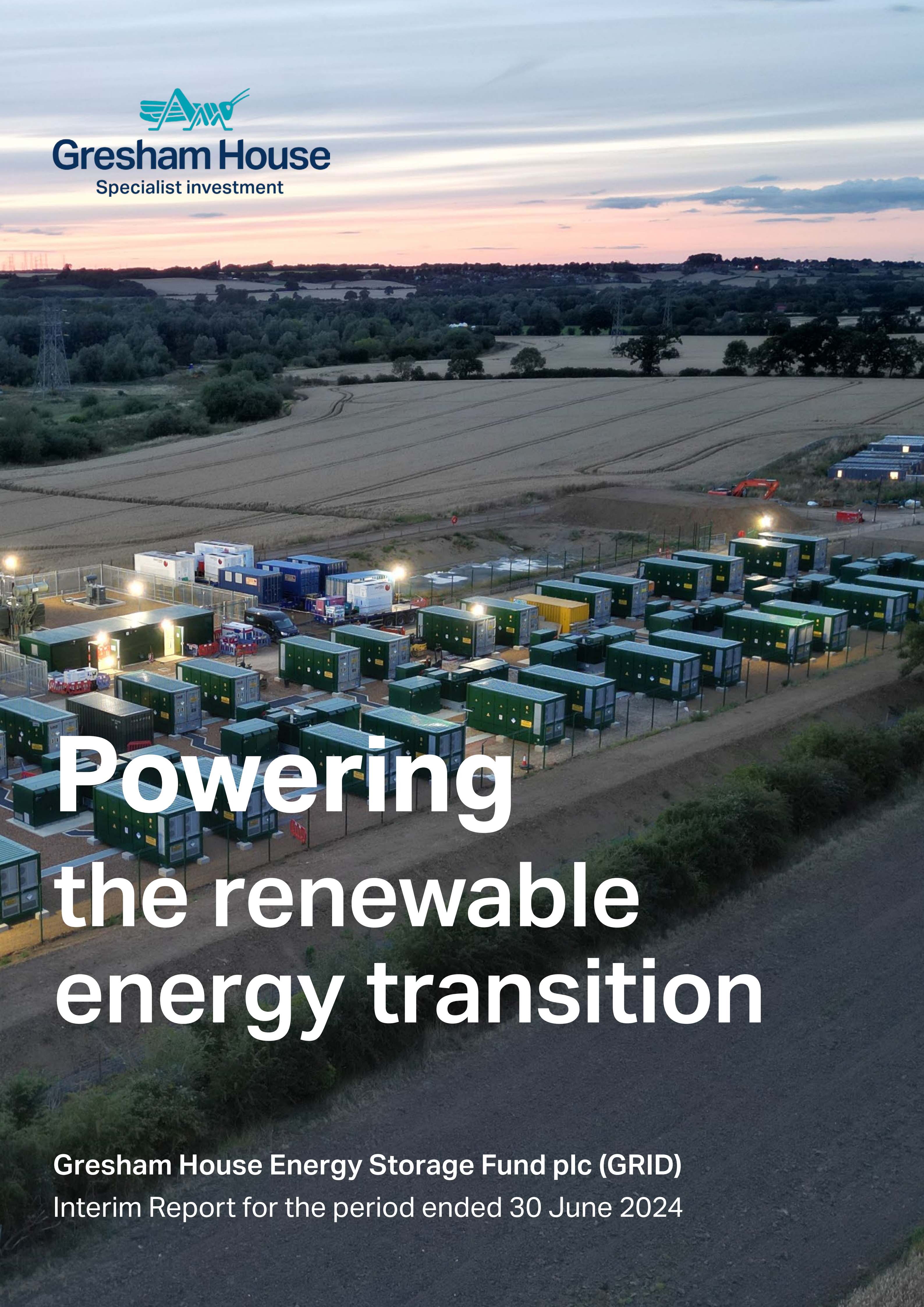


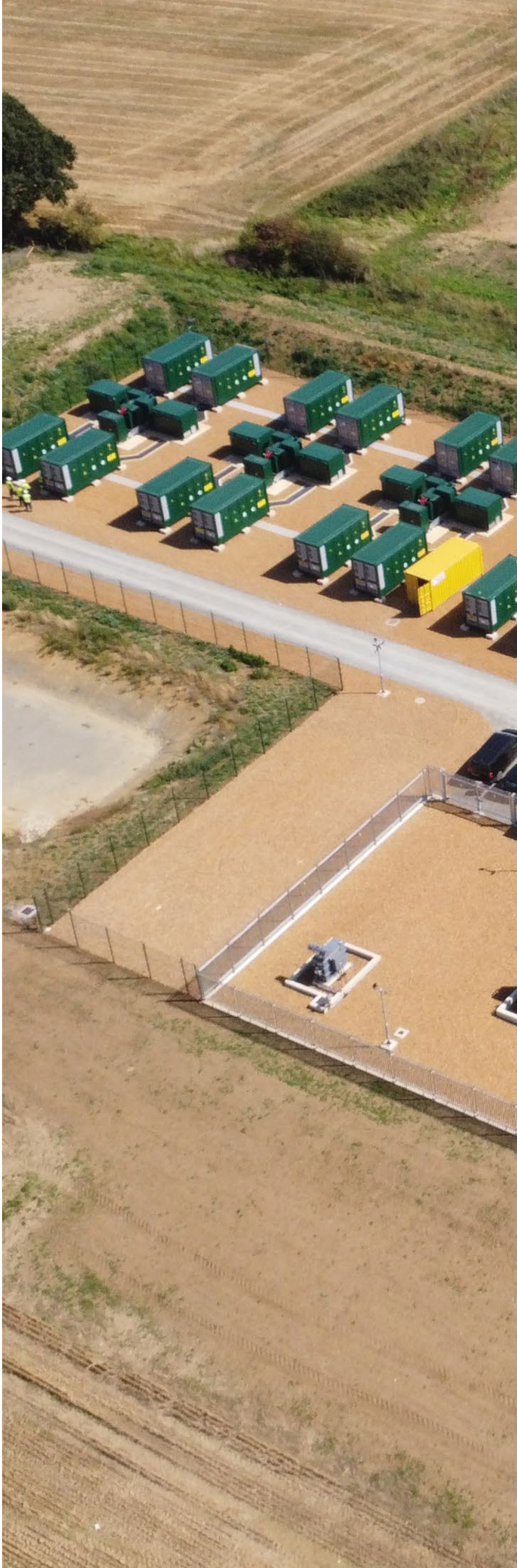
Gresham House
Specialist investment

Powering the renewable energy transition

Gresham House Energy Storage Fund plc (GRID)

Interim Report for the period ended 30 June 2024

Contents



Real time energy storage to address supply-demand imbalances to enable renewable energy

Gresham House Energy Storage Fund plc (GRID, the Fund or Company) invests in a portfolio of utility-scale operational Battery Energy Storage Systems (BESS) in Great Britain and beyond.

Highlights

NAV per share
(as at 30 June 2024)

109.16p
-15.4%

Dec 23	129.07p
Jun 24	109.16p

Total NAV
(as at 30 June 2024)

£621.2mn

Dec 23	£740.1mn
Jun 24	£621.2mn

Operational portfolio size[1]
(Today)

790MW/ 1,031MWh

Dec 23	690MW / 788MWh
Jun 24	790MW / 931MWh

Progress on completion of target portfolio
(as at date of issue)

74%
of the target pipeline was operational by MW under management

Dec 23	64%
Jun 24	74%

Portfolio EBITDA[1]
(as at 30 June 2024)

£10.4mn

Dec 23	£12.0mn
Jun 24	£10.4mn

Assets under tolling arrangement
(Today)

170MW/ 216MWh

Today	170MW/216MWh
Expectation by Dec 2024	568MW/920MWh

1. Alternative Performance Measures are defined and calculated on page 65

Operational and performance highlights

The Net Asset Value (NAV) as of 30 June 2024 declined to £621.2mn or 109.16 pence per share (HY 2023: 146.66 pence / FY 2023 129.07 pence) as third-party forecasts have declined further (see Valuation Section of the Investment Manager's Report for further commentary).

- Operational capacity in power terms (MW) rose 34% year over year to 790MW with York (50MW) energising in January 2024 and Penwortham (50MW) in May (590MW as of 30 June 2023 and 690MW as of 31 December 2023).
- Operational capacity in energy terms (MWh) increased year over year 46% to 931MWh and increased further to reach the 1GWh (1GWh = 1,000MWh) milestone in early July as existing project augmentations completed, both Enderby and West Didsbury increased from 50MWh to 100MWh. This increased the portfolio's average battery duration from 1.08h at 30 June 2023 to 1.30hr today.
- Operational portfolio revenues[2] decreased 12.8% year over year to £17.9mn, (HY 2023: £20.5mn) and EBITDA declined 23.9% to £10.4mn (HY 2023: £13.8mn) due to especially difficult market conditions in Q1 2024. The operational portfolio consistently outperformed the sector benchmark[3].
- GRID closed a landmark tolling arrangement with Octopus Energy contracting 568MW/920MWh for two years starting in H2 2024, further information provided in the Investment Manager's report.
- Debt facilities were amended and restated to set covenants at levels reflecting the low revenue environment in Q1 2024. £110mn of the facilities were cancelled, reducing the overall debt capacity from £335mn to £225mn. This preserved access to the capital required to complete the current construction programme.
- 4,380,555 shares (c.0.8% of shares outstanding) were repurchased at an average price of 45.6p. Further buybacks were discontinued to focus capital allocation to construction of new projects and augmentations.

GRID remains the largest owner and operator of Battery Energy Storage Systems (BESS) in the UK with the operational portfolio representing 20% of the market. The next largest owner holds 7.4% of operational projects[4].

2. Alternative Performance Measures, including Operational Dividend Cover, are defined and calculated on page 65

3. When compared to the Modo Energy GB BESS Index across each month in 2024.

4. Per Modo Q2 GB BESS Index

Chair's Statement

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 months ending 30 June 2024.

Summary

In the first six months of 2024 the Company has had to operate in a particularly challenging trading environment. The Board and Manager have navigated this period with determination, taking all the necessary decisions to position the Company to thrive as the market improves. One key and very challenging Board decision made in the first half of this year was the suspension of the dividend to preserve capital and prioritise the construction of the target portfolio. The Company understands the impact of this on its shareholders and values their loyalty through such difficult times. These actions being taken address the challenges faced by the BESS sector and will build a strong platform for the Company to deliver future performance.

Despite the current backdrop, there are reasons to be positive and it is a key priority for the Board to revise the Dividend Policy in 2024 and resume the payment of dividends when possible. Confidence to do so will stem from the growth in capacity to over 1GW and over 1.7GWh during 2024 and which will all be fully operational from 2025, combined with the visibility provided by over fifty percent of the portfolio's revenues being contracted at fixed rates for two years from H2 2024.

The above reflects notable successes for the Manager including securing additional headroom on existing debt facilities to ensure the completion of the construction programme in 2024 and the signing of a landmark tolling agreement with Octopus Energy resulting in the significantly contracted revenue base.

Another success has been the addition of battery capacity at several of GRID's existing BESS assets, with most projects being augmented to a two-hour duration. These projects have been completed under budget and within a two or three-month period.

Intermittent renewable generation is still increasing sharply, driving the need for BESS in Great Britain

It is also notable that the GRID portfolio has outperformed the industry's revenue benchmark each month, typically by 10 to 30% each month (see Investment Manager's report page 20) which reflects the Company's careful selection of traders and our active oversight of the trading processes.

As 2024 progresses and this year's construction programme approaches its conclusion, focus is shifting to 2025. As mentioned in the trading update, at current merchant levels the underlying portfolio could earn EBITDA of c.45mn[5] in 2025. If trading conditions improve towards historical levels, EBITDA could head even higher.

In addition to executing against the strategic plan summarised in the next section which focuses on the immediate future, the Manager is identifying alternative sources of capital[6] to be able to add capacity to (i.e. augment) existing projects and to build new projects. Both new projects and augmentations are currently offering returns that are accretive to cash flow per share despite the weak revenue environment, thanks to the combination of falling battery prices and the Manager's in-house procurement and construction capabilities which keep construction costs low.

Clearly the revenue backdrop remains challenging and is expected to continue to be so until further progress has been made on ESO's Open Balancing Platform (OBP) intended to automate the control room and level the playing field for batteries.

Strategic plan

The Company's focus remains on the continued delivery of its near-term strategic plan, as outlined at the year end and we are pleased to present significant updates on each element of the plan below.

5. Per Trading Update: if merchant revenue levels were £45k/MW then earnings could be £45mn p.a. during the tolling arrangement. Disclaimer: Revenue rates on the merchant portion of the portfolio may vary significantly upwards or downwards from the figure mentioned; the information given here does not and should not be treated as indicating any likely level of any profits for the current financial period or any subsequent financial period or as otherwise constituting a profit forecast.

6. Alternative sources of capital are necessary while equity markets are closed to GRID as GRID's shares currently trade below the NAV per share.

1. Focus on near-term pipeline and cash generation

In 2024, the Company reallocated capital to deliver duration increases across operational assets instead of building new projects to avoid the connection delays being faced by new projects. Connections continue to be challenging across the industry while augmentation projects have been swiftly executed. Three augmentation projects (Arbroath, Enderby and West Didsbury) have been delivered, each within three months with minimal downtime and below budget. Penwortham's augmentation from 50MWh to 100MWh is underway and is set to be completed in early October.

Meanwhile, construction of new projects is making progress and the Company still expects to reach 1GW in 2024. Capacity is expected to rise swiftly in the coming weeks with Elland (50MW), Shilton Lane (40MW) and Nevendon (15MW) all being ready for operations and just waiting for DNO's to complete energisation. Melksham (100MW) is also ready and the planned downtime prior to energisation will also begin during October.

So as not to lose time following commissioning, the augmentation of Melksham from 100MWh to 200MWh has been initiated prior to the site's initial commissioning so that at least 50MWh of the additional 100MWh will be completed by the time the overall site goes live. Finally, the Coupar Angus project extension received planning permission for its augmentation on 11 September and will soon be underway increasing from 40MWh to 80MWh.

2. Dividend policy

The Board made the difficult but necessary decision to suspend dividends in February 2024 as the low revenue environment dictated the need to minimise leverage. The Company remains committed to revisiting the dividend policy as earnings recover.

3. Debt

The Company's debt facilities were amended and restated in April 2024 increasing operational flexibility during the current low revenue environment and this has ensured the Company can continue to complete new projects to drive a greater earnings potential in the business. The changes to the debt in the period were:

- Cancellation of £110mn of the debt facility reducing the overall facility to £225mn
- Covenants amended to provide additional headroom during the current lower revenue environment
- £65mn of guaranteed funding for the remaining CAPEX for assets under construction
- No change in term or margin
- After the period end the Company cancelled a further £30mn of the debt facility

4. Capital recycling and project disposals

The Company still remains committed to dispose of one or more projects from its operational portfolio. It has however discontinued the sale process for a significant sub-portfolio – termed 'Jakku'. Given the falling cost of batteries and increasing efficiency of GRID's augmentation processes, the Manager believes better value may be achieved for targeted individual project sales rather than selling a large portfolio in the current UK market, as explained in the Investment Manager's report, and will therefore focus on single project sales going forward.

5. Share buybacks

The Company bought back 4,380,555 shares in the first four months of the year at an average price of 45.6p, which contributed 0.64p to the NAV per share. Share buybacks are attractive at the current share price however, since April, the Board has prioritised cash preservation to limit the use of the debt facility.

6. Diversification of revenues

In May 2024 the Company announced its landmark two-year tolling arrangement with Octopus Energy on 568MW/920MWh of its portfolio; over 50% of the total. This deal was possible due to the scale of our portfolio and is a first of its kind at this size.

Including the Company's Capacity Market revenues across the full portfolio, the majority of which are for 15 years and index-linked to CPI, the Company expects to have annual contracted revenues of c.£43mn during the tolling arrangement, providing a supportive backdrop to restart dividend payments in due course.

Portfolio performance

The Company's portfolio of assets generated net revenue of £17.9mn in the period and £10.4mn of EBITDA. The period was a tale of two halves, with the first quarter being much weaker than the second. The revenue mix has shifted to trading as the long-expected saturation of the Frequency Response market began at the end of 2022. While revenues have been disappointing, the portfolio has meaningfully outperformed the rest of the market as discussed in the Investment Manager's report.

Discount rates and valuations

The Company's NAV and NAV per share fell to £621.2mn and 109.16p per share respectively, from £740.1mn and 129.07p at the end of 2023.

The movement in the valuation has been almost entirely driven by a downward revision to forecast revenue curves; after a thorough review of the available revenue curves and their innate forecasting confidence, the Company decided that third-party consultants both produced lower forecasts however, the overall move down was greater due to the replacement of one of these two consultants with a curve provider with a more conservative set of forecasts. There was also an adjustment due to tolling revenues being included in the place of two years' forecasts on 568MW.

The resulting reduction in NAV in this period reflects significantly more conservative revenue assumptions including a slower improvement in the revenue environment from current levels than in previous periods, with the recovery lasting till 2030, as well as lower long-term forecasts. We anticipate that the sector will progress more quickly than this as the industry backdrop improves (as discussed in the Investment Manager's report).

All existing merchant and Capacity Market revenue discount rates were unchanged while a new discount rate of 8.5% was applied to the new tolling revenues. As the tolling agreement is only for two years (compared with an asset life of up to 30 years) and given only c.50% of GRID's assets are moving to tolling, it has had a relatively modest reduction to the weighted average discount rate to 10.76%, down from 10.87% at 31 December 2023.

The Company will increasingly focus on more mainstream valuation metrics such as the ratio of the company's market capitalisation to portfolio revenues and earnings (price-to-sales and price-to-earnings respectively), and Enterprise value[7] to EBITDA alongside NAV and NAV per share, to help investors value the Company's shares in more traditional ways.

7. Enterprise value is the sum of the market capitalisation and total net debt.

Capital structure

The Company's wholly owned subsidiary, Gresham House Energy Storage Holdings plc (MidCo) had drawn £120mn of its £225mn debt facility as of 30 June 2024 with a further £20mn drawn in Q3 2024. The interest rate is hedged on £110mn of debt at an average rate of 6.7%.

During the period the Company converted its £613mn shareholder loan due from MidCo into equity to mitigate against Value Added Tax (VAT) rule changes following Brexit whereby, from 1 January 2024, if current arrangements had been maintained they would have led to high levels of irrecoverable VAT. The conversion of the loan will change the look of the Company's Income Statement as, going forward, only dividends paid up to the Company and valuation gains or losses will now appear as Income. Previously interest on loans made up a significant portion of the income shown on the Income Statement. The Alternative Performance Measures provided in the notes to the accounts provide transparency in relation to the underlying portfolio's EBITDA and other performance metrics.

Outlook

The Company looks forward to completing construction of its 1,072MW / 1,701MWh target portfolio representing 55% growth in MW and +116% growth in MWh from the start of 2024, which will put the Company on a stronger footing going into 2025 especially as much of it is now contracted for the coming two-years.

Looking forward, the Company aims to re-initiate dividend payments and achieve EBITDA in the region of c.£45m from the operational portfolio during 2025 assuming current trading conditions. The latter is based on merchant revenues of £45,000/MW/yr (in line with Modo's August BESS index) on the uncontracted portion of the portfolio (504MW). Based on this total operational portfolio revenues could be c.£65mn in 2025 and portfolio EBITDA, c.£45mn. This would provide a supportive backdrop for the recommencement of dividend distributions[8].

From 2025, the aim is to drive EBITDA growth through project augmentations, new project capacity and higher revenues per MW either as OBP (when successfully implemented) levels the playing field for BESS and/or as alternative revenues are unlocked. Rising renewable penetration is also expected to support revenues as the underlying volatility of supply increases.

BESS only capture c.2-3% of the final electricity price today - the other 97% is captured by generation of all types (gas fired generation in particular), utilities which buy from generators to supply end customers and transmission & distribution network companies. This is in spite of all the value that BESS provide including frequency response, cost-effective energy balancing, grid stability and a hugely reduced network investment requirement. GRID is determined to pursue one or more options to be awarded a greater share of the margin across the electricity value chain.

8. Disclaimer: Revenue rates on the merchant portion of the portfolio may vary significantly upwards or downwards from the figure mentioned; the information given here does not and should not be treated as indicating any likely level of any profits for the current financial period or any subsequent financial period or as otherwise constituting a profit forecast.

As announced in the recent trading statement, the Company looks forward to reflecting the ambitions above in a three-year plan from 2025 to 2027 which will be expressed in terms of capacity, revenue and EBITDA targets. This will be detailed at the Company's next Capital Markets Day in November.

Fundamental to our ability to drive continued growth in 2025 and beyond are two key areas the Company has focused on. First, successful stabilisation of the business and completion of the construction programme in 2024. Secondly, the Company's access to an attractive pipeline of ready-to-build projects to which the Manager will apply its deep experience in financing and construction to fund and build them cost effectively.

We look forward to leveraging all the above for continued success and to announcing further progress on 2024 milestones and, at the upcoming Capital Markets Day, our plans for 2025 and beyond.

John Leggate CBE, FREng
Chair

Date: 27 September 2024

Investment Manager's Report

Gresham House Asset Management Limited (GHAM) is wholly owned by Gresham House Limited (formerly Gresham House plc), a specialist alternative asset manager focused on sustainability. Gresham House provides funds, direct investments, and tailored investment solutions, including co-investment, across a range of highly differentiated alternative strategies. Gresham House's expertise includes strategic public equity, private equity, forestry, real estate, new energy, and sustainable infrastructure.

