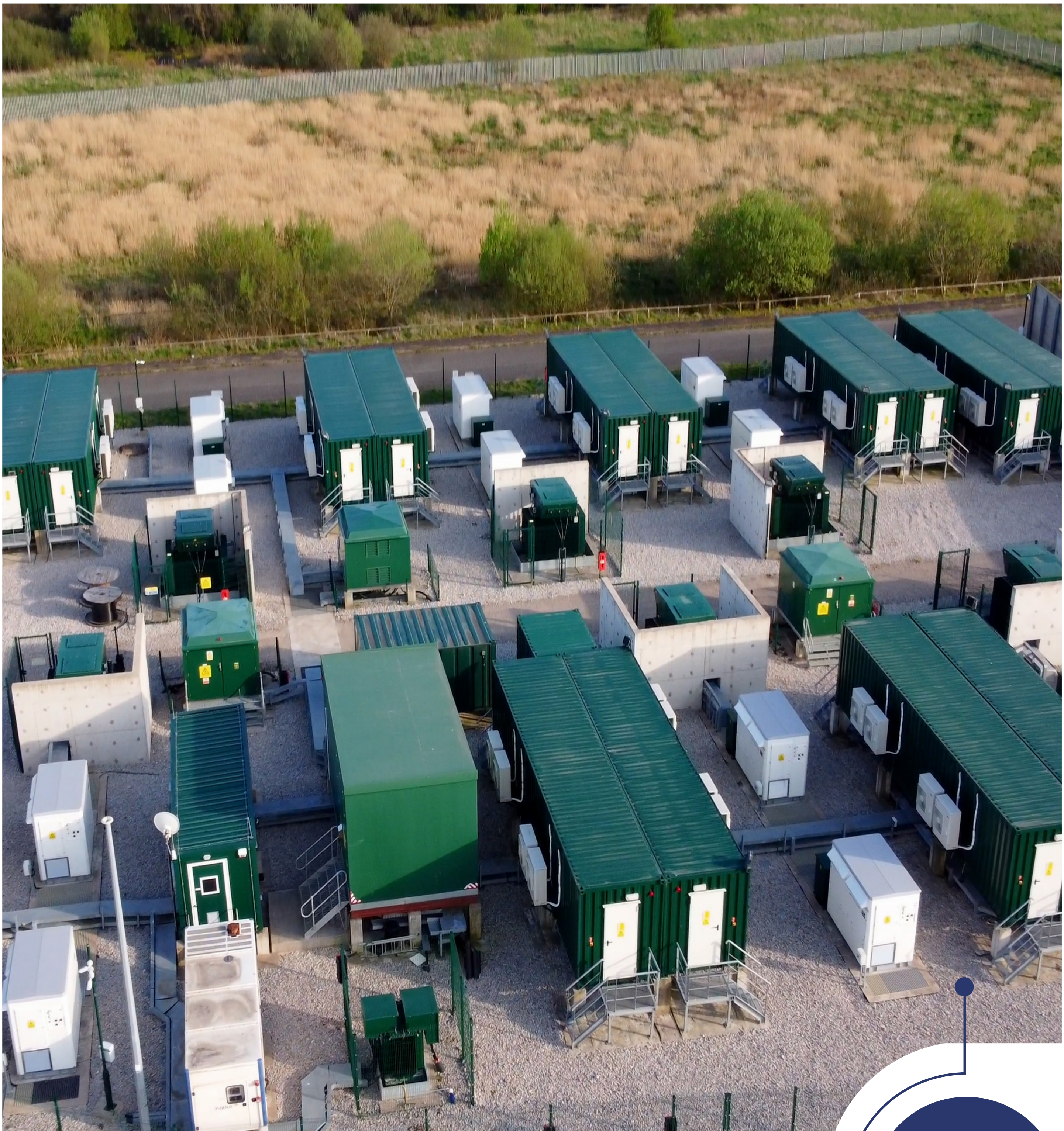


30 June
2022

Powering the renewable energy transition

Gresham House Energy Storage Fund plc (GRID)
Interim Report and Accounts as at 30 June 2022

Since 1857
Gresham House
Specialist asset management

Battery energy storage addresses supply-demand imbalances on the National Grid in real time

Gresham House Energy Storage Fund plc (GRID, the Fund or Company) invests in a portfolio of utility-scale Battery Energy Storage Systems (BESS) supporting the transition to renewable energy

For more information visit
www.greshamhouse.com/gresham-house-energy-storage-fund-plc

GREEN ECONOMY LONDON STOCK EXCHANGE

Financial Highlights

145.11p

NAV per share
(as at 30 June 2022)

£141.9mn

Company profit and total comprehensive income
(for the six months ended 30 June 2022)

£150mn

Total gross equity funds raised
(for the six months ended 30 June 2022)

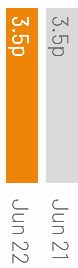
Performance Highlights

- Net Asset Value (NAV) as of 30 June 2022 rose to £785.4mn or 145.11p per share (versus 116.86p as at 31 December 2021 and 109.89p as at 30 June 2021).
- Full Operational Dividend Cover[1] of 3.5p dividend was achieved in H1 2022. This is equivalent to a 4.5% annualised dividend yield based on the closing share price on 30 June 2022.
- The Board reaffirms a target dividend of 7.0p for 2022 and expects full Operational Dividend Cover for the full year. The Company will balance future dividend target levels with increases in Operational Dividend Cover.
- A new Prospectus was published in May 2022 with an initial equity raise of £150mn which was oversubscribed. The share capital raised, combined with the debt facilities both available and anticipated in the form of the accordion, will allow the Company to execute on the deployment of most of its pipeline of Battery Energy Storage Systems (BESS), which is expected to see total operating capacity reach 1,597MW.
- A first drawdown of £10mn was made from the £180mn total debt facility[2] in May 2022, as deployment into BESS under construction progressed in the period. The Company expects to fully utilise the existing £150mn capex facility by Q1 2023 and has begun looking at extending the facility in the second half of 2022 through the uncommitted accordion already in place.

Alternative Performance Measures

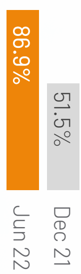
3.5p

Dividend per Ordinary Share
(for the six months ended 30 June 2022)



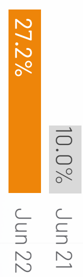
86.9%

Ordinary Share price total return since IPO
(for the period from IPO to 30 June 2022)



27.2%

NAV per Ordinary Share total return (unlevered)
(total return for the six months to 30 June 2022)



Operational Highlights

- The underlying investment portfolio generated revenues[3] of £30.1mn (June 2021: £24.9mn) and EBITDA of £22.7mn (June 2021: £22.4mn).
- While operational capacity remained unchanged at 425MW in the six months ended 30 June 2022, the Company is pleased to report that as of 31 August 2022 two additional projects have been commissioned: the 35MW project at Arbroath and the 40MW Stairfoot project.
- As flagged in the full year results, assets under construction have continued to experience delays with equipment deliveries and grid connections being experienced industry-wide. The future projections of the pipeline later in this report include these impacts
- The Company also expects the commissioning of the 50MW Enderby project and the 40MW Coupar Angus project in the coming days which will increase operational capacity further. In addition, further capacity currently under construction is expected to become fully operational in the coming months. Total operational capacity is expected to reach 690MW by the end of 2022.

1. Alternative Performance Measures, including Operational Dividend Cover, are defined and calculated on pages 45 to 48

2. Facility held by the wholly owned subsidiary, Gresham House Energy Storage Holdings plc

3. Financial performance of the underlying investment portfolio contributes to the valuation of investments through growth in working capital balances. Earnings greater than forecasted in prior valuations will increase valuations and hence NAV

Chair's Statement

John Leggate
Non-Executive Chair,
Gresham House Energy Storage Fund plc Board

On behalf of the Board, I am pleased to present the Interim Report and Accounts of Gresham House Energy Storage Fund plc (GRID, the Fund or the Company) for the six-month period ending 30 June 2022.

Summary

The Board is delighted that the Fund continues to thrive and scale up.

Strong share price performance has been underpinned by significant uplifts in the Fund's Net Asset Value (NAV) per share which has largely been driven by upward revaluations of projects as they go from being fair valued at cost to a fair value using a net present value basis, in accordance with the Company's valuation policy. These valuation uplifts reflect the attractive underlying internal rates of return (IRRs) of our projects at the time they are acquired. We look forward to this theme continuing to drive value as the current pipeline is built out over the coming quarters.

Following shareholder approval of changes to the Company's Investment Policy, the Company is now permitted to invest up to 30% of its gross assets internationally. This important change allows the Manager to pursue opportunities beyond British shores, as the BESS market opportunity expands globally with energy security high on the agenda. Exciting as it is, this expansion will be approached in measured steps, to ensure that the risks of different geographies are well understood. The other changes to the Investment Policy approved by our shareholders will provide the Manager with welcome flexibility and the ability to operate and execute transactions in a more streamlined and efficient manner.

The Fund's projects also continue to generate above budget cash returns as market fundamentals remain healthy. The key factor driving the revenue generation potential of batteries continues to be the rising penetration of renewables, combined with the falling contribution from gas-fired and coal-fired generation. In this vein, it has been positive to see renewables reach a new record share of electricity generation in the UK in Q1 2022 of 45.5%. The new UK Government is expected to continue to support renewables and decarbonisation in order to reduce reliance on fossil fuels and accelerate the UK's strategic agenda towards energy self-sufficiency. The new UK Government is expected to continue to support renewables and decarbonisation in order to reduce reliance on fossil fuels and accelerate the UK's strategic agenda towards energy self-sufficiency.

Meanwhile, a record 11GW of renewable capacity has been contracted in the fourth Contracts for Difference (CfD) subsidy regime's Allocation Round (known as AR4). 7.6GW of this capacity will be offshore and remote island wind, which was contracted at a new record low price of £37/MWh (in 2012 real prices). This, along with other capacity already contracted in AR3, could take UK renewable penetration above two-thirds within the next five years, which might drive significant increases in required BESS capacity.

Whilst market fundamentals remain healthy, the markets are clearly becoming more volatile as inflation grips economies, as interest rates rise and as the geopolitical backdrop turns more unstable. In addition, supply chain challenges remain following two years of COVID-19 related lockdowns and other restrictions, including increased transport costs. The Manager is working hard to build resilience against future disruptions by taking advantage of our scale and expertise and by extracting maximum value from our operational portfolio and construction activities.

It is clear that Energy Storage is a business strongly driven by the use of data. The Manager's team continues to build on its digital platform, first mentioned at our Capital Markets Day in May 2022, to take advantage of this by combining the huge amounts of market, commercial, technical and other information to which it has access to optimise project designs and revenue generating operations. We look forward to sharing more on this topic shortly.

Last but not least, the Manager continues to progress its ESG (environmental, social and governance) considerations. The Company is committed to reporting against Diversity & Inclusion (D&I) standards and Task Force on Climate-related Financial Disclosures (TCFD) at the next annual report, as well as progressing internally motivated initiatives, with a current focus on a battery supply chain audit and the long term recycling of batteries.

Fund performance update

The NAV rose significantly in the six months to 30 June 2022 to £785.4mn up from £511.7mn at 31 December 2021. NAV per share increased by 24% to 145.11p, driven mostly by gains from the revaluation of projects previously held at cost now being valued based on the Net Present Value of future cash flows, in accordance with the Company's Valuation Policy. This valuation uplift primarily reflects the attractive IRR of projects relative to the Company's weighted average discount rate as well as the benefit of funding incremental projects with debt financing.

The Fund has continued the strong financial performance of 2021 into the first six months of 2022, achieving Operational Dividend Cover[4] of 1.18x (FY 2021: 1.32x). This has been achieved despite an increase in gross dividends paid (due to the increased share count following the Company's equity issuance in May 2022) and while not yet benefitting from operational earnings from the projects that this equity capital has funded. The latter is set to change with operational capacity of the underlying portfolio increasing by 75MW to 500MW since the period end, as of 31 August 2022. Further capacity of 190MW is expected to be added in the remainder of 2022, bringing the anticipated operational capacity of the portfolio to 690MW by the end of 2022.

Performance has been underpinned by high prices earned from frequency response services, and from Dynamic Containment (DC)

4. Operational Dividend Cover is one of the Alternative Performance Measures which are defined and calculated on pages 45 to 48 of the Interim Report in particular. The volume procured by National Grid ESO has exceeded their forecast levels at the start of 2022, while delays in commissioning new BESS projects in general has resulted in a tight supply and thus high prices. We do expect the frequency response market to become saturated across all contract periods (each four hours long) on most days in H2 2022 as our own and other capacity edges the market into oversupply for this service, as the Manager has long expected and predicted.

Commissioning of our pipeline projects, combined with battery duration extensions at the projects that were previously in EFR contracts, is increasing the revenue-generating potential of the portfolio over the second half of 2022. This is expected to offset expected declines in frequency response service market revenues. Importantly, the Manager is confident that the portfolio will earn revenues at or above the level assumed in our valuation models which underpins the Company's NAV.

Fund strategy and market positioning

In Q2 2022, the Company received shareholder approval for amendments to its Investment Policy. The purpose of these amendments is to carefully position the Company to capture the growth emerging in Overseas Jurisdictions[5] and to drive incremental value for shareholders, by seeking permission to:

- Invest in Ready-to-Build Projects (up to 10% of GAV[6])
- Invest in BESS projects in Overseas Jurisdictions (up to 30% of GAV) with or without co-location arrangements[7]
- Acquire land in connection with BESS projects in the portfolio, and
- Combine equipment and construction loan buckets into one (combined limit up to 25% of GAV)

The Investment Policy changes will allow the Manager to deploy incremental capital into exciting opportunities in new markets, diversifying revenues and risks whilst maintaining the same focus on the fundamental wholesale market dynamics enjoyed by our BESS projects in the UK. The ability to buy land gives the Manager the opportunity to improve long-term project returns, while the other changes above give the Manager a greater degree of flexibility to execute projects as efficiently as possible.

Capital Markets Day

On 4 May 2022, the Manager hosted its inaugural Capital Markets Day. Over 200 participants registered for the event, which was hosted online and recorded. We appreciate the support of our growing investor base and deepening analyst interest as we continue to provide insights into the Company's business model and how the Company creates shareholder value.

Fundraising

The Company issued a Prospectus in May 2022 for the issue of up to 400 million new shares. Following the publication of the Prospectus, the Company raised £150mn through the issue of 103 million shares at a valuation of 145p per share.

The Board and Manager were encouraged by the strong uptake of the Company's shares with demand significantly exceeding the share issuance, and we are thankful to our shareholders for their support of the share offer.

Share price performance

During a turbulent time for the UK and global economy, it has been gratifying to see the continuing appreciation in the Company's share price, in particular the continuing premium to NAV per share. We would like to think this might be in part because of our operational track record, the Manager's prudent management of capital and acquisition strategy and the sector's return characteristics which are uncorrelated to broader markets.

The Share Price Total Return since IPO reached 86.9% through to 30 June 2022 (FY 2021: 51.5%) and 23.3% for the six months to 30 June 2022. By contrast, the FTSE all share index Total Return was -4.6% for the six months to 30 June 2022.

ESG - Sustainability

The Manager is working hard on its commitments to integrate sustainability metrics into its project evaluation and operations. The Manager has committed to seven core areas of focus which are highlighted in the Sustainability Report on page 15.

It is worth drawing out the highlights:

- a commitment to comply with all applicable standards starting with Task Force on Climate-Related Financial Disclosures (TCFD) (which include emissions) and Diversity, Equity & Inclusion disclosures in the next Annual Report and compliance with SDR (and potentially SFDR, the EU equivalent) once the UK standards have been finalised
- a commitment to proactivity and integrating guidance and feedback from our investors
- completion of a third-party supply chain audit of the battery market
- commitment to developing a working policy on battery recycling

The Board is clear on the importance of aligning the ESG activities and measures with the Company's purpose, and that is an active area of discussion between the Board and the Manager.

Outlook

The outlook for the Company remains exciting and the Manager remains focused on future growth opportunities. International markets are starting to open up for BESS investment, with regulatory changes and growing renewable penetration echoing the development seen in the UK, and the Fund is ready to take advantage of this opportunity. However, over the next two years, the Manager will primarily deliver against its UK and Ireland pipeline. Despite some delays, our ambitions are broadly on track. In summary, the Manager fully expects to continue to build on the pipeline, both domestically and abroad.

Our scale remains a competitive advantage that we continue to exploit. It allows the Manager to continue investing in its team, to extract synergies and to capture the interest and attention of even the largest battery and other critical equipment suppliers. That in turn allows the Manager to secure timely supplies, even in the current tight market for batteries.

Staying focused on near term delivery goals, the Company looks forward to the commissioning of the next suite of investment projects and markedly increasing the revenue generating potential of this portfolio as the MWs and MWh scale up.

Even in the face of the impact of the geopolitical tensions impacting the global energy markets, the Company remains in a strategic sweet spot of opportunity.

John Leggate CBE FREng
Chair
Date: 26 September 2022

5 . Overseas Jurisdictions as defined in the Company's Circular on 22 April 2022 consists of United States, Canada, Australia, Northern Ireland and any EEA Member Country (including Republic of Ireland)
6. GAV is defined and calculated on pages 45 to 48
7. Collocation project investments and with solar panels limited to 6% of GAV

Investment Manager's Report

Ben Guest
Managing Director,
New Energy

Gresham House Asset Management Limited (GHAM) is wholly owned by Gresham House plc (GH), an AIM-quoted specialist alternative asset manager with a market capitalisation of £302mn as at 30 June 2022. Gresham House provides funds, direct investments and tailored investment solutions, including co-investment, across a range of highly differentiated alternative strategies. GHAM's expertise includes strategic public equity, private equity, forestry, housing, new energy and infrastructure.

