Gore Street
Energy Storage Fund plc

Annual Report and Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

Company Registration number 11160422

Contents

About us

Gore Street
Energy Storage Fund plc

Corporate Purpose
Gore Street Energy Storage Fund plc is the first UK listed Energy Storage Fund trading on the main market of the London Stock Exchange.

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, although the Company will also consider projects in North America and Western Europe.

Gore Street Energy Storage Fund plc

Overview and Highlights

Highlights

The Company has declared total dividends of 4 pence per share with respect to the period ended 31 March 2019, as targeted, and is targeting a dividend of 7 pence per share for 2020.

NAV decrease of 8 pence per share for the period.

No outstanding borrowings at 31 March 2019.

Overview of the Company

From the outset, Gore Street Energy Storage Fund plc was developed for investors to be stable and low risk.

The Company is invested solely in Energy Storage assets with the majority situated in the UK at present.

Energy Storage assets have the advantages of long lives, robust associated cash flows, and as environmentally friendly equipment, are likely to continue to enjoy both regulatory and social support. Energy Storage forms a crucial part in managing electricity network challenges which require greater level of energy flexibility, while lowering network investments and driving the industry towards clean energy initiatives.

Supporting factors for growth in Energy Storage include: an expected increasing demand in electricity from growth in electric vehicles, the decommissioning of coal and nuclear power plants, and the increasing supply of intermittent renewable generators.

The independent Board is actively involved both in key investment decisions and in monitoring the efficient operation of the assets. The Board works in conjunction with one of the most experienced Investment Management teams in the sector.

Low gearing creates a stable base from the perspective of both cashflow stability and tolerance to downside sensitivities. At present the Company has no borrowings; and if gearing is adopted in the future it is currently capped at 15% of gross asset value.

The Company has the ability to invest in UK, Eurozone and OECD based assets, consequently having the capacity to develop a prudently diversified market risk.

Ongoing Charges

The expenses of managing the Company are reviewed by the Board at every meeting. The Board aims to minimise the ongoing charges figure which provides a guide to the effect on performance of all annual operating costs of the Company. The ongoing charges figure for the year was 2.1% based on management fees and other expenses of £540,359. This is calculated in accordance with guidance issued by the AIC as follows: the annualised ongoing charges, including those charged to capital but excluding interest, incurred by the Company, expressed as a percentage of the average undiluted net asset value (with debt at market value) reported in the period. Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future.

Key metrics

As at 31 March 2019

Market Capitalisation
£27.693m

Share Price
90.5p

Dividends
with respect to Period
£0.918m

Dividends per Share
with respect to Period
4p

NAV
£28.116m

NAV per Share
92p

NAV decrease per Share
8p

Ongoing Charges Ratio
2.1%

Chairman's Statement

For the period from 19 January 2018 (incorporation date) to 31 March 2019

I am pleased to present Gore Street Energy Storage Fund plc first Annual Report since listing in May 2018, for period ending 31 March 2019.

Performance and returns

Our assets are generating strong cash flows for the Company. The benefits from secured revenue contracts and multiple revenue stream stacking strategy, which leverages our energy storage assets capability to offer a selection of services to the National Grid, have been enjoyed over our initial period of trading.

Dividends

The Directors propose the payment of a final dividend of 1 pence in respect of the period end 31 March 2019. As a consequence, we have achieved our targeted dividend of 4 pence per share with respect to period ended 31 March 2019. The Company is targeting a dividend of 7 pence per share for 2020.

Acquisitions & Funding

The Company portfolio has grown substantially since its inception in May 2018 acquiring four assets totalling 27 Megawatts (MW) of energy storage, all of which are situated in the United Kingdom

Gearing

The Company will generally avoid using non-recourse debt at the special purpose vehicle (SPV) level and aims to keep Group level borrowings within a prudent range to reduce risk; the maximum gearing allowable presently is 15% of gross asset value (GAV). We ended the period with no external borrowings.

Outlook

Energy storage is a new market and as such it is undergoing continued and transformative growth in the UK and globally. It is a key part of government energy policy as it helps to deliver the low-carbon electricity sector that is the stated goal of the UK, the EU and many other nations and areas. In November 2018, the Investment Advisor commented on the news that the UK capacity market had been suspended following an EU decision that the process for obtaining EU State Aid clearance was flawed. These two events have led to a small fall in frequency response prices and temporary loss of capacity payments. The UK and the EU are working to address the procedural issues and reinstate the capacity market. In the interim, the Company has prudentially taken into account the impact of the absence of the capacity market in the short-term, which has had a negative impact on asset values.

In light of these developments, over the period since IPO, the Company has taken a conservative view of the level and sources of revenue available to energy storage projects. The Investment Advisor remains confident that the UK and EU still presents compelling investment opportunities, as demonstrated both by the acquisitions made by the Company, and the Company's ability to attract inward investment.

Governance

The Board, recruited with the collection of both a range and depth of suitable and compatible skills in mind, has worked well during the year; the Audit Committee, Remuneration and Nominations Committee and Management Engagement Committees were set-up as sub-committees to the Board, with Directors being appointed to these Committees. The Investment Committee has worked productively with the Board, We look forward to future growth and positive performance of the Company emanating from this arrangement.

Conclusion

As the Company first listed in May 2018, we are encouraged with the Company's initial progress in acquisitions to date and look forward to building upon this foundation over the coming 12 months.

Patrick Cox
Chairman
4 June 2019

Strategic Report

The Directors present their Strategic Report for the period ended 31 March 2019. Details of the Directors who held office during the period and as at the date of this report are given on pages 21 to 22.

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

Individual projects will be held within special purpose vehicles into which the Company will invest through equity and/or debt instruments. Typically, each special purpose vehicle will hold one project but there may be opportunities where a special purpose vehicle owns more than one project.

The Company will typically seek legal and operational control through direct or indirect stakes of up to 100%. 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 will be more than 30%. of Gross Asset Value (calculated at the time of investment). The Company may invest cash held for working capital purposes and pending investment or distribution in cash or near-cash equivalents, including money market funds. The Company may (but is not obliged to) enter into hedging arrangements in relation to currency, interest rates and/or power prices for the purposes of efficient portfolio management. The Company will not enter into derivative transactions for speculative purposes. 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 Advisor 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 is 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 that 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% of Gross Asset Value calculated at the time of acquisition. However, in order to retain flexibility, the Company is permitted to invest in any single project, or interest in any project, that has an acquisition price of up to a maximum of 25%. 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. As referred to above, the Company may invest in projects outside the UK, in particular in North America and Western Europe, although it does not intend that the aggregate value of investments outside the UK will be more than 30% of Gross Asset Value calculated at the time of investment.

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

Strategic Report

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, Engineering Procurement and Construction (EPC) contractors, Operations & Maintenance contractors, battery manufacturers, landlords and sources of revenue. In addition, each megawatt (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 not in place before investment or simultaneously arranged 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.

Business Review and Future Outlook

A detailed discussion of individual asset performance and a review of the business in the period together with future outlook are covered in the Investment Advisors Report on pages 09 to 14.

Key Performance Indicators

The Board believes that the key metrics detailed on page 01, which include NAV, target dividend and share price, are typical for investment entities, will provide Shareholders with sufficient information to assess how effectively the Company is meeting its objectives. The Board monitors these key metrics on an ongoing basis.

Corporate and Social Responsibility

The Company Invests in energy storage assets and the environmental benefits of such assets are well known. The Company relies on the Investment Advisor to apply appropriate environmental, social and governance policies to the investments that the Company makes. We strive to be good corporate citizens in the communities and country in which we operate.

Environmental, Social and Governance Matters

The Company invests in Energy Storage assets; the environmental benefits of such assets are well known. The Company relies on the Investment Advisor to apply appropriate environmental, social and governance policies to the investments made by the Company. The Company's approach to responsible investing, including the environmental standards it aims to meet, are set out in the policies in place at the Investment Advisor. These policies require the Company to make reasonable endeavours to manage the ongoing compliance of its portfolio companies with its policies on responsible investment. Further details on these policies may be found on the Investment Advisors website: www.gorestreetcap.com

The Investment Advisor monitors compliance at the investment phase and reports on an ongoing basis to the Board.

Employees and Officers of the Company

The Company does not have any employees and therefore employee policies are not required. The Directors of the Company are listed on page 60.

Diversity

The Company's policy on diversity is detailed in the Corporate Governance Report on page 15.

Anti-Corruption and Bribery

The Board has considered the UK Code recommendations in respect of arrangements by which staff of the Investment Manager, Investment Advisor or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters such as anti-corruption or bribery. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow up action to be taken within their organisation.

Principal Risks and Uncertainties

The Board has carried out a robust assessment of these risks, using a risk matrix developed by the Company, and referenced in the Audit Committee Report on page 27, which include those that would threaten the Company's business model, future performance, solvency or liquidity. The Directors consider the following are the principal risks and uncertainties the Company faces.

A. Risk relating to the Company:

1. The Company and its subsidiaries have no employees and is reliant on the performance of third-party service providers.

Mitigant: The Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations. In addition, the Company has engaged qualified third-party service providers capable of managing its executive function. In particular, the AIFM, the Advisor, the Administrator and the Registrar will be performing services which are integral to the operation of the Company and adequate contractual rights apply to enable the Company to replace any service provider unable to carry out its obligations to the Company in accordance with the terms of its appointment.

2. The United Kingdom's exit from the European Union.

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

Mitigant: The Company has the capability to diversify its portfolio across the United Kingdom and Europe, and is actively evaluating investments in both jurisdictions on an ongoing basis.

B. Risk relating to portfolio and investment strategy:

1. Macro level risks:

1.1 Energy market regulations.

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

Mitigant: The Company operates a revenue stacking strategy such that each asset benefits from a range of revenue streams allowing for adverse impacts from regulatory changes in a particular market to be felt less strongly across a wider revenue base.

1.2 The energy storage technologies are still evolving.

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

Mitigant: Although the projects comprising the Company's current portfolio utilise lithium-ion batteries and much of the pipeline of investments identified by the Company are also expected to utilise lithium-ion batteries, the Company is generally agnostic about which technology it utilises in its energy storage projects. It will invest in technologies deemed most appropriate.

2. Acquisition of energy storage projects risk: Due diligence may fail to uncover all material risks.

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 Advisor (with the assistance of third party advisors 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.

Mitigant: The Company makes every effort to complete acquisitions on a recourse basis, including warranties, with respect to identified, material components of the specific energy storage project.

Principal Risks and Uncertainties

3. Other risk:

3.1 Investment Valuation.

The Company's investments will be largely, if not entirely, unquoted assets whose fair value involves the exercising of judgements.

Mitigant: The Company engages an experienced Investment Advisor, who routinely utilises market experts to confirm data points in relation to key drivers in the valuation process (such as energy price forecasts). Furthermore, assets of the Company are regularly valued by third party valuers, providing further data points in relation to specific asset attributes which can be utilised in acquisition settings.

C. Risks relating to operation of the Company's portfolio:

1. Inability to control operating expenses and investments.

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, an investments profitability over its life is also dependent on the owner's ability to manage and control investment costs during the operational phase.

Mitigant: The Company has engaged qualified third-party service providers capable of managing its operations function. Adequate contractual rights apply to enable the Company to replace any third party service provider unable to carry out its obligations to the Company in accordance with the terms of its appointment.

2. Changes in method to procure balancing services, length of contracts and pricing, including frequency response and failure to secure new contracts.

The procurement details and contract designs that National Grid uses for different balancing services currently vary. For example, firm frequency response contracts' tenders alternate between short-term (month ahead) requirements, and longer-term (up to 30 months out) and the time windows in which the service is provided can be specified to the nearest 30 minutes. This tender process is currently undergoing a transition, National Grid is currently working on the trial of a weekly auction mechanism to procure Response. Changes in the specification of services, for example, relating to the speed and duration of the delivery of a balancing service, may require battery storage projects to incur additional investment and set up costs.

Mitigant: The Company operates a revenue stacking strategy such that each asset benefits from a range of revenue streams and consequently has a lower reliance on any single contract mechanism or market.

3. Risk Volatility of the price of electricity – impacting revenue generated by the energy storage asset.

Mitigant: One of the future expected sources of revenue generated by the Company's portfolio relating to electricity pricing arbitrage will be dependent on the daily or hourly fluctuation of the price at which electricity can be discharged or charged by its energy storage facilities. An additional potential revenue stream for the Company's assets is balancing mechanisms 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. As the Company operates a revenue stacking strategy, such that each asset benefits from a range of revenue streams, a lower reliance on any single contract mechanism or market serves to lower price fluctuation risk in certain circumstances.

4. Counterparty risk which includes demand aggregator, electricity supplier and other counterparties.

The Company is exposed to third party credit risk in several instances and the possibility that counterparties with which the Company contracts may default or fail to perform their obligations in the manner anticipated by the Company. 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 Company's investments, who may then be engaged to operate assets held by the Company, property owners or tenants who are leasing ground space and/or grid connection to the Company for the locating of the assets, contractual counterparties who acquire services from the Company 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 Company's assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Company. In the event that such credit risk crystallises, in one or more instances, and the Company 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 Company to seek alternative counterparties, this may materially adversely impact the investment returns. Further the projects in which the Company 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.

Mitigant: The Company has the capacity to diversify across the UK and EU, which allows counterparty risk to be lowered. The Company is not under an exclusivity agreement with any individual manufacturer or EPC provider, again enabling the Company to be selective with regard to major counterparties with which it engages over time. The Company makes best efforts to enter into contracts with counterparties considered financially sound.

Principal Risks and Uncertainties

D. Risks relating to compliance failure with regard to tax codes currently in force, and possible changes in tax legislation which may be enacted in the future.
Mitigant: When required, experts are employed to gather information, including tax and legal advisors, to assist in compliance to assist in compliance with relative legislation.

The risks of the Company are outlined in a risk matrix which was reviewed and updated during the period. The Board continually reviews its policy setting and updates the risk matrix at least annually to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise. The Board relies on reports periodically provided by the Investment Manager, Investment Advisor and the Administrator regarding risks that the Company faces.

The Board also regularly monitors the investment environment and the management of the Company's portfolio. Further detail on mechanisms through which the Company engages risk management is included in Note 18 - Financial risk management.

