VICTORY HILL
VH Global Sustainable Energy Opportunities plc

ENABLING THE ENERGY TRANSITION

VH Global Sustainable Energy Opportunities plc

Annual Report and Accounts

For the period ended 31 December 2021

OUR PURPOSE

Our investment objective is to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets

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About the Company

VH Global Sustainable Energy Opportunities plc ('GSEO' or 'the Company') is a closed-ended investment company.

The Company's investment objective is to seek to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner Countries or OECD Accession Countries.

The Company's investment policy states that it aims to achieve diversification principally by making a range of sustainable energy infrastructure investments across a number of distinct geographies and a mix of proven technologies that align with the UN Sustainable Development Goals ('SDGs') where the investments are a direct contributor to the acceleration of the energy transition towards a net-zero carbon world.

The Company's investment in proven technologies will include exposure to power generation (renewable and conventional), biomass, transmission, distribution, storage and waste-to-energy. These investments will be operational, in construction or 'ready-to-build' but will not include assets that are under development or in pre-consent stage.

No investment will be made in extraction projects involving either fossil fuels or minerals.

Financial

£242.6m
Capital raised at IPO

£70.0m
Further fundraising on 3 December 2021

104.0p
Net Asset Value per share[1]

1.42%
Ongoing Charges Ratio[2]

£323.9m
Net Asset Value on an IFRS basis[1]

8.3%
Total shareholder return[1]

1.25p
Dividend declared and paid on 10 December 2021

24
Number of assets globally

ESG metrics[3]

26,328t
Estimated tonnes of carbon avoided

224,570 MWh
Forecast clean energy generation

[1] As at 31 December 2021.
[2] Alternative Performance Measures are defined on page 101.
[3] Sustainability metrics are described in pages 38 to 45.

CHAIR'S STATEMENT

Enabling the Energy Transition

On behalf of the Board I am pleased to present this first annual report for VH Global Sustainable Energy Opportunities plc ("GSEO" or "the Company") for the period from incorporation on 30 October 2020 to 31 December 2021 (the "Annual Report").

Following the Company's successful IPO on 2 February 2021, GSEO represents the first publicly listed investment trust in the UK with a global focus on the energy transition. The Board has appointed Victory Hill Capital Advisors LLP ("Victory Hill") as Investment Adviser to the Company.

Since IPO, the Investment Adviser has substantially deployed or committed to the 'enhanced pipeline' of assets as showcased in the Prospectus and was able to go back to market to raise additional funds within ten months of listing. We were delighted to welcome such a broad range of shareholders to the register on both occasions.

Since launch, we have been busy implementing the strategy by identifying and investing in energy transition assets that comply with our return targets and Sustainable Development Goals strategy, but in doing this, contributing towards the low carbon transition and assisting in the acceleration of net zero targets around the world.

"The Company has had a busy first year. The Board has been pleased to see the funds deployed quickly and with rigorous assessment into a very diverse set of technologies and geographies, but always with a firm focus on improving lives through the UN Sustainable Development Goals."

BERNARD BULKIN, PHD, OBE
CHAIR

COVID-19

Despite the coronavirus pandemic continuing to disrupt the global economy throughout the period, there has been a very limited impact on the Company's assets. While supply chains have been materially affected, close cooperation with construction partners and suppliers has ensured that our construction assets have continued to proceed broadly in-line with expectations. In parallel, the Company has continued to deploy capital whilst originating a new pipeline.

During the COVID-19 pandemic, we have taken comprehensive steps to support and protect employees, contractors and project stakeholders. We are privileged in that the nature of our work has allowed those assets that are operating to continue uninterrupted. During the pandemic, lockdowns have led to large changes in the way businesses function. In spite of this, the Board has been able to meet virtually to consider investments and corporate governance, while the Investment Adviser, AIFM, Administrator and other key service providers have been able to operate effectively with staff working from home using secure IT systems.

Financial performance

This was the Company's first financial period. Following incorporation on 30 October 2020, the Company commenced its operations on 2 February 2021 when the Company listed. Profit for the period before tax was £20.3m and earnings per share were 10.5p. The Company's net asset value ("NAV") as at 31 December was £323.9m or equivalent to 104p per ordinary share. This NAV per Ordinary Share represents a 4.2% increase from the previous quarter's NAV. This increase was predominantly due to an uplift in the portfolio revaluation of the US terminals.

Given the global nature of the portfolio, the forex movement in the final quarter of 2021 was negligible.

The Company's ongoing charges ratio ("OCR") reduced to 1.42%, reflecting the increased size of the investment portfolio. The Board will continue to monitor the OCR closely as we seek to grow the Company and deliver value to our shareholders. Further detail on the Company's financial performance including portfolio valuation and OCR can be found in the Financial Statements, from page 82.

Dividends and returns

We were pleased to announce an interim dividend on 1 November 2021 of 1.25p per Ordinary Share with respect to the period from IPO to 30 September 2021. Given the strength of the assets and underlying cashflows, this dividend exceeded the dividend target as set out at IPO to pay a minimum total dividend of 1p per Ordinary Share for the financial period ending 31 December 2021.[1] Additionally, we reaffirmed the annual dividend target of 5p per Ordinary Share for the year beginning 1 January 2022.

Going forward, the Board anticipates paying quarterly dividends of 1.25p per share, in line with guidance provided to investors in the January 2021 Prospectus.

Deployment

Our investment strategy seeks to take advantage of the energy transition by investing in a diverse portfolio of energy assets. Diversification is a key part of the strategy. The Company's ability to invest in EU, OECD countries and Accession and Key Partner countries allows us to take advantage of reduced correlation in energy and power prices. Alongside the ability to invest in a range of technologies, this broad geographical scope also diversifies the influence of weather patterns and prevents reliance on any single regulatory regime. We also aim to minimise concentration risk via investing across a large number of projects.

The Company has continued to convert its global pipeline of investments that were highlighted as 'Enhanced Pipeline' assets in the IPO Prospectus. Since the interim results, the Company has continued to commit and deploy funds including the acquisition of its first UK combined heat and power with carbon capture and re-use plant, a second solar PV site in Australia and a further four solar PV projects in Brazil. The Company has also committed a further $35m to the expansion of the US terminals.

- On 6 April 2021, circa two months post IPO, the Company committed $61m to purchase two operating terminal storage sites on the Texas Gulf Coast to support Mexico's greenhouse gas emissions reduction plans by displacing pollutive fuels. The Company closed this transaction a couple of weeks later.

- On 28 May 2021, the Company committed $63m to a Brazilian solar programme consisting of 18 remote distribution solar generation projects across ten Brazilian states with a total capacity of 75MW. Brazil is a key partner of the OECD and one of the world's fastest growing energy markets.

- On 2 August 2021, the Company committed £50m to the Australian energy transition by acquiring a portfolio of distributed solar generation assets with plans to build embedded battery storage capacity.

- On 9 September 2021, the Company committed £78m to fund two net zero flexible power generation projects in the UK, which support the energy transition towards more renewable power generation. This investment will fund the construction of two combined heat and power plants which bring together high-efficiency, gas-fired engine technology with a carbon capture and reuse system to provide a clean, net zero, flexible and dependable electricity solution to the UK. The combined capacity will be 45MW.

1 See dividend cover calculation in the Alternative Performance Measures section on page 101

CHAIR'S STATEMENT CONTINUED

Deployment (continued)

As at 31 December 2021, the Company's portfolio spans 24 assets across four countries – US, UK, Australia, Brazil – and includes technologies such as liquid storage, solar PV, Solar PV + Battery and Flexible Power + Carbon Capture and reuse. As at the end of the reporting period, the cashflows on operating assets are contracted and inflation-linked.

Corporate governance

I am pleased to be joined on the Board by Louise Kingham, Margaret Stephens and Richard Horlick, who bring a wealth of relevant skills and experience with them. The Board recognises the importance of a strong corporate governance culture that meets the requirements of the Listing Rules of the Financial Conduct Authority and the Association of Investment Companies ('AIC') Code of Corporate Governance.

The Company aims to communicate through all available mediums and maintain an open dialogue with investors regarding its strategic objectives, both financial and operational, and how they are executed.

During the period since IPO, the Company engaged, via its Investment Adviser and Corporate Broker, with shareholders through meetings, market announcements and diverse written materials. Where applicable, we have had feedback directly from shareholders. The Board plans to engage actively with shareholders going forward and are available to meet shareholders when required.

