Gore Street
Energy Storage Fund

Gore Street Energy Storage Fund Plc

(Company Registration number 11160422)

Half yearly report and initial accounts

For the period from 19 January 2018 (incorporation date) to 30 September 2018

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Chairman's Statement

For the period from 19 January 2018 (incorporation date) to 30 September 2018

I am pleased to present Gore Street Energy Storage Fund PLC first interim report (including initial accounts) since listing on the Premium Segment of the London Stock Exchange in May 2018, for the period ended 30 September 2018.

Performance and returns

GSF portfolio is performing in line with expectation. Our operating assets continue to benefit from secured revenue contracts and multiple revenue stacking strategy.

Dividends

The first quarterly dividend of 2 pence per share is to be paid on 30 November 2018. We are targeting a dividend of 4 pence per share with respect to period end 31 March 2019.

Acquisitions

The last six months have been strong on the acquisition front. We completed the acquisition of interests in 4 new facilities during the year, through 3 transactions. These acquisitions demonstrated our ability to source and execute transactions across the market but only when we consider the terms to be advantageous to shareholders. As a result, we invested a total of £8 million, with our net storage capacity increasing to 29 Megawatt ("MW").

Gearing

The Company and its subsidiaries (the "Group") will generally avoid using non-recourse debt at the SPV level and aims to keep the Group level borrowings at a prudent level (the maximum presently is 15 % of GAV) to reduce risk. We ended the half year with no external borrowings.

Outlook

The energy storage systems market globally was valued at approximately cUSD$194.3 billion. in 2017 and is expected to generate revenue of around $296.0 billion by the end of 2024, an annual increase of around 6.2% from 2018 till 2024. The industry expects a possible 2,000 MW of additional energy storage by 2020 in the UK. The Department of Energy and Climate Change had put forward that there is potential growth in the industry of up to 20 GW by 2050, whilst various Government and European Commission documents continue to identify the importance of energy storage for future energy systems.

The Company therefore is working in a growing market and we continue to see a significant number of interesting projects with different business models attached to them. We note that several of the key revenue services which our projects participate in, Frequency Response and Capacity Market, have had lower clearing prices and contracts becoming shorter in length in the recent auctions than we saw at the start of the year; however, these results have been matched by a continued dramatic fall in systems costs. We therefore believe that the return range stated at IPO is still achievable. With our strong cash flow, we continue to have confidence in meeting our objectives.

Governance

The Board is working well in the discharge of its responsibilities and during the year several Board committees were established, with Directors being appointed to those committees.

Conclusion

The Company first listed nearly 6 months ago in May 2018. Since listing, we have executed our investment objectives. That is down to the excellent work of the investment adviser and pushing forward the Company's investment strategy. The market is maturing in line with our expectations here in the UK and abroad and an increasing range of services these assets can provide will yield a robust and diversified revenue profile.

Patrick Cox
Chairman
Date: 8 November 2018

Investment Advisors Report

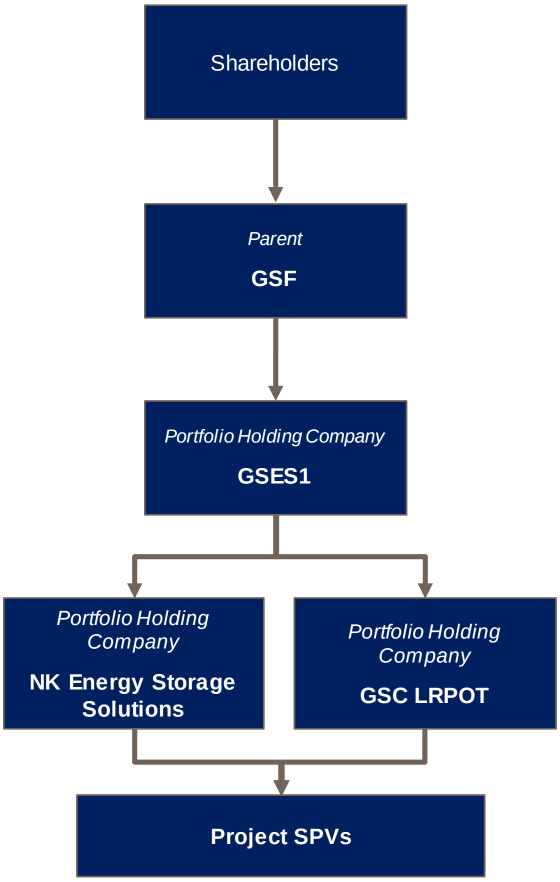
For the period from 19 January 2018 (incorporation date) to 30 September 2018

About Gore Street Capital ("Investment Adviser")

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

Structure

Gore Street Energy Storage Fund PLC (the "Company") 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.