Longer Term Viability

The Company is a member of the AIC and complies with the AIC Code. In accordance with the AIC Code, the Directors are required to assess the prospects of the Company over a period longer than the 12 months associated with going concern. The Directors conducted this review for a period of three years. The Board deemed appropriate due to the early stage of development of both the Company and its investment portfolio after 10 months of trading, and the nature of the business in which the Company is involved.

In their assessment of the Company's viability, the Directors considered the principal risks to which it is exposed, as set out on pages 06 to 08, together with mitigating factors. Their assessment also considered the following: the Company's investment objective and strategy; the investment capabilities of the portfolio manager; the business model of the Company, the current outlook for the UK economy; the Company's borrowing structure; and the Company's future income and annual operating costs.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of assessment.

Patrick Cox
Director
4 June 2019

Investment Advisor's Report

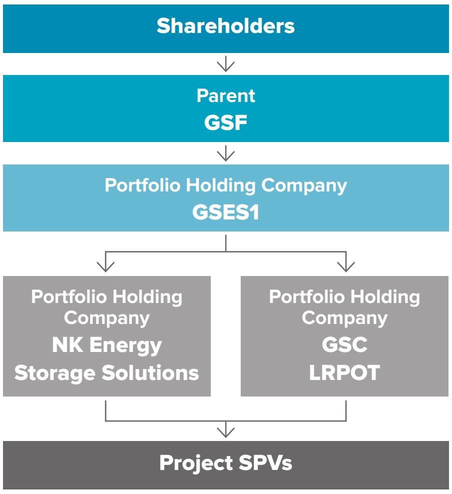
For the period from 19 January 2018 (incorporation date) to 31 March 2019

About Gore Street Capital ("Investment Advisor")

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

Structure

Gore Street Energy Storage Fund plc (the "Company" or "GSF") holds and manages its investments through UK limited companies which are effectively 100% wholly-owned by the Company, GSES 1 Limited, NK Energy Storage Solutions Ltd. and GSC LR POT Limited.



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, 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.

Strategic Partners

As the Company's cornerstone investors, NEC Energy Storage Inc. ("NEC ES") and Nippon Koei ("NK") have remained the Company's strategic partners and major shareholders since the IPO of the Company on 25 May 2018.

NEC ES is a wholly-owned subsidiary of NEC Corporation, a global information and communications technology leader listed on the Tokyo Stock Exchange. NEC ES is widely recognised as a pioneer and leader in the market for utility scale energy storage. NK is the longest-standing engineering consulting firm in Japan listed on the Tokyo Stock Exchange.

Investment Portfolio Summary

At the period end the Company's portfolio had four assets with a total installed capacity of 29.0 MW or 27.0 MW (proportionately to the Company's ownership). All of these assets within the GSF's portfolio are situated in the UK. Operating assets represent 10.0 MW or 8.0 MW (proportionately to the Company's shareholding portion).

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

Investment Advisor's Report

Investment Portfolio Assets

As of 31 March 2019, the Company's portfolio consisted of four assets as detailed below:

Name	Boulby	Cenin
Location	Cleveland, North Yorkshire, United Kingdom	Swansea, Wales, United Kingdom
Size	6 MW / 6 MWh	4 MW[1] / 4.8 MWh
SPV Entity	NK Boulby Energy Storage Ltd.	KiWi Power ES B Ltd.
Effective GSESF Ownership	100%	49%
Contract Type	Behind-the-meter	Co-location
Source of Revenue	– Frequency Response – Capacity Market – Service to the site	– Firm Frequency Contract – Capacity Market
Site Type	Industrial Mining	Renewable Generation
Status	Operational	Operational
Commissioning/Expected Commissioning	Operational since October 2017	Operational since February 2018
Battery Provider	NEC ES	Tesla
Operational summary	From June 2018 to March 2019, Boulby's average availability for frequency services was circa 92%. During the period there was a one-off inverter incident which negatively affected Boulby's performance (as detailed below), therefore, after adjustment of this incident, availability for the period would be 95%. In August 2018, Boulby was operating with 33% of its capacity (2 MW) for two weeks due to capacitor issue and, consequently, an inverter failure. Technical support presented on site during the period and the issue was rectified by replacing the capacitor. The fair value of the Boulby plant, £4,097,838 is calculated using a discounted cashflow methodology.	From July 2018 to March 2019, Cenin's average availability was 97.2%. Aside from preventive maintenance conducted by EPC contractor and system tests in compliance with authority's requirements, during the period there were three incidents which negatively affected Cenin's performance (as detailed below), therefore, after adjustment of these incidents, availability for the period was 97.8%. In August 2018, two incidents occurred which negatively affected Cenin's performance. First, there was a loss in connectivity and the system went offline for 28 hours. The EPC reacted quickly to resolve the issue and it was fully rectified. Second, there was a loss in connectivity and the system went offline for eight hours, but the issue was rectified by the EPC within the same day. This was a result of a cellular connectivity issue and, thus, a new site master controller was installed. In March 2019, the site experienced minor communication problem due to network errors for three hours; however, this issue was rectified within the same day. The fair value of the Cenin investment, £1,196,155, is calculated using a discounted cashflow methodology.

1. Total of 4.0 MW or 2.0 MW proportionately to the Company's share shareholding portion

Investment Advisor's Report

Investment Portfolio Assets

Lower Road
Brentwood, United Kingdom
10 MW / 5 MWh
OSSPV001 Limited
100%
Front-of-the-meter
–
Greenfield
Pre-construction
Targeted to become operational in Q4 2019
NEC ES
The Company finalised its investment in Lower Road in September 2018 by acquiring an SPV owning the rights to the project. The Engineering, Procurement and Construction ("EPC") and Operating and Maintenance ("O&M") contracts have been signed. The design phase is complete; delivery is expected in Q4 2019. Under the EPC contract, the asset owner has the option to upgrade and increase capacity from 5 MWh to 10 MWh within the first six years after the start of operations.

Port of Tilbury
Tilbury, London, United Kingdom
9 MW / 4.5 MWh
OSSPV001 Limited
100%
Behind-the-meter
–
Port
Pre-construction
Targeted to become operational in Q4 2019
NEC ES
The Company finalised its investment in Port of Tilbury in September 2018 by acquiring an SPV owning the rights to the project. Construction has begun onsite at the Port. Under the EPC contract, the asset owner has the option to upgrade and increase capacity from 4.5 MWh to 9 MWh within the first three and a half years after the start of operations. Construction has begun on this asset which is on track for delivery in Q4 of 2019. The fair value of Lower Road and Port of Tilbury investments, £1,188,971, reflected under the single SPV on which they are held OSSPV001 Limited, is calculated using a discounted cashflow methodology on cost basis.

Boulby, Cleveland

Cenin, Swansea

Investment Advisor's Report

Market Update

Electricity network charges

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

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

In November 2018, Ofgem published its draft decision to change these charging methodologies. In principle, the proposals aim to reduce avoidance of residual costs by using fixed charges, or metering of gross demand on the distribution system (not net demand, which nets off the output from distribution-connected sites). Ofgem has proposed to implement its decisions between April 2020 and April 2021.

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

In parallel, Ofgem has also been considering how to most efficiently allocate capacity on the network, and how to signal the costs and benefits that different users create from their usage patterns under its Network Access and Forward-Looking Charging Review. Ofgem initiated this review in December 2018, and confirmed that a significant focus would be distribution charging, including both the aforementioned variable component, but also including a review of whether connection charges could change to become "shallower" (e.g. less of an upfront cost to the connecting site, but more of an ongoing commitment in development timescales). This review is due to publish working papers in summer 2019, and reach a draft decision in spring 2020. Ofgem expects implementation to take place between April 2022 and April 2023.

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

Capacity market

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

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

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

As such, it is the Advisor's view that the capacity market will be restored, and any deferred payments collected in line with the UK Government's steer. In the interim, the Company has prudentially taken into account the impact of the absence of the capacity market in the short-term, which has had a negative impact on asset values.

Investment Advisor's Report

Market Update

Brexit and the impact on the electricity industry

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

In such a scenario, the electricity interconnectors between GB and the continent, and GB and Ireland, may not be able to continue operating in the market coupling mechanism that operates between wholesale markets at the day-ahead stage. This may result in different wholesale market prices in GB and its connected markets than would otherwise be the case. Depending on the outturn of those prices, the arbitrage value for storage assets could be affected positively or negatively.

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

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

Access to National Grid's balancing mechanism

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

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

As part of these initiatives, National Grid and Elexon are also participating in the Trans-European Replacement Reserve Exchange ("TERRE"), which aims to exchange standardised balancing products across market borders, widening access to the European market for those balancing participants with over 1.0 MW in installed capacity. The Investment Advisor views these developments in the BM as positive for the Company's portfolio and expects to review options for entering the BM with selected sites in the future.

Opening up of other balancing services to distribution-connected flexibility resources

Separate to the BM, National Grid continues to review and reform its suite of balancing services to ensure they are appropriate for the challenges ahead that the system faces. In its IPO prospectus, the Company notes changes that National Grid was making to its Response and Reserve products, which are currently underway. Since then, National Grid has also published roadmaps in the areas of Reactive Power and Black Start, which map the way to lowering barriers to entry for participating in these markets.

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

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

Opening up of local flexibility markets

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

One such method is the procurement of flexibility services, which involves the shaving or shifting of peak demand for a site away from the peak in system demand. For example, UKPN, the DSO for the Company's sites at Lower Road and Port of Tilbury, has recently launched a tender for flexibility services whereby successful providers are paid availability and utilisation fees from winter 2019 for up to four seasons ahead (two years). The Investment Advisor views this as a positive development in the flexibility space, again providing further contracting opportunities to complement the current strategy for the Company's portfolio.

Investment Performance

The NAV per share for the Company as at 31 March 2019 was 92 pence compared to 100 pence as at 25 May 2018.

NAV Bridge (IPO 25 May 2018 to 31 March 2019)

NAV Bridge	NAV £ Million	NAV/Share Pence
IPO Proceeds	30.60	100.0%
IPO expense	(0.53)	(1.7%)
Fund Opex PLC	(0.61)	(2.0%)
Interest earned	0.14	0.5%
Dividends	(0.92)	(3.0%)
Acquisition and Capex	(8.56)	(28.0%)
Distribution from SPV (incl. return of capital)	1.51	4.9%
NAV of Portfolio SPVs (31 Mar 2019)	6,48	21.2%
Total NAV (31 March 2019)	**28.12**	**91.9%**

Investment Advisor's Report

Market Update

Valuation of the Investment Portfolio

The Investment Advisor is responsible for providing a fair market valuation of the Company's underlying assets. The results of fair market value of the Company's investment portfolio are presented to the Company's Board of Directors for their review and approval. Investments are reported at the Directors' estimate of fair value at the reporting date. Investment Valuations are calculated by Management quarterly and reviewed on a sample basis by a third party in the mid-year and end of year reports.

The Investment Advisor uses a Discounted Cash Flow ("DCF") method for the projects that are commercially operational, while projects in pre-construction or under construction are held at cost or at the acquisition cost as this is an appropriate estimate of fair value. The methodology adheres to IFRS 13 as well as the International Valuation Standards Council ("IVSC").

The Investment Advisor applies multiple assumptions in the valuation models as detailed below:

General

Discount rate

For the assets currently in operation, the Investment Advisor applied a discount rate from 6.0% to 8.0%. The 6.0% discount rate is applied only for revenue contracted periods, reflecting the lower risk associated with National Grid as a counterparty.

Movement in working capital

Change in working capital (period-on-period current assets less current liabilities) is incorporated into project cash flows through an assessment of relevant balance sheet operating line items (e.g.: changes in receivables, payables and VAT balance).

Revenue

- Contracted revenues based on the actual contracted prices and estimated availability.
- Uncontracted revenues based on the unit price forecast from third party research house(s).
- Future optimum mix of various revenue contracts based on advice from industry experts (third party consultants).

Operating Expenses

- Expenses based on (a) contracted prices under long-term agreement (e.g. machinery maintenance and lease contract) or (b) most recent actuals/quotes with inflation adjustments.
- Energy cost based on system efficiency from EPC's technical specifications, published transmission/distribution network tariff and third party electricity price forecast.

Governance

The Investment Advisor regularly reviews all energy storage assets to ensure they are compliant with planning consent and additional conditions set by the relevant local councils.

Investment Pipeline

The Company and Investment Advisor have identified 13 investment opportunities across four locations which are outlined below. The Advisor will screen and prioritise projects based on certain criteria consistent with the Company's investment policy.

Exclusive Assets or in advanced stage of negotiations

Project	Location	Total project size (MW)
Project 1	UK	30
Project 2	UK	20
Project 3	UK	10
Project 4	UK	35
Project 5	UK	10
Project 6	UK	10
Project 7	Belgium	25
Project 8	Ireland	30
Project 9	Ireland	30
Project 10	Ireland	50
Project 11	Ireland	50
Project 12	Germany	10
Project 13	Germany	11

In addition to the deals under exclusivity or in advanced stage negotiations indicated in the table above, the Advisor has hundreds of MWs available to be accessed as required.

Gore Street Capital
Investment Advisor
4 June 2019

Corporate Governance Statement

This Corporate Governance Report forms part of the Report of the Directors as further disclosed on pages 31 to 32. The Board operates under a framework for corporate governance which is appropriate for an Investment Company.

Gore Street Energy Storage Fund plc is an investment trust. The ordinary shares were admitted to trading on the Premium Segment of the Official List of the London Stock Exchange on 25 May 2018.

The Company is a member of the Association of Investment Companies ("AIC"). The Board has considered the principles and recommendations of the 2016 version of the AIC Code for Corporate Governance "AIC Code" by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide).

The Board has been considering the new UK Corporate Governance Code published in 2018 and the new AIC Code issued in February 2019. Both apply for financial years beginning on or after 1 January 2019, so we are reporting against the 2016 versions of both Codes, which were in force throughout the whole reporting period.

The Company has complied with the recommendations of the AIC Code published in June 2016 and the relevant provisions of the UK Corporate Governance Code 2016, except as set out below:

The UK Corporate Governance Code includes various provisions relating to:

- The role of the Chief Executive
- The appointment of a senior independent Director
- Executive Directors' remuneration
- The need for an internal audit function

The Board has considered the principles and recommendations of the AIC code of Corporate Governance ("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.