Overview

The latest reporting period has been one of significant activity for the Company during which the Manager has executed against the strategic plan announced with the last annual report, which was put in place to manage progress against the challenging backdrop and has recently begun to formulate a three-year plan to take the Company to the next level, as outlined in the Chair's statement above.

In the current revenue environment, the Manager has focused most on near-term cash flow generation and reducing leverage. The Manager has amended and restated its debt facilities and focused on the completion of construction projects.

In June 2024 the Company closed a landmark tolling arrangement with Octopus Energy, contracting over half the portfolio for two years at a level above current merchant revenue levels.

The duration of this agreement and proportion of the portfolio to be contracted were carefully considered, with the final position deemed an appropriate level to protect against the current low revenue environment, while maintaining potential upside if trading improved. It is important to note that this deal was only possible to thanks to the scale of the operational portfolio.

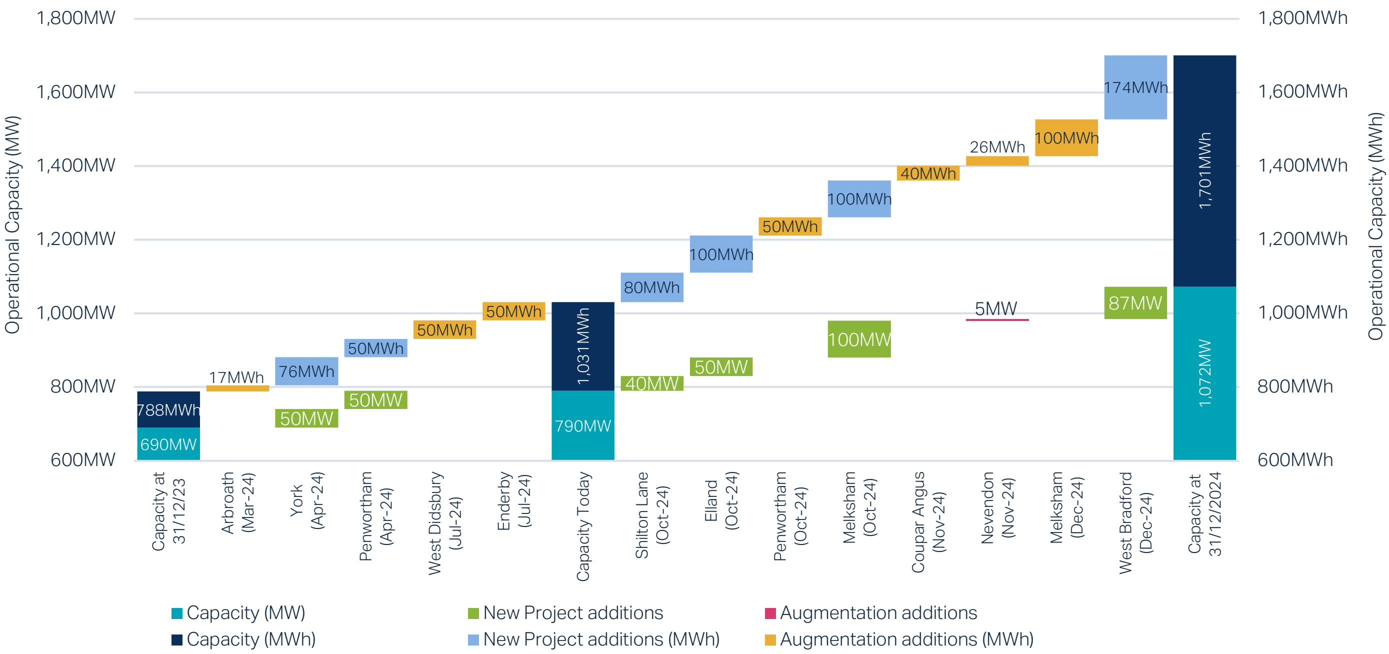
The Manager has explored various opportunities to sell a portion of its portfolio to reduce leverage, set a benchmark for valuation purposes and to potentially reduce the number of smaller projects in its portfolio. The Manager is continuing with such efforts, however, with the industry being in a state of flux a transaction has not yet been concluded although there are several interested parties that the Manager is in discussions with.

Ben Guest at Enderby being interviewed by Sky News

Portfolio and pipeline construction updates

The chart below summarises the increases in capacity through 2024 in terms of both MW and MWh. The duration of a BESS is the ratio of MWh to MW.

GRID Portfolio growth since December 2023 (MW/MWh)



In the first six months of the year, the Company commissioned two new projects (York and Penwortham) at 50MW each.

At the time of writing Shilton Lane (40MW, two-hours), which was energised up to the point of connection in May, Elland (50MW, two-hours), Nevendon (15MW, two-hours) are all fully ready to start operational commissioning and are only waiting for the relevant network company (DNO) to allow this and are expected to energise in October and November. An outage to connect Melksham (100MW) which is also essentially complete will commence in early October and operations are currently expected to commence later in the month. This only leaves the West Bradford project (87MW, two-hour) which is expected to energise later in 2024.

In terms of augmentations, at time of reporting, three projects (Arbroath, Enderby and West Didsbury) have been augmented with Enderby and West Didsbury increasing to 100MWh each, equivalent to two hours.

The augmentation at Penwortham (50MW) also to two-hours (i.e. 100MWh) is almost complete and will commission in October. The augmentation of Melksham has also begun meaning that once this project is energised it will commence operations at 150MWh and then reach 200MWh during December making this the largest operational project in GB. Finally, the augmentation of the Coupar Angus (40MW) project, which has been granted planning permission on 11 September, is set to commence in the near future.

The table below shoes the full list of projects being upgraded:

Existing assets	Capacity (MW)	Battery size prior to augmentation ((MWh)	Battery duration prior to augmentation (c.hours)	Capacity post augmentation (MW)	Battery size post augmentation (MWh)	Battery duration post augmentation (c. hours)	Augmentation Status
Arbroath	35	52	1.49	35	52	1.49	Completed Feb 24
Enderby	50	100	2.00	50	100	2.00	Completed Jul 24
West Didsbury	50	100	2.00	50	100	2.00	Completed Jul 24
Penwortham	50	50	1.00	50	100	2.00	Target completion: Oct 24
Nevendon	10	7	0.70	15	33	2.20	Target completion: Nov 24
Melksham	100	100	1.00	100	200	2.00	Target completion: Oct & Dec 24
Coupar Angus	40	40	1.00	40	80	2.00	Target completion: Dec 24
	335	449	1.34	340	665	1.96	

The resulting Pipeline and Portfolio which is shown below is for 1,072MW / 1,701 MWh by the end of 2024.

Table 1. Company portfolio (operational, in-construction and pre-construction projects) and exclusive pipeline

Map ref.	Existing assets	Capacity (MW)	Battery size (MWh)	Capacity post augmentation (MW)	Battery size post augmentation (MWh)	Battery duration post augmentation (c. hours)	Operational status at 30 June 2024
1	Staunch	20	3	20	3	0.20	Operational
2	Rufford	7	9	7	9	1.35	Operational
3	Lockleaze	15	22	15	22	1.45	Operational
4	Littlebrook	8	6	8	6	0.80	Operational
5	Roundponds	20	26	20	26	1.30	Operational
6	Wolves	5	8	5	8	1.55	Operational
7	Glassenbury	40	28	40	28	0.70	Operational
8	Cleator	10	7	10	7	0.70	Operational
9	Red Scar	49	74	49	74	1.50	Operational
10	Bloxwich	41	47	41	47	1.15	Operational
11	Thurcroft	50	75	50	75	1.50	Operational
12	Wickham	50	74	50	74	1.50	Operational
13	Tynemouth	25	17	25	17	0.70	Operational
14	Glassenbury Extension	10	10	10	10	1.00	Operational
15	Nevendon	10	7	15	33	2.20	Operational Augmentation: Nov 24

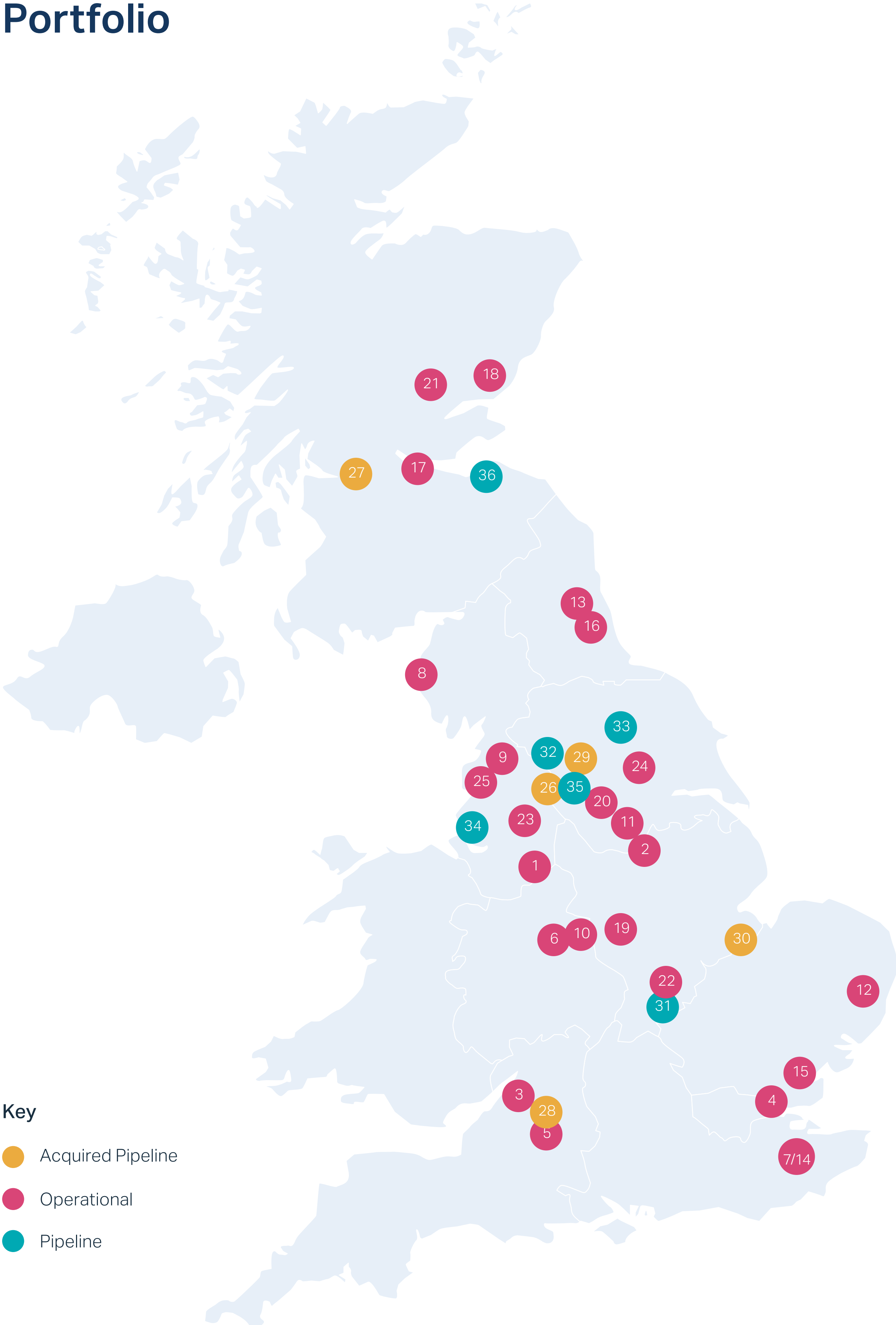
Table 1. (continued)

Map ref.	Existing assets	Capacity (MW)	Battery size (MWh)	Capacity post augmentation (MW)	Battery size post augmentation (MWh)	Battery duration post augmentation (c. hours)	Operational status at 30 June 2024
16	South Shields	35	28	35	28	0.80	Operational
17	Byers Brae	30	30	30	30	1.00	Operational
18	Arbroath	35	52	35	52	1.49	Operational Augmentation: completed
19	Enderby	50	100	50	100	2.00	Operational Augmentation: completed
20	Stairfoot	40	40	40	40	1.00	Operational
21	Coupar Angus	40	40	40	80	2.00	Operational Augmentation: Dec 24
22	Grendon 1	50	100	50	100	2.00	Operational
23	West Didsbury	50	100	50	100	2.00	Operational Augmentation: completed
24	York	50	76	50	76	1.50	Operational
25	Penwortham	50	50	50	100	2.00	Operational Augmentation: Oct 24
Total operational		790	1,031	795	1,147	1.44	
26	Elland 1	50	100	50	100	2.00	Target energisation: Oct 24
27	Shilton Lane	40	80	40	80	2.00	Target energisation: Oct 24
28	Melksham	100	100	100	200	2.00	Target energisation: Oct 24 Augmentation: Dec 2024
29	Bradford West	87	174	87	174	2.00	Target energisation: Dec 2024
Total Operational or Under Construction		1,067	1,485	1,072	1,701	1.59	
30	Walpole	100	200	100	200	2.00	
Total portfolio owned by the company		1,167	1,685	1,172	1,901	1.62	

Table 2 - Pipeline summary

Map ref.	Pipeline projects	Capacity (MW)	Battery size (MWh)	Capacity post augmentation (MW)	Battery size post augmentation (MWh)	Battery duration post augmentation (c. hours)	Operational status at 30 June 2024
31	Grendon 2	50	100	50	100	2.00	-
32	Thurcroft 2	135	270	135	270	2.00	-
33	Monet's Garden	50	100	50	100	2.00	-
34	Lister Drive	50	100	50	100	2.00	-
35	Elland 2	100	200	100	200	2.00	-
36	Cockenzie	342	684	342	684	2.00	-
Total Additional Pipeline not owned by the Company		727	1,454	727	1,454	2.00	-
Total Portfolio and Additional Pipeline		1,894	3,139	1,899	3,355	1.77	-

Portfolio



Key

Acquired Pipeline

Operational

Pipeline

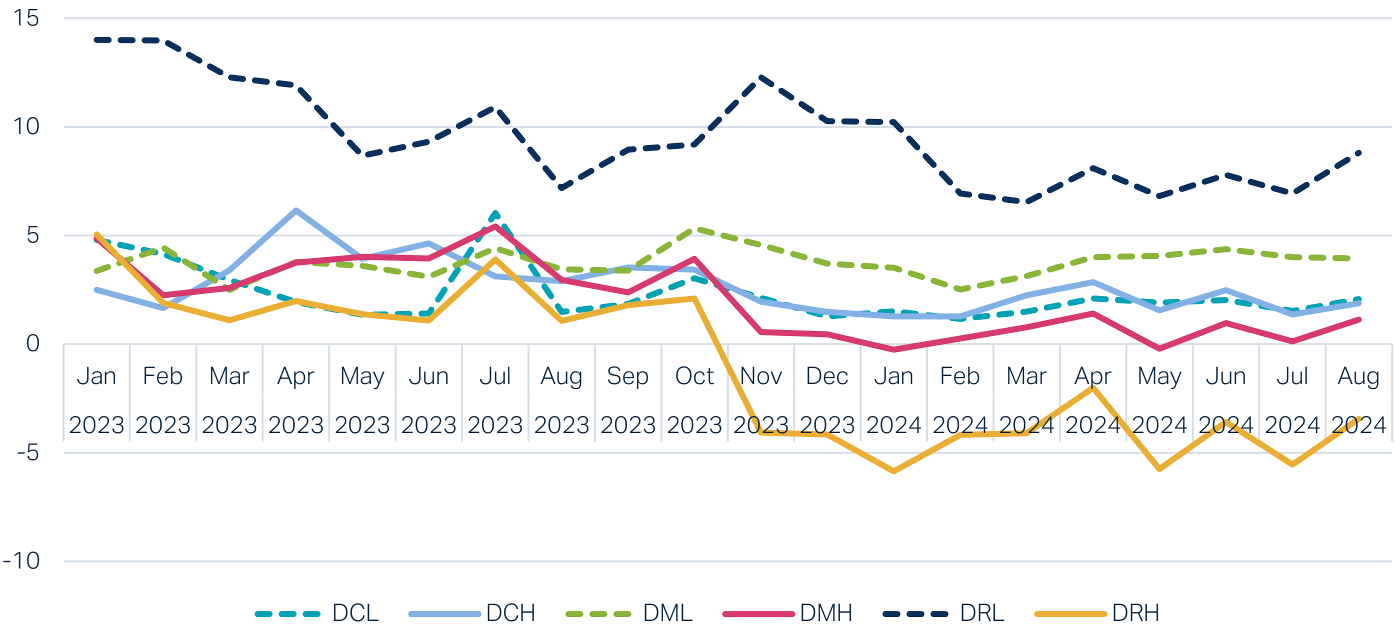
Market update

Frequency Response

The range of Frequency Response services that the Company's projects can bid into remains unchanged in the period. While this revenue stream has become saturated, it remains a meaningful revenue source representing 36.2% of revenues in the period (55.5% in H1 2023).

The chart below shows how pricing evolved for the different Frequency Response services between 31 December 2022 and 31 August 2024.

Average Frequency Response prices (£/MW/Hr)



Trading

Wholesale market trading: This involves capturing the price spread between the daily highs and lows in the wholesale markets.

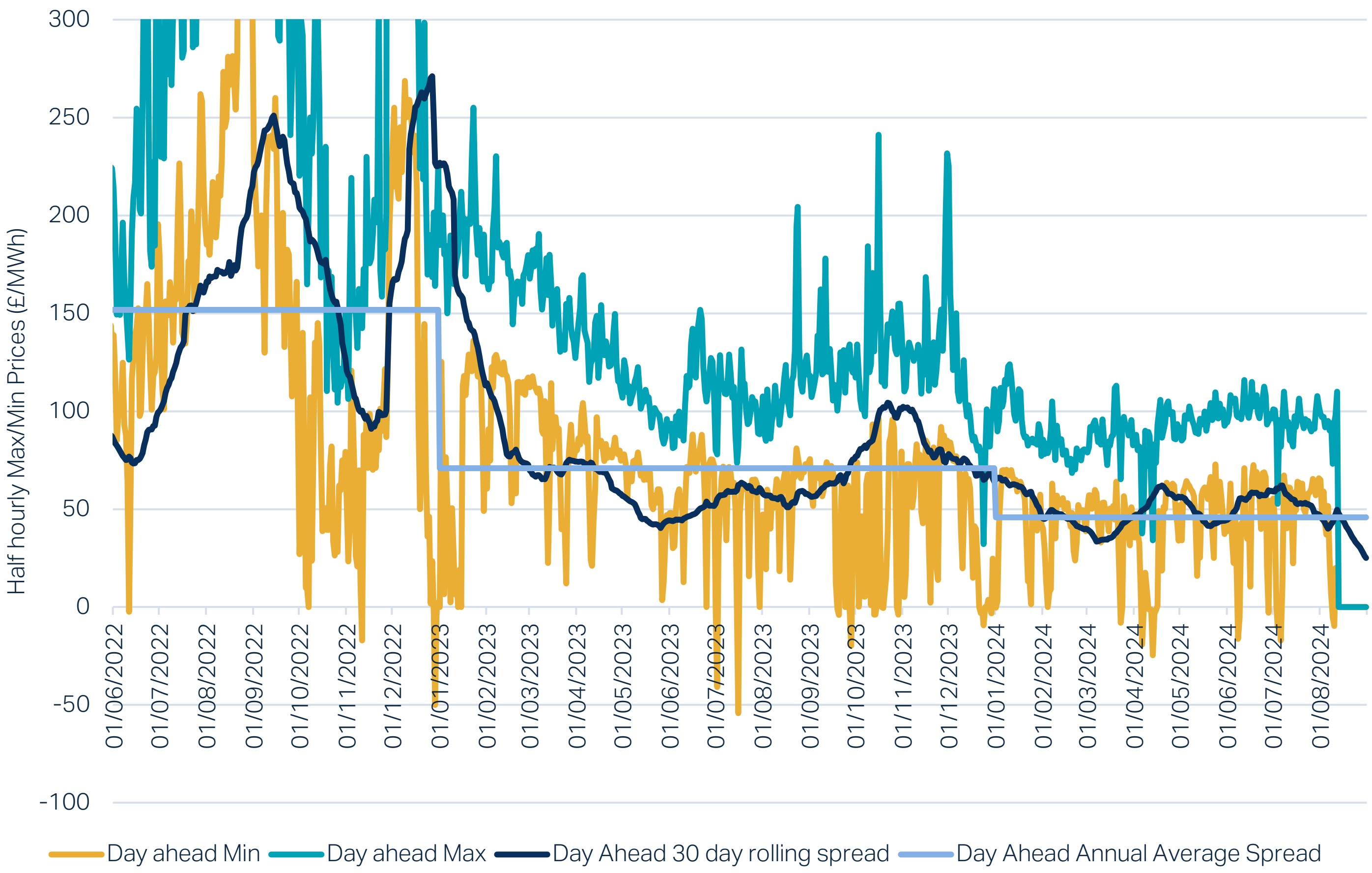
The chart below shows how intraday wholesale market prices and peak-to-trough spreads evolved in the first half of the year and since June 2024.

Peak-to-trough spreads have fallen over the last two years but have been relatively stable for the last year and H1 2024.

