later date, not being later than 31 May 2022, as the Company, Shore Capital and J.P. Morgan Cazenove may agree).

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**

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

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

The costs and expenses of the Initial Issue have been capped at 2.0 per cent. of the gross proceeds of the Initial Issue. The costs and expenses of the Initial Issue will be borne by the Company in full and no expenses will be directly charged to any investor by the Company. Assuming 68,181,818 Ordinary Shares are issued resulting in gross proceeds of approximately £75 million, the costs and expenses of the Initial Issue payable by the Company are expected to be approximately £1.5 million. However, the Ordinary Shares being issued pursuant to the Initial Issue are being issued at the last published NAV per Ordinary Share together with a premium intended to cover the costs and expenses of the Initial Issue.

## **8 The Share Issuance Agreement**

The Share Issuance Agreement contains provisions entitling Shore Capital and J.P. Morgan Cazenove 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 Share Issuance Agreement provides for Shore Capital and J.P. Morgan Cazenove 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 or J.P. Morgan Cazenove may be retained or dealt in by it for its own benefit.

Under the Share Issuance Agreement, each of Shore Capital and J.P. Morgan Cazenove 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. Each of Shore Capital and J.P. Morgan Cazenove is also entitled under the Share Issuance 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 Share Issuance Agreement are set out in paragraph 6.1 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) 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 68,181,818 Ordinary Shares are issued pursuant to the Initial Issue, there would be a dilution of approximately 16.5 per cent. in Shareholders' ownership and voting interests in the Company (assuming an existing Shareholder does not participate at all).

## **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 14 April 2022.

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 within ten Business Days of Initial Admission. 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 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 Use of proceeds**

The Directors intend to direct the Investment Manager to apply the net proceeds of the Initial Issue to acquire and construct new projects in the Company's pipeline.

## **13 Material interests**

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

## **14 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" 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 SHARE ISSUANCE PROGRAMME

#### 1 Overview

Following the Initial Issue, the Directors intend to implement the Share Issuance Programme to raise capital for further investment. The Share Issuance Programme is a programme pursuant to which new Ordinary Shares and/or C Shares may be issued by way of one or more Subsequent Placings and/or Subsequent Offers for Subscription and/or Subsequent Intermediaries Offers. In addition, the Company may, pursuant to the Share Issuance Programme, seek to raise capital through direct subscriptions from investors for new Ordinary Shares and/or C Shares, including pursuant to NTMA Subscriptions and may also issue new Ordinary Shares in consideration (in whole or part) for the acquisition of any investment that falls within the Company's investment policy. Any issue of new Ordinary Shares and/or C Shares pursuant to a Subsequent Placing and/or Subsequent Offer for Subscription and/or Subsequent Intermediaries Offer and/or a Direct Subscription and/or as Consideration Shares is referred to collectively in this document as a **"Subsequent Issue"**.

The Directors are seeking authority at the General Meeting to issue up to 750 million Ordinary Shares and/or C Shares in aggregate (less the number of Ordinary Shares issued under the Initial Issue), pursuant to the Share Issuance Programme, without having to first offer those Shares to existing Shareholders. The Directors also have authority remaining to issue up to 29.9 million Ordinary Shares to NTMA pursuant to the Subscription Agreement.

The number of Shares available under the Share Issuance Programme is intended to be flexible and should not be taken as an indication of the number of Shares to be issued. No Subsequent Issue is being underwritten. Shares may be issued pursuant to the Share Issuance Programme from 8.00 a.m. on the day following Initial Admission until 8.00 a.m. on 28 March 2023.

The issue of Shares under the Share Issuance Programme is at the discretion of the Directors (in consultation with the Joint Bookrunners and the Investment Manager), who will determine in respect of any particular Subsequent Issue: (a) whether that Subsequent Issue will be undertaken by way of a Subsequent Placing or a Subsequent Offer for Subscription or a Subsequent Intermediaries Offer or a Direct Subscription or an issue of Consideration Shares (or any combination thereof); (b) whether that Subsequent Issue will involve an issue of Ordinary Shares or C Shares; (c) the opening and closing dates of the relevant Subsequent Issue; (d) the relevant Share Issuance Programme Price; and (e) the basis for allocation of Shares pursuant to the relevant Subsequent Issue.

The Company will announce the Final Details of any Subsequent Issue by way of the publication of a notice through a Regulatory Information Service as well as on the Company's website [www.gsenergystoragefund.com](http://www.gsenergystoragefund.com). Any such announcement will confirm whether the Subsequent Issue is being effected by way of an issue of Ordinary Shares or C Shares and by way of a Subsequent Placing and/or a Subsequent Offer for Subscription and/or a Subsequent Intermediaries Offer and/or a Direct Subscription and/or an issue of Consideration Shares as well as detailing the Share Issuance Programme Price (or the method by which the Share Issuance Programme Price is to be ascertained) in respect of the relevant Subsequent Issue, together with an expected timetable and any settlement instructions.

The terms and conditions which apply to any subscription for Shares pursuant to each Subsequent Placing and each Subsequent Offer for Subscription are set out in Part 9 (*Terms and Conditions of each Placing*) and Part 10 (*Terms and Conditions of each Offer for Subscription*) respectively of this document.

Multiple applications on behalf of a single client will be rejected. Intermediaries which are making applications on behalf of clients in any Subsequent Intermediaries Offer should make separate applications in respect of each client.

In respect of any Subsequent Intermediaries Offer made pursuant to the Share Issuance Programme, only the Intermediaries' retail investor clients in the United Kingdom are eligible to participate in any such Subsequent Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client in respect of any Subsequent Intermediaries Offer. No Shares allocated under any Subsequent



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 (as the Intermediaries Offer Adviser) and the Investment Manager).

An application for Shares in any Subsequent Intermediaries Offer means that the Underlying Applicant agrees to acquire the Shares applied for at the relevant Share Issuance Programme 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 Shares. Where an application is not accepted or there are insufficient 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 Investment Manager 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 relevant Subsequent 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 Investment Manager or Shore Capital. Any liability relating to such documents shall be for the relevant Intermediaries only.

The Intermediaries Terms and Conditions will 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 Shares allocated to and paid for by them pursuant to the relevant Subsequent Intermediaries Offer.

The details of any Intermediaries appointed by the Company from time to time in respect of any Subsequent Intermediaries Offer, and any new information about any such Intermediaries, will be published on the Company's website [www.gsenenergystoragefund.com](http://www.gsenenergystoragefund.com).

## **2 Conditions**

Each allotment and issue of Shares under a Subsequent Issue is conditional, *inter alia*, on:

- (i) in respect of an issue of Ordinary Shares, the Share Issuance Programme Price being determined by the Directors as described below;
- (ii) Admission of the Shares being issued pursuant to such Subsequent Issue occurring not later than 8.00 a.m. on such date as may be agreed between the Company, Shore Capital and J.P. Morgan Cazenove, not being later than 28 March 2023;
- (iii) the Share Issuance Agreement becoming otherwise unconditional in respect of the relevant Subsequent Issue 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 Regulation 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 Shares will not take place.

### **3 Share Issuance Programme Price**

The Share Issuance Programme Price in respect of any issue of Ordinary Shares will be determined by the Company and will be not less than the prevailing Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue. In determining the Share Issuance Programme Price of any Ordinary Shares, the Directors will take into consideration, *inter alia*, the prevailing market conditions at that time, including the prevailing share price per Ordinary Share.

In the case of C Shares, the Share Issuance Programme Price will be 100 pence per C Share.

The Share Issuance Programme Price, or methodology for determining the Share Issuance Programme Price, will be announced as soon as reasonably practicable in advance of each Subsequent Issue.

### **4 NTMA Subscriptions**

Pursuant to the Subscription Agreement, when the Investment Manager sources an Eligible Project, the Company will issue an NTMA Subscription Notice to NTMA and NTMA will make an 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 Investment Manager).

NTMA has agreed to commit up to £26.5 million to invest in Eligible Projects (less any Relevant Expenses) and, as at the date of this document, has invested approximately £11 million in the Ordinary Shares.

Prior to completion of an investment in an Eligible Project, and subject to the satisfaction of certain conditions, the Company will issue an 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 Ordinary Shares at the time of the NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the 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 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 NTMA Subscription, which may or may not take place at the same time as any other Subsequent Issue, may differ from any Share Issuance Programme Price.

### **5 Dilution**

If 681,818,182 Shares are issued in aggregate pursuant to the Share Issuance Programme, assuming the Initial Issue has been subscribed as to 68,181,818 Ordinary Shares, there would be a dilution of approximately 52 per cent. in Shareholders' ownership and voting interests in the Company following the Initial Issue (assuming an existing Shareholder does not participate at all). The voting rights may be diluted further on conversion of any C Shares depending on the applicable conversion ratio.

### **6 The Share Issuance Agreement**

Shore Capital and J.P. Morgan Cazenove are entitled to terminate the Share Issuance Agreement at any time prior to any Subsequent Admission in certain circumstances. If this right is exercised, where applicable, any monies received in respect of the relevant Subsequent Issue will be returned to applicants without interest at the applicants' risk.

The Share Issuance Agreement provides for each of Shore Capital and J.P. Morgan Cazenove to be paid commission by the Company in respect of certain Shares to be allotted pursuant to the Share Issuance Programme. Any Shares subscribed for by Shore Capital or J.P. Morgan Cazenove may be retained or dealt in by it for its own benefit.

Under the Share Issuance Agreement, each of Shore Capital and J.P. Morgan Cazenove 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 Share Issuance Programme. Each of Shore Capital and J.P. Morgan Cazenove is also entitled under the Share Issuance Agreement to retain agents and may pay commission in respect of the Share Issuance Programme to any or all of those agents out of its own resources.

Further details of the terms of the Share Issuance Agreement are set out in paragraph 6.1 of Part 12 (*Additional Information*) of this document.

## **7 Scaling back**

In the event of oversubscription of any Subsequent Issue, applications under such Subsequent Issue will be scaled back at the Joint Bookrunners' discretion (in consultation with the Company and the Investment Manager).

## **8 Costs and expenses of the Share Issuance Programme**

The costs and expenses of each Subsequent Issue will depend on subscriptions received but have been capped at 2.0 per cent. of each Subsequent Issue. The costs of any issue of Ordinary Shares are expected to be covered by issuing such Ordinary Shares at a premium to the latest NAV per Ordinary Share at the time of issue. The costs and expenses of any issue of C Shares under the Share Issuance 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 Investment Manager may require evidence in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

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 Shares issued pursuant to any Subsequent Issue, 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).

## **10 Admission, clearing and settlement**

Applications will be made to the FCA for all of the Shares to be issued pursuant to any Subsequent Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

Payment for Shares issued by way of Subsequent Placing will be made through CREST or through the Joint Bookrunners, in any such case in accordance with settlement instructions to be notified to Placees by Shore Capital or J.P. Morgan Cazenove.

Payment for Shares applied for under any Subsequent Offer for Subscription should be made in accordance with the instructions contained in Part 10 (*Terms and Conditions of each Offer for Subscription*) of this document and the Application Form set out at the end of this document unless otherwise indicated in the Final Details in which case settlement should be made in accordance with any instructions contained therein.