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

Throughout the period, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code as set out below:

A.4.1 The Board should appoint one of the independent Non-executive Directors to be the senior independent Director. At IPO all Board members were independent and supported the business in ensuring it was delivering in line with its commitments as set out in the IPO Prospectus. The Board took the decision on 17 July 2018 to appoint Thomas Murley as the senior independent Director.

B.2.4 (AIC 9 and DTR 7.2.8AR) Provide a description of the Board's policy on diversity, including gender, any measurable objectives that this has set for implementing the policy, and progress on achieving the objectives and Diversity Policy.

The Board adopted a formal diversity policy at its 19 September 2018 meeting, reflecting wider diversity characteristics of gender, ethnicity, age, disability, social or educational background. Previously the Board's approach was to appoint the best possible candidates, considered on merit and against objective criteria. For more information see page 24.

B.6.1 (and AIC 7) A statement of how performance valuation of the Board, its Committees and its Directors has been conducted. As the Company had not completed a full year of trading, a Board evaluation was not undertaken during the period.

E.1.1 and AIC 19 The Chairman should discuss governance and strategy with major Shareholders and to understand their issues and concerns. The Chairman has indicated his willingness to meet other major Shareholders but no meetings have been requested.

A copy of the AIC Code 2016 is publicly available at: www.theaic.co.uk/aic-code-of-corporate-governance-0

A copy of the UK Corporate Governance Code 2016 is publicly available at www.frc.org.uk/getattachment/ca7e94c4-b9a9-49e2-a824-ad76a322873c/UK-Corporate-Governance-Code-April-2016.pdf

Application of AIC Code Principles

Detailed disclosures for the application of certain AIC Code Principles and compliance with the appropriate UK Corporate Governance Code Provisions are set out elsewhere in this Corporate Governance Statement. In order to reduce clutter and boilerplate throughout the report, set out below is an overview of Gore Street Energy Storage Funds plc's application of the AIC Code Principles, showing where further information is available.

The AIC Code refers to "the Manager". In Gore Street Energy Storage Fund plc's case, many of the Manager's tasks referred to in the Code are carried out by the Investment Advisor, not the Manager. The Manager's role is to perform the relevant regulatory functions as the Alternative Investment Fund Manager.

Corporate Governance Statement

The Board

1. The Chairman should be independent.
The Company's Chairman, Patrick Cox, was independent on appointment.

2. A majority of the Board should be independent of the Manager.
The Board currently comprises four Non-executive Directors of which the Chairman, Patrick Cox, alongside Caroline Banszky, Malcolm King and Thomas Murley are deemed to be independent of the Investment Advisor and Manager. Thomas Murley is the Senior Independent Director. See Biographies, pages 21 to 23.

3. Directors should be submitted for re-election at regular intervals
The Articles of Association provide that Directors shall retire and offer themselves for re-election at the first AGM after their appointment and at least every three years thereafter. The Directors will however, in accordance with AIC Code best practice, offer themselves up for re-election annually.

4. The Board should have a policy on tenure.
The Company's practice is to assume Directors serve for a minimum three-year term, subject to annual re-election by the Shareholders.

5. There should be full disclosure of information about the Board.
Full information about the Board is set out in the Annual Report on pages 19 to 23, on the Company website at www.gsenergystoragefund.com/content/about/board.aspx and through announcements, as appropriate.

6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.
As set out by the Chairman on page 19, the initial selection and any subsequent additions to the Board aimed to provide a suitable range and depth of skills, experience and knowledge of the sector and related matters in order to enable the Company and Board to set off from a strong footing. Information on the individual Board members is set out on pages 19 to 23 of the Annual Report.

7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors.
As the Company had not completed a full year of activity, a Board evaluation has yet to be conducted. In 2019, internal evaluations of the Board, the Audit Committee and individual Directors will be conducted in the form of annual performance appraisals, questionnaires and discussions to determine effectiveness and performance in various areas, as well as the Directors' continued independence and tenure. This process will be facilitated by the Company Secretary.

8. Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.
The Remuneration & Nomination Committee is responsible for reviewing the scale and structure of the Directors' remuneration and sets remuneration appropriately. Remuneration details are set out on page 24.

9. The independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the Annual report.
The Remuneration & Nomination Committee, is responsible for the appointment of new Directors to the Board.

10. Directors should be offered relevant training and induction.
All the Directors receive an induction on joining the Board and further training as required.

11. The Chairman (and the Board) should be brought into the process of a new launch at an early stage.
Whenever the Company is planning an equity fundraising, the Chairman and the Board are involved and are integral to the process from an early stage, as was the case in the initial fund raise.

Corporate Governance Statement

Board Meetings and the Relationship with the Manager

12. Boards and Managers should operate in a supportive, co-operative and open environment.
The Chairman promotes an open and constructive environment in the Boardroom and actively invites the Non-executive Directors' views. Where appropriate, the Chairman will seek specific opinions utilising the Non-executives' professional and general experience and capabilities. The Non-executive Directors provide objective, rigorous and constructive challenge to the Investment Advisor.

13. The primary focus at regular Board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/ investor relations, peer group information and industry issues.
The Chairman sets the agendas for the meetings, manages the meeting timetable and facilitates open and constructive dialogue during the meetings. The Board has a schedule of matters specifically reserved for its decision which include the approval of budgets, setting investment and performance objectives and policies, the approval of the Company's Financial Statements and published reports, the approval of equity and debt fundraising.

Prior to each of the regular quarterly meetings, the Directors are provided with a comprehensive set of digital papers providing information on the Company's financial position and performance, proposed investments, and other matters as required. As the Company progresses, the agenda will evolve.

14. Boards should give sufficient attention to overall strategy.
The Board, together with the Investment Advisor, regularly considers the overall strategy of the Company in light of its performance and the sector overall.

15. The Board should regularly review both the performance of, and contractual arrangements with, the Manager.
The performance of the Investment Advisor and of the Manager are to be assessed on a regular basis by the Management Engagement Committee. As the Company has not completed a full year of activity, a formal evaluation has yet to be conducted.

16. The Board should agree policies with the Advisor covering key operational issues.
The Board is working with the Investment Advisor towards an agreed set of policies covering key operational areas. The implementation of such policies will be subject to regular, independent review. Further details of the review of internal controls are set out in Accountability on pages 26.

17. The Board should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.
The Board monitors the performance of the Company's share price both on an absolute level and relative to the prevailing Net Asset Value per ordinary share. The Directors have at their disposal, the authority to buy back or issue ordinary shares within certain parameters, which would allow them to address anomalies in the performance of the ordinary shares, if necessary. The Board works with the Company's Advisor and Broker to maintain regular contact with the investors and monitor investor sentiment.

18. The Board should monitor and evaluate other service providers.
The performance of the other service providers is assessed on a regular basis by the Management Engagement Committee except for the Independent Auditor. Although the company had not completed a full year of activity, a formal evaluation of the other service providers has been conducted, including that of the Independent Auditor by the Audit Committee.

Corporate Governance Statement

Shareholder Communications

19. The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.
Representatives of the Advisor have met regularly with Shareholders since the flotation in May 2018, and have provided the Board with feedback on Shareholder views and concerns. Shareholders may also find Company information or contact the Company through its website: www.gsenergystoragefund.com.

The Directors make themselves available at general meetings to address Shareholder queries. The Annual General Meeting, in particular, provides the Board with an important opportunity to make contact with Shareholders, who are invited to meet the Board following the formal business of the meeting.

20. The Board should normally take responsibility for, and have direct involvement in, the content of communications regarding major corporate issues even if the Manager is asked to act as spokesperson.
All communications with Shareholders are discussed and shared with the Board. Any communications regarding major corporate issues are approved by the Board prior to release.

21. The Board should ensure that Shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.
The Board places great importance on communication with Shareholders. It aims to provide Shareholders with a full understanding of the Company's activities and performance and reports formally to Shareholders twice a year by way of the Interim Report and Annual Report, particularly the Strategic report. The Strategic Report is set out on pages 04 to 05 and this provides information about the performance of the Company, the Investment Policy, strategy and the risks and uncertainties relating to the Company's future prospects.

This is supplemented by frequent notifications via a regulatory information service on developments such as asset acquisitions, and fundraising activities, and the Company's website at www.gsenergystoragefund.com is regularly updated.

Patrick Cox
Director
4 June 2019

Leadership

The Board

As at the date of this report, the Board consists of four Non-executive Directors, representing a range of public service, investment, financial and business skills, and has a depth of experience across these categories. The Chairman of the Board is Patrick Cox. In considering the independence of the Chairman, the Board took note of the provisions of the UK Code relating to independence and has determined that Mr Cox is an independent Director. The Senior Independent Director is Mr Thomas Murley. The Company has no employees and as a consequence there is no requirement for a Chief Executive.

As a listed company, in keeping with the provisions of the AIC Code, it is the Company's policy that every three years an external consultant, who has no connection with the Company, carries out a formal review of the Board's performance. The first such review will take place in 2021.

Board Responsibilities

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy and have overall responsibility for the Company's activities including its strategy, investment activities and reviewing the performance of the portfolio.

The Board has a clearly articulated set of matters which are specifically reserved to it and this is reviewed annually. These include:

- The strategic direction of the overall business, objectives, budgets and forecasts, levels of authority to approve expenditure, and any material changes to them.
- The commencement, material expansion, diversification or cessation of any of the Company's activities.
- The Company's regulatory, financial and material operational policies.
- Changes relating to the Company's capital, corporate, management or control structures.
- Material capital or operating expenditures, outside predetermined tolerances or beyond the delegated authorities.
- Any material contract or joint venture and material arrangements with customers or suppliers.

The Board may delegate certain functions to other parties such as the Board Committees, the Investment Manager, the Investment Advisor, the Administrator, the Company Secretary and the Registrar. In particular, the Board has delegated responsibility for day-to-day management of the investments comprised in the Company's portfolio to the Investment Advisor. The Directors have responsibility for exercising supervision of the Investment Advisor.

Board Committees

The Board has created three standing Committees, the Audit Committee, the Management Engagement Committee and the Remuneration & Nomination Committee. Details of these Committees are set out in their Reports on pages 27 to 29, 30, and 24 to 25 respectively. The terms of reference of the Committees are available on our website at www.gsenergystoragefund.com

All the independent Directors serve on the Committees of the Board, so the links and overlaps between the responsibilities of the Committees, are fully recognised and each Committee has full knowledge of the business and deliberations of the other Committees.

In addition, the Investment Manager, as AIFM, has a Risk Committee, comprised of members of its own staff and that of the Investment Advisor for the purposes of monitoring the risk management framework of the Company. More details on this Committee's activities are set out in the Accountability on page 26.

Alternative Investment Fund Manager Directive ("AIFMD")

The Company is an Alternative Investment Fund (AIF) for the purposes of the AIFMD and related regimes in EEA member states.

Service and Support

The Company has no employees and is externally managed by the Investment Advisor and Investment Manager as the mandatory Alternative Investment Fund Manager, supported by the Administrator.

The Management Engagement Committee formally reviews the performance of the Investment Advisor, the Investment Manager and the Administrator each year and makes recommendations to the Board as it considers appropriate. Further details of these reviews, and the relationships with the Investment Advisor, Investment Manager and Administrator are given in the Management Engagement Committee Report on page 30.

The Investment Advisor

The Company has appointed Gore Street Capital Limited to provide investment advice to the Company in respect of the assets of the Company and to provide the day-to-day management of those investments.

The Investment Manager

The Company has appointed Mirabella ("Mirabella") to act as its AIFM. Mirabella is authorised by the FCA to act as an AIFM on behalf of AIFs.

Depositary

Indos Financial Limited has been appointed as Depositary to the Company.

Leadership

The Administrator

JTC (UK) Limited (JTC) has been appointed as Administrator and Company Secretary to the Company.

As Administrator, JTC on behalf of the Directors, is responsible for the maintenance of the books and records, the management and financial accounts, and the management of all cash movements of the Company and the calculation, in conjunction with the Investment Advisor, of the Net Asset Value of the Company.

As Company Secretary, JTC is also responsible for the production of the Company's accounts, regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations. In addition, JTC is responsible for liaising with the Company, the Investment Manager, the Investment Advisor and the Registrar in relation to the payment of any dividends, as well as general secretarial functions required by the Companies Act.

The Directors have access to the advice and services of the Administrator. Where necessary in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company.

JTC attend all our meetings as Secretary to the Board. In addition, we invite representatives of the Investment Advisor, the Investment Manager, our Independent Auditor and other Advisors to attend as required.

The Board Agenda

At our quarterly meetings, the Board follows a formal agenda. This agenda generally includes, amongst other things:

- The Investment Advisor's report for the period, including strategic performance and acquisitions, a review of the performance of the investments, operator performance and market conditions.
- The AIFM report for the period, including discussion of risk.
- The Depositary Report for the period.
- Financial results against budget and cash flow forecasts, including dividends declared and forecast.
- Reports and updates on shareholder and investor communications.
- The Corporate Governance and Secretary's Report, with a review of policies and procedures, a compliance report and an update on legislative/regulatory obligations as appropriate.
- Recommendations and updates from the Board Committees as appropriate.

Key activities of the Board during 2018/2019

The primary focus at regular Board meetings has been on delivering the strategy and monitoring performance against our strategic objectives (see the Strategic Report on pages 04 to 05 for more details). This included:

- Considering our capital structure.
- Discussing and approving portfolio acquisitions
- Forming the Remuneration & Nomination Committee
- Forming the Audit Committee
- Forming the Management Engagement Committee

Meetings and attendance

Member	Board	Audit Committee	Management Engagement Committee	Remuneration & Nomination Committee
Patrick Cox	3/3	2/2	1/1	0/0
Caroline Banszky	3/3	2/2	1/1	0/0
Malcolm King	3/3	2/2	1/1	0/0
Thomas Murley	3/3	1/2	1/1	0/0

The Board meets formally on a quarterly basis and our attendance is shown in the table above. We also have ad hoc meetings which are generally called to approve special announcements or transactions and frequently involve a quorate sub-committee of the Board, which is appointed as necessary. The table above gives the names of all of the Directors who served since the IPO and shows each individual Director's attendance at the scheduled Board and Committee meetings for which they were eligible to attend during the year.