Portfolio and pipeline overview

In the first six months of 2022 the Company grew its overall portfolio through the acquisition of the project rights relating to Elland (50MW), York (50MW) and West Bradford (87MW) taking the total portfolio capacity to over 1GW as of June 2022 (December 2021: 850MW). The average battery duration has also increased. New projects will be built with at least 1.5 hour batteries, and in addition, duration extensions are underway for 120MW of assets previously contracted in EFR, which will take the duration for most of those projects to c.2 hours.

The operational capacity of the Company's investment portfolio remained at 425MW across 17 projects as of 30 June 2022 (31 December 2021: 17 projects and 425MW), although it increased to 500MW as of 31 August 2022 with the energisation of Arbroath and Stairfoot, Coupar Angus (40MW) and Enderby (50MW) are expected to be energised in the coming days taking total operational capacity to 590MW.

Delays in both equipment availability and connection dates have caused a number of delays to commissioning dates meaning several projects which were originally planned for H1 2022 are now expected in H2 2022.

By the end of 2022, the Company is expected to have 690MW of operational capacity as West Didsbury (50MW), and Penwortham (50MW) commission, resulting in a 62% increase in operational capacity from the half-year stage.

Planning and EPC agreements for the project extensions on the assets previously contracted in EFR (Glassenbury, Cleator, Tynemouth, Port of Tyne and Nevendon) have progressed well and planned outages are expected around the end of the year. Batteries for these project extensions are also ordered. Large total battery orders from the Fund in the last 12 months have resulted in favourable pricing from our suppliers considering the underlying increase in raw material costs. This is a good example of how the Fund is able to benefit from its scale.

In addition to the portfolio and pipeline shown in tables 1 and 2, there is a large yet-to-be-announced pipeline of projects at various stages of negotiations and/or development both in the UK and overseas. Further updates on this incremental pipeline will be announced in due course.

As at 30 June 2022, the valuation of the portfolio was £565mn (FY 2021: £389mn, HY 2021: £323mn), a 45% increase since the beginning of the year. The valuation primarily reflects 425MW in operational projects (FY21: 425MW), 487MW of assets in-construction (FY21: 150MW) and cash in hand. The assets in-construction are expected to commission within nine months of 30 June 2022. The MW capacity of projects valued above cost has increased by 337MW in the last six months, made up of the three acquired projects in the period (Elland, York and West Bradford totalling 187MW), plus Grendon 1 (50MW) and Melksham (100MW).

Table 1: Company portfolio

Existing assets	Location	Capacity (MW)	Battery size (MWh)	Site type*	Operational status as at 30 June 2022	Ownership %
1. Staunch	Staffordshire	20	2.9	Battery and generators, 0.5MW import	Operational	100%
2. Rufford	Nottinghamshire	7	9.5	Battery and generators, symmetrical	Operational	100%
3. Lockleaze	Bristol	15	22.1	Battery, symmetrical	Operational	100%
4. Littlebrook	Kent	8	6.3	Battery, symmetrical	Operational	100%
5. Roundponds	Wiltshire	20	25.8	Battery and generators, 16MW import	Operational	100%
6. Wolverhampton	West Midlands	5	7.8	Battery, symmetrical	Operational	100%
7. Glassenbury	Kent	40	28.2*	Battery, symmetrical	Operational	100%
8. Cleator	Cumbria	10	7.1*	Battery, symmetrical	Operational	100%
9. Red Scar	Lancashire	49	74.3	Battery, symmetrical	Operational	100%
10. Bloxwich	West Midlands	41	46.6	Battery, symmetrical	Operational	100%
11. Thurcroft	South Yorkshire	50	75.0	Battery, symmetrical	Operational	100%
12. Wickham	Suffolk	50	74.0	Battery, 40MW import	Operational	100%
13. Tynemouth	Tyne and Wear	25	17.4*	Battery, symmetrical	Operational	100%
14. Glassenbury Extension	Kent	10	10.1	Battery, symmetrical	Operational	100%
15. Nevendon	Basildon	10*	7.1*	Battery, symmetrical	Operational	100%
16. Port of Tyne	Tyne and Wear	35	28.0*	Battery, symmetrical	Operational	100%
17. Byers Brae	West Lothian	30	30.5	Battery, symmetrical	Operational	100%
Total operational		**425**	**473**			
18. Enderby	Leicestershire	50	50.0	Battery, symmetrical	Target COD: Q3 2022	100%
19. West Didsbury	Manchester	50	50.0	Battery, symmetrical	Target COD: Q3 2022	100%
20. Melksham	Wiltshire	100	100.0	Battery, symmetrical	Target COD: Q1 2023	100%
21. Coupar Angus	Scotland	40	40.0	Battery, symmetrical	Target COD: Q3 2022	100%**
22. Arbroath	Scotland	35	35.0	Battery, symmetrical	Target COD: Q3 2022	100%**
23. Penwortham	Preston	50	50.0	Battery, symmetrical	Target COD: Q4 2022	100%
24. Grendon***	Northamptonshire	100	200.0	Battery, symmetrical	Target COD: Q1 2023	100%
25. York	York	50	75.0	Battery, symmetrical	Target COD: Q1 2023	100%
26. Bradford West	West Yorkshire	87	174.0	Battery, symmetrical	Target COD: Q1 2023	100%
27. Elland	West Yorkshire	50	100.0	Battery, symmetrical	Target COD: Q1 2023	100%
28. Stairfoot	North Yorkshire	40	40	Battery, symmetrical	Target COD: Q3 2022	100%**
Total portfolio owned by the Company		**1,077**	**1,387**			

** Current size prior to increases expected from the planned upgrades.*

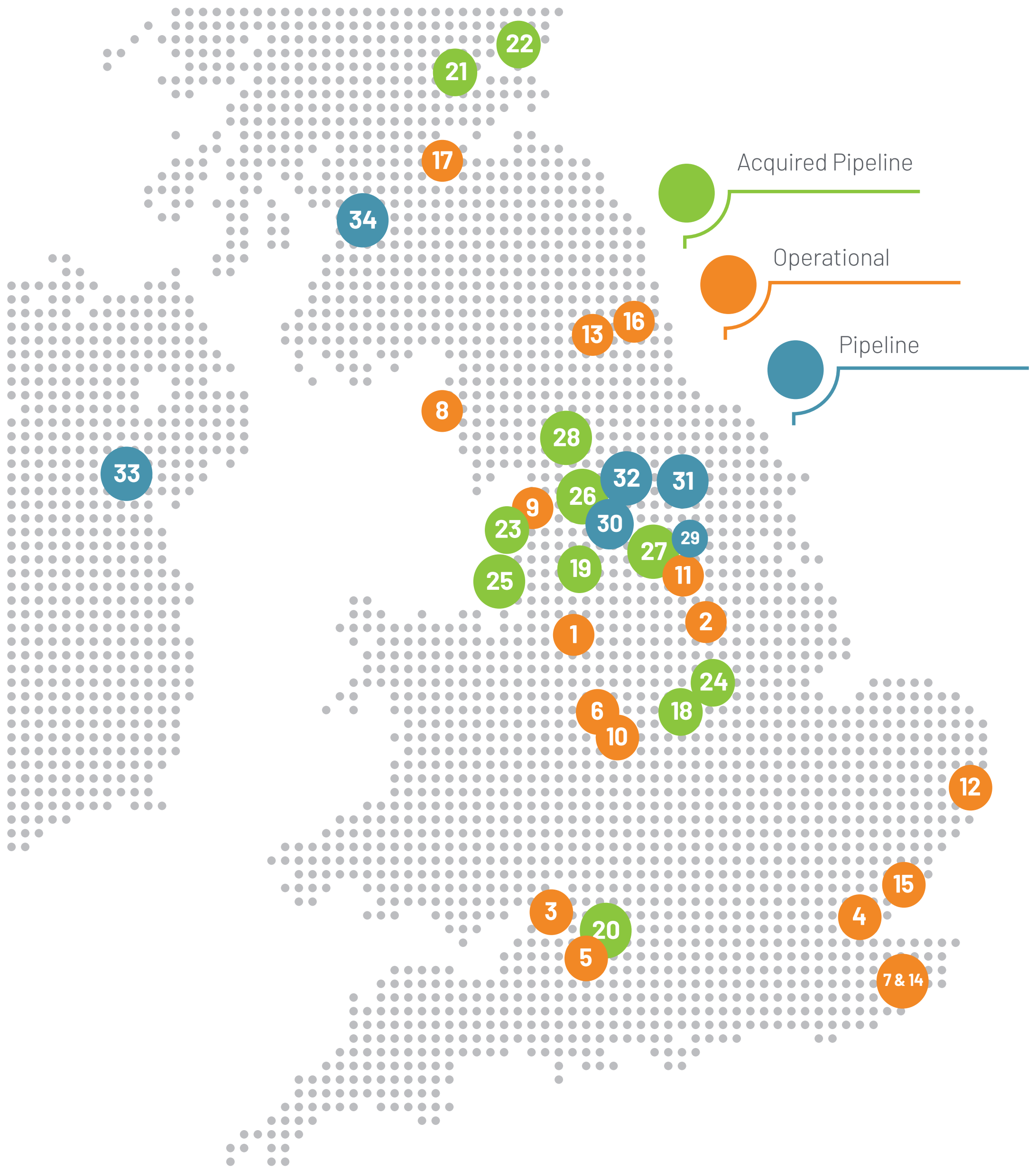
*** Acquired subject to satisfaction of conditions.*

**** The commissioning date reflects the 50MW Grendon 1 project, a further 50MW known as Grendon 2 is expected to begin construction shortly with a commissioning date in H2 2023. Only 50MW for Grendon 1 is included in valuations at this stage.*

Table 2: Pipeline summary

Pipeline projects	Location	Capacity (MW)	Battery size (MWh)	Site type	Commissioning/ completion status	Ownership %
29. Elland 2	West Yorkshire	100	200.0	Battery, symmetrical	Target COD: Q3 2023	100%
30. Monet's Garden	North Yorkshire	50	50.0	Battery, symmetrical	Target COD: Q4 2023	100%
31. Lister Drive	Merseyside	50	50.0	Battery, symmetrical	Target COD: Q4 2023	100%
32. Bradford West 2	West Yorkshire	100	200.0	Battery, symmetrical	Target COD: H2 2023	100%
33. Monvalet	Rep. of Ireland	180	180.0	Battery, symmetrical	Target COD: H1 2024	100%
34. Shilton Lane	Scotland	40	40.0	Battery, symmetrical	Target COD: H1 2024	100%
Total pipeline not owned by the Company		**520**	**720**			
Total portfolio and pipeline		**1,597**	**2,107**			

Portfolio



Acquired Pipeline
Operational
Pipeline
22
21
17
34
13
16
8
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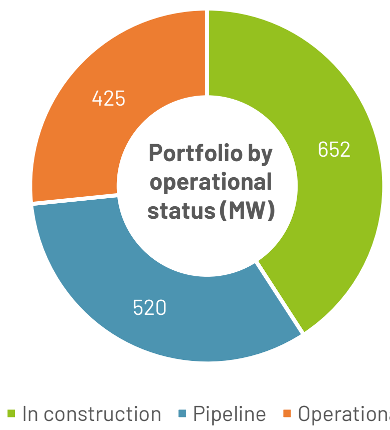
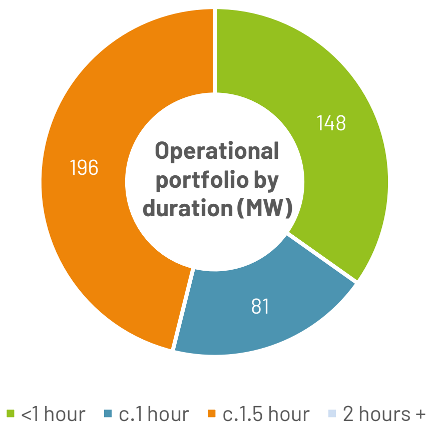
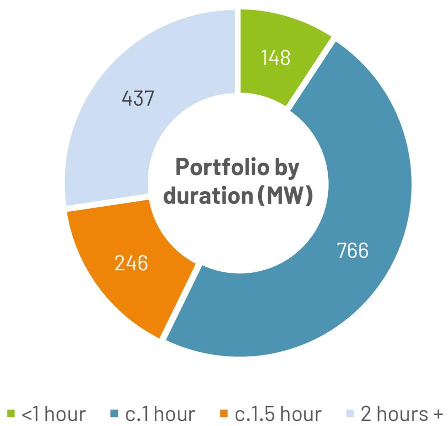


Portfolio by operational status (MW)
425
652
520
In construction
Pipeline
Operational



Operational portfolio by duration (MW)
196
148
81
<1 hour
c.1 hour
c.1.5 hour
2 hours +



Portfolio by duration (MW)
148
437
766
246
<1 hour
c.1 hour
c.1.5 hour
2 hours +

Fund performance

The first half of 2022 has been another exceptional period for the Company's investments as they continued to benefit from high pricing in Frequency Response services driven by National Grid's demand for these services continuing to exceed the supply (in MW) of BESS capacity.

This has enabled the portfolio to achieve record cash generation and Operational Dividend Cover of 1.18x[8].

In May 2022, the Company raised £150mn in equity to fund new projects moving into construction. The placing was significantly oversubscribed but the Company exercised capital discipline by not accepting more funds than currently required. This placing, together with the available debt facility (£180mn plus up to £200mn in an uncommitted accordion facility), will now provide the capital for the majority of the existing pipeline shown in Table 2 above.

The Company's share price has continued to outperform equity markets with the Share Price Total Return for the six months to 30 June 2022 reaching 23.3% compared with -4.6% for the FTSE All Share Index, supported by the historic and anticipated NAV growth as pipeline sites are acquired and commissioned.

NAV per share growth in the first half of 2022 was 24.2% to 145.11p (FY 2021: 116.86p) and was itself largely driven by the revaluation of in-construction assets previously held at cost, as well as strong cash generation from operational assets. We continue to focus on accretive acquisitions with returns above the weighted average discount rate to drive future shareholder value creation via NAV Total Return.

With the growth in NAV, AIFM fees are reducing as a percentage of NAV due to the tiered fee structure (fees on incremental NAV are lower above certain thresholds) helping to keep costs down. Annualised ongoing charges in the period were 1.16% based on the weighted average NAV for the six months to 30 June 2022 (FY 2021: 1.23%, FY 2020: 1.26%), which is among the lowest compared to other listed funds in the market.

Portfolio performance

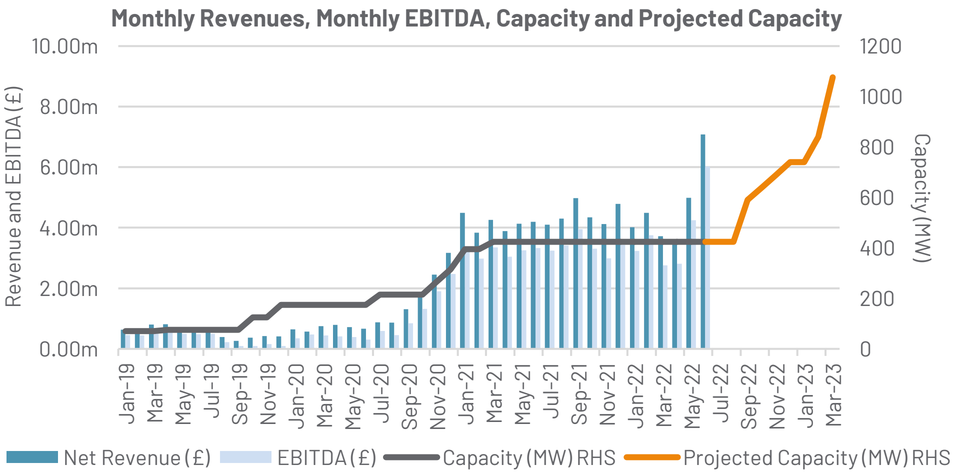
The portfolio continued to deliver exceptional returns in H1 2022, following a strong year in 2021. Revenue from underlying assets for the period was £30.1mn, up 20.6% on H1 2021 (£24.9mn) and up 13.6% versus H2 2021 (£26.5mn). EBITDA from underlying assets was £22.7mn (H1 2021: £22.4mn, FY 2021: £42.5mn).

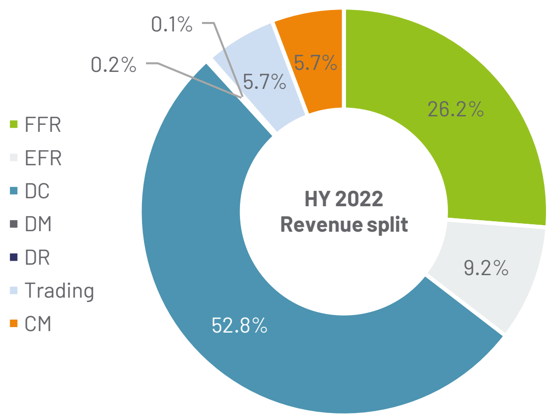
Revenues have remained high on the back of high Frequency Response service pricing due to the continued undersupply of MW capacity delivering Dynamic Containment (DC) during the period, compared with the amount procured by National Grid ESO. We expect Frequency Response pricing to begin to drop in the second half of the year as additional BESS capacity becomes operational - see the Market update section for further details.