Pursuant to the Intermediaries Terms and Conditions, Intermediaries will undertake to make payment on their own behalf (not on behalf of any other person) of the consideration for the Shares allocated, at the relevant Share Issuance Programme Price, to the Receiving Agent, in accordance with details to be communicated on or after the time of allocation, by means of CREST against the delivery of the Shares at the time and/or date set out in the "Expected Timetable" set out in this document or at such other time and/or date after the day of publication of the Final Details as may be agreed by the Company and Shore Capital and notified to the Intermediaries.

To the extent that any placing commitment under a Subsequent Placing or application under a Subsequent Offer for Subscription is rejected in whole or in part, any monies received will be returned without interest at the risk of the Placee or applicant.

To the extent that any application under a Subsequent Intermediaries Offer is not accepted in full or in part (due to scaling back of subscriptions or otherwise), the relevant Intermediary will be obliged to refund the applicant as required and all such refunds shall be made without interest. Neither the Company nor the Joint Bookrunners accept any responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

CREST accounts will be credited with new Shares as soon as is reasonably practicable on the date of the relevant Admission and it is anticipated that, where Shareholders have requested them, certificates in respect of Shares to be held in certificated form will be dispatched within ten Business Days of admission of the relevant Shares to the premium segment of the Official List and to trading on the main market of the London Stock Exchange. Pending receipt by Shareholders of definitive share certificates, if issued, the Registrar will certify any instruments of transfer against the relevant register of members. No temporary documents of title will be issued.

An announcement of each allotment and issue pursuant to a Subsequent Issue under the Share Issuance Programme will be released through an RIS, including details of the number of Shares allotted and issued and the applicable gross proceeds of that Subsequent Issue.

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

Any Ordinary Shares issued pursuant to the Share Issuance Programme 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). The Ordinary Shares into which any C Shares issued pursuant to the Share Issuance Programme shall convert will also rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid by reference to a record date falling after the calculation date).

## **11 Use of proceeds**

The net proceeds of the Issuance Programme are dependent on: (i) the aggregate number of Shares issued pursuant to the Share Issuance Programme; and (ii) the price at which such Shares are issued.

The Directors intend to direct the Investment Manager to apply the net proceeds of any Subsequent Issue to acquire and construct new projects in the Company's pipeline.

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

## **12 Material interests**

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

## **13 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" of this document.

The Articles contain provisions designed to restrict the holding of 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 Shares under the Share Issuance Programme 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 EACH PLACING

#### 1 Introduction

- 1.1 Each Placee which confirms its agreement to the Company and/or Shore Capital and/or J.P. Morgan Cazenove 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 and/or J.P. Morgan Cazenove 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 Subject to the paragraph above, the commitment to acquire Ordinary Shares under the Initial Placing and/or the commitment to acquire Ordinary Shares and/or C Shares under a Subsequent Placing will be agreed orally with Shore Capital or J.P. Morgan Cazenove 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 Shares and conditions

- 2.1 A Placee agrees to become a member of the Company and agrees to subscribe for those Shares allocated to it at the Issue Price or the relevant Share Issuance Programme Price, conditional on:
  - 2.1.1 the Share Issuance 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 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 14 April 2022 (or such later time and/or date as the Company, Shore Capital and J.P. Morgan Cazenove may agree and, in any event, no later than 8.00 a.m. on 31 May 2022) and (in respect of a Subsequent Placing) any Admission of the Shares occurring not later than 8.00 a.m. on such other dates as may be agreed between the Company, Shore Capital and J.P. Morgan Cazenove prior to the closing of each Subsequent Placing, not being later than 28 March 2023;
  - 2.1.3 in the case of any Subsequent Placing, the relevant Share Issuance 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 Regulation Rules;
  - 2.1.5 the Company having sufficient authorities in place to issue such Shares; and
  - 2.1.6 Shore Capital or J.P. Morgan Cazenove confirming to the Placees their allocation of 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 Shares

- 3.1 Each Placee must pay the Issue Price or relevant Share Issuance Programme Price for the Shares issued to the Placee, as applicable, in the manner and by the time directed by Shore Capital or J.P. Morgan Cazenove. If any Placee fails to pay as so directed and/or by the time required by Shore Capital or J.P. Morgan Cazenove, the relevant Placee’s application for Shares may, at the discretion of Shore Capital or J.P. Morgan Cazenove, 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 Share Issuance Programme Price for the Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Shore Capital or J.P. Morgan Cazenove elects to accept that Placee's application, Shore Capital or J.P. Morgan Cazenove (as applicable) may sell all or any of the Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for Shore Capital's or J.P. Morgan Cazenove's (as applicable) 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 Shares on such Placee's behalf.
- 3.3 Settlement of transactions in the Shares following any Admission will take place in CREST but each of Shore Capital and J.P. Morgan Cazenove reserves the right in its respective absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

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

By agreeing to subscribe for Ordinary Shares under the Initial Placing or Ordinary Shares and/or C Shares under a Subsequent Placing, each Placee which enters into a commitment to subscribe for Shares will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to represent, warrant and acknowledge to each of the Company, the Investment Manager, the Registrar, Shore Capital and J.P. Morgan Cazenove 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 Investment Manager, Shore Capital, J.P. Morgan Cazenove 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 Investment Manager, Shore Capital, J.P. Morgan Cazenove 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 and any supplementary prospectus issued by the Company prior to Initial Admission or the relevant Subsequent Admission in its entirety and understands and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part 9 and, as applicable, in the Contract Note or Placing Confirmation, as applicable and the Placing Letter (if any) and the Articles as in force at the date of Admission of the relevant Shares and agrees that in accepting a participation in the Initial Placing 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 Shares;
- 4.4 it has the power and authority to subscribe for Shares under the Initial Placing or any Subsequent Placing and to execute and deliver all documents necessary for such subscription;
- 4.5 it has not relied on Shore Capital or J.P. Morgan Cazenove or any person affiliated with Shore Capital or J.P. Morgan Cazenove or any agent of Shore Capital or J.P. Morgan Cazenove in connection with any investigation of the accuracy of any information contained in this document and it has relied on



- its own investigation with respect to the Shares and the Company in connection with its investment decision;
- 4.6 the content of this document and any supplementary prospectus issued by the Company prior to Initial Admission or the relevant Subsequent Admission is exclusively the responsibility of the Company and its Directors and neither Shore Capital nor J.P. Morgan Cazenove nor any person acting on their behalf nor any of their respective affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document (and any such supplementary prospectus issued by the Company) 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, such supplementary prospectus or otherwise;
  - 4.7 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 any supplementary prospectus issued by the Company prior to the date of Initial Admission or the relevant Subsequent Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Shore Capital or J.P. Morgan Cazenove;
  - 4.8 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);
  - 4.9 it has the funds available to pay in full for the Shares for which it has agreed to subscribe and that it will pay the total subscription in accordance with the terms set out in this Part 9 and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
  - 4.10 settlement of transactions in the Shares following Initial Admission or the relevant Subsequent Admission (as applicable), will take place in CREST but each of Shore Capital and J.P. Morgan Cazenove reserves the right in its respective absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter (if any) or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
  - 4.11 it accepts that none of the Shares has been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the 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;
  - 4.12 it is entitled to subscribe for the 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 Shares and will honour such obligations, and 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;
  - 4.13 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 Shares may otherwise lawfully be offered under such Order and 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 Shares may be lawfully offered under that other jurisdiction's laws and regulations;
  - 4.14 if it is a resident in the EEA: (i) it is a qualified investor within the meaning of Article 2(e) of the EU Prospectus Regulation; and (ii) it is a person to whom the Shares may lawfully be marketed under the AIFMD and under the applicable implementing legislation (if any) of the relevant EEA Member State;
  - 4.15 in the case of any Shares acquired by a Placee as a financial intermediary within the EEA as that term is used in the EU Prospectus Regulation or within the United Kingdom as that term is used in the UK Prospectus Regulation: (a) the 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 EEA Member State or the United Kingdom other than qualified investors, as that term is defined in the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable), or in circumstances in which the prior consent of Shore Capital or J.P. Morgan Cazenove has been given to the offer or resale; or (b) where Shares have been acquired by it on behalf of persons in any EEA Member State or the United Kingdom other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable) as having been made to such persons;

- 4.16 if it is outside the United Kingdom, neither this document (and any supplementary prospectus issued by the Company) 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 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 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;
- 4.17 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 Shares and it is not acting on a non-discretionary basis for any such person;
- 4.18 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 Shares under the Initial Placing and/or 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;
- 4.19 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving, the United Kingdom;
- 4.20 it has complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the UK Market Abuse Regulation and the Proceeds of Crime Act 2002 with respect to anything done by it in relation to the Initial Placing and any Subsequent Placing and/or the Shares;
- 4.21 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document (and any supplementary prospectus issued by the Company) or any other offering materials concerning the Initial Placing and/or a Subsequent Placing or the Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 4.22 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;
- 4.23 it acknowledges that neither Shore Capital nor J.P. Morgan Cazenove nor any of their respective 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 or J.P. Morgan Cazenove and that neither Shore Capital nor J.P. Morgan Cazenove has 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;
- 4.24 it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (a) to subscribe for the 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 and/or J.P. Morgan Cazenove. It agrees that the provisions of this paragraph shall survive any resale of the Shares by or on behalf of any such account;

- 4.25 if it is acting as a “distributor” (for the purposes of the MiFID II Product Governance Requirements):
- 4.25.1 it acknowledges that the Target Market Assessment undertaken by the Investment Manager, Shore Capital and J.P. Morgan Cazenove does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UK 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 Shares and each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels;
  - 4.25.2 notwithstanding any Target Market Assessment undertaken by the Investment Manager, Shore Capital and J.P. Morgan Cazenove, 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 Shares and that it has considered the compatibility of the risk/reward profile of such Shares with the end target market;
  - 4.25.3 it acknowledges 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; and
  - 4.25.4 it agrees that if so required by Shore Capital, J.P. Morgan Cazenove or the Investment Manager, it shall provide aggregate summary information on sales of the 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;
- 4.26 it irrevocably appoints any director of the Company and any director of Shore Capital and any director of J.P. Morgan Cazenove 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 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;
- 4.27 it accepts that if the Initial Placing and/or a Subsequent Placing does not proceed or the conditions to the Share Issuance Agreement are not satisfied or the 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 none of Shore Capital, J.P. Morgan Cazenove, 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;
- 4.28 in connection with its participation in the Initial Placing and/or a Subsequent Placing it has observed all relevant legislation and regulations;
- 4.29 it acknowledges that Shore Capital, J.P. Morgan Cazenove and the Company are entitled to exercise any of their rights under the Share Issuance Agreement (including, without limitation, rights of termination) or any other right in their absolute discretion without any liability whatsoever to it;
- 4.30 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Shore Capital, J.P. Morgan Cazenove 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 Shares are no longer accurate, it shall promptly notify Shore Capital or J.P. Morgan Cazenove and the Company;
- 4.31 where it or any person acting on behalf of it is dealing with Shore Capital or J.P. Morgan Cazenove, any money held in an account with Shore Capital or J.P. Morgan Cazenove 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 or J.P. Morgan Cazenove to segregate such money, as that money will be held by Shore Capital or J.P. Morgan Cazenove (as applicable) under a banking relationship and not as trustee;
- 4.32 any of its clients, whether or not identified to Shore Capital or J.P. Morgan Cazenove, will remain its sole responsibility and will not become clients of Shore Capital or J.P. Morgan Cazenove for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

- 4.33 it accepts that the allocation of Shares shall be determined by the Company in its absolute discretion (in consultation with Shore Capital, J.P. Morgan Cazenove and the Investment Manager) and that the Joint Bookrunners (in consultation with the Company and the Investment Manager) may scale down any commitments for this purpose on such basis as it may determine;
- 4.34 time shall be of the essence as regards its obligations to settle payment for the Shares and to comply with its other obligations under the Initial Placing and/or a Subsequent Placing;
- 4.35 it authorises Shore Capital and J.P. Morgan Cazenove, as the case may be, to deduct from the total amount subscribed under the Initial Placing and/or any Subsequent Placing, as applicable, the aggregate commission (if any) payable on the number of Shares allocated under the Initial Placing and/or any Subsequent Placing, as applicable;
- 4.36 its commitment to acquire Shares may be agreed orally with Shore Capital or J.P. Morgan Cazenove as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Shore Capital or J.P. Morgan Cazenove 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 or J.P. Morgan Cazenove (as applicable) to subscribe for the number of Shares allocated to it at the Issue Price or the relevant Share Issuance 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 or J.P. Morgan Cazenove, such oral commitment will not be capable of variation or revocation after the time at which it is made; and
- 4.37 its allocation of 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 Shares that such Placee has agreed to subscribe for; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) settlement instructions to pay Shore Capital or J.P. Morgan Cazenove 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 Shares for any reason. The Company also reserves the right to sell fewer than all of the Shares offered by this prospectus or to sell to any purchaser less than all of the Shares a purchaser has offered to purchase.