Leadership

Board of Directors

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

Mr Cox was appointed on 22 February 2018 and has been a Director for 13 Months. He sits on the Remuneration & Nomination Committee, the Audit Committee and the Management Engagement Committee. Current directorships/memberships held by Mr Cox are outlined below:

Entity	Position
European Commission	European Coordinator for the Scandinavian-Mediterranean TEN-T Core Network Corridor
Public Interest Committee for KPMG Ireland	Chairman
Appointment Advisory Committee for the European Investment Bank	Member
Appian Asset Management Ltd	Non-executive Director
Institute for International and European Affairs, Ireland	Senior Fellow & Board Member
Third Age Foundation Ireland	Board Member
Alliance Française Dublin	President
Yalta European Strategy Limited	Director
Ecocem Ltd	Non-executive Director
Supernode Ltd	Chairman

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

Ms Banszky was appointed on 22 February 2018 and has been a Director for (13) Months. She is the Chairman of the Audit Committee sits on the Remuneration & Nomination Committee, and the Management Engagement Committee. Current directorships/memberships held by Ms Banszky are outlined below:

Entity	Position
3i Group plc	Non-executive Director
Integrafin Holdings plc	Non-executive Director
AllChurches Trust Limited	Director
The Caledonian Club Trust Limited	Director
The UK Stem Cell Foundation	Director
The British Neurological Research Trust	Director

Leadership

Board of Directors

Malcolm King

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

Mr King was appointed on 22 February 2018 and has been a Director for 13 Months. He sits on the Remuneration & Nomination Committee, the Audit Committee and the Management Engagement Committee. Current directorships/memberships held by Mr King are outlined below:

Entity	Position
Henderson Opportunities Trust	Non-executive Director
Ecofin Global Utilities & Infrastructure Trust plc	Non-executive Director
GSES 1 Limited	Director

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 honours, from Fordham University in New York.

Mr Murley was appointed on 22 February 2018 and has been a Director for 13 Months. He sits on the Remuneration & Nomination Committee, the Audit Committee and the Management Engagement Committee. Current directorships/memberships held by Mr Murley are outlined below:

Entity	Position Held
Ameresco Inc	Non-executive Director
GSES 1 Limited	Director
Catalyst MENA Clean Energy Fund	Investment Committee
Hudson Clean Energy Partners	Investment Committee

Leadership

Investment Advisor

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

Daniel Mudd
Daniel Mudd was the CEO of Paladin Global in 2015-2017. From 2009-2012, Mr Mudd was the CEO of Fortress Investment Group, a global asset management firm with over US$50 billion invested in private equity, credit, and hedge funds. Under his leadership, the firm expanded its base to Asia and the Middle East, acquired new business, eliminated corporate debt while restoring shareholder dividends, and operated market-leading distressed debt funds. He had served on the Fortress Board since the firm's IPO in 2007. He was the President and Chief Executive Officer of Fannie Mae, the United States' largest mortgage investor, from 2005-2008. From 1991-2000, he was a senior officer at General Electric. As President of GE Capital Asia-Pacific, responsible for all lines of business, including power and industrial development projects in Indonesia, China, India and the Philippines. Mr Mudd graduated with a B.A. from the University of Virginia. In 1980, he was a finalist in the Olympic Rowing Trials. He was a commissioned officer in the U.S. Marines and was decorated for combat service in Beirut, Lebanon. After a tour in the Office of the Secretary of Defence, he obtained his Masters in Public Administration at Harvard University.

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

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

Effectiveness

Process used in relation to initial Board appointments

The independent Directors and the Chairman were all appointed prior to the flotation of the Company and were selected for their experience and diverse capabilities. They are all offering themselves for election at our first AGM.

At our first Board meeting, the Board discussed its diversity and experience. The Board deemed its experience to be strong in renewable energy, investment trusts, corporate governance and strategy.

Board evaluation

As the Company has not yet completed a full cycle of activity, a Board evaluation was not undertaken during the period.

Annual re-election

The Directors are all standing for election at the AGM. The Board's view is that each of the Directors standing for election should be appointed, as the Board believes that they have the skills required for the Board to discharge its responsibilities, as outlined in each of their biographies set out on pages 21 to 23, have demonstrated those skills during our first period of operation, and have the time and commitment to contribute to the success of the Company.

Remuneration & Nomination Committee Report

The creation of the Remuneration & Nomination Committee and the development and approval of its Terms of Reference by the Board took place on 19 September 2018.

Committee Membership

The Board decided to follow best practice and a decision was taken to form the Remuneration & Nomination Committee, comprised of the whole Board. The Remuneration & Nomination Committee will meet as and when required but will meet formally at least once a year. For the period under review, we have not yet held a meeting of the Remuneration & Nomination Committee because the Company has not completed a full annual cycle. JTC will attend all our meetings as Secretary to the Committee. In addition, we will invite representatives of the Investment Advisors to attend as required.

Diversity

The Board recognises the benefits that diversity brings. Our approach is to appoint the best possible candidate, considered on merit against objective criteria and in accordance with the Equality Act 2010, rather than to set quotas for a particular aspect that may deflect from achieving this fundamental target every time. At the date of this report, 25% of the Board was female.

Role

The Committee has two roles with various functions, the most important of which are:

1. Remuneration

Determining and agreeing with the Board, the framework and broad policy for the remuneration of the Board and to review the ongoing appropriateness and relevance of the remuneration policy to meet the needs of the Company. It will take into account factors which it deems necessary: including relevant legal and regulatory requirements, the principles of the AIC Code, the provisions of the UK Corporate Governance Code and their associated recommendations and guidance.

2. Nomination

Reviewing annually the structure, size and composition (including the skills, knowledge and experience) required of the Board and making recommendations to the Board with regard to any necessary changes.

Considering the succession planning and replenishment of Directors as the Board and Company progresses, identifying and nominating candidates to fill Board vacancies as and when they arise and taking into account the challenges and opportunities facing the Company, and what skills and expertise are needed on the Board for the future.

Reviewing annually the time required from the Directors and using performance evaluation to assess whether the Directors are spending enough time on their duties.

The full Terms of Reference of the Remuneration & Nomination Committee are available on our website at: www.gsenergystoragefund.com

Directors' Remuneration Policy

The Company's policy is to determine the level of Directors' fees with due regard to the experience of the Board as a whole, the time commitment required and to be fair and comparable to Non-executive Directors of similar companies. The Company may also periodically choose to benchmark Directors' fees with an independent review, to ensure they remain fair and reasonable.

Directors' fees will be adjusted from time to time and will be subject to Shareholder approval in the subsequent AGM. The Directors may elect to apply the cash amount equal to their annual fee to subscribe for or to purchase ordinary shares. The Directors are entitled only to their annual fee and their reasonable expenses. No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

The Directors hold their office in accordance with the Articles of Association and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles of Association and without compensation. Under the Company's Articles of Association, all Directors are entitled to remuneration determined from time to time by the Board and approved by the Shareholders.

Directors' remuneration

Under the terms of their appointments as Non-executive Directors of the Company, each Director is entitled to an annual fee as outlined below:

Director	Annual fee (£)
Patrick Cox	33,000
Caroline Banszky	21,000
Malcolm King	18,000
Thomas Murley	18,000

Company-wide considerations

There are no Executive Directors, nor are there any employees of the Company, so there are no statements to make on any consultations, comparisons, or pay and employment conditions within the Company.

Recruitment

The same diversity policy will be applied for any recruitment purposes.

Statement of consideration of shareholder views

The levels of remuneration were set out in the Prospectus and did not receive any negative comment from the investment community before or after the IPO. As no changes have been considered, the Board felt it was not necessary to poll Shareholder opinion on remuneration issues prior to the AGM. The AGM will give the opportunity for opinions to be aired and demonstrated formally through the voting process and will provide the basis for future discussions and developments.

Remuneration & Nomination Committee Report

Annual report on remuneration

Director	Total Remuneration Audited (£)
Patrick Cox	29,083
Caroline Banszky	18,853
Malcolm King	16,295
Thomas Murley	16,295
Total	**80,526**

The Company maintains £10 million of Directors' and Officers' Liability Insurance cover for the benefit of the Directors, which was in place throughout the period and which continues in effect at the date of this report.

In accordance with FCA Listing Rules 9.8.6(R)(1), Directors' interest in the shares of the Company (in respect of which transactions are notifiable to the Company under FCA Disclosure and Transparency Rule 3.1.2(R)) as at 31 March 2019 were as follows:

Directors' interest and beneficial interest

Directors' interest and beneficial interest	Number of Ordinary Shares	Percentage of issued share capital
Patrick Cox	49,996	0.02
Caroline Banszky	35,000	0.01
Malcolm King	25,000	0.01
Thomas Murley	–	–

Payments to past Directors or for loss of office

There are no payments to disclose. Under the terms of the Directors' Remuneration Policy there would be no compensation for loss of office.

Statement of implementation of remuneration policy for financial year 2019

There is no change to the policy, or to the levels of remuneration for the Board for 2019.

External Advisors

The Board has not received any external advice with respect to remuneration and has not appointed an external remuneration Advisor.

Statement of voting at general meeting

The AGM in 2019 is the first occasion for shareholders to vote on remuneration issues, so there is no voting to disclose in this report.

Accountability Statement

Approach to risk management and internal control

The Directors acknowledge their responsibility for maintaining the Company's system of internal control and risk management, in order to safeguard the Company's assets. This system is designed to identify, manage and mitigate the financial, operational and compliance risks that are inherent to the Company, and to manage rather than eliminate the risk of failure to achieve business objectives. As such, it can only provide reasonable, but not absolute, assurance against material misstatement or loss.

As part of each quarterly Board meeting during the period, the Directors reviewed the financial position of the Company and assessed any risks in relation to the Company's business model and the Company's future performance, liquidity and solvency. To facilitate this process the Investment Advisor produced financial reports, which included the latest management accounts, a review and report on the Company's financial model, substantiation of any dividend payments and a general update on the financial health of the Company.

The Board considered whether the Company should employ an internal audit function during the period and concluded that, due to the Company's structure, the nature of its activities and taking into account the controls already in place and, more particularly, the external service already provided by the Administrator and the Manager, an internal audit function was not necessary.

As part of the internal risk review, we identified that whilst the Administrator has its own internal audit performed on an annual basis, from which the Company reviews any findings and takes particular comfort, the Company should also independently assess whether these controls are sufficient and if they operate effectively.

Internal Control

The Board is responsible for the Company's system of internal control and for the review of its effectiveness. The Board confirms that it has an ongoing process to support the identification, evaluation and management of the significant risks faced by the Company. This process has been in place throughout the Company's first period of operation and has continued since the period end.

The Company's principal risks and uncertainties are detailed on pages 08 to 09 of this report. As further explained in the Audit Committee Report, the risks of the Company are outlined in a risk matrix which was reviewed and updated during the period. The Board continually reviews its policy setting and updates the risk matrix at least annually to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise. The Board relies on reports periodically provided by the Investment Manager, Investment Advisor and the Administrator regarding risks that the Company faces.

When required, experts are employed to gather information, including tax and legal Advisors. The Board also regularly monitors the investment environment and the management of the Company's portfolio, and applies the principles detailed in the internal control guidance issued by the FRC. The principal features of the internal control systems which the Investment Manager, Investment Advisor and the Administrator have in place in respect of the Company's financial reporting include:

- internal reviews of all financial reports;
- review by the Board of financial information prior to its publication;
- authorisation limits over expenditure incurred by the Company;
- review of valuations
- authorisation of investments.

Whistleblowing

The Board has considered the UK Code recommendations in respect of arrangements by which staff of the Investment Manager, Investment Advisor or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow up action to be taken within their organisation.

Relations with Shareholders

The Company places great importance on communication with its Shareholders, and welcomes the views of Shareholders. The Investment Advisor is available at all reasonable times to meet with principal Shareholders and key sector analysts. The Chairman, the Senior Independent Director and other Directors are also available to meet with Shareholders if required. All Shareholders have the opportunity to put questions to the Company at the registered address. The AGM of the Company will provide a forum for Shareholders to meet and discuss issues with the Directors and Investment Advisor.

The Board receives comprehensive Shareholder reports from the Company's Registrar and regularly monitors the views of Shareholders and the Shareholder profile of the Company. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Advisor.

Shareholders may also find Company information or contact the Company through its website: www.gsenergystoragefund.com

On behalf of the Board
Patrick Cox
Chairman
4 June 2019

Audit Committee Report

Since our IPO in May 2018, the Audit Committee has overseen the Company's first cycle of financial reporting and addressed areas of compliance and legislation within the Committee's areas of responsibility.

During the year, the Audit Committee comprised of the full Board. The AIC Code requires that at least one member of the Audit Committee should have recent and relevant financial experience and that the Audit Committee, as a whole, shall have competencies relevant to the sector. The Board is satisfied that the composition of the Audit Committee meets these criteria. The qualifications and experience of all Audit Committee members are outlined on pages 21 to 23 of this Report.

Meetings

We met twice during 2018 following the Company's fiscal year, which ensured that the meetings were aligned to the Company's financial reporting timetable. These meetings were attended by the Committee members, as well as representatives of the Investment Advisor, Gore Street Capital Limited, the Company Secretary, JTC (UK) Limited and the Independent Auditor, EY LLP.

The Audit Committee operates within clearly defined terms of reference which were put in place in this term, the first period of operation, and approved by the Board. The terms of reference include all matters indicated by Disclosure Guidance and Transparency Rule 7.1 and the AIC Code and are available for inspection on the Company's website: www.gsenergystoragefund.com

Third parties may be invited to attend meetings as and when deemed appropriate.

Summary of the Role and Work of the Audit Committee

The duties of the Audit Committee include the review of the Company's quarterly NAV, half year report, Annual Report and Financial Statements and formal announcements pertaining to the Company's financial performance.

The Audit Committee is the forum through which the Independent Auditor reports to the Board and is responsible for reviewing the terms of appointment and remuneration of the Independent Auditor. On an ongoing basis, the Audit Committee is responsible for reviewing the objectivity of the Independent Auditor, the effectiveness of the audit and the terms under which the Auditor is engaged to perform non-audit services, if relevant. The Audit Committee is also responsible for reviewing the Company's corporate governance framework, system of internal controls and risk management, ensuring they are suitable for an investment company. The Audit Committee reports its findings to the Board, identifying such matters which are considered in need of action or improvement, and make recommendations on the measures to be taken.