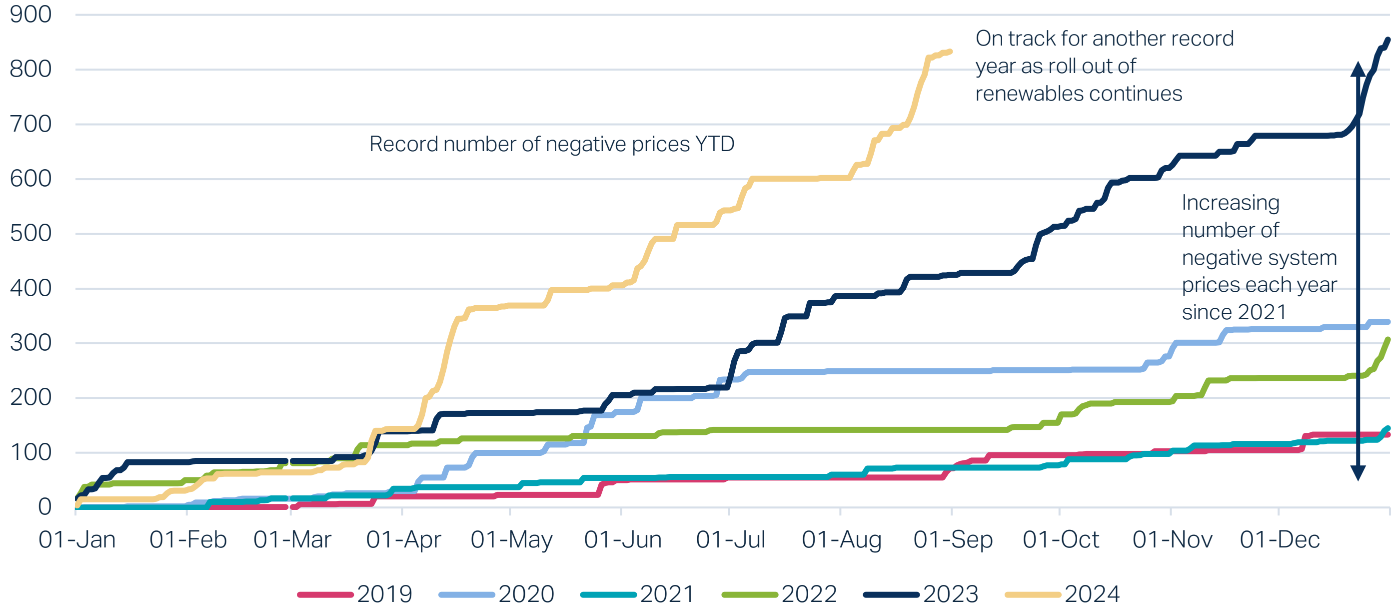
Lower spreads have been a function of falling gas prices since 2022 as well as the overuse of gas-fired generation in the Balancing Mechanism (see next section below).

In terms of downside price volatility going forward: rising renewable penetration is creating more instances of oversupply resulting in negative prices whenever excess supply is curtailed (i.e. paid to turn off). This is reflected in the chart below with instances of negative prices rising sharply every year and is also evident in the low, and sometimes negative, day-ahead prices seen in the chart below.

Wholesale (Day Ahead) Max and min prices since June 2022



YTD quantity of negative half hour system prices by year



In terms of the outlook on upside volatility in pricing: retiring plants such as coal (which is finally coming offline on 30 September 2024) and nuclear over the rest of the decade (with the next two decommissioning in March 2026) combined with expectations of rising demand as GB electrifies its energy demand, the prospect of higher peak prices rises too, especially when renewable generation is at low levels.

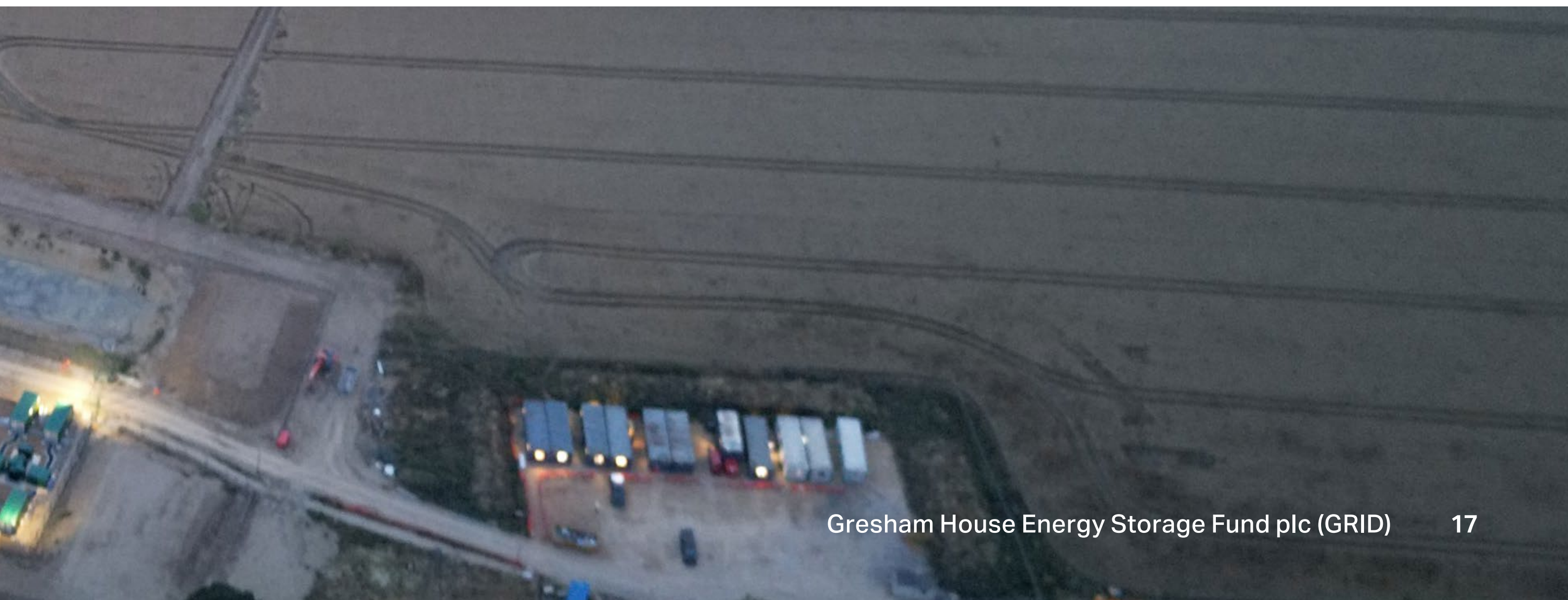
As wholesale power price volatility increases, so the case for longer duration batteries also increases.

The **Balancing Mechanism (BM):** This area of the market is operated by National Grid ESO's [9] control room and exists to ensure supply and demand are always in balance. About half of the Company's projects are registered in the BM and seek to capture revenues from ESO issuing trading instructions.

9. ESO is being nationalised and is being renamed National Energy System Operator (NESO) from 1st October 2024.

This is the area of the market which the Manager has frequently reported to be an uneven playing field as gas-fired generation and other BM-registered assets have been and still are prioritised over batteries when batteries are offering better prices. There are various technical reasons why this remains the case and these can be summarised as a combination of i) a need for technical upgrades (coming in 2025) and contractual parameter changes which should take place as ESO's Open Balancing Platform (OBP) rolls out, ii) mindset: old habits/behaviours seem to be changing slowly at ESO and there seems to be a lack of appreciation for what batteries can do.

An example of a change that is required relates to the fact that gas turbines need to be reserved ahead of time (see Reserve below), hours before batteries can be considered, as they need to ramp up before they are useful. If, and when, batteries are contracted in larger volumes at the same time as gas turbines, the playing field levels.



In the meantime, the control room does not take the risk that batteries might not show up when they come to be needed and so rely on the gas turbines. The latter and other issues are expected to diminish as OBP milestones are met (including the launch of new Reserve products described in the next section) and the control room is automated then, once fully rolled out, there also needs to be a willingness to set up and use OBP in a way that makes the most of batteries.

The chart below shows the recent in-merit dispatch rate of batteries in the BM (the percentage of the time that batteries were traded by volume when in-merit) as calculated by Modo Energy. This indicates that skip rates (i.e. one minus the dispatch rate) are still c.90%. There is a lot of upside to capture as systems improve.

Reserve services: Various services are used by ESO to reserve capacity that it feels it will need to balance supply and demand in the coming hours and this capacity is contracted either within day, or in the day ahead markets.

These contracts they have, so far, been mostly available to thermal generation (such as gas turbines) and pumped storage through opaque arrangements. This is a major reason for the uneven playing field causing the under-utilisation of batteries as BESS have not been able to compete for these contracts. This started to change with the launch of Balancing Reserve in March 2024. Unfortunately, the amount of volume allocated to this service is too low to make a meaningful impact to the Company's revenues today (although it is expected to increase this coming winter).

We have seen in the past, through the reserve from storage trials[10] in 2020, that when allowed to compete, BESS offer a significant saving over other reserve options.

The upcoming launch of Quick Reserve will be another step in the right direction. This service requires a faster response and is well-suited to BESS. Again, the potential revenue from this service for GRID will depend on how much reserve volume is procured.

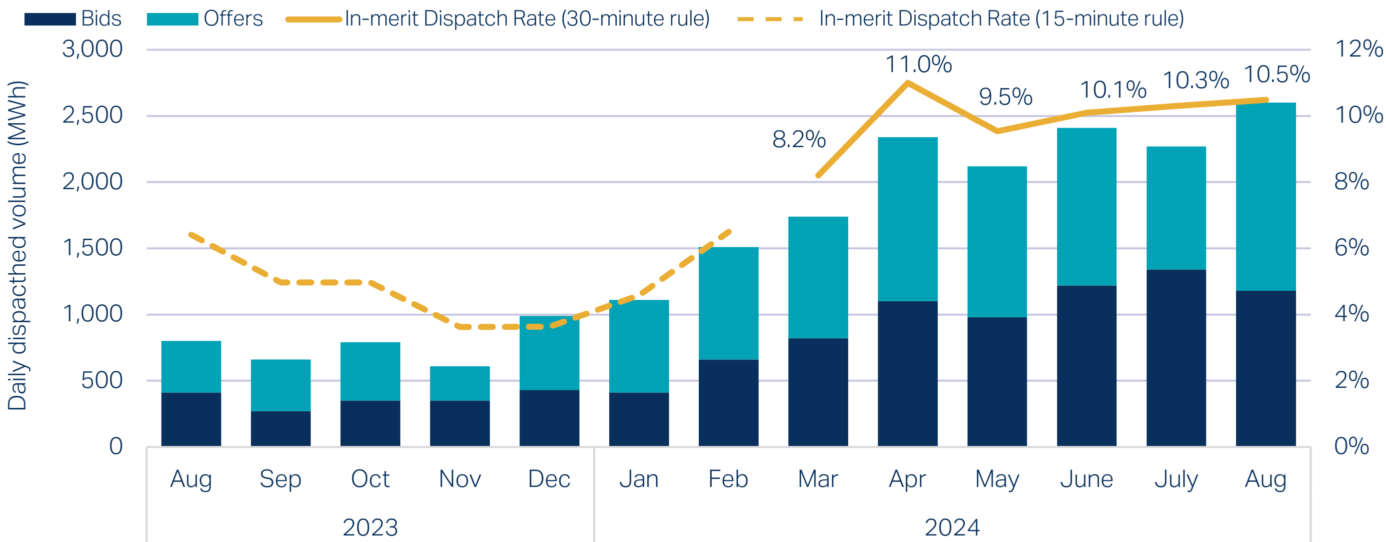
The more the Reserve market is opened up to all technologies the better the outcome should be for both BESS assets and the consumer. This is because, if less gas-fired generation is reserved Start Up[11] costs will be lower. This would also mean that gas-fired turbine operators will need to include the cost of starting up their turbines in their short turn marginal cost (the price at which it becomes economical for them to run) calculations in the wholesale market sending up the cost at which they would generate, which should in turn increase upside pricing volatility.

As the rollout of the OBP and so the levelling of the playing field in the BM and Reserve, is due to take time, the Manager has continued the alternative revenue initiative it began a couple of years ago in order to be able to trade away from the ESO and move into a sub-national trading opportunity. This has so far resulted in the tolling agreement with Octopus Energy, but other opportunities exist which the Company may enter into if they prove attractive.

10. Reserve from storage trials presented savings of £0.7mn for consumers over a three week period from 159MW of our assets: https://www.nationalgrideso.com/document/286716/download#:~:text=The%20reserve%20from%20BM%20storage,required%20to%20meet%20energy%20imbalance.

11. Start Up is a Reserve contract that pays gas turbines the cost of turning on and warming up their turbines (which is happening more and more as intermittent supply grows) and is not currently included in the cost to consumers when comparing the cost of batteries vs gas turbines

Daily dispatched volume (MWh) and in-merit Dispatch Rate



Source: Modo Energy

Tolling Agreement Case Study

What is a tolling agreement?

A tolling agreement allows the toller to take operational control of the batteries and operate them, within the technical constraints of each Battery Energy Storage System (BESS). The toller can use GRID's BESS to trade in both the national ancillary service, wholesale and balancing markets. The toller is also able to use this capacity to balance its own supply and demand imbalances to mitigate imbalance costs.

How does this change the day-to-day operations of our assets?

It is unlikely to change the day-to-day usage of the assets significantly, as GRID's tolled assets will still compete in the same markets as they have in the past, however GRID receives certainty over the revenue level it earns. This means GRID's revenues are downside-protected but likewise they are prevented from capturing the upside if industry revenues improve quickly for the duration of the contract. In effect, Octopus Energy becomes the new optimiser of the tolled projects for two years, taking on the merchant risk GRID has taken to date.

What controls or restrictions are in place under this agreement, and can we expect greater degradation of the assets?

All typical controls we have with any optimiser are in place during this agreement. This includes cycling limits, depth of discharge constraints and temperature limits amongst other things.

These same parameters are used when setting our forecast curves and to date we have operated significantly below any limits in place and expect this to be the case through this agreement as well.

One of today's big problems is the underutilisation of BESS in the Balancing mechanism (see previous section) however, we hope to see an increase in usage as it balances its supply and demand books which is one of the key additional values of BESS to the toller in such an agreement. In summary, we do not expect overall cycling to be much higher than the rest of our portfolio.

How did we land on the terms we have and why tolling over merchant?

Ultimately, the tolling arrangement provides a hedge against the revenue volatility we have been experiencing. Longer terms were available, however the two-year term aligned well with the ESO's Balancing Programme and expectations of the return in the merchant revenue environment for BESS.

Portfolio performance

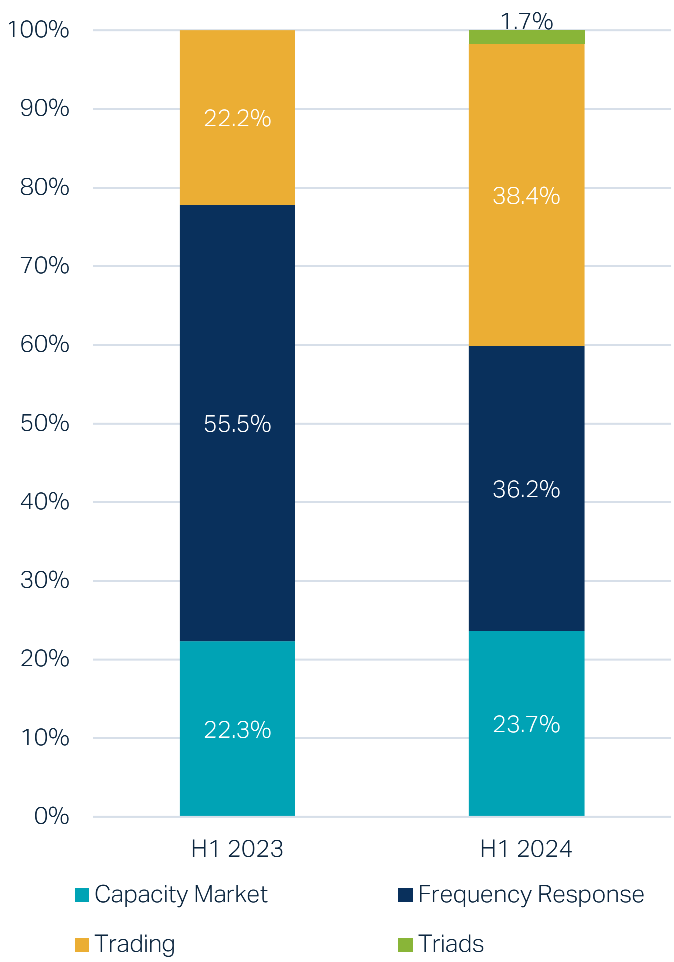
Revenues in the first half declined 12.8% year-on-year. The revenue mix has evolved during this time with trading now becoming a more significant part of the revenue mix. This was anticipated as Frequency Response markets saturated and trading moved to trading in the wholesale market and the BM. In the period, Trading was the largest share of revenues and represented 38.4% of the portfolio revenues. Frequency Response remained high with 36.2% of revenues, whilst Capacity Market increased to 23.7%, due to being fixed price contracts whilst the rest of the portfolios revenues declined in the period. Triads made up the remainder of the revenue stack, the value in triads is now relatively small with 1.7% of the revenue mix reflecting their lower importance going forward.

The EBITDA for the portfolio was impacted by the level of revenues but it is expected to improve as the portfolio moves into tolling, first because revenues are heading higher and will cover fixed costs better and second because there are no direct trading fees associated with tolling.

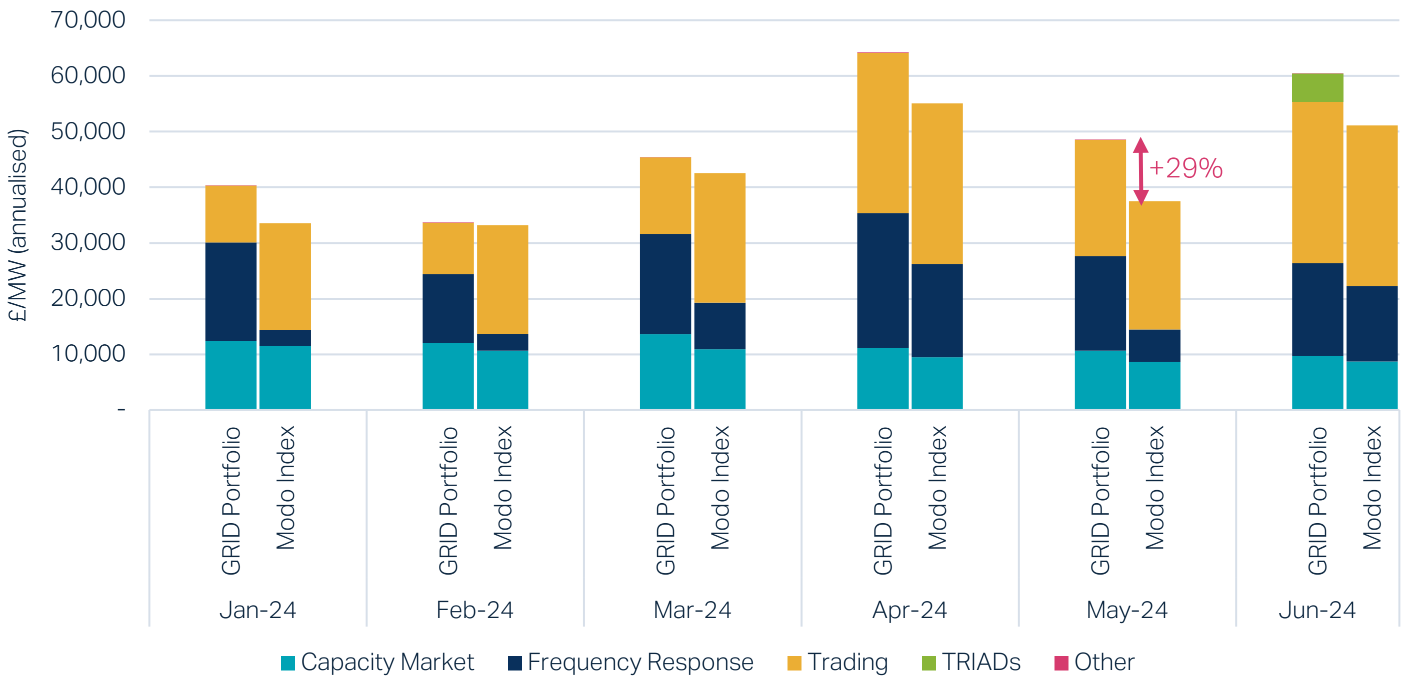
At a technical level, the Portfolio has performed well. Cycling has been significantly lower than modelled during the year at 1.4 cycles per day versus a modelled 2.3 cycles per day for degradation purposes, as BESS assets remain underutilised in Great Britain.

Relative to the peer group the portfolio has also performed well and consistently outperformed the Modo Energy Index as shown in the chart below.

Year-on-year revenue mix comparison H1 2024 v H1 2023



GRID's portfolio consistently outperforms the market index



Sale process

As mentioned in the Chair's statement, the Manager remains committed to a disposal of at least one project and believes that the gradual stabilisation of the market is bringing buyers and sellers closer together.

However, the Manager has decided not to proceed with the sale of a 135MW sub-portfolio, termed 'Jakku', at this time.

While an offer was received for the Jakku portfolio which was relatively close to the current valuation, the Manager does not believe the amount offered reflected the significant upside achievable thanks to recent market developments. First, most of the Jakku projects are augmentable to two hours and as battery prices have reached new lows and the uplift in revenues from increasing duration from less than one-hour to two-hours is at a high, augmentations are now highly profitable. A further crucial point is that the energy density of BESS (i.e. roughly the amount that can be installed per acre) means that even projects occupying smaller areas can be upgraded to longer durations than previously considered possible without the stacking of containers.