## 5 Money Laundering

Each Placee:

- 5.1 represents and warrants that it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing (“**Money Laundering Legislation**”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2017 in force in the United Kingdom, as amended from time to time; or (ii) subject to the Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directives 2009/138/EC and 2013/36/EU; or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Legislation; and
- 5.2 acknowledges and agrees that: (i) due to anti-money laundering and the countering of terrorist financing requirements, Shore Capital and/or J.P. Morgan Cazenove 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 J.P. Morgan Cazenove 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, J.P. Morgan Cazenove 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

Each Placee:

- 6.1 acknowledges that due to anti-money laundering and the countering of terrorist financing requirements, Shore Capital, J.P. Morgan Cazenove, the Registrar and 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, J.P. Morgan Cazenove and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Shore Capital, J.P. Morgan Cazenove 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;
- 6.2 acknowledges that it has been informed that, pursuant to the DP Legislation, the Company and the Registrar on the Company's behalf will, following Admission, hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may include names, postal addresses and email addresses. The Company (and the Registrar acting as data processor of the Company) will process such personal data at all times in material compliance with DP Legislation and shall only process for the purposes set out in the Company's privacy policy (the "**Purposes**") which is available for consultation on the Company's website at [www.gsenergystoragefund.com](http://www.gsenergystoragefund.com) (the "**Privacy Policy**") which include to:
  - 6.2.1 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 Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
  - 6.2.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;
  - 6.2.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
  - 6.2.4 process its personal data for internal administration;
- 6.3 acknowledges that where it is necessary to fulfil the Purposes, the Company, may disclose personal data to:
  - 6.3.1 third parties located either within, or outside of the United Kingdom or the EEA, if necessary for the Registrar to perform its functions and in particular in connection with the holding of Shares; or
  - 6.3.2 its affiliates, Shore Capital, J.P. Morgan Cazenove, the Registrar, the Investment Manager or the Administrator and their respective associates, some of which may be located outside the United Kingdom or the EEA;
- 6.4 acknowledges that any sharing of personal data by the Company with other parties will be carried out in compliance with the DP Legislation and as set out in the Company's Privacy Policy;
- 6.5 acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where it is a natural person he or she represents and warrants that he or she has read and understood the terms of the Company's Privacy Policy and shall provide consent to the processing of his/her personal data for the Purposes where such consent is required;
- 6.6 hereby represents and warrants to the Company, the Registrar, Shore Capital and J.P. Morgan Cazenove that by submitting personal data to the Registrar (acting for and on behalf of the Company) that is not its own personal data, that:
  - 6.6.1 it has brought the Company's Privacy Policy to the attention of any underlying data subjects on whose behalf or account it may act or whose personal data will be disclosed to the Company as a result of it agreeing to subscribe for Shares and has provided such underlying data subjects with details of the Purposes for which their personal data will be used;



- 6.6.2 where consent is required under DP Legislation, it has obtained the consent of any data subject to the Company and the Registrar and their respective affiliates and group companies, processing their personal data for the Purposes; and
  - 6.6.3 it has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company;
- 6.7 acknowledges that where it acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Initial Placing and/or a Subsequent Placing:
- 6.7.1 if required, agree with the Company, Shore Capital, J.P. Morgan Cazenove and the Registrar, the responsibilities of each such entity as regards responding to data subjects' rights and communications with a data protection regulator; and
  - 6.7.2 immediately on demand, fully indemnify each of the Company, Shore Capital, J.P. Morgan Cazenove 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, Shore Capital, J.P. Morgan Cazenove and/or the Registrar in connection with any failure by it to comply with the provisions set out in this paragraph 6.

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

- 7.1 By participating in the Initial Placing and/or any Subsequent Placing each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, the Registrar, Shore Capital and J.P. Morgan Cazenove that:
- 7.1.1 it is not a US Person, is not located within the United States and is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S under the US Securities Act and it is not acquiring the Shares for the account or benefit of a US Person;
  - 7.1.2 it acknowledges that the 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 in 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 and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner that would not require the Company to register under the US Investment Company Act;
  - 7.1.3 it acknowledges that the Company has not registered under the US Investment Company Act and that the Company has put in place restrictions for transactions in the Shares to prevent the Company from being required to register under the US Investment Company Act;
  - 7.1.4 except as otherwise expressly agreed with the Company, no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) 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 (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. In addition, if an investor 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 Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
  - 7.1.5 if any Shares are issued 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 WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION 903 OR RULE 904 OF REGULATION S TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON, IF EITHER (1) AT THE TIME THE BUY ORDER ORIGINATED THE TRANSFEREE WAS OUTSIDE THE UNITED STATES, OR THE TRANSFEROR AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE TRANSFEREE WAS OUTSIDE THE UNITED STATES OR (2) THE SALE IS MADE IN A TRANSACTION EXECUTED IN A DESIGNATED OFFSHORE SECURITIES MARKET, AND TO A PERSON NOT KNOWN TO THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE, AND UPON CERTIFICATION, IF SO REQUESTED BY THE COMPANY TO THAT EFFECT BY THE TRANSFEROR IN WRITING IN AN OFFSHORE TRANSACTION LETTER OR ANOTHER FORM ACCEPTABLE TO THE COMPANY AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.”**

- 7.1.6 if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in an offshore transaction in accordance with Regulation S under the US Securities Act to a person outside the United States and not known by the transferor to be a US Person by pre-arrangement or otherwise. 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;
- 7.1.7 it is purchasing the Shares for its own account or for one or more investment accounts 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 Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 7.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the 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 federal securities laws to transfer such Shares or interests in accordance with the Articles;
- 7.1.9 it acknowledges and understands that the Company is required to comply with international regimes for the automatic exchange of information to improve tax compliance (including FATCA and the CRS). The Placee agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required to enable it to comply with its obligations under automatic exchange of information regimes;
- 7.1.10 it is entitled to acquire the 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 Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, Shore Capital, J.P. Morgan Cazenove or their respective affiliates, members, directors, officers agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Initial Placing and/or any Subsequent Placing or its acceptance of participation in the Initial Placing or any Subsequent Placing;

- 7.1.11 it is not a US Person, and 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 Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and
- 7.1.12 it is acquiring any 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 Investment Manager, the Registrar, Shore Capital, J.P. Morgan Cazenove 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 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 or J.P. Morgan Cazenove.

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

If Shore Capital, J.P. Morgan Cazenove, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for 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 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 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 Shares has been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the 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 Investment Manager, Shore Capital, J.P. Morgan Cazenove 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 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 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 Investment Manager, Shore Capital, J.P. Morgan Cazenove 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 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, J.P. Morgan Cazenove 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 Share Issuance Agreement and the Share Issuance Agreement not having been terminated. Further details of the terms of the Share Issuance Agreement are contained in paragraph 6.1 of Part 12 (*Additional Information*) of this document.

## PART 10

### TERMS AND CONDITIONS OF EACH OFFER FOR SUBSCRIPTION

#### 1 Introduction

- 1.1 Applications to acquire Shares must be made on the Application Form attached as Appendix 1 to this document or otherwise published by the Company.
- 1.2 Any 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.

#### 2 Offer to acquire Shares under each Offer for Subscription

- 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 Shares specified in Box 1 on your Application Form, or any smaller amount for which such application is accepted, at the:
    - (i) Issue Price in respect of the Initial Offer for Subscription; and
    - (ii) Share Issuance Programme Price, in respect of a Subsequent Offer for Subscription,in each case 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 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 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 Shares applied for in certificated form or be entitled to commence dealing in Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Shares unless and until you make payment in cleared funds for such 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, Shore Capital and J.P. Morgan Cazenove 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 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 Shares to be deposited into a CREST account (a) the Receiving Agent may in its absolute discretion amend the form so that such 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, Shore Capital or J.P. Morgan Cazenove 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 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 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 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, 6.14, 6.16 or 6.18 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 Legislation 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 Shares and, in such case, the 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 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 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 GSESF plc OFS 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;
- 2.1.15 agree that your application must be for a whole number of Shares and the number of Shares issued to you will be rounded down to the nearest whole number;

- 2.1.16 acknowledge that the offer to the public of Shares is being made only in the United Kingdom and represent that you are in the United Kingdom (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for Shares); and
- 2.1.17 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, 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 the Joint Bookrunners in consultation with the Company and the Investment Manager. 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 Shares, or which is for more than 1,000 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 Fractions of Shares will not be issued.
- 3.5 All payments must be in pounds Sterling and cheques or banker's drafts should be payable to "**CIS PLC re GSESF plc OFS 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 each 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.
- 3.6 For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 12 April 2022 in respect of the Initial Offer for Subscription and by no later than 11.00 a.m. on such date as may be specified on the Company's website or by way of an appropriate announcement through a Regulatory Information Service in respect of any



Subsequent Offer for Subscription. Applicants wishing to make a CHAPS payment should contact Computershare stating “**GORE OFS 2022**” by email at GSESOffer@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.