Overview

During the year, the Audit Committee has had regular contact and meetings with the Investment Advisor, the Administrator and the Independent Auditor. These meetings and discussions focused on, but were not limited to:

- a detailed analysis of the Company's quarterly NAVs;
- reviewing the risk matrix of the Company;
- reviewing the Company's corporate governance framework;
- reviewing the internal controls framework for the Company, and those of the Administrator and the Investment Advisor with respect to the Company.
- considering the ongoing assessment of the Company as a going concern;
- considering the principal risks and period of assessment for the longer-term viability of the Company;
- monitoring compliance with AIFMD, the AIC code and other regulatory and governance frameworks;
- reviewing and approving the audit plan in relation to the audit of the Company's Annual Report and Financial Statements;

Financial Reporting

The primary role of the Audit Committee in relation to financial reporting is to review with the Investment Manager, the Administrator and the Independent Auditor the appropriateness of the half year report and Annual Report and Financial Statements, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- whether the Audit Committee believes that proper and appropriate processes and procedures have been followed in the preparation of the half year report and Annual Report and Financial Statements;
- consideration and recommending to the Board for approval of the contents of the annual Financial Statements and reviewing the Independent Auditors' report thereon including consideration of whether the Financial Statements are overall fair, balanced and understandable;
- material areas in which significant judgements and estimates have been applied or there has been discussion with the Independent Auditor; and
- any correspondence from regulators in relation to the Company's financial reporting.

EY LLP, the Independent Auditor since IPO in May 2018, attended the formal Audit Committee meetings held during the period. Matters discussed include the Independent Auditor's assessment of interactions with the Investment Advisor, Investment Manager and the Administrator, confirmation that there has been no restriction in scope placed on them, the independence of their audit and how they have exercised professional scepticism.

Significant Issues

The Audit Committee discussed the planning, conduct and conclusions of the external audit as it proceeded. At the Audit Committee meeting in advance of the period end, the Audit Committee discussed and approved the Independent Auditor's audit plan. The Audit Committee identified the carrying value of investments as a key area of risk of misstatement in the Company's Financial Statements.

Audit Committee Report

Assessment of the Carrying Value of Investments

The Company's accounting policy is to designate investments at fair value. As a consequence, the Committee reviewed valuation policies processes and application. The most influential area of judgement within the Accounts relates to the valuation of these investments. The key estimates and assumptions include the useful life of the assets, revenue estimates, the discount factors utilised, the rate of inflation, and the price at which the power and associated benefits can be sold. In particular, the Audit Committee carefully considered the impact of the change in Capacity Market Income recognition and associated assumptions in relation to the valuation of the assets that have been included in the 31 March 2019 valuation. At the period end, the Company engaged BDO as independent valuation experts/Advisors to help the Committee form a view as to the reasonableness as to the valuation of Boulby.

The uncertainty involved in determining the fair value investment valuations represents significant risk in the Company's Financial Statements. An inherent risk of management override is present as the Investment Advisors' fee is calculated based on NAV (as disclosed in Note 22 to the Financial Statements). The Investment Advisor is responsible for calculating the NAV with the assistance of the Administrator, prior to approval by the Board.

On a quarterly basis, the Investment Advisor provides a detailed analysis of the NAV. This analysis highlights any movements and assumption alterations to the NAV of the previous quarter. NAV movements and the principles behind changes in assumptions are considered and challenged by the Chairman of the Audit Committee and subsequently approved by the Board. The Audit Committee is satisfied that the key estimates and assumptions used within the valuation model are appropriate and that the investments have been fairly valued.

Internal Control

The Audit Committee has established a set of ongoing processes with a view to satisfying particular needs of the Company with respect to managing the risks to which it is exposed. The process is one whereby the Investment Manager has identified the key risks to which the Company is exposed, and recorded them on a risk matrix together with the controls employed to mitigate these risks. A residual risk rating has been applied to each risk. The Audit Committee is responsible for reviewing the risk matrix and associated controls before recommending to the Board for consideration and approval. The Audit Committee is also responsible for challenging the Investment Manager's assumptions to ensure a robust internal risk management process. By their nature, these procedures provide a reasonable, but not absolute, assurance against material misstatement or loss. Regular reports are provided to the Audit Committee highlighting material changes to risk ratings.

The Audit Committee discussed and reviewed in depth the internal controls frameworks in place at the Investment Advisor and the Administrator. Discussions were centred around assurances at operational level; internal oversight; and independent objective assurance.

The Audit Committee concluded that these frameworks were appropriate for the identification, assessment, management and monitoring of financial, regulatory and other risks, with particular regard to the protection of the interests of the Company's Shareholders.

Internal Audit

The Audit Committee has concluded that an Internal Audit function specific to the Company is not considered a necessary requirement at this juncture.

External Auditor

Effectiveness of the Audit Process

The Audit Committee assessed the effectiveness of the audit process by considering EY LLP's fulfilment of the agreed audit plan. This assessment included the review of reporting presented to the Audit Committee by EY LLP and the discussions at the Audit Committee meeting, highlighting such issues as arose during the course of the audit. In addition, the Audit Committee also sought feedback from the Investment Advisor and the Administrator on the effectiveness of the audit process. For this financial period, the Audit Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good.

Non-Audit Services

The Audit Committee seeks to ensure that any non-audit services provided by the Independent Auditor do not conflict with their statutory and regulatory responsibilities, as well as their independence, before giving written approval prior to their engagement.

The Audit Committee has a policy regarding the provision of non-audit services by the external Auditor which precludes the Independent Auditor from providing any of the prohibited non-audit services as listed in Article 5 of the EU Directive Regulation (EU) No 537/2014. The Audit Committee monitors the Company's expenditure on non-audit services provided by the Company's Auditor, who should be engaged for non-audit services in circumstances where they are deemed to be the most commercially viable supplier, and prior approval of the Audit Committee has been sought. Non-audit services were provided pertaining to the Initial report which was produced for the period ending 30 September 2018. The Audit Committee was satisfied that the provision of these non-audit services did not provide threats to the Independent Auditors independence.

Audit Committee Report

Independence

The Audit Committee is required to consider the independence of the Independent Auditor. In fulfilling this requirement, in addition to its own internal assessment, the Audit Committee has considered a report from EY LLP describing its arrangements to identify, report and manage any conflict of interest and the extent of non-audit services provided by them. The Audit Committee has concluded that it considers EY LLP to be independent of the Company.

Annual General Meeting

The Chairman of the Audit Committee will be present at the Company's AGM to answer questions on the Audit Committee's activity and matters within the scope of the Audit Committee's responsibilities.

Fair, balanced and understandable statements

The production and audit of the Company's Annual report and accounts is a comprehensive process, requiring input from number of contributors. To reach a conclusion on whether the Company's Annual Report and accounts, taken as a whole, are fair, balanced and understandable, as required under the AIC Code, the Board requested that the Audit Committee advise on whether we considered that the Annual Report fulfilled these requirements.

In outlining our advice, we considered the detailed reviews undertaken at various stages of the production process by the Investment Advisor, third party independent valuer, BDO LLP, Administrator and the Audit Committee, which are intended to ensure consistency and overall balance. We then discussed with the Investment Advisor and Administrator the process of how this was put together and received a series of drafts of the Company's Annual report and accounts. These were scrutinised and discussed thoroughly at two separate Audit Committee meetings. Additional comfort was also sought from the Investment Advisor and Administrator in relation to the conclusion reached by the Board.

As a result of the work performed, we have concluded and reported to the Board that the Annual Report and accounts for the period ended 31 March 2019, taken as a whole, are fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy. The Board's conclusions in this respect are set out on page 31.

Effectiveness of the Committee

An evaluation of the Committee's effectiveness has not been undertaken as the Company has not undertaken a full annual cycle.

Caroline Banszky
Chairman of the Audit Committee
4 June 2019

Management Engagement Committee Report

Introduction

We have set up a Management Engagement Committee with a membership comprised of all the independent Directors of the Company: Caroline Banszky, Malcolm King, Thomas Murley and me, Patrick Cox (Chair).

The Management Engagement Committee will meet as and when required but formally at least once a year. For the period under review, we have undertaken a review the performance of the key service providers, whilst noting that Company has not completed a full years trading.

JTC (UK) Limited will attend our meetings as Secretary to the Committee. In addition, we will invite representatives of the Investment Advisor, the Investment Manager and our Independent Auditor to attend as required.

Role

The Committee has several functions, the most important of which are:

- To review annually the compliance by the Investment Advisor with the Company's investment policy, as established by the Board, and with the investment management agreement entered into between the Company and the Investment Advisor.
- To review annually the performance of any other key service providers to the Company.

The full Terms of Reference of the Management Engagement Committee are available on our website at: www.gsenergystoragefund.com

Patrick Cox
Committee Chair
4 June 2019

Directors' Report

The Directors present their report together with the audited Financial Statements for the period from 19 January 2018 (incorporation date) to 31 March 2019. This is the first set of annual financial information prepared by Gore Street Energy Storage Fund plc (the "Company") and therefore no comparatives are provided. The Corporate Governance Statement on pages 15 to 18 forms part of this report. The Directors' Report together with the Strategic report comprise the "management report" for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R.

Principal activity and status

The Company was incorporated in England and Wales on 19 January 2018 with company number 11160422 and registered as an investment company limited by shares under Section 833 of the Companies Act 2006. On 25 May 2018, the Company's ordinary shares were admitted as a Premium Listing and commenced dealings on the Main Market of the London Stock Exchange ("LSE"). The Company has subsequent to its launch, entered the Investment Trust Company ("ITC") regime for the purposes of UK taxation. The Company is a Member of the Association of Investment Companies ("AIC").

Business review

During the period the Company invested £1 in GSES 1 Limited, a newly incorporated company in the United Kingdom. Since the IPO in 25 May 2018, the Company, through GSES 1 Limited, has successfully acquired four facilities of which three facilities are wholly owned by the Company. The registered address of GSES 1 Limited is 7th Floor, 9 Berkeley Street, London, United Kingdom, W1J 8DW. The Chairman's Statement and Investment Advisors Report expands on the business activity and acquisitions in the period.

Results and dividends

The Financial Statements of the Company for the period appear on pages 40 to 43]. Total Comprehensive loss for the period was (£1,034,472). The Directors recommend a final dividend of 1 pence per share be paid, bringing the total dividend in respect of the period ended 31 March 2019 to 4 pence per share.

Dividend policy

Subject to market conditions and performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to Shareholders on a quarterly basis. The targeted annual dividend for 31 March 2019 of 4p per Ordinary share will have been met, the annual target thereafter is 7 pence per share as per the Supplemental Prospectus.

Share capital

As at 31 March 2019, 30,600,000 ordinary shares were in issue and no other classes of shares were in issue at that date.

Risk management and internal control

The Board is responsible for financial reporting and controls, including the approval of the Annual Report and Accounts, the dividend policy, any significant changes in accounting policies or practices, and treasury policies including the use of derivative financial instruments. During the period the Board has carried out a robust assessment of the principal risks and uncertainties facing the Company and how they are being mitigated, as described on pages 06 to 08.

The Board meets at least every quarter to review the Company's performance against its strategic aims, objectives, business plans and budgets and ensures that any corrective action considered necessary is taken. Additional meetings are held as required to deal with the business of the Company in a timely manner. Directors are expected to attend all meetings of the Board and all meetings of those Committees on which they sit, as well as the Annual General Meeting ("AGM"). Meetings called outside the scheduled quarterly Board meetings may need to be convened at relatively short notice and therefore at times when not every Director is available. Every meeting during the period has however been correctly convened with an appropriate quorum and with the Directors independent of the Investment Advisor.

Directors

All Directors are Non-executive Directors. In accordance with the Articles of Association, all Directors are required to retire and seek re-election at the AGM following their initial appointment to the Board. All four Directors will therefore retire and seek re-election at the next AGM having been appointed during 2018.

Significant shareholdings

As at 31 March 2019 the Directors have been notified that the following shareholders have a disclosable interest of 3% or more in the ordinary shares of the Company:

Shareholder	Number o ordinary shares	Percentage of issued share capital
Northtrust Nominees Ltd	850,000	3
Goldman Sachs Securities (Nominees)	1,610,000	5
1st Avenue Capital LLC	1,850,000	6
BNY (OCS) Nominees Ltd	2,000,000	7
Nippon Koei Co. Ltd	6,000,000	19
NEC Energy Solutions Inc	8,000,000	26

Political contributions

The Company made no political contributions during the period.

Greenhouse gas emissions reporting

The Board has considered the requirement to disclose the Company's measured carbon emissions sources under the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013. The Company is a closed-ended investment company which has no employees and so its own direct environmental impact is minimal.

Directors' Report

Employees

The Company has no employees and therefore no employees share scheme or policies for the employment of disabled persons or employee engagement.

Other disclosures

Disclosures of financial risk management objectives and policies and exposure to financial risks are included in Note 18 to the Financial Statements.

Disclosures in relation to the Company's business model and strategy have been included within the Investment Advisor's Report on page 09 to 14. Disclosures in relation to the main industry trends and factors that are likely to affect the future performance and position of the business have also been included within the Investment Advisors Report.

Going Concern

The Company's business activities, together with the factors likely to affect its future development performance and position, are set out in the Investment Advisor's Report. The Company faces a number of risks and uncertainties, as set out above. The financial risk management objectives and policies of the Company, including exposure to price risk, interest rate risk, credit risk and liquidity risk are discussed in Note 18 to the Financial Statements. The Company continues to meet day-to-day liquidity needs through its cash resources.

As at 31 March 2019, the Company had net current assets of £21.840 million and had cash balances of £17.224 million (excluding cash balances within investee companies), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary. The Company had no outstanding debt as at 31 March 2019.

The Directors have reviewed Company forecasts and projections which cover a period of not less than 12 months from the date of this Strategic Report, taking into account foreseeable changes in investment and trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and after making de enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

Disclosure of information to Auditors

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

Independent Auditors

Ernst & Young LLP were appointed as Auditors by the Directors during the period and have expressed their willingness to continue as Auditor for the financial year ending 31 March 2020. A resolution to appoint Ernst & Young LLP as Auditors to the Company will be proposed at the AGM.

Signed by order of the Board
Patrick Cox
Chairman
4 June 2019

Statement of Directors' Responsibilities
in respect of the preparation of the Annual Financial Report

The Directors are responsible for preparing the annual financial report in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the European Union, and in accordance with the Companies Act 2006 as applicable to companies using IFRS.

Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for the keeping of adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, a Directors' Remuneration Report and a Corporate Governance Statement that comply with that law and those regulations.

The Directors of the Company each confirm to the best of their knowledge, that:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company taken as a whole; and
- this annual financial report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the annual financial report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed by order of the Board
Patrick Cox
Chairman
4 June 2019

Investment Manager's Report

Remuneration Code Disclosure 2018

The AIFM has established an AIFM Remuneration Policy (the "Policy") to ensure compliance with the requirements of the Alternative Investment Fund Managers Directive (the "AIFMD") as set out in article 13 of Directive 2011/61/EU. The Policy applies to the AIFM staff in respect of the Alternative Investment Funds (the "AIFs") that it manages.

In accordance with the proportionality provisions of the ESMA Guidelines on Remuneration and taking into account its size, nature and the scope of its activities, the AIFMs Board has dis-applied the requirements of the ESMA Guidelines in relation to the following: variable remuneration in instruments, retention, deferral, ex post incorporation of risk for variable remuneration and the Pay-out Process Rules and the requirement to establish a Remuneration Committee.

The AIFM's Policy seeks to promote sound and effective risk management. The AIFM seeks to avoid creating any incentive for individuals to take inappropriate risk and, in general, all decisions are confirmed by the Company's Investment Committee.

In line with the requirements of the AIFMD, the AIFM is required to make certain quantitative disclosures pertaining to remuneration. The information disclosed is based on the Company's understanding of the current guidance.

The table below provides an overview of the aggregate total remuneration paid by the AIFM to all staff split between fixed and variable remuneration and Aggregate total remuneration paid by the AIFM split by category of remuneration code staff. Please further note that due to the roles of AIFM's Senior Management this will include services provided to other mandates.

AIFM Remuneration Code Staff	Headcount	Total Remuneration
Split between:		
Fixed remuneration	4	523,162.16
Variable remuneration	4	159,446.32
Split between:		
Senior Management	3	503,554.48
Other Code Staff	1	179,054.00

Further Disclosures

In accordance with the Securities Financing Transaction Regulation (SFTR), the AIFM is responsible to disclose Securities Financing Transactions (SFTs) for the Company. For the year ended 31 March 2019, the Company did not engage in any SFTs.

Independent Auditor's Report to the Members of Gore Street Energy Storage Fund plc

Opinion

We have audited the Financial Statements of Gore Street Energy Storage Fund plc (the "Company") for the period from 19 January 2018 (incorporation date) to 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related Notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the Financial Statements:
- give a true and fair view of the Company's affairs as at 31 March 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement.

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:
- the disclosures in the Annual Report set out on pages 06 to 08 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 06 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 44 in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements, and the Directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the Financial Statements
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 06 to 08 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	Valuation of investments
Materiality	Overall materiality of £0.28m which represents 1% of net assets.

Independent Auditor's Report to the Members of Gore Street Energy Storage Fund plc

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of investments		
Refer to the Audit Committee Report (page 34); Accounting policies (page 54); and Notes 12 and 17 of the Financial Statements (pages 50 and 52 respectively).	We performed the following procedures:	We have no matters to communicate with respect to the valuation of investments.
The accurate valuation of investments is fundamental to the Company's financial performance. The return generated by the investment portfolio is a key driver of the Company's returns.	Gained an understanding of the Investment Advisor and Directors processes and controls surrounding investment valuations, by performing a walkthrough to evaluate the design and implementation of controls.	
Due to the nature of the investment portfolio, i.e. that all investments are unlisted with no directly comparable listed investments, the underlying assumptions that drive the value of each asset are subjective. As a result, the valuation of the portfolio is susceptible to misstatement. The investment valuation approach requires sufficient rigour to eliminate the susceptibility of the investment valuations to bias.	Obtained the valuation models for the related assets to assess whether the valuation methodology adopted is consistent with the requirements of IFRS and IPEV guidelines.	
The valuation principles used are based on International Private Equity and Venture Capital ("IPEVC") valuation guidelines, using a discounted cash flow ("DCF") methodology.	Held discussions with management to understand the key drivers to the cash flow projections included in the valuation models and assessed their appropriateness based on the nature of the asset and our understanding of the relevant markets.	
At 31 March 2019 the Company had investments valued at £6.5m.	Corroborated key revenue streams to supporting contracts and external forecasts.	
	Checked the clerical accuracy of the valuation models and agreed the inputs to supporting documents.	
	Engaged EY experts for the review of the appropriateness of the discount rate used and the effect of macro-economic or industry related factors on the future cash flows of each asset by benchmarking them against externally available data for comparable investment projects or third party valuation reports.We have no matters to communicate with respect to the valuation of investments.	

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £0.28 million, which is 1% of net assets. We believe that net assets are the most important financial metric on which shareholders would judge the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £0.14m. We have set performance materiality at this percentage as this is the first year for the Company.

Independent Auditor's Report to the Members of Gore Street Energy Storage Fund plc

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £14k, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 01 to 34 and page 60. The other information comprises information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

Fair, balanced and understandable (set out on page 29)

The statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

Audit Committee reporting (set out on page 27)

The section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

Directors' Statement of compliance with the UK Corporate Governance Code (set out on page 15)

The parts of the Directors' Statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the Auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' Responsibilities set out on page 33 the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Gore Street Energy Storage Fund plc

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the Financial Statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and have a direct impact on the preparation of the Financial Statements. We determined that the most significant frameworks which are directly relevant to specific assertions in the Financial Statements are those that relate to the reporting framework (IFRS as adopted by the EU, the Companies Act 2006 and UK Corporate Governance Code) and relevant tax compliance regulation, Section 1158 of the Corporation Tax Act 2010. In addition, we concluded that there are certain significant laws and regulations which may influence the determination of the amounts and disclosures in the Financial Statements including the Listing Rules of the UK Listing Authority.

We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.

We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by meeting with Management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their potential influence on efforts made by Management to manage NAV per share. We identified fraud and management override risks in relation to estimation uncertainty relating to the valuation of investments. Our audit procedures stated above in the 'Key audit matters section' of this Auditor's report were performed to address the fraud risk.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the Financial Statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Other matters we are required to address

We were appointed by the Company on 19 September 2018 to audit the Financial Statements for the period ending 31 March 2019 and subsequent financial periods. We were appointed as Auditors by the Board and signed an engagement letter on 28 May 2019.

The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the period ending 31 March 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

The audit opinion is consistent with the additional report to the Audit Committee.

Use of our Report

This Report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

For and on behalf of Ernst & Young LLP, Statutory Auditor
Caroline Mercer
Senior Statutory Auditor
London
4 June 2019

Notes:
1. The maintenance and integrity of the Gore Street Energy Storage Fund plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Financial Statements

Statement of Comprehensive Income

For the period from 19 January 2018 (incorporation date) to 31 March 2019

	Notes		19 January 2018 to 31 March 2019 (£)
Net loss on investments at fair value through the profit and loss	7		(565,064)
Investment income	8		139,341
Administrative and other expenses	9		(608,749)
Loss before tax			**(1,034,472)**
Taxation	10		-
Loss after tax and loss for the period			**(1,034,472)**
Total comprehensive loss for the period			**(1,034,472)**
Loss per share (basic and diluted) – pence per share	11		(3.38)

All items dealt with in arriving at the result for the period relate to continuing operations.

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The Notes on pages 44 to 58 form an integral part of these Financial Statements.

Financial Statements

Statement of Financial Position

As at 31 March 2019

Company number 11160422

	Notes		31 March 2019 (£)
Non – Current Assets			
Investments at fair value through the profit or loss	12		6,482,964
			6,482,964
Current assets			
Cash and cash equivalents	13		17,223,770
Trade and other receivables	14		4,616,613
			21,840,383
Total assets			**28,323,347**
Current liabilities			
Trade and other payables	15		207,510
			207,510
Total net assets			**28,115,837**
Shareholders equity			
Share capital	20		306,000
Share premium	20		67,476
Special reserve	20		186,656
Capital reduction reserve	20		28,590,177
Retained earnings	21		(1,034,472)
			28,115,837
Total shareholders equity			**28,115,837**
Net asset value per share	19		0.92

The annual Financial Statements were approved and authorised for issue by the Board of Directors and is signed on its behalf by;

Patrick Cox
Chairman
4 June 2019

The Notes on pages 44 to 58 form an integral part of these Financial Statements.

Financial Statements

Statement of Changes in Equity

For the period from 19 January 2018 (incorporation date) to 31 March 2019

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Retained earnings (£)	Total shareholders equity (£)
As at 19 January 2018	-	-	-	-	-	-
Comprehensive loss for the period						
Loss for the period	-	-	-	-	(1,034,472)	(1,034,472)
Total comprehensive loss for the period	-	-	-	-	(1,034,472)	(1,034,472)
Transactions with owners						
Ordinary shares issued at a premium during the period	306,000	30,294,000	-	-	-	30,600,000
Share issue costs	-	(531,691)	-	-	-	(531,691)
Issue of redeemable preference shares	12,500	-	-	-	-	12,500
Redemption of redeemable preference shares	(12,500)	-	-	-	-	(12,500)
Transfer to special reserve	-	(186,656)	186,656	-	-	-
Transfer to capital reduction reserve	-	(29,508,177)	-	29,508,177	-	-
Dividends paid	-			(918,000)		(918,000)
As at 31 March 2019	**306,000**	**67,476**	**186,656**	**28,590,177**	**(1,034,472)**	**28,115,837**

The Notes on pages 44 to 58 form an integral part of these Financial Statements.

Financial Statements

Statement of Cash Flow

For the period from 19 January 2018 (incorporation date) to 31 March 2019

			19 January 2018 to 31 March 2019 (£)
Cash flows used in operating activities			
Loss for the period			(1,034,472)
Net loss on investments at fair value through the profit and loss			565,064
(Increase) in trade and other receivables			(4,616,613)
Increase in trade and other payables			207,510
Net cash generated/(used)in operating activities			**(4,878,511)**
Cash flows used in investing activities			
Purchase of investments			(8,561,656)
Proceeds from investments – return of capital			1,513,628
Net cash generated/(used) in investing activities			**(7,048,028)**
Cash flows used in financing activities			
Proceeds from issue of ordinary shares at a premium			30,600,000
Share issue costs			(531,691)
Issue of redeemable preference shares			12,500
Redemption of redeemable preference shares			(12,500)
Dividends paid			(918,000)
Net cash inflow from financing activities			**29,150,309**
Net increase in cash and cash equivalents for the period			**17,223,770**
Cash and cash equivalents at the beginning of the period			-
Cash and cash equivalents at the end of the period			**17,223,770**

The Notes on pages 44 to 58 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

1. General information

Gore Street Energy Storage Fund plc (the "Company") was incorporated in England and Wales on 19 January 2018 with registered number 11160422. The registered office of the Company is 7th Floor, 9 Berkeley Street, London, W1J 8DW. Its share capital is denominated in Pound Sterling (GBP) and currently consists of ordinary shares. The Company's principal activity is to invest in a diversified portfolio of utility scale energy storage projects primarily located in the UK, although the Company will also consider projects in North America and Western Europe.

2. Basis of preparation

Statement of compliance

The annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the European Union, and in accordance with the Companies Act 2006 as applicable to companies using IFRS. The Financial Statements have been prepared on a historical cost basis except for financial assets and liabilities at fair value through the profit or loss.

Functional and presentation currency

The currency of the primary economic environment in which the Company operates (the functional currency) is Pound Sterling ("GBP or £") which is also the presentation currency.

Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider the Company to have adequate resources to continue in operational existence for the foreseeable future. As such, they have adopted the going concern basis in preparing the Annual Report and Financial Statements.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

During the period the Directors considered the following significant judgements, estimates and assumptions:

Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them unless they provided investment related services to the Company. To determine that the Company continues to meet the definition of an investment entity, the Company is required to satisfy the following three criteria:

a. The Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;
b. The Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c. The Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets the criteria as follows:

- The stated strategy of the Company is to deliver stable returns to shareholders through a mix of energy storage investments;
- The Company provides investment management services and has several investors who pool their funds to gain access to infrastructure related investment opportunities that they might not have had access to individually; and
- The Company has elected to measure and evaluate the performance of all of its investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance.
- The Directors are of the opinion that the Company has all the typical characteristics of an investment entity and continues to meet the definition in the standard. This conclusion will be reassessed on an annual basis.

Valuation of Investments

Significant estimates in the Company's Financial Statements include the amounts recorded for the fair value of the instruments. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the Company's Financial Statements of changes in estimates in future periods could be significant. These estimates are discussed in more detail in Note 17.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

4. New and revised standards and interpretations

New and revised IFRSs adopted by the Company

The accounting policies used in the preparation of the Financial Statements have been consistently applied during the period ended 31 March 2019.

The following new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018 and have been adopted by the Company.

- IFRS 15, 'Revenue from Contracts with Customers'.
- IFRS 9, 'Financial Instruments - Classification and Measurement'.

New and revised IFRSs in issue but not yet effective

The following new interpretation is effective for annual periods beginning on or after 1 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments'

Management is assessing the impact of the above interpretation but are currently of the view that its impact is likely to be low.

There are no further standards, amendments or interpretations in issue at the reporting date which have been issued but are not yet effective and that are deemed to be material to the Company.

5. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below:

Investment Income

Interest income is recognised on an accrual basis and in the Statement of Comprehensive Income.

Expenses

Expenses are accounted for on an accrual basis and charged to the Statement of Comprehensive income.

Net gain or loss on investments at fair value through profit and loss

The Company recognises movements in the fair value of investments through profit and loss.

Taxation

The Company is approved as an Investment Trust Company ("ITC") under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 Statutory Instrument 2011/29999 for accounting periods commencing on or after 25 May 2018. The approval is subject to the Company continuing to meet the eligibility conditions of the Corporations Tax Act 2010 and the Statutory Instrument 2011/29999. The Company intends to ensure that it complies with the ITC regulations on an ongoing basis and regularly monitors the conditions required to maintain ITC status.

From 1 April 2015 there is a single corporation tax rate of 19%. Current Tax and movements in deferred tax asset and liability is recognised in the Statement of Comprehensive Income except to the extent that it relates to the items recognised as direct movements in equity, in which case it is similarly recognised as a direct movement in equity. Current tax is the expected tax payable on any taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the Financial Statements. Deferred taxation assets are recognised where, in the opinion of the Directors, it is more likely than not that these amounts will be realised in future periods, at the tax rate expected to be applicable at realisation.