Investment Advisors Report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

Strategic Partners continued

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.

The Company through the support from Investment Adviser would benefit from exclusive right of first offer in relation to their energy storage projects pipeline.

Investment Portfolio Summary

The Company's portfolio currently has 4 assets with a total installed capacity of 29.0 MW or 27.0 MW (proportionately to the Company's ownership). All of the 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 Adviser has selected assets that deliver portfolio diversification by multiple revenue streams, geographical location, EPC contractors, O&M counterparties and developers.

Portfolio Assets

As of 30 September 2018, the Company's portfolio consisted of four assets as detailed below:

1. Boulby

Location	Cleveland, North Yorkshire, United Kingdom
Size	6 MW / 6 MWh
SPV Entity	NK Boulby Energy Storage Ltd.
% Effectively Owned by GSF	100%
Contract Type	Behind-the-meter
Source of Revenue	1) Frequency Response 2) Capacity Market 3) Service to the site
Site Type	Industrial Mining
Status	Operational
Commissioning/Expected Commissioning	Operational since October 2017
Battery Provider	NEC ES

2. Cenin

Location	Swansea, Wales, United Kingdom
Size	4 MW / 4.8 MWh
SPV Entity	KiWi Power ES B Ltd.
% Effectively Owned by GSF	49%
Contract Type	Co-location
Source of Revenue	1) Firm Frequency Contract 4) Capacity Market
Site Type	Renewable Generation
Status	Operational
Commissioning/Expected Commissioning	Operational since February 2018
Battery Provider	Tesla

Investment Advisors Report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

Portfolio Assets continued

3. Lower Road

Location	Brentwood, United Kingdom
Size	10 MW / 5 MWh
SPV Entity	OSSPV001 Limited
% Effectively Owned by GSF	100%
Contract Type	Front-of-the-meter
Site Type	5) Greenfield
Status	Pre-construction
Commissioning/Expected Commissioning	Expected to become operational in Q2 2019
Battery Provider	NEC ES

4. Port of Tilbury

Location	Tilbury, London, United Kingdom
Size	9 MW / 4.5 MWh
SPV Entity	OSSPV001 Limited
% Effectively Owned by GSF	100%
Contract Type	Behind-the-meter
Site Type	6) Port
Status	Pre-construction
Commissioning/Expected Commissioning	Expected to become operational in Q2 2019
Battery Provider	NEC ES

Market Update

Increasing Intermittent Capacity

The installation of renewable capacity has been encouraged by the GB Government through various renewable incentive schemes. This has led to the rapid deployment of intermittent wind and solar generation capacity. As their output can vary considerably from one period to the next, this has increased the variability and uncertainty in the output. Flexibility assets– including storage assets – are critical to manage this variability.

Increasing wind penetration is a critical value driver for flexible assets due to both increasing intermittent generation's impact on wholesale electricity price volatility, as well as the increasing volume of Balancing Services that the system operators will need to procure to manage wind variability. In GB, wind output is highly correlated across the country, so small errors in wind forecasting will put considerable pressure on system stability, which the system operators will need to manage through increasing capacity provisions within Balancing Services markets. As wind penetration increases, existing plants will be required to run more aggressive operating patterns than originally planned to manage volatile renewable output, potentially starting and ramping up multiple times per day.

The impact of solar intermittency on system stability is not as pronounced. Nonetheless, the National Grid would still need to procure Balancing Services to manage solar forecasting error, creating demand for flexible assets.

Decreasing Firm Thermal Capacity

In parallel with the deployment of renewables, there has been a corresponding decrease in thermal capacity, in particular with the decommissioning of coal plants, to meet emissions targets. Over the past five years, close to 10 GW of coal plants have been decommissioned. This trend is expected to continue over the next decade with the remaining 11 GW of transmission connected coal plants expected to close by 2025. In addition, several gas plants were mothballed in recent years due to challenging economics and commercial setbacks.

A key uncertainty in the electricity market in the coming years is the pace of decommissioning of the remaining coal plants. Indeed, this will put pressure on capacity margins and create challenges for the National Grid in balancing the system. These large thermal plants provide Mandatory Balancing Services to the system operators. When these plants retire, this will increase volatility on the wholesale electricity market and the system operator's reserve requirements, thus creating opportunities for Distributed Energy and Flexibility providers.