The Board will be available to answer shareholders' questions directly at the Annual General Meeting which will be held on 27 April 2022.

Sustainability / ESG

Sustainability is central to all activities undertaken by the Company and the Investment Adviser, and we recognise that investing responsibly is critical to our performance and growth over the longer term. Therefore, I am delighted to announce that Louise Kingham is the board member with responsibility for Environmental, Social and Governance ('ESG') and sustainability matters for the Company.

Our goal is to make a positive impact as we deploy capital into sustainable energy projects around the world, and ensure that ESG criteria are incorporated into all of our investment decisions. This is reflected across our investment philosophy and approach, including the selection of our Investment Adviser, Victory Hill, which is dedicated to the energy transition and in doing so has developed a sustainable development culture at the Company level. As a signatory to the UN Principles for Responsible Investment, Victory Hill has integrated ESG risks as well as opportunity assessments across every single stage of its investment process in sustainable assets around the world, reflecting the sustainable culture of both Victory Hill and the Company.

The Board recognises that impact investing is also becoming increasingly important for investors so we will be aiming to report in a transparent way, making it easier for investors to assess and quantify the positive impact that GSEO is having on communities around the world and the environment more broadly. Furthermore, we intend to adopt reporting standards as they are developed and adopted by the industry, such as those being developed by the Task Force on Climate-related Financial Disclosures ('TCFD') and the Sustainable Finance Disclosure Regulation ('SFDR').

Ukraine

The Company condemns the actions taken by the Russian Government against the people of Ukraine in violation of international law. The Russian aggression goes against everything the Company stands for. The Board and the Investment Adviser have undertaken a review to ascertain if there is any exposure, direct or indirect, to Russia in the underlying assets of the Company. This included, but was not limited to, reviewing inventory, supply chain, logistics, impact on revenue, and any corporates or individuals targeted by sanctions. The Company has no exposure to Russia.

We believe the current uncertainty around Russian sources of energy will precipitate a greater focus on ensuring overall resilience and security of supply in global energy systems. In particular, we believe this will accelerate the use of alternative sources of transition fuels and the development of renewable power generation to meet Net Zero goals.

The human impact of this conflict is devastating, and our hope is that peace will prevail quickly.

Equity issuance

We were pleased to announce that the Company raised a further £70 million in December 2021 through a placing of Ordinary Shares which we intend to use to invest in a pipeline of assets which are of high quality and diversified by geography and technology. Going back to market within ten months of the IPO highlights the Investment Adviser's strength in executing on the pipeline it had shown to investors but also its origination capabilities.

Taking the £70 million raised by the Placing means that we have successfully raised over £312 million since the Company was launched in February 2021. The capital raised, coupled with the strong pipeline of opportunities that the Investment Adviser has already identified, should allow us to maintain our strong investment momentum into 2022.

As economies around the world reassess their approaches towards a net zero carbon future following COP26 (Conference of the Parties), the Company is both well positioned, and well capitalised, to continue its leadership role, driving the energy transition while making a positive impact on the environment and the local communities in which we invest.

Pipeline and Outlook

GSEO is uniquely positioned to contribute strongly to global decarbonisation, whilst providing a compelling investment opportunity and stable, predictable long-term yield.

The Board is pleased with the Company's acquisitions completed since IPO. Furthermore, the Board looks forward to further opportunities to acquire assets which complement and provide enhanced value to the existing portfolio, while still maintaining a disciplined investment approach. The Board believes the Company is on track to deliver for shareholders the returns and yield as set out in the Company's Prospectus. The Board and the Investment Adviser regularly review the existing portfolio to find ways in which to create additional value and to optimise the portfolio, through active portfolio management for example. The investments made and pipeline generated are notable examples of the Investment Adviser's capabilities and discipline in that regard.

With the additional funds raised in December 2021, the portfolio is c.80% committed or deployed. The Board, together with the Investment Adviser, is confident that the remaining proceeds will be deployed within a relatively short time frame, and the Company will continue to invest in and maintain a portfolio that is both geographically and technologically diversified.

On behalf of the Board, I would like to thank shareholders for their support since the IPO and we look forward to delivering yield and growth whilst driving a high positive impact on the environment and society.

BERNARD BULKIN, PHD, OBE
CHAIR

18 March 2022

AT A GLANCE

We Start With Sustainability and Look For Investments

"Victory Hill is proud to have demonstrated that the unique and differentiated GSEO investment model is effective and works as intended. Our mission to 'Accelerate the Energy Transition' is proving to be the right approach when targeting strategic developers and assets around the globe."

ANTHONY CATACHANAS
CHIEF EXECUTIVE OFFICER, VICTORY HILL

Overview

The Company's investment policy states that it aims to achieve diversification principally by making a range of sustainable energy infrastructure investments across a number of distinct geographies and a mix of proven technologies that align with the UN Sustainable Development Goals ('SDGs') where the investments are a direct contributor to the acceleration of the energy transition towards a net-zero carbon world.

The Company's investment in proven technologies will include exposure to power generation (renewable and conventional), biomass, transmission, distribution, storage and waste-to-energy. These investments will be operational, in construction or 'ready-to-build' but will not include assets that are under development or in pre-consent stage.

No investment will be made in extraction projects involving either fossil fuels or minerals.

Investment Adviser's Report
Page 12

We don't aim to tie investments to sustainability, we start with sustainability and look for investments.

Our Approach to ESG
Page 28

Investment Decision Process

Opportunity-Specific UN SDGS

Investment Pathways

- Climate Change
- Energy Access
- Energy Efficiency
- Market Liberalisation

Investment Decision Gates

GATE 1
Assessment of opportunity and relevance to the Company's Investment Pathways

GATE 2
Assessment of whether there is any material breach of non-core UN SDGs

GATE 3
Assessment of the investment itself

BUSINESS MODEL & STRATEGY

The Board is responsible for the Company's Investment Policy

and has overall responsibility for the Company's activities.

The Company Group Structure

The Company is a United Kingdom registered investment company and its Ordinary Shares trade on the Premium Segment of the Main Market of the London Stock Exchange. The Company's investments are held indirectly via its sole direct subsidiary and main investment vehicle, VH GSEO UK Holdings Limited ("GSEO Holdings" or "HoldCo"), a limited company incorporated in England and wholly-owned by the Company, (the Company and GSEO Holdings, together, the "Group"). GSEO Holdings is, itself, an investment entity and is therefore measured at fair value.

The Company has an independent Board of Directors, has no employees and has appointed Victory Hill to advise on investments and G10 Capital Limited ("AIFM") to manage investments on its behalf.