Specifically, the South Shields, Tynemouth, Roundpounds, and Lockleaze projects (total capacity 95MW) are upgradable to a two-hour duration. Additionally, Nevendon which has been augmented from 10MW/7MWh to 15MW/30MWh is expected to be further upgradable to 25MW/50MWh as the project is set to see a further 10MW increase in grid capacity in 2025.

We look forward to unlocking the upside from these projects, subject to further funding and cash flow generation.

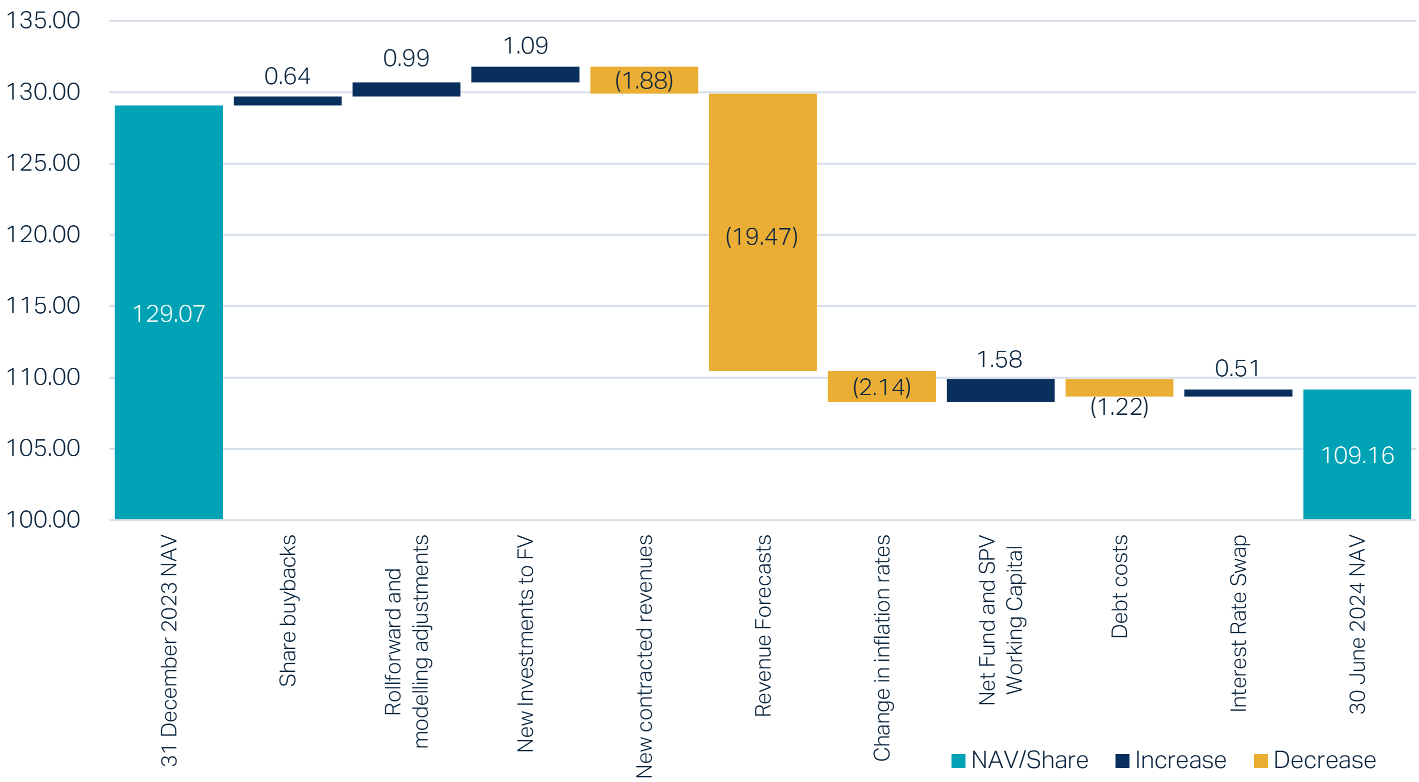
As mentioned above, while it has taken time, there is still interest from the investment community, and we look forward to progressing conversations to a conclusion in due course.

Valuation

As of 30 June 2024, NAV per share decreased 15.4% from 129.07p as of 31 December 2023 to 109.16p. During the period the changes to the NAV per share were as follows:

- -19.47p from updated revenue forecasts from third-party consultants in reaction to the current low revenue environment. The Manager has changed one of the two curve providers used in the quarter to reflect more prudent revenue assumptions
- -2.14p reduction in NAV per share from reducing the 2024 inflation assumption in the model
- -1.88p from contracted revenue changes reflecting the impact from valuing tolling revenues at 8.5% in place of merchant forecasts
- +0.51p impact from the favorable movement in interest rate swaps
- +0.64p due to share buybacks. During the period the Company purchased 4,380,555 of its own shares at an average price of 45.60p

NAV (p/share) bridge from 31 December 2023 to 30 June 2024



- +1.09p for West Didsbury and York being revalued from construction assets to operational and Penwortham being revalued from construction to commissioning
- +1.35p from model roll-forward, modelling adjustments, working capital movements, fund, and debt costs

Further information on the changes in the period and assumptions used are provided in the table on the previous page.

Revenue forecasts

The revenue environment during this period has been the most difficult since the IPO of the Fund. At the end of 2023 the Manager applied a haircut to the first few years of the third-party curves to account for the challenging conditions present in the market which had not yet been accounted for in the third-party curves.

Over the course of the period the Manager has performed significant analysis on the curves of various providers to assess which are the most applicable to use going forward. The result of this research has been to replace one of the two providers previously used in the valuation blended curves.

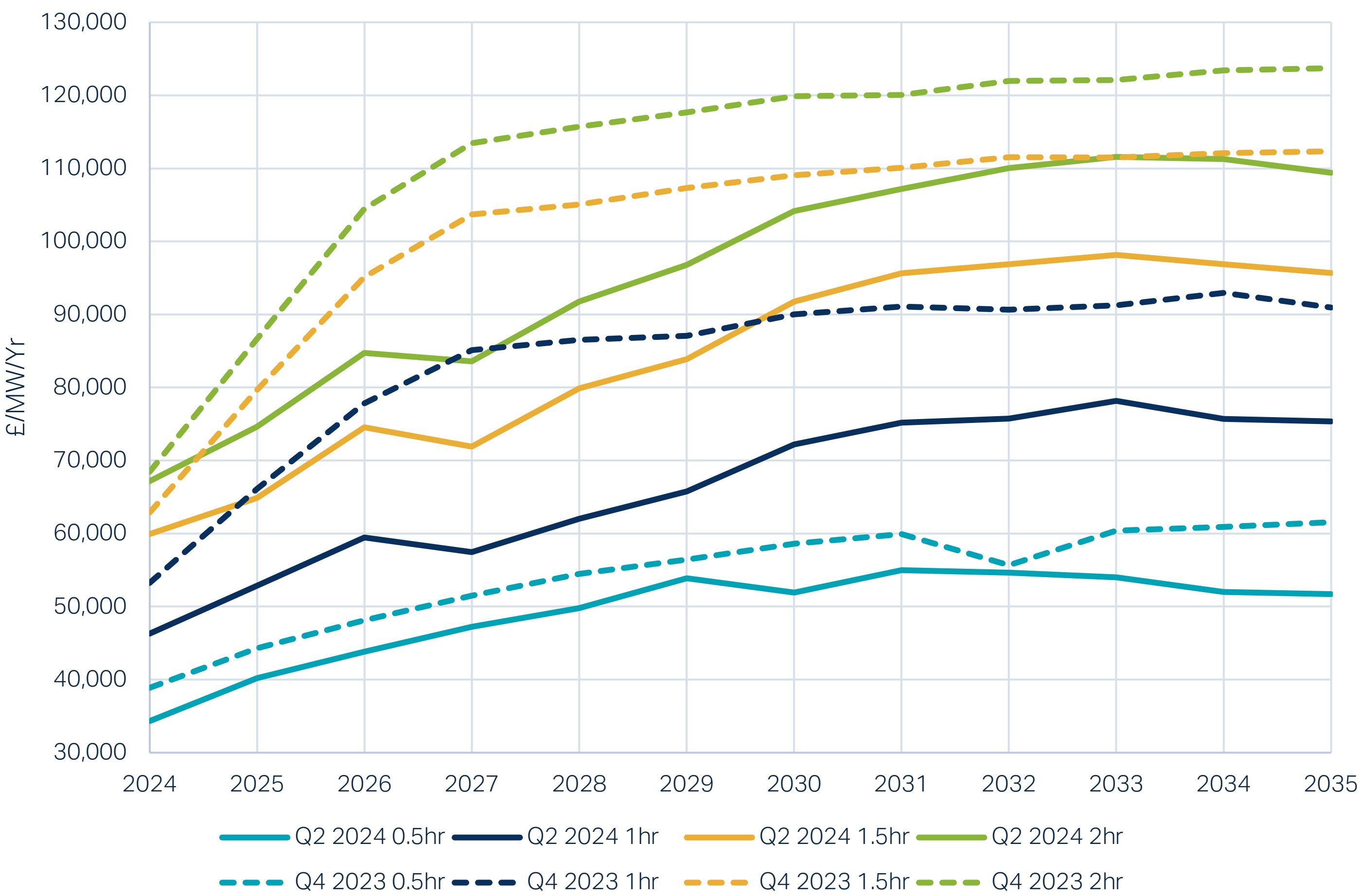
The provider replaced has recently become an outlier as its curves had not moved lower as much as others. The new provider selected, Modo Energy, has lower revenue assumptions which are closer to the remaining provider's, Aurora Energy Research.

The impact of the change in provider alongside general updates on the curves is a -19.47p reduction in the NAV per share. The Manager has compared its updated forecasts with those published by its listed peers and is satisfied that the GRID curves are at or below the levels used by others.

This, coupled with the fact that GRID applies the highest merchant discount rate out of its peers leads the Manager to have confidence that prudent assumptions have been made in valuing the portfolio.

The graph below shows the result of this change; comparing the curves used at Q4 2023 to those in the Q2 2024 valuations.

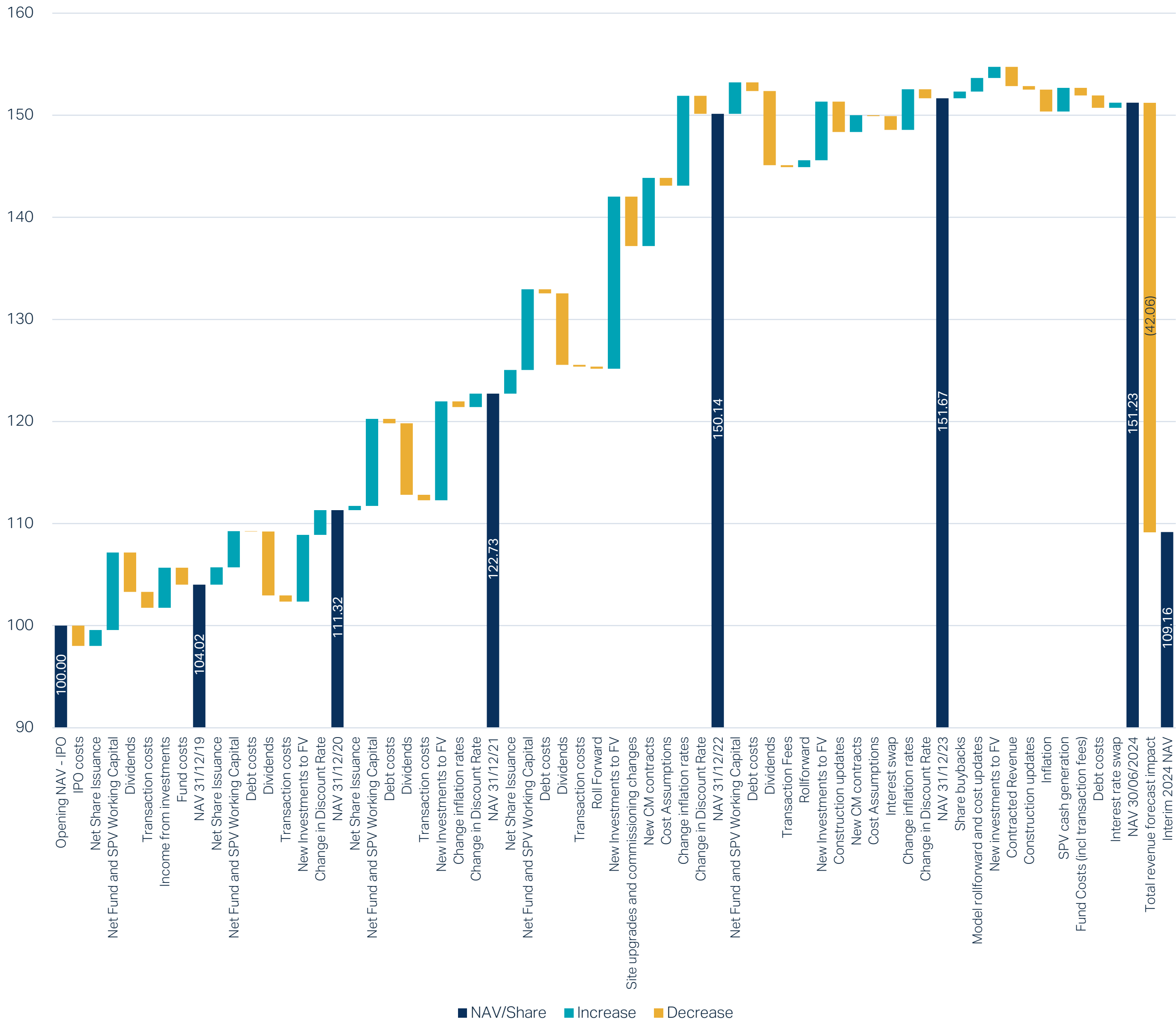
Curve comparison - Year end 2023 vs Interim 2024



Since inception the underlying third-party curves have varied, often reacting to volatility in short term revenues. For example they peaked on the back of strong revenues in 2021 and 2022 and are now falling on the back of the short-term challenges the market has been facing in 2023 and start of 2024.

Today the forecast curves sit at their lowest level since IPO. The chart below shows the cumulative impact from revenue curves on NAV since IPO. Stripping out the effect of the movement in forecasts reveals the value that has been added to the portfolio excluding these forecast changes and also illustrates the potential of the Fund should forecasts improve again.

Yearly NAV bridge (p/Share) with impact of revenue curves shown separately



New contracted revenues

The tolling revenues from the Octopus agreement have been included in the model this quarter. A discount rate of 8.5% has been used for these contracted revenues, 200 basis points higher than the rate used for Capacity Market revenues reflecting the fact it is new, has slightly more delivery requirements and a slightly higher counterparty risk compared to the UK Government. The overall impact of the changes in contracted revenues is -1.88p to NAV per share in the period.

Inflation rates

The inflation rate for 2024 has been reduced from 4.5% to 2.75% for RPI and from 4% to 2.5% for CPI to reflect the now lower inflation expected in 2024. The impact of this change is a -2.14p impact to NAV. Only the 2024 assumption has been changed from previous quarter. The long-term inflation levels of 2.5% for RPI and 2.25% for CPI have not been changed.

Discount rates

The Manager has made no changes to the discount rates used except for the new 8.5% rate used for tolling revenues as discussed above.

The weighted average discount rate for the portfolio is 10.76%, the highest amongst our industry peers. This is a small decrease from the weighted average discount rate as of 31 December 2023 of 10.87%, reflecting a lower rate applied for tolling revenues and on those projects moving from construction to operations. The tolling discount rate does not have a material impact on reducing the weighted average discount rate due to the short duration of the tolling period (two-years), versus the merchant revenues over the remaining asset life, and because only half of the assets are included in the tolling agreement during that period.

Operational assets were valued at £639k/MW as of 30 June 2024. Adjusting for working capital, i.e. taking just the NPV of future cash flows, the valuation stood at £628k/MW. Working capital included cash and batteries and other equipment held for upgrades across the portfolio.

Valuation basis	Discount rate approach applied:	MW (30 June 2023)	MW (31 Dec 2023)	MW (30 June 2024)
Operational DCF	Contracted cash flows e.g. CM contract revenues: 6.5% discount rate (6.5% at FY23) Merchant/uncontracted revenues: 10.85% (FY23: 10.85%) Tolling revenues: 8.5% (FY23: n/a)	590	640	740
Commissioning DCF (energised)	Cash flows of projects in a 30-day proving period following energisation: we apply a 50bp premium to Operational discount rates (50bps at FY 23)	-	-	50
Construction DCF (energised)	Cash flows of projects in construction phase – energised project but not achieved PAC at valuation date: 75bps construction premium to Operational discount rates (75bps at FY23)	-	50	-
Total MW in Operational Portfolio		590	690	790
Construction DCF	Cash flows of projects in construction phase: 75bps construction premium to Operational discount rates (75bps at FY23)	437	377	277
Cost incurred to date	Assets held at cost as valuation thresholds not met	140	100	100
Total Portfolio MW included in valuations		1,167	1,167	1,167

Alternative valuation metrics

In the recent Trading Update on 9 September the Company committed to stating alternative valuation metrics for the Company's portfolio more aligned with typical valuation metrics used for companies to support the valuations under a DCF approach. The table below outlines the Operational Portfolio's valuation using these metrics on a historic basis using 2022 and 2023 actuals as well as H1 2024 annualised. These valuation metrics compare the overall Company value relative only to the operational portfolio as of 30 June 2024 and therefore do not take account of the increase in operational capacity through the remainder of 2024.

	FY 2022 Actual	FY 2023 Actual	H1 2024 Annualised
Share price (p) - closing	162	109	70
Share price (p) - today*	51	51	51
Shares (millions)	541	573	569
Market Capitalisation (period close) (£mn)	874.2	625	400
Market Capitalisation (using share price today*) (£mn)	276.1	292	290
NAV per share (p)	156	129	109
NAV (£mn)	841.7	740.1	621.2
Portfolio Revenue (£mn)	62.7	38.7	35.8
Portfolio EBITDA (£mn)	48.8	25.8	20.8
Total debt (£mn)	60	110	120
Cash (£mn)	7	14	27
Operational MW at period end	550	690	790
EV (Market Cap/NAV less cash plus current debt) (£mn)			
Using Closing Market Cap	926.9	721.0	493.3
Using Market Cap at today's share price	328.8	388.4	383.4
Using NAV	894.4	836.0	714.4
EV per operational MW (£k/MW)			
Using Closing Market Cap	1,685.2	1,044.9	624.4
Using Market Cap at today's share price	597.7	562.8	485.3
Using NAV	1,626.3	1,211.7	904.3
EV to EBITDA (EV/EBITDA)			
Using Closing Market Cap	19.0	27.9	23.7
Using Market Cap at today's share price	6.7	15.1	18.4
Using NAV	18.3	32.4	34.3
Price to Earnings (Market Cap or NAV/EBITDA)			
Using Closing Market Cap	17.9	24.2	19.2
Using Market Cap at today's share price	5.7	11.3	14.0
Using NAV	17.2	28.7	29.9
Price to Sales (Market Cap or NAV/Revenues)			
Using Closing Market Cap	13.9	16.2	11.2
Using Market Cap at today's share price	4.4	7.6	8.1
Using NAV	13.4	19.1	17.4
Price to Book (Market Cap/NAV)			
Using Closing Market Cap	1.0	0.8	0.6
Using Market Cap at today's share price	0.3	0.4	0.5
*Share price taken at close on 13 September 2024 (the time of writing)			

Even at current low battery prices, the share price implied EV per operational MW (see above), is below the estimated build cost of an equivalent portfolio as per Modo energy[12].

12. Modo Energy, GB BESS Outlook Q3 2024: Battery business case and investment outlook

Given the increasing capacity of the portfolio and the changing revenue mix, the numbers detailed on the previous page, reflect a much smaller earnings base than to be expected looking forward.

Therefore, in addition we have provided an example for how P/E and EV/EBITDA may look on near-term future earnings, under different merchant scenarios during the tolling arrangement. In these scenarios we have assumed up to £175mn of debt drawn in total and used the share price as of 13 September 2024 (being the time of writing).

£45k/MW/Yr[13] merchant revenues reflects the current Modo index level for August 2024, alongside this we have shown a sensitivity of £10k/MW/Yr up and down on merchant revenues to illustrate the volatility in earnings driven by Merchant revenues. Assuming £45k/MW/Yr of merchant revenues EV/EBITDA could be 10.0x and Price to Earnings is 6.4x based on the current share price (as of writing on 13 September 2024).

13. Disclaimer: Revenue rates on the merchant portion of the portfolio may vary significantly upwards or downwards from the figure mentioned; the information given here does not and should not be treated as indicating any likely level of any profits for the current financial period or any subsequent financial period or as otherwise constituting a profit forecast.