- 3.7 Should you wish to apply for Shares by delivery versus payment method (“**DVP**”), you will need to match your instructions to Computershare Investor Services PLC’s Participant Account 8RA21 by no later than 1.00 p.m. on 13 April 2022 in respect of the Initial Offer for Subscription and by no later than 1.00 p.m. on such date as may be specified on the Company’s website or by way of an appropriate announcement through a Regulatory Information Service in respect of any Subsequent Offer for Subscription allowing for the delivery and acceptance of your 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.
- 3.8 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 Shares to be made prior to 8.00 a.m. on 14 April 2022 in respect of the Initial Offer for Subscription and by no later than 11.00 a.m. on such date as may be specified on the Company’s website or by way of an appropriate announcement through a Regulatory Information Service in respect of any Subsequent Offer for Subscription 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 Sterling Overnight Index Average 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:
- 4.1.1 in relation to the Initial Offer for Subscription, the passing of the Resolutions;
  - 4.1.2 in relation to a Subsequent Offer for Subscription, Shareholder authority for the relevant Subsequent Issue being in place;
  - 4.1.3 in relation to the Initial Offer for Subscription, Initial Admission occurring by 8.00 a.m. on 14 April 2022 (or such later time or date as the Company, Shore Capital and J.P. Morgan Cazenove may agree (not being later than 31 May 2022));
  - 4.1.4 in relation to any Subsequent Offer for Subscription, Admission occurring by 8.00 a.m. on a date to be agreed between the Company, Shore Capital and J.P. Morgan Cazenove, not being later than 8.00 a.m. on 28 March 2023;
  - 4.1.5 in relation to a Subsequent Offer for Subscription, the Share Issuance Programme Price being determined by the Directors; and
  - 4.1.6 the Share Issuance Agreement becoming otherwise unconditional in respect of the Initial Issue or the relevant Subsequent Issue and not being terminated in accordance with its terms before Initial Admission or the relevant Subsequent Admission (as applicable).
- 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 represent and warrant that you are not a US Person, are not located within the United States and are acquiring the Shares in an offshore transaction meeting the requirements of Regulation S under the US Securities Act and you are not acquiring the Shares for the account or benefit of a US Person;
- 6.4 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 and any supplementary prospectus issued by the Company prior to the relevant Admission of the Shares issued pursuant to the Initial Issue or the Share Issuance Programme (as applicable) (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;
- 6.5 agree that, having had the opportunity to read this document and the Key Information Document relating to the Shares each in its entirety, you shall be deemed to have had notice of all information and representations contained therein;
- 6.6 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 any supplementary prospectus issued by the Company prior to the relevant Admission of Shares issued pursuant to the Initial Issue or the Share Issuance Programme (as applicable) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Shore Capital, J.P. Morgan Cazenove, the Investment Manager or the Receiving Agent;
- 6.7 warrant that you are not under the age of 18 on the date of your application;
- 6.8 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;
- 6.9 represent and warrant that you have not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document (and any supplementary prospectus issued by the Company) or any other offering materials concerning the Offer for Subscription and/or a Subsequent Offer for Subscription or the Shares to any persons within the United States or to any US Persons, nor will you do any of the foregoing;
- 6.10 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;

- 6.11 agree that, in respect of those 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;
- 6.12 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;
- 6.13 irrevocably authorise the Company, Shore Capital, J.P. Morgan Cazenove 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 Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Shore Capital and/or J.P. Morgan Cazenove and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 6.14 agree to provide the Company with any information which it, Shore Capital, J.P. Morgan Cazenove 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 Legislation;
- 6.15 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, J.P. Morgan Cazenove, the Investment Manager 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;
- 6.16 agree that Shore Capital, J.P. Morgan Cazenove 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 Shares or concerning the suitability of the Shares for you or be responsible to you for the protections afforded to their customers;
- 6.17 warrant that you are not subscribing for the Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the Shares;
- 6.18 warrant that the information contained in the Application Form is true and accurate;
- 6.19 agree that if you request that Shares are issued to you on a date other than Initial Admission or Subsequent Admission (as applicable) and such 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 Shares on a different date; and
- 6.20 acknowledge that the Company's Key Information Document prepared pursuant to the UK 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.gsenergystoragefund.com](http://www.gsenergystoragefund.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.

The Company, the Investment Manager, 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.

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.

## **7 Money Laundering**

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Legislation, 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 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 Legislation, a person making an application for 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 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 5 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 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 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 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 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 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 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 DP Legislation, the Company and/or the Registrar will, following Admission, hold personal data (as defined in the DP Legislation) relating to past and present Shareholders, and that such personal data may include names, postal addresses and email addresses. The Company (and the Registrar acting as data processor of the Company) will process such personal data at all times in material compliance with the DP Legislation and shall only process for the purposes set out in the Company's privacy policy (the "**Purposes**") which is available for consultation on the Company's website at [www.gseenergystoragefund.com](http://www.gseenergystoragefund.com) (the "**Privacy Policy**"), which include 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 Shares, including processing personal data in connection with credit and anti-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 Shares;
  - 9.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar;
  - 9.1.4 process its personal data for internal administration; and
  - 9.1.5 agree that your Application Form is addressed to the Company, Shore Capital and J.P. Morgan Cazenove;
- 9.2 Each applicant acknowledges and agrees that:
- 9.2.1 where it is necessary to fulfil the Purposes, the Company may disclose personal data to:
    - (a) third parties located either within, or outside of the EEA or the United Kingdom, if necessary for the Registrar to perform its functions, and in particular in connection with the holding of Shares; or
    - (b) its affiliates Shore Capital, J.P. Morgan Cazenove, the Registrar or the Investment Manager and their respective associates, some of which may be located outside the EEA or the United Kingdom;
  - 9.2.2 any sharing of personal data by the Company with Shore Capital, J.P. Morgan Cazenove, the Registrar or with other parties will be carried out in compliance with the DP Legislation and as set out in the Company's Privacy Policy;
  - 9.2.3 by submitting personal data to the Registrar (acting for and on behalf of the Company) where you are a natural person you have read and understood the terms of the Company's Privacy Policy and shall provide consent to the processing of your personal data for the Purposes where such consent is required; and
  - 9.2.4 it shall immediately on demand fully indemnify each of the Company, Shore Capital, J.P. Morgan Cazenove 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, Shore Capital, J.P. Morgan Cazenove and/or the Registrar in connection with any failure by it to comply with the provisions set out in this paragraph 9.

## **10 Miscellaneous**

- 10.1 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 Shares and the Offer for Subscription.
- 10.2 The rights and remedies of the Company, the Investment Manager, Shore Capital, J.P. Morgan Cazenove 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.
- 10.3 The Company reserves the right to extend the closing time and/or date of the Offer for Subscription. In that event, the new closing time and/or date will be notified through a Regulatory Information Service.
- 10.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to the relevant 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.
- 10.5 You agree that Shore Capital, J.P. Morgan Cazenove and the Receiving Agent are acting for the Company in connection with the Initial Issue and/or the Share Issuance Programme and no-one else and that none of Shore Capital, J.P. Morgan Cazenove 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 Shares or concerning the suitability of the Shares for you or otherwise in relation to the Offer for Subscription or for providing the protections afforded to their customers.
- 10.6 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.
- 10.7 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, and have at all relevant times been, 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 Shares and the dividends payable on them.

The comments apply only to Shareholders who hold their Shares as investments and may not apply to certain categories of Shareholder such as dealers in securities, financial institutions, insurance companies and collective investment schemes, Shareholders who are exempt from taxation (or who hold their Shares through an ISA) and Shareholders who have (or are deemed to have) acquired their Shares by virtue of any office or employment. The position of such Shareholders is not addressed in these comments. Nor is the position of any Shareholders who are involved in arrangements to avoid tax or obtain a tax advantage. You should seek professional tax advice if you are resident, domiciled or subject to tax in any jurisdiction outside the UK or if you are in any doubt as to your tax position.

#### **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 Investment Manager 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 Shares.

## **Individuals**

In outline, UK resident individual shareholders will pay UK income tax on dividends received over the annual dividend allowance (£2,000 for the year to 5 April 2023) at the following rates (for tax year 2022/2023), (taking account of any other dividend income received by the shareholder in the same tax year):

- 8.75 per cent. on dividend income within the basic rate band;
- 33.75 per cent. on dividend income within the higher rate band; and
- 39.35 per cent. on dividend income within the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a shareholder's income. In addition, dividends within the dividend allowance which would (if there were no dividend allowance) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

## **Companies**

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of Part 9A of the Corporation Tax Act 2009) will not generally be subject to UK corporation tax on dividends paid by the Company on the 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 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 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 tax advisers where necessary.

## **Taxation of chargeable gains**

### ***Disposals of Shares – general***

A disposal of 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.

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 Shares, provided that their 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 (provided that, broadly, 75 per cent. or more of the gross market value of the Company's assets do not derive, directly or indirectly, from UK land). 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.

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 provided the relevant conditions are met. To this extent, the new Ordinary Shares will be treated for the purposes of UK taxation of chargeable gains 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 this reorganisation treatment applies, the conversion will not be treated as itself giving rise to a disposal of the Shareholder's C Shares for the purposes of UK taxation of chargeable gains.

## **ISAs**

Shares acquired pursuant to an Offer for Subscription or in the secondary market should be eligible for inclusion in an ISA. Shares acquired pursuant to an Intermediaries Offer should also be eligible for inclusion in an ISA provided the Intermediaries Offer is accepted by HMRC as being open to the public at large. The annual ISA investment allowance for the tax year 2022/23 is £20,000. HMRC are understood to take the view that Shares acquired pursuant to a Placing would not be eligible to be included directly in an ISA.

Any Shareholder wishing to hold Shares through an ISA should contact their ISA Manager.

**Individuals wishing to invest in 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 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.

### ***Initial Issue and Share Issuance Programme***

The issue of Shares pursuant to the Initial Issue and the Share Issuance 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 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 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 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.

A market value charge to UK stamp duty applies to transfers of listed securities by a person (or its nominee) to a connected company (or its nominee), subject to the availability of relief. A market value charge to SDRT applies to unconditional agreements to transfer listed securities in the same circumstances unless the SDRT charge is cancelled, as outlined above. The Shares will be listed securities for these purposes when they are admitted to trading on the main market of the London Stock Exchange.

The cost of any stamp duty or SDRT that arises in connection with a transfer of Shares would normally be borne by the purchaser.

### ***Shares held through CREST***

Paperless transfers of 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 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 a number of international arrangements which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, FATCA, the Common Reporting Standard, the EU Directive on Administrative Cooperation in Tax Matters, and a number of other arrangements with particular jurisdictions. In connection with agreements and arrangements of this kind, 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 and the Investment Manager

- 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. The Company's Legal Entity Identifier (LEI) is 213800GPUNVGG81G4O21.
- 1.2 The registered office of the Company is 18th Floor, 52 Lime Street, London EC3M 7AF 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 Regulation Rules, the Disclosure Guidance and Transparency Rules, the UK 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
GSF Albion Limited	England and Wales	100
GSF England Limited	England and Wales	100
GSF IRE Limited	England and Wales	100
GSF Atlantic Limited	England and Wales	100
GSF Americas Incorporated	Delaware	100
NK Boulby Energy Storage Limited	England and Wales	100
Ferrymuir Energy Storage Limited	England and Wales	100
Kiwi Power ES B Limited	England and Wales	49
OSSPV 001 Limited	England and Wales	100
Lascar Battery Storage Limited	England and Wales	100
Larport Energy Storage Limited	England and Wales	100
Hulley Road Energy Storage Limited	England and Wales	100
Breach Farm Energy Storage limited	England and Wales	100
Enderby Battery Storage Limited	England and Wales	100
Stony Energy Storage Limited	England and Wales	100
Ancala Energy Storage Limited	England and Wales	100
Drumkee Energy Limited	England and Wales	51
Mullavilly Energy Limited	England and Wales	51
Kilmannock Battery Storage Limited	England and Wales	51
Porterstown Battery Storage Limited	England and Wales	51
ENEL Green Power Cremzow GmbH & Co KG and ENEL Green Power Cremzow Verwaltungs GmbH	Germany	90

- 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:

- 1.5.1 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;
  - 1.5.2 the Company is not a close company at any time during the accounting period;
  - 1.5.3 the Company is resident in the UK throughout that accounting period;
  - 1.5.4 the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and
  - 1.5.5 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 Investment Manager, Gore Street Capital Limited, is a private limited company incorporated in England and Wales on 28 July 2015 with registered number 09707413. The principal legislation under which the Investment Manager operates is the Act. The address of the registered office of the Investment Manager is Lower Third Floor, Evelyn Suite Quantum House, 22-24 Red Lion Court, London EC4A 3EB and its telephone number is +44 20 3826 0290. The Investment Manager is regulated in the conduct of investment business by the FCA. The Investment Manager 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.