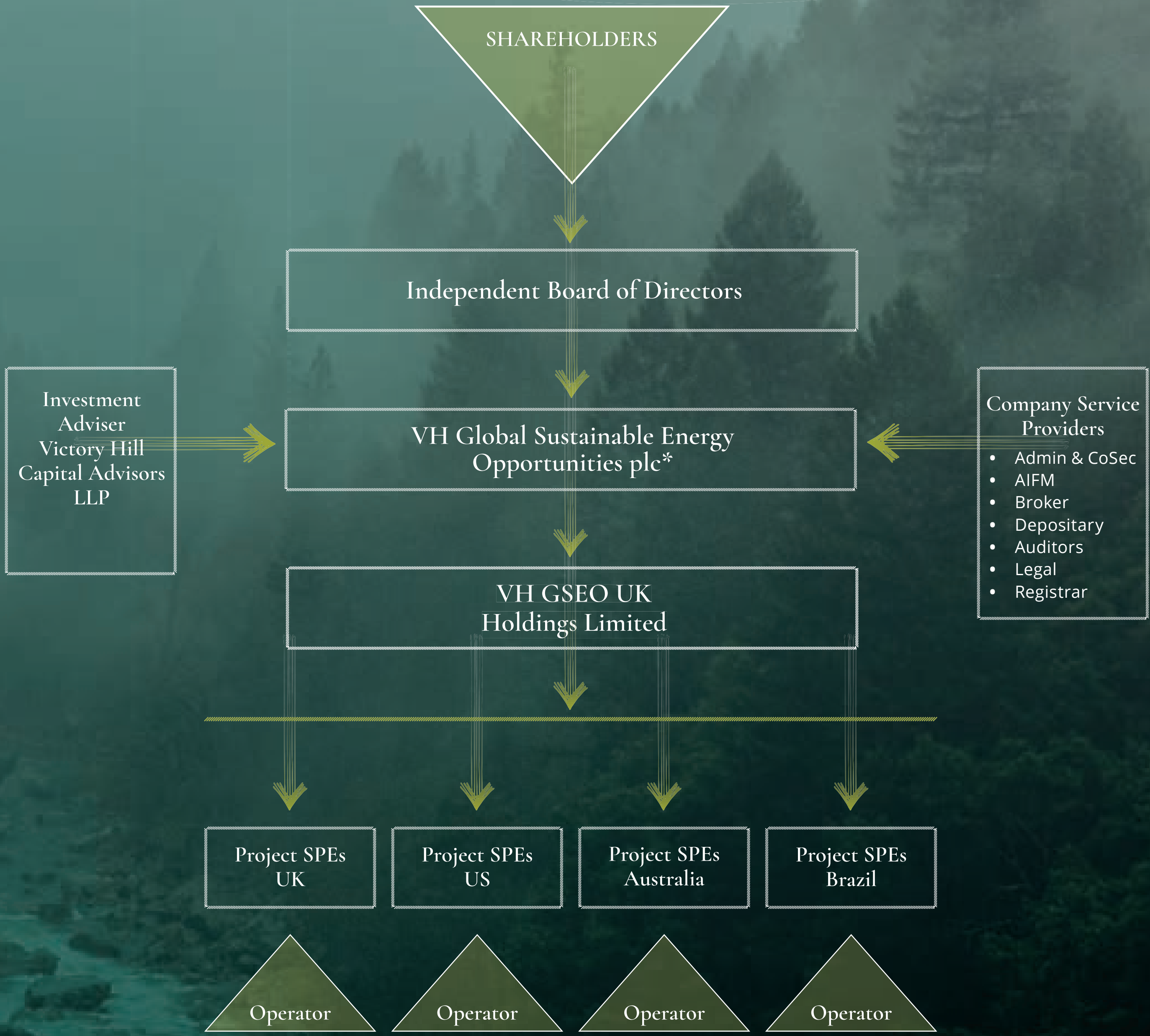
Apex Fund and Corporate Services (UK) Limited ("Apex", "Administrator" or "Company Secretary") has been appointed by the Company as a third-party service provider via an administration agreement.

- In order for the Company to achieve its investment objective, it makes its investments via its sole investment vehicle, GSEO Holdings and its direct and indirect subsidiaries.

  > GSEO Holdings typically invests in project SPEs (Special Purpose Entities) around the world. The SPEs normally provide local energy transition solutions to counterparties globally, often through long-term contracts. The SPE, and by implication the portfolio of investments as a whole, therefore has a lifetime over which it provides target returns to GSEO Holdings and ultimately the Company. These SPEs are typically structured in a way where the Company has a majority stake and the partner operator has a minority stake or profit share.

> The Company has a 31 December financial year end, expects to announce its full year results in March and half year results in September.

> The Company intends to pay dividends quarterly.



*listed on the Main Market of the London Stock Exchange

BUSINESS MODEL & STRATEGY CONTINUED

Investment Objective

The Company's investment objective is to seek to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner Countries or OECD Accession Countries.

Investment Policy

Overview

The Company seeks to achieve its investment objective by making Sustainable Energy Infrastructure Investments across the EU and OECD group of nations predominantly, including but not limited to OECD Key Partner Countries and OECD Accession Countries. The Company's investments in global sustainable energy infrastructure must be:

(i) investments in sustainable energy infrastructure that support the attainment and pursuit of the United Nations Sustainable Development Goals (the "SDGs") where energy and energy infrastructure investments are a direct contributor to the acceleration of the Energy Transition towards a net zero carbon world; and

(ii) investments that can be categorised into one or more of the four Investment Pathways that guide the Company's investment strategy. These Investment Pathways are (1) Addressing Climate Change, (2) Energy Access, (3) Energy Efficiency, and (4) Market Liberalisation,

and must also fall into one or a combination of the following categories:

(i) power, heat and green gas producing assets reliant on, but not limited to, wind, solar, biomass, natural gas and hydropower technologies;

(ii) production and refinement of fuels derived from biomass sources;

(iii) energy storage infrastructure such as containment and non-processing facilities for liquid and gas fuel sources, power storage utilising battery or gravity-based technologies;

(iv) energy transportation infrastructure such as pipelines, interconnectors and micro-distribution grids;

(v) distributed energy sources (heat, power, gas and steam) which are produced close to where it will be used, rather than at a large centralised plant elsewhere, delivered through a centralised grid infrastructure; and/or

(vi) equipment that is installed at the premises or on site, directly connected to the premises including, but not limited to, CHP units, CCHP plant schemes, HVAC units, lighting equipment, biomass boilers and steam raising boilers (including intermediate pressure (IP) steam processors),

in each case, either already operating or in construction/development ("Sustainable Energy Infrastructure Investments").

The Company looks to achieve NAV growth by investing in higher yielding Sustainable Energy Infrastructure Investments that are operational, in construction or "ready-to-build" but will not invest in assets that are under development (that is assets that do not have in place required grid access rights, land consents, planning and regulatory consents and commercial arrangements).

The Company acquires a mix of controlling and non-controlling interests in Sustainable Energy Infrastructure Investments that are held within Special Purpose Entities (each, an "SPE") into which the Company invests through equity and/or shareholder loan instruments. In certain instances, the SPE may hold one or more Sustainable Energy Infrastructure Investments of a similar type.

The Company may invest in SPEs structured as joint venture investments ("JVs") or co-investments, including through minority stakes, where this approach is the only viable approach. Where the Company participates in a JV or a co-investment, it will seek to secure its rights through obtaining protective provisions in shareholders' agreements, joint venture agreements, co-investment agreements or other transactional documents, as well as board representation for the Investment Adviser, and with the aim of trying to ensure that the investment is managed in a manner that is consistent with the Investment Policy.

Diversification

The Company aims to achieve diversification principally by making a range of Sustainable Energy Infrastructure Investments across a number of distinct geographies and a mix of proven technologies that facilitate the achievement of the SDGs by way of Sustainable Energy Infrastructure Investments.

Investment Restrictions

The Company can invest (calculated at the time of investment) up to:

- 25 per cent. of Gross Asset Value in any one Sustainable Energy Infrastructure Investment;
- 40 per cent. of Gross Asset Value in a single technology;
- 35 per cent. of Gross Asset Value in assets that are in construction or "ready-to-build";
- 40 per cent. of Gross Asset Value in assets that are located in any one country;
- 30 per cent. of Gross Asset Value in assets that are owned or operated by a single developer;
- 10 per cent. of Gross Asset Value in assets that are located in countries that are not members of the EU, OECD, OECD Key Partner Countries or OECD Accession Countries; and
- 10 per cent. of Gross Asset Value in other closed-ended investment funds which are listed on the Official List.

No investments will be made in fossil fuel or mineral extraction projects.

Non-compliance resulting from changes in the price or value of Sustainable Energy Infrastructure Investments following investment will not be considered as a breach of the investment restrictions.

The Company holds its investments through one or more SPEs and the investment restrictions are applied on a look-through basis.

In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Company through an RIS announcement.

Cash Management
Whilst it is the intention of the Company to be fully or near fully invested in normal market conditions, uninvested cash or surplus capital or assets may be invested on a temporary basis in:

- cash or cash equivalents, namely money market funds (as defined in the 'Guidelines on a Common Definition of European Money Market Funds' published by the Committee of European Securities Regulators (CESR) and adopted by the European Securities and Markets Authority (ESMA)) and other money market instruments (including certificates of deposit, floating rate notes and fixed rate commercial paper of banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU); and

- any "government and public securities" as defined for the purposes of the FCA Rules,

provided that not more than 20 per cent. of the Gross Asset Value, calculated at the time of investment, may be so invested, following the deployment of the Net Proceeds.

Borrowing Policy
The Company may make use of long-term limited recourse debt for Sustainable Energy Infrastructure Investments to provide leverage for those specific Sustainable Energy Infrastructure Investments. Such long-term limited recourse debt will not, in aggregate (calculated at the time of entering into or acquiring any new long-term limited recourse debt), exceed 60 per cent. of the prevailing Gross Asset Value.