Valuation metrics under earnings scenarios during Tolling			
Merchant Net Revenue assumption (£k/MW/Yr)	35,000	45,000	55,000
Share price (p) - today*	51	51	51
Shares (millions)	569	569	569
Market Capitalisation (using share price today*) (£mn)	290	290	290
NAV per share (p)	109	109	109
NAV (£mn)	621	621	621
Average contracted revenue during Tolling (£mn)	43.0	43.0	43.0
Assumed merchant revenue on merchant portfolio (£mn)	17.6	22.7	27.7
Assumed Portfolio Revenue (£mn)	60.6	65.7	70.7
Possible Portfolio EBITDA (£mn)	40.6	45.7	50.7
Total debt to complete construction (£mn)	175	175	175
Cash at Company and investments (£mn)	10	10	10
Operational MW	1,072	1,072	1,072
EV (Market Cap/NAV less cash plus current debt) (£mn)			
Using Market Cap at today's share price	455.2	455.2	455.2
Using NAV	786.2	786.2	786.2
EV per operational MW (£k)			
Using Market Cap at today's share price	424.6	424.6	424.6
Using NAV	733.4	733.4	733.4
EV to EBITDA (EV/EBITDA)			
Using Market Cap at today's share price	11.2	10.0	9.0
Using NAV	19.3	17.2	15.5
Price to Earnings (Market Cap or NAV/EBITDA)			
Using Market Cap at today's share price	7.1	6.4	5.7
Using NAV	15.3	13.6	12.2
Price to Sales (Market Cap or NAV/Revenues)			
Using Market Cap at today's share price	4.8	4.4	4.1
Using NAV	10.2	9.5	8.8

*Share price taken at close on 13 September 2024 (the time of writing)

It is worth highlighting that medium to long-term revenues are expected to pick up significantly from these levels, in accordance with third-party curves, and it is those higher revenue levels that underpin the long-term valuations of our assets. We remain confident in the long-term revenue outlook, and at those higher anticipated revenue levels in the medium to long-term EV/EBITDA and P/E would both fall substantially and highlight the potential value of the Company at the current share price.

The updated chart below, published in prior interim and annual reports, shows that revenues are recovering from the lows earlier this year and are currently at around early-2023 levels.

Outlook

The second half of the year will see a meaningful change to the revenue mix as the tolling agreement comes into force in stages. The first assets to be tolled were taken over by Octopus in July and all projects will be tolled by the end of the year. As of the date of this report 170MW are operating under the tolling arrangement. For the portion of the portfolio that remains merchant, we expect to see the impact of Quick Reserve on the BESS market in Q4 2024 and will hopefully see the volume of BESS procured in Reserve increase from there.

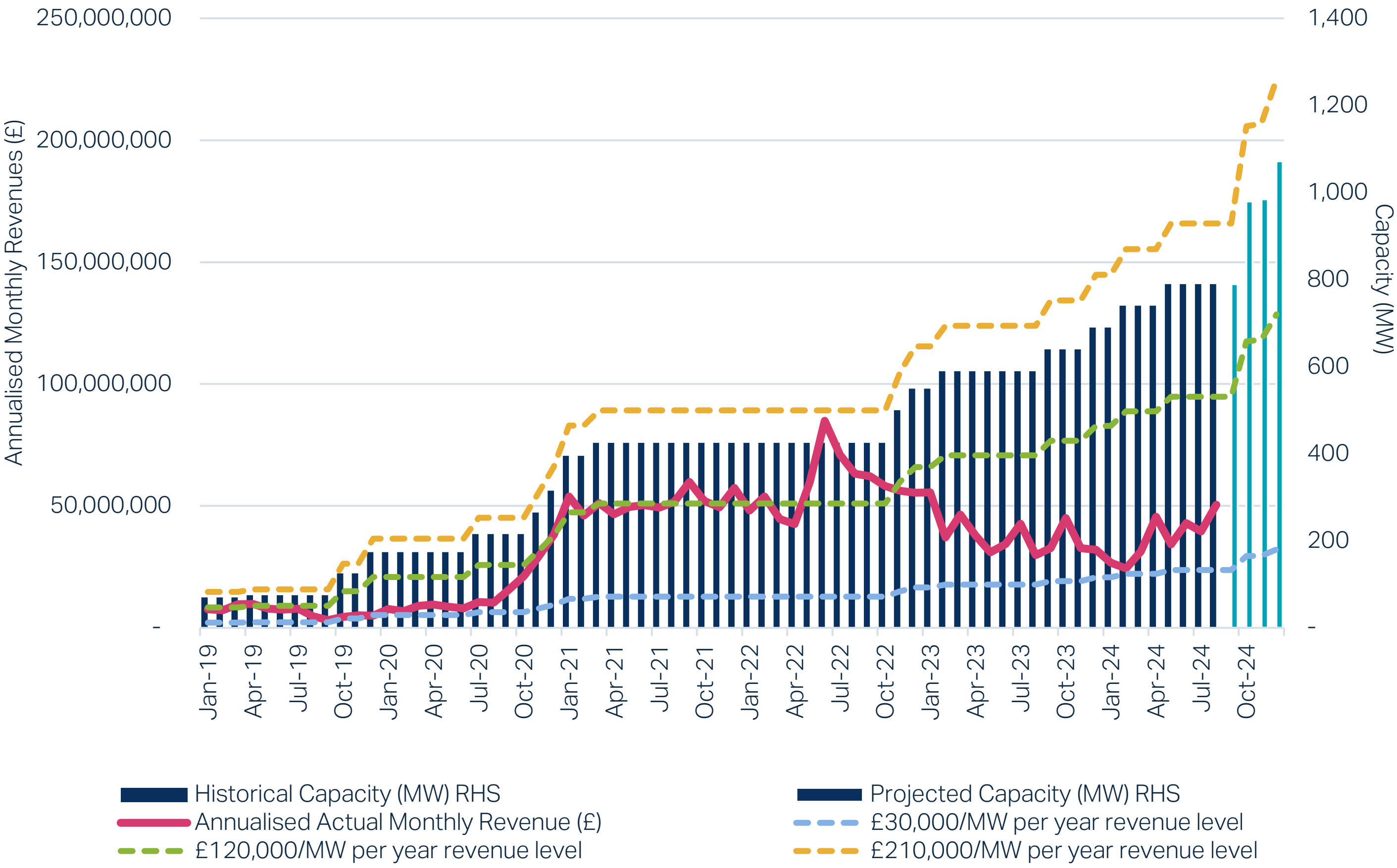
The second half of the year will also see the conclusion of the construction programme and the Manager may seek to optimise its debt arrangements further.

The impact of rising renewable penetration is already creating challenges for the ESO, in terms of rising balancing costs due to the current preference to curtail renewables at times of excess renewable generation, and use of gas to fill in troughs at times of low renewable generation (instead of storing excess renewable output and releasing it when renewable generation is low). This is leading to record levels of negative prices in 2024 and is only going to grow as we see renewable penetration increase further. This growing volatility of supply is what drives the need for energy storage in the system but the build out of BESS in GB has slowed[14] due to slower investment decisions in the current climate. This may point to improved revenues to come.

Looking beyond 2024, the Manager looks forward to presenting the Company's three-year plan through 2027 unlocking EBITDA growth through capacity growth and new revenue opportunities. In this context, the Manager is evaluating new pipeline and other strategic opportunities, working around current fundraising limitations creatively.

We look forward to continuing to drive value in every possible way. It is good to be looking forward to new growth in 2025 and beyond with, as the starting point, a large portfolio and a more stable earnings outlook.

14. Per Modo Energy: only 320MW of additional BESS capacity added in total in H2 2024 which is less than any quarter since Q4 2022



Sustainability Report

This Sustainability Report describes the integration and enhancement of sustainability in the Company's investment processes and asset operations.

Introduction

As we navigate the critical transition to a sustainable energy future, batteries play an indispensable role. They support renewable energy generation by storing excess power, ensuring that clean energy is available whenever it is needed. This capability is essential for stabilising the grid and maximising the efficiency of renewable sources such as wind and solar. GRID is a proud holder of the Green Economy Mark from the London Stock Exchange, recognising the Fund's contribution to the green economy.

Our fund is committed to transparency and accountability in our sustainability efforts. We report annually under the Sustainable Finance Disclosure Regulation (SFDR) and the Task Force on Climate-related Financial Disclosures (TCFD), demonstrating our dedication to integrating Environmental, Social, and Governance (ESG) considerations into our investment processes. The most recent versions of these can be found in the 2023 annual report.

At this interim stage, we aim to update you on our sustainability objectives and outline our plans for the remainder of the financial year.

A more comprehensive report will be included in the annual report and accounts. Below, we present updates on our ongoing work and performance during this period.

Environment

In 2022, the Investment Manager established a Sustainability Committee for its New Energy operations, overseen by the Gresham House Sustainability team. This committee facilitates knowledge sharing among the renewables and BESS teams and includes representatives from various sectors of the Manager's team, such as construction, technical and commercial operations, fund management, investments, finance, and health and safety. The committee meets regularly to advance the Company's sustainability goals. During the reporting period, the committee advanced methodologies for calculating the carbon emission avoidance of New Energy assets. We have garnered wider industry support for a consistent measure for emissions across each BESS portfolio and are progressing with the updates to the methodology with the view to publishing it in the annual report.

Social

The increased capacity of the operational portfolio is providing the system operator with the flexibility needed to ensure power availability on demand. As we continue to expand our operational capacity, we aim to enhance our impact on electricity consumers by providing tools for better management of the National Grid, ensuring robust demand and supply responses, and reducing overall consumer costs.

The Manager continues to monitor processes to ensure full adoption of the Supply Chain Policy across its activities and suppliers. In the first half of 2024 the Manager updated the firm's modern slavery statement, and these changes have been incorporated in the Fund's activities. Health and safety remain a priority, with all construction projects requiring dedicated Health and Safety oversight.

Governance

Meeting regularly, the committee remains focused on achieving all the Company's sustainability objectives. This period the committee has focussed on updating the firm's modern slavery statement and working to produce an industry wide carbon emissions avoided standard.

The Company's Board continues to meet at least quarterly, regularly discussing the Company's approach to ESG considerations and risks as a key part of the agenda. The Company remains committed to reporting against SFDR and TCFD. Alongside the existing reporting the Board and Manager are monitoring industry standards and best practise to ensure continued transparency in the reporting of performance against sustainability goals.

Principal Risks and Uncertainties

Risk management approach

The Company recognises 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, through a detailed risk register and quarterly risk reviews.

Risk identification and mitigation processes have been designed to respond to the changing environment in which the Company 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 in detail

Risk area	Gross impact	Mitigation	Net impact
Operational and performance risk in the underlying investments leading to loss of value. Residual risk: 2024 HY: High 2023 FY: High 2023 HY: Medium 2022 FY: Low	The BESS investments do not perform in the manner expected or are not optimised in the best commercial manner to capture revenue streams which could lead 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. Poor market conditions create lower volatility and ancillary services saturation creates lower revenue streams.	The Company has ensured that assets are designed in a flexible manner. Battery duration for new investments is considered to ensure flexibility for future operation. Each investment is subject to commissioning testing to ensure all relevant planning and HSE conditions are met. Fire risk 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 portfolio relies on multiple income streams to ensure diversification. The Investment Manager works with industry groups and engages with National Grid ESO to ensure BESS opportunities are maximised.	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. Performance of the Company's BESS investments have been impacted by market issues and this has increased the residual risk. A key focus of the Company is to improve utilisation of BESS and the economic performance of these assets. Tolling agreements reduce financial risk but asset availability risk remains with the Company.

Risk area	Gross impact	Mitigation	Net impact
Dividend policy is not in accordance with shareholders' expectations Residual risk: 2024 HY: High 2023 FY: High (New risk) 2023 HY: N/A 2022 FY: N/A	Uncertainty in the level of dividend distributions undermines shareholder confidence and therefore undermines share price and ability to access capital	The banking covenants have been amended and restated and a new dividend policy will be announced in 2025. The dividend will be dependent on revenue performance.	Shareholder reaction and feedback is continually reviewed. The Company remains fully asset backed. Revenues are expected to recover with improvements to National Grid ESO systems and development of other revenue opportunities. This will allow dividends to resume in due course.
Financing risk of existing investments and availability of future growth capital. Residual risk: 2024 HY: Medium 2023 FY: High 2023 HY: High 2022 FY: Medium	Equity financing is not available to expand pipeline due to poor short-term revenue forecasts and substantial NAV discount preventing equity fund raises. Debt financing covenant tests create risk of non-payment of dividends and default. The Company's investments are subject to banking covenants which have been amended and restated in early 2024.	The Company does not have any unfunded commitments. The debt facility has been amended and restated to enable the completion of the current pipeline projects and planned extensions. The banking covenants have been carefully modelled by the manager to ensure they are achievable within the amended and restated debt facility agreement. These are monitored regularly.	As debt is drawn the Company enters into interest rate hedging instruments to manage this risk. The short-term low revenue environment has increased the risk in relation to the debt covenants. However, these have been modelled as part of the amended and restated banking covenants which allows for additional BESS capacity to be brought online to capture higher future revenues.
Performance and availability of grid connections and their impact on future project commissioning dates causing delay to investment revenues and earnings. Residual risk: 2024 HY: Low 2023 FY: High 2023 HY: Medium 2022 FY: High	Grid connection performance affects project commissioning timescales. This affects the ability of the Company's portfolio to generate project revenues to deliver earnings to pay dividends on the timescales expected by the markets.	The existing construction pipeline has grid connection certainty.	This risk has increased to low on a forward looking basis. Whilst there has been an ongoing impact of delays in 2024 which has meant additional capacity has been delayed, the programme is now largely complete and therefore the impact on the remaining grid connections is low.

Risk area	Gross impact	Mitigation	Net impact
Great Britain located assets are based on a business model which relies on certain revenue streams sourced from National Grid mechanisms and resulting from overall roll-out of intermittent renewables. Residual risk: 2024 HY: Medium 2023 FY: High 2023 HY: High 2022 FY: Medium	Adverse changes by National Grid in relation to services contracted, caused by either: A) National Grid moving away from their "Net Zero" ambition (e.g. utilising thermal plant rather than BESS) may reduce the size/scope of income earning opportunities to the Company's investments and have potential impact on valuation; or B) National Grid not utilising available assets efficiently in their management of the electricity market; or HM Government Energy Strategy moves away from intermittent renewable assets which create revenue opportunities for BESS and instead move to other strategies which impact on BESS future growth. Any of the above may impact on the revenues available to BESS on the Great Britain grid.	The Company's investments enjoy several different income streams ranging from BM, Capacity Payments, TRIADs, and DC as contracted services to National Grid; the Company's investments are able to select which services to provide on any given time period: this is continuously monitored by the Investment Manager and optimisation partners. National Grid ESO has been slow to utilise BESS capacity and this has created revenue streams for legacy fossil assets at the expense of BESS. However, National Grid ESO has begun to make progressive changes in early 2024 to ensure BESS will form an integral part of transforming the electricity sector in the UK. The Investment Manager works with industry groups and engages with National Grid ESO to ensure BESS opportunities are maximised. Tolling agreements were entered into and are being implemented at the present time: this allows a certain level of income to be locked in – this is a major mitigant.	BESS projects are versatile assets and can perform a variety of roles to manage risk. Projects have the potential to "revenue stack" and gain multiple revenue streams from different services. The income stream opportunities and usage of BESS is expected to evolve over time. Delays in the National Grid ESO's control room changes have meant the portfolio has had limited access to the BM in 2023 and H1 2024. This residual risk remains high. However, progress is being carefully monitored and managed restoring appropriate usage of BESS by National Grid ESO is a key management focus with encouraging early results in Q2 2024. The ability to enter into tolling arrangements allows the Company to lock in revenue streams and mitigate risk.
Geographic risk Residual risk: 2024 HY: High 2023 FY: Medium 2023 HY: Medium 2022 FY: Low	UK assets dominate the portfolio at present: there is a concentration risk and over reliance on the UK market. Recent issues with National Grid ESO have therefore impacted on the whole portfolio.	Over time, the international exposure of the Company will be increased and the portfolio become diversified: a number of strategic relationships and opportunities are in place.	In the short term the portfolio will remain Great Britain dominated. As Great Britain is currently experiencing low revenues this risk has increased. US expansion plans are available but no investments will take place in the short term. This risk has therefore increased to High.

Risk area	Gross impact	Mitigation	Net impact
Valuation risk. Residual risk: 2024 HY: Medium 2023 FY: Medium 2023 HY: Low 2022 FY: Low	The Company's investments are valued using discounted cash flows and assessment of future income streams driven by third party power curves. These valuations may be materially incorrect or not held at fair value. The Company's investments are impaired if income streams are not as profitable as expected or costs are higher than expected. Volatile inflation and interest rates may impact upon these valuations.	Risk adjusted discount rates drive valuation along with the external pricing curves. The Company utilises a modelling methodology which discounts income streams using discount rates appropriate to the perceived risks. The weighted average discount rates are reviewed regularly and the Company believes the valuations are set cautiously. A third-party valuer reviews valuations and confirms appropriateness.	Compared to market peers the risk is deemed to be low when the discount rates are considered. The risk remains at medium as third-party revenue curves are belatedly responding to dysfunctional scheduling within the BESS marketplace in the recent past: at 2023 FY the Company adjusted these curves downwards in anticipation of a gradual market recovery over the period to 2027. External power curves are now reflecting short term pricing but consensus between providers is lacking: the Company is using a blended curve to mitigate risk.
Availability of batteries and other key components. Residual risk: 2024 HY: Low 2023 FY: Low 2023 HY: Medium 2022 FY: High	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 and impacting on overall returns.	The Company's construction projects and augmentations are being completed in the next six months and are not reliant on the acquisition of additional components.	The Company's portfolio has acquired batteries and many key components already: this risk is mitigated in relation to current construction portfolio and is substantially reduced.
Reliance on the Investment Manager. Residual risk: 2024 HY: Low 2023 FY: Low 2023 HY: Low 2022 FY: Low	The Company relies on the Investment Manager and "key persons" as a mission critical supplier.	The Company has long-term contractual arrangements in place with the Investment Manager which has confirmed that the growth of the Company is one of its key focus areas.	The Investment Manager remains incentivised to continue to grow the Company and drive value. The Investment Manager has built out a large team of experts which reduces "key people" risks.
Tax compliance. Residual risk: 2024 HY: Low 2023 FY: Low 2023 HY: Low 2022 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.	In order to ensure continued compliance in a low revenue environment the Company capitalised the loan with MidCo on 15 March 2024.

Risk area	Gross impact	Mitigation	Net impact
Environmental, Social and Governance: production and recycling of batteries creates risk. Residual risk: 2024 HY: Low 2023 FY: Low 2023 HY: Low 2022 FY: Low	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. The Company undertook a supply chain review in 2022. The recycling of the BESS systems is subject to constant development and research. The Company is motivated to ensure low environmental impact. This is an industry wide focus and the residual value of materials remains high and there is likely to be value from recycling of materials in future.	Some aspects of this are still evolving over time, especially the end use/recycling of BESS. The ability of BESS to drive a low carbon electricity system needs to be considered in comparison to other options when considering the overall ESG impact of BESS. Work will continue to minimise this over time.

Emerging risks

Risk area	Gross impact	Mitigation	Net impact
Emerging technology replaces battery energy storage assets. Residual risk: 2024 HY: Low 2023 FY: Low 2023 HY: Low 2022 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.
Geopolitical risk of potential equipment shortages if China is subject to sanctions. Residual risk: 2024 HY: Low 2023 FY: Low 2023 HY: Medium 2022 FY: Medium	Any conflict involving China would cause the disruption of the supply chain of crucial equipment.	The Company has relationships with other non-Chinese suppliers, but they are likely to source components from China.	The Company ensures it is securing key equipment orders in advance. The project pipeline has secured appropriate equipment and therefore this risk is substantially reduced and the risk is reduced to low.

Board of Directors

The Company has a Board of five Independent Non-Executive Directors. The Board has 40% female and 20% ethnic minority representation. The Board has also adopted a formal diversity policy and considers diversity on the Company's Board as an important part of its existing skills, experience and knowledge.

John Leggate CBE, FREng

Chair and Independent Non-Executive Director

John was appointed to the Board on 24 August 2018.

Catherine Pitt

Chair of the Nomination Committee and Independent Non-Executive Director

Catherine was appointed to the Board on 1 March 2019.

Isabel Liu

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

Isabel was appointed to the Board on 1 October 2022.

David Stevenson

Chair of the Remuneration Committee and Senior Independent Non-Executive Director

David was appointed to the Board on 24 August 2018.

Duncan Neale

Audit Committee Chair and Independent Non-Executive Director

Duncan was appointed to the Board on 24 August 2018.

John Leggate CBE, FREng

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 "blue chip" international consultants and senior advisor to Dial Partners LLP/Clairfield International. John was appointed to the Board on 24 August 2018.

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

Isabel Liu

Isabel has over 25 years global experience investing equity in infrastructure, including the AIG Asian Infrastructure Fund, the ABN AMRO Global Infrastructure Fund and as managing director of the Asia Pacific investment business of John Laing plc. Isabel served as a non-executive director of Pensions Infrastructure Platform, backed by UK pension schemes to invest in UK infrastructure. She has been a board member of Transport Focus, the consumer watchdog for public transport and England's highways, and Heathrow Airport's Consumer Challenge Board. Isabel was appointed to the Board on 1 October 2022.

Significant interests: Isabel is a Director of Schroder Oriental Income Fund Limited and Utilico Emerging Markets Trust plc.

Duncan Neale

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 Director of DJN Consultancy Limited, and a non-executive director of Atrato Onsite Energy plc and of AFC Energy plc.

Catherine Pitt

Cathy is a legal adviser who has specialised in the investment company and asset management sectors for over 20 years, specialising in governance, regulation and capital markets. 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 non-executive director of Baillie Gifford UK Growth Trust plc and the Association of Investment Companies and a member of the Advisory Council of Sex Matters, a not-for-profit company limited by guarantee.

David Stevenson

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, which focuses on covering major trends in marketplace lending, crowdfunding, and working capital provision for small to medium sized enterprises as well as www.ETFstream.com. David was appointed to the Board on 24 August 2018.

Significant interests: David is a Director of Castelnau Group Limited, the Secured Income Fund plc and Aurora Investment Trust plc.

Statement of Director's responsibilities

The Directors are responsible for preparing the Interim Report and Condensed Interim Financial Statements in accordance with applicable law and regulations.