## 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 Investment Manager. The redeemable preference shares were redeemed immediately following First Admission out of the proceeds of an issue of Ordinary Shares. On 25 May 2018, the Company issued 30,599,999 Ordinary Shares at a price of 100 pence per Ordinary Share. The Ordinary Share held by the subscriber to the Company's memorandum of association was also transferred as part of that issue. Since then, the Company has issued a further 314,435,842 Ordinary Shares.

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	3,450,358.42	345,035,842

The Ordinary Shares are fully paid up.

2.3 The following resolutions are being proposed at the General Meeting:

- 2.3.1 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, in aggregate, up to 750 million Ordinary Shares and/or C Shares, such authority to expire on 31 March 2023, 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
- 2.3.2 that the Directors be empowered (pursuant to sections 570 and 573 of the Act) to allot Ordinary Shares and C Shares for cash and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.3.1 above as if section 561 of the Act did not apply to

any such allotment or sale, such power to expire on 31 March 2023, 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.

- 2.4 In accordance with the authorities referred to in paragraph 2.3 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.
- 2.5 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. Investors should note that the Directors are seeking authority at the General Meeting to issue Ordinary Shares and/or C Shares on a non-pre-emptive basis as disclosed at paragraph 2.3.2 above.

### **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**

The rights and restrictions attaching to the C Shares and the Deferred Shares arising on their conversion are summarised below.

(i) 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 Investment Manager 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 Investment Manager 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 a class of 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 of the relevant class 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 (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;

**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 but unpaid dividends in respect of such C 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);

**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 relevant class of C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company).

- (ii) The holders of the Ordinary 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 in the Articles, 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 Relevant 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.;
  - (b) the C Shareholders of each class shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the relevant class of



- C Shares and from income received and accrued which is attributable as determined by the Directors to the relevant class of C Shares;
- (c) the Ordinary Shares shall confer the right to dividends declared in accordance with the Articles;
  - (d) 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
  - (e) 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 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) amongst the existing Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares; 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 holders of Deferred Shares £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) second, amongst the Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.
- (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 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 shall not carry any right to receive notice of, attend or vote at any general meeting of the Company.
- (v) The following provisions shall apply to the Deferred Shares:
- (a) the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion may be repurchased by the Company in accordance with the terms set out in the Articles;
  - (b) immediately upon Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of that Conversion for an aggregate consideration of £0.01 for every 1,000,000 Deferred Shares and the notice referred to in paragraph (viii) below shall be deemed to constitute notice to each C Shareholder of the relevant class (and any person or persons having rights to acquire or acquiring C Shares of the relevant class on or after the Calculation Date) that the Deferred Shares shall be repurchased, immediately upon the relevant Conversion for an aggregate consideration of £0.01 for every 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 both to the Existing Ordinary Shares and to the C Shares for the time being as a separate classes that save with the sanction or consent of such holders given in accordance with the 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 shall be made; 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 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 each class of C Shares in issue;
  - (b) allocate to the assets attributable to each class of C Shares in issue 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 each class of C Shares in issue (both dates inclusive) as the Directors consider to be attributable to the relevant C Shares; and
  - (c) give or procure the giving of appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.
- (viii) A class of C Shares for the time being in issue shall be sub-divided and converted into new Ordinary Shares and Deferred Shares on the Conversion Date relating to such class of C Shares in accordance with the following provisions:
  - (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 of the relevant class 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 J 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 of the relevant class advising such C Shareholder of the Conversion Date, the Conversion Ratio and the numbers of new Ordinary Shares and Deferred Shares to which such C Shareholders will be entitled on Conversion.
- (c) On conversion each C Share of the relevant class in issue as at the Conversion Date shall automatically sub-divide 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 of the relevant class in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole new Ordinary Share); and
  - (ii) each conversion share of £0.01 which does not so convert into a new Ordinary Share shall convert into one Deferred Share.
- (d) The new 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 of the relevant class (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to new Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any new 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 of the relevant class shall be cancelled and the Company shall issue to each former C Shareholder of the relevant class new certificates in respect of the new Ordinary Shares which have arisen upon Conversion to which he 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 Major Shareholders, Directors and related party transactions

- 4.1 So far as is known to the Company, and which is notifiable under the Disclosure Guidance and Transparency Rules, as at the date of this document, 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>
Rathbones	48,385,197	14.0%
Hargreaves Lansdown	21,614,521	6.26%
EFG Harris, Allday	17,749,765	5.14%
Interactive Investor	17,697,302	5.13%
Charles Stanley	13,088,987	3.79%
NTMA	11,730,910	3.40%
First Avenue Capital	11,658,249	3.38%
Momentum Global Investment Management	11,003,954	3.19%
AJ Bell	10,953,049	3.17%
Privium Fund	10,947,263	3.17%
Redmayne Bentley	10,565,592	3.06%

- 4.2 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.
- 4.3 As at the date of this document, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 4.4 The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 4.5 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.
- 4.6 Save as set out in this paragraph 4.6, 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	0.014%
Caroline Banszky	50,000	0.014%
Malcolm King	50,000	0.014%
Thomas Murley	–	–

- 4.7 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.
- 4.8 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.
- 4.9 Save for the Chairman of the Board and the Chair of the Audit Committee, the Directors' remuneration is currently £40,000 per annum for each Director per annum. The Chairman's current fee is £57,500 per annum and the fee for the Chair of the Audit Committee is currently £45,000 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 year ended 31 March 2021 was £135,378.

4.10 There are no amounts set aside or accrued by the Company or its subsidiaries to provide pension, retirement or similar benefits.

4.11 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	Gresham House Asset Management Ireland Ltd Third Age Foundation Ireland Ecocem Ltd Supernode Ltd	Michelin SCA
Caroline Banzsky	3i Group plc Integrafin Holdings plc	The Caledonian Club Trust Limited
Malcolm King	Ecofin Global Utilities & Infrastructure Trust plc	Henderson Opportunities Trust plc
Thomas Murley	Ameresco Inc Catalyst MENA Clean Energy Fund Hudson Clean Energy Partners JCM Power Ltd	—

4.12 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, liquidations or administration 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
- (ii) 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.

4.13 Save for the appointment letters entered into between the Company and each Director and the AIFM Agreement and Commercial Management Agreement entered into with the Investment Manager and Gore Street Operational Management Limited, respectively, the Company has not entered into any related party transactions during the period covered by the historical financial information incorporated by reference in Part 6 (*Financial Information*) of this document and subsequent to 30 September 2021, being the date to which the last unaudited financial statements of the Company were prepared, up to the date of this document.

## **5 Investment restrictions**

5.1 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.

5.2 The Company will not invest in other listed closed-ended investment funds.

5.3 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 Investment Manager shall inform the Board 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.

5.4 The Company must not conduct any trading activity which is significant in the context of its group as a whole.

## **6 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.

### **6.1 Share Issuance Agreement**

The Share Issuance Agreement dated 29 March 2022 between the Company, the Investment Manager, Shore Capital and J.P. Morgan Cazenove whereby each of Shore Capital and J.P. Morgan Cazenove has undertaken, as agent for the Company, to use its respective reasonable endeavours to procure subscribers under the Initial Placing and under any Subsequent Placing for Shares at the Issue Price.

The obligations of Shore Capital and J.P. Morgan Cazenove under the Share Issuance Agreement are conditional on, *inter alia*, Admission.

In consideration for their services in relation to the Initial Issue and any Subsequent Issue, each of the Joint Bookrunners is entitled to receive a commission based on the aggregate value of the Shares issued under the Initial Issue or the relevant Subsequent Issue (as applicable), excluding any Shares subscribed for by any member of the Investment Manager's group or by certain investors introduced by the Investment Manager.

Under the Share Issuance Agreement, which may be terminated by Shore Capital or J.P. Morgan Cazenove in certain circumstances prior to Initial Admission or any Subsequent Admission, the Company and the Investment Manager have given certain warranties and indemnities to Shore Capital and J.P. Morgan Cazenove. These warranties and indemnities are customary for an agreement of this nature.

Under the Share Issuance Agreement, each of Shore Capital and J.P. Morgan Cazenove 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 Issue. Each of Shore Capital and J.P. Morgan Cazenove is also entitled under the Share Issuance Agreement to retain agents and may pay commission in respect of the Initial Issue or any Subsequent Issue to any or all of those agents out of its own resources.

The Share Issuance Agreement is governed by the laws of England and Wales.

### **6.2 Receiving Agent Agreement**

The Receiving Agent Agreement between the Company and the Receiving Agent dated 25 March 2022, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Initial Issue and the Share Issuance Programme.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to fees in connection with each Issue including: (a) a 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.

### **6.3 Facility agreement**

The Company, together with its direct subsidiary, GSES1 Limited, entered into facility and security agreements with Santander UK PLC in March 2021 for £15 million. Under these agreements, the Company acts as chargor and guarantor to the amounts borrowed under the agreements by GSES1 Limited.



#### 6.4 **2020 placing and offer agreement**

A placing and offer agreement dated 30 November 2020 between the Company, the Investment Manager, Shore Capital and J.P. Morgan Cazenove pursuant to which each of Shore Capital and J.P. Morgan Cazenove agreed to use reasonable endeavours to procure subscribers for Ordinary Shares pursuant to an initial issue and placing programme. Under the agreement, the Company and the Investment Manager gave certain warranties and indemnities to Shore Capital and J.P. Morgan Cazenove. These warranties and indemnities are customary for an agreement of this nature.

The 2020 placing and offer agreement is governed by the laws of England and Wales.

#### 6.5 **2020 receiving agent agreement**

A receiving agent agreement between the Company and the Receiving Agent dated 27 November 2020, pursuant to which the Receiving Agent agreed to provide receiving agent duties and services to the Company in respect of an issue of Ordinary Shares.

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 Receiving Agent's liability under the agreement is subject to a cap.

The 2020 receiving agent agreement is governed by the laws of England.

#### 6.6 **Commercial Management Agreement**

Pursuant to the Commercial Management Agreement dated 17 December 2020 between the Company and Gore Street Operational Management Limited ("**GSOML**") (a subsidiary of the Investment Manager and formerly Gore Street Technical Management Limited), as amended and restated by an agreement dated 9 March 2022, GSOML provides certain services to the Company. These include services in respect of the Development Projects (the "**Construction Services**") and services in respect of the Operational Assets (the "**Operational Services**").

