Half Year Report of Gore Street Energy Storage Fund Plc

For the six months ended 30 September 2020

Gore Street
Energy Storage Fund plc

Corporate Purpose

Gore Street Energy Storage Fund plc ("Gore Street" or the "Company") aims to deliver 7 per cent income yield per annum and long-term capital growth to its investors from its portfolio of utility-scale energy storage assets located in the UK and the rest of the OECD.

Gore Street Energy Storage Fund Plc (or the "Company) is the first pure-play energy storage fund listed on the London Stock Exchange and targets a 7 per cent income yield alongside long-term capital growth from its portfolio of utility-scale energy storage assets located in the UK, Ireland and other OECD countries.

Investment Highlights

During the period, the Company acquired the development rights for 100 per cent stake of Ferrymuir Energy Storage Limited for a total of £1.3m, bringing the total portfolio size to 239 MW from 189 MW. The 50 MW acquisition of Ferrymuir marks the Company's first investment in Scotland, and the project is expected to be operational by Q4 2022.

Post-Period Investment Highlights

On 30 October 2020, the Company acquired Anesco's operational portfolio comprising five companies totalling 80.7 MW located across the United Kingdom. Four of these single sites: Larport; Lascar; Hulley; and Breach, with total installed capacity ranging between 10.0 MW – 20.0 MW, and one ("Ancala") is comprised of ten smaller sites with total installed capacity ranging between 1.0 MW – 1.2 MW.

Highlights

Overview

As at 30 September 2020

Market Capitalisation
£81.0 million

Share Price
105.0 pence

Annual Dividend
4.0 pence for this period*

NAV
£75.1 million

NAV per share
97.3 pence

Total Returns since IPO (on a share price basis)
16%

*1.0 pence was paid during the period in relation to 31 March 2020. 4.0 pence was declared for the period; 2.0 pence was paid post period end in October 2020 with the remaining 2.0 pence is to be paid in January 2021.

Table 1: Key Metrics for the Period

	31 March 2020	30 September 2020
Net Asset Value (NAV)	£49.7 m	£75.1 m
NAV per share**	94.6 p	97.3 p
Number of issued Ordinary shares	52.5 m	77.2 m
Share price based on closing price of indicated date	97.3 p	105.0 p
(Discount)/Premium to NAV*	2.9%	7.9%
Market capitalisation based on closing price at indicated date	£51.1 m	£81.0 m
Portfolio's installed capacity	189.0 MW	239.0 MW
Dividends paid***	7.0 p	1.0 p

*Premium/(Discount) to NAV calculated as difference between closing share price on 30 September 2020 to NAV on 30 September 2020 divided by 30 September NAV. This is an alternative performance measure.

**NAV per share of 97.3 pence excludes dividend paid in October 2020 and dividend declared in December 2020.

***Dividends paid relates to the financial year 31 March 2020 and for the six months period to 30 September 2020.

Strategic Report

1.2 Chairman's Statement

I am pleased to present the Company's Interim report and an update on the progress achieved during the period to 30 September 2020. In particular I would like to thank our Gore Street Capital staff for their continued commitment and shareholders for their continued support during the global pandemic crisis.

Patrick Cox
Chairman

Financial Performance

The Company continued to meet its annual dividend target by paying a total of 7.0 pence to its investors relating to year ended 31 March 2020. The final 1.0 pence (£0.77m) payment in relation to the Q4 period, 1 January 2020 to 31 March 2020, was paid on 23 July 2020. 2.0 pence has been declared for each of the following two quarters to 30 September. The 2.0 pence (£1.54m) relating to 1 April to 30 June was paid post the period on 30 October 2020, and 2.0 pence relating to 1 July to September will be paid in January 2021.

Despite the COVID-19 pandemic, the Company continued to grow and further increased the number of shares in issue to 143.9 million as of the date of publication, (31 March 2020: 52.5 million shares).

The share price as at 30 September 2020 was 105.0 pence, representing a 7.9 per cent premium to NAV. The total shareholder returns since IPO is 16%.

Review of Investment Policy

The Board and the Investment Manager are undertaking a review of the Company's gearing policy to ensure that it is accretive to shareholders and in line with the financing needs of the Group's expanding portfolio. Any proposed changes to the gearing policy will require shareholder approval.

The maximum gearing level allowable at the Company presently is 15 per cent of Gross Asset Value at the time of borrowing.

Principal Risks and Uncertainties

The Company's principal risks and uncertainties were set out in detail in the 31 March 2020 Annual Report and were reassessed and continue to remain relevant as of 30 September 2020. They are as follows:

- Operational Risks
- Market Risks
- Technology Manufacturer Risks
- Liquidity Risks
- Valuation Risks
- Emerging Risks
- Construction Risks
- Impact of COVID-19

To date the COVID-19 pandemic has not had a material impact on the Company's day to day operations. The principal risks outlined above remain the most likely to affect the Company in the second half of the year.

Conclusion

The Company has grown its portfolio substantially during the half-year, from a capacity under construction or in operation of 189 MW to 239 MW. Since the period end, the portfolio has been further expanded to 320 MW of capacity by adding five operational projects and one asset under development. A significant pipeline of projects with a total capacity of 1.3 GW has been identified by the Manager as being of interest. Given that our capital base, since the reporting period, has been expanded by £60 million through an initial placing that was significantly oversubscribed, we expect a substantial further increase in total capacity from assets that meet our investment return criteria in 2021. Despite the pandemic, the operational assets have continued to generate revenues broadly in line with expectations and construction activities have had no major disruptions. We are all committed to ensuring that the operational assets are managed efficiently and that those in the pre-construction and construction phase are completed and brought into operation on time and on budget in order to deliver a combination of income and long-term capital growth to our investors.