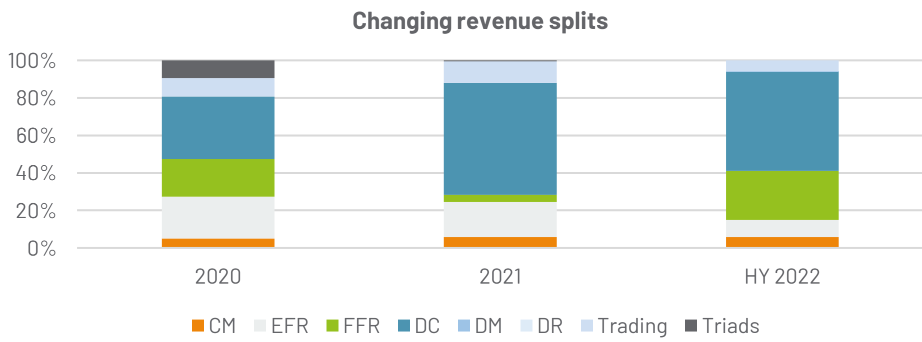
Frequency Response services

In total, Frequency Response (FFR, EFR, DC, DM and DR) made up 88.6% of total revenues with DC contributing over half of the revenues at 52.8% of total revenues (2021: 59.6%).

The contribution from EFR fell during the period due to assets coming to the end of their contracts, with only Port of Tyne remaining in EFR at the period end and this contract came to an end in July. Each of the former EFR assets (Glassenbury, Cleator, Tynemouth, Nevendon and Port of Tyne) have now moved into the available services with DC and Firm Frequency Response (FFR) being the focus, delivering an uplift in revenue per MW for the portfolio. These assets will undergo a duration extension to allow them to be better equipped for the trading environment that the sector is moving towards.







8. Alternative Performance Measures are defined and calculated on page 45 to 48 of the Interim Report

Due to the growth in UK BESS capacity and limited overall Frequency Response requirement from National Grid, we had expected that the market would reach oversupply during the first half of 2022. However, delays to construction across the sector and higher demand than forecast have meant this anticipated saturation has not yet occurred but is naturally expected to happen soon as projects do commission.

The Manager has also made the most of relative opportunities in FFR and DC (the two largest end market in Frequency Response), maintaining a greater exposure to FFR in H1 2022 (26.2% of revenues) than in H1 2021 (3.9%), as it has offered better returns.

The higher procurement by National Grid ESO of DC, in particular over the spring/summer versus their own forecasts has meant saturation has been delayed and pricing has therefore remained high during the period. The Manager is particularly pleased to have been able to maximise upside by being in the DC service at times of peak pricing only and generating better revenues in FFR and trading the remainder of the time.

Also supporting strong DC revenues at peak times was a further change in National Grid ESO's pricing and procurement methodology for DC in April 2022 (following the change to 4-hourly contracts in Q4 2021) in allowing for higher price caps in DC (previously limited at £17/MWh) which then led to increased pricing volatility and higher peak prices.

This higher pricing manifested most impressively in June 2022 when National Grid ESO required significantly higher volume than planned, translating into over £7mn of revenues for the month for the underlying portfolio, as shown in the chart on page 8. High prices have continued through July and into August; however, we are now seeing more periods of low DC prices. Based on current project commissioning timelines we are anticipating significantly higher operational capacity by the end of the year which will drive more market saturation and our transition to trading as this begins to offer better returns.

Capacity Market (CM) contracts
As announced on 28 February 2022, the portfolio secured a significant volume of record high-priced CM contracts in the auction held in February 2022. Initial expectations for these contracts were for them to add over £108mn of revenue over the life of the assets. As these contracts are CPI linked for 15 years, this amount is now likely to be much higher given recent inflation figures. The first of these contracts to start will be 112MW of 1-year contracts starting October 2022 which cleared at £75,000 per MW, driving a further source of additional revenues in H2 2022.

Cost focus
In addition to maximising revenues, we have been focused on cost savings throughout the construction and operational phases of these assets. The size of the Gresham House team has grown significantly over the past 12 months as we look to bring more resource for key functions from transaction execution, asset management, operations and maintenance and project delivery in particular.

The limited pool of insurers to date has meant insurance for projects remains relatively expensive across the sector. To combat this, we have been implementing additional safety measures across our sites where possible and are working with insurers to cover off areas of perceived risk. The work is also feeding into site design for new assets to ensure reduced risk and lower insurance premiums. We are hopeful of reducing rates as the latest safety measures can be demonstrated to reduce risk to insurers.

Market update
The following section provides insights from the Manager on the recent performance and outlook for the end markets the Fund participates in, rather than a report on its own performance.

i) Frequency Response services

Frequency Response has been dominated by Dynamic Containment since its launch in October 2020; however, additional services have been launched during 2022 completing the suite of services known as Dynamic Frequency Response services first anticipated in National Grid ESO SNAPS plans established in 2017.

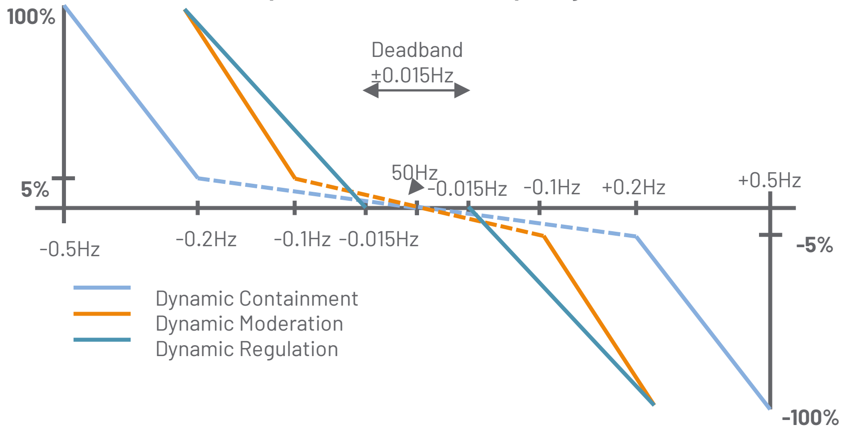
These services consist of Dynamic Containment (DC), Dynamic Moderation (DM) and Dynamic Regulation (DR), each of which provides a different power response for a given frequency deviation - see the RH chart. Each of these services is now procured separately for Low (export) and High (import) - each type of service is therefore further denoted by an L or H respectively after the service name.

DCL was the first to launch in October 2020 with DCH arriving in November 2021, DRH and DRL began in April 2022 with DMH and DML completing the set in May 2022. It is expected that Firm Frequency Response (FFR) will eventually be phased out, most likely in early 2023.

Each of the new services has different operating parameters resulting in a different level of battery cycling. DC is the least onerous and DR the most. Longer duration batteries benefit further as they are less stressed in this service. DR actually has a longer duration design requirement due to the high level of cycling required of the batteries and as such is not feasible for <1 hour BESS. Due to the relatively low volume requirement from National Grid ESO for DM and DR to date (each c.10% of DC) DC has remained the primary service of interest.

Demand has been greatest in DCL. The higher requirement for the Low service reflects the fact that the primary need from National Grid ESO is on the export side i.e. for protection from "loss of load" such as the unplanned outage of a generator at which time the frequency collapses if not mitigated.

Service response rates versus frequency deviation



The DCL service has evolved in three key phases since launch in October 2020 (as depicted in the charts below). The first of these represented the initial design of the service, procured in 24 hour blocks day ahead with a price cap of c.£17/MWh and flat volume requirement of 1,100MW each day. During this time, the market participants all enjoyed consistent revenues at £17/MWh due to the market being undersaturated.

Phase 2 began in November 2021 when procurement was changed to 4-hourly blocks (EFA blocks) on a day ahead basis. Along with this came varied intraday volume requirements by EFA blocks. This drove greater volatility in DC revenues with volume requirements generally falling in many EFA blocks leaving some periods saturated, even clearing at £0/MWh in some instances where no volume was required. This also brought greater upside with price caps in some periods moving up to £48/MWh. These changes generally resulted in marginally lower average pricing than in Phase 1 but if combined successfully with FFR, it could lead to an increase in revenues overall as we proved in February 2022 when the portfolio had a new record month.

Phase 3 began in April 2022 when National Grid ESO announced procurement of MWs against a continually changing "buy curve", driven by volume requirements from National Grid ESO's modelling. The result of this was to add volatility of price caps (now changing dependent on volume available) alongside the previously added procurement volume volatility. This period saw National Grid ESO's DCL volume requirements begin to increase as the UK headed towards spring and summer and, with it, higher solar renewable generation. Higher solar generation results in less gas generation which makes frequency prone to dropping more quickly if a power station comes offline unexpectedly, hence requiring more batteries to respond.

The net result of all the above is a much more merchant Frequency Response market. Prices have been able to reach >£100/MWh during this phase, and on occasion have also fallen as low as £0.5/MWh. The increased volatility can be seen by the frequency and magnitude of the spikes occurring from April 2022 in the chart across. Through the six months to June 2022, overall National Grid ESO has procured higher volumes in DC than forecast at the start of the year, and this allowed pricing to remain extremely high on most days as the service remained undersaturated for longer despite a growing number of MWs competing for the service.

The Manager analyses "headroom", the difference between maximum volume required versus volume actually procured, as the best indicator for how close to saturation the market is. This data is from National Grid ESO. In June 2022, headroom was 122MW in DCL with EFA 5 highest at 254MW. This has fallen in July 2022 to 72MW on average, with EFA 5 highest at 138MW of headroom.

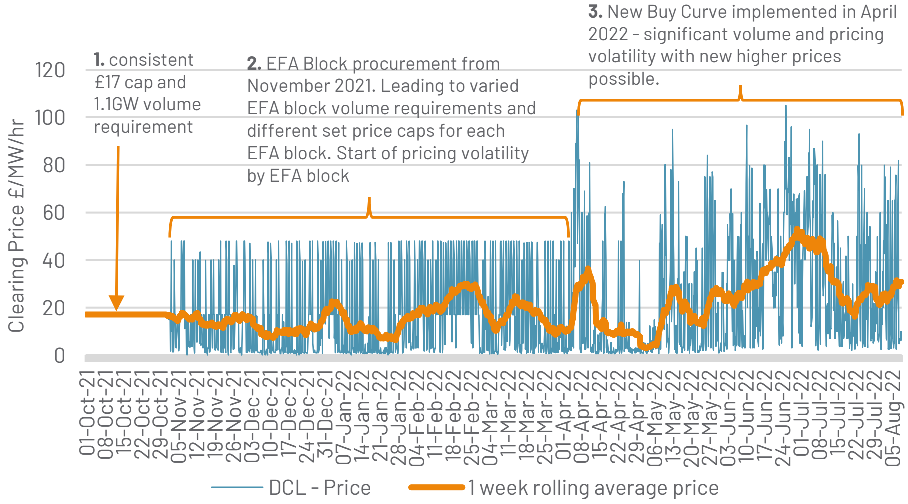
As more BESS projects commission across the industry, the headroom will continue to shrink until it is disappears and the market is oversubscribed the majority of the time. The Fund's own pipeline is likely to cause this market to become oversubscribed in 2022 given the volumes set to commission.

Once the DC market is saturated, contract prices will be influenced by the next best revenue opportunity which is likely to be trading i.e. batteries will step away from offering DC and just trade once pricing falls.

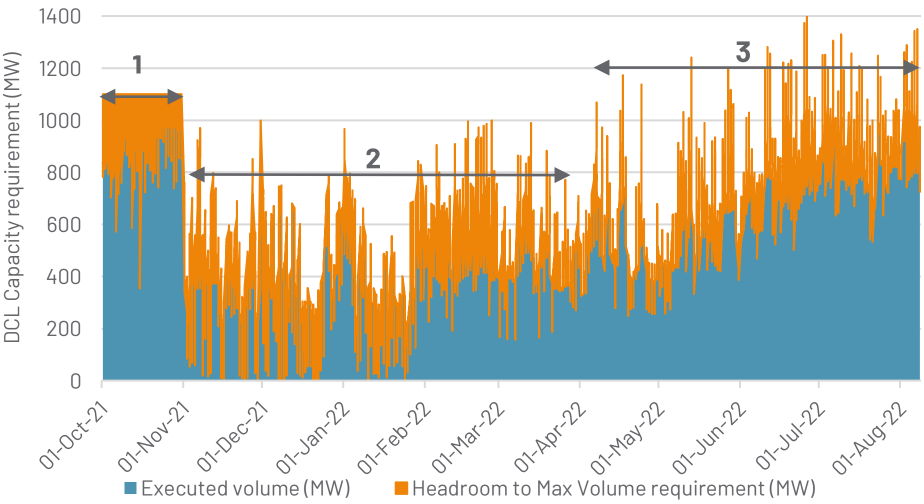
This will support DC prices as supply comes out but alternative revenues from trading will primarily vary with battery duration. Longer duration assets can generate much greater revenues from trading. For example, a half hour battery looking to trade may need to position itself at half its MW-capacity to emulate a 1-hour battery, to overcome potential overheating when operating as a 30 minute battery, limiting its trading revenues materially.

As we get closer to the point of saturation in Frequency Response markets, we will begin to see greater emphasis on trading either through setting of Frequency Response prices or by moving to trading in the wholesale market and Balancing Market (BM) instead. This is why understanding, and being ready for trading, is key to any investment.

DCL clearing prices since October 2021



DCL Volume Requirement since 1st October 2021



ii) Trading/Merchant markets

Despite the limited exposure to trading from the portfolio in the period, due to the focus being on high Frequency Response, there have been continuing developments which have contributed to a strengthening trading environment for BESS.

Gas prices reached record levels in December 2021, on the back of high demand, low storage levels and fears around disruptions of Russian gas supplies before Russia invaded Ukraine in February 2022. After the invasion gas prices rose further reaching a record high.

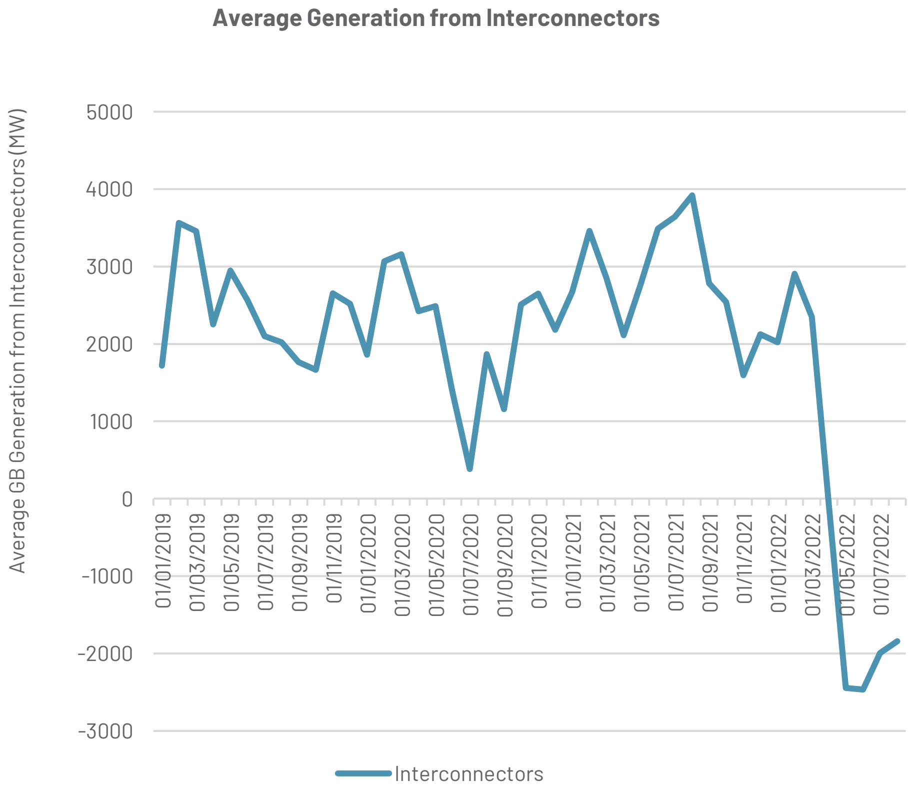
Gas prices have remained high and are having a direct impact on electricity prices and volatility, with the price of gas generation often setting the electricity price – a topic capturing the public's and politicians' attention due to high cost of electricity, as the uncertainty of gas supply across Europe remains.

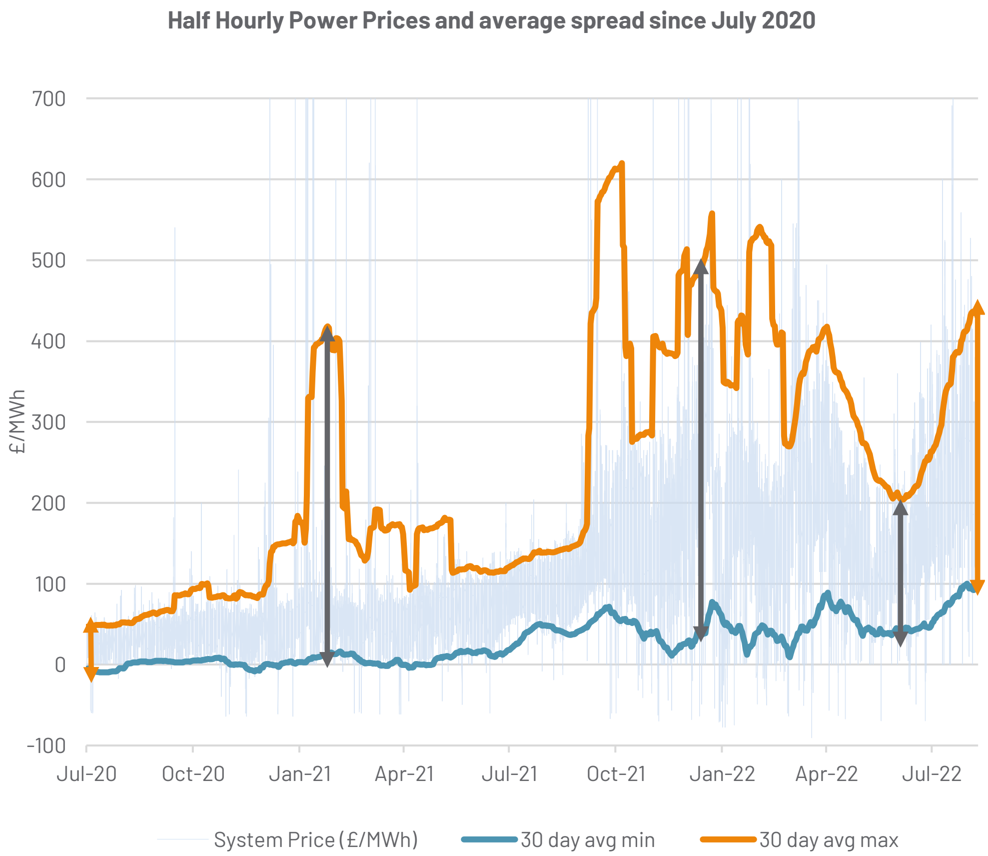
In the longer term we expect for this to return to more 'normal' levels as higher levels of renewables and alternative supplies bring supply and demand back into balance at lower price levels, but in the short term we may experience more extreme pricing, particularly over the winter during higher demand periods.