A deferred tax asset has not been recognised in respect of surplus management expenses, as the Company is unlikely to have sufficient future taxable revenue to offset against these.

Investment in subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary entity and has the ability to affect those returns through its power over the subsidiary entity. In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company is an investment entity and therefore only consolidates subsidiaries if they provide investment management services and are not themselves investment entities. All other subsidiaries are held at fair value in accordance with IFRS 9 and therefore not consolidated.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

5. Summary of significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and call deposit held with the bank on a 32 day notice which can be readily converted to cash.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost less loss allowance which is calculated using the provision matrix of the expected credit loss model.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently stated at amortised cost.

Dividends
Dividends are recognised when they become legally payable, as a reduction in equity in the Financial Statements. Interim equity dividends are recognised when legally payable. Final equity dividends will be recognised when approved by the shareholders.

Equity
Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs. Costs not directly attributable to the issue are immediately expensed in the Statement of Comprehensive Income.

Financial Instruments
In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of amortised cost or fair value through profit or loss.

Financial assets
The Company classifies its financial assets at amortised cost or fair value through profit or loss on the basis of both:
- the entity's business model for managing the financial assets
- the contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash and trade and other receivables.

Financial asset measured at fair value through profit or loss (FVPL)
A financial asset is measured at fair value through profit or loss if:
a. its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
b. it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
c. it is classified as held for trading (derivative contracts in an asset position).

The Company includes in this category equity instruments and loans to investments. There are no consolidated subsidiaries.

Financial liabilities
Financial liabilities measured at fair value through profit or loss (FVPL)
A financial liability is measured at FVPL if it meets the definition of held for trading of which the Company had none. The Company includes in this category, derivative contracts in a liability position.

Financial liabilities measured at amortised cost
This category includes all financial liabilities, other than those measured at fair value through profit or loss, including short-term payables.

Recognition and derecognition
Financial assets and liabilities are recognised on trade date, when the company becomes party to the contractual provisions of the instrument. A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

5. Summary of significant accounting policies (continued)

Impairment of financial assets
The Company holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix based on historical observed loss rates over the expected life of the receivables and is adjusted for forward looking estimates.

Fair value measurement and hierarchy
Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market. It is based on the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest.

The fair value hierarchy to be applied under IFRS 13 is as follows:
Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are carried at fair value and which will be recorded in the financial information on a recurring basis, the Company will determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

6. Fees and expenses

Accounting, secretarial and Directors
JTC (UK) Limited has been appointed to act as secretary and administrator for the Company through the Administration and Company Secretarial Agreement. JTC (UK) Limited is entitled to a £35,000 annual fee for the provision of Company Secretarial services and a £25,000 annual fee for the provision of accounting and administration services, based on a Company Net Asset Value of up to £30 million. An ad valorem fee based on total assets of the Company which exceed £30 million will be applied as follows:
- 0.1% on assets from £30 million to £75 million, plus
- 0.05% on assets from £75 million to £150 million, plus
- 0.04% thereafter

During the period, expenses incurred with JTC (UK) Limited for administrative and secretarial services amounted to £54,594 with £15,000 being outstanding and payable at the period end.

AIFM
The AIFM, Mirabella Financial Services LLP (the "AIFM"), is entitled to receive from the Company, in respect of its services provided under the AIFM agreement, an initial fee of £10,000 plus a monthly fee of £7,500 for the term of the AIFM agreement.

During the period, AIFM fees amounted to £66,347 with the full amount being outstanding and payable at the period end. This resulted in a reduction of 11.5% of the agreed fee.

Investment Advisory
The fees relating to the Investment Advisor are disclosed within Note 22 Transactions with related parties.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

7. Net loss on investments at fair value through the profit and loss

	31 March 2019 (£)
Net loss on investments at fair value through the profit and loss	(565,064)
	(565,064)

8. Investment Income

	31 March 2019 (£)
Bank interest income	81.390
Loan interest income	57,951
	139,341

9. Administrative and other expenses

	31 March 2019 (£)
Administration fees	54,594
Statutory audit fees (includes initial accounts audit)	89,000
Bank interest and charges	1,051
Directors remuneration	80,526
Directors & officers insurance	9,725
Investment advisory fees	92,468
Legal and professional fees	133,298
Management fees	66,347
Marketing fees	27,519
Sundry expenses	54,221
	608,749

The Statutory Auditor is remunerated £17,500 in relation to SPV audits. This amount is not included in the above.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

10. Taxation

The Company is recognised as an Investment Trust Company ("ITC") for accounting periods beginning on or after 25 May 2018 and is taxed at the main rate of 19% but pays no capital gains tax. The Company is in a loss position and made no taxable income in the period.

	31 March 2019 (£)
Tax charge in profit or loss	
UK corporation tax	-
Reconciliation of the tax charge for the period	
Loss before tax	(1,034,472)
Tax at UK main rate of 19%	(196,550)
Effects of:	
Unrealised loss on fair value investments	107,362
Expenses not deductible for tax purposes	40,858
Losses not recognised	48,330
Tax charge for the period	-
Estimated losses not to be recognised due to insufficient evidence of future profits	254,370
Estimated deferred tax thereon (17%)	43,243

The Company has excess management expenses that are available to offset future tax revenues. A deferred tax asset, measured at the prospective corporate tax of 17% of £43,243 has not been recognised in respect of these expenses since they are recoverable only to the extent that the Company has sufficient future taxable revenue.

11. Earnings per share

Earnings per share (EPS) amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	31 March 2019
Net loss attributable to ordinary shareholders	£(1,034,472)
Weighted average number of ordinary shares for the period	30,600,000
Loss per share – Basic and diluted (pence)	(3.38)

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

12. Investments

	Place of business	Percentage ownership	31 March 2019 (£)
GSES1 Limited ("GSES1")	England & Wales	100%	6,482,964

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries or equity method accounted for associates but, rather, recognises them as investments at fair value through profit or loss. The Company is not contractually obligated to provide financial support to the subsidiaries and associate and there are no restrictions in place in passing monies up the structure.

The investment in GSES1 is financed through equity and a loan facility available to GSES1. The facility may be drawn upon up to £10 million and is available for a period of 20 years from 28 June 2018. The loan is interest bearing and attracts interest at 5% per annum. Investments in the indirect subsidiaries are also structured through loan and equity investments and the ultimate investments are in energy storage facilities. Realisation of increases in fair value in the indirect subsidiaries will be passed up the structure as distributions on the equity investment. GSES1 controls NKESS and GSC LRPOT as listed below which in turn hold an interest in project companies as disclosed in the in table below.

	Immediate Parent	Place of business	Percentage ownership	Ownership	Investment
NK Energy Storage Solutions Limited ("NKESS")	GSES1	England & Wales	100%	Wholly owned	
NK Boulby Energy Storage	NKESS	England & Wales	99.998%	Wholly owned	Boulby
Kiwi Power ES B	NKESS	England & Wales	49%	Partially owned	Cenin
GSC LRPOT Limited ("GSC LRPOT")	GSES1	England & Wales	100%	Wholly owned	
OSSPV001 Limited	GSC LRPOT	England & Wales	100%	Wholly owned	Lower Road Port of Tilbury

13. Cash and cash equivalents

	31 March 2019 (£)
Cash at bank	223,770
Notice deposit held at Barclays bank	17,000,000
	17,223,770

14. Trade and other receivables

	31 March 2019 (£)
VAT recoverable	22,554
Prepaid D&O insurance	298
Prepaid Investment Advisors fees	23,800
Other Debtors	69,961
Advance to NEC ES	4,500,000
	4,616,613

The Company advanced to NEC ES an advance of £4,500,000 on the date at which it was admitted to the Premium segment of the London Stock Exchange. The advance is to be used in conjunction with the Company's purchase of products, equipment and/or services from NEC ES for the projects in which the Company is to be invested. The Company's purchase of such products and equipment from NEC ES is conditional upon NEC ES' ability to meet the requirements of the Company's projects and subject to the terms and pricing of the products, equipment and/or services being provided on market standard terms (as defined by the Company). The advance will be forgiven up to the amount of investments the Company takes possession/ownership of. If for example the value of the investment is £4.5 million, the fund will not pay anymore. If NEC ES is unable to supply to the Company products, equipment and/or services on terms agreeable to the Company to the value of the Company's advance within 12 months from the date of the Company's admission on the London Stock Exchange, NEC ES will within 14 days of the end of such period pay to the Company (a) the balance of the advance payment less the amount of value that has been supplied to the Company in that period and (b) interest on the balance accrued from the date of admission at a rate of 3% per annum. As at 31 March 2019, no investments were purchased in connection with the advance agreement with NEC ES.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

15. Trade and other payables

	31 March 2019 (£)
Administration fees	15,000
AIFM fees	66,346
Audit fees	65,000
Directors remuneration	9,725
Accrued IPO costs	13,200
Professional fees	25,553
Other creditors	12,686
	207,510

16. Categories of financial instruments

	31 March 2019 (£)
Financial assets	
Financial assets at amortised cost:	
Cash and cash equivalents	17,223,770
Trade and other receivables	4,616,613
Fair value through profit or loss:	
Investment	6,482,964
Total financial assets	**28,323,347**
Financial liabilities	
Financial liabilities at amortised cost:	
Trade and other payables	207,510
Total financial liabilities	207,510

At the balance sheet date, all financial assets and liabilities were measured at amortised cost except for the investment in equity and loans to subsidiaries which are measured at fair value.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

17. Fair Value measurement

Valuation approach and methodology

The Company utilises three traditional valuation approaches that are generally accepted and typically used to establish the value of a business; the income approach, the market approach and the net assets (or cost based) approach. Within these three approaches, several methods are generally accepted and typically used to estimate the value of a business. The income approach indicates value based on the sum of the economic income that an asset, or group of assets, is anticipated to produce in the future. Therefore, the income approach is typically applied to an asset that is expected to generate future economic income, such as a business that is considered a going concern. Free cash flow to total invested capital is typically the appropriate measure of economic income. The income approach is the DCF approach and the method discounts free cash flows using an estimated discount rate (WACC).

Another method (also known as the Market Method or Capitalisation of Earnings method) involves applying appropriate multiples/ratios to the historical, current and/or forecast earnings of a company. The multiples/ratios are derived from the financial metrics available for comparable companies, adjusted to reflect such factors as size, wider range of activities. Where the comparable company is a listed company, the market capitalisation is the sum of the price of small parcels of shares. Multiples are currently used to cross check the valuation and are not a significant input.

Some sectors tend to use non-financial industry-specific multiples to determine the value of businesses. Within the renewable energy infrastructure sector, the most common ratio is £Enterprise Value ("EV")/Megawatts ("MW") which captures the installed capacity of a renewable energy project and is the market method used to value the investment assets of the Company.

The cost approach is typically used when a company's business is asset based. It is also widely used for the valuation of pre-construction, under-construction or newly operational projects with limited operational history. The total asset valuation under this approach will be the total commitment/Enterprise Value. A cost-based valuation will be deemed as the actual issued capital drawn and deployed to date, for the individual assets (including both share premium and capital expenditure but excluding transaction costs), referred to 'cost-to-date'. For financial reporting purposes, cost is often accepted as a proxy for fair value in instances where projects are preconstruction or under construction as is the case with for assets held within GSC LRPOT. While held at cost the valuation of such assets has been cross-checked utilising the DCF approach.

Valuation process

The Company held a portfolio of lithium-ion energy storage investments with a capacity of 8.0 Megawatt ("MW") operational and 19.0 MW pre operational (the "Investments") through its subsidiary companies. The Investments comprise four projects: Boulby, Cenin (49% owned by the Company), Lower Road and Port of Tilbury. All of these investments are based in the UK. The Directors review and approve these valuations following appropriate challenge and examination. The current portfolio consists of non-market traded investments and valuations are analysed using forecasted cash flows of the assets and used the discounted cash flow approach as the primary approach for operational assets and cost for pre-operational assets for the purpose of the valuation. The Company engages external, independent and qualified valuers to determine the fair value of the Company's investments or are produced by the office of the Investment Advisor. As at 31 March 2019, the fair value of the investment in NK Boulby Energy Storage Limited, which owns Boulby Project has been determined (presented by the Investment Advisor and reviewed) by BDO LLP. All other investments are valued by the Investment Advisor.

Quantitative information

The below table summarises the significant unobservable inputs to the valuation of investments.

Investment	Valuation Technique	Significant Inputs Description	Significant Inputs (Weighted Average))	Fair Value (£)
Boulby	DCF	Discount Rate	6% - 8%	4,097,837
		FFR Revenue	£4.70 – £8.00 Per MW per hour	
Cenin	DCF	Discount Rate	6% - 7.5%	1,196,155
		FFR Revenue	£4.70 – £8.00 Per MW per hour	
OSSPV001 Ltd (Lower Road & Port of Tilbury)	Cost	Discount Rate	6% - 7.5%	1,188,971
	DCF	Cost to Date	Cost	
		FFR Revenue	£4.70 – £8.00 Per MW per hour	
GSES1 Ltd Holding Company				1
Total Investments				**6,482,964**

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

17. Fair Value measurement (continued)

Sensitivity Analysis

The below table reflects the range of sensitivities in respect of the fair value movements of the Company's invesments.

Investment	Valuation Technique	Significant Inputs Description	Sensitivity (%)	Estimated effect on Fair Value
Boulby	DCF	FFR revenue	High case	32,759
			Low case	(205,508)
		Discount rate	+1%	(175,624)
			-1%	190,603
Cenin	DCF	FFR revenue	High case	87,055
			Low case	(80,870)
		Discount rate	+1%	(22,270)
			-1%	24,103
OSSPV001 (Lower Road & Port of Tilbury)	DCF	FFR revenue	High case	78,272
			Low case	(745,041)
		Discount rate	+1%	(420,806)
			-1%	471,987

High case and low case revenue information used to determine sensitivities are provided by third party pricing sources. The investments held in OSSPV001 Limited are non operational and in a stage of construction. The fair value ascribed is that at cost, informed by DCF analysis. Due to the early stage of capital application of the project, DCF and Revenue scenario changes have an incrementally larger effect, as the effect on the value of the completed asset is reflected in the sensitivity analysis, not solely the proportion of the asset which has been invested to date.