In addition, the Company may make use of short-term debt, such as a revolving credit facility, to assist with the acquisition of suitable opportunities as and when they become available. Such short-term debt will be subject to a separate gearing limit so as not to exceed 30 per cent. of the Gross Asset Value at the time of entering into (or acquiring) any such short-term debt. In circumstances where these aforementioned limits are exceeded as a result of gearing of one or more Sustainable Energy Infrastructure Investments in which the Company has a non-controlling interest, the borrowing restrictions will not be deemed to be breached. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

Use of Derivatives
The Company may enter into hedging transactions for the purposes of efficient portfolio management, which may include (as relevant) short-term currency hedging (as described in the last published prospectus of the Company) , interest rate hedging and power price hedging. The Company does not intend to use hedging or derivatives for investment purposes but may from time to time use risk management instruments such as forward contracts and swaps (collectively ''Derivatives'') to protect the Company from any fluctuations in the relative value of currencies against Pound Sterling, as well as to hedge against interest rates and power prices. The Derivatives must be traded by private agreements entered into with financial institutions or reputable entities specialising in this type of transaction and will be limited to maturities no longer than 12 months. The Company will target investments that provide sufficient asset-level returns to compensate for longer term fluctuations in exchange rates. Furthermore, asset level returns where possible will be linked to local inflation rates.

Derivatives may be employed either at the level of the Company, at the level of the relevant SPE or at the level of any intermediate wholly owned subsidiary of the Company.

All hedging policies of the Company will be reviewed by the Board and the AIFM on a regular basis to ensure that the risks associated with the Company's investments are being appropriately managed. Any derivative transactions carried out will only be for the purpose of efficient portfolio management and will not be carried out for speculative purposes.

Amendment to Investment Policy
As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of the FCA and Shareholders, by ordinary resolution and will be notified to HMRC. If a change to the investment policy is material for the purposes of the AIFM Rules, the consent of the FCA will also be required prior to implementation of such change.

Sustainable Development Goals
GSEO seeks to deliver investments in the energy sector that support the global sustainability agenda as interpreted by the UN and recognised by the International Energy Agency.

The SDGs are the blueprint for the Company's sustainability-focused investment strategy. The 17 SDGs were adopted by all UN Member States in 2015, and together they address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice.

According to the International Energy Agency (the 'IEA'), the SDGs that are directly impacted by energy are: the achievement of universal access to energy (SDG 7), the reduction of the severe health impacts of air pollution (part of SDG 3) and tackling climate change (SDG 13).

Three further SDGs have been identified by Victory Hill as having a connection with the impact of capital investment in developing sustainable energy globally. These are related to the promotion of decent working environments and economic growth, industry, innovation and infrastructure as well as partnerships for the goals (SDGs 8, 9 and 17).

Together, these goals translate to the need for the global community to invest its attention, talent, and resources to help solve the challenges posed by sustainability. An important way to achieve this is to harness private capital participation with the support of public policy. These are the six 'core' SDGs of the GSEO investment strategy.

INVESTMENT ADVISER'S REPORT

Q&A

The Investment Adviser's co-CIOs, Eduardo Monteiro and Richard Lum, share their thinking for the year in review and look ahead to the positive outlook for global sustainable energy infrastructure investment.

"COP26 clearly demonstrated the need for private capital to bear the greatest responsibility for investing in the energy transition to net zero. It confirmed our view that, regardless of where governments position themselves on climate change, there is an enormous amount of investment that can, and must, be made today within current regulatory frameworks and technologies."

Q What was the focus in 2021?

A 2021 was the year we set out on our path to realise our sustainable energy investment mission. We completed a landmark fundraise for a first time Investment Adviser, and this allowed us to implement our plan to build the platform and grow it. The year saw us setting our first investment programmes in place as we continued to seek new opportunities. We have hired exceptional staff to join us on our mission and have built a global investment programme which will produce sustainability impacts.

Q What is your outlook for the Company and for global energy infrastructure investment?

A In our view the need for large scale investments in sustainable energy infrastructure globally is clear and pressing. We designed our investment strategy by drawing on years of collective experience in advising energy market participants as the sector began its generational pivot towards achieving net zero, as well as referencing a range of publicly available reports from sources such as the International Energy Agency ("IEA") and McKinsey.

Each source re-affirmed our own conclusion that the scale of investment in sustainable energy infrastructure would be significant and sustained in the medium term. Studies suggest that energy investment from 2020 to 2040 will total US$40 trillion with an annual amount of US$1.8 trillion to US$1.9 trillion in the initial years, growing in the later years to excess of US$2.0 trillion, due to the growth in population and energy demand. Of this amount, the IEA has reported that approximately half would go towards funding the build out of sustainable energy infrastructure and of this amount, the majority would be underwritten by private sources. This outlook encouraged us to pursue the IPO of GSEO.

The task ahead to achieve sustainability in the global energy system has grown again in significance since the Company's IPO in February 2021. In the second half of 2021, the IPCC pointed out that the potential damage from climate change will be a lot worse than initially thought and that more urgent action would be required. This presaged the release of the IEA World Energy Outlook 2021 which highlighted that the world would require US$4 trillion per year of investments in sustainable energy up to 2030 alone in order for the targeted net zero scenario to be achieved. Of this amount, 75% was estimated by the IEA as having to originate from the private sector and 70% would have to be directed to developing economies. This represents an opportunity set that is four times larger than what we could estimate when we were formulating GSEO for the IPO.

Given these factors, the outlook for the Company and for global energy infrastructure investment is extremely encouraging. Our strategy is to invest alongside middle market companies or to work with middle market developers in our infrastructure projects. We firmly believe that this approach will be the key to achieving the IEA Net Zero scenario and will translate into an ample set of investment opportunities, as demonstrated by the GSEO investment pipeline.

Q How is GSEO addressing the global threat of climate change?

A The focus of the Company's investment activities is sustainable energy which means accelerating the energy transition to net zero. We identified early on that combating climate change would require the deployment of private capital in energy infrastructure that is being developed by middle market participants. This is a unique approach but also a challenging one for an Investment Adviser like us. Small projects require the same level of attention and diligence as large-scale ones. This means that we have to work on a large number of smaller projects, which in aggregate have a significant impact towards meeting the global sustainability agenda. As we grow the Company and continue to scale up our unique approach, our contribution to the climate change agenda will become more and more pronounced. That is our focus and our motivation.

Q What differentiates the Company from its peer group?

A Unlike our peer group, we believe the need for a build out of sustainable energy systems is a global phenomenon, and not one based solely in the UK or Continental Europe. As such, we approach our investment activity on a truly global scale. Our partnership model allows us to work on projects in multiple jurisdictions and in different technologies. Working on a larger canvass means that we are able to identify more attractive and differentiated infrastructure investment opportunities, and we can focus on assets that are in high demand in certain jurisdictions. For example, in the UK, we have focussed on an investment in a flexible power solution where the need for balancing energy supply and demand is compelling. In Brazil, we are rolling out more solar PV projects as the country has an enormous untapped potential with no balancing issues. In Australia, the demand is for balancing at very specific hours of the day so requires a solution that can be implemented with great levels of planning.

Q Where do you see opportunities?

A As a globally active investor, we have identified opportunities in energy markets throughout each major continent in the world.

In Western Europe, we believe the focus for market participants will continue to be to displace coal as a source of flexible power, and to provide grid stability through the use of energy storage systems.

In Eastern Europe, we would like to see coal being displaced as a baseload, through the reallocation of capital to renewable and biomass feedstock generation.

In the US, opportunities are more localised but follow similar patterns of displacing coal, adding renewable energy, and further developing the market for renewable biomethane and biofuels.

The topic of hydrogen has become increasingly prominent in investor and developer forums of late. Whilst we believe the potential of hydrogen to reshape our energy landscape and systems will be significant and profound, at present the opportunities for investment is limited, and primarily linked to large scale industrial initiatives requiring significant development capital, driven by integrated energy groups. We believe that once this technology is commercially proven (with commercial revenue incentives sufficiently developed to de-risk projects for investment), market dynamics will ensure a steady stream of middle market opportunities for investment.

Q How does Victory Hill add value to investments / for the Company's shareholders?