The Construction Services include, *inter alia*, managing development related matters that arise in relation to the project until the project has been commissioned, overseeing the exercise of lease options and negotiation of lease terms and overseeing the construction phase of the project. The Operational Services include, *inter alia*, facilitating the timely response to issues on site, including dispatch of engineering resources and technicians, assessing daily performance of energy storage assets and identifying and monitoring project operational risks and issues and interfacing with and holding accountable the asset manager and operation and maintenance provider.

Pursuant to the Commercial Management Agreement, GSOML also provides administrative services to the Group, including in relation to financial reporting, supporting transactions and in relation to the development and implementation of ESG policies. As the Group's portfolio continues to grow, including with the acquisition of assets in new jurisdictions, the scope of the services to be provided by GSOML pursuant to the Commercial Management Agreement will increase.

Under the terms of the Commercial Management Agreement, GSOML is entitled to be paid fees as set out under the heading "*Fees and expenses*" in Part 5 (*Directors and Management*) of this document.

The Commercial Management Agreement may be terminated on 6 months' written notice and is subject to earlier termination on the occurrence of certain events. The Commercial Management Agreement will terminate automatically on termination of the AIFM Agreement.

The Commercial Management Agreement is governed by English law.

#### 6.7 **Lock-up and orderly market deed**

Anesco Limited ("**Anesco**") entered into a lock-up and orderly market deed with the Company, dated 30 October 2020, in respect of 6,695,501 Ordinary Shares issued to Anesco in October 2020 in part consideration for the acquisition by the Company from Anesco of five projects within an operational portfolio. Pursuant to the terms of this deed, Anesco agreed that, subject to certain exceptions, it would not sell, grant options over or otherwise dispose of any interest in 4,017,300 of its Ordinary

Shares for a period of 12 months from the date of acquisition of those shares. Thereafter, Anesco agreed, subject to the exceptions summarised below, to only effect disposals of those Ordinary Shares through such broker as may be appointed by the Company from time to time for a further 12 months. Anesco also agreed, in respect of its remaining 2,678,201 Ordinary Shares that were not subject to a lock-in period, and subject to certain exceptions, to only effect disposals of those Ordinary Shares through such broker as may be appointed by the Company from time to time for a period of 2 years from the date of acquisition of those shares.

The lock-up and orderly market deed is governed by the laws of England and Wales.

Anesco sold its Ordinary Shares, with the consent of the Company, on 22 July 2021.

#### 6.8 **Lock-up and orderly market deed**

Eneos Corporation (“**Eneos**”), entered into a lock-up and orderly market deed with the Company dated 18 June 2020. Pursuant to the terms of this deed, Eneos agreed that, subject to certain exceptions, it would not sell, grant options over or otherwise dispose of any interest in the 3,000,000 Ordinary Shares acquired by it on 30 June 2020 for a period of 6 months from the date of acquisition of those shares. Thereafter, Eneos 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 18 months.

The exceptions are: (i) any disposal of Ordinary Shares with the prior written consent of the Company; (ii) any disposal of Ordinary Shares to an associate of Eneos; (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 Eneos.

The lock-up and orderly market deed is governed by the laws of England and Wales.

#### 6.9 **Administration Agreement**

The Administration Agreement between the Company and Sanne Group (UK) Limited dated 2 March 2020, pursuant to which the Administrator has agreed to provide certain administrative services to the Company (including bookkeeping and the preparation of accounts).

Under the terms of the Administration Agreement, the Administrator is entitled to be paid fees as set out under the heading “*Fees and expenses*” in Part 5 (*Directors and Management*) of this document.

The Administration Agreement provides for the Administrator to be indemnified by the Company against any liability incurred by it as a result of its proper performance of the agreement. The Administrator’s liability under the Administration Agreement is limited.

The Administration Agreement may be terminated on three months’ written notice and may be terminated earlier in certain circumstances.

The Administration Agreement is governed by the laws of England and Wales.

#### 6.10 **Depositary Agreement**

The Depositary Agreement between the Company, the Investment Manager and the Depositary, dated 16 March 2020, 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 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 agents (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 Depositary Agreement may be terminated on three months’ written notice and may be terminated earlier in certain circumstances. 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.

#### 6.11 **AIFM Agreement**

The AIFM Agreement dated 31 December 2019 between the Company and the Investment Manager, as amended pursuant to agreements dated 10 March 2020, 17 December 2020 and 9 March 2022, pursuant to which the Investment Manager is appointed as investment manager of the Company with sole responsibility to provide AIFM management functions to the Company.

The Investment Manager is entitled to receive various fees from the Company in respect of its services provided under the AIFM Agreement. Details of these fees are set out in Part 5 (*Directors and Management*) of this document.

The AIFM Agreement shall continue until terminated by either the Company or the Investment Manager giving to the other not less than 12 months’ written notice, such notice not to expire earlier than 9 March 2023. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency, on a change of control of the Investment Manager or in the event of a material breach. The AIFM Agreement may also be terminated by the Company on not less than six months’ notice in writing to the Investment Manager if, without the prior written consent of the Company, a **Key Man Event** occurs prior to 9 March 2023. 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 Investment Manager or any member of its group; or (b) Alex O’Cinneide ceases to be actively involved in respect of the Investment Manager’s obligations under the AIFM Agreement.

The Company has given an indemnity in favour of the Investment Manager in respect of the Investment Manager’s potential losses in carrying on its responsibilities under the AIFM Agreement, except as shall arise directly from the fraud, wilful default or negligence of the Investment Manager or any material breach of the AIFM Agreement by the Investment Manager.

The AIFM Agreement is governed by the laws of England and Wales.

#### 6.12 **Subscription Agreement**

Pursuant to the Subscription Agreement, when the Investment Manager sources an Eligible Project, the Company will issue an NTMA Subscription Notice to NTMA and NTMA will make an 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 Investment Manager).

NTMA has agreed to commit up to £26.5 million (less any Relevant Expenses) to the Company pursuant to the Subscription Agreement.

Prior to completion of an investment in an Eligible Project, and subject to the satisfaction of certain conditions, the Company will issue an 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 Ordinary Shares at the time of the NTMA Subscription; and (ii) the last published Net Asset Value per Ordinary Share at the time of the 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 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 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.

The maximum term of the Subscription Agreement is five years. The Subscription Agreement is subject to earlier termination on the occurrence of certain events.

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.

#### **6.13 Option agreement in connection with the Residual Projects**

The Low Carbon Residual Project options grant the Company the right to acquire a further 200.0MW of total installed capacity (of which 120MW is in Northern Ireland and 80MW 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.

#### **6.14 Company Secretarial Services Agreement**

The Company Secretarial Services Agreement between the Company and JTC dated 9 March 2018, as amended, pursuant to which JTC has agreed to provide certain company secretarial services to the Company and members of its Group.

Under the terms of the Company Secretarial Services Agreement, the Company Secretary is entitled to fees as set out under the heading "*Fees and expenses*" in Part 5 (*Directors and Management*) of this document.

Either party may terminate the Company Secretarial Services Agreement on three months' written notice. The agreement is also subject to earlier termination in certain circumstances.

The Company has agreed to indemnify, defend and hold harmless the Company Secretary, 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 Company Secretary and any agent, sub-contractor or delegate appointed by it), which may be imposed on, incurred by or asserted against the Company Secretary 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 Company Secretarial Services Agreement is governed by the laws of England and Wales.

#### **6.15 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 consumer price index. 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 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.

### **8 Working capital**

The Company is of the opinion that the working capital available to it is sufficient for its present requirements, that is for at least 12 months from the date of this document.

### **9 General**

- 9.1 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.
- 9.2 The Investment Manager 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. The Investment Manager accepts responsibility for the information in Part 1 (*Investment Opportunity*), paragraphs 3 and 4 of Part 2 (*The Company*), Part 3 (*Market Background*), Part 4 (*The Group's existing portfolio and pipeline of investments*) and paragraph 2 of Part 5 (*Directors and Management*) of this document. To the best of the knowledge of the Investment Manager, Part 1 (*Investment Opportunity*), paragraphs 3 and 4 of Part 2 (*The Company*), Part 3 (*Market Background*), Part 4 (*The Group's existing portfolio and pipeline of investments*) and paragraph 2 of Part 5 (*Directors and Management*) of this document are in accordance with the facts and make no omission likely to affect their import.

## 10 Auditors

The auditors to the Company are Ernst & Young LLP. Ernst & Young LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales (ICAEW).

## 11 Depositary

The Depositary is INDOS Financial Limited, whose registered office is located at 18th Floor, 52 Lime Street, London EC3M 7AF. The Depositary is a private limited company incorporated in England and Wales on 16 October 2012 with company registration number 08255973 and its telephone number is +44(0) 203 876 2218. The Depositary maintains its registered office and place of central administration in the United Kingdom. The principal legislation under which the Depositary operates is the Act. 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.

## 12 Intermediaries

The Intermediaries authorised at the date of this document to use this document in connection with the Initial Intermediaries Offer are:

- AJ Bell Youinvest 4 Exchange Quay, Salford Quays, Manchester, M5 3EE
- Equiniti Financial Services Limited Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
- IDealing.com LTD Finsbury House, 23 Finsbury Circus, London, EC2M 7EA
- Interactive Investor Services Limited 201 Deansgate, Manchester, M3 3NW
- PrimaryBid Limited 21 Albemarle Street, London W1S 4BS

New information with respect to any Intermediary appointed in respect of any Intermediaries Offer (to the extent unknown at the time of the approval of this document) will be made available on the Company's website.

## 13 Documents available for inspection

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 28 March 2023:

13.1 this document;

13.2 the Articles;

13.3 the 2021 Report and Accounts, the 2020 Report and Accounts and the 2019 Report and Accounts;  
and

13.4 the 2021 Half-Year Report.

The documents described above are available at the Company's website, [www.gseenergystoragefund.com](http://www.gseenergystoragefund.com).