Investment Advisors Report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

Market Update continued

A Strong Case for Battery Storage

As the share of renewables – especially wind at night – in the UK electricity mix increases, thus creating uncertainty, and thermal power capacity is decommissioned, which reduces the network's ability to self-stabilise and avoid black-outs, the need for flexibility increases. A number of services are increasingly needed, that batteries, and in some cases competing technologies, will need to provide:

- **The need for frequency response** has increased due to the decommissioning of thermal plants. Unlike wind and solar power plants, thermal plants could absorb any short-term mismatch between supply and demand. In the event of a spike in demand or power plants shut down unexpectedly, this capacity gives the National Grid time to adjust power production and avoid a black-out. As wind and solar capacity which are the intermittent generation capacity increases and thermal capacity increases, the network's ability to avoid black-outs is reduced dramatically. Batteries are now needed to provide dynamic, sub-30 second, frequency response to immediate absorb any difference between consumption and generation, while the National Grid dispatches other power production assets to take over to avoid black-outs. Another factor is the increased concentration of baseload power, which will require the National Grid to ensure that there is enough flexibility capacity to offset a drop in power if the largest power generation system shuts down unexpectedly.
- **Wholesale arbitrage and balancing market:** the reduced capacity margin resulting from the decommissioning of thermal capacity and the deployment of renewables increases price volatility thus creating an opportunity for wholesale arbitrage. The growing share of intermittent capacity makes power generation forecasts more uncertain. This forces the National Grid to increasingly resort to the Balancing Services market to balance the network after gate closure, which drives Balancing Mechanism ("BM") price spreads higher. This creates another opportunity for arbitrage.
- **A series of complementary revenues can be generated**, such as Capacity Market payments and distribution and transmission charges avoidance – when the asset is co-located with a large commercial or industrial off-taker.
- **Driven by electric vehicle deployment and increasing Lithium-Ion manufacturing capacity** worldwide, the price of Lithium-Ion cells has been decreasing steadily, enabling developers and investors to absorb the impact of decreasing frequency response prices, whilst still meeting their target returns.

Increasing Competition and Evolving Revenue Strategy

Competition in the UK storage market is intensifying: As more storage capacity comes online, FFR prices have decreased steadily and contract durations are being shortened by the National Grid.

In this context, while the industry is aided by decreasing battery prices, it must also turn in increasingly complex revenue stacking strategies to maximise battery utilisation and revenue. Such strategies need to be combined with equally complex EPC and O&M contracts with highly tailored warranty constructs precisely matching the applications of the battery.

Investment Performance

The NAV per share for the Company as at 30 September 2018 was 97.0 pence compared to 97.6 pence as at 30 June 2018.

The difference from IPO predominantly reflected the costs and expenses of the IPO of 2 pence per shares. The seed assets acquired on 22 June 2018 were valued in line with purchase price, thus, did not affect NAV as of 30 June 2018, and the NAV was, therefore, 97.6 pence per share on 30 June 2018.

The decrease in NAV from 97.6 pence per share to 97.0 pence per share in the period from 1 July 2018 to 30 September 2018 is attributable to decline in frequency response price forecasts provided by third party and fund operating expenses.

This decline in frequency price forecasts was partially offset by operating cost reductions and was further mitigated by the planned implementation of alternative revenue strategies, including energy arbitrage. As a result, NAV of portfolio SPVs decreased to £8.0 m from acquisition and capital expenditure value of £8.1 m.

Investment Advisors Report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

Investment Performance continued

To manage the Company's operating expense, the Investment Adviser has agreed to reduce its management fee for this half year period from its contracted rate of 1% of NAV.

A gradual decrease in the NAV is otherwise to be anticipated until the IPO proceeds are largely invested.

The NAV changes are summarized in below table. Since the IPO, the Company has invested £8.1 m in cash through acquisitions of SPVs and related capital expenditures, and it has committed to deploy c. 50% of its capital.

NAV Bridge (IPO 25 May 2018 to 30 September 2018)

NAV Bridge	NAV £ Million	NAV/Share pence
IPO Proceeds	30.6	100.0
IPO expense	(0.6)	(1.8)
Investment Manager Fee	(0.0)	(0.1)
Other operational expense	(0.3)	(0.8)
Interest earned	0.0	0.1
Acquisition and Capex	(8.1)	(26.4)
NAV of Portfolio SPVs (30 Sep 2018)	8.0	26.1
Total NAV (30 September)	**29.7**	**97.0**

Valuation of the Investment Portfolio

The Investment Adviser 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 by a third party in the mid-year and end of year reports.

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

General

- Discount rate: For the assets currently in operation, the Investment Adviser 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).
- Inflation: Cash flow models include long-term inflationary uplift of income and expenses at 2.5%. In light of government targets (in particular the UK government's long-term target), the Investment Adviser considers this to be the most appropriate.

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).

Investment Advisors Report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

Valuation of the Investment Portfolio

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.

Portfolio Summary

1. **Boulby (6 MW)**

   From July to September 2018, Boulby's average availability was 88.0%. 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 99.9%.