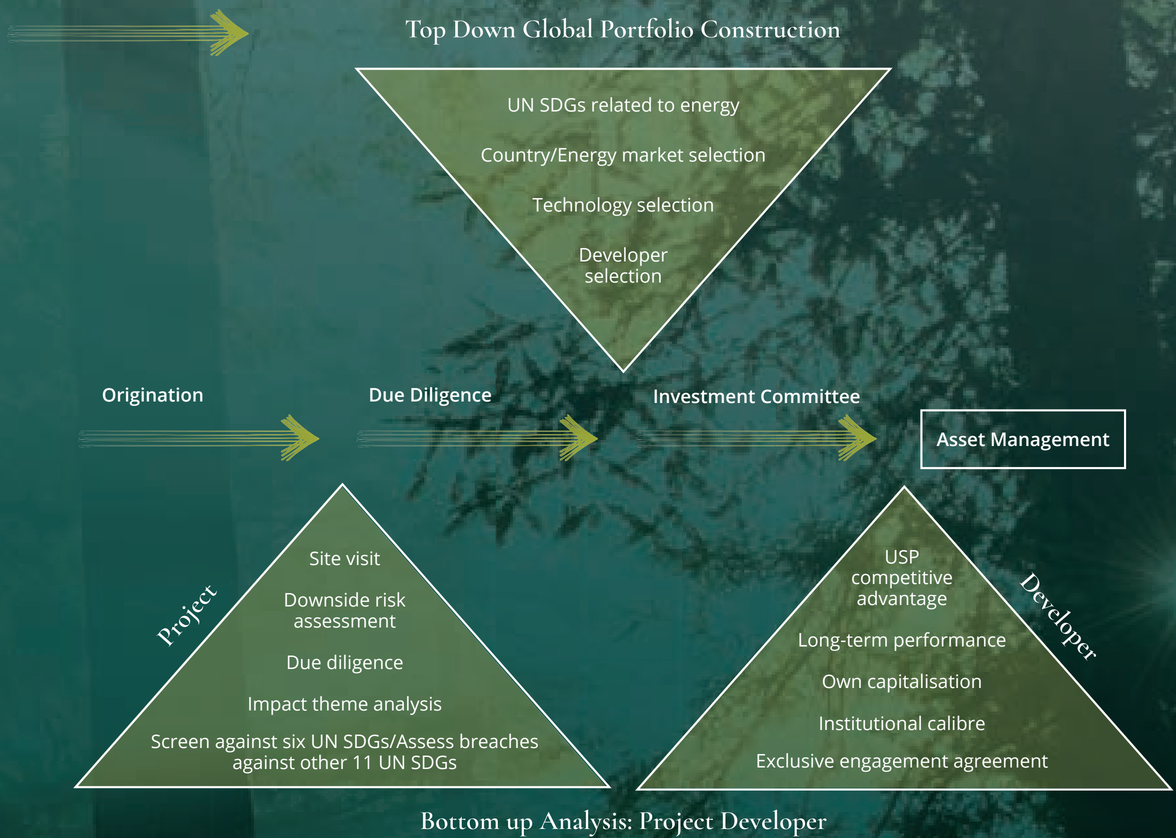
A The starting point in all of our investments is to ensure that the operations that we oversee are administered with strong governance and the highest standards of industry practice, sustainability practices, ethics, health and safety policies, monitoring, and reporting. It is only through ensuring the implementation of this behaviour can the Company's assets become eligible to act as counterparties to major institutional players, such as international energy groups, banks and service providers. Once this is implemented, we can then tap into Victory Hill's network of energy market participants to add value to the projects via increased commercialisation opportunities. For example, through implementing improved revenue contracts or supply and offtake arrangements with international energy and industrial complexes. We also work with our operating partners on strategic plans for the asset, such as expansions or new contracts or revenue streams. The way we add value varies by asset and is bespoke to the asset and the energy market in which it operates.

Q What are your thoughts following COP26, and what does this mean for the strategy?

A Outside of the inter-governmental discussion in the Glasgow Agreement on the need for the collective meeting of set target to avoid catastrophic climate change, COP26 clearly demonstrated the need for private capital to bear the greatest responsibility for investing in the energy transition to net zero. It confirmed our view that, regardless of where governments position themselves on climate change, there is an enormous amount of investment that can, and must, be made today within current regulatory frameworks and technologies. It is therefore incumbent on Investment Advisers such as Victory Hill to continue with our relentless focus on building out the Company's portfolio of current and future sustainable energy infrastructure projects.

INVESTMENT ADVISER'S REPORT CONTINUED

A private equity discipline applied to sustainable infrastructure



The topic of climate change and the centrality of energy in our society again took centre stage in the media and public consciousness in 2021. This was driven by issues around energy security and cost in the UK and other countries given the rise in natural gas prices, the pronouncements of a return to focus on energy infrastructure spending by the incoming Biden Administration in the US, as well as the coming together of international governments at the COP26 summit in Glasgow.

The diplomatic negotiations and resolutions proffered by governments of the developing and developed world resulted in the publication of the Glasgow Climate Impact (GCI), which many agreed did not go far enough in delivering a knockout punch to achieving targets of reducing global warming to 1.5 degrees above the average from the pre-industrial levels. In particular, the backing down on coal, proposing that it will remain a substantive part of the energy value chain for the short to medium term. The GCI nevertheless, in a more prosaic way delivered a way forward in the overall transition.

Most significantly, COP26 demonstrated that while governments focused on the wider debate, it was clear that the burden of providing financial support for the transition to net zero would fall on the private capital world. The estimation of funding required over the next three decades by the Glasgow Financial Alliance for Net Zero (GFANZ), was put at US$100 trillion, clearly outside the reach of governments around the globe which already face stretched balance sheets. We believe that this is a conservative estimate and only points to the funding required for works in renewable and decarbonisation technologies, without also factoring in investment required in conventional energy infrastructure, which will also be required in a net zero world, and which needs consistent investment.

There is no clearer demonstration of the need for consistent investment throughout the energy value chain, both renewable and conventional, than two key events during the year.

Firstly, President Joe Biden signed a US$1 trillion infrastructure bill in November 2021, a large part of which addresses climate change issues. On closer inspection, the bill seems to not only favour renewables, but also commits a portion of its US$65 billion for clean energy to grid related investments, and a further US$21 billion to clean up brownfield sites, and cap orphaned oil and gas wells. Taken together, it is clear that the US views the transition in more holistic terms. Investments in the electricity grid network acknowledges the need to make the grid more resilient and to promote energy efficiency through co-locating power generation sources closer to demand centres, through so-called distributed energy systems, one of the core focuses of the Company.

Secondly, the need for a truly diversified and resilient energy mix has never been more evident for the UK, and other countries, as population and power demand grows and governments contemplate the need to offer energy security, whilst tackling climate change. In the context of the UK, greater reliance on renewable energy to tackle climate change has led to increased reliance on fossil fuel generation (including coal) in the periods when the wind did not blow and the sun did not shine. This intermittency issue has caused demand for natural gas to spike and, combined with supply constraints in natural gas, has caused energy prices in the UK to increase substantially. It has been clear to Victory Hill for some time that the intermittency issues related to renewable power sources is the key sustainability issue in the UK, not the need for capital for more renewables investments per se. The UK needs to pursue a more diversified strategy for overall power supply, including natural gas generation with carbon capture, together with medium and longer duration energy storage solutions to supplement the growth in renewable supply.

The Government should also better manage the knock-on effects of needing to use coal, which drives up carbon costs and therefore the cost of delivered power.

Over the course of the year, the Company's investments have sought to tackle these issues head on. We have not been satisfied with simply investing in further renewable power generation, as we do not see this as compatible with our mission for the attainment of sustainable energy globally.

In the US, we have implemented a programme to help in the desulfurisation of the Mexican fuels value chain, thereby making a substantial impact in mitigating the ecological disaster of burning untreated high sulfur fuels.

In Brazil, our investments contribute to meeting the sustainability objectives of addressing, climate change, as well as offering energy security to thousands of households, as well as grid security.

In Australia, our investments in hybrid solar and battery storage projects will help create greater efficiency on the grid and stimulate further investments in renewable power generation in the country.

The investment in the UK is unique in tackling the issue of energy security, by offering a highly efficient flexible natural gas combined heat and power ("CHP") unit to offer baseload power, and also respond to periods of intermittency on the grid, whilst also capturing fully the carbon emissions to offer a purified $C0_2$ product to the food and beverage industry, where shortages of the product have been well documented during the course of 2021. It is only through acknowledging that sustainable energy is a global phenomenon and needs tackling head on, that we can make an impact, and also offer our shareholders a truly differentiated yield.

INVESTMENT ADVISER'S REPORT CONTINUED

Pipeline

We continue to originate sustainable energy opportunities globally, as was set out in the announcements we made for the follow-on capital raise in early December 2021. Our focus on deploying capital from the first two raises and from future raises will be on hydroelectric, geothermal, wind and battery opportunities in a broad range of geographies, including Brazil, UK, Mexico and US.