Patrick Cox
Chairman
Date:17 December 2020

1.3 Investment Manager's Report
Portfolio Update

At the publication date of this report, the Group's portfolio comprised 14 projects with a total capacity of 320 MW including projects under construction. All of the assets within the Group's existing portfolio are situated in the UK and the Republic of Ireland, of which operational assets represent 110 MW. The Investment Manager has selected assets that deliver portfolio diversification from multiple revenue streams, geographical location, EPC contractors, O&M counterparties and developers whilst meeting its return criteria of delivering IRRs of 10%+. Details of the assets within the Group's current portfolio are summarised below:

Project	Location	Capacity	% Owned by the Company	Site Type	Status	Commissioning/ Expected commissioning	Battery provider
Boulby	North Yorkshire UK	6.0 MW	100%	Industrial Mining	Operational	-	NEC ES
Cenin	Wales UK	4.0 MW	49%	Renewable Generation	Operational	-	TESLA
Lower Road	Essex UK	10.0 MW	100%	Greenfield	Operational	-	NEC ES
Port of Tilbury	London UK	9.0 MW	100%	Port	Operational	-	NEC ES
Mullavilly	Northern Ireland	50.0 MW	51%	Greenfield	Under construction	Q1 2021	NEC ES
Drumkee	Northern Ireland	50.0 MW	51%	Greenfield	Under construction	Q1 2021	NEC ES
Kilmannock	Republic of Ireland	30.0 MW	51%	Greenfield	Pre-construction	Q1 2022	FLUENCE
Porterstown	Republic of Ireland	30.0 MW	51%	Greenfield	Pre-construction	Q3 2021	FLUENCE
Ferrymuir	Scotland UK	50 MW	100%	Greenfield	Pre-construction	Q4 2022	To be confirmed
Lascar*	Manchester UK	20.0 MW	100%	Greenfield	Operational	-	BYD
Hulley*	Cheshire UK	20.0 MW	100%	Greenfield	Operational	-	BYD
Larport*	Derbyshire UK	19.5 MW	100%	Greenfield	Operational	-	BYD
Ancala*	Various UK	11.2 MW	100%	Renewable Generation	Operational	-	BYD
Breach*	Derbyshire UK	10.0 MW	100%	Greenfield	Operational	-	BYD

*Assets acquired post period end

Summary of Recent Portfolio Acquisitions

Recent Acquisitions

In the period ending 30 September 2020, the Company acquired development rights for 100 per cent stake in Ferrymuir Energy Storage Limited for a total of £1.3m, bringing the total portfolio size from 189 MW to 239 MW. The 50 MW acquisition of Ferrymuir marks the Company's first investment in Scotland, and the project is expected to be operational by Q4 2022.

Post period end, the Company acquired Anesco's operational portfolio on 30 October 2020. This comprised of 5 companies totalling 81 MW located across the United Kingdom. Of the Anesco Projects, four are single sites: Larport; Lascar; Hulley; and Breach, with installed capacity ranging between 10.0 MW – 20.0 MW, and one ("Ancala") is comprised of ten smaller sites: Blue House; Hermitage; High Meadow; Grimsargh; Heywood Grange; Brookhall; Low Burntoft; Fell View; Hungerford; and Beeches, with installed capacity ranging between 1.0 MW – 1.2 MW.

Summary of Recent Portfolio Acquisitions

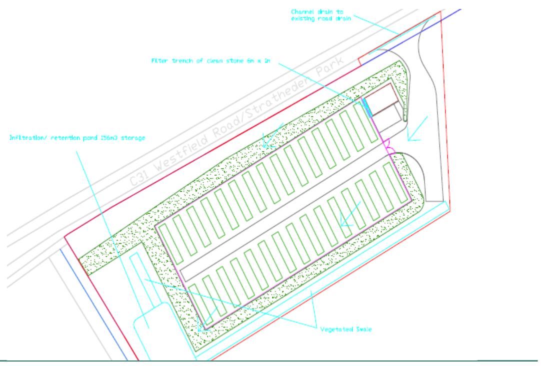
Portfolio Asset – Period Ended 30 September 2020

Ferrymuir, Great Britain

1

The site was acquired on 19 June 2020.

Size	50 MW
Target Commencement Date	Q4 2022
Voting rights	100%
Major Revenue Stream	Frequency Services
Battery Duration	TBC
Site Type	Front-of-Meter



Post the period, the below projects were acquired from Anesco:

Lascar, Great Britain

2

The site was acquired on 30 October 2020.

Size	20 MW
Commencement Date	Q4 2020
Voting rights	100%
Major Revenue Stream	Frequency Services
Battery Duration	1 hour
Site Type	Front-of-Meter

Larport, Great Britain

3

The site was acquired on 30 October 2020.

Size	20 MW
Commencement Date	Q4 2020
Voting rights	100%
Major Revenue Stream	Frequency Services
Battery Duration	1 hour
Site Type	Front-of-Meter

Summary of Recent Portfolio Acquisitions

Breach Farm, Great Britain

4

The site was acquired on 30 October 2020.

Size	10 MW
Commencement Date	Q4 2020
Voting rights	100%
Major Revenue Stream	Frequency Services
Battery Duration	1 hour
Site Type	Front of Meter

Hulley, Great Britain

5

The site was acquired on 30 October 2020.