The Directors confirm to the best of their knowledge:

- the Interim Report and Condensed Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Chair's Statement and 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 4.2.7R 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 4.2.8R of the Disclosure Guidance and Transparency Rules.

The Responsibility Statement has been approved by the Board.

John Leggate CBE, FREng.

Chair

27 September 2024

Investment Team

Ben Guest
Managing Director, New Energy

Harry Hutchinson
Investment Analyst, New Energy

Lefteris Strakosias
Investment Director, New Energy

Ana Segizbayeva
Associate Director, Project Delivery, New Energy

Nick Vest
Finance Director, Energy Storage

Rupert Robinson
Managing Director, Gresham House Asset Management Limited

James Bustin
Associate Director, New Energy

Charlie Von Schmeider
Director of UK and Irish Project Development, New Energy

Fernando Casas Garcia
Head of Operations and Asset Manager, New Energy

Paul Carse
EPC Director, New Energy

Stephen Beck
Finance Director, Real Assets

Ben Guest

Ben was the founder and managing partner of Hazel Capital which was acquired by Gresham House in 2017. He has 30 years of investment experience. Ben's expertise spans the investment spectrum, across infrastructure, listed equities and venture capital.

Ben is Managing Director of Gresham House's New Energy Division and the Lead Fund Manager of the Company. He is responsible for the origination and execution of investment opportunities and for the overall strategy and ongoing portfolio management of the Company.

Ben started his fund management career in equities at Lazard Asset Management in 1994 before going on to co-found Cantillon Capital and later founded Hazel Capital in 2007, a renewable energy-focused fund management business. Ben currently serves as a director of all of the Company's project companies.

James Bustin

James has 11 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 is Assistant Fund Manager for the Company and his role covers all elements across fund management including strategy, funding, modelling and 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.

Harry Hutchinson

Harry joined Gresham House in April 2023. Prior to joining Gresham House Harry worked as an Auditor at Grant Thornton for three years focussing primarily on technology and media businesses.

Harry holds a first-class Master's degree in Chemistry from the University of Oxford and qualified as a Chartered Accountant in September 2022.

Charlie von Schmieder

Charlie has over 20 years of experience having started his career as a 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. He is responsible for executing investments in BESS projects, whether acquired before construction or when already operational.

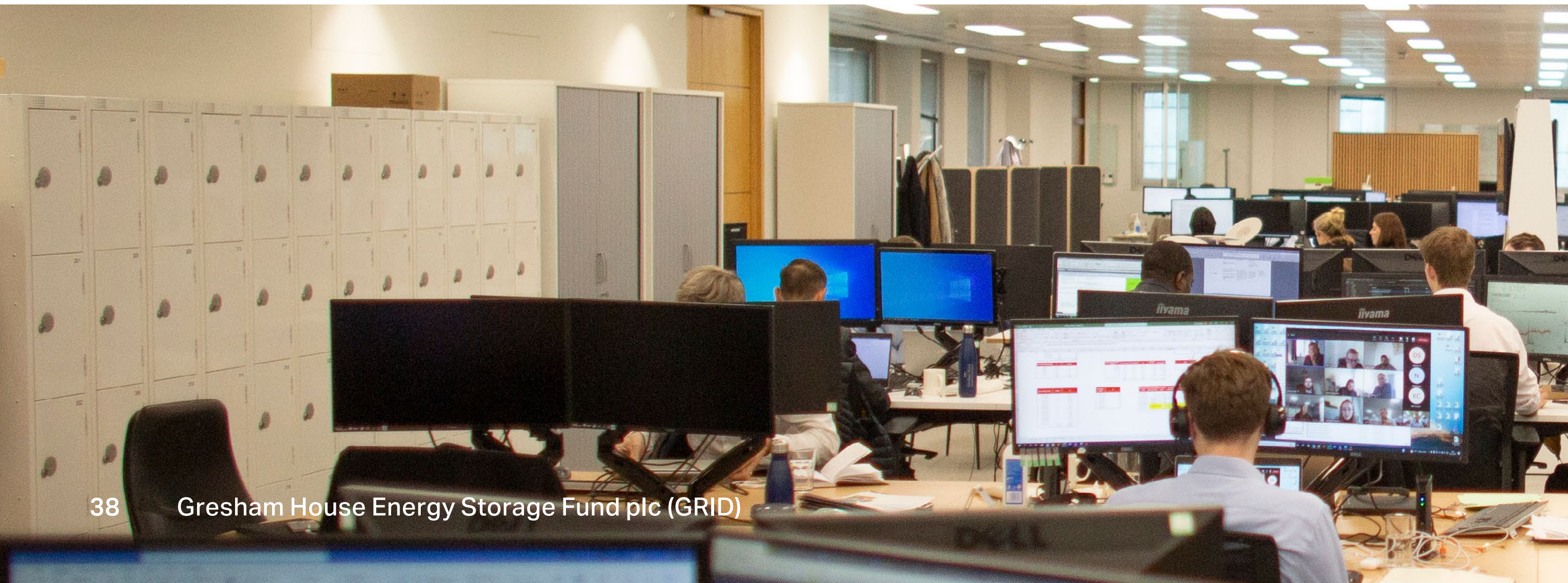
Lefteris Strakosias

Lefteris joined Gresham House in March 2023 and has over 15 years of experience in infrastructure and energy transition investments including solar PV, onshore and offshore wind, anaerobic digestion, and hydroelectric power. He has held principal investment and advisory roles with large institutions such as Columbia Threadneedle Investments, National Pension Service of South Korea (NPS), Macquarie, and Société Générale, as well as corporate and business development roles with Libra Group and Maple Power.

Lefteris holds a MSc in Finance from Imperial College London and a BSc in Management Science from Athens University of Economics and Business.

Ana Segizbayeva

Ana joined Gresham House in September 2022 and is responsible for implementing the EPCM structure and delivering the New Energy team's project pipeline.



Ana is a multi-skilled professional with 12 years of experience delivering innovative, award-winning renewable energy projects in the UK.

Previously, Ana helped to establish quality management, project delivery, and commercial project functions at GRIDSERVE Sustainable Energy. She also successfully delivered the UK's first Electric Forecourt and subsidy-free solar and battery storage hybrid projects with bi-facial panels and tracking technology. Prior to that, Ana was part of the BELECTRIC projects team building utility-scale solar farms.

Paul Carse

In February 2024, Paul became part of Gresham House, taking on the role of EPC Director in the New Energy Division.

With 14 years of experience in the HV/Renewable sector, Paul has held key positions such as Head of Project Delivery at a developer and Head of Major Projects at a prominent ICP. His journey began at National Grid, where he completed an extensive training programme.

Throughout his career, Paul has been involved in various renewable energy projects, spanning BESS, solar, wind, and AD. Additionally, he holds a degree in Power System Engineering, furthering his expertise in the field.

Fernando Casas Garcia

Fernando has 15 years of 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 2.2 GW solar PV portfolio at WiseEnergy focused on the operation of their solar PV assets and increasing overall revenues.

Stephen Beck

Stephen has 28 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 PricewaterhouseCoopers.

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

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

Nick Vest

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

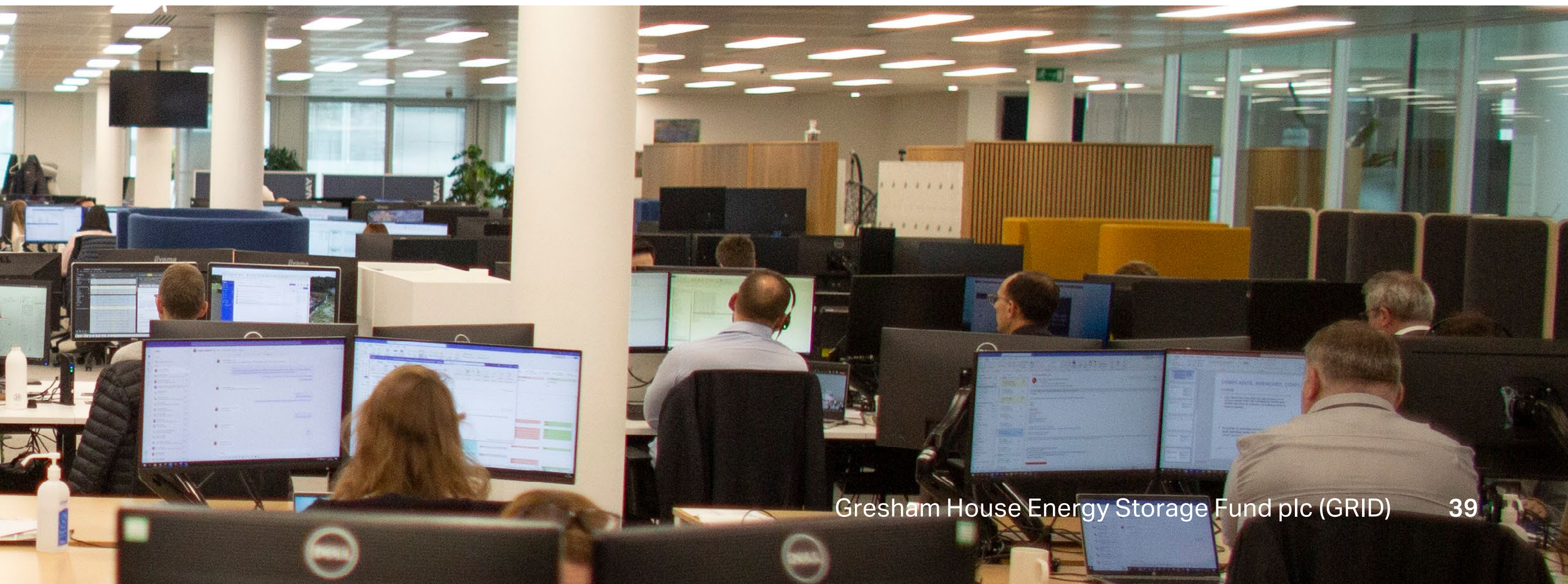
Prior to Gresham House, Nick worked as Finance Director for an internationally focused property investment group and before that, Nick was an Associate Director of Tax at Temenos Group SA in Switzerland.

Rupert Robinson

Rupert has been the Managing Director of Gresham House Asset Management Limited 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 Rothchild where he was latterly Head of Private Clients at Rothschild Asset Management.

Rupert has a proven track record of delivering significant value to shareholders.

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



Unaudited Condensed Statement of Comprehensive Income

For the six months ended 30 June 2024
Company number 11535957

Six months ended 30 June 2024	Note	Revenue unaudited (£)	Capital unaudited (£)	Total unaudited (£)
Net return on investments at fair value through profit and loss	6	9,927,825	(122,843,656)	(112,915,831)
Bank interest income		163,383	-	163,383
Other income		389,594	-	389,594
Total income		**10,480,802**	**(122,843,656)**	**(112,362,854)**
Administrative and other expenses:	7	(4,569,159)	-	(4,569,159)
Profit / (loss) before tax		**5,911,643**	**(122,843,656)**	**(116,932,013)**
Taxation	8	-	-	-
Profit / (loss) after tax and total comprehensive income (loss) for the year		**5,911,643**	**(122,843,656)**	**(116,932,013)**
Profit / (loss) per share (basic and diluted) - pence per share	9	1.04	(21.59)	(20.55)

Six months ended 30 June 2023	Note	Revenue unaudited (£)	Capital unaudited (£)	Total unaudited (£)
Net return on investments at fair value through profit and loss	6	22,598,069	(48,376,790)	(25,778,721)
Bank interest income		19,455	-	19,455
Other income		266,985	-	266,985
Total income		**22,884,509**	**(48,376,790)**	**(25,492,281)**
Administrative and other expenses:	7	(4,852,791)	(8,394)	(4,861,185)
Profit / (loss) before tax		**18,031,718**	**(48,385,184)**	**(30,353,466)**
Taxation	8	-	-	-
Profit / (loss) after tax and total comprehensive income for the period		**18,031,718**	**(48,385,184)**	**(30,353,466)**
Profit / (loss) per share (basic and diluted) – pence per share	9	3.30	(8.85)	(5.55)

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

The notes starting on page 44 form an integral part of these Condensed Interim 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 2024
Company number 11535957

	Note	30 June 2024 unaudited (£)	31 December 2023 audited (£)
Non-current assets			
Investments in subsidiaries at fair value through profit or loss	10	617,241,266	727,981,694
Total non-current assets		**617,241,266**	**727,981,694**
Current assets			
Cash and cash equivalents	11	3,398,843	14,073,513
Trade and other receivables	12	1,059,381	525,310
Total current assets		**4,458,224**	**14,598,823**
Total assets		**621,699,490**	**742,580,517**
Current liabilities			
Trade and other payables	13	(496,555)	(2,433,017)
Total current liabilities		**(496,555)**	**(2,433,017)**
Total net assets		**621,202,935**	**740,147,500**
Shareholders' equity			
Share capital	18	5,734,447	5,734,447
Share premium	18	543,915,072	543,915,072
Merger relief reserve	18	13,299,017	13,299,017
Treasury shares	18	(2,012,552)	-
Capital reduction reserve	18	3,892,537	3,892,537
Capital reserves		(2,490,559)	120,353,097
Revenue reserves		58,864,973	52,953,330
Total shareholders' equity		**621,202,935**	**740,147,500**
Net asset value per share (pence)	17	109.16	129.07

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

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John Leggate CBE, FREng
Chair

Date: 27 September 2024

Unaudited Condensed Statement of Changes in Equity

For the period from 1 January 2024 to 30 June 2024

Six months ended 30 June 2024

	Note	Share capital (£)	Share premium reserve (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Capital reserves (£)	Treasury shares (£)	Revenue reserves (£)	Total shareholders' equity (£)
Shareholders' equity at 1 January 2024		5,734,447	543,915,072	13,299,017	3,892,537	120,353,097	-	52,953,330	740,147,500
(Loss) / profit for the period		-	-	-		(122,843,656)	-	5,911,643	(116,932,013)
Transactions with owners:									
Repurchase of Ordinary shares	18	-	-	-	-	-	(2,012,552)	-	(2,012,552)
Shareholders' equity at 30 June 2024		**5,734,447**	**543,915,072**	**13,299,017**	**3,892,537**	**(2,490,559)**	**(2,012,552)**	**58,864,973**	**621,202,935**

Six months ended 30 June 2023

	Note	Share capital (£)	Share premium reserve (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Capital reserves (£)	Revenue reserves (£)	Total shareholders' equity (£)
As at 1 January 2023		5,412,904	495,230,993	13,299,017	3,892,537	267,250,491	56,659,720	841,745,662
(Loss) / profit for the period		-	-	-	-	(48,385,184)	18,031,718	(30,353,466)
Transactions with owners:								
Ordinary shares issued	18	321,543	49,678,457	-	-	-	-	50,000,000
Costs of Ordinary shares issued		-	(974,317)	-	-	-	-	(974,317)
Dividends paid	18	-	-	-	-	-	(19,418,791)	(19,418,791)
Shareholders' equity at 30 June 2023		**5,734,447**	**543,935,133**	**13,299,017**	**3,892,537**	**218,865,307**	**55,272,647**	**840,999,088**

The notes starting on page 44 form an integral part of these Condensed Interim Financial Statements.

Unaudited Condensed Statement of Statement of Cash Flows

For the period from 1 January 2024 to 30 June 2024

	Note	Six months ended 30 June 2024 (Unaudited) (£)	Six months ended 30 June 2023 (Unaudited) (£)
Cash flows from operating activities			
Loss for the period		(116,932,013)	(30,353,466)
Net return on investments at fair value through profit and loss	6	122,843,656	48,376,790
Interest income		(10,091,208)	(22,617,524)
(Increase) / decrease in trade and other receivables		(534,071)	149,665
(Decrease) / increase in trade and other payables		(1,936,462)	1,772,333
Net cash used in operating activities		**(6,650,098)**	**(2,971,532)**
Cash flows used in investing activities			
Loans made to subsidiaries	10	(4,200,000)	-
Loans repaid by subsidiaries	10	2,024,597	7,500,000
Net cash (used in) / generated from investing activities		**(2,175,403)**	**7,500,000**
Cash flows from financing activities			
Proceeds from issue of Ordinary shares at a premium	18	-	50,000,000
Share issue costs	18	-	(974,317)
Repurchase of Ordinary shares	18	(2,012,552)	-
Dividends paid	18	-	(19,418,791)
Bank interest received		163,383	19,455
Net cash (outflow) / inflow from financing activities		**(1,849,169)**	**29,626,347**
Net (decrease) / increase in cash and cash equivalents for the period		(10,674,670)	34,154,815
Cash and cash equivalents at the beginning of the period		14,073,513	7,327,492
Cash and cash equivalents at the end of the period		3,398,843	41,482,307

The notes starting on page 44 form an integral part of these Condensed Interim Financial Statements.

Notes to the Interim Financial Statements

For the period ended 30 June 2024

1 General information

Gresham House Energy Storage Fund plc (the Company) is a company limited by shares, which is admitted to trading on the Specialist Fund Segment of the London Stock Exchange. 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 2024 to 30 June 2024, with a comparative period from 1 January 2023 to 30 June 2023, 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 Condensed Financial Statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34). The Condensed Interim Financial Statements have been prepared on a historical cost basis except for financial assets 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 2023 and are expected to continue to apply in the Company's Annual Financial Statements for the year ended 31 December 2024.

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 IAS 34, the Directors have prepared the Condensed Interim 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 Interim 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 2023, which were prepared in accordance with UK adopted international accounting standards.

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 2024, the Company had net current assets of £4.0mn and net cash balances of £3.4mn (excluding cash balances within investee companies) and no debt. The Company is a guarantor to the £195mn debt facility (£110mn capex facility, £75mn incremental facility and £10mn revolving credit facility) entered into by the Midco in September 2021 and amended and restated in November 2022 and April 2024 of which £120mn was drawn at the period end.

The MidCo renegotiated the facility in April 2024 to reset debt covenant levels in line with the current revenue environment.

Following the signing of the April 2024 amended and restated facility agreement, it is anticipated that £65mn of incremental facilities will be utilised during 2024 to enable completion of the projects already under construction and the remaining four augmentations.

Financial models have been prepared for the going concern period on a conservative basis which consider liquidity at the start of the period and key financial assumptions at the Company level as well as at the operational project level. These financial assumptions include expected cash generated by the portfolio companies available to be distributed to the Company. Financial assumptions also include inflows and outflows in relation to the external debt and interest payments expected within the MidCo, committed expenditure for construction projects, expected dividends and the ongoing administrative costs of the Company.

As described in the Chair's statement on page 6 and in the Investment Manager's report on page 10 the Company's investments have experienced a negative trading environment throughout 2023 and into 2024 due to under-utilisation of batteries in the BM. The Directors and the Investment Manager believe that the trading environment will improve over the coming periods from 2024 to 2026 due to systems changes committed by ESO. The going concern assessments are made on a conservative basis assuming improvements to the revenue environment will happen gradually over the period.

The Directors have applied two scenarios to their Going Concern assessment:

i A conservative base case assessment, based on the low revenue environment experienced by the portfolio over recent months, to consider the Company's ability to continue in operation under the current planned strategy to complete projects already under construction with a gradual pick-up in the operating environment over the period to 2026; and

ii A severe but possible downside case scenario which assumes a further reduction in underlying portfolio EBITDA of 10% to the base case.

Both the conservative base case and the downside case show the Company is expected to have sufficient cash available to meet current obligations and commitments as they fall due and that the debt covenants of Midco's debt facility, which include interest cover and leverage tests, are expected to be met. The underlying investments have valuable assets which could be sold to generate cash flow if required.

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.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Condensed Interim 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 (Judgement)

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:

1. the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;
2. 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
3. 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;
- the Company has elected to measure and evaluate the performance of all of its investments on a fair-value basis. The fair-value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance;

The Company also meets the typical characteristics of an investment entity as it (via the MidCo) holds more than one investment, has more than one investor, has investors that are not related parties of the Company and it has ownership interests in the form of equity or similar interest.

Based on the above factors the Directors are of the opinion that the Company meets the characteristics of an investment entity and meets the definition in the standard. The Directors will reassess this conclusion on an annual basis.

Assessment of the MidCo as an investment entity (Judgement)

The MidCo is not consolidated as the MidCo 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 £739,752,064 (31 December 2023: £840,178,892) and recognise a reduction in net working capital of £122,510,798 (31 December 2023: £112,197,198).

Note 10 includes an overview of the balances within the MidCo.

Investment Manager not a related party (Judgement)

The Alternative Investment Fund Manager (AIFM) is not disclosed as key management personal 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.

During the year the Directors considered the following significant estimates:

Valuation of investments in subsidiaries (Estimate)

Significant estimates in the Company's Condensed Interim Financial Statements include the amounts recorded for the fair value of the investments. 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 New standards, amendments and interpretations published

Adopted:

New and amended standards and interpretations that are issued and effective for annual reporting periods beginning on or after 1 January 2024 are as follows:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current with Covenants

In January 2020, IASB issued amendments to paragraphs 69 to 76 of IAS to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period

- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of ability not impact its classification.
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

Based on the Company's assessment the amendments do not have a material impact on current practice and existing loan agreements do not require renegotiation.

Not yet adopted:

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions hence they have not been presented in detail in these financial statements.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these financial statements are disclosed below. The Company intends to adopt these new and mended standards and interpretations, if applicable, when they become effective.