   In August 2018, Boulby was operating with 33% of its capacity (2 MW) for 2 weeks due to capacitor issue and, consequently, an inverter failure. Technical support was presented on site during the period and the issue was rectified by replacing the capacitor.

   In September 2018, Boulby as secured a Capacity Market T-1 contract delivery from 1 October 2018 to 30 September 2019.

2. **Cenin (4 MW[1])**

   From July to September 2018, Cenin's average availability was 96.1%. During the period there were two incidents which negatively affected Cenin's performance (as detailed below), therefore, after adjustment of these incidents, availability for the period is 97.7%

   In August 2018, there were 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 8 hours but the issue was rectified by the EPC within the same day. This was a result the cellular connectivity issue and, thus, a new site master controller was installed.

3. **Lower Road (10 MW)**

   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.

   Under the EPC contract, the asset owner has the option to upgrade and increase capacity from. 5 MWh to 10 MWh within the first 6 years after the start of operations.

4. **Port of Tilbury (9 MW)**

   The Company finalised its investment in Port of Tilbury in September 2018 by acquiring an SPV owning the rights to the project. The EPC and O&M contracts have now been signed.

   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 3.5 years after the start of operations.

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

Investment Advisors Report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

Governance

Investment Adviser regularly reviews all energy storage assets to ensure they are compliance with planning consent and conditions set by the relevant local councils.

Investment Pipeline

The Company and Investment Adviser have identified 8 investment opportunities. Three out of eight projects have already secured exclusivity with the partners or in advanced stage of negotiations as detailed below:

Exclusive Assets or in advanced stage of negotiations			
Project	**Location**	**Type of project (Front-of-the-Meter / Behind-the-Meter)**	**Total Project Size (MW)**
Project 1	United Kingdom	Front-of-the-Meter – Lithium-ion technology	30.0
Project 2	Belgium	Front-of-the-Meter – Lithium-ion technology	25.0
Project 3	Germany	Front-of-the-Meter – Flow technology	11.0
Total 56.0 MW			

Investment Advisors Report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

Investment Pipeline continued

Additional Pipeline			
Project	**Location**	**Type of project (Front-of-the-Meter / Behind-the-Meter)**	**Total Project Size (MW)**
Project 4	United Kingdom	Front-of-the-Meter – Lithium-ion technology	49.0
Project 5	United Kingdom	Front-of-the-Meter – Lithium-ion technology	45.0
Project 6	United States	Front-of-the-Meter – Lithium-ion technology	30.0
Project 7	United Kingdom	Front-of-the-Meter – Lithium-ion technology	20.0
Project 8	United Kingdom	Front-of-the-Meter – Lithium-ion technology	7.5
Total 151.5 MW			

Gore Street Capital
Investment Adviser
Date: 8 November 2018

Principal risk and uncertainties

For the period from 19 January 2018 (incorporation date) to 30 September 2018

The Directors consider the following principal risks and uncertainties to the Company for the remainder of the period to 31 March 2019:

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
2. The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies
3. Changes in laws or regulations governing the Company's operations may adversely affect the Company's business
4. UK's exit from the European Union

B. Risk relating to portfolio and investment strategy

1. **Macro level risks:**
    - 1.1 Energy market regulations
    - 1.2 New energy storage technologies
2. **Acquisition of energy storage projects risks:**
    - 2.1 Competition for acquisitions
    - 2.2 Due diligence may fail to uncover all material risks
3. **Others risk:**
    - 3.1 Valuation process

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

1. Inability to control operating expenses and investments
2. Changes in method to procure balancing services, length of contracts and pricing, including frequency response and failure to secure new contracts
3. Volatility of the price of electricity
4. Counterparty risk which includes demand aggregator, electricity supplier and other counterparties
5. Technological and operational risks may rise which may not be covered by warranties or insurance

D. Risks relating to taxation

More detailed information on the risks and uncertainties affecting the Company can be found on pages 19 - 35 of the Company's most recent Prospectus issued on 9 March 2018.

Directors’ report

For the period from 19 January 2018 (incorporation date) to 30 September 2018

The directors present their report together with the audited financial statements for the period from 19 January 2018 (incorporation date) to 30 September 2018 in accordance with section 839 (4) of the Companies Act 2006. This is also the first set of financial information prepared by Gore Street Energy Storage Fund Plc (the “Company”) and therefore no comparatives are provided.

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 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 4 facilities of which 3 facilities are wholly owned by the Company. 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 pages on 18 to 21. Total Comprehensive loss for the period was £377,812. The Directors recommend that an interim dividend of 2 pence per share be paid in respect of the period ended 30 September 2018.

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 is 4p per Ordinary share and thereafter 7 pence per share as per the supplemental prospectus. The Company intends to grow the dividend progressively, through investment in upward-only, inflation-protected, long-term lease agreements.