Size	20 MW
Target Commencement Date	Q4 2020
Voting rights	100%
Major Revenue Stream	Frequency Services
Battery Duration	1 hour
Site Type	Front of Meter

Ancala, Great Britain

6

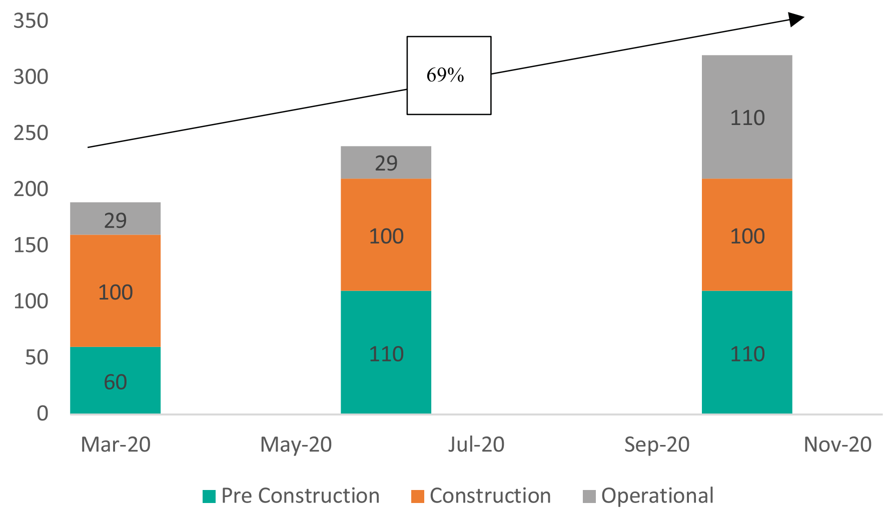
These sites were acquired on 30 October 2020.

Size	11 MW
Commencement Date	Q4 2020
Voting rights	100%
Major Revenue Stream	Frequency Services
Batteries	Multiple
Site Type	Multiple Sites

Summary of Recent Portfolio Acquisitions

At the publication date of the report, the Company has successfully increased the size of the portfolio by more than 69%. The increase has been mainly driven by the increase in the operational portfolio from Anesco.

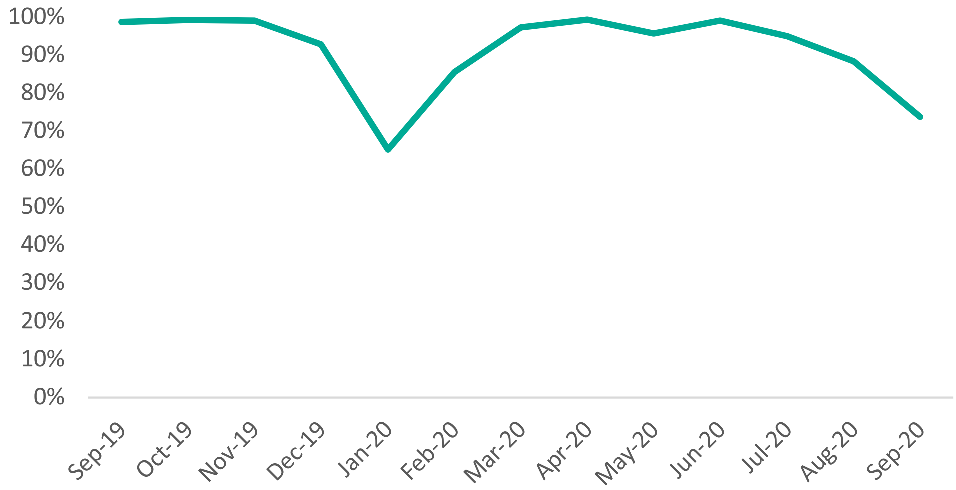
Figure 1: Portfolio growth over the period



Operational Performance

The below graph depicts the average availability of the operational portfolio over the past year.

Figure 2: Operational Performance (Availability) for the Period



Health & Safety

Of the portfolio companies all Health Safety and Environment (HSE) policies, including daily task trackers and inspection records are in place. There were no Health or Safety incidents in the period pertaining to the report.

Market Outlook

The energy industry continues to undergo change. With the ongoing integration of more variable renewable forms of electricity generation onto power systems (including wind, solar, electric vehicles stations and other technologies), there is greater complexity in managing demand and supply and ensuring stability in power systems. Energy storage remains a critical tool of national power systems to support the successful transition to a net-zero economy.

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

The Company also continues to evaluate the commercial viability of flow battery technology alongside other long duration storage technologies in order to best optimise technology it uses within its portfolio. The Company is technology agnostic.

The GB Market

The GB market remains a key focus, with the fundamental drivers for storage remaining strong, including the UK Government's target of net zero emissions by 2050. The GB market has seen significant increases in renewable generation. For example, in 2020, the UK Government reported statistics on the performance of the industry over the previous year. In that document, it set out that renewable generation in GB and Northern Ireland reached 44.6 per cent in Q2 2020, growing from 35.6 per cent in Q2 2019.

With regards to energy costs of operating the Group's assets in GB, the fundamental market changes in the economy in response to the Covid-19 pandemic, such as the need for remote working and reduced use of transport, has resulted in reduced demand for electricity, which, when coupled with the favourable weather conditions that facilitated greater renewable energy generation, has resulted in more frequent periods of negative electricity pricing since March 2020.

National Grid resorted to paying renewable power generators to reduce output to limit excess supply on the grid as well as to maintain inertia on the system. These factors introduced new challenges to managing the grid, as the system became less resilient to sudden changes in frequency, inducing greater grid balancing ("**BSUoS**") charges. In this scenario, energy storage is well placed to support the electricity system.

The Company is in a position to take advantage of multiple revenue streams available in the GB market as summarised below:

(a) Frequency Services:

Frequency services, which balance supply and demand of electricity to ensure that frequency remains at 50 Hz (+/- 1%), are currently a major revenue source for energy storage systems in GB and a key component in the National Grid's objective of a zero-carbon system by 2025. Prices for frequency services in 2020 have remained consistent with those seen in 2019 with contracts awarded at an average of £8/MW/hour for the past twelve months with the Company's portfolio assets in Great Britain benefiting from the same.