This, in part, has led the UK Government to launch the Review of Electricity Market Arrangements (REMA) looking to reduce the cost of electricity to consumers, with further information provided later in this report. The wider political response to the rising gas costs has been to focus efforts on the rollout of renewable energy which supports the case for increased demand for BESS.

However, while BESS is a much cheaper alternative power to fossil fuel generation in providing flexibility to manage intermittency, there is simply insufficient BESS capacity to manage current levels of renewable generation and so to meaningfully reduce our reliance on gas. It is therefore likely that, no matter where gas prices head, volatility from renewable generation will continue.

Availability of Russian gas across Europe has driven concerns over energy security, particularly looking forward to the winter. To make matters worse, France has an increasingly unreliable Nuclear fleet. Given the reliance on Nuclear in France the loss of generation has led to the need to import power from other countries. This resulted in April 2022 being the first month of net export through interconnectors in Great Britain (GB) since 2017.





Average interconnector imports in GB were 2.9GW in February 2022 and have since fallen to 2.5GW export in June 2022 effectively creating a c.5GW additional demand requirement to be covered by National Grid ESO.

The combination of high gas prices with increased demand has led to high peak energy prices, whilst high renewable output through the summer has also created negative prices at times, resulting in much greater daily energy price spreads than typically seen during a summer.

The system price chart demonstrates the growing spread between low and high prices with the current spreads in July and August 2022 significantly above previous norms for that time of year and more aligned with the high winter volatility we have seen in the last two winters.

All taken together this presents a favourable trading environment for BESS assets. As system demand increases, and as we head closer to winter, the current market drivers of gas prices and interconnector exports are likely to open up the potential for extreme pricing on particularly high demand days. With prices for Frequency Response services (ignoring any uplift from trading opportunity) expected to begin falling, trading is likely to become the main area of focus for the portfolio.

iii) International markets

Consistent with the investment methodology used for UK and Ireland assets, the core focus for international investments will be on the evaluation of each market's underlying wholesale market dynamics. We will also be looking for markets with high renewable penetration and/or growth with present or expected wholesale volatility which offers returns in line with stated ranges. Any ancillary services, subsidies or 'locational' opportunities at different locations within any given market will be treated as an additional but short-term benefit, aligning how we think about investments abroad with how we think about them in the UK.

Our team are working hard to evaluate new opportunities overseas and review the available markets to focus on the right areas for investment. There are a number of deals in progress already and we hope to notify shareholders in due course of additional pipeline sites to be added. The scale of opportunity overseas is significantly bigger than the UK market and whilst we remain committed to investment in the UK, and indeed have a considerable pipeline of assets in the UK already, now is the right time to be looking for opportunities to enter international markets, relatively early, in the same way we did in the UK.

Construction update

The Manager has experienced challenges energising new BESS projects, in common with other BESS players. A summary of the most significant issues and their current status is shown below:

i) High overall demand for renewables and BESS: *Impact is ongoing*

There continues to be huge demand for new projects as a function of the investment appetite of both institutional investors and major corporations (such as the oil majors who are increasingly involved). In the context of BESS, this is creating tight supply chains for inverters, lithium-ion batteries and other electrical components as well as longer lead times. This means contractors are worried about potential higher prices during construction and are increasing their "risk" margins (essentially charging a higher profit margin to protect against unexpected cost increases). Our key mitigation is scale which ensures we have access to equipment and a stronger negotiating position than our competitors which allows us to manage price increases. We are also increasingly procuring components directly, which reduces the impact of "margins being charged on margins" by contractors.

ii) General inflation and weakening sterling: *Impact is ongoing*

Higher general inflation and a weak pound is leading to higher labour costs and costs of components sourced abroad. This is also driving higher 'risk' margins from suppliers. Here, our mitigation is to increasingly source works on an EPCm basis to split out costs in controllable and transparent work packages and proactively manage each of these to minimise risks.

iii) Commodity prices: *Negative impact turning positive*

While we have yet to see significant benefits from this, various commodities and other costs have fallen sharply in recent months. This includes prices for iron-based products, concrete and copper as well as shipping costs. Debottlenecking of ports, all time high investment in new containers and other shipping and a sharp slowdown in China's housing market are likely to be among the drivers.

iv) Grid connection challenges: *Impact is ongoing*

The large number of new grid connections is creating challenges for the grid companies which feeds into our portfolio projects. Capacity is now tight and therefore new capacity has to wait for reinforcements elsewhere in the network. This does not affect projects already in construction as the ability of a new project to connect is studied carefully before a grid connection offer is made.

The challenge for projects in construction is more practically linked to a lack of adequately experienced engineers at the Distribution Network Operators (DNOs) and in all likelihood impacting National Grid as well. Mitigation here is challenging: engaging positively with the counterparty on the one hand or making complaints (including to Ofgem) are limited remedies for late construction programmes. Further, regulations do not help much: DNOs and National Grid have next to no liability for delays to connections and have a huge amount of time to turn around grid connection offers (pre-construction) or design submissions (during construction). This, combined with the intrinsically intricate nature of the work, the need for safety and a workforce which has retired many of their best staffers and recruited too few over the COVID-19 lockdowns is leaving the industry in a challenging position. Fortunately, some pragmatism is rising to the surface unlocking some delays.

We are factoring in these delays, which are affecting all participants in the market, into new construction programmes and are hopeful that further significant delays at most projects can be avoided.

The Manager does have two key mitigants but as these are commercially sensitive, they cannot be disclosed here.

Valuations and NAV

NAV per share[9] has risen from 116.86p on 31 December 2021 to 145.11p on 30 June 2022. This equates to a NAV Total Return of 27.2% over the last six month interim period.

The largest contribution to NAV growth came from the revaluation of projects previously held at cost, representing £61.2mn (FY 2021: £38.0mn) or 12.12p per share gain. The portfolio valued on a Discounted Cash Flow (DCF) basis consists of 425MW of operational projects as per Table 1 on page 6 and 487MW of in-construction assets. 115MW of projects are held at cost, these projects are under construction with Share Purchase Agreements signed but with completion subject to Provisional Acceptance Certificate issuance. These projects are Coupar Angus (40MW), Arbroath (35MW) and Stairfoot (40MW) with the latter two being operational and Coupar Angus expected to commission very shortly.

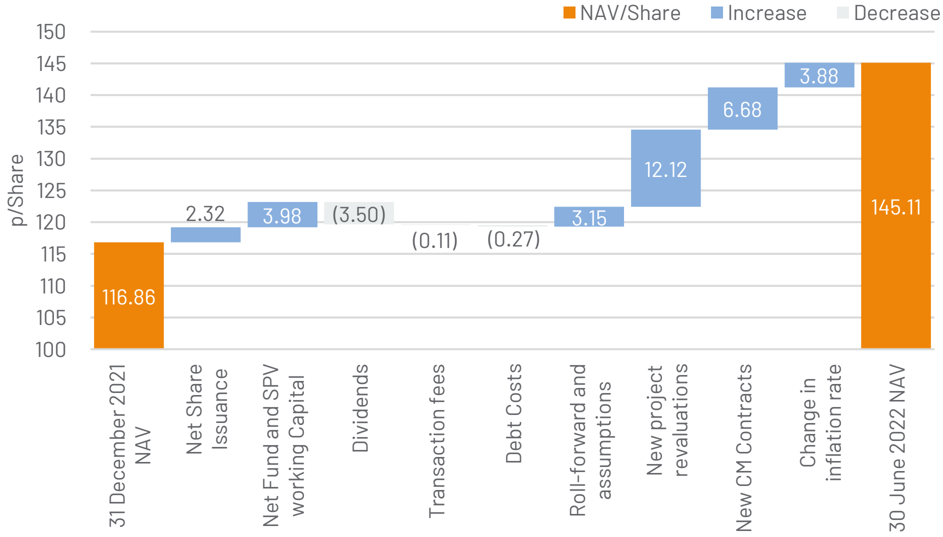
The value of the new CM contracts awarded to the Company's projects in the February 2022 auction has also benefited the NAV with a 6.68p per share (£30.6mn) contribution during H1 2022. The remaining uplift from the new CM contracts will come through the revaluation of remaining assets in H2 and once the construction premium is removed from discount rates when assets become operational.

Net issuance from equity raised above NAV in May 2022 contributed 2.32p per share to NAV, whilst working capital after deduction of fund costs, transaction costs, debt costs and dividends paid added 0.10p per share to valuations.

Third party revenue forecasts increased substantially in the period following relatively low forecasts at the year-end (which reflected the expectation that DC prices would fall to very low levels). The latest curves reflect the current market conditions of high DC prices on the back of higher volume procurement from the ESO as well as greater trading opportunities heading into the next winter. These therefore provide a short-term uplift in revenues forecasted, whereas the longer term projections remain consistent with previous quarters. The total impact of third party revenue forecast changes in the period was £30.9mn or 6.06p per share.

There have been no changes to the discount rate methodology in the period. The weighted average discount rate is 10.79% for the portfolio (December 2021: 10.77%).

NAV (p/Share) bridge from 31 Dec 21 to 30 Jun 22



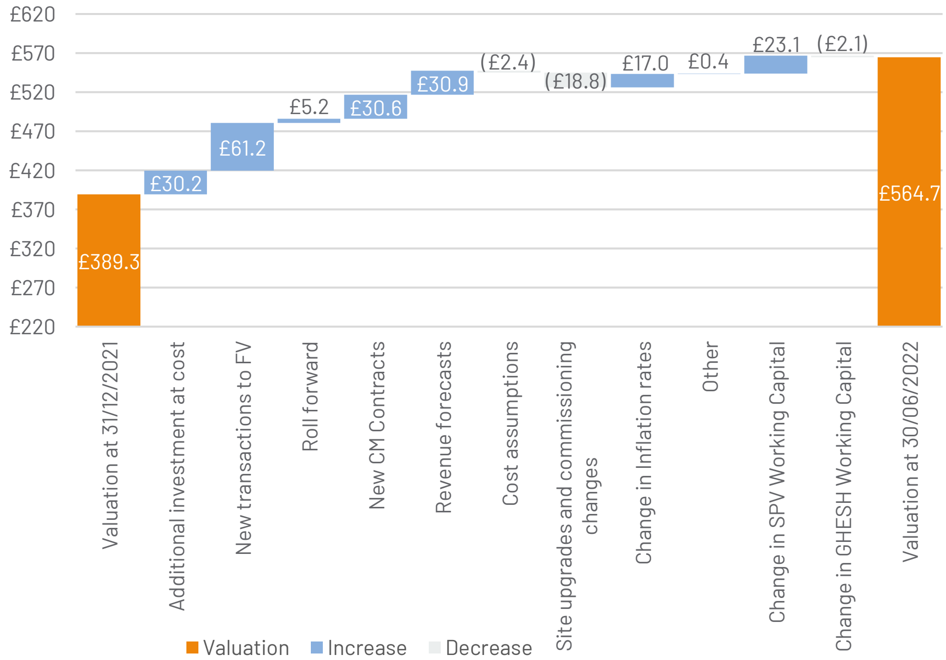
The weighted average discount rate for operational assets was 10.55% (2021: 10.57%) whilst in-construction assets had a weighted average discount rate of 11.00% (2021: 11.35%) having fallen due to the addition of CM revenues to the model.

The main assumption changes for valuations came from updating the inflation rates, with a short-term increase in inflation to 7.5% in 2022, 4.5% in 2023 and falling to 2.5% from 2025. The impact of the update was an increase in valuations of 3.88p per share. We believe our current inflation assumptions are conservative.

We will continue to monitor developments in the UK and potentially revisit inflation assumptions ahead of the year end. An increase in inflation rates is expected to increase valuations further.

Valuations by asset can be found in the notes to the financial statements in Note 9 with sensitivities performed on the discounted cash flow modelling for the portfolio shown in Note 15.

Change in investment value from December 2021 to June 2022 (£mn)



9. Alternative Performance Measures are defined and calculated on page 45 to 48 of the Interim Report

Regulatory update

On 18 July 2022 we saw the release of two significant energy market reports, the first being the launch of the government's Review of Electricity Market Arrangements (REMA) and the second being National Grid's Future Energy Scenarios (FES) Report for 2022.

REMA is a major review into the GB electricity market design with the aim to ensure cost benefits to customers in the long term. There are several proposals being considered in the review with the key areas of focus for BESS being:

- Wholesale Markets: first, the introduction of Locational Marginal Pricing (LMP) or 'nodal' pricing; second, the potential decoupling of the cost of electricity from fossil fuels; and third, changes to the design of the Balancing Mechanism
- Reforms to the Capacity Market to support low-carbon, flexible technologies which contribute to energy security
- Review of Contracts for Difference (CfD) and how to incentivise the deployment of renewable generation

REMA is likely to take several years to be fully completed. The deadline for consultation submissions is 10 October 2022 and we are in communication with the relevant parties to get further clarity and feedback on the proposals including ongoing conversations with National Grid ESO on more specific topics coming from REMA.

Given that the build-out of cheap renewables and batteries is a key target for the UK Government and National Grid ESO, and the acknowledgement for the need to encourage more low carbon flexibility to cope with this, we anticipate the net impact of changes to be neutral to positive for the BESS industry. The move to nodal pricing (which will in any case be at least five years) may present opportunities for greater locational volatility and pricing opportunities for well positioned assets and any changes to CM auctions aimed to encourage BESS, should also be positive.

The Future Energy Scenarios (FES) report for 2022 released by National Grid ESO, was released in tandem with the REMA report. FES 2022 aimed to provide a roadmap for decarbonising energy usage in GB. In each scenario there is a heavy reliance on the further rollout of renewable generation. In all scenarios the ESO significantly increased the amount of storage they expect to see and how early it is deployed. BESS is expected to become the largest share of storage capacity in all scenarios by 2050.

The ESO forecasts growth in BESS requirements from 1.6GW in 2021 to 20GW in 2030 and 35GW by 2050 under their 'Leading the way' scenario. In addition to this they also note the need for policy, regulatory and market environments to change for storage assets in order to bring forward the levels of energy storage expected to be needed on the system with particular consideration for developing revenue streams and stacking of services to support business cases for storage projects.

Outlook

Through the remainder of 2022 the core focus of the Manager is to increase the operational capacity and revenue potential of the portfolio by commissioning projects due, with the Company targeting 690MW operational capacity in the portfolio by the year end and over 1GW of operational capacity by the end of H1 2023.

This growing operational portfolio should ensure greater cash generation and support Operational Dividend Cover. We anticipate Operational Dividend Cover to increase progressively in line with projects commissioning and expect full Operational Dividend Cover for the year. Dividend levels will continue to be monitored against the level of Operational Dividend Cover.

NAV growth is expected to continue through the end of the year driven largely by revaluation of projects with Coupar Angus, Arbroath and Stairfoot in particular set to be revalued later in the year once they are operational and fully acquired.

As assets under construction commission, and others in the market also come online, we expect to see the remaining headroom for DC disappear, leading to falling Frequency Response service pricing. This should see longer duration assets focus increasingly on the trading potential available to them. The coming winter may see even greater volatility than in previous years, offering significant trading upside from those assets able to trade. We look forward to seeing our portfolio demonstrate their capabilities in this increasingly merchant environment.

The upcoming upgrades to our previous EFR portfolio will increase the duration of these legacy assets allowing them to trade more freely alongside the remainder of our portfolio and ensuring they are capable of earning the revenue opportunity expected over the short to medium term.

The GB electricity market is likely to experience large scale changes over the medium to long term as plans from REMA begin to be put in place. Overall, we believe the UK Government and the ESO remain supportive of BESS and we look forward to ongoing engagement with them to ensure the full benefit of BESS can be felt by the market and by consumers. We remain confident in the opportunity for BESS in the UK markets and are excited by further opportunities open to the Company overseas following the change to the investment policy during the period.

We are seeing comparable market drivers in numerous overseas markets presenting expectations for growing volatility in merchant markets and a solid revenue base. We remain committed to the investment thesis of the fund and hope to have further information on overseas projects in due course. We continue to develop the expertise and size of the team to appropriately match the opportunities ahead.

Sustainability Report

In the 2021 Annual Report and Accounts the Sustainability Report detailed the Company's approach to Sustainability including its focus areas. Having reported on 2021 achievements, the report also pointed to our "Future Objectives" which span the period 2022-2025. The aim of this Sustainability Report is to update our shareholders on the Company's progress on these Future Objectives, listed below as "Objectives" as follows.

1. Commitment to sustainability (Environment)

Objective

Continue to increase capacity under management to increase GRID's contribution to the decarbonisation of the UK's electricity network and a reliable, low-cost energy system.

Update

This is reported on extensively in this Interim Report. In alignment with the Fund's commercial aims, the Manager remains fully focused on growing grid-connected MW and MWh capacity to make a valuable contribution to Net Zero and related goals.