Share capital

As at 30 September 2018, 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 11.

In light of the Company’s current position and principal risks and uncertainties, the Board has assessed the prospects of the Company for a period of 12 months from the date of this report, reviewing the Company’s liquidity position, compliance with any loan covenants and the financial strength of its energy contracts, together with forecasts of the Company’s future performance under various scenarios. The Board has concluded there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities over that period. The Board has also assessed the prospects of the Company over a longer period than the going concern review and has a reasonable expectation that the Company will be able to continue in business over the five year period examined in that assessment.

The Board is also responsible for the internal controls of the Company, including operational and compliance controls and risk management systems, which are documented in a Board memorandum. As with any risk management system, the Company’s internal control framework is designed to manage risk but cannot give absolute assurance that there will never be any material misstatement or loss. The Board has reviewed the risk management and internal control framework in the period and believes it to be working effectively. The Board has considered the appropriateness of establishing an internal audit function and, having regard to the relatively simple nature of the Company’s operations and the likely cost of such a function, has concluded that it is not necessary at this stage.

Directors’ report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

Risk management and internal control continued

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 Adviser.

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.

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.

Details of the fees paid to directors in the period are set out below.

Director	**Annual fee (£)**	**Received in period ended 30 September 2018 (£)**
Patrick Cox	33,000	11,635
Caroline Banzsky	21,000	7,404
Malcolm King	18,000	6,346
Thomas Murley	18,000	6,346

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 30 September 2018 are shown below:

Directors’ interest and beneficial interest	**Number of ordinary shares**	**Percentage of issued share capital**
Patrick Cox	49,996	0.02%
Caroline Banzsky	35,000	0.01%
Malcolm King	25,000	0.01%

Significant shareholdings

As at 30 September 2018 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 of ordinary shares**	**Percentage of issued share capital**
AJ Bell	877,692	3%
Nigel Lindsay-Fynn	800,000	3%
Interactive Investor	872,585	3%
Hargreaves Lansdown	902,118	3%
Stockdale Securities connected	937,681	3%
Premier Asset Management	1,100,000	4%
First Avenue LLC	1,850,000	6%
Herald IM	2,000,000	7%
Nippon Koei Co. Ltd	6,000,000	20%
NEC Energy Solutions Inc	8,000,000	26%

Directors' report continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

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.

During the period ended 30 September 2018:

- any emissions from the Company's projects have been the subsidiaries responsibility rather than the Company's, so the principle of operational control has been applied;
- any emissions that are either produced from the Company's registered office or from offices used to provide administrative support are deemed to fall under the Adviser and Manager's responsibility; and
- the Company has not leased or owned any vehicles which fall under the requirements of Mandatory Emissions Reporting.

As such, the Board believes that the Company has no reportable emissions for the period ended 30 September 2018.

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 note17 to the financial statements.

Disclosures in relation to the Company's business model and strategy have been included within the Investment Adviser's report on page 3. Disclosures in relation to the main industry trends and factors that are likely to affect the future performance and position of the business have been included within the Investment Advisers report. Disclosures in relation to environmental matters, employees, social and human rights issues, employee diversity have not been included as the directors' do not consider these to be relevant to the Company.

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 Company.

Signed by order of the Board,

Patrick Cox
Chairman
Date: 8 November 2018

Statement of directors' responsibilities

The directors are responsible for preparing the half yearly report and financial statements in accordance with applicable law and regulations.

As a company listed on the London Stock Exchange, Gore Street Energy Storage Fund Plc is subject to the FCA's Listing Rules and Disclosure and Transparency Rules, as well as to all applicable laws and regulations in England and Wales where it is registered.

The half yearly report and financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and of the profit or loss for the period. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- specify which generally accepted accounting principles have been adopted in their preparation; 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 keeping proper accounting records which are sufficient to show and explain the Company's transactions and are to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of 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.

The directors are also responsible for preparing the Half yearly report and financial statements and the directors confirm that they consider that, taken as a whole, the half yearly report and financial statements is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In accordance with the FCA's Disclosure and Transparency Rules, the directors confirm to the best of their knowledge that:

a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and
b) The half year report and accounts include an indication of important events that have occurred during the first period of the financial period, and their impact on the set of financial statements, and description of the principal risks and uncertainties for the remaining six months of the financial year.
c) The half year report and accounts include the related parties' transactions that have taken place in the first period of the financial period and that have materially affected the financial position or the performance of the enterprise during that period.

The directors have acknowledged their responsibilities in relation to the financial statements for the period to 30 September 2018.

Going concern

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the financial statements and related notes. In addition, note17 to the financial statements includes the policies and processes for managing its capital, its financial risk management, details of its financial instruments and its exposure to credit risk and liquidity risk. The Company has sufficient financial resources and expectation of growth in the medium-term to meet its financial obligations. As such the directors believe that the Company will continue into the foreseeable future and have adopted the going concern basis of preparation in preparing these financial statements.