The investments at fair value through profit or loss are Level 3 in the fair value hierarchy and the reconciliation in the movement of this Level 3 investment is presented below. No transfers between levels took place during the period.

Reconciliation	31 March 2019 (£)
Opening balance	-
Purchases during the year	8,561,656
Proceeds from investments – return of capital	(1,513,628)
Total fair value movement through the profit or loss	(565,064)
Closing balance	**6,482,964**

A minority shareholder of NK Boulby has a right to receive a certain share of NK Boulby distributions once NK Energy Solutions realises excess return over an agreed hurdle return from it's investment into NK Boulby. Based on free cash flow forecast used to compute the net asset value of NK Boulby for this period, it is not expected to reach the threshold return and thus no payment to the minority shareholder is taken into account. However, if the actual cash flow significantly exceeds the forecast cash flow used for current net asset value, a part of the excess cash flow may be distributed to the minority shareholder, impacting the ultimate fair value.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

18. Financial risk management

The Company is exposed to certain risks through the ordinary course of business and the Company's financial risk management objective is to minimise the effect of these risks. The management of risks is performed by the Directors of the Company and the exposure to each financial risk is considered potentially material to the Company, how it arises and the policy for managing it is summarised below:

Counterparty risk

The Company is exposed to third party credit risk in several instances and the possibility that counterparties with which the Company and its subsidiaries, together 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 Company's projects, who may then be engaged to operate assets held by the Company, property owners or tenants who are leasing ground space and/or grid connection to the Company for the location of the assets, contractual counterparties who acquire services from the Company 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 Company's assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Company. In the event that such credit risk crystallises, in one or more instances, and the Company 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 Company to seek alternative counterparties, this may materially adversely impact the investment returns. Further the projects in which the Company 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. The Company accounts for its exposure to counterparty risk through the fair value of its investments by using appropriate discount rates which adequately reflects its risk exposure.

The Company regularly assesses the creditworthiness of its counterparties and enters into counterparty arrangements which are financially sound and ensures, where necessary, the sourcing of alternative arrangements in the event of changes in the creditworthiness of its present counterparties.

Concentration risk

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

Credit risk

Cash and other assets that are required to be held in custody will be held at bank. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from the banks own assets in the event of the insolvency of a custodian. Cash held with the bank will not be treated as client money subject to the rules of the FCA and may be used by the bank in the ordinary course of its own business. The Company will therefore be subject to the creditworthiness of the bank. In the event of the insolvency of the bank, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all. Management has completed a high-level analysis which considers both historical and forward-looking information and based on this analysis the expected credit loss from cash and other assets is not material and therefore no impairment adjustments were accounted for. The Company recognises it has a significant exposure to the advance made to NEC as disclosed in Note 19 of £4,500,000 and believes that they have adequately assessed this risk and are confident that the risk of default will be low.

The Company regularly assesses its credit exposure and considers the creditworthiness of its customers and counterparties. Cash and bank deposits are held with Barclays plc, a reputable financial institution with a Moody's credit rating A2.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

18. Financial risk management (continued)

Liquidity risk

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding. Although there is no present intention to utilise borrowings, the Company may, where the Board deems it appropriate, use short-term leverage to acquire assets but with the intention that such leverage be repaid with funds raised through a new issue of equity or cash flow from the Company's portfolio. Such leverage will not exceed 15% at the time of borrowing of Gross Asset Value without Shareholder approval. The Company's only financial liabilities are trade and other payables. The Company has sufficient cash reserves to cover these in the short-medium-term. The Company's cash flow forecasts are monitored regularly to ensure the Company is able to meet its obligations when they fall due. The Company's investments are Level 3 and thus illiquid and this is taken into assessment of liquidity analysis.

The following table reflects the maturity analysis of financial assets and liabilities.

As at 31 March 2019	< 1 year (£)	1 to 2 years (£)	2 to 5 years (£)	> 5 years (£)	Total (£)
Financial assets					
Cash and cash equivalents	17,223,770	-	-	-	17,223,770
Trade and other receivables	4,616,613	-	-	-	4,616,613
Fair value through profit or loss:					
Investment	-	-	-	6,482,964	6,482,964
Total financial assets	**21,840,383**	**-**		**6,482,964**	**28,323,347**
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables	207,510	-	-	-	207,510
Total financial liabilities	**207,510**	**-**	**-**	**-**	**207,510**

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The objective is to minimise market risk through managing and controlling these risks to acceptable parameters, while optimising returns. The Company uses financial instruments in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks.

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 31 March 2019, the valuation basis of the Company's investments were valued at market value. These investments are driven by market factors and therefore sensitive to movements in the market. With all other factors remaining constant, if this value of the investment were to increase by 10%, there will be a resulting increase in net assets attributable to ordinary shareholders for the period of £648,296. Similarly, a decrease in the value of the investment would result in an equal but opposite movement in the net assets attributable to ordinary shareholders. The Company relies on the market knowledge of the experienced Investment Advisor, the valuation expertise of the third party valuer BDO and the use of third party market forecast information to provide comfort with regard to fair market values of investments reflected in the Financial Statements.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

18. Financial risk management (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to interest rate risk on its cash balances held with counterparties, bank deposits, advances to counterparties and through loans to related parties. Bank deposits and NEC ES advance carry a fixed rate of interest for a definite period and loans to related parties carry a fixed rate of interest for an initial period of 20 years. The Company is not exposed to changes in variable market rates of interest and has therefore not considered any sensitivity to interest rates.

Currency risk

All transactions and investments during the current period were denominated in Pounds Sterling, thus no foreign exchange differences arose. The Company does not hold any financial instruments at period end which are not denominated in Pounds Sterling and is therefore not exposed to any significant currency risk.

Capital risk management

The capital structure of the Company at year end consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated loss. The Company has no return on capital benchmark, but the Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

19. Net asset value per share

Basic NAV per share is calculated by dividing the Company's net assets as shown in the Statement of Financial Position that are attributable to the ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical.

	31 March 2019 (£)
Net assets per statement of financial position	28,115,837
Ordinary shares in issue as at 31 March 2019	30,600,000
NAV per share – Basic and diluted (pence)	0.92

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

20. Share capital

	Ordinary shares Number	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Total (£)
As at 19 January 2018	-	-	-	-	-	-
Issue of 50,000 redeemable preference shares – one quarter paid up	-	12,500	-	-	-	12,500
Redemption and cancellation of 50,000 redeemable preference shares	-	(12,500)	-	-	-	(12,500)
Issue of ordinary shares of £0.01 and fully paid at £1 – 25 May 2018	30,600,000	306,000	30,294,000	-	-	30,600,000
Share issue costs		-	(531,691)	-	-	(531,691)
Transfer to capital reduction reserve and special reserve	-	-	(29,694,833)	186,656	29,508,177	-
Dividends paid	-	-	-	-	(918,000)	(918,000)
As at 31 March 2019	**30,600,000**	**306,000**	**67,476**	**186,656**	**28,590,177**	**29,150,309**

Share capital and share premium account and capital reduction reserve
On incorporation the Company issued 1 ordinary share of £1 which was fully paid up and 50,000 redeemable preference shares of £1 each which were paid up to one quarter of their nominal value. On 17 July 2018 the Directors resolved to redeem the 50,000 redeemable preference shares.

On 21 May 2018, the Board approved the proposed placing and offer for subscription (together the "Placing") of up to 100 million ordinary shares of £0.01 each in the capital of the Company at a price of £1 per ordinary share. It was intended that the ordinary shares of the Company would be admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange ("Admission"). On 25 May 2018, the Company issued 30,600,000 ordinary shares at a price of 100 pence per share, raising gross proceeds from the Placing of £30,600,000. Admission subsequently took place on 25 May 2018.

The consideration received in excess of the par value of the ordinary shares issued of £30,294,000 was credited to the share premium account.

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies, the Company was permitted to reduce the capital of the Company by an amount of £29,694,833. This was affected on 16 August 2018 by a transfer of that amount from the share premium account to distributable reserves. A special reserve was created out of the distributable reserve for creditors outstanding as at the date of reduction being 16 August 2018 and the balance transferred to capital reduction reserve. The outstanding creditors as at 16 August 2018 were £186,656 and £29,508,177 was transferred to capital reduction reserve. The capital reduction reserve is classed as a distributable reserve and dividends paid by the Company are currently being offset against this reserve.

Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary shareholders have the right to vote at meetings of the Company. All ordinary shares carry equal voting rights. A dividend of 3 pence per share has been paid, with a final dividend of 1 pence per share proposed by the Directors, bringing the total dividend for the period to 31 March 2019 to 4 pence per share

21. Reserves

The nature and purpose of each of the reserves included within equity at 31 March 2019 are as follows:

- Share premium reserve: represents the surplus of the gross proceeds of share issues over the nominal value of the shares, net of the direct costs of equity issues and net of conversion amount.
- Capital reduction reserve: represents a distributable reserve created following a Court approved reduction in capital.
- Retained earnings represent cumulative net gains and losses recognized in the Statement of Comprehensive Income.

The only movements in these reserves during the period are disclosed in the Statement of Changes in Equity.

Notes to the Financial Statements

For the period from 19 January 2018 (incorporation date) to 31 March 2019

22. Transactions with related parties

Following admission of the ordinary shares (refer to Note 20), the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The Company does not have an ultimate controlling party.

Details of related parties are set out below:

Directors
Patrick Cox, Chairman of the Board of Directors of the Company, is paid Director's remuneration of £33,000 per annum, Caroline Banszky is paid Director's remuneration of £21,000 per annum, with the remaining Directors being paid Directors' remuneration of £18,000 per annum. Total Directors' remuneration of £80,526 was incurred in respect of the period with £3,164 being outstanding and payable at the period end together with Directors' travel expenses of £6,571.

Investment Advisor
The Investment Advisor, Gore Street Capital Limited (the "Investment Advisor"), is entitled to advisory fees under the terms of the Investment Advisory Agreement amounting to 1/4th of 1% of Adjusted Net Asset Value. The advisory fee will be calculated as at each NAV calculation date and payable quarterly in arrears.

For the avoidance of doubt, where there are C Shares in issue, the advisory fee will be charged on the Net Asset Value attributable to the Ordinary Shares and C Shares respectively.

For the purposes of the quarterly advisory fee, Adjusted Net Asset Value means:
(i) for the four quarters from First Admission, Adjusted Net Asset Value shall be equal to Net Asset Value;
(ii) for the next two quarters, Adjusted Net Asset Value shall be equal to Net Asset Value minus Cash on the Company's Statement of Financial Position, plus any committed Cash on the Company's Statement of Financial Position;
(iii) thereafter, Adjusted Net Asset Value shall be equal to Net Asset Value minus Cash on the Company's Statement of Financial Position.

Investment advisory fee of £116,268 was paid during the period of which £23,800 was paid in advance. The Investment Advisor waived a portion of its fees which resulted in a reduction of 61.24% on the actual fees incurred by the Company.

In addition to the advisory fee, the Advisor is entitled to a performance fee by reference to the movement in the Net Asset Value of Company (before subtracting any accrued performance fee) over the Benchmark from the date of admission on the London Stock Exchange.

The Benchmark is equal to (a) the gross proceeds of the Issue at the date of admission increased by 7%. 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 date of 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 annum (annually compounded).

The calculation period will be the 12 month period starting 1 April and ending 31 March in each calendar year with the first year commencing on the date of admission on the London Stock Exchange.

The performance fee payable to the Investment Advisor by the Company will be a sum equal to 10%. 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 Advisor shall never exceed an amount equal to 50% of the Advisory Fee paid to the Investment Advisor in respect of that period. Performance fees are payable within 30 days from the end of the relevant calculation period. No performance fees were accrued as at 31 March 2019.

During the period the Investment Advisor provided operations management services to SPV companies resulting in charges in the amount of £91,994 being paid by the SPV companies to the Investment Advisor.

Projects
NK and NEC ES are related parties to the Company by virtue of being significant shareholders, details of transactions with each party can be found in Notes 23 and 14.

23. Capital commitments

The Company has a commitment of circa. £8 million to invest into projects that involve NEC ES. Of this amount, £4.5 million has been advanced to NEC ES as mentioned in Note 14. These projects depend on NEC ES providing, directly or indirectly, a supply of products, equipment and/ or services required for those projects within 18 months from the date of admission, provided NEC ES has the ability to meet the requirements of such projects and the terms of pricing of the products, equipment or services to be provided are on standard market terms. The Company's obligations in respect of the NEC ES commitment shall be discharged once NEC ES and/ or any of its affiliates received contractual commitments in respect of relevant project(s) in an amount equal to or greater than the amount of the NEC ES investment, or the lapse of the commitment period. There are two projects at the design stage of construction for which NEC ES is providing products, equipment and services to the SPV. Total commitments for the projects totals circa £8 million.

The Company has committed to invest an amount equal to £6 million into projects that involve NK providing a supply of products, equipment or services within 18 months from the date of admission of its ordinary shares on the London Stock Exchange. This does not include the Boulby and Cenin projects and is subject to NK's ability to meet the requirements of such projects and the terms and pricing of the products, equipment or services to be provided are on market standard terms as determined by the Company. The Company is not required to invest in any project that does not fall within the parameters of the Company's investment policy. As at 31 March 2019 there are no such commitments in place.

On 19 September 2018, GSC LRPOT entered into a share purchase agreement with Origami Storage Limited for the entire issued share capital of OSSPV001 Limited, for an amount of £333k upon certain conditions being met. These conditions were met on 16 October 2018 and the GSC LRPOT settled 50% of the cost of acquisition with the remaining 50% to be settled in Q1 and Q3 2019 subject to the commencement of asset operations and six months of successful operations. This liability is incorporated into the fair value of the asset reflected in the Financial Statements.

The Company had no contingencies and no other significant capital commitments at the reporting date.

24. Post balance sheet events

There were no further events after reporting date which requires disclosure.

Directors and Advisors

Directors
Appointed: 22 February 2018
Patrick Cox - Chairman
Caroline Banszky
Malcolm Robert King
Thomas Scott Murley
Appointed: 19 January 2018,
Resigned: 1 February 2018
William Alexander Saunders
Victoria Anne Silver
Appointed: 1 February 2018,
Resigned: 22 February 2018
Alex Brian O'Cinneide
Suminori Arima

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