2. Supply chain management (Social)

Objectives

a. Update the Supply Chain Policy to fully reflect best practice in the market and the commitments of the Investment Manager.

b. Have a comprehensive supply chain monitoring and management process in place to assess ESG risks in the supply chain and to ensure the compliance of suppliers with the Supply Chain Policy.

c. Include sustainability criteria into supplier contract renewal and supplier selection decisions.

d. Engage with key suppliers to enhance their sustainability processes and reduce the Fund's ESG risk exposure.

Update

The Manager is awaiting the completion of an audit of the BESS supply chain from raw material production to the final product, commissioned earlier this year which is due in the Q4. This will inform the actions required for each of the objectives listed prior.

3. Marketplace responsibility: processes, policies and education (Governance)

Objectives

a. Assess all assets against our Sustainable Infrastructure Framework using the ESG Decision Tool and establish plans to rectify any material risks to create and protect value for shareholders.

b. Ensure the ESG Decision Tool remains up to date to reflect any enhancements to the sustainable investment processes and sustainability related policies.

c. Finalise ESG KPIs to monitor and measure sustainability performance of the Fund and report these regularly to stakeholders.

Update

These Objectives are ongoing. There is no significant change to report on this occasion. The ESG tool continues to be a valuable tool to focus the Manager on ESG topics.

4. Climate change and pollution (Environment)

Objectives

a. Report annual carbon footprint to stakeholders.

b. Set targets and actions to reduce operational carbon emissions.

c. Apply full TCFD guidance and report in line with recommendations.

Update

The 2022 Annual Report will report against TCFD and the Manager, Board and our auditors are all preparing for this.

The Manager is also taking active steps to measure energy losses, through on-site energy consumption or losses through heat as the BESS charges and discharges. The Manager is considering alternative designs to reduce such inefficiencies on future sites. As with Objective 1, there is complete alignment between commercial, operational and ESG goals on the subject of carbon emissions.

5. Governance and ethics: engaged and active ownership (Governance)

Objectives

a. Identify and work with key industry bodies to drive positive industry outcomes linked to sustainability topics.
b. Track and report on engagement activities and key outcomes.
c. Increase community engagement, where applicable, continuing to educate the public on the role of BESS in the UK's decarbonisation ambitions.
d. Solicit, where practical, feedback from key stakeholders who are in a position to contribute.

Update

The Manager is working with industry bodies as well as key industry stakeholders to communicate on various topics. At the top of the agenda at the moment is the Reform of Electricity Market Arrangements, a consultation launched by the Department for Business, Energy and Industrial Strategy (BEIS). This consultation aims to address the challenges the electricity system faces as the energy transition progresses, as well as exploring various ways of addressing the 'cost of living crisis'. Consultation responses are due in October and the Manager is involved in submitting a set of responses.

In the last period we have also shared a questionnaire with our largest shareholders to identify their own priorities, so that in addition to complying with all reporting standards, we also take on board our investors' insights.

6. Natural capital (Environment)

Objectives

a. Measure and report on key natural capital impacts and dependencies.
b. Enhance policies and processes to reduce, restore and enhance biodiversity and other key ecosystem services at asset sites.

Update

The Manager is monitoring developments following passing of the Environment Act which will require all developments to create a biodiversity 'net gain' (currently expected from Q4 2022).

7. Waste management (Environment)

Objectives

a. Work with contractors to incorporate full lifecycle analysis into BESS design to maximise asset life, reduce the overall carbon footprint of constructing and operating projects, and consider end-of-life use to reduce negative environmental and social impacts of battery production and the battery components including raw materials.
b. Engage with contractors/suppliers on their end-of-life process development and technology.

Update

The Manager is working to fully understand the responsibilities resting with the importer of the batteries, whose obligation it is to recycle batteries at the end of their life. Due to how the construction of the projects has been contracted, this has generally fallen on the EPC contractor. Nevertheless, the Manager is working to understand these obligations too, in order to understand any indirect impacts on the Fund, as well as the implications of being the importer going forward.

Principal Risks and Uncertainties

The Company continues to recognise that effective risk management is critical to enable it to meet its strategic objectives. The Company has a clear framework for identifying and managing risk, at both an operational and strategic level. Its risk identification and mitigation processes have been designed to respond to the changing environment in which it operates. The impact of emerging risks on the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of the Company's strategy. The table below captures those risks that would have the most significant adverse impact on the Company (and the underlying investments), based on their impact and/or likelihood.

Existing risks			
Risk area	**Gross impact**	**Mitigation**	**Net impact**
Availability of batteries and other critical components. Residual risk: high (2021 FY: N/A)	Inability of the Company to deploy capital raised into investments due to incomplete or lengthening project timescales. Price increases for components making investments less attractive.	The Company's investments are within SPVs and these are subject to a battery order with a Tier 1 supplier which has been secured. Due to the size of this order, advantageous terms have been secured.	This will remain an issue in the future, although the size and scale of the Company provides the ability to secure key components.
Emerging business model and impact on revenue streams sourced from National Grid mechanisms. Residual risk: medium (2021 FY: high)	Adverse changes by National Grid in relation to services contracted by them may reduce the size/scope of income earning opportunities to the Company's investments and potential impact on valuation. HM Government Energy Strategy moves away from intermittent renewable assets which impact on future growth of the Company.	The Company's investments enjoy several different income streams ranging from BM, Capacity Payments, FFR, TRIADs, and DC as contracted services to National Grid; the Company's investments are able to change which income streams are contracted and ascertain the most advantageous on any given time period: this is continuously monitored by the Investment Manager and optimisation partners. Due to the progressive decommissioning of other carbon intensive options available to National Grid for managing these services, and the need to support the security of this critical national infrastructure, BESS is expected to form an integral part of transforming the electricity sector in the UK.	Battery energy storage is a versatile asset, and it can perform a variety of roles to manage risk. There is also the potential to "revenue stack" and gain multiple revenue streams from different services. The income stream opportunities and usage of battery energy storage systems is expected to evolve over time.

Risk area	Gross impact	Mitigation	Net impact
Environmental, Social and Governance: production and recycling of batteries creates risk. Residual risk: medium (2021 FY: medium)	BESS are manufactured, installed, and operated with the intention of driving the transformation to a low carbon energy supply in the UK. However, the lifecycle ESG impact of the batteries needs to be considered and minimised.	The supply for battery manufacture relies on high quality global partners who ensure their supply chain does not involve the use of illegally or unethically sourced "rare earth" materials or inadequate labour standards. This could be mitigated by undertaking reviews of the supply chain. The recycling of the BESS systems is subject to constant development and research; the importer of these batteries (not the Company or SPV companies) is responsible for their disposal, but the Company will facilitate this to ensure low environmental impact.	Some aspects of this are still evolving over time, especially the end use/recycling of BESS. The ability of the BESS market to drive a low carbon electricity system needs to be considered versus the other, mainly fossil fuelled, options when considering the overall ESG impact of BESS. Work will continue to minimise this over time.
Valuation risk. Residual risk: medium (2021 FY: medium)	The Company's investments are valued using discounted cash flows and assessment of future income streams: these valuations may be materially incorrect or not held at fair value. The impact of volatile inflation and interest rates may impact upon these valuations.	The Company's investments are impaired if income streams are not as profitable as expected or costs are higher than expected. Risk adjusted discount rates drive valuation along with the external pricing curves.	The Company utilises a modelling methodology which ensures income streams are discounted using appropriate discount rates dependent on the perceived risks. The weighted average discount rates are reviewed regularly and the Company believes the valuations are conservative. A third-party valuer reviews valuations and confirms appropriateness.
Operational and performance risk in the underlying investments leading to loss of value. Residual risk: low (2021 FY: low)	The BESS investments do not perform in the manner expected (i.e. degradation in performance) or are not optimised in the best commercial manner to capture revenue streams leading to reduction in valuations. Performance within the SPVs may not meet planning or safety requirements and result in curtailment of operations and loss of investment value. The portfolio relies on contracts with suppliers to maintain certain key equipment: these suppliers may fail to provide adequate support.	The Company underwent a programme of upgrades to the seed assets to optimise these assets and has ensured that the new assets being invested into are designed in a flexible manner. The battery duration for the new investments is also considered to ensure fullest flexibility for future operation. Design and commissioning testing takes place in each investment to ensure all relevant planning and HSE conditions are met. Fire risk, in particular, is carefully assessed and sites are designed and operated to ensure this risk is as low as practicable. Cyber security risk is managed via secure systems used by optimisation partners. The portfolio has a number of alternative suppliers and optimisers to manage risk.	The Investment Manager has substantial experience managing BESS assets and works with leading asset optimisers to ensure assets are designed and operated as expected. Health and safety performance is rigorously tested and reviewed.

Risk area	Gross impact	Mitigation	Net impact
Investment in development and construction projects. Residual risk: low (2021 FY: low)	The Company invests in projects via loans before and after the projects are owned by the Company. There is a risk that the project does not complete, and the Company incurs financial loss. The Company invests in construction projects as part of its investment portfolio. There is a risk of financial loss or delay of revenue generation. Late delivery of plant items may lead to delay.	The Company does not invest in speculative project development. Any investments in projects are carefully assessed and vetted by the Investment Manager: they will have secured certain minimum requirements and are expected to be ready to proceed to construction in a relatively short timescale.	Limited exposure to the Company due to careful vetting and management of project development activities and commercial arrangements with the Investment Manager to manage construction risk. The Company is usually investing in the advance purchase of equipment which has inherent value and can be used on other projects if needed.
Reliance on the Investment Manager. Residual risk: medium (2021 FY: low)	The Company relies on the Investment Manager as a key supplier.	The Company has long-term contractual arrangements in place with the Investment Manager, and the Investment Manager has confirmed to the Company that the growth of the Company is a key focus area of the Investment Manager.	The Investment Manager remains incentivised to continue to grow the Company and drive value. The growth in scale and associated activity supplied by the Investment Manager will tend to increase this risk.
Financing risk. Residual risk: low (2021 FY: low)	Equity or debt financing is not available and the Company is unable to fund its pipeline of assets. The Company's investments are subject to banking covenants which could be breached if the Company's investments do not perform as expected. Higher interest rates will increase the Company's cost of debt.	The Company does not enter into unfunded commitments: all committed pipeline can be funded from existing equity finance or the existing debt facility. The banking covenants have been carefully modelled by the Investment Manager to ensure they are achievable.	Limited overall impact on deployment of pipeline. As the Company's investments draw down more debt this risk will tend to increase. As debt is drawn the Company enters into interest rate hedging instruments to manage this risk.
Tax compliance. Residual risk: low (2021 FY: low)	The Company is registered as an Investment Trust and must comply with certain tests.	The Investment Manager undertakes the relevant tests each quarter and the Company's tax advisers review this regularly.	None.

Emerging risks			
Risk area	**Gross impact**	**Mitigation**	**Net impact**
Emerging technology replaces battery energy storage assets. Residual risk: low (2021 FY: low)	The Company invests in battery storage projects: a new or disruptive technology might adversely impact on the Company's investments. Future income streams may be reduced if new entrants have significantly lower marginal costs.	The Company utilises proven technologies with associated Tier 1 supplier warranties and performance guarantees. The Company continues to review available technologies. It is currently viewed as unlikely that a completely new reliable and cost competitive technology will appear during the lifetime of these batteries and impact on the lifecycle of these batteries.	The Company will also benefit from lower costs and the valuation model assumes continuing cost reductions for replacement assets over time.
Potential equipment shortages if China is subject to sanctions. Residual risk: low (2021 FY: low)	If China invades Taiwan or takes other hostile measures which cause sanctions, the supply chain of crucial equipment would be disrupted.	The Company has relationships with other non-Chinese suppliers, but they are likely to source components from China. The Company ensures payments are protected via Letters of Credit to ensure no financial loss.	The Company ensures it is securing key equipment orders in advance.

Investment team and Board of Directors

Investment team

Ben Guest
Managing Director, New Energy

Ben was the founder and managing partner of Hazel Capital which was acquired by Gresham House in 2017. He has 28 years' of investment experience. Ben's expertise spans the investment spectrum, across infrastructure, public equities and venture capital. Today, Ben is Managing Director of Gresham House's New Energy division, and the Lead Manager of the Company. He is responsible for the origination and execution of investment opportunities and is responsible for the overall strategy and ongoing portfolio management of the Fund.

Ben currently serves as a Director of over 50, mostly project, companies.

James Bustin
Investment Manager, New Energy

James has nine years' of experience across investments, finance and accounting and joined the team in 2019 having previously worked on public equities and venture capital in the Gresham House Ventures team. James' role in the New Energy team covers fund and portfolio management as well as new investments.

James joined Gresham House in 2018 as part of the acquisition of Livingbridge VC where he had been working as an analyst since 2016. Prior to Livingbridge James worked in TMT audit at EY for three years, qualifying as a chartered accountant.

Gareth Owen
Investment Director, New Energy

Gareth was a Partner at Hazel Capital (now Gresham House New Energy) and has over 20 years' experience executing structured transactions across a variety of sectors.

Before Hazel Capital, Gareth worked at Barclays Natural Resource Investments, a captive private equity fund investing in the natural resource and renewable energy sectors.

Prior to this, Gareth worked in the Structured Capital Markets divisions of Barclays Capital and Deutsche Bank, handling the acquisition and disposal of various asset-based companies.

Bozkurt Aydinoglu
Investment Director, New Energy

Bozkurt joined Gresham House in 2017 as Investment Director having previously been at Hazel Capital and has 29 years' investment, advisory and businesses building experience.

Bozkurt's primary focus is on procurement, contracting, delivery and evaluation of new energy storage opportunities, in addition Bozkurt also manages the Gresham House New Energy VCTs containing a portfolio of solar and wind assets.

Bozkurt dedicated the early part of his career to funding and advising companies in the telecommunications and technology industries, whilst in roles at Nomura, Salomon Brothers, Bowman Capital and Deloitte & Touche.

Charlie von Schmieder
Investment Director, New Energy

Charlie has over 20 years' experience having started his career as a commercial solicitor before moving to Investment Management for the past nine years.

Charlie has extensive experience in the development, funding and asset management of distributed energy infrastructure projects and has worked on a wide range of technologies including solar PV, hydroelectric, anaerobic digestion, thermal heat networks, gas peaking and battery energy storage. Charlie's current role began in February 2021, following a year in the team as a contractor. He is responsible for executing investments in energy storage systems, whether acquired before construction or when already operational.

Fernando Casas Garcia
Head of Operations & Asset Management, New Energy

Fernando has 15 years' experience in the renewable energy sector, mostly in solar PV. Since joining the team in May 2021, Fernando has been focused on the design, development and deployment of processes and procedures that allow the growth in MWs under management and improvement in operational performance.

Prior to Gresham House Fernando was Global Head of Technical for a 2.2GW solar PV portfolio at WiseEnergy focused on the operation of their solar PV assets and increasing overall revenues.

Paul George
Health & Safety Manager, New Energy

Paul is responsible for building risk management capabilities, systems, processes and culture to support the management of health and safety risks and opportunities in the New Energy team.
Paul has ten years' experience in health and safety risk management in the construction sector as well as a degree in occupational health and safety management.

Prior to Gresham House Paul worked at HS2 Ltd in their infrastructure integrated project team and prior to that worked at Network Rail.

Stephen Beck
Finance Director, Real Assets

Stephen has 26 years' of industry experience and is a law graduate and Barrister and was called to the Bar in 1996. He is also a Fellow of the Institute of Charted Accountants of England and Wales and qualified with PwC.

He leads an in-house finance team managing New Energy, Renewables, Commercial Forestry and Housing sectors.

Prior to this, Stephen worked at E.ON, where he held a variety of financial and commercial roles from 2000 onwards, ranging from leading large finance teams, developing power station projects, M&A transactions, and working with HM Government delivering low carbon solutions.

Nick Vest
Finance Director, New Energy

Nick joined Gresham House in January 2021. He has over 20 years' accounting and finance experience and is a Chartered Accountant and Chartered Tax Advisor.

Prior to Gresham House, Nick worked as Finance Director for an internationally focused property investment group and before that was Associate Director of Tax at Temenos Group SA in Switzerland.

Rupert Robinson
Managing Director, Gresham House Asset Management Limited

Rupert Robinson has been the Managing Director of Gresham House Asset Management Ltd since September 2015. Before joining Gresham House, Rupert was CEO and CIO of Schroders (UK) Private Bank for 11 years and prior to that spent 17 years at Rothschild where he was latterly Head of Private Clients at Rothschild Asset Management.

He has over 30 years' of experience in asset management, private banking and wealth management, focusing on product innovation, investment management, business development, banking and wealth structuring. He is a member of the Gresham House Group Management and Investment Committees.

The Company has a Board of four Independent Non-Executive Directors.

The Board has 25% female representation. This will rise to 40% following Isabel Liu's appointment to the Board from 1 October 2022. Ms Liu's appointment will also result in the Board having a member from a minority ethnic background (as defined in the Listing Rules). The Board has adopted a formal diversity policy and strongly believes that diversity in all its forms (whether of skills, background or characteristic) is an important contributor to strong decision-making and intends to prioritise diversity in its ongoing succession planning. All appointments to the Board are, and will continue to be, subject to a formal, rigorous and transparent procedure as required by the AIC Code. The Board's requirements for vacancies on the Board are set with reference to objective criteria and promote diversity of sex, social and ethnic backgrounds, cognitive and personal strengths.

Further, the Board reviews, at least annually, its effectiveness and its combination of skills, experience and knowledge. The Board conducts an externally facilitated effectiveness evaluation every three years, with its first such evaluation having taken place during 2021 and Ms Liu's appointment being made in response to that evaluation process.

The Directors will all stand for re-election at the Annual General Meeting of the Company.

Board

John Leggate, CBE FREng
Chair and Independent Non-Executive Director

John is highly experienced as an energy sector executive and is a venture investor in the "clean tech" and digital technologies.