We see great potential to continue to deliver on a portfolio that is diversified by geography and by technology. Thanks to a very robust pipeline, we are able to prioritise opportunities according to the shape of the portfolio.

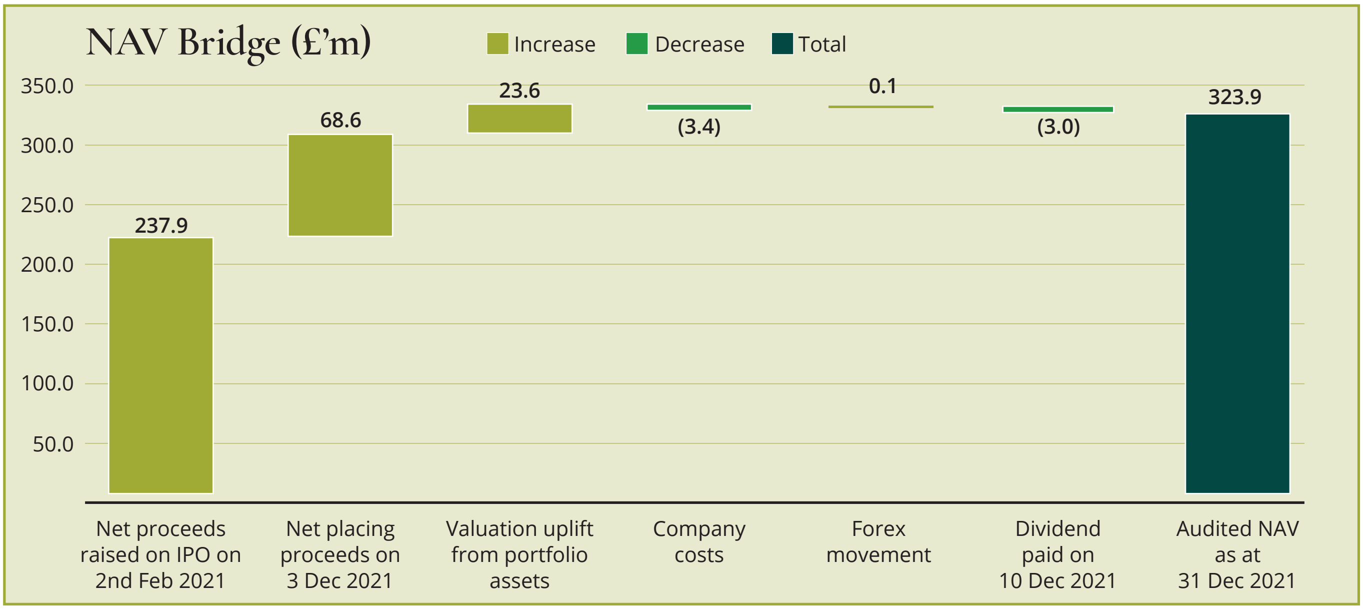
Investment Update

At the end of 2021, we saw another uplift in the Company's NAV, driven by the strong performance of our US terminals. Our programmes in Brazil and the UK are under construction so will not impact NAV until they reach Commercial Operational Date ("COD") and they will continue to be valued at cost in this period.

The Australian solar PV plus battery programme has started with the acquisition of two assets at the end of Q4 2021 which will be measured at fair value, based on the highest and best use of the assets. This includes the acquisition price and upgrade with the Battery Energy Storage System ("BESS") implementation, which is the main driver of the value creation for this programme.

The strong performance of the US terminals has been driven by a more focused management of the assets, which identified further revenues streams and with a commercial team on the ground originating more contracts for the use of the terminals.

With the expansion of the terminals, we expect further improvements in cash flows, as we take advantage of available land and infrastructure and continue to monetise on the high demand for this type of asset in that strategic location.



Market Outlook

The transformation in the energy market will continue to affect people across the globe on macro and micro levels and a reversal to the old norm can now be completely discarded. Countries' commitments to tackling climate change and sustainability head on, technological advancements and intelligent solutions will continue to shape the way we power our economies for years to come. At Victory Hill, we firmly believe that we have only just started on the energy transition journey.

Sustainable energy investments will continue to be supported by favourable market conditions.

The 'old' energy industry is grappling with the increase in the cost of capital for extraction of fossil fuels by significantly reducing investments despite improved commodity prices. This paradox is creating a unique situation for a prolonged high commodity price cycle which is consistent with an energy transition landscape. Higher commodity prices will make their way into energy prices for end consumers, counter-balancing the downward pressure on energy prices caused by greater renewable energy penetration. In the meantime, governments will continue to implement initiatives to try to mitigate energy inflation's impact on end users' lives which will favour sustainable assets.

Commitments to tackling climate change are getting more and more robust. While governments are fluctuating around greater levels of commitment to lower levels, the private initiative remains relentlessly focused on developing solutions and capturing opportunities as they become available.

Case study Update:

US Terminal Storage Assets

Since completion of the acquisition of the two terminals in South Texas, we have seen a great level of improvement in the operations and commercial arrangements. On the operating side, we have maintained the existing teams and have added capabilities by switching to 24/7 operation, increasing the volumes we had been handling. On the commercial front, we have extended existing contracts at higher rates and optimised ancillary services revenues.

The financial performance of this asset has greatly exceeded our expectations in 2021 and the prospects ahead are for even greater potential, as we embark on the expansion of the storage capacity.

A final development on this project was that, thanks to the profile of the contracts in place, we have managed to raise non-recourse debt from specialised local banks. The leverage for this asset as of 31 December 2021 is 16% (defined as debt over total capitalisation).

Our Approach to ESG
Page 28

INVESTMENT ADVISER'S REPORT CONTINUED

GSEO is at the forefront of the private capital participation in the energy transition with a global focus to enable sustainable energy projects with long-term equity capital. Our global approach means that our attention will be centred around different themes depending on the geography, as the energy transition means different approaches required in each market. "Think global, act local" is our approach.

In the UK, we will continue to focus on grid balancing initiatives. Through the autumn and winter of 2021 we have seen very low wind resources resulting in the UK network having to dispatch an unwanted amount of coal-fired power plants. This is a major setback with so much capacity being built for renewable sources. We will therefore continue to direct our investments in the UK towards addressing the unreliability of solar and wind with net zero flexible power solutions using high efficiency natural gas power plants. High efficiency means less natural gas as feedstock for each MWh to be produced. This will be crucial at a time when natural gas prices are expected to be high due to a combination of supply and demand factors and geopolitical tensions.

On the US and Mexico border, the need to keep the flow to clean up Mexican fuel will remain as strong as ever. The Mexican government will continue to push on the agenda to support state owned enterprises which control the fuel value chain and the power generation segment. These entities depend greatly on the ability to clean the domestic fuel to avoid environmental disaster of burning the indigenous fuel untreated.

In Brazil, the commitment to renewable energy penetration will continue to go from strength to strength. While the country goes into the usual political year paralysis, both sides of the political spectrum will continue to see favourably the great benefits of distributed generation solar PV plants. These plants will play a crucial role in supplying the Brazilian economy with clean and affordable energy at a time when electricity prices will continue to cause a lot of pain on Brazilian households. Like in all economies, inflation in Brazil will continue to be high, putting some pressure on the currency although also contributing to the inflation-linked revenues for our projects there.

In Australia, where power generation has a disproportionally high reliance on coal, power prices are expected to remain very volatile. High commodity prices, including coal, will make their way into power prices at peak hours, making the case for trading strategies using energy storage even more compelling.

In terms of currencies, as part of our investment criteria we always embed some cushion to absorb negative shocks on the exchange rates versus GBP. Having said that, we do not anticipate major movements in the currencies we are exposed to, even under the current extreme geopolitical tensions. Of those currencies, the BRL is the most volatile and remains at historical lows, although this has been mostly a result of higher inflation in the last 10 years versus US and UK.

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Case study Update:

Brazil Solar PV Programme

Brazil offers great potential for solar PV developments, given the role that renewable energy can play in the energy mix. This potential has been almost completely untapped to date. Under this programme, we continue to complete the onboarding of the projects identified as part of the original pipeline and to progress on the construction of the projects already acquired. The final batch of projects to be onboarded is expected in Q2 2022.