Dated 29 March 2022



## PART 13

### DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“2019 Report and Accounts”</b>	the audited financial statements of the Company for the period from incorporation to 31 March 2019
<b>“2020 Report and Accounts”</b>	the audited financial statements of the Company for the financial year ended 31 March 2020
<b>“2021 Half-Year Report”</b>	the unaudited financial statements of the Company for the six months ended 30 September 2021
<b>“2021 Report and Accounts”</b>	the audited financial statements of the Company for the financial year ended 31 March 2021
<b>“Act”</b>	the Companies Act 2006, as amended from time to time
<b>“Administration Agreement”</b>	the administration agreement dated 2 March 2020, between the Company and the Administrator, summarised in paragraph 6.9 of Part 12 ( <i>Additional Information</i> ) of this document
<b>“Administrator”</b>	Sanne Group (UK) Limited
<b>“Admission”</b>	the admission of any Shares to be issued pursuant to the Initial Issue or any Subsequent Issue: (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>“Aggregate Group Debt”</b>	means the Group’s proportionate share of the outstanding third-party interest bearing borrowings of any Group companies and any non-subsidiary companies in which the Group holds an interest
<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, Gore Street Capital Limited
<b>“AIFM Agreement”</b>	the AIFM agreement dated 31 December 2019, as amended by agreements dated 10 March 2020, 17 December 2020 and 9 March 2022, between the Company and the Investment Manager, summarised in paragraph 6.11 of Part 12 ( <i>Additional Information</i> ) of this document
<b>“AIFMD” or “EU AIFM Directive”</b>	Directive 2011/61/EU on Alternative Investment Fund Managers
<b>“Application Form”</b>	the application form appended to this document for use in connection with an Offer for Subscription
<b>“Articles”</b>	the articles of association of the Company in force 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>“Business Day”</b>	a day on which commercial banks are open for general business in London, United Kingdom
<b>“C Shares”</b>	C shares of £0.10 each in the capital of the Company
<b>“certificated form”</b>	not in uncertificated form
<b>“Commercial Management Agreement”</b>	the commercial management agreement dated 17 December 2020, as amended by an agreement dated 9 March 2022, between the Company and Gore Street Operational Management Limited, summarised in paragraph 6.6 of Part 12 ( <i>Additional Information</i> ) of this document
<b>“Company”</b>	Gore Street Energy Storage Fund plc
<b>“Company Secretarial Services Agreement”</b>	the company secretarial services agreement dated 9 March 2018, as amended, between the Company and the Company Secretary, summarised in paragraph 6.14 of Part 12 ( <i>Additional Information</i> ) of this document
<b>“Company Secretary”</b>	JTC (UK) Limited
<b>“Consideration Shares”</b>	Shares issued by the Company in consideration for the whole or part of an acquisition of any investment within the Company’s investment policy
<b>“Contract Note”</b>	has the meaning given to it in Part 9 ( <i>Terms and Conditions of each Placing</i> ) of this document
<b>“CREST”</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>“CRS” or “Common Reporting Standard”</b>	the global standard for the automatic exchange of financial information between tax authorities developed by the Organisation for Economic Co-operation and Development
<b>“Depositary”</b>	INDOS Financial Limited
<b>“Depositary Agreement”</b>	the depositary agreement dated 16 March 2020, between the Company, the Investment Manager and the Depositary, summarised in paragraph 6.10 of Part 12 ( <i>Additional Information</i> ) of this document
<b>“Development Project”</b>	any battery storage project held or acquired by the Group prior to completion of the development and construction works of the project, including any construction project to expand the size of an existing Operational Asset in the Group’s portfolio

<b>“Direct Subscription”</b>	a direct subscription by an investor for Shares following the Initial Issue, including, where the context requires, an NTMA Subscription
<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 made by the FCA under Part VI of the FSMA
<b>“DP Act”</b>	the Data Protection Act 2018, as amended
<b>“DP Legislation”</b>	applicable data protection legislation (including the UK GDPR, the DP Act and if applicable the EU GDPR) and regulatory requirements in the UK and/or the EEA, as appropriate, in force from time to time
<b>“DVP”</b>	delivery versus payment
<b>“EEA”</b>	European Economic Area
<b>“EEA Member State”</b>	a member state of the EEA
<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; and (iii) that it does not contravene the Exclusionary Strategy
<b>“ERISA”</b>	the United States Employee Retirement Income Security Act of 1974, as amended
<b>“EU”</b>	European Union
<b>“EU GDPR”</b>	the General Data Protection Regulation (EU) 2016/679
<b>“EU Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of the European Parliament and of the European 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>“Euroclear”</b>	Euroclear UK & International Limited
<b>“EUWA”</b>	European Union (Withdrawal) Act 2018 (as amended)
<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>“Final Details”</b>	means, in respect of any Subsequent Issue, the final details of that Subsequent Issue announced by the Company by way of the publication of a notice through a Regulatory Information Service and on the Company’s website <a href="http://www.gsenergystoragefund.com">www.gsenergystoragefund.com</a>
<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>“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 11 April 2022 at which, <i>inter alia</i> , the Resolutions will be proposed
<b>“Gross Asset Value”</b>	the Company’s Net Asset Value increased by the amount of the Aggregate Group Debt
<b>“Group”</b>	the Company and its subsidiaries from time to time (together, individually or in any combination, as the context requires)
<b>“GSOML”</b>	Gore Street Operational Management Limited, formerly Gore Street Technical Management Limited, a wholly-owned subsidiary of the Investment Manager
<b>“HMRC”</b>	Her Majesty’s 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 Intermediaries Offer”</b>	the intermediaries offer of Ordinary Shares at the Issue Price pursuant to the Initial Issue as described in this document
<b>“Initial Issue”</b>	together the Initial Placing, the Initial Offer for Subscription and the Initial Intermediaries Offer
<b>“Initial Offer for Subscription”</b>	the offer for subscription of Ordinary Shares at the Issue Price pursuant to the Initial Issue as described in this document on the terms and conditions set out in Part 10 ( <i>Terms and Conditions of each Offer for Subscription</i> ) of this document
<b>“Initial Placing”</b>	the conditional placing of Ordinary Shares at the Issue Price pursuant to the Initial Issue as described in this document on the terms and conditions set out in Part 9 ( <i>Terms and Conditions of each Placing</i> ) of this document
<b>“Intermediaries”</b>	any intermediary financial institution which is accepted and appointed by the Company in connection with any Intermediaries Offer, including, without limitation, in respect of the Initial Intermediaries Offer only those entities listed in paragraph 12 of Part 12 ( <i>Additional Information</i> ) 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>	an offer of Shares by the Intermediaries
<b>“Intermediaries Offer Adviser”</b>	Shore Capital
<b>“Intermediaries Terms and Conditions”</b>	the terms and conditions agreed or to be agreed between the Intermediaries Offer Adviser, the Company, the Investment Manager and the Intermediaries in relation to any Intermediaries Offer and contained in the Intermediaries Booklet
<b>“Investment Manager”</b>	Gore Street Capital Limited

<b>“Investment Manager’s Investment Committee”</b>	the Investment Manager’s investment committee, as described in Part 2 ( <i>The Company</i> ) of this document
<b>“IRR”</b>	internal rate of return
<b>“ISA”</b>	an Individual Savings Account maintained in accordance with the UK Individual Savings Account Regulations 1998, as amended from time to time
<b>“ISIF”</b>	the Ireland Strategic Investment Fund
<b>“ISIN”</b>	International Securities Identification Number
<b>“Issue Price”</b>	the price at which Shares are issued, being 110 pence per Ordinary Share in the case of the Initial Issue and being the relevant Share Issuance Programme Price in the case of any Subsequent Issue
<b>“Issues”</b>	the Initial Issue and any Subsequent Issue under the Share Issuance Programme and each an <b>“Issue”</b>
<b>“Joint Bookrunners”</b>	Shore Capital and J.P. Morgan Cazenove
<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Securities plc, which conducts its UK investment banking activities trading as J.P. Morgan Cazenove, the Company’s joint broker and joint bookrunner
<b>“JTC”</b>	JTC (UK) Limited
<b>“KID” or “Key Information Document”</b>	the key information document relating to the Ordinary Shares issued by the Company from time to time produced pursuant to the UK PRIIPs Regulation, as amended from time to time
<b>“Latest Practicable Date”</b>	28 March 2022, being the latest practicable date prior to the publication of this document to ascertain information contained herein
<b>“LEI”</b>	Legal Entity Identifier
<b>“Listing Rules”</b>	the listing rules made by the FCA under Part VI of the FSMA
<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 Oxygen House, Grenadier Road, Exeter Business Park, Exeter, EX1 3LH
<b>“MiFID II Product Governance Requirements”</b>	has the meaning given to it on page 35 of this document
<b>“Money Laundering Legislation”</b>	means all applicable anti-money laundering and counter-terrorism legislation
<b>“NAV” or “Net Asset Value”</b>	the value of all 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 Share” or “Net Asset Value per Share”</b>	the Net Asset Value attributable to any class of Shares divided by the number of Shares of the relevant class in issue (other than any Shares of the relevant class held in treasury) and <b>“NAV per Ordinary Share”</b> or <b>“Net Asset Value per Ordinary Share”</b> shall be construed accordingly

<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>“NTMA”</b>	the National Treasury Management Agency, as controller and manager of ISIF
<b>“NTMA Subscription”</b>	has the meaning given to it in paragraph 5 of Part 2 of this document ( <i>The Company</i> )
<b>“NTMA Subscription Notice”</b>	has the meaning given to it in paragraph 5 of Part 2 of this document ( <i>The Company</i> )
<b>“Offer for Subscription”</b>	any offer for subscription to the public in the United Kingdom of Shares pursuant to the Initial Issue or the Share Issuance Programme on the terms and conditions set out in this document and the Application Form
<b>“Official List”</b>	the official list maintained by the FCA
<b>“Operational Asset”</b>	any commissioned and operational battery storage facility acquired or owned by the Group
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the capital of the Company
<b>“Placee”</b>	any investor with whom Shares are placed by Shore Capital or J.P. Morgan Cazenove, as agent of the Company, pursuant to the Initial Placing or a Subsequent Placing
<b>“Placing”</b>	a conditional placing of Shares by Shore Capital or J.P. Morgan Cazenove on behalf of the Company in connection with the Initial Issue or the Share Issuance Programme pursuant to the terms of the Share Issuance Agreement
<b>“Placing Confirmation”</b>	has the meaning given to it in Part 9 ( <i>Terms and Conditions of each Placing</i> ) of this document
<b>“PROD Sourcebook”</b>	the Product Intervention and Product Governance Sourcebook contained in the FCA’s Handbook of Rules and Guidance
<b>“Placing Letter”</b>	has the meaning given to it in Part 9 ( <i>Terms and Conditions of each Placing</i> ) of this document
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA under Part VI of the FSMA
<b>“Qualified Purchaser”</b>	a qualified purchaser, as defined in section 2(a)(51) of the US Investment Company Act
<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 6.2 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 6.15 of Part 12 ( <i>Additional Information</i> ) of this document
<b>“Regulation S”</b>	Regulation S, as promulgated under the US Securities Act
<b>“Regulatory Information Service” or “RIS”</b>	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
<b>“Relevant Expenses”</b>	NTMA’s costs incurred in connection with the Subscription Agreement and the investment management agreement it has entered into with the Investment Manager in connection with its investment in the Company
<b>“Residual Projects”</b>	has the meaning given in paragraph 3 of Part 4 of this document ( <i>The Group’s existing portfolio and pipeline of investments</i> )
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting to authorise the Directors to issue up to 750 million Shares on a non-pre-emptive basis
<b>“Restricted Jurisdiction”</b>	each of Australia, Canada, Japan, the Republic of South Africa, the United States and any EEA Member State (with the exception of the Republic of Ireland and the Netherlands for such time as the Company is registered for national private placement therein) and any jurisdiction in which the issue of Shares might result in the contravention of any regulation or other legal requirement in such jurisdiction
<b>“SEC”</b>	the United States Securities and Exchange Commission
<b>“SEDOL”</b>	the Stock Exchange Daily Official List
<b>“SFDR”</b>	the Sustainable Finance Disclosure Regulation
<b>“Share Issuance Agreement”</b>	the conditional agreement dated 29 March 2022, between the Company, the Investment Manager, Shore Capital and J.P. Morgan Cazenove relating to the Initial Issue and the Share Issuance Programme, summarised in paragraph 6.1 of Part 12 ( <i>Additional Information</i> ) of this document
<b>“Share Issuance Programme”</b>	the proposed programme of Subsequent Issues in the period from 19 April 2022 to 28 March 2023 of Shares
<b>“Share Issuance Programme Price”</b>	the applicable price at which new Ordinary Shares or C Shares will be issued under any Subsequent Issue, being, in respect of any issue of new Ordinary Shares (other than any NTMA Subscription), not less than the prevailing Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue and, in the case of any C Shares, 100 pence per C Share
<b>“Shareholder”</b>	a holder of Ordinary Shares and, where the context requires, a holder of C Shares
<b>“Shares”</b>	Ordinary Shares and/or C Shares, as the context requires
<b>“Shore Capital”</b>	Shore Capital and Corporate Limited and/or Shore Capital Stockbrokers Limited, as the context requires, the Company’s sponsor, joint broker, joint bookrunner and intermediaries offer adviser