(b) Capacity Market:

The Company's asset Boulby has also received Capacity Market payments over the period with the Port of Tilbury expected to fulfil the obligations of its Capacity Market contract starting Q4 2020. The other operational assets in Great Britain, including Cenin and Lower Road, have contracts commencing in 2021. The next Capacity Market auction will be in January 2021 for the T-1 (1 year advance procurement) and February 2021 for T-4 (4 year advance procurement) contracts which the Company may use for procurement of contracts for other GB portfolio based assets. Based on reports from Aurora (A third party energy consultant), the demand for capacity is unlikely to fall in the coming decade as renewable energy generation does not have a large impact on capacity requirements, and capacity requirements may increase as heat and transport becomes electrified.

The Irish Market

The Company's assets in Northern Ireland (NI) and Republic of Ireland (ROI) will participate in the Delivering a Secure, Sustainable Electricity System' program ("DS3"program) and the Integrated Single Energy Market ("I-SEM").

Market Outlook

The I-SEM primarily covers revenue streams which are similar to the ones in Great Britain, namely:

(a) Energy Trading

(b) Capacity Market

The DS3 program has multiple services that can be provided by storage systems to the grid operators, including frequency regulation similar to GB.

The NI assets will participate in the DS3 uncapped program (Non fixed remuneration) and the ROI assets within the DS3 capped program (Fixed remuneration) as detailed within the Company's Annual Report.

The Impact of Covid-19

In the short term, there has been limited interruption in the Company's business activities due to the Covid-19 pandemic.

There were delays in the early weeks of the initial lockdown resulting in a five-week suspension of construction activities relating to two assets located in Northern Ireland but which did not impact the expected commercial operation start date, due to this having been conservatively set. The Company does not currently anticipate that the delays will impact the ability of the assets to meet market deadlines for commencement of service. However, the longer-term economic impact of the Covid-19 pandemic and resulting lockdowns on the Group and its portfolio remains difficult to assess.

New Market Services

The National Grid in Great Britain has started introducing new frequency response services, namely: Dynamic Containment, Dynamic Moderation and Dynamic Regulation. These new services will initially run in parallel with existing Frequency services with the intention to replace monthly frequency services by Q4 2021/22. The first Dynamic Containment auction procurement was launched on 1st October 2020.The Investment Manager has started engaging with potential providers of this service having observed promising return opportunities.

Outside of Reserve and Response, the National Grid has also published roadmaps in the areas of Reactive Power and Black Start, which the Company continues to evaluate as potential future revenue opportunities for its storage assets.

Pipeline Update

The Investment Manager continues its assessment of opportunities within its core markets of GB and Ireland, and is also assessing opportunities in other OECD markets, particularly Western Europe and North America. The Investment Manager is actively engaged with developers on specific opportunities in line with the Company's investment policy.

As of September 2020, the Company is actively reviewing opportunities in GB, Ireland, Continental Europe and US. The total pipeline stands at 1.3 GW.

In line with the Company's investment policy, the focus remains to acquire the project rights from developers with grid connections and planning permits secured, land options in place, and with visibility on revenue streams. The Investment Manager will also consider the acquisition of fully operational portfolios if these are aligned with its investment policy and meet the Company's target return.

Environmental, Social and Corporate Governance

The Company has joined GIIN (The Global Impact Investing Network) to enable it to effectively measure and contribute to the growing knowledge base of impact investors worldwide that would enable it to maximise impact across the target UN SDG principles.

The Company has also been awarded the London Stock Exchange's Green Economy Mark, acknowledging that it derives greater than 50% of its revenues from environmentally friendly sources and continues to optimize its portfolio to drive increasing amount of revenue from green sources.

2 Directors' Statement

2.1 Going Concern

We have prepared this half year report on a going concern basis and the Company's business activities, together with the factors likely to affect its future development performance and position, are set out in the Investment Manager's Review.

The Directors have assessed the ability of the Company to continue as a going concern, below is the summary of the analysis.

Going Concern

The Company's ability to generate revenue from its operational assets continues and remains unaffected by the pandemic. The going-concern analysis further assumes continued annual expenditure at the rate of current expenditure and continued discretionary dividend payments to shareholders at the target annual rate of 7 pence per ordinary share. With expenditure and discretionary dividends assumed unchanged over the next 12 months, the Company will continue to be operational and will have excess cash after payment of its liabilities over the next 12 months from when the Interim Report is issued.

A potential key risk facing the Company is that Covid-19 may affect the ability of operators to adequately ensure operational integrity of the projects, particularly in terms of operations and maintenance. The Company and the Investment Manager have worked closely and liaised with the operators to ensure that commercial activities remain operational and, in their view, power generation will remain essential to the UK's infrastructure and we don't currently see any material disruption.

As at 30 September 2020, the Company had net current assets of £38.6 million and had cash balances of £34.29 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 of 30 September 2020.

The Directors have acknowledged their responsibilities in relation to the financial statements for the Interim period ended 30 September 2020 and the preparation of the financial statements on a going concern basis remains appropriate and the Company expects to meet its obligations as and when they fall due for the foreseeable future.

2.2 Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

The unaudited interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of the assets, liabilities and financial position and the profit of the Company as required by DTR 4.2.4R; and

The Chairman's Statement, Investment Manager's Report and the notes to the condensed financial statements include a fair review of the information required by:

i. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period and their impact on the unaudited interim condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

ii. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the period and that have materially affected the financial position and performance of the Company during that period.

Signed on behalf of the Board of Directors

Patrick Cox
Committee Chair
Date: 17 December 2020

3 Independent Auditor's review report to the members of Gore Street Energy Storage Fund Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprises the Interim Condensed Statement of Comprehensive Income, the Interim Condensed Statement of Financial Position, the Interim Condensed Statement of Changes in Equity, the Interim Condensed Statement of Cash Flows and the related explanatory notes that have been reviewed. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
Date: 17 December 2020

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 information since it was initially presented on the web site.