John has significant board experience and is currently on the board of cyber security firm Global Integrity in Washington DC and is a senior advisor in the energy sector to a "blue chip" international consultant. John was appointed to the Board on 24 August 2018.

Significant interests: John is a Director of Flamant Technologies and Global Integrity, Inc.

Catherine Pitt
Chair of the Nominations Committee and Management Engagement Committee and Independent Non-Executive Director

Cathy is a legal adviser who has specialised in the investment company and asset management sectors for over 20 years, specialising in governance, regulation, capital markets and mergers and acquisitions. Cathy was appointed to the Board on 1 March 2019.

Significant interests: Cathy is a consultant and former partner at CMS Cameron McKenna Nabarro Olswang LLP, a director of Baillie Gifford UK Growth Trust plc and a member of the Advisory Council of Sex Matters, a not-for-profit company limited by guarantee.

David Stevenson
Chair of the Remuneration Committee and Independent Non-Executive Director

David is a financial journalist and commentator for a number of leading publications including the Financial Times (the Adventurous Investor), Citywire, and MoneyWeek. He is also Executive Director of the world's leading alternative finance news and events service www.altfi.com. David was appointed to the Board on 24 August 2018.

Significant interests: David is a Director of Aurora Investment Trust plc; Altfi Limited; Altfi Data Limited; TF Stream Limited; Planet Sports Rights Limited; Rocket Media LP; The Secured Income Fund plc; Stockmarkets Digest Limited; and Windhorse Aerospace Limited.

Duncan Neale
Audit Committee Chair and Independent Non-Executive Director

Duncan is a CFO and Finance Director with over 20 years' of commercial experience working for both publicly listed and privately-owned companies. Duncan is a Fellow of the Institute of Chartered Accountants and qualified with Price Waterhouse in London. Duncan was appointed to the Board on 24 August 2018.

Significant interests: Duncan is a Trustee of the Cambodian Children's Fund UK and a Director of DJN Consultancy Limited.

Isabel Liu
Independent Non-Executive Director (from 1 October 2022)

Isabel's career investing equity in infrastructure worldwide includes billion-dollar private funds for AIG in Asia, ABN AMRO in Europe and pension schemes in the UK. She has served as a non-executive representing UK transport users. Isabel is also a board director of Schroder Oriental Income Fund Limited and Utilico Emerging Markets Trust plc.

Directors' Report

John Leggate, CBE FREng
Non-Executive Chair

The Directors present the Interim Report and Accounts of the Company for the period ended 30 June 2022.

The Directors during the period, including their appointment dates, are set out in the Board of Directors' summary on page 23.

Company performance

The Directors have reviewed the performance of the Company throughout the period. Details of the performance of each investment owned by the Company are included in the Investment Manager's Report on page 5.

The Directors and Investment Manager have developed several tools to review ongoing performance. These include ongoing monthly and quarterly dashboards detailing the performance of each investment in relation to the individual income streams expected of each investment and performance against costs. As the Company deploys capital raised, the Directors have a focus on the underlying investment model for each new investment to ensure it meets the Investment Objectives of the Company.

The Directors are satisfied that underlying performance is being developed in line with expectations: the rollout programme of new investments and upgrades and extensions of investments acquired at IPO is continuing to progress well and has ensured an increasing level of operational performance throughout 2022 so far, which is summarised within the Chair's Statement on page 3.

Financial risk management

The Board believes that the main financial risks of the Company relate to the requirement to ensure the capital commitments of the Company are commensurate with the capital available and the ability of the underlying investments to generate income to the Company to ensure the targeted dividend payments can be paid to investors and total NAV return targets are met. The Board constantly monitors these financial risks.

The Company has the ability to assume up to 50% of gearing and may increase gearing in future ensuring any covenants or associated financial instruments are appropriate for the risk profile of the Company.

Share capital

At the period end, the Company had in issue 541,290,353 Ordinary Shares. There are no other share classes in issue. All shares have voting rights; each Ordinary Share has one vote.

All Ordinary Shares are entitled to receive dividends and interim dividends have been paid by the Company, as shown in the table below.

No final dividend has been or will be declared, but the Company's dividend policy of paying four interim dividends will be tabled for approval at each annual general meeting.

Dividends are not recognised in the financial statements of the Company until paid.

The results of the Company are disclosed in the Investment Manager's Report on page 5 of this Report.

Period in relation to which dividend was paid	Announcement date	Ex-dividend date	Payment date	Amount per Ordinary Share	Total amount
1 Jul to 30 Sep 2021	15 Nov 2021	25 Nov 2021	27 Dec 2021	1.75p	£7,662,236.36
1 Oct to 31 Dec 2021	14 Feb 2022	3 Mar 2022	25 Mar 2022	1.75p	£7,662,236.36
1 Jan to 31 Mar 2022	4 May 2022	12 May 2022	27 May 2022	1.75p	£7,662,236.36

Substantial interests

As at 30 June 2022, and the date of this Interim Report and Accounts, the Company had been notified the following beneficial interests exceeding 3% of the issued share capital, being 541,290,353 Ordinary Shares.

Annual General Meeting

The Company's second Annual General Meeting (AGM) was held on 30 June 2022. All resolutions proposed to the Company's shareholders at this AGM were duly passed on a poll vote.

Directors remuneration and interests

Details of the gross fees paid to Directors in the period are set out in Table 3.

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 June 2022 are shown below:

Table 2

Director	Number of Ordinary Shares	Percentage of total issued share capital
Catherine Pitt	30,615	0.0057%
David Stevenson	22,330	0.0041%
Duncan Neale	20,375	0.0038%
John Leggate	101,170	0.0187%
Total Shares	**174,490**	

Going concern

The Interim Report describes the Company's business activities, together with factors likely to affect its future performance and development and an assessment of the principal risks and uncertainties facing the Company. The key risks facing the Company include, but are not limited to, the risks mentioned on pages 17 to 20.

As at 30 June 2022, the Company had net cash and cash equivalent balances of £222mn (excluding cash balances within investee companies) and no debt. The Company is a guarantor to the £180mn debt facility (£150mn capex facility and £30mn revolving credit facility) entered into by the Midco in September 2021 which was partially drawn at the period end.

Table 1

Shareholder	Number of Ordinary Shares to date	Percentage of issued share capital
Sarasin & Partners (London)	51,964,886	9.60%
Border to Coast Pensions Partnership (Leeds)	33,583,839	6.20%
Gresham House (London)	28,928,388	5.34%
Close Asset Mgt (London)	26,463,865	4.89%
Gravis Capital Mgt (London)	24,492,210	4.52%
Schroder Investment Mgt (London)	24,207,069	4.47%
Newton Investment Mgt (London)	19,759,575	3.65%
BlackRock Investment Mgt - Index (London)	19,713,218	3.64%
CCLA Investment Mgt (London)	18,363,884	3.39%
JM Finn & Co (London)	18,208,842	3.36%

It is anticipated that the capex facility will be fully drawn during 2022 and 2023 to purchase equipment and make payments under EPC contracts for pipeline projects.

Financial models have been prepared on a conservative base case and on a severe but plausible downside case which show that sufficient cash is expected to be available to the Company to meet current obligations and commitments as they fall due and that the debt covenants of Midco's debt facility are expected to be met. The base case assessment considers the Company's ability to continue in operation under the current planned strategy to fund and acquire the currently committed Exclusivity Pipeline.

The severe but plausible downside case scenario assumes a reduction in underlying portfolio EBITDA of 25% to the base case. The downside case also takes account of the availability of mitigating actions available to the Directors, such as reducing discretionary spend and pausing the roll-out of projects.

The Directors confirm they have a reasonable expectation that the Company has adequate resources to continue its operations for at least 12 months from the date of signing these financial statements. As such, the Directors have adopted the going concern basis in preparing the Interim Report.

Table 3

	Fixed salary and fees for period from 1 Jan 2022 to 30 June 2022 £	Short term variable pay period from 1 Jan 2022 to 30 June 2022 £	Total fixed remuneration period from 1 Jan 2022 to 30 June 2022 £	Total variable remuneration period from 1 Jan 2022 to 30 June 2022 £
Catherine Pitt	23,648	-	23,648	-
David Stevenson	23,648	-	23,648	-
Duncan Neale	32,844	-	32,844	-
John Leggate	42,040	-	42,040	-
Total fixed remuneration	**122,180**	**-**	**122,180**	**-**

Directors' responsibilities

The Directors confirm to the best of their knowledge:

- the Interim Report and Accounts have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, as required by DTR 4.2.4 R of the Disclosure Guidance and Transparency Rules;
- the Chair's Statement and Interim Investment Manager's Report include a fair review of the development, performance and position of the Company and a description of the principal risks and uncertainties, that it faces for the next six months as required by DTR 4.2.7.R of the Disclosure Guidance and Transparency Rules; and
- the Investment Manager's Interim Report and Note 20 to the Condensed Financial Statements include a fair review of related party transactions and changes therein, as required by DTR 4.2.8.R of the Disclosure Guidance and Transparency Rules.

John Leggate CBE, FREng
Chair
26 September 2022

Unaudited Condensed Statement of Comprehensive Income

For the period from 1 January 2022 to 30 June 2022

Six months ended 30 June 2022	**Notes**	**Revenue unaudited (£)**	**Capital unaudited (£)**	**Total unaudited (£)**
Net gain on investments at fair value through the profit and loss	5	13,584,083	131,571,872	145,155,955
Bank interest income		60,037	-	60,037
Other income		199,500	-	199,500
Total income		13,843,620	131,571,872	145,415,492
Administrative and other expenses	6	(3,527,579)	-	(3,527,579)
Profit before tax		**10,316,041**	**131,571,872**	**141,887,913**
Taxation	7	-	-	-
Profit after tax and total comprehensive income for the period		**10,316,041**	**131,571,872**	**141,887,913**
Profit per share (basic and diluted) - pence per share	8	2.26	28.88	31.15

Six months ended 30 June 2021	**Notes**	**Revenue unaudited (£)**	**Capital unaudited (£)**	**Total unaudited (£)**
Net gain on investments at fair value through the profit and loss	5	10,670,174	27,891,255	38,561,429
Other income		90,000	-	90,000
Total income		**10,760,174**	**27,891,255**	**38,651,429**
Administrative and other expenses	6	(2,153,981)	(172,546)	(2,326,527)
Profit before tax		**8,606,193**	**27,718,709**	**36,324,902**
Taxation	7	-	-	-
Profit after tax and total comprehensive income for the period		**8,606,193**	**27,718,709**	**36,324,902**
Profit per share (basic and diluted) – pence per share	8	2.47	7.95	10.42

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

The Notes on pages 31 to 44 form an integral part of these Condensed Financial Statements.

There are no other items of comprehensive income or expense apart from those disclosed above and consequently a separate statement of comprehensive income has not been prepared.

Unaudited Condensed Statement of Financial Position

As at 30 June 2022

Company number 11535957

	Notes	30 June 2022 unaudited (£)	31 December 2021 audited (£)
Non-current assets			
Investment in subsidiaries at fair value through profit or loss	9	564,696,989	389,346,748
Total non-current assets		564,696,989	389,346,748
Current assets			
Cash and cash equivalents	11	222,179,880	122,175,081
Trade and other receivables	12	431,582	359,467
Total current assets		222,611,462	122,534,548
Total assets		787,308,451	511,881,296
Current liabilities			
Trade and other payables	13	(1,867,214)	(210,255)
Total current liabilities		(1,867,214)	(210,255)
Total net assets		**785,441,237**	**511,671,041**
Shareholders' equity			
Share capital	18	5,412,904	4,378,421
Share premium	18	495,230,992	349,058,720
Merger relief reserve	19	13,299,017	13,299,017
Capital reduction reserve	19	22,837,700	38,162,172
Capital reserves	19	206,993,712	75,421,840
Revenue reserves	19	41,666,912	31,350,871
Total shareholders' equity		**785,441,237**	**511,671,041**
Net asset value per share (pence)	17	145.11	116.86

The Interim Report and Accounts were approved and authorised for issue by the Board of Directors and are signed on its behalf by:

John Leggate CBE, FREng
Chair
Date: 26 September 2022 ______________________

The Notes on pages 31 to 44 form an integral part of these Condensed Financial Statements.

Unaudited Condensed Statement of Changes in Equity

For the period from 1 January 2022 to 30 June 2022

Six months ended 30 June 2022	Note	Share capital (£)	Share premium reserve (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Capital reserves (£)	Revenue reserves (£)	Total shareholders' equity (£)
As at 1 January 2022		4,378,421	349,058,720	13,299,017	38,162,172	75,421,840	31,350,871	511,671,041
Profit after tax and total comprehensive income for the period		-	-	-	-	131,571,872	10,316,041	141,887,913
Transactions with owners								
Ordinary shares issued	18	1,034,483	148,965,516	-	-	-	-	149,999,999
Costs of Ordinary shares issued		-	(2,793,244)	-	-	-	-	(2,793,244)
Dividends paid	18	-	-	-	(15,324,472)	-	-	(15,324,472)
As at 30 June 2022	**18**	**5,412,904**	**495,230,992**	**13,299,017**	**22,837,699**	**206,993,712**	**41,666,912**	**785,441,237**

Six months ended 30 June 2021	Note	Share capital (£)	Share premium reserve (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Capital reserves (£)	Revenue reserves (£)	Total shareholders' equity (£)
As at 1 January 2021		3,485,564	251,601,260	13,299,017	64,123,617	12,867,362	13,513,590	358,890,410
Profit after tax and total comprehensive income for the period		-	-	-	-	27,718,709	8,606,193	36,324,902
Transactions with owners								
Dividends paid	18	-	-	-	(12,199,472)	-	-	(12,199,472)
As at 30 June 2021	**18**	**3,485,564**	**251,601,260**	**13,299,017**	**51,924,145**	**40,586,071**	**22,119,783**	**383,015,840**

The Notes on pages 31 to 44 form an integral part of these Condensed Financial Statements.

Unaudited Condensed Statement of Cash Flow

For the period from 1 January 2022 to 30 June 2022

	Note	Six months ended 30 June 2022 unaudited (£)	Six months ended 30 June 2021 unaudited (£)
Cash flows from operating activities			
Profit for the period		141,887,913	36,324,902
Net gain on investments at fair value through profit and loss	5	(131,571,872)	(27,891,255)
Interest income		(13,584,083)	(10,670,174)
Increase in trade and other receivables		(72,115)	(146,300)
Increase/(decrease) in trade and other payables		1,656,959	(246,973)
Net cash used in operating activities		**(1,683,198)**	**(2,629,800)**
Cash flows from investing activities			
Loans made to subsidiaries	9	(30,194,286)	(34,744,684)
Disposal of investments		-	(238,095)
Net cash used in investing activities		**(30,194,285)**	**(34,982,779)**
Cash flows from financing activities			
Proceeds from issue of Ordinary shares at a premium	18	149,999,999	-
Share issue costs	18	(2,793,244)	-
Dividends paid		(15,324,472)	(12,199,472)
Net cash from/(used in) financing activities		**131,882,283**	**(12,199,472)**
Net increase/(decrease) in cash and cash equivalents for the period		**100,004,799**	**(49,812,051)**
Cash and cash equivalents at the beginning of the period		**122,175,081**	**110,967,025**
Cash and cash equivalents at the end of the period		**222,179,880**	**61,154,974**

The Notes on pages 31 to 44 form an integral part of these Condensed Financial Statements.

Notes to the Financial Statements

For the period from 1 January 2022 to 30 June 2022

1. General information

Gresham House Energy Storage Fund plc (the Company) was incorporated in England and Wales on 24 August 2018 with company number 11535957 as a closed-ended investment company. The Company's business is as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The registered office of the Company is The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF. Its share capital is denominated in Pounds Sterling (GBP or £) and currently consists of Ordinary Shares. The Company's principal activity is to invest in a diversified portfolio of operating utility-scale Battery Energy Storage Systems (BESS), which utilise batteries and may also utilise generators. The BESS projects comprising the portfolio are located in diverse locations across Great Britain.

These interim financial statements cover the period from 1 January 2022 to 30 June 2022, with a comparative period from 1 January 2021 to 30 June 2021, and comprise only the results of the Company as all of its subsidiaries are measured at fair value.

2. Basis of preparation

Statement of compliance

The Interim Report and Accoounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The Condensed Financial Statements have been prepared on a historical cost basis except for financial assets and liabilities at fair value through the profit or loss. The accounts have been prepared on a basis that is consistent with accounting policies applied in the preparation of the Company's Annual Financial Statements for 31 December 2021.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued by the Association of Investment Companies (AIC) is consistent with the requirements of IFRS, the Directors have prepared the Interim Condensed Financial Statements on a basis compliant with the recommendations of SORP. The supplementary information which analyses the Statement of Comprehensive Income between items of revenue and a capital nature is presented in accordance with the SORP.

These Condensed Financial Statements do not include all information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2021, which were prepared in accordance with UK adopted international accounting standards.

There are no new standards, amendments or interpretations at the reporting date which have been issued but are not yet effective, which could impact the Interim Report and Condensed Financial Statements of the Company and which are deemed to be material for the Company.

Functional and presentation currency

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

Going concern

As at 30 June 2022, the Company had net current assets of £221mn and had cash balances £222mn (excluding cash balances within investee companies), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Company are the costs relating to the acquisition of new assets and payment of dividends, both of which are discretionary (other than committed transactions). All committed acquisitions at the end of the period are sufficiently covered through current cash reserves and debt facilities. The Company had no outstanding debt owing as at 30 June 2022. The Company is an obligor to the debt facility entered into by Gresham House Energy Storage Holdings (the Midco), which was partially drawn at 30 June 2022.

As such, the directors have adopted the going concern basis in preparing the Interim Report and Condensed Financial Statements.