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

Presentation and Disclosure in Financial Statements – Amendments to IFRS 18

General Requirements for Disclosure of Sustainability-related Financial Information - IFRS S1

Climate-related Disclosures - IFRS S2

Amendments regarding the disclosure of supplier finance arrangements – Amendments to IAS 7 and IFRS 7

Lack of exchangeability – Amendments to IAS 21

Amendments to Lease liability in a Sale and Leaseback – IFRS 16

Revenue from Contracts with Customers – IFRS 15

5 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 £65,280 annual fee for the provision of Company Secretarial services and a £59,840 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 £200 million 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 £203,237 (2023: £209,316) with £85,162 (2023: £97,260) being outstanding and payable at the period end.

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 £500mn
- 0.8% on the Net Asset Value of the Company in excess of £500mn

During the period, Investment Manager fees recognised in these Condensed Interim Financial Statements amounted to £3,325,260 (2023: £3,746,762) with £nil (2023: £1,901,401) being outstanding and payable at the period end.

The Investment Manager is a wholly owned subsidiary of Gresham House Limited, a significant shareholder in the Company holding 8.71% (2023: 5.53%) of total issued ordinary shares. Ben Guest, a Director of the Investment Manager, holds 2.53% (2023: 2.51%) of total issued ordinary shares, including direct and indirect holdings.

6 Net return on investments at fair value through the profit and loss

	Six months ended 30 June 2024 (£)	Six months ended 30 June 2023 (£)
Unrealised loss on investments at fair value through profit and loss	(122,843,656)	(48,376,790)
Interest on loans to subsidiaries	9,927,825	22,598,069
	(112,915,831)	**(25,778,721)**

7 Administrative and other expenses

	Six months ended 30 June 2024 (£)	Six months ended 30 June 2023 (£)
Administration and secretarial fees	172,010	178,836
Audit fees	268,862	164,022
Depositary fees	49,343	51,317
Directors' remuneration including social security contributions and similar taxes	183,843	165,867
Investment Manager fee	3,325,260	3,746,762
Sundry expenses	240,760	228,607
Transaction fees	-	8,394
Legal and professional	329,081	317,380
	4,569,159	**4,861,185**

8 Taxation

The Company is recognised as an Investment Trust Company (ITC) for the accounting period and is taxed at the main rate of 25% (2023: 23.5%).

The Company may utilise group relief or make interest distributions to reduce taxable profits for the period to 30 June.

	Six months ended 30 June 2024 (£)	Six months ended 30 June 2023 (£)
(a) Tax charge in profit or loss		
UK corporation tax	-	-
(b) Reconciliation of the tax charge for the year		
Loss before tax	(116,932,013)	(30,353,466)
Tax at UK main rate of 25% (2023: 23.5%)	(29,233,003)	(7,133,065)
Tax effect of:		
Net loss on investments at fair value through the profit and loss	30,710,914	11,368,546
Non-deductible expenses		1,973
Subject to group relief/designated as interest distributions	(1,477,911)	(4,237,454)
Tax charge for the year	**-**	**-**

9 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 2024 Total
Net profit / (loss) attributable to ordinary shareholders (£)	5,911,643	(122,843,656)	(116,932,013)
Weighted average number of Ordinary Shares for the period*	569,064,139	569,064,139	569,064,139
Profit / (loss) per Ordinary Share (basic and diluted) - pence per Ordinary Share	**1.04**	**(21.59)**	**(20.55)**

*During the period the Company purchased 4,380,555 Ordinary shares at an average price of 45.6 pence which are retained as Treasury shares. Refer to Note 18.

	Revenue	Capital	Six months ended 30 June 2023 Total
Net profit / (loss) attributable to ordinary shareholders (£)	18,031,718	(48,385,184)	(30,353,466)
Weighted average number of Ordinary Shares for the period	546,975,098	546,975,098	546,975,098
Profit / (loss) per Ordinary Share (basic and diluted) - pence per Ordinary Share	**3.30**	**(8.85)**	**(5.55)**

10 Investments in subsidiaries at fair value through profit or loss

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, except as a guarantor to the debt facility entered into by the MidCo, and there are no restrictions in place in passing monies up the structure.

	Immediate parent	Projects	Place of business	Registered office	Percentage ownership
Gresham House Energy Storage Holdings plc	The Company	"MidCo"	England & Wales	Gresham House Asset Management Limited, 5 New Street Square, London, England, EC4A 3TW	100%

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

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.

The Company engaged Grant Thornton as independent and qualified valuers to assess the fair value of the Company's investments who have provided their opinion on the reasonableness of the valuation of the Company's investment portfolio.

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.

	30 June 2024 (£)	31 December 2023 (£)
Equity	605,137,851	114,200,507
Loans	12,103,415	613,781,187
Total equity and loans	**617,241,266**	**727,981,694**

Reconciliation	30 June 2024 (£)	31 December 2023 (£)
Opening balance	727,981,694	834,771,492
Add: loans advanced	4,200,000	2,004,828
Less: loan repayments	(2,024,597)	(7,500,000)
Add: accrued interest on loans (see Note 6)	9,927,825	45,457,656
Add: Conversion of loan to equity in MidCo*	613,781,000	-
Less: Reduction of intercompany loan receivable with MidCo*	(613,781,000)	-
Total fair value movement through profit or loss (see Note 6)	(122,843,656)	(146,752,282)
Closing balance	**617,241,266**	**727,981,694**

*During the period the MidCo settled £613,781,000 of the intercompany loan through the issuance of 10,000 ordinary shares in MidCo.

The loan continues to attract 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 advanced in the period of £4,200,000 is interest free and unsecured.

Unless otherwise agreed, 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.

Further analysis

The Company owns 100% of the ordinary shares in Gresham House Energy Storage Holdings plc (the MidCo) which itself owns a number of 100% owned subsidiaries. The investment in the MidCo of £617,241,266 (2023: £727,981,694) comprises underlying investments as follows:

	Percentage ownership		Total Investment	
	30 June 2024	31 December 2023	30 June 2024 (£)	31 December 2023 (£)
Noriker Staunch Ltd	100%	100%	10,448,122	14,424,512
HC ESS2 Ltd	100%	100%	13,370,915	19,893,490
HC ESS3 Ltd	100%	100%	14,333,252	17,160,576
West Midlands Grid Storage Ltd	100%	100%	1,546,238	3,428,295
Cleator Battery Storage Ltd	100%	100%	4,300,250	10,597,554
Glassenbury Battery Storage Ltd	100%	100%	26,180,231	46,761,803
HC ESS4 Ltd	100%	100%	35,538,229	41,173,725
Bloxwich Energy Storage Ltd	100%	100%	16,993,072	21,945,511
HC ESS6 Ltd	100%	100%	34,365,630	40,552,676
HC ESS7 Ltd	100%	100%	36,029,491	42,467,133
Tynemouth Energy Storage Ltd	100%	100%	6,196,166	13,227,606
Gridreserve Ltd	100%	100%	13,810,945	18,589,464
Nevendon Energy Storage Ltd	100%	100%	9,528,483	10,133,433
South Shields Energy Storage Ltd	100%	100%	10,881,640	29,953,750
Enderby Storage Ltd	100%	100%	29,843,541	33,964,005
West Didsbury Storage Ltd	100%	100%	28,143,970	29,109,414
Penwortham Storage Ltd	100%	100%	39,862,633	29,003,841
Grendon Storage Ltd	100%	100%	50,593,045	53,267,283
Melksham East Storage Ltd and Melksham West Storage Ltd	100%	100%	50,305,868	56,125,569
UK Battery Storage Ltd	100%	100%	178,374,505	187,812,426
Stairfoot Generation Ltd	100%	100%	23,662,929	29,328,616
GreenGridPower1 Ltd	100%	100%	37,336,460	18,856,094
Gresham House Energy Storage Solutions Ltd	100%	100%	252,445	10,565,915
Arbroath Ltd	100%	100%	29,162,230	28,945,546
Roc Noir Ltd	100%	100%	5,596,849	5,509,220
Coupar Ltd	100%	100%	34,094,925	27,381,435
Investment in subsidiaries – subtotal			**739,752,064**	**840,178,892**
Working capital in MidCo*			(122,510,798)	(112,197,198)
Total investment in MidCo			**617,241,266**	**727,981,694**

* Working capital in MidCo - page 52

The place of business for all the investments is 5 New Street Square, London, England, EC4A 3TW.

An example of what the Company would look like if the MidCo was consolidated is included in Note 3.

*Working capital in MidCo	30 June 2024 (£)	31 December 2023 (£)
Cash at bank	16,635,721	20,767,752
Trade and other receivables	105,429	381,450
Loan arrangement fees	4,382,256	5,702,146
Trade and other payables	(23,160,079)	(25,712,253)
Bank loan	(120,000,000)	(110,000,000)
Interest payable on bank loan	(1,999,959)	(1,968,783)
Derivative asset / (liability)	1,525,834	(1,367,510)
	(122,510,798)	(112,197,198)

11 Cash and cash equivalents

	30 June 2024 (£)	31 December 2023 (£)
Cash at bank	143,835	10,008,138
Investment in liquidity funds	3,255,008	4,065,375
	3,398,843	14,073,513

12 Trade and other receivables

	30 June 2024 (£)	31 December 2023 (£)
Accrued Income	221,151	311,228
Prepayments	52,854	77,689
VAT receivable	785,376	136,393
	1,059,381	525,310

13 Trade and other payables

	30 June 2024 (£)	31 December 2023 (£)
Administration and secretarial fees	85,162	92,978
Audit fee accrual	169,182	206,480
Other accruals	242,211	2,133,559
	496,555	2,433,017

14 Categories of financial instruments

	30 June 2024 (£)	31 December 2023 (£)
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	3,398,843	14,073,513
Trade and other receivables*	221,151	311,228
Fair value through profit or loss:		
Investment in subsidiaries	617,241,266	727,981,694
Total financial assets	**620,861,260**	**742,366,435**
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	(496,555)	(2,433,017)
Net financial assets	**620,364,705**	**739,933,418**

*excludes prepayments and VAT

As at 30 June 2024, the Company had an outstanding charge with Santander UK plc in respect of its position as guarantor to the debt facility of the MidCo, held against all the assets and undertakings of the Company.

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 Company, via the MidCo, used the income approach to value its underlying 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.

Valuation process

The Company, via the MidCo, held a portfolio of energy storage investments with an operational capacity of 790 Megawatt (MW) (the Investments) with a further 281MW in construction at 30 June 2024 and 100MW of longer-term pipeline. The wholly owned portfolio comprises 30 projects held in 29 special project vehicles.

All of these investments are based in the UK. The Directors review and approve the valuations of these assets following appropriate challenge and examination. The current portfolio consists of non-market traded investments, and valuations are analysed using forecasted cash flows of the assets and 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 2024, 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 the discounted cash flow methodology, whereby the estimated future cash flows relating to the Company's equity investment in each project have been discounted to 30 June 2024, using discount rates reflecting the risks associated with each investment project and the time value of money. The valuations are based on the expected future cash flows, using reasonable assumptions and forecasts for revenues, operating costs, macro-level factors and an appropriate discount rate.

When acquiring new investments, the Company will recognise value as these investments are effectively de-risked, if projects are under construction but not expected to be completed within nine-months the project will be at cost. After this date, during construction and once certain key milestones which reduce risk are met, the project will be fair valued. However, a construction premium of 0.75% will be added to the discount rate. When the investment reaches "PAC" a project will be fair valued with a reduced construction premium for 30 days as a Proving Period. After 30 days the project will be fair valued without a construction premium.

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;

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 and approves them based on the recommendation of the Investment Manager.

	30 June 2024		31 December 2023	
Key valuation input	Range	Weighted average	Range	Weighted average
WACC/WADR	9.8 - 11.4%	10.8%	9.8 - 11.4%	10.9%
RPI	2.6%	2.6%	2.6 - 2.7%	2.6%

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, as mentioned in the Investment Manager's report.

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. We have therefore 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 2024 (£)	Estimated effect on fair value 31 December 2023 (£)
Noriker Staunch Ltd	Staunch	DCF	Discount rate	+1%	(712,335)	(989,754)
				-1%	797,404	1,111,690
			Revenue	+10%	122,502	98,616
				-10%	(122,518)	(99,187)
HC ESS2 Ltd	Rufford, Lockleaze, Littlebrook	DCF	Discount rate	+1%	(986,629)	(1,384,337)
				-1%	1,109,978	1,554,621
			Revenue	+10%	2,027,543	2,151,930
				-10%	(2,208,211)	(2,254,280)
HC ESS3 Ltd	Roundponds	DCF	Discount rate	+1%	(1,149,536)	(1,263,738)
				-1%	1,324,520	1,445,053
			Revenue	+10%	1,380,078	1,497,622
				-10%	(1,403,672	(1,534,323)
West Midlands Grid Storage Two Ltd	Wolverhampton	DCF	Discount rate	+1%	(147,746)	(246,278)
				-1%	168,024	276,236
			Revenue	+10%	387,431	418,288
				-10%	(387,815)	(457,701)
Cleator Battery Storage Ltd	Cleator	DCF	Discount rate	+1%	(323,642)	(383,187)
				-1%	361,733	427,916
			Revenue	+10%	449,998	484,269
				-10%	(451,196)	(485,793)
Glassenbury Battery Storage Ltd	Glassenbury A and B	DCF	Discount rate	+1%	(1,732,681)	(2,096,784)
				-1%	1,943,567	2,349,623
			Revenue	+10%	2,069,710	2,608,642
				-10%	(2,075,017)	(2,611,329)
HC ESS4 Ltd	Red Scar	DCF	Discount rate	+1%	(3,102,025)	(3,378,646)
				-1%	3,620,581	3,924,386
			Revenue	+10%	3,977,776	4,463,582
				-10%	(3,996,042)	(4,488,432)

Investment	Project	Valuation technique	Significant inputs description	Sensitivity	Estimated effect on fair value 30 June 2024 (£)	Estimated effect on fair value 31 December 2023 (£)
Bloxwich Energy Storage Ltd	Bloxwich	DCF	Discount rate	+1%	(1,355,494)	(1,596,398)
				-1%	1,537,853	1,792,901
			Revenue	+10%	2,052,221	2,813,160
				-10%	(2,498,871)	(2,833,980)
HC ESS7 Ltd	Thurcroft	DCF	Discount rate	+1%	(3,234,061)	(3,455,743)
				-1%	3,769,106	4,000,692
			Revenue	+10%	3,552,672	4,487,571
				-10%	(3,567,679)	(4,507,638)
HC ESS6 Ltd	Wickham	DCF	Discount rate	+1%	(2,558,568)	(2,906,428)
				-1%	2,909,872	3,294,299
			Revenue	+10%	3,771,647	4,231,794
				-10%	(3,801,437)	(4,273,310)
Tynemouth Battery Storage Ltd	Tynemouth	DCF	Discount rate	+1%	(568,156)	(785,644)
				-1%	662,589	910,977
			Revenue	+10%	1,217,836	1,289,339
				-10%	(1,237,848)	(1,295,822)
Gridreserve Ltd	Byers Brae	DCF	Discount rate	+1%	(1,061,370)	(1,266,615)
				-1%	1,199,758	1,425,018
			Revenue	+10%	1,484,181	2,018,014
				-10%	(1,491,996)	(2,023,244)
Nevendon Energy Storage Ltd	Nevendon	DCF	Discount rate	+1%	(741,545)	(777,887)
				-1%	824,238	863,613
			Revenue	+10%	1,032,069	1,123,819
				-10%	(1,133,434)	(1,124,293)
South Shields Energy Storage Ltd	South Shields	DCF	Discount rate	+1%	(576,074)	(714,481)
				-1%	619,882	768,923
			Revenue	+10%	1,180,497	1,301,237
				-10%	(1,182,420)	(1,301,461)
Enderby Storage Ltd	Enderby	DCF	Discount rate	+1%	(3,652,050)	(3,713,689)
				-1%	4,194,411	4,256,663
			Revenue	+10%	4,605,887	4,991,172
				-10%	(4,615,704)	(5,034,671)
West Didsbury Storage Ltd	West Didsbury	DCF	Discount rate	+1%	(3,664,954)	(3,509,794)
				-1%	4,212,088	4,010,765
			Revenue	+10%	3,947,115	4,587,518
				-10%	(3,959,504)	(4,648,492)

Investment	Project	Valuation technique	Significant inputs description	Sensitivity	Estimated effect on fair value 30 June 2024 (£)	Estimated effect on fair value 31 December 2023 (£)
Penwortham Storage Ltd	Penwortham	DCF	Discount rate	+1%	(3,088,058)	(3,069,697)
				-1%	3,492,384	3,470,007
			Revenue	+10%	3,458,756	4,295,182
				-10%	(3,452,352)	(4,359,672)
Grendon Storage Ltd	Grendon	DCF	Discount rate	+1%	(3,888,243)	(4,134,740)
				-1%	4,471,325	4,741,802
			Revenue	+10%	4,643,320	5,052,662
				-10%	(4,638,459)	(5,096,692)
Melksham East Ltd and Melksham West Ltd	Melksham	DCF	Discount rate	+1%	(6,669,941)	(6,893,088)
				-1%	7,653,034	7,902,313
			Revenue	+10%	8,448,174	9,073,680
				-10%	(8,489,265)	(9,142,253)
UK Battery Storage Ltd	Elland	DCF	Discount rate	+1%	(2,936,544)	(3,128,791)
				-1%	3,312,969	3,520,488
			Revenue	+10%	3,516,853	4,422,703
				-10%	(3,550,705)	(4,471,803)
UK Battery Storage Ltd	York	DCF	Discount rate	+1%	(2,722,191)	(2,721,348)
				-1%	3,081,528	3,063,902
			Revenue	+10%	3,810,669	4,070,740
				-10%	(3,864,936)	(4,116,824)
UK Battery Storage Ltd	West Bradford	DCF	Discount rate	+1%	(4,991,733)	(5,359,658)
				-1%	5,636,993	6,033,651
			Revenue	+10%	5,908,744	7,702,758
				-10%	(5,943,926)	(7,801,266)
Arbroath Ltd	Arbroath	DCF	Discount rate	+1%	(2,531,005)	(2,640,359)
				-1%	2,936,265	3,047,599
			Revenue	+10%	2,542,868	3,217,043
				-10%	(2,556,841)	(3,245,071)
Stairfoot Generation Ltd	Stairfoot	DCF	Discount rate	+1%	(1,984,163)	(2,211,726)
				-1%	2,284,941	2,532,851
			Revenue	+10%	2,209,282	2,974,098
				-10%	(2,236,085)	(2,989,066)
Coupar Limited	Coupar Angus	DCF	Discount rate	+1%	(2,654,312)	(2,733,868)
				-1%	2,993,585	3,083,283
			Revenue	+10%	2,933,966	3,752,746
				-10%	(2,952,517)	(3,785,451)

All other projects are held at cost.

Portfolio Sensitivity of RPI	Sensitivity	Estimated effect on fair value 30 June 2024 (£)	Estimated effect on fair value 31 December 2023 (£)
Inflation	+0.25%	20,744,719	19,038,472
	-0.25%	(20,114,224)	(18,479,800)

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.

The fair value hierarchy of financial instruments measured at fair value is provided below:

30 June 2024	Level 1 (£)	Level 2 (£)	Level 3 (£)
Investment in subsidiaries	-	-	617,241,266
	-	**-**	**617,241,266**

31 December 2023	Level 1 (£)	Level 2 (£)	Level 3 (£)
Investment in subsidiaries	-	-	727,981,694
	-	**-**	**727,981,694**

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 in Note 10. No transfers between levels took place during the period.

16 Financial risk management

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

Counterparty risk

The Company is exposed to third party credit risk in several instances and the possibility that counterparties with which the Company and its subsidiaries, together the Group, contracts may default by failing to pay for services received from the Company of its subsidiaries or fail to perform their obligations in the manner anticipated by the Group. Such counterparts may include (but are not limited to) manufacturers who have provided warranties in relation to the supply of any equipment or plant, EPC contractors who have constructed the Company's plants, who may then be engaged to operate assets held by the Company, property owners or tenants who are leasing ground space and/or grid connection to the Company for the locating of the assets, contractual counterparties who acquire services from the Company underpinning revenue generated by each project or the energy suppliers, demand aggregators, insurance companies who may provide coverage against various risks applicable to the Company's assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Company. In the event that such credit risk crystallises, in one or more instances, and the Company is, for example, unable to recover sums owed to it, make claims in relation to any contractual agreements or performance of obligations (e.g. warranty claims) or unable to identify alternative counterparties, this may materially adversely impact the investment returns.

Management has completed a high-level analysis which considers both historical and forward-looking qualitative and quantitative information, to assess the credit risk of these exposures and has determined that the credit risk as a 30 June 2024 is low due to the financial position of these counterparties.

Further, the projects in which the Company may invest will not always benefit from a turnkey contract with a single contractor and so will be reliant on the performance of several suppliers. Therefore, the key risks during battery installation in connection with such projects are the counterparty risk of the suppliers and successful project integration.

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

Concentration risk

The Company's investment policy is limited to investment (via its subsidiary) in battery energy storage infrastructure, which will principally operate in the UK. This means that the Company has a significant concentration risk relating to the UK Battery energy storage infrastructure sector. Significant concentration of investments in any one sector may result in greater volatility in the value of the Company's investments via its subsidiary, and consequently the NAV and may materially and adversely affect the performance of the Company and returns to shareholders.

The Fund's BESS projects generate revenues primarily from Firm Frequency Response (FFR), Asset Optimisation, Capacity Market (CM) and other grid connection-related charges, including TRIADs and Dynamic Containment. Revenues from the portfolio's seed BESS project have historically been skewed to FFR revenues, FFR being the provision to the National Grid of a dynamic response service to maintain the grid's electrical frequency at 50Hz. In H1 2023, operations were increasingly targeted towards Asset Optimisation, as this becomes the more profitable business activity. There are several additional revenue opportunities emerging for the portfolio as a series of regulatory changes are implemented. In addition, the Fund has secured Tolling revenue from several projects.