Financial Statements

Interim Condensed Statement of Comprehensive Income

For the Interim period ended 30 September 2020

	Notes	1 April 2020 to 30 September 2020 Revenue (£)	Capital (£)	Total (£)	1 April 2019 to 30 September 2019 Revenue (£)	Capital (£)	Total (£)
Net gain on investments at fair value through profit and loss		–	3,692,663	3,692,663	–	2,219,191	2,219,191
Interest income		67,685	–	67,685	236,065	–	236,065
Administrative and other expenses		(904,273)	–	(904,273)	(568,130)	–	(568,130)
Profit/(loss) before tax		(836,588)	3,692,663	2,856,075	(332,065)	2,219,191	1,887,126
Taxation	4	–	–	–	–	–	–
Profit/(loss) after tax for the period		(836,588)	3,692,663	2,856,075	(332,065)	2,219,191	1,887,126
Total comprehensive income/(loss) for the period		(836,588)	3,692,663	2,856,075	(332,065)	2,219,191	1,887,126
Profit/(loss) per share (basic and diluted) – pence per share	5			4.45			5.86

All Revenue and Capital items in the above statement are derived from continuing operations.

The Total column of this statement represents Company's Income Statement prepared in accordance with IFRS. The return on ordinary activities after taxation is the total comprehensive income and therefore no additional statement of other comprehensive income is presented.

The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issue by the Association of Investment Companies.

The notes on pages 19 to 29 form an integral part of these financial statements.

Interim Condensed Statement of Financial Position

As at 30 September 2020

	Notes	30 September 2020 (£)	31 March 2020 (£)
Non – Current Assets			
Investments at fair value through profit or loss	6	**36,450,807**	30,412,493
		36,450,807	30,412,493
Current assets			
Cash and cash equivalents		**34,292,745**	15,028,142
Trade and other receivables	7	**5,124,906**	4,963,527
		39,417,651	19,991,669
Total assets		**75,868,458**	50,404,162
Current liabilities			
Trade and other payables		**794,646**	713,659
		794,646	713,659
Total net assets		**75,073,812**	49,690,503
Shareholders equity			
Share capital	10	**771,762**	525,488
Share premium	10	**42,759,780**	19,707,058
Special reserve	10	**186,656**	186,656
Capital reduction reserve	10	**24,744,738**	25,516,500
Capital reserve	10	**8,713,121**	5,020,458
Revenue reserve	10	**(2,102,245)**	(1,265,657)
Total shareholders equity		**75,073,812**	49,690,503
Net asset value per share	9	**0.97**	0.95

The half yearly financial statements were approved and authorised for issue by the Board of directors and are signed on its behalf by;

Patrick Cox
Chairman

Date: 17 December 2020

The notes on pages 19 to 29 form an integral part of these financial statements.

Interim Condensed Statement of Changes in Equity

For the Period Ended 30 September 2020

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total shareholders equity (£)
As at 1 April 2020	525,488	19,707,058	186,656	25,516,500	5,020,458	(1,265,657)	49,690,503
Profit/(loss) for the period	–	–	–	–	3,692,663	(836,588)	2,856,075
Total comprehensive income/ (loss) for the period	–	–	–	–	3,692,663	(836,588)	2,856,075
Transactions with owners							
Ordinary shares issued at a premium during the year	246,274	23,420,624	–	–	–	–	23,666,898
Share issue costs	–	(367,902)	–	–	–	–	(367,902)
Dividends paid	–	–	–	(771,762)	–	–	(771,762)
As at 30 September 2020	**771,762**	**42,759,780**	**186,656**	**24,744,738**	**8,713,121**	**(2,102,245)**	**75,073,812**

Capital reduction reserve and revenue reserves are available to the Company for distributions to Shareholders as determined by the Directors.

The notes on pages 19 to 29 form an integral part of these financial statements.

Interim Condensed Statement of Changes in Equity

For the Period Ended 30 September 2019

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total shareholders equity (£)
As at 1 April 2019	306,000	67,476	186,656	28,590,177	(565,064)	(469,408)	28,115,837
Profit/(loss) for the period	–	–	–	–	2,219,191	(332,065)	1,887,126
Total comprehensive income/ (loss) for the period	–	–	–	–	2,219,191	(332,065)	1,887,126
Transactions with owners							
Ordinary shares issued at a premium during the period	69,621	6,265,934	–	–	–	–	6,335,555
Share issue costs	–	(160,135)	–	–	–	–	(160,135)
Dividends paid	–	–	–	(306,000)	–	–	(306,000)
As at 30 September 2019	375,621	6,173,275	186,656	28,284,177	1,654,127	(801,473)	35,872,383

The notes on pages 19 to 29 form an integral part of these financial statements.

Financial Statements

Interim Condensed Statement of Cash Flows

For the Period Ended 30 September 2020

	Notes	1 April 2020 to 30 September 2020 (£)	1 April 2019 to 30 September 2019 (£)
Cash flows used in operating activities			
Profit for the period		**2,856,075**	1,887,126
Net gain on investments at fair value through profit and loss		**(3,692,663)**	(2,219,191)
Increase in trade and other receivables		**(161,380)**	(454,057)
Increase in trade and other payables		**80,988**	13,472
Net cash used in operating activities		**(916,980)**	(772,650)
Cash flows used in investing activities			
Purchase of investments		**(2,345,651)**	(11,783,400)
Net cash used in investing activities		**(2,345,651)**	(11,783,400)
Cash flows from/(used in) financing activities			
Proceeds from issue of ordinary shares at a premium		**23,666,898**	6,335,555
Share issue costs		**(367,902)**	(160,135)
Dividends paid		**(771,762)**	(306,000)
Net cash inflow from financing activities		**22,527,234**	5,869,420
Net increase/(decrease) in cash and cash equivalents for the period		**19,264,603**	(6,686,630)
Cash and cash equivalents at the beginning of the period		**15,028,142**	17,223,770
Cash and cash equivalents at the end of the period		**34,292,745**	10,537,140

During the period, interest received by the Company totalled £nil (2019: £38,092).