Signed by order of the Board,

Patrick Cox
Chairman
Date: 8 November 2018

Report of the Independent Auditor to Gore Street Energy Storage Fund Plc under Section 839(5) of the Companies Act 2006

We have examined the initial accounts of Gore Street Energy Storage Fund Plc for the period from 19 January 2018 (incorporation date) to 30 September 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow and the related notes 1 to 23. The initial accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 839(5) of the Companies Act 2006 and for no other purpose. 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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the directors are responsible for the preparation of the initial accounts in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Our responsibility is to report to you our opinion as to whether the initial accounts have been properly prepared within the meaning of section 839(4) of the Companies Act 2006.

Opinion

In our opinion the initial accounts for the period from 19 January 2018 (incorporation date) to 30 September 2018 have been properly prepared within the meaning of section 839 (4) of the Companies Act 2006.

Caroline Mercer (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
8 November 2018

Statement of comprehensive income

For the period from 19 January 2018 (incorporation date) to 30 September 2018

	Notes	19 January 2018 to 30 September 2018 (£)
Net gain /(loss) on investments at fair value through the profit and loss	6	(110,380)
Revenue	7	18,863
Administrative and other expenses	8	(286,295)
Loss before tax		**(377,812)**
Taxation	9	-
Loss after tax and loss for the period		**(377,812)**
Total comprehensive loss for the period		**(377,812)**
Loss per share (basic and diluted) – pence per share	10	(1.23)

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

The notes on pages 21 to 35 form an integral part of these financial statements.

Statement of Financial Position

As at 30 September 2018

Company number 11160422

	Notes	30 September 2018 (£)
Assets		
Investments at fair value through the profit or loss:		
Investment in subsidiary	11	7,981,451
		7,981,451
Current assets		
Cash and cash equivalents	12	17,171,647
Trade and other receivables	13	4,695,294
		21,866,941
Total assets		29,848,392
Current liabilities		
Trade and other payables	14	(177,663)
		(177,663)
Total net assets		29,670,729
Shareholders equity		
Share capital	19	306,000
Share premium	19	47,708
Special reserve	19	186,656
Capital reduction reserve	19	29,508,177
Retained earnings	20	(377,812)
		29,670,729
Total shareholders equity		29,670,729
Net asset value per share	18	0.97

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

Patrick Cox
Chairman
Date: 8 November 2018

The notes on pages 21 to 35 form an integral part of these financial statements.

Statement of changes in equity

For the period from 19 January 2018 (incorporation date) to 30 September 2018

	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	-	-	-	-	(377,812)	(377,812)
Total comprehensive loss for the period	-	-	-	-	(377,812)	(377,812)
Transactions with owners						
Ordinary shares issued at a premium during the period	306,000	30,294,000	-	-	-	30,600,000
Share issue costs	-	(551,459)	-	-	-	(551,459)
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	-	-
As at 30 September 2018	**306,000**	**47,708**	**186,656**	**29,508,177**	**(377,812)**	**29,670,729**

The notes on pages 21 to 35 form an integral part of these financial statements.

Statement of cash flow

For the period from 19 January 2018 (incorporation date) to 30 September 2018

	19 January 2018 to 30 September 2018 £
Cash flows used in operating activities	
Loss for the period	(377,812)
Net gain /(loss) on investments at fair value through the profit and loss	110,380
(Increase) in trade and other receivables	(4,695,294)
Increase in trade and other payables	177,663
Net cash generated/ (used)in operating activities	**(4,785,063)**
Cash flows used in investing activities	
Purchase of investments	(8,091,831)
Net cash generated/ (used) in investing activities	**(8,091,831)**
Cash flows used in financing activities	
Proceeds from issue of ordinary shares at a premium	30,600,000
Share issue costs	(551,459)
Issue of redeemable preference shares	12,500
Redemption of redeemable preference shares	(12,500)
Net cash inflow from financing activities	**30,048,541**
Net increase in cash and cash equivalents for the period	**17,171,647**
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	**17,171,647**

The notes on pages 21 to 35 form an integral part of these financial statements.

Notes to the financial statements

For the period from 19 January 2018 (incorporation date) to 30 September 2018

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 half yearly financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the European Union. 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 half yearly report and financial statements.

2. 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.

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

2. Significant accounting judgements, estimates and assumptions continued

Valuation of Investments in subsidiaries

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.

3. 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 30 September 2018.

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

There are no 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.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of there financial statements are set out below:

Segmental information

The board is of the opinion that the Group is engaged in a single segment business, being the investment in the United Kingdom in energy storage assets.