The Investment Manager is of the view that the UK's exposure to renewable energy generation has increased significantly over the last few years and the pace has not lessened despite the removal of legacy subsidies to onshore wind and solar. This is largely because the development of offshore wind installations has continued apace. National Grid ESO systems updates, required to fully utilise the benefit of renewable energy generation, have yet to materialise which has led to a weak trading environment for BESS in 2024 and have negatively affected valuations at the year-end as described in the Investment Manager's report on page 10.

Credit risk

Cash and other assets that are required to be held in custody will be held at bank. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from the bank's own assets in the event of the insolvency of a custodian. Cash held with the bank will not be treated as a client money subject to the rules of the FCA and may be used by the bank on the ordinary course of its own business. The Company will therefore be subject to the creditworthiness of the bank. In the event of the insolvency of the bank, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all.

The Investment Manager regularly assesses its credit exposure and considers the creditworthiness of its customers and counterparties. Cash and bank deposits are held with Barclays Bank plc, a reputable financial institution with a Moody's baseline credit assessment rating of Baa2.

Investments held at fair value through profit or loss are not subject to IFRS 9 impairment requirements.

For interest receivables on cash balances and loans receivables, the Company uses a 12-month expected loss allowance.

The Company has completed some high-level analysis and forward looking qualitative and quantitative information to determine if the interest and receivables are low credit risk. Based on the analysis the expected credit loss interest and receivables are not material and therefore no impairment adjustments were accounted for.

Liquidity risk

The objective of liquidity management is to ensure that all commitments made by the Company which are required to be funded can be met out of readily available and secure sources of funding. As noted below, this includes debt funding.

BESS projects have limited liquidity and may not be readily realisable or may only be realisable at a value less than their book value. There may be additional restrictions on divestment in the terms and conditions of any sale agreement in relation to a particular BESS project.

In 2021, the Company assessed its ability to raise debt and the MidCo entered into a debt facility for £180mn, which was subsequently amended and restated in 2022 for a total of £335mn. During 2024, MidCo renegotiated the agreement to reset debt covenant levels in line with a reduced revenue environment and cancel £110mn of undrawn facilities to reduce the total available facility to £225mn. After the period end the Company cancelled a further £30mn of undrawn facilities.

The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges, or other security interests or by way of outright transfer of title to the Company's assets. The Company is a guarantor to the MidCo debt facility – should there be a default by the MidCo the Company may be liable to repay all debt drawn. The Directors will restrict borrowing to an amount not exceeding 50% of the Company's NAV at the time of drawdown. As at 30 June 2024 , MidCo had drawn £120mn on the facility. The Company is required to provide semi-annual covenant compliance certificates to the bank. As at the date of this report the Company was in compliance with all covenant requirements.

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 2024	<1 year (£)	1 to 2 years (£)	2 to 5 years (£)	>5 years (£)	Total (£)
Financial assets					
Cash and cash equivalents	3,398,843	-	-	-	3,398,843
Trade and other receivables (Note 12)*	221,151	-	-	-	221,151
Investments		-	-	-	-
Fair value through profit or loss:					
Investment in subsidiaries	-	-	-	617,241,266	617,241,266
Total financial assets	**3,619,994**	**-**	**-**	**617,241,266**	**620,861,260**
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables (Note 13)	496,555	-	-	-	496,555
Total financial liabilities	**496,555**	**-**	**-**	**-**	**496,555**

As at 31 December 2023	<1 year (£)	1 to 2 years (£)	2 to 5 years (£)	>5 years (£)	Total (£)
Financial assets					
Cash and cash equivalents (Note 11)	14,073,513	-	-	-	14,073,513
Trade and other receivables (Note 12)*	311,228	-	-	-	311,228
Fair value through profit or loss:					
Investment in subsidiaries	-	-	-	727,981,694	727,981,694
Total financial assets	**14,384,741**			**727,981,694**	**742,366,435**
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables (Note 13)	2,433,017	-	-	-	2,433,017
Total financial liabilities	**2,433,017**	**-**	**-**	**-**	**2,433,017**

* excludes prepayments and VAT

Market risk

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

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 30 June 2024, the valuation basis of the Company's investments was at market value. This investment is driven by market factors and is therefore sensitive to movements in the market. The Company relies on market knowledge of the investment Manager, the valuation expertise of the third-party valuer and the use of third-party market forecast information to provide comfort with regard to fair values of investments reflected in the Condensed Interim Financial Statements. Refer to Note 15 for trading revenue sensitives.

Interest rate risk

Interest rate risk arise from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to interest rate risk on its cash balances held with counterparts, bank deposits, loans receivable, advances to counterparties and through loans to subsidiaries. Loans to subsidiaries carry a fixed rate of interest until repayment at the earlier of written demand from the lender or 31 December 2030. The Company may be exposed to changes in variable market rates of interest and this could impact the discount rate and therefore the valuation of the projects as well as the fair value of the loan receivables. The debt held written within MidCo is subject to interest rate hedging.

Currency risk

All transactions and investments during the current year were denominated in Pounds Sterling, thus no foreign exchange differences arose. The Company does not hold any financial instruments at year end which are not denominated in Pounds Sterling and is therefore not exposed to any significant currency risk. Subsidiary entities may, from time to time, incur expenditure in currencies other than Pounds Sterling.

Capital risk management

The capital structure of the Company at year end consists of equity attributable to equity holders of the Company, compromising issued capital and reserves. The Board continues to monitor the balances of the overall structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements

17 Net Asset Value (NAV) 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 2024	31 December 2023
Net assets per statement of financial position (£)	621,202,935	740,147,500
Ordinary Shares in issue*	569,064,139	573,444,694
NAV per Ordinary Share - Basic and diluted (pence)	109.16	129.07

*The difference in ordinary shares compared to the table below is due to 4,380,555 Ordinary shares repurchased at 45.6 pence by the Company and placed as Treasury shares. Refer to Note 18.

18 Shareholders' equity

	Ordinary Shares number	Share capital (£)	Share premium reserve (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Treasury shares (£)	Total (£)
Allotted and issued share capital							
As at 31 December 2023	573,444,694	5,734,447	543,915,072	13,299,0177	3,892,537	-	566,841,073
Repurchase of Ordinary Shares	-	-	-	-		(2,012,552)	(2,012,552)
Issue of Ordinary Shares of £0.01	-	-	-	-	-	-	-
	573,444,694	**5,734,447**	**543,915,072**	**13,299,017**	**3,892,537**	**(2,012,552)**	**564,828,521**
Share issue costs	-	-	-	-	-	-	-
As at 30 June 2024	**573,444,694**	**5,734,447**	**543,915,072**	**13,299,017**	**3,892,537**	**(2,012,552)**	**564,828,521**

	Ordinary Shares number	Share capital (£)	Share premium reserve (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Treasury shares (£)	Total (£)
Allotted and issued share capital							
As at 31 December 2022	541,290,353	5,412,904	495,230,993	13,299,017	3,892,537	-	517,835,451
Issue of Ordinary Shares of £0.01	32,154,341	321,543	49,678,457	-	-	-	50,000,000
	573,444,694	**5,734,447**	**544,909,450**	**13,299,017**	**3,892,537**	**-**	**567,835,451**
Share issue costs	-	-	(994,378)	-	-		(994,378)
As at 31 December 2023	**573,444,694**	**5,734,447**	**543,915,072**	**13,299,017**	**3,892,537**	**-**	**566,841,073**

Share capital

The Company's capital is represented by the Ordinary Shares.

Share premium

The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. The reserve is non-distributable.

Merger relief reserve

The Merger reserve relates to shares issued for shares to acquire investments. This reserve is not distributable.

Capital reduction reserve

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies in a prior period the Company was permitted to cancel its Share premium account. This was completed on 13 February 2019 by a transfer of the balance of £97,009,475 from the Share premium account to the Capital reduction reserve. The Capital reduction reserve is classed as a distributable reserve and dividends to be paid by the Company may be offset against this reserve.

Share capital and share premium account and capital reduction reserve account

On incorporation the Company issued 1 Ordinary Share of £0.01 which was fully paid up and 50,000 redeemable preference share of £1 each which were paid to one quarter of the nominal value. These 50,000 redeemable preference shares were subsequently redeemed.

During the period the Company acquired 4,380,555 shares at an average price of 45.6 pence per share. These shares are held in treasury.

Dividends

For six months ended 30 June 2024

No dividends have been declared or paid for the period ended 30 June 2024.

For year ended 31 December 2023

Period in relation to which dividend was paid	Announcement date	Ex-dividend date	Payment date	Amount per Ordinary Share	Total amount
1 January to 31 March 2023	5 May 2023	18 May 2023	8 June 2023	1.8375p	£9,946,210
1 April to 30 June 2023	7 September 2023	14 September 2023	29 September 2023	1.8375p	£10,537,046
1 July to 30 September 2023	17 November 2023	7 December 2023	21 December 2023	1.8375p	£10,537,046

19 Cash and non-cash flow items

The non-cash movements for the period ended 30 June 2024 predominantly relate to movement in the investments. These non-cash movements are reconciled and discussed in Note 10.

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 2024 (£)	Six months ended 30 June 2023 (£)
Directors' remuneration	163,813	146,313
Employers' NI	20,030	19,554
Total key management personnel	**183,843**	**165,867**

All directors' remuneration is short term salary.

No dividend amounts were payable to Directors as at 30 June 2024 (31 December 2023: 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

	30 June 2024 (£)	31 December 2023 (£)
Principal advanced	4,200,187	568,323,528
Interest accrued	9,927,825	45,457,656
Interest repaid	(2,024,597)	-
Total loans	12,103,415	613,781,184

Loans receivable represent amounts due to the Company from its subsidiary and are disclosed in Note 10.

22 Capital commitments

As at 30 June 2024, the Company is a guarantor to the MidCo debt facility but otherwise has no significant binding or conditional future capital commitments.

24 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 2024 to 30 June 2024

1 Dividend per Ordinary Share

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

Dividend period: six months to 30 June 2024
No dividends have been declared for the six month period to 30 June 2024.

Dividend period: 12 months to 31 December 2023	Dividend paid per share (£)	Number of shares on dividend payment date	Total dividend (£)
Q1 2023 (declared 5 May 2023)	0.018375	541,290,353	9,946,210
Q2 2023 (declared 7 September 2023)	0.018375	573,444,694	10,537,046
Q3 2023 (declared 17 November 2023)	0.018375	573,444,694	10,537,046
	0.055		**31,020,302**

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 since initial public offering.

	Six months ended 30 June 2024 (pence)	Six months ended 30 June 2023 (pence)
Share price at end of period	70.30	144.80
Dividends paid from inception to end of period	31.02	27.34
Dividend reinvestment impact	(10.96)	7.88
Share price at initial public offering	(100.00)	(100.00)
Ordinary share price total return since inception	**(9.64)**	**80.02**
Ordinary share price total return since inception %	**-9.64%**	**80.0%**

3 Net asset value (NAV) per Ordinary Share

	30 June 2024	31 December 2023
NAV at end of period	£621,202,935	£840,999,088
Ordinary shares in issue*	569,064,139	573,444,694
NAV per Ordinary share (pence) – basic and diluted	**109.16**	**146.66**

*The reduction in ordinary shares in issue is due to 4,380,555 Ordinary shares being repurchased at 45.6 pence by the Company and placed as Treasury shares. Refer to Note 18.

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 ended 30 June 2024 (pence)	Six months ended 30 June 2023 (pence)
NAV per Ordinary Share at end of the year	109.16	146.66
Dividends paid from inception to end of the year	31.02	27.34
Dividend reinvestment impact	1.92	12.16
NAV per Ordinary Share at end of the year including dividend reinvestment	**142.10**	**186.16**
NAV per Ordinary Share at beginning of the year including dividend reinvestment	(168.02)	(192.87)
NAV total return for the year	**(25.92)**	**(6.71)**
NAV per Ordinary Share total return for the year	**(15.43%)**	**(3.48%)**

Dividend reinvestment impact recalculated to compound the dividend reinvestment as at the date of dividend payment, consistent with the Ordinary share price total return calculation

5 Gross asset value (GAV)

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

	30 June 2024 (£'000)	30 June 2023 (£'000)
Total assets reported in the Company at end of period	621,699	843,342
Debt held by intermediate holding company (A)	120,000	110,000
GAV (B)	**680,675**	**953,342**
Gearing as defined by the Company (A/B)	1.35%	11.5%

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 year.

	Six months ended 30 June 2024 (£'000)	Six months ended 30 June 2023 (£'000)
Fees to Investment Manager	3,325	3,747
Legal and professional fees	329	317
Other transaction fees	-	8
Administration fees	327	339
Directors' remuneration	184	166
Audit fees	269	164
Other ongoing expenses	135	120
Total expenses	**4,569**	**4,861**
Non-recurring expenses not in OCF calculation	-	(8)
Total ongoing expenses (A)	**4,569**	**4,853**
Average NAV for the period (B)	**680,675**	**846,396**
Number of days in period	182	181
Ongoing charges for the period (A/B) (annualised)	**1.35%**	**1.16%**

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 after accounting for external interest costs, facility commitment fees and administrative costs of the Company but excluding historic transaction costs and historic debt arrangement fees.

	Six months ended 30 June 2024 (£'000)	Six months ended 30 June 2023 (£'000)
EBITDA of underlying group companies	10,413	13,827
Ongoing costs in the Company	(4,569)	(4,853)
Net earnings before interest	**5,844**	**8,974**
Bank interest received in the Company and the MidCo	687	81
Interest income on construction capital deployed to non-owned SPVs	-	64
Facility commitment fees	(934)	(1,237)
External interest costs in the MidCo	(3,730)	(3,219)
Net earnings for Operational Dividend Cover calculation (A)	**1,867**	**4,663**
Interest income on construction capital deployed to owned SPVs	7,951	8,483
Net earnings for Operational Dividend Cover as previously calculated	**9,818**	**13,146**
Dividends declared by the Company in respect of the period (B)	**-**	**20,483**
Operational Dividend cover (A/B)	n/a	0.23x

8 Dividend yield

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

	Six months ended 30 June 2024	Six months ended 30 June 2023
Dividend per share declared in respect of the period (pence) – annualised	-	7.35
Share price at end of period (pence)	70.30	144.80
Dividend yield for the period	**n/a**	**5.1%**

9 Operational capacity of the portfolio

Operational capacity of the portfolio is a measure to show the revenue generating capacity of the underlying investments.

	30 June 2024	30 June 2023
Operational capacity	790MW	590MW

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Isabel Liu
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Ticker: GRID

Glossary

Asset Optimisation (Trading)

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" and includes trading in the wholesale market and offering the battery to National Grid via the Balancing Mechanism.

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 Mechanism (BM)

A tool used by the ESO to balance the electricity supply and demand close to real time. The BM is used to balance supply and demand in each half hour trading period of every day. Where the ESO predicts that there will be a discrepancy between the amount of electricity produced and the level of demand during a certain period, they may accept a 'bid' or 'offer' to either increase or decrease generation (or even increase consumption in the case of storage assets). Sites must be registered in the BM to receive such actions but once registered they are able to set their own prices for being used.

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
- Dynamic Containment (DC)
- Enhanced Frequency Response (EFR)
- Firm Frequency Response (FFR)
- Optional Downward Flexibility Management (ODFM)
- Short Term Operating Reserve (STOR)

nationalgrideso.com/balancing-services

Black start

A total or partial shutdown of the national electricity transmission system (NETS) is an unlikely event. However, if it happens, National Grid are obliged to make sure there are contingency arrangements in place to ensure electricity supplies can be restored in a timely and orderly way. Black start is a procedure to recover from such a shutdown.

nationalgrideso.com/balancing-services/system-security-services/black-start/

Capacity Market (CM)

The income received by generators to ensure generation capacity is available to meet shortfalls.

Combined Cycle Gas Turbine (CCGT)

Energy generation technology that combines a gas-fired turbine with a steam turbine. The design uses a gas turbine to create electricity and then captures the resulting waste heat to create steam, which in turn drives a steam turbine.

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).

nationalgrideso.com/news/grounds-constraint

Dividend Yield

The annual dividends expressed as a percentage of the current share price.

EBITDA of underlying group companies

EBITDA includes earnings before interest, tax, depreciation and amortisation and includes liquidated damages earnt by SPVs. Earnings are calculated on an accruals basis and therefore only SPVs which were owned in the accounting period have their earnings included here. Transactions completing after the period will have locked box income recognised once the transaction is completed.

This is important to measure the underlying performance of the investments and ensure cash earnings are available to payment of costs in the Company and dividends to shareholders.

Electricity System Operator (ESO)

Refers to National Grid ESO. The ESO is responsible for ensuring Great Britain has the essential energy it needs so that supply meets demand on the electricity system every second of every day.

nationalgrideso.com/

Engineering, Procurement and Construction (EPC) Contract

This relates to a "turnkey" construction project where the EPC contractor takes full responsibility for the delivery of a project.

Engineering, Procurement and Construction Management (EPCM) Contract

This is a type of professional engineering services contract where the EPCM contractor is responsible only for the management of the construction project.

Frequency Response services (FR)

A subset of Balancing Services which relate to services performed by batteries to manage the frequency on the electricity system. This includes the following services:

- Dynamic Containment (DC)
- Dynamic Moderation (DM)
- Dynamic Regulation (DR)
- Enhanced Frequency Response (EFR)
- Firm Frequency Response (FFR)
- Optional Downward Flexibility Management (ODFM)

nationalgrideso.com/balancing-services

Gross Asset Value (GAV)

Gross Asset Value is the total value of the investments and cash under the management of the Company including debt held by the MidCo.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (IASB) and have been applied by the Company in the preparation of the financial statements.

Liquidated Damages (LD)

Liquidated damages are presented in certain legal contracts as an estimate of losses to one of the parties. It is a provision that allows for the payment of a specified sum should one of the parties be in breach of contract. Liquidated damages are meant as a fair representation of losses in situations where actual damages are difficult to ascertain.

Liquidated damages are often included in specific contract clauses to cover circumstances where a party faces a loss from an asset. The Company typically uses these in EPC arrangements to protect earnings from an asset in the result of delays to construction but are also common in other contracts such as for O&M arrangements.

Load Factors

The load factor is usually expressed as the percentage of the actual output of a generator compared to its theoretical maximum output in a year.

Net Asset Value (NAV) per Ordinary Share

The total net assets in the Company divided by the total number of Ordinary Shares in issue. This is an important measure to understand the capital return to shareholders.

Net Imbalance Volume (NIV)

For each Settlement Period, the Net Imbalance Volume is the volume of the overall System energy imbalance, as a net of all System and energy balancing actions.

NAV Total Return

A measure showing how the NAV per share has performed over a period of time, considering both capital returns and dividends paid to shareholders.

NAV Total Return is shown as a percentage change from the start of the period. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

NAV Total Return shows performance which is not affected by movements in discounts and premiums (share prices). It also considers the fact that different investment companies pay out different levels of dividends.

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.

Operational Dividend Cover

Operational Dividend Cover for the purpose of this report refers to a calculation for the ratio between net earnings of the underlying investment portfolio in the review period and dividends paid in respect of the same review period. This measure aims to add clarity on the Company's ability to pay dividends from the earnings and cash generation of its underlying investments after deducting Company costs and ongoing external financing costs. This measure includes the EBITDA of underlying group companies less Company and holding company costs. The calculation excludes capital-related costs and historic debt arrangement fees but includes external interest and commitment fees expenses.

Ordinary Share

Share in the Company with a nominal value of 1 pence.

Ordinary Share price total return

A measure showing how the share price has performed over a period of time, considering both capital returns and dividends paid to shareholders.

Share price total return is shown as a percentage change from the start of the period. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex dividend.

Share price total return shows performance which is affected by movements in discounts and premiums. It also considers the fact that different investment companies pay out different levels of dividends.

Proving Period

A period of 30 days after a project has achieved PAC. During this time, the project is fair valued subject to a premium added to the base discount rates of 50 bps to capture risk during the commissioning of the project. After this period the project is fair valued without any additional premium.

Seed Assets

The assets acquired at IPO known as Staunch, Littlebrook, Lockleaze, Rufford and Roundponds.

Skip rates

In the Balancing Mechanism, a skip is broadly defined as when an action is taken by the control room even though there is a cheaper alternative to achieving the same outcome - so the cheaper action is 'skipped'.

Site uptime

Calculation for the average level of availability in the portfolio or for an asset in Frequency Response Services. This is calculated by taking the average MWs available in each period as a percentage of total capacity contracted.

Symmetrical

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

System inertia

Inertia works to keep the electricity system running at the right frequency by using the kinetic energy in spinning parts in power plant generator turbines. When needed, the spinning parts in generator turbines can rotate slightly faster or slower to help balance out supply and demand. The more turbines you have, the more energy there is in the system and the greater the system inertia, which helps to stabilise the frequency.

nationalgrideso.com/information-about-great-britains-energy-system-and-electricity-system-operator-eso/technical-terms-explained

Tolling

An agreement between parties which enable them to operate a BESS asset to optimise their own electricity demand / supply arrangements. An amount will be paid to the owner of the BESS asset and the operator will be able to operate the asset within certain parameters (i.e. number of cycles per day) to ensure the asset is not operated in a manner which will degrade it. The operator will normally require performance guarantees (i.e. availability) and will demand a payment if the asset does not meet these guarantees.

TRIADs

TRIADs are defined as the three half-hours of highest demand on the Great Britain 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 ten 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.

nationalgrideso.com/news/triads-why-three-magic-number

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