The notes on pages 19 to 29 form an integral part of these financial statements.

Notes to the Interim Condensed Financial Statements

For the Period Ended 30 September 2020

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 The Scalpel, 18th Floor, 52 Lime Street, London, England, EC3M 7AF.

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

2. Basis of preparation

Statement of compliance

The half yearly condensed financial statements for the period 1 April 2020 to 30 September 2020 have been prepared in accordance with IAS 34, Interim Financial Reporting, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The half yearly financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 March 2020.

The financial statements have been prepared on a historical cost basis except for the investments which are accounted for at fair value through the profit or loss.

The Company is an investment entity in accordance with IFRS 10 which holds all its subsidiaries at fair value and therefore prepares separate accounts only and does not prepare consolidated financial statements for the Company.

The financial information for the year ended 31 March 2020 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The Independent Auditor's Report on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

The financial information contained in this Half Year Report does not constitute statutory accounts as defined in Sections 434-436 of the Companies Act 2006. The financial information for the six months ended 30 September 2020 and 30 September 2019 has not been audited by the Company's external auditor.

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

Since the year end, there has been reduced restrictions on travel and lockdown, but the full human and economic impact of the COVID-19 pandemic still remains difficult to assess.

The Company's ability to generate revenue from its operational assets continues and remains unaffected by the pandemic. The going concern analysis assumes continued annual expenditure at the rate of current expenditure and continued discretionary dividend payments to shareholders at the target annual rate of 7 pence per ordinary share. With expenditure and discretionary dividends assumed unchanged over the next 12 months, the Company will continue to be operational and will have excess cash after payment of its liabilities over the next 12 months.

As at 30 September 2020, the Company had net current assets of £38.6 million and had cash balances of £34.29 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 has no outstanding debt as at 30 September 2020.

A potential key risk facing the Company is that Covid-19 may affect the ability of operators to adequately ensure operational integrity of the projects, particularly in terms of operations and maintenance. The Company and the Investment Manager have worked closely and liaised with the operators to ensure that commercial activities remain operational and, in their view, power generation will remain essential to the UK's infrastructure.

The Directors acknowledge their responsibilities in relation to the financial statements for the half year ended 30 September 2020 and the preparation of the financial statement on a going concern basis remains appropriate and the Company expects to meet its obligations as and when they fall due for the foreseeable future.

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 obtain 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.

Having assessed the criteria above and in their judgement, the Directors are of the opinion that the Company has all the typical characteristics of an investment entity and continues to meet 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 8

4. 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%.

	30 September 2020 (£)	30 September 2019 (£)
(a) Tax charge in profit and loss account		
UK Corporation tax	**-**	-
(b) Reconciliation of the tax charge for the period		
Profit before tax	**2,856,075**	1,887,126
Tax at UK standard rate of 19%	**542,654**	358,554
Effects of:		
Unrealised gain on fair value investments	**(701,605)**	(421,646)
Expenses not deductible for tax purposes	**4,217**	-
Group relief surrendered	**-**	-
Changes in tax rate	**-**	6,641
Deferred tax not recognised	**154,734**	56,541
Tax charge for the period	**-**	-
Estimated losses not to be recognised due to insufficient evidence of future profits	**1,454,531**	692,406
Estimated deferred tax thereon (19%: 17%)	**276,361**	117,709

As at 30 September 2020, the Company has excess management expenses that are available to offset future tax revenues. A deferred tax asset, measured at the prospective corporate rate of 19% (2019: 17%) of £276,361 (2019: £117,709) 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.

5. 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.

	30 September 2020	30 September 2019
Net gain attributable to ordinary shareholders	**£2,856,075**	£1,887,126
Weighted average number of ordinary shares for the period	**64,151,689**	32,197,870
Profit per share – Basic and diluted (pence)	**4.45**	5.86

6. Investments

	Place of business	Percentage ownership	30 September 2020	31 March 2020
GSES1 Limited ("GSES1")	England & Wales	100%	**36,450,807**	30,412,493

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries or equity method account 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, to any amount agreed by the Company as lender, and is available for a period of 20 years from 28 June 2018. The rest is funded through equity. The amount drawn on the facility at 30 September 2020 was £27,742,132, (31 March 2020: £25,396,482). 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 Albion, England and GSF IRE 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	Investment
GSF Albion Limited ("Albion)*	GSES1	England & Wales	100%	
NK Boulby Energy Storage Limited	Albion	England & Wales	99.998%	Boulby
Kiwi Power ES B	Albion	England & Wales	49%	Cenin
GSF England Limited ("England") **	GSES1	England & Wales	100%	
OSSPV001 Limited	England	England & Wales	100%	Lower Road Port of Tilbury
GSF IRE Limited	GSES1	England & Wales	100%	
Ferrymuir Energy Storage Limited ***	Albion	England & Wales	100%	Ferrymuir
Mullavilly Energy Limited	GSF IRE	Northern Ireland	51%	Mullavilly
Drumkee Energy Limited	GSF IRE	Northern Ireland	51%	Drumkee
Porterstown Battery Storage Limited	GSF IRE	Republic of Ireland	51%	Kilteel
Kilmannock Battery Storage Limited	GSF IRE	Republic of Ireland	51%	Kilmannock

* NK Energy Storage Solutions Limited changed its name to GSF Albion Limited with effect from 16 June 2020.