With multiple sites under construction, this programme has faced the supply-chain hurdles that impacted the global economy in 2021 and equipment has taken longer than expected to arrive on the sites, causing a few weeks delay in the projects reaching COD. However, thanks to the Engineering, Procurement and Construction (EPC) arrangement in place, these delays will be offset by contractual compensation provisions.

We are at the final stages of the construction of the first two batches which involves 11 sites with a total capacity of 30 MW. First COD for some projects in this programme is occurring in March and April 2022 with the remainder occurring in subsequent months. The third batch, which was approved in December 2021, remains on track for COD in Q3 2022 with one project expected to be completed in Q2 2022. The whole investment programme should reach COD in 2022, including the last remaining projects that are yet to be constructed.

In terms of the regulatory framework, a new law (PL 5829/2019) was implemented in January 2022 that secured the prevailing taxes and tariffs on the projects until 2045.

Layout of one of the first of 18 greenfield sites invested in by GSEO in Brazil. Above photo represents the design of a typical distributed generation project.

Our Approach to ESG
Page 28

INVESTMENT ADVISER'S REPORT CONTINUED

Our Portfolio Update

Geographic Split
as % of Total Committed Capital

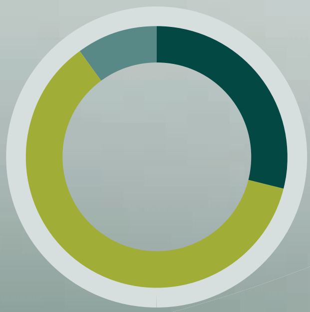
Technology Split as % of Total Committed Capital

- Liquid storage 29%
- Flexible power + CCR[1] 32%
- Solar PV & Battery Storage 20%
- Solar PV 19%

Operational vs Construction as % of Total Committed Capital

- Operational 49%
- Construction 51%

Revenue Mix as % of Total Committed Capital



- Availability 29%
- Fixed-Price PPA 61%
- Merchant 10%

UK flexible power with carbon capture and reuse

Case study
Page 24

Australian renewable power generation and battery storage investment

Case study
Page 22

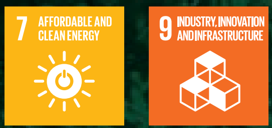
1 Carbon Capture and Reuse

INVESTMENT ADVISER'S REPORT CONTINUED

Enhancing Australia's Grid System by Addressing Market Shortfalls

Sustainability

GSEO's investments in renewable power generation in Australia aim to reduce the climate impact by displacing fossil fuel derived electricity and optimising its use in the grid through deployment of BESS. In addition, the investment looks at the broader sustainability impact. For example, solar panel manufactures have been vetted for environmental actions such as recyclability, and partner ESG policies and processes reviewed to ensure sustainability-focused management practices.



The Australian market is very unique in that it has one of the greatest renewable resources potential (land availability, wind and solar resources) but is starting from the opposite end of the spectrum, which is to have the majority of its energy needs generated by coal. This makes the transition one of the most challenging tasks around the world.

Australia continues to see a very rapid penetration of renewable energy that cannot be absorbed by the energy system because coal plants provide the baseload power to the economy. In the peak hours of the day for electricity demand, solar availability tends to be very low so almost all the power is provided from coal plants. This means that power prices at peak hours are high. During the day, when the sun is available, supply from solar PV sources is extremely high compared to levels of demand. As a result, power prices are low and at times even negative. Solar PV curtailment and negative prices make solar PV power generation a very challenging proposition.

Timeline

Australia calls for battery storage to shift the supply of electricity to the optimal times of the day. Battery storage not only offers a solution to decarbonise the Australian power sector but it is also a great source of value creation via a trading strategy. Because the power price patterns during the day are so pronounced and predictable, Australia offers an opportunity to do intra-day power trading and to capture an attractive margin in the process.

We have chosen this programme for Australia which involves the construction or acquisition of solar PV plants and addition of BESS. The BESS addition to solar PV improves the unlevered investment returns.

Project details

- Initial acquisition of two operating solar PV generation assets totalling 17MW (Phase I) and construction of battery storage systems of 9MWh (Phase II)
- Acquisition of a further 21 MW solar PV generation assets (Phase III) and an associated build of 25MWh BESS (Phase IV)
- The operating partner is Birdwood Energy Investments Pty Ltd, a team of energy entrepreneurs with a successful development track record of power generation and battery projects globally
- Building BESS allows the project to capture positive power price movements and prevent over exposure to negative power prices
- Working with the operating partner to optimize the output and availability of plants and improve existing commercial terms
- Capture enhanced revenues by providing frequency stabilisation services

INVESTMENT ADVISER'S REPORT CONTINUED

Sustainable solution for problems in intermittency and stabilisation of the grid

Sustainability

This UK-based investment helps provide energy access through grid stabilisation while addressing greenhouse gas emissions by not only using efficient technology but also capturing carbon dioxide as a product for the food and beverage sector. This creates an economic carbon cycle.

Active engagement through the value chain ensures ESG impacts are managed, whether it's to identify opportunities to recycle waste products or improve efficiency.

In line with our strategy to focus on grid-balancing opportunities for the UK we are proud to be supporting this very innovative flexible power generation solution. It is undeniable that renewable energy is highly desirable as a cheap and carbon-neutral energy source. However, without an infrastructure in place to deal with the intermittency of renewable sources such as solar and wind, the logic of adding renewable energy becomes less strong or the task itself simply becomes problematic due to the challenges imposed on the grid operator. Last year, during periods of very cold weather and low wind resources, we witnessed the UK network operator having to call on coal-fired power plants to keep the market supplied. That is a major setback and should be avoided.

Timeline

Capital deployed

Early-stage negotiation

DD completion

Partnership agreement signed

Capital committed

Phase 1

Phase 2

Asset management

Completed

In process

Next steps

Project details

- The construction of two flexible power projects that are uniquely combined with carbon capture and reuse technology (Phase I) 10 MW & (Phase II) 35 MW.
- The programme involves global industrial groups participating in its development, such as Rolls Royce MTU, Climeon, Mitsubishi Turboden and ASCO Carbon Dioxide Ltd.
- The operating partner is Landmark Power Holdings Ltd, which is led by a group of UK energy entrepreneurs.
- Secured a 15 year PPA with a 5 year rolling "spark spread"
- Opportunity to improve the commercial terms with CO_2 offtakers
- Additional revenues from grid ancillary services such as balancing and capacity markets
- Additional capacity to be sold private wire power supply agreement with a leading UK supermarket group which intends to use the energy for its onsite electric vehicle charging stations

Our flexible power and carbon capture programme in the UK is the way we have chosen to participate in the UK energy market, which is to supply reliable baseload power without adding to carbon emissions. By combining a range of existing and proven technologies, this programme offers a very compelling solution to enable further renewable energy penetration in the UK energy mix. The way this programme contributes to de-carbonising the UK energy market is multi-faceted:

Firstly, by displacing coal as the source to call on when renewable resources are not available. According to the International Energy Agency, natural gas emits at least 50-60% less $C0_2$ than coal when burned, and a 10th of the pollutants which comes from burning coal. This displacement has been traditionally done via the construction of gas peaker plants with the rationale that using natural gas is much less harmful than coal. This is a starting point for this programme but not the end game.

Secondly, increasing efficiency of the gas-fired power engines with the addition of Organic Rankine Cycle (ORC) technology. Essentially, adding heat exchangers to generate additional power from the temperature differentials and exhaust gases of the power production and cooling systems. This has the impact of delivering a unit of power with a much lower consumption of natural gas. With this process, we have increased efficiency of our gas-fired power engines from a typical low 30% to close to 50%. This is almost double the efficiency or almost half the natural gas consumption.

Thirdly, and the most important contribution, by capturing the exhaust gases at the end of the cycle, "scrubbing" it and turning it into purified food-grade CO_2. This has the impact of displacing imports of industrial CO_2 (which have been in shortage in the UK) as well as displacing domestic CO_2 originated from ammonia plants.

The end result is a flexible and reliable power source that does not add to CO_2 emissions.

In terms of the execution of this programme, the first project has a full-wrap turnkey lumpsum EPC contract in place and broke ground at the end of 2021. We expect to see power production starting in the beginning of 2023 with the full CO_2 capture completed in mid 2023.