Income and expenses

Income and expenses are accounted for on an accruals basis. The Company's income and expenses are 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 in subsidiaries 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%. Tax 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.

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.

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

4. 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 paid. 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 including investments in subsidiaries. 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.

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

4. Summary of significant accounting policies continued

Recognition and derecognition

Financial assets are recognised on trade date, the date on which the Company commits to purchase or sell an asset. 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.

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. A fair value measurement of a non-financial asset takes into account the best and highest value use for that asset.

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.

5. 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 £21,226 with £15,000 being outstanding and payable at the period end.

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

5. Fees and expenses continued

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 £26,539 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 adviser are disclosed within note 21 Transactions with related parties.

6. Net gain /(loss) on investments at fair value through the profit and loss

	30 September 2018 (£)
Net gain /(loss) on investments at fair value through the profit and loss	(110,380)
	(110,380)

7. Revenue

	30 September 2018 (£)
Bank interest income	18,863
	18,863

8. Administrative and other expenses

	30 September 2018 (£)
Administration fees	21,226
Statutory Audit fees	36,000
Directors remuneration	31,731
Directors & officers insurance	5,198
Investment advisory fees	40,499
Legal and professional fees	79,145
Management fees	26,539
Marketing fees	22,528
Sundry expenses	23,429
	286,295

9. 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%. The Company is in a loss position and made no taxable income in the period.

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

9. Taxation continued

	30 September 2018 (£)
(a) Tax charge in profit or loss	
UK corporation tax	-
(b) Reconciliation of the tax charge for the period	
Loss before tax	(377,812)
Tax at UK main rate of 19%	-
Tax charge for the period	-

10. 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 2018
Net loss attributable to ordinary shareholders	£ (377,812)
Weighted average number of ordinary shares for the period	30,600,000
Loss per share – Basic and diluted (pence)	(1.23)

11. Investment in subsidiaries

	Place of business	Percentage ownership	30 September 2018 (£)
GSES1 Limited ("GSES1")	England & Wales	100%	7,981,451

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries 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 subsidiary and there are no restrictions in place in passing monies up the structure.

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
NK Energy Storage Solutions Limited ("NKESS")	GSES1	England & Wales	100%	Wholly owned
NK Boulby Energy Storage	NKESS	England & Wales	100%	Wholly owned
Kiwi Power ES B	NKESS	England & Wales	49%	Partially owned
GSC LRPOT Limited ("GSC LRPOT")	GSES1	England & Wales	100%	Wholly owned
OSSPV001 Limited	GSC LRPOT	England & Wales	100%	Wholly owned

Notes to the financial statements continued
For the period from 19 January 2018 (incorporation date) to 30 September 2018

12. Cash and cash equivalents

	30 September 2018 (£)
Cash at bank	171,647
Notice deposit held at Barclays bank	17,000,000
	17,171,647

13. Trade and other receivables

	30 September 2018 (£)
VAT recoverable	78,951
Prepaid D&O insurance	4,825
Prepaid Investment Advisers fees	83,716
Other Debtors	27,802
Advance to NEC ES	4,500,000
	4,695,294

The Company entered into a direct loan with NKESS prior to the launch of GSES1. Following the launch of GSES1, the loan to NKESS was transferred to GSES1 and the interest receivable on the loan remained in the accounts of the Company.

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 cent, per annum. As at 30 September 2018, no investments were purchased in connection with the advance agreement with NEC ES.

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

14. Trade and other payables

	30 September 2018 (£)
Administration fees	15,000
AIFM fees	26,539
Audit fees	36,000
Directors remuneration	3,749
Accrued IPO costs	51,702
Professional fees	34,202
Other creditors	10,471
	177,663

15. Categories of financial instruments

	30 September 2018 (£)
Financial assets	
Financial assets at amortised cost:	
Cash and cash equivalents	17,171,647
Trade and other receivables	4,695,294
Fair value through profit or loss:	
Investment in subsidiary	7,981,451
Total financial assets	**29,848,392**
Financial liabilities	
Financial liabilities at amortised cost:	
Trade and other payables	177,663
Total financial liabilities	177,663

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

16. Fair Value measurement

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 of shovel ready projects (the "Investments") through its subsidiary companies. The Investments comprise four projects: Boulby, Cenin (49%), 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 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 Adviser. As at 30 September 2018, the fair value of the investment in NK Boulby Energy Storage Limited, which owns Boulby Project has been determined (presented by the Manager and reviewed) by BDO LLP.

Notes to the financial statements continued
For the period from 19 January 2018 (incorporation date) to 30 September 2018

16. Fair Value measurement continued
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.

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 indices 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.

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 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 given the proximity to period end.