3. Signicant accounting judgements, estimates and assumptions

The preparation of the Condensed 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 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 and are not themselves investment entities. 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 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.

An indicator of whether a Company is an investment entity is the existence of a formal exit strategy. Although there is currently no documented exit strategy, the assets have a limited life and are not expected to be held indefinitely.

A further indicator of whether a Company is an investment entity is the expectation they hold more than one asset. Following the sale of the investment in Noriker Power in the year to 31 December 2021 the Company holds one investment directly but many investments indirectly, as there is a portfolio of investments within the Midco.

The Directors believe the Company meets the business purpose criteria to invest for capital appreciation and/or income generation and note that the Company is not required to hold its investments indefinitely.

The Directors are of the opinion that the Company meets the typical characteristics of an investment entity and will reassess this conclusion on an annual basis.

Assessment of the Midco as an investment entity.
The Midco (see note 9) is not consolidated as it is considered to be an investment entity. The Board of the Midco have considered the requirements of IFRS 10 as per above and confirm the Midco meets these criteria. If the Midco was not considered to meet the definition of an investment entity, then the Company would be required to consolidate the entity. The impact of consolidating the Midco would be to increase the investment value to £577,228,493 (31 December 2021: £401,115,427) and net working capital would decrease by £12,513,504 (31 December 2021: £11,768,679).

Investment Manager not a related party
The AIFM is not disclosed as key management personnel in the financial statements. To meet the key management personnel definition the AIFM would need to have authority and responsibility for planning, directing and controlling the activities of the entity. The Directors are of the opinion that the AIFM does not meet these criteria as the Board has to approve key decisions.

Valuation of investments in subsidiaries
Significant estimates in the Company's Condensed 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 Condensed Financial Statements of changes in estimates in future periods could be significant. See note 15 for further details.

4. Fees and expenses

Accounting, secretarial and directors
JTC (UK) Limited acts as secretary and administrator for the Company through the Administration and Company Secretarial Agreement. JTC (UK) Limited is entitled to a £60,000 annual fee for the provision of Company Secretarial services and a £55,000 annual fee for the provision of fund accounting and administration services, based on a Company Net Asset Value of up to £200mn. An ad valorem fee based on total assets of the Company which exceed £200mn will be applied as follows:

- 0.04% on the Net Asset Value of the Company in excess of £200mn

During the period, expenses incurred with JTC (UK) Limited for administrative and secretarial services amounted to £143,194 (2021: £88,312) with £35,784 (2021: £29,210) being outstanding and payable at the period end.

Notes to the Financial Statements

For the period from 1 January 2022 to 30 June 2022

AIFM
The AIFM, Gresham House Asset Management Limited (the Investment Manager), is entitled to receive from the Company, in respect of its services provided under the AIFM agreement, a fee as follows:

- 1% on the first £250mn of the Net Asset Value of the Company
- 0.9% on the Net Asset Value of the Company in excess of £250mn and up to and including £50mn
- 0.8% on the Net Asset Value of the Company in excess of £50mn

During the period, Investment Manager fees recognised in these Condensed Financial Statements amounted to £2,633,215 (2021: £1,754,677) with £1,438,960 (2021: £896,591) being outstanding and payable at the period end.

5. Net gain on investments at fair value through the profit and loss	**Six months ended 30 June 2022 (£)**	**Six months ended 30 June 2021 (£)**
Unrealised gain on investments at fair value through the profit and loss	131,571,872	27,891,255
Interest on loans to subsidiaries	13,584,083	10,670,174
	145,155,955	38,561,429

6. Administrative and other expenses	**Six months ended 30 June 2022 (£)**	**Six months ended 30 June 2021 (£)**
Administration fees	112,714	88,312
Audit fees paid	94,303	76,250
Depositary fees	17,921	22,369
Directors' remuneration	146,845	125,858
Management fees	2,633,215	1,754,677
Sundry expenses	203,631	86,515
Transaction fees	-	(57,355)
Legal and professional	318,950	229,901
	3,527,579	2,326,527

7. Taxation

The Company is recognised as an Investment Trust Company (ITC) for the accounting period and is taxed at the main rate of 19%.

The Company may utilise group relief or make interest distributions to reduce taxable profits for the period to 30 June 2022, therefore, no corporation tax charge has been recognised for the Company for the period.

	Six months ended 30 June 2022 (£)	Six months ended 30 June 2021 (£)
(a) Tax charge in profit or loss		
UK corporation tax	-	-
(b) Reconciliation of the tax charge for the period		
Profit before tax	141,887,913	36,324,902
Tax at UK main rate of 19%	26,958,703	6,901,731
Tax effect of:		
Net gain on investments at fair value through the profit and loss	(24,998,656)	(5,299,338)
Non-deductible expenses	(12,509)	(54,579)
Subject to group relief/designated as interest distributions	(1,947,538)	(1,547,814)
Tax charge for the period	-	-

8. Earnings per Ordinary Share

Earnings per Ordinary 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 Ordinary Share are identical.

	Revenue	Capital	Six months ended 30 June 2022 Total
Net profit attributable to ordinary shareholders	£10,316,041	£131,571,872	£141,887,913
Weighted average number of Ordinary Shares for the period	455,559,738	455,559,738	455,559,738
Profit per Ordinary Share (basic and diluted) - pence per Ordinary Share	2.26	28.88	31.15

	Revenue	Capital	Six months ended 30 June 2021 Total
Net profit attributable to ordinary shareholders	£8,606,193	£27,718,709	£36,324,902
Weighted average number of Ordinary Shares for the period	348,556,364	348,556,364	348,556,364
Profit per Ordinary Share (basic and diluted) - pence per Ordinary Share	2.47	7.95	10.42

Notes to the Financial Statements

For the period from 1 January 2022 to 30 June 2022

9. Investment in subsidiaries

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 subsidiaries and there are no restrictions in place in passing monies up the structure.

The Directors evaluate the performance of the portfolio of energy storage investments through its subsidiary companies on a fair value basis. The income approach is used to value investments as it indicates value based on the sum of the economic income that a project, or group of projects, is anticipated to earn in the future. Where projects are acquired within the quarter to the valuation date, the cost approach is used to determine the fair value.

Therefore, the investments in subsidiaries are measured at FVTPL under IFRS 9, as these financial assets are managed and their performance evaluated on a fair value basis.

	Immediate parent	Place of business	Registered Office	Percentage ownership
Gresham House Energy Storage Holdings plc	The Company	England & Wales	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	100%

	Equity (£)	Loans (£)	Total equity and loans (£)
As at 30 June 2022	200,696,010	364,000,979	**564,696,989**
As at 31 December 2021	69,124,138	320,222,610	**389,346,748**

The loan attracts an interest rate of 8% per annum from the date of advance. Interest compounds on 31 December of each period and the loan is unsecured. The loan principal and any interest accrued shall be repayable on the earlier of (i) written demand from the Company, or (ii) 31 December 2030.

Reconciliation	30 June 2022 (£)	31 December 2021 (£)
Opening balance	389,346,748	248,964,175
Add: loans advanced	30,194,286	55,730,831
Less: loan repayments	-	(419,290)
Less: disposals during the year	-	(238,095)
Add: accrued interest on loans (see note 5)	13,584,083	22,470,837
Total fair value movement through the profit or loss (see Note 5)	131,571,872	62,838,290
Closing balance	564,696,989	389,346,748

Further analysis

The Company owns 100% of the ordinary shares in Gresham House Energy Storage Holdings plc (the Midco) which holds the investments in the underlying subsidiaries. The investment totalling £564,696,989 (31 December 2021: £389,346,748) in the Midco comprises underlying investments in the following companies:

	Percentage ownership		Total investment	
	30 June 2022	31 December 2021	30 June 2022 (£)	31 December 2021 (£)
Noriker Staunch Limited	100%	100%	19,427,900	17,342,193
HC ESS2 Limited	100%	100%	25,317,764	23,881,200
HC ESS3 Limited	100%	100%	22,722,829	20,066,324
West Midlands Grid Storage Two Limited	100%	100%	4,371,266	3,961,609
Cleator Battery Storage Limited	100%	100%	6,512,416	7,612,741
Glassenbury Battery Storage Limited	100%	100%	34,712,435	38,507,279
HC ESS4 Limited	100%	100%	50,318,757	46,118,825
Bloxwich Energy Storage Limited	100%	100%	29,943,664	25,088,436
HC ESS6 Limited	100%	100%	48,148,235	44,737,484
HC ESS7 Limited	100%	100%	49,870,043	46,055,369
Tynemouth Battery Storage Limited	100%	100%	15,538,309	15,956,108
Gridreserve Limited	100%	100%	22,959,209	19,569,973
Nevendon Energy Storage Limited	100%	100%	5,455,003	5,028,954
Port of Tyne Energy Storage Limited	100%	100%	13,824,905	17,551,881
Enderby Limited	100%	100%	30,346,496	19,189,475
West Didsbury Limited	100%	100%	29,706,072	14,917,971
Penwortham Limited	100%	100%	28,591,476	15,073,790
Grendon Storage Limited	100%	100%	18,632,772	2,943,599
Melksham East Storage Limited and Melksham West Storage Limited	100%	100%	55,583,038	10,066,239
UK Battery Storage Limited	100%	-	54,295,488	-
Investments in subsidiaries - subtotal			566,278,077	393,669,450
Coupar Limited			3,940,514	3,519,729
Arbroath Limited			4,202,579	3,926,248
Stairfoot Generation Limited			2,807,323	-
Total investments			577,228,493	401,115,427
Working capital in MidCo			(12,531,504)	(11,768,679)
Total investment in Midco	-		564,696,989	389,346,748

Refer to Note 15 for valuation disclosures relating to the investments in subsidiaries.

Notes to the Financial Statements

For the period from 1 January 2022 to 30 June 2022

10. Loans receivable

The only loans receivable at 30 June 2022 and 31 December 2021 are loans to the Midco, which is accounted for as an Investment subsidiary.

11. Cash and cash equivalents

	30 June 2022 (£)	31 December 2021 (£)
Cash at bank	119,179,880	122,175,081
Short term deposits	103,000,000	–
	222,179,880	122,175,081

12. Trade and other receivables

	30 June 2022 (£)	31 December 2021 (£)
Management fees	41,985	41,397
Prepaid expenses	60,433	88,666
VAT receivable	329,164	229,404
	431,582	359,467

13. Trade and other payables

	30 June 2022 (£)	31 December 2021 (£)
Administration fees	29,211	29,210
Audit fees	86,500	95,804
Other accruals	1,751,503	85,241
	1,867,214	210,255

14. Categories of financial instruments

	30 June 2022 (£)	31 December 2021 (£)
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	222,179,880	122,175,081
Trade and other receivables (excluding VAT)	102,418	130,063
Fair value through profit or loss:		
Investment in subsidiaries	564,696,989	389,346,748
Total financial assets	**786,979,287**	**511,651,892**
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	(1,867,214)	(210,255)
Net financial assets	**785,112,073**	**511,441,637**

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

15. Fair value measurement

Valuation approach and methodology

The same valuation methodology and process is followed in these Condensed Financial Statements as was applied in the preparation of the Company's Annual Financial Statements for the year ended 31 December 2021. The Company used the income approach to value its investments. The income approach indicates value based on the sum of the economic income that an asset, or group of assets, is anticipated to produce in the future. Therefore, the income approach is typically applied to an asset that is expected to generate future economic income, such as a business that is considered a going concern. Free cash flow to total invested capital is typically the appropriate measure of economic income. The income approach is the DCF approach and the method discounts free cash flows using an estimated discount rate (WACC).

Valuation process

The Company, via the Midco, held a portfolio of energy storage investments with a capacity of 425 Megawatt ("MW") operational (the Investments). The Investments comprise 28 projects held in 24 special project vehicles.

All of these investments are based in the UK. The current portfolio consists of non-market traded investments, and valuations are analysed using forecasted cash flows of the assets and use the discounted cash flow approach for valuation purposes. The Company engages external, independent, and qualified valuers to determine the fair value of the Company's investments or valuations are produced by the Investment Manager. As at 30 June 2022 the fair value of the portfolio of investments has been determined by the Investment Manager and reviewed by Grant Thornton UK LLP.

The valuations have been determined using discounted cash flow methodology, whereby the estimated post-tax future cash flows relating to the Company's equity investment in each project have been discounted to 30 June 2022, using post-tax discount rates reflecting the risks associated with each investment project and the time value of money. The Investment Manager believes that use of post-tax discount rates is most appropriate methodology to determine fair values.

New operational projects acquired are initially held at cost, which is deemed to be fair value, and are revalued once the performance of the assets has been verified. The valuation of these assets, after the initial period, is performed on the same basis as the remainder of the portfolio. Assets in the course of construction are also held initially at cost, but are revalued, with a construction risk premium of 0.5%, once certain criteria are met including the timescale to expected commercial operations and the signing of certain contracts.

The determination of the discount rate applicable to each individual investment project takes into account various factors, including, but not limited to, the stage reached by each project, the period of operation, the historical track record, the terms of the project agreements and the market conditions in which the project operates.

The Investment Manager exercises its judgement in assessing the expected future cash flows from each investment. The Investment Manager produces detailed financial models for each underlying project. The Investment Manager makes amendments where appropriate to:

a. discount rates (i) implied in the price at which comparable transactions have been announced or completed in the UK energy storage sector (if available); (ii) publicly disclosed by the Company's peers in the UK energy storage sector (if available); and (iii) discount rates applicable for other comparable infrastructure asset classes and regulated energy sectors;
b. changes in power market forecasts from leading market forecasters;

Notes to the Financial Statements

For the period from 1 January 2022 to 30 June 2022

c. changes in the economic, legal, taxation or regulatory environment, including changes in retail price index expectations;
d. technical performance based on evidence derived from project performance to date;
e. the terms of any power purchase agreement arrangements;
f. accounting policies;
g. the terms of any debt financing at project level;
h. claims or other disputes or contractual uncertainties; and
i. changes to revenue, cost or other key assumptions (may include an assessment of future cost trends, as appropriate).

Valuation assumptions include consideration of climate related matters such as expected levels of renewable energy entering the grid system, demand patterns and current regulatory policy. These are factored into the pricing assumptions which are prepared by an independent consultancy.

The Board reviews the operating and financial assumptions, including the discount rates, used in the valuation of the Company's underlying portfolio.

	30 June 2022		31 December 2021	
Key valuation input	**Range (project) average**	**Weighted average**	**Range (project) average**	**Weighted average**
WACC / WADR	9.99% - 11.35%	10.79%	9.99% -11.40%	10.77%
RPI (see assumption below)	2.7%-2.8%	2.7%	2.8%-2.9%	2.8%

RPI assumptions include 7.5% for 2022, 4.5% for 2023 and 2.5% from 2025.

Another key assumption in the valuation models is the volatility of power prices. Due to the Asset Optimisation strategy, the investments are able to benefit from a range of revenue streams, either arbitrage on power price volatility or FFR and other similar income streams. Due to the nature of the assets owned by the investments, should one revenue stream be impacted the asset is able to switch to alternative sources of revenue to seek to maintain total revenue targets.

Sensitivity analysis
The below table reflects the range of sensitivities in respect of the fair value movements of the Company's investments, via the MidCo.

The sensitivity analysis does not include an assessment of the fall in the power price as underlying power information is provided on a net revenue basis as the investment portfolio generates value through maximising on the volatility in the market, therefore adjusting revenue as a total is a more relevant measure. Therefore, we have provided a sensitivity based on percentage changes in revenue overall.