KEY PERFORMANCE INDICATORS

Growing Sustainably

Financial

The Company sets out below its financial, operational and climate-related KPIs which it uses to track the performance of the Company over time against the objectives, as described in the Strategic Report. Although the Company is not required to report under the recommendations of the TCFD, many of those recommendations are followed in order to enhance the Company's disclosures. The Board believes that the KPIs detailed below provide shareholders with sufficient information to assess how effectively the Company is meeting its objectives. The Board monitors these KPIs on an ongoing basis.

NAV per Share (pence)

+4.0%

Definition
NAV divided by number of shares outstanding as at 31 December 2021

Commentary
The NAV has increased to 104.0p since IPO.

Share Price (pence)

+7.0%

Definition
Closing share price as at 31 December 2021

Commentary
The share price has increased to 107.0p since IPO.

Total Shareholder Return (%)

8.3%

Definition
A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of any dividends paid out by the Company, with reinvestment on ex-dividend date.

Commentary
Total return combines the increase in share price and dividend distributions, and reflects continued underlying delivery to shareholders.

Alternative performance measures are defined on page 101.

Ongoing Charges Ratio (%)

1.42%

Definition
Annualised ongoing charges (i.e. excluding investment costs and other irregular costs) divided by the average published undiluted NAV in the period, calculated in accordance with AIC guidelines.

Commentary
The Company has incurred less ongoing charges than disclosed within the Key Information Disclosures.

Alternative performance measures are defined on page 101.

Dividend Per Share (pence)

1.25p

Definition
Aggregate dividends declared per share in respect of the financial year

Performance
Performance: 1.25p per share dividend in respect of 2 February 2021 to 31 December 2021

Commentary
The Company declared an interim dividend of 1.25p per Ordinary Share in November 2021 with respect to the period from IPO to 30 September 2021. This exceeded its dividend target as set out at IPO to pay a minimum of 1p per Ordinary Share for the financial period ending 31 December 2021. Furthermore, the Company reaffirmed its annual dividend target of 5p per Ordinary Share for the year beginning 1 January 2022.

Operational KPIs

Weighted average project life (years)

30

Definition
Weighted average number of year which is assumed to be the remaining project life of operational assets in the Company's investment portfolio.

Commentary
Useful life is applied as an assumption in determining the investment valuation of the US terminal assets.

Largest investment as a % of GAV

31.1%

Definition
Value of largest investment divided by the sum of all investments held in the Portfolio together with any Cash and Cash Equivalents, calculated at period end.

Commentary
The largest investment within the Company's portfolio is the US terminal assets. At the time of investment, the investment was less than 25% of GAV, however, this has increased to 32.2% at period end due to a fair value uplift on the asset valuation.

Largest 3 investments as a % of NAV

47.4%

Definition
Value of the three largest investments divided by the NAV at period end.

Commentary
The three largest investments are the US terminal assets, Brazilian solar PV and Australian renewable power generation and battery storage investment.

Climate-related KPIs

Total forecast renewable energy generated (MWh)

224,570

Definition
Underlying portfolio energy generated forecasts from renewable assets in KWh.

Commentary
The portfolio's forecast generation for the first full year in MWh, equivalent of the annual electricity use of 64,000 UK homes.

Total avoided carbon emissions (tonnes CO_2e)

26,328

Definition
A measure of our success in investing in projects that have a positive environmental impact and reduce energy usage.

Commentary
The portfolio's forecast of total avoided emissions in tCO_2e from fossil fuel derived electricity removed from the grid is equivalent of 61 hectares reforestation in the UK.[2]

Weighted Average Carbon Intensity per $1m invested (tonnes CO_2e / $m)

55.5

Definition
Portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/$m revenue.

Commentary
The calculation covers operational scope 1 and 2 emissions which includes imported electricity to solar farms. Emissions from assets under construction are not factored into the calculations.

1 c.6,000 cars calculated based on the UK emission factor of 0.26kgCo2e/mile. Car emission factor is defined in the website https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021. https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

2 Equivalent to c. 6,000 cars taken off the road in the UK

OUR APPROACH TO ESG

At Victory Hill, we believe in high impact investments

that resolve fundamental local needs for societies and the environment by addressing imbalances and structural gaps in energy markets around the world

Total annual savings for terminal storage assets on the Texas gulf coast.

941t
PM10[1]

192t
Carbon monoxide[2]

18,492t[4]
Sulphur oxides (SOX)[3]

26,328t
Predicted Portfolio Annual CO_2 avoidance, equivalent of c.6,000 cars taken off the road in the UK

244,570MWh
Portfolio estimated power generation, equivalent of 61 hectares reforestation in the UK

"At Victory Hill, we understand that many investors value the counsel of their advisors for their impact investment decisions. We're delighted that GSEO can continue playing an essential role in driving the energy transition across global markets and supporting long-lasting improvements to energy infrastructure."

ELEANOR FRASER-SMITH
HEAD OF SUSTAINABILITY, VICTORY HILL

1 Annual savings estimated from HSFO throughout of the terminal and calculated by the third party sustainability expert.

2 Particulate matter ("PM") is emitted as a product of combustion but also formed as a result of atmospheric reactions of chemicals such as NOx and SOx. PM is particularly damaging to the human health as the particles are inhaled deep into the lungs and can enter the bloodstream affecting heart and lung performance, which itself can lead to premature death.

3 Air with a high concentration of carbon monoxide reduces the amount of oxygen that can be transported around the body to critical organs such as the brain and the heart.

4 SOx emissions are harmful to both the environment and human health. Gaseous SOx emissions also harm trees by damaging foliage and decreasing growth. Effects on human health are largely on the respiratory system and can be lethal.

UN Sustainable Development Goals ("SDGs")

The Blueprint for driving the Company's investment strategy.

The SDGs focus directs investment into solutions and technologies that address the world's biggest energy challenges and provide opportunities to maximise positive environmental and social impacts.

Please refer to the Investment Policy on page 10 for more information on the SDGs.

3 GOOD HEALTH AND WELL-BEING
7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
17 PARTNERSHIPS FOR THE GOALS

Sustainability Strategy

A new global energy economy is emerging according to the IEA World Energy Outlook. However, for the world to achieve net zero carbon emissions by 2050, there needs to be an 'unparalleled increase in clean energy projects and infrastructure[1].' The IEA estimates this investment to be nearly USD 4 trillion by 2030 with 70% of this investment needed in developing economies. Most of this transition related energy investment will be carried out by the private sector.

The Company is capitalising on this new economy and aims to facilitate an orderly energy transition to a net zero carbon future through targeting direct investments in global energy infrastructure.

The Company's investment decision process focuses on the energy sector relevant SDGs as interpreted by the IEA and those that relate to capital investment in infrastructure.

These are distilled into four investment pathways

1. Addressing Climate Change
2. Energy Access
3. Energy Efficiency
4. Market Liberalisation

If a project does not meet one or more of these four 'Investment Pathways', then the Company does not invest. An external assurance firm is used to determine this compliance as well as whether the project also "does harm" to other 11 SDGs.

This is the way the Company does business. The Investment Adviser has an embedded sustainable development culture that informs how the Company and its assets are managed, funds are invested, and stakeholders engaged.

This sustainable development culture is implemented through a transparent governance structure with clear roles and responsibilities supported by policies and practices as described below.

SUSTAINABLE DEVELOPMENT GOALS

UNITED NATIONS GLOBAL COMPACT

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

PRI Principles for Responsible Investment

GREEN ECONOMY LONDON STOCK EXCHANGE

1 Net Zero by 2050 - A Roadmap for the Global Energy Sector

OUR APPROACH TO ESG CONTINUED:

Policies underpin the commitment to sustainable investments

ESG Governance

Roles and Responsibilities

The Board
- Board member with responsibility for overseeing ESG and sustainability issues
- Board feedback on investments following due diligence
- Board review and feedback on principal risks including ESG risks

The Investment Adviser
- Oversight of the investment strategy, policies and ensuring due diligence
- Oversight of the Company risk register including material ESG risks
- Oversight of sustainability policy and ensuring a sustainable development culture

Investment Adviser Committees
- Investment committee ensures inclusion of SDG and ESG due diligence in the investment process
- Risk, Operations and Compliance committee ensures principal ESG risks are identified and controls implemented
- Sustainability working group advises on the Investment Adviser ESG strategy including targets. Monitors and tracks ESG performance of the Company and investments

Investment Adviser Employees
- Supporting ESG management and metric reporting on assets
- Implementing the Company's investment strategy as sustainability investors
- Training and knowledge sharing on sustainability investments and impacts

Investments
- ESG management systems to ensure continuous improvement
- Local