Valuation Input

Valuation Input	**Range**	**Weighted average**
WACC	6 % - 8%	7.8%
CPI	2.5%	NA
Acquisition price	£0.7 million	NA

Valuation of financial instruments
The investment at fair value through profit or loss is a 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	**30 September 2018 (£)**
Opening balance	-
Add: purchases during the year	8,091,831
Total fair value movement through the profit or loss	(110,380)
Closing balance	7,981,451

A miority shareholder of NK Boulby has a right to receive a certain share of NK Boulby distribution once NK Energy Solutions realizes 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 might be distributed to the minority shareholder.

Notes to the financial statements continued
For the period from 19 January 2018 (incorporation date) to 30 September 2018

17. Financial risk management
The Company is exposed to certain risk 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 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 plants, 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.

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.

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.

- **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 per cent. (at the time of borrowing) of Gross Asset Value without Shareholder approval. The Company's only financial liabilities are trade and

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

17. Financial risk management continued

- **Liquidity risk** continued

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

As at 30 September 2018	< 1 year (£)	1 to 2 years (£)	2 to 5 years (£)	> 5 years (£)	Total (£)
Financial assets					
Cash and cash equivalents	17,171,647				17,171,647
Trade and other receivables	4,695,294	-	-	-	4,695,294
Fair value through profit or loss:					
Investment in subsidiary	-	-	-	7,981,451	7,981,451
Total financial assets	**21,866,941**	**-**	**-**	**7,981,451**	**29,848,392**
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables	177,663	-	-	-	177,663
Total financial liabilities	**177,663**	**-**	**-**	**-**	**177,663**

- **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 30 September 2018, the valuation basis of the Company's investments were valued at market value. This investment is 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 £728,624. 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.

- **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 party. 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.

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

17. Financial risk management continued

- **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.

18. 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 2018
Net assets per statement of financial position	£ 29,670,729
Ordinary shares in issue as at 30 September 2018	30,600,000
NAV per share – Basic and diluted (pence)	96.96

19. Share capital

	Ordinary shares Number	**Share capital (£)**	**Share premium reserve (£)**	**Special reserve (£)**	**Capital reduction reserve (£)**	**Total shareholders equity (£)**
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	30,600,000	-	(551,459)	-	-	(551,459)
Transfer to capital reduction reserve and special reserve	-	-	(29,694,833)	186,656	29,508,177	-
As at 30 September 2018	**30,600,000**	**306,000**	**47,708**	**186,656**	**29,508,177**	**30,048,541**

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.

Notes to the financial statements continued
For the period from 19 January 2018 (incorporation date) to 30 September 2018

19. Share capital continued
Share capital and share premium account and capital reduction reserve continued
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 is 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.

20. Reserves
The nature and purpose of each of the reserves included within equity at 30 September 2018 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.

21. Transactions with related parties
Following admission of the ordinary shares (refer to note 19), 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 Banzsky is paid directors's remuneration of £21,000 per annum, with the remaining directors being paid directors' remuneration of £18,000 per annum. Total director's remuneration of £22,663 was incurred in respect of the period with £1,249 being outstanding and payable at the period end together with directors travel expenses of £2,500.

Investment adviser
The investment adviser, Gore Street Capital Limited (the "Investment Adviser"), 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.

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

21. Transactions with related parties continued

Investment adviser continued

Investment advisory fee of £103,767 was paid during the period of which £83,716 was paid in advance. The Investment Adviser 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 Adviser 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; (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 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 Adviser by the Company will be a sum equal to 10 per cent. of such amount (if positive) by which Net Asset Value (before subtracting any accrued performance fee) at the end of a calculation period exceeds the Benchmark provided always that in respect of any financial period of the Company (being 1 April to 31 March each year) the performance fee payable to the Adviser shall never exceed an amount equal to 50 per cent of the Advisory Fee paid to the Adviser in respect of that period.

Performance fees are payable within 30 days from the end of the relevant calculation period. No performance fees were accrued as at 30 September 2018.

22 Capital commitments

The Company is committed to invest into projects, as described in note 13, that involve NEC ES providing, directly or indirectly, a supply of products, equipment and/ or services required for those projects within 18 months from the date of 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 that the amount of the NEC ES investment.

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. The Company's commitment to acquire products, equipment and/ or services from NK is capped at £6 million and no projects invested in as at 30 September 2018 were in connection with this commitment.

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 6 months of successful operations.

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

Notes to the financial statements continued

For the period from 19 January 2018 (incorporation date) to 30 September 2018

23. Post balance sheet events

The directors recommend a dividend of 2 pence per share to be paid on 30 November 2018.

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

Directors and Advisors

Directors
Appointed: 22 February 2018
Patrick Cox - Chairman
Caroline Banzsky
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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Placing Agent and Broker
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