Investment	Project	Valuation technique	Significant inputs description	Sensitivity	Estimated effect on fair value 30 June 2022 (£)	Estimated effect on fair value 31 December 2021 (£)
Noriker Staunch Ltd	Staunch	DCF	Discount rate	+1% -1%	(1,253,032) 1,412,873	(1,188,112) 1,346,462
			Revenue	+10% -10%	1,449,587 (1,461,687)	1,307,467 (1,321,450)
HC ESS2 Ltd	Rufford, Lockleaze, Littlebrook	DCF	Discount rate	+1% -1%	(1,456,122) 1,643,637	(1,622,287) 1,844,065
			Revenue	+10% -10%	1,544,893 (1,671,904)	1,594,147 (1,947,003)
HC ESS3 Ltd	Roundponds	DCF	Discount rate	+1% -1%	(1,434,104) 1,654,650	(1,504,951) 1,744,638
			Revenue	+10% -10%	1,618,914 (1,617,950)	1,475,139 (1,505,125)

Investment	Project	Valuation technique	Significant inputs description	Sensitivity	Estimated effect on fair value 30 June 2022 (£)	Estimated effect on fair value 31 December 2021 (£)
West Midlands Grid Storage Two Ltd	Wolverhampton	DCF	Discount rate	+1% -1%	(236,691) 266,431	(271,807) 308,750
			Revenue	+10% -10%	416,429 (427,599)	399,734 (435,547)
Cleator Battery Storage Ltd	Cleator	DCF	Discount rate	+1% -1%	(723,772) 822,252	(743,633) 851,165
			Revenue	+10% -10%	978,070 (982,821)	883,206 (886,715)
Glassenbury Battery Storage Ltd	Glassenbury A and B	DCF	Discount rate	+1% -1%	(3,490,830) 3,966,367	(3,576,483) 4,092,515
			Revenue	+10% -10%	4,655,027 (4,674,406)	4,201,276 (4,216,089)
HC ESS4 Ltd	Red Scar	DCF	Discount rate	+1% -1%	(3,406,653) 3,985,911	(3,751,022) 4,416,962
			Revenue	+10% -10%	4,480,141 (4,441,518)	4,393,203 (4,420,195)
Bloxwich Energy Storage Ltd	Bloxwich	DCF	Discount rate	+1% -1%	(1,685,810) 1,909,995	(1,822,905) 2,074,137
			Revenue	+10% -10%	2,872,364 (2,898,708)	2,690,591 (2,719,548)
HC ESS7 Ltd	Thurcroft	DCF	Discount rate	+1% -1%	(3,333,169) 3,863,604	(3,605,403) 4,203,128
			Revenue	+10% -10%	4,635,319 (4,495,812)	4,234,266 (4,284,189)
HC ESS6 Ltd	Wickham	DCF	Discount rate	+1% -1%	(2,935,199) 3,349,866	(3,207,419) 3,680,717
			Revenue	+10% -10%	4,204,014 (4,125,033)	4,004,174 (4,060,406)
Tynemouth Battery Storage Ltd	Tynemouth	DCF	Discount rate	+1% -1%	(1,532,915) 1,792,801	(1,661,999) 1,956,686
			Revenue	+10% -10%	2,199,245 (2,211,050)	2,037,818 (2,044,741)
Gridreserve Ltd	Byers Brae	DCF	Discount rate	+1% -1%	(1,413,615) 1,603,077	(1,436,577) 1,638,084
			Revenue	+10% -10%	2,261,484 (2,263,998)	2,013,383 (2,048,092)
Nevendon Energy Storage Ltd	Nevendon	DCF	Discount rate	+1% -1%	(691,947) 774,931	(646,090) 729,222
			Revenue	+10% -10%	1,260,925 (1,267,204)	1,097,594 (1,104,807)
Port of Tyne Energy Storage Ltd	Port of Tyne	DCF	Discount rate	+1% -1%	(1,333,953) 1,450,442	(1,377,801) 1,510,192
			Revenue	+10% -10%	2,614,900 (2,628,516)	2,248,320 (2,243,005)

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For the period from 1 January 2022 to 30 June 2022

Investment	Project	Valuation technique	Significant inputs description	Sensitivity	Estimated effect on fair value 30 June 2022 (£)	Estimated effect on fair value 31 December 2022 (£)
Enderby Storage Ltd	Enderby	DCF	Discount rate	+1% -1%	(2,867,644) 3,305,444	(2,598,696) 3,026,012
			Revenue	+10% -10%	3,846,162 (3,873,764)	3,466,831 (3,516,511)
West Didsbury Storage Ltd	West Didsbury	DCF	Discount rate	+1% -1%	(2,859,544) 3,296,741	(2,605,119) 3,035,333
			Revenue	+10% -10%	3,805,776 (3,833,194)	3,426,385 (3,472,099)
Penwortham Storage Ltd	Penwortham	DCF	Discount rate	+1% -1%	(2,560,294) 2,910,373	(2,640,548) 3,079,486
			Revenue	+10% -10%	3,601,039 (3,627,128)	3,361,519 (3,402,072)
Grendon Storage Ltd	Grendon	DCF	Discount rate	+1% -1%	(3,326,590) 3,842,652	- -
			Revenue	+10% -10%	4,663,979 (4,713,881)	- -
Melksham East Ltd and Melksham West Ltd	Melksham	DCF	Discount rate	+1% -1%	(5,835,801) 6,740,567	- -
			Revenue	+10% -10%	7,245,918 (7,298,895)	- -
UK Battery Storage Ltd	Elland	DCF	Discount rate	+1% -1%	(3,140,661) 3,557,220	- -
			Revenue	+10% -10%	4,529,277 (4,623,746)	- -
UK Battery Storage Ltd	York	DCF	Discount rate	+1% -1%	(2,698,525) 3,063,555	- -
			Revenue	+10% -10%	4,125,004 (4,187,657)	- -
UK Battery Storage Ltd	Bradford West	DCF	Discount rate	+1% -1%	(5,309,534) 6,018,033	- -
			Revenue	+10% -10%	7,770,385 (7,860,356)	- -

The Coupar, Arbroath, and Stairfoot projects are held at cost.

Portfolio Sensitivity of RPI	Sensitivity	Estimated effect on fair value 30 June 2022 (£)	Estimated effect on fair value 31 December 2022 (£)
Inflation	+0.25% -0.25%	16,525,365 (16,016,559)	9,733,718 (9,417,405)

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

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.

16. Financial risk management

As at 30 June 2022 there have been no changes to the financial instruments risk identified in the Annual Financial Statements of 31 December 2021.

The Company is exposed to certain risks through the ordinary course of business and the Company's financial risk management objective is to minimise the effect of these risks. The management of risks is performed by the Directors of the Company and the exposure to each financial risk considered potentially material to the Company, how it arises and the policy for managing it is summarised in the Annual Financial Statements of 31 December 2021.

The Company's only financial liabilities are trade and other payables. The Company has sufficient cash reserves to cover these in the short to 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 June 2022	< 1 year (£)	1 to 2 years (£)	2 to 5 years (£)	>5 years (£)	Total (£)
Financial assets					
Cash and cash equivalents	222,179,880	-	-	-	222,179,880
Trade and other receivables (Note 12)**	102,418**	-	-	-	102,418
Investments		-	-	-	-
Fair value through profit or loss:					
Investment in subsidiaries	-	-	-	564,696,989*	564,696,989
Total financial assets	**222,282,298**	-	-	**564,696,989**	**786,979,287**
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables (Note 13)	1,867,214	-	-	-	1,867,214
Total financial liabilities	**1,867,214**	-	-	-	**1,867,214**

Notes to the Financial Statements

For the period from 1 January 2022 to 30 June 2022

As at 31 December 2021	< 1 year (£)	1 to 2 years (£)	2 to 5 years (£)	>5 years (£)	Total (£)
Financial assets					
Cash and cash equivalents	122,175,081	-	-	-	122,175,081
Trade and other receivables (Note 12)	41,397**	-	-	-	41,397
Investment	-	-	-	-	-
Fair value through profit or loss: Investment in subsidiaries	-	-	-	389,346,748 *	389,346,748
Total financial assets	**122,216,478**	-	-	**389,346,748**	**511,563,226**
Financial liabilities					
Financial liabilities at amortised cost: Trade and other payables (Note 13)	210,255	-	-	-	210,255
Total financial liabilities	**210,255**	-	-	-	**210,255**

*excludes the equity portion of the investment in subsidiaries
**excludes VAT

17. Net asset value per Ordinary Share

Basic NAV per Ordinary 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 Ordinary Share are identical.

	30 June 2022	31 December 2021
Net assets per Statement of Financial Position (£)	785,441,239	511,671,041
Ordinary Shares in issue	541,290,353	437,842,078
NAV per Ordinary Share – Basic and diluted (pence)	**145.11**	**116.86**

18. Share capital

	Ordinary Shares number	Share capital (£)
Allotted and issued share capital		
As at 30 June 2022	**541,290,353**	**5,412,904**
As at 31 December 2021	**437,842,098**	**4,378,421**

Share capital and share premium account

On incorporation the Company issued 1 Ordinary Share of £0.01 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. These 50,000 redeemable preference shares were subsequently redeemed.

On 25 May 2022, the Company announced the successful raise of gross proceeds of £150mn through the issue of 103,448,275 new Ordinary Shares at an issue price of 145p per share.

Dividends

An interim dividend of 1.75p per Ordinary Share for the period from 1 October 2021 to 31 December 2021 was announced on 14 February 2022. The dividend of £7,662,236 was paid on 25 March 2022 to shareholders on the register as at the close of business on 4 March 2022. The ex-dividend date was 3 March 2022.

An interim dividend of 1.75p per Ordinary Share for the period from 1 January 2022 to 31 March 2022 was announced on 4 May 2022. The dividend of £7,662,236 was paid on 27 May 2022 to shareholders on the register as at the close of business on 13 May 2022. The ex-dividend date was 12 May 2022.

Ordinary shareholders are entitled to all dividends declared by the Company and, in a winding-up, 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.

19. Reserves

The nature and purpose of each of the reserves included within equity at 30 June 2022 are as follows:

- Merger relief reserve relates to the premium on shares which were issued in exchange for shares as part of the IPO.
- Capital reduction reserve represents a distributable reserve created following a Court approved reduction in capital.
- Revenue reserves represent cumulative revenue net profits recognised in the Condensed Statement of Comprehensive Income.
- Capital reserves represent cumulative net gains and losses on investments and cumulative capital expenses recognised in the interim Condensed Statement of Comprehensive Income.

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

20. Transactions with related parties and other significant contracts

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

	Six months ended 30 June 2022 (£)	Six months ended 30 June 2021 (£)
Directors' remuneration	122,180	116,250
Employer's NI	15,037	13,608
Total key management personnel	137,217	129,858

All directors' remuneration is short term salary.

No dividend amounts were payable as at 30 June 2022 (2021: none).

The aggregate fees of the Directors will not exceed £500,000 per annum. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for Non-Executive Directors. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Loans to related parties

Loans to subsidiaries represent amounts due to the Company and are disclosed in Note 9.

21. Capital commitments

As at 30 June 2022 the Company is a guarantor to the Midco debt facility but otherwise has no significant binding or conditional future capital commitments.

22. Post balance sheet events

There were no significant post balance sheet events that need to be disclosed in the financial statements.

Alternative Performance Measures

For the period from 1 January 2022 to 30 June 2022

1) Dividend per Ordinary Share

Dividend per Ordinary Share is a measure to show the distributions made to shareholders during the year.

Dividend period: 6 months to 30 June 2022	Dividend paid per share (£)	Number of shares on dividend payment date	Total dividend paid (£)
Q1 2022 (declared 4 May 2022)	0.0175	437,842,078	7,662,236
Q2 2022	0.0175	541,290,353	9,472,581
	0.0350		17,134,817

Dividend period: 6 months to 30 June 2021	Dividend paid per share (£)	Number of shares on dividend payment date	Total dividend paid (£)
Q1 2021 (declared 28 April 2021)	0.0175	348,556,364	6,099,736
Q2 2021 (declared 1 July 2021)	0.0175	348,556,364	6,099,736
	0.0350		12,199,472

2) Ordinary Share price total return

Ordinary Share price total return is a measure of the return that could have been obtained by holding a share over the reporting period.

	Six months to 30 June 2022 (pence)	Six months to 30 June 2021 (pence)
Share price at end of period	157.00	120.75
Dividends paid from inception to end of period	18.50	13.25
Dividend reinvestment impact	11.35	2.25
Share price at initial public offering	(100.00)	(100.00)
Ordinary Share price total return since inception	86.85	36.25
Ordinary Share price total return since inception %	86.9%	36.3%

3) Net asset value (NAV) per Ordinary Share

	Six months to 30 June 2022	Six months to 30 June 2021
NAV at end of period	£785,441,237	£383,015,839
Ordinary Shares in issue	541,290,353	348,556,364
NAV per Ordinary Share (pence) - Basic and diluted	145.11	109.89

4) NAV per Ordinary Share total return for the period

NAV per Ordinary share total return is a measure of the success of the Investment Manager's strategy to grow the NAV, showing how the NAV has changed over a period of time, taking into account both capital returns and dividends paid to shareholders.

	Six months to 30 June 2022 (pence)	Six months to 30 June 2021 (pence)
NAV per Ordinary share at end of period	145.11	109.89
Dividends paid from inception to end of period	18.50	13.25
Dividend reinvestment impact	9.58	1.34
NAV per Ordinary share at end of period including dividend reinvestment	173.19	124.48
NAV per Ordinary share at beginning of period including dividend reinvestment	(136.12)	(113.13)
NAV total return for the period	37.07	11.35
NAV per Ordinary share total return for the period	27.2%	10.0%

5) Gross asset value (GAV)

GAV is a measure of the total value of the Company's assets.

	30 June 2022 (£'000)	30 June 2021 (£'000)
Total assets reported in the Company at end of period	787,308	384,084
External debt held by the MidCo	10,000	-
GAV	797,308	384,084

Alternative Performance Measures

6) Ongoing charges figure (OCF)

OCF measures the Company's recurring fund management costs incurred during the year expressed as a percentage of the average of the net assets at the end of each quarter during the period.

	Six months to 30 June 2022 (£'000)	Six months to 30 June 2021 (£'000)
Fees to Investment Manager	2,633	1,755
Legal and professional fees	319	230
Other transaction fees	-	(57)
Administration fees	197	159
Directors' remuneration	147	126
Audit fees	94	76
Other ongoing expenses	138	38
Total expenses	3,528	2,327
Non-recurring expenses not in OCF calculation	(66)	9
Total ongoing expenses	3,462	2,336
Weighted Average NAV for the period	601,601	371,411
Number of days in period	181	181
Ongoing charges for the period (annualised)	1.16%	1.27%

7) Operational dividend cover

Operational dividend cover is a measure to demonstrate the Company's ability to pay dividends from the earnings of its underlying investments, including interest earned on construction capital deployed to non-operational SPVs, and after accounting for external interest costs and administrative costs of the Company, but excluding transaction costs and debt arrangement fees.

	Six months to 30 June 2022 (£'000)	Six months to 30 June 2021 (£'000)
EBITDA generated by subsidiaries	22,723	22,438
Bank interest received	60	-
Ongoing costs in the Company	(3,462)	(2,336)
Debt service costs in subsidiaries	(966)	(451)
Interest income on construction capital deployed to SPVs	1,913	66
Net earnings for dividend cover	20,268	19,717
Dividends declared by the Company	17,135	12,199
Dividend cover	1.18x	1.62x

8) Dividend yield

Dividend yield is a measure to show the dividend return received by shareholders for the year.

	Six months to 30 June 2022	Six months to 30 June 2021
Dividend per share declared in respect of the period (pence)	7.00	7.00
Share price at end of period (pence)	157.00	120.75
Dividend yield	4.5%	5.8%

Company Information

Non-Executive Directors
Catherine Pitt
David Stevenson
Duncan Neale
John Leggate - Chair

Registered office
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

Manager and AIFM
Gresham House Asset Management Limited
5 New Street Square
London
EC4A 3TW

Corporate Broker and Financial Adviser
Jefferies International Limited
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

Tax Advisor
Blick Rothenberg Limited
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Independent Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Administrator and Secretary
JTC (UK) Limited
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

Registrar and Receiving Agent
Computershare Investor Services plc
The Pavilions
Bridgewater Road
Bristol
BS13 8AE

Legal Adviser
Eversheds LLP
1 Wood Street
London
EC2V 7WS

Depositary
INDOS Financial Limited
54 Fenchurch Street
London
EC3M 3JY

Investment Valuer
Grant Thornton LLP
30 Finsbury Square
London
EC2A 1AG

Additional Information

Glossary

Asset optimisation
Asset optimisation involves buying and selling electricity in order to capture a spread between the high and low electricity prices on any given day. This can be done via one or more market mechanisms, hence the expression "Asset Optimisation".

Asymmetric
An asymmetrical grid connection is where the import and export capacities are different.

AUM/Assets Under Management
The total net assets of the Company.

Balancing Services
National Grid procure services to balance demand and supply and to ensure the security and quality of electricity supply across Britain's transmission system. These include:

- Black Start
- Demand side response
- Enhanced Frequency Response (EFR)
- Firm Rrequency Response (FFR)
- Short Term Operating Reserve (STOR)

https://www.nationalgrideso.com/balancing-services

C-rate
A unit to measure the speed at which a battery is charged or discharged.1C reflects a charge of 0% to 100% (or discharge of 100% to 0%) in one hour, a C-rate greater than 1 means a faster charge (or discharge) and less than 1 means a slower charge (or discharge). The C-rate can be calculated as 1 divided by the time it would take for the charge (or discharge) in hours. Therefore, 2C is a half hour charge (or discharge), and 0.5C is a 2-hour charge (or discharge). A BESS max C-rate is calculated as 1 divided by the Battery duration in hours.

Capacity Market (CM)
The income received by generators to ensure generation capacity is available to meet shortfalls.

Curtailment
Large wind farms are connected to the UK's high-voltage network and National Grid balances electricity supply and demand. As demand rises and falls during the day, electricity supply mirrors these peaks and troughs.

National Grid accepts bids and offers from electricity generators to increase or decrease electricity generation as and when required. As such it may mean that there are times when generators are paid to curtail their output (constraint payments).

https://www.nationalgrideso.com/news/grounds-constraint

Dynamic Frequency Services
Consists of three services Dynamic Containment (DC), Dynamic Moderation (DM) and Dynamic Regulation (DR). Each of these services focuses on a different frequency deviation however all have a response power linked to a frequency deviation profile. Dynamic Regulation is a pre-fault service designed to slowly correct continuous but small deviations in frequency with the aim of regulating frequency around 50Hz. Dynamic Moderation is designed to help manage sudden large imbalances between supply and demand to ensure frequency is maintained within operational limits. Dynamic Containment acts post-fault and is designed to quickly cover lost supply or demand and to help return frequency to within operational limits as quickly as possible.

More information can be found here: https://www.nationalgrideso.com/industry-information/balancing-services/frequency-response-services

EPCm
Contracts for Engineering, Construction and Procurement Management.

NAV
Net Asset Value being the total Net Assets in the Company divided by the total number of Ordinary Shares in issue as at 30 June 2022.

Ongoing Charges Figure (OCF)
The Ongoing Charges Figure includes all charges and costs incurred by the Company which relate to the ongoing operation of the Company. This includes management fees, administration fees, audit fees, Director's remuneration, depositary services costs and other similar costs. It excludes capital costs and costs of raising new capital. The Ongoing Charges are then divided by the weighted average NAV and annualised.

Ordinary Share
Share in the Company with a nominal value of 1 penny.

Symmetrical
A symmetrical grid connection is where the import and export capacities are the same.

TRIADs
Triads are defined as the three half-hours of highest demand on the GB electricity transmission system between November and February each year, the Triads are part of a charge-setting process. This identifies peak electricity demand at three points during the winter in order to minimise energy consumption. However, Triads must be at least 10 days apart. This is to avoid all three potentially falling in consecutive hours on the same day, for example during a particularly cold spell of weather.

https://www.nationalgrideso.com/news/triads-why-three-magic-number

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