** GSC LRPOT Limited changed its name to GSF England Limited with effect from 11 June 2020.

*** The acquisition of Ferrymuir Energy Storage Limited was completed on the 19 June 2020.

7. Trade and other receivables

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 remains 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 paid against the amount of value of products and equipment of which the Company takes possession/ownership of from NEC ES. If for example the value of the products and equipment is £4.5 million, the fund will not pay any more.

The advance letter provided that if NEC ES did not sell 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 would within 14 days of the end of the 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 cent, per annum.

At the end of the 12 month term in May 2019, the Company and NEC ES had not completed a sale of products, equipment and/or services. As at 30 September 2020, NEC ES has not paid back the amounts nor the interest amounts due.

Under two EPC contracts signed between NEC (UK) Limited and certain of the Company's SPV entities, with a contract value in excess of Euros 34 million, the Company, via its SPVs, has the option (in its discretion) to set off the original £4.5 million advance against amounts payable by the SPVs to NEC (UK) Limited upon completion of construction in the first quarter of 2021. As these contracts are with the SPVs, these amounts payable are included in the fair value of the investments on the Company's balance sheet and not shown as obligations of the Company.

8. Fair Value measurement

Valuation approach and methodology

There are 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 approach. Within these three approaches, several methods are generally accepted and typically used to estimate the value of a business.

The Company has chosen to utilise the income approach, which 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).

Valuation approach and methodology

The International Valuation Standards Council ("IVSC") issued guidance in March 2020 in response to the COVID-19 pandemic.

It notes that one of the main issues when dealing with valuation is uncertainty and that valuation is not a fact, but an estimate of the most probable of a range of possible outcomes based on the assumptions made in the valuation process.

Valuation uncertainty can be caused by various factors, including market disruption, input availability and the choice of method or model of valuation.

The guidance issued by the IVSC was considered by the Investment Advisor in the determination of the valuations disclosed at 30 September 2020.

Valuation process

In the period, the Company acquired a 100% interest in one asset with a total capacity of 49.9 Megawatt ("MW"), bringing the Company's portfolio of lithium-ion energy storage investments to a total capacity of 239.0 MW. As at 30 September 2020, 110.0 MW were operational and 129.0 MW pre-operational (the "Investments") through its subsidiary companies. The Investments comprise nine projects: Boulby, Cenin (49% owned by the Company), Lower Road, Port of Tilbury, operational and Mullavilly, Drumkee, Kilteel, Kilmannock and Ferrymuir, pre-operational.

All of these investments are based in the UK and the Republic of Ireland. 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 the purpose of the valuation. The Company engages external, independent and qualified valuers to determine the fair value of the Company's investments or fair values are produced by the office of the Investment Advisor.

As at 30 September 2020, the fair value of the investment in NK Boulby Energy Storage Limited, (which owns the Boulby project), OSSPV001 Limited (Lower Road and Port of Tilbury), Mullavilly Energy Limited, Drumkee Energy Limited and Ferrymuir Energy Storage Limited (Mullavilly, Drumkee and Ferrymuir respectively), and Kilmannock Battery Storage Limited and Porterstown Battery Storage Limited (Kilmannock and Kilteel respectively) have been determined (presented by the Investment Advisor and reviewed) by BDO LLP.

The fair value of the associate company, Kiwi ES B Limited, (which owns the Cenin project) has been determined by the Investment Advisor.

Quantitative information

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

		Significant Inputs		Fair Value	
Investment Portfolio	Valuation technique	Description	Range	30 September 2020 (£)	31 March 2020 (£)
Great Britain (excluding Northern Ireland)	DCF	Discount rate Revenue/MWH	6% - 8% £5.5 - £40	**10,394,058**	6,732,557
Northern Ireland	DCF	Discount rate Revenue/MWH	9% - 10% £8 - £21	**19,565,027**	16,138,800
Republic of Ireland	DCF	Discount rate Revenue/MWH	10% €6 - €15	**4,653,969**	5,739,200
Holding Companies	NAV			**1,837,753**	1,801,936
Total Investments				**36,450,807**	30,412,493

The fair value of the holding companies represents the net assets together with any cash held within those companies in order to settle any operational costs.

Sensitivity Analysis

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

Investment Portfolio	Valuation technique	Significant Inputs: Description	Significant Inputs: Sensitivity	Estimated effect on Fair Value: 30 September 2020 (£)	Estimated effect on Fair Value: 31 March 2020 (£)
Great Britain	DCF	Revenue	+ 10%	**4,200,000**	2,000,000
			- 10%	**(4,300,000)**	(2,200,000)
		Discount rate	+1%	**(2,000,000)**	(600,000)
			-1%	**2,500,000**	800,000
Northern Ireland	DCF	Revenue	+ 10%	**3,900,000**	3,400,000
			- 10%	**(3,900,000)**	(3,500,000)
		Discount rate	+1%	**(3,200,000)**	(2,400,000)
			-1%	**3,800,000**	2,800,000
Republic of Ireland	DCF	Revenue	+ 10%	**2,200,000**	1,900,000
			- 10%	**(4,000,000)**	(3,400,000)
		Discount rate	+1%	**(3,000,000)**	(1,900,000)
			-1%	**3,500,000**	2,300,000

High case (+10%) and low case (-10%) revenue information used to determine sensitivities are provided by third party pricing sources.

Valuation of financial instruments

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

	30 September 2020 (£)	30 September 2019 (£)
Opening balance	**30,412,493**	6,482,964
Purchases during the period/year	**2,345,651**	18,344,007
Proceeds from investments – return of capital	**-**	-
Total fair value movement through the profit and loss	**3,692,663**	5,585,522
	36,450,807	30,412,493

A minority shareholder of Boulby has a right to receive a certain share of Boulby distributions once GSF Albion Limited realises excess return over an agreed hurdle return from its investment into Boulby.