<b>“SPV”</b>	special purpose vehicle
<b>“Sterling” or “£”</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 6.12 of Part 12 ( <i>Additional Information</i> ) of this document
<b>“Subsequent Admission”</b>	Admission of any Shares issued pursuant to a Subsequent Issue
<b>“Subsequent Intermediaries Offer”</b>	any Intermediaries Offer of Shares made pursuant to the Share Issuance Programme
<b>“Subsequent Issue”</b>	any issue of Shares made pursuant to the Share Issuance Programme and which may take place by way of a Subsequent Placing and/or a Subsequent Offer for Subscription and/or a Subsequent Intermediaries Offer and/or a Direct Subscription and/or an issue of Consideration Shares
<b>“Subsequent Offer for Subscription”</b>	any offer for subscription of Shares made pursuant to the Share Issuance Programme
<b>“Subsequent Placing”</b>	any placing of Shares pursuant to the Share Issuance Programme
<b>“Takeover Code”</b>	The City Code on Takeovers and Mergers
<b>“Target Market Assessment”</b>	has the meaning given to it on page 35 of this document
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK GDPR”</b>	the UK version of EU GDPR as incorporated into UK law by the EUWA, as amended and supplemented from time to time
<b>“UK Market Abuse Regulation”</b>	the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council on 16 April 2014 on market abuse which is part of UK law by virtue of the EUWA, as amended and supplemented from time to time
<b>“UK MiFID II”</b>	the UK’s implementation of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID), together with the UK version of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MiFIR), which forms part of the domestic law of the United Kingdom by virtue of the EUWA
<b>“UK MiFID II Delegated Regulation”</b>	Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, as it forms part of the domestic law of the United Kingdom by virtue of the EUWA
<b>“UK PRIIPs 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, together with its implementing and delegated acts, as they form part of the domestic law of the United Kingdom by virtue of the EUWA

<b>“UK Prospectus Regulation”</b>	the UK version of the EU Prospectus Regulation which is part of UK law by virtue of the EUWA
<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 Shares under any 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

## PART 14

### GLOSSARY OF TECHNICAL TERMS

Set out below is a glossary of selected abbreviated and technical terms used in this document:

<b>“balancing mechanism” or “BM”</b>	the platform used by National Grid to buy and sell electricity from market participants to manage system constraints and the overall energy balance in real time
<b>“balancing services”</b>	contracts and tools that National Grid uses to balance supply and demand and maintain the stability of the GB transmission network
<b>“behind-the-meter”</b>	used to refer to an asset located on site with a customer or with another generator, utilising spare capacity in the connection to deliver power and services
<b>“BESS”</b>	battery energy storage systems
<b>“black start”</b>	a service which restores energy to the network in the event of a blackout
<b>“CAISO”</b>	Californian Independent System Operator
<b>“capacity market” or “CM”</b>	the UK Government’s main policy mechanism for ensuring security of supply, by procuring adequate levels of generating capacity onto the system
<b>“CCAs”</b>	Community choice aggregation
<b>“CCGTs”</b>	combined cycle gas turbine
<b>“C&amp;I companies”</b>	commercial & industrial companies
<b>“demand aggregator”</b>	third party intermediaries specialising in coordinating or aggregating demand response from individual consumers to better meet industry parties’ technical requirements for specific routes to market. Aggregators send signals to their consumers to modify their demand as a response to the system operator requirements and/or market price signal
<b>“distribution”</b>	the lower voltage networks used for transporting electricity from the transmission network to end-consumers
<b>“DNOs”</b>	the owners of the low voltage networks in GB (typically 132kV and lower)
<b>“DSOs”</b>	the transition that DNOs are currently undertaking where they become a more active manager of flows across its network, potentially using contracted forms of flexibility and procurement platforms
<b>“Distribution Use of System (DUoS)”</b>	the charge used to recover the cost of the distribution system
<b>“DS3”</b>	Delivering a Secure Sustainable Electricity System (DS3) is a programme designed by EirGrid/SONI to procure high availability reserve services to the Irish system

<b>“Dynamic Containment” or “DC”</b>	one of the National Grid’s frequency response services designed to operate post-fault, i.e. for deployment after a significant frequency deviation in order to meet the immediate need for faster-acting frequency response
<b>“Dynamic Moderation” or “DM”</b>	one of the National Grid’s frequency response services designed to manage sudden frequency imbalances resulting from intermittent generation such as the effect of gusting winds.
<b>“Dynamic Regulation” or “DR”</b>	one of the National Grid’s frequency response services which will enable the system operator to manage small frequency deviations when the frequency is close to 50 Hz
<b>“EirGrid”</b>	EirGrid plc, the state-owned electric power transmission operator in Ireland
<b>“Elexon”</b>	the electricity industry settlements agency that administers the Balancing and Settlement Code
<b>“EPC”</b>	engineering, procurement and construction
<b>“ERCOT”</b>	Electric Reliability Council of Texas
<b>“fast frequency response (FFR)”</b>	frequency response schemes that can be triggered within 1 second
<b>“firm”</b>	the number of oscillations of alternating current per second on the transmission network
<b>“frequency”</b>	the number of oscillations of alternating current per second on the transmission network
<b>“frequency response services”</b>	a type of balancing service that is used to keep system frequency at 50Hz
<b>“front-of-the-meter”</b>	used to refer to an asset located off-site with electricity having to pass through a meter before it reaches an end-user
<b>“GW”</b>	gigawatt, a unit of electric power equal to one billion watts (1000 megawatts)
<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>“Hz”</b>	hertz, a unit of measurement of frequency, meaning cycles per second
<b>“I-SEM”</b>	Integrated Single Electricity Market
<b>“intermittent generation”</b>	generation technologies which use a primary source of energy that is not controllable by people (e.g. wind or solar irradiation)
<b>“ISO”</b>	independent system operator
<b>“Kilowatt (KW)”</b>	a unit of electric power equal to one thousand watts
<b>“Megawatt (MW)”</b>	a unit of electric power equal to one million watts (1000 kilowatts)

<b>“National Grid”</b>	National Grid plc, the high-voltage electricity energy transmission network in Great Britain and/or the system operator for the GB transmission network, managing and balancing flows of electricity in real time, as the context requires
<b>“NGESO”</b>	National Grid Electricity System Operator, a subsidiary of National Grid
<b>“Ofgem”</b>	the Office of Gas and Electricity Markets – an independent authority responsible for the regulation of electricity and gas in GB
<b>“O&amp;M”</b>	operation and maintenance
<b>“Response Reserve Service (RRS)”</b>	RRS has emerged as a proxy for capacity payment such that ERCOT will compensate RRS sellers on a 24/7/365 basis for being available to the grid for potential RRS call events in case of a contingency, much lower than expected output from renewable generators or much higher than expected load
<b>“scalars”</b>	the primary measure of how valuable the generation shape of a project is by measuring to what extent the project is producing energy at times when energy is most highly valued
<b>“solar PV”</b>	photovoltaic (PV) devices that generate electricity directly using sunlight (more commonly referred to as solar panels)
<b>“SONI”</b>	System Operator for Northern Ireland
<b>“Targeted Charging Review”</b>	an Ofgem review of how residual network charges are set and recovered
<b>“transmission”</b>	the high voltage network used for transporting electricity across long distances
<b>“Transmission Network Use of System charges (TNUoS)”</b>	the name of the methodology used to set charges for users of the transmission system
<b>“Transmission System Operators (TSOs)”</b>	responsible for the reliable transmission of power from generation plants to regional or local electricity distribution operators
<b>“Triad”</b>	the three half-hour periods of highest demand on the GB electricity transmission system between November and February each year
<b>“Watt (W)”</b>	unit of power, corresponding to the rate of consumption of energy in an electric circuit
<b>“wholesale market”</b>	covering trading activity between producers and buyers of energy, generally conducted bilaterally, over the counter, or on organised exchanges



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## 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 so as to be received no later than 11.00 a.m. (London time) on 12 April 2022.

FOR OFFICIAL USE ONLY

Log No.

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.

Box 1 (minimum of 1,000 shares and in multiples of 100 thereafter)

Important: Before completing this form, you should read the prospectus dated 29 March 2022 and the Terms and Conditions of each Offer for Subscription set out in the prospectus and accompanying notes to this form.

Box 1A (number of Ordinary Shares shown in Box 1 multiplied by the Issue Price of 110 pence per Ordinary Share). The total cost in £.  
£

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 110 pence per Ordinary Share subject to the Terms and Conditions of each Offer for Subscription set out in the prospectus dated 29 March 2022 and subject to the articles of association of the Company in force from time-to-time.

### 2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) ORDINARY SHARES WILL BE ISSUED

(BLOCK CAPITALS)

1	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:
-----------------------

Address (in full):
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Postcode	Designation (if any):
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2	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:
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Address (in full):
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Postcode	Designation (if any):
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3	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:
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Address (in full):
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Postcode	Designation (if any):
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4	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:
-----------------------

Address (in full):
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Postcode	Designation (if any):
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**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 each 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 style="width: 30px; height: 20px; vertical-align: middle;" 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 GSESF plc OFS 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 11.00 a.m. on 12 April 2022. Please contact Computershare Investor Services PLC stating GORE OFS 2022 by email at GSESFOffer@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 11.00 a.m. on 12 April 2022, 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:

CREST Member Account ID:

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: 12 April 2022  
Settlement Date: 14 April 2022  
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 8RA21 by no later than 1.00 p.m. on 13 April 2022.

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:

Name of regulatory authority:

Firm's licence number:

Website address or telephone number of regulatory authority:

STAMP of firm giving full name and business address:





**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.

Holders				Payor
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tick here for documents provided

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.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**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 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 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.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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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 mentioned in A(1) to (4).**

**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)

All applicants must complete Appendix 1.

Applications should be returned so as to be received no later than 11.00 a.m. (London time) on 12 April 2022.

**HELP DESK:** If you have a query concerning completion of the Application Form please call the Receiving Agent on 0370 707 1741 or from outside the UK on +44 370 707 1741.

### 1. APPLICATION

Fill in (in figures) in Box 1 the number of Ordinary Shares you wish to subscribe for at the Issue Price being 110 pence per Ordinary Share. The number being subscribed for must be a minimum of 1,000 shares 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 110 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 your instructions to Computershare Investor Services PLC's Participant Account 8RA21 by no later than 1.00 p.m. on 13 April 2022 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 GSESF plc OFS 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 11.00 a.m. on 12 April 2022. Applicants wishing to make a CHAPS payment should contact Computershare stating GORE OFS 2022 by email at GSESFOffer@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 14 April 2022 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 Sterling Overnight Index Average 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:	12 April 2022
Settlement Date:	14 April 2022
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 8RA21 by no later than 1.00 p.m. on 13 April 2022.

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.