Based on free cash flow forecast used to compute the net asset value of 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.

9. 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.

	30 September 2020 (£)	31 March 2020 (£)
Net assets per Statement of Financial Position	**£75,073,812**	£49,690,503
Ordinary shares in issue as at 30 September/31 March	**77,176,180**	52,548,815
NAV per share – Basic and diluted (pence)	**0.97**	0.95

10. Share capital and reserves

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total (£)
At 1 April 2020	525,488	19,707,058	186,656	25,516,500	5,020,458	(1,265,657)	49,690,503
Issue of ordinary £0.01 shares: 28 June 2020	30,000	2,853,000	-	-	-	-	2,883,000
Issue of ordinary £0.01 shares: 8 July 2020	216,274	20,567,624	-	-	-	-	20,783,898
Share issue costs	-	(367,902)	-	-	-	-	(367,902)
Dividends paid	-	-	-	(771,762)	-	-	(771,762)
Profit for the period	-	-	-	-	3,692,663	(836,588)	2,856,075
At 30 September 2020	**771,762**	**42,759,780**	**186,656**	**24,744,738**	**8,713,121**	**(2,102,245)**	**75,073,812**

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total (£)
At 1 April 2019	306,000	67,476	186,656	28,590,177	(565,064)	(469,408)	28,115,837
Issue of ordinary £0.01 shares: 19 August 2019	69,621	6,265,934	-	-	-	-	6,335,555
Issue of ordinary £0.01 shares: 14 October 2019	101,066	9,378,934	-	-	-	-	9,480,000
Issue of ordinary £0.01 shares: 23 October 2019	12,641	1,173,058	-	-	-	-	1,185,699
Issue of ordinary £0.01 shares: 11 February 2020	36,160	3,417,106	-	-	-	-	3,453,266
Share issue costs	-	(595,450)	-	13,199	-	-	(582,251)
Dividends paid	-	-	-	(3,086,876)	-	-	(3,086,876)
Profit for the year	-	-	-	-	5,585,522	(769,249)	4,323,262
At 31 March 2020	**525,488**	**19,707,058**	**186,656**	**25,516,500**	**5,020,458**	**(1,265,657)**	**49,690,503**

Share Issues

On 28 June 2020, the Company issued 3,000,000 ordinary shares at a price of 96.10 pence per share, raising gross proceeds from the Placing of £2,883,000.

On 8 July 2020, the Company issued 21,627,365 ordinary shares at a price of 96.10 pence per share, raising gross proceeds from the Placing of £20,783,898.

11. Dividends

	Dividend per share	30 September 2020 (£)	30 September 2019 (£)
Dividends paid during the year			
For the 3 month period ended 31 March 2019	1 pence	–	306,000
For the 3 month period ended 31 March 2020	1 pence	**771,762**	–
		771,762	306,000

An interim dividend of 2 pence for the period 1 April 2020 to 30 June 2020 was proposed by the Directors, and subsequently paid on the 30 October 2020.

An interim dividend of 2 pence for the period 1 July to 30 September is proposed by the Directors and due to be paid in January 2021.

12. Transactions with related parties

Following admission of the ordinary shares (refer to note 10), 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 £37,000 per annum, Caroline Banszky is paid director's remuneration of £25,000 per annum, with the remaining directors being paid directors' remuneration of £21,000 per annum.

Total director's remuneration and associated employment costs of £49,559 were incurred in respect of the period, there were no outstanding amounts payable at the period end.

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 £376,416 (30 September 2019: £150,389) was incurred during the period, with £178,095 still outstanding as at 30 September 2020, (31 March 2020: £31,175).

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 cent. per annum (annually compounding), adjusted for:

(i) any increases or decreases in the Net Asset Value arising from issues or repurchases of Ordinary Shares during the relevant calculation period;

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 cent. 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 per cent. of such amount (if positive) by which Net Asset Value (before subtracting any accrued performance fee) at the end of a calculation period exceeds the Benchmark provided always that in respect of any financial period of the Company (being 1 April to 31 March each year) the performance fee payable to the Investment Advisor shall never exceed an amount equal to 50 per cent 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 30 September 2020.

During the period the Investment Advisor provided operations management services to SPV companies resulting in charges in the amount of £nil (30 September 2019: £106,289) being paid by the SPV companies to the Investment Advisor.

Significant Shareholders

NEC ES is a related party to the Company by virtue of also being a significant shareholder within the structure and details of transactions with each party can be found in note 7.

During the period, OSSPV001 Limited, a 100% indirectly owned subsidiary of the Company entered into an interest bearing loan arrangement with Eneos Emea Limited, an indirect subsidiary of Nippon Oil, a significant shareholder of the Company. This loan arrangement is three and half years, ending 31 March 2024.

13. Capital commitments

The Company had no contingencies and significant capital commitments at the reporting date (31 March 2020: £7.8m).

14. Post balance sheet events

The Directors have evaluated the need for disclosures and / or adjustments resulting from post balance sheet events through to 17 December 2020, the date the financial statements were available to be issued. The Company continues to grow despite COVID-19, and on 30 October 2020 acquired operational projects from Anesco which comprised of five companies for the consideration of £21 million cash payments and a £7.1 million share issuance.

In December 2020, the Company completed an oversubscribed placing of £60 million which further increased the total share issued to 143.9 million (30 September 2020: 77.2 million).

Up to the date of publication NEC ES has not paid back the advance nor the interest amounts due (refer to note 7).

There were no adjusting post balance sheet events and as such no adjustments have been made to the valuation of assets and liabilities as at 30 September 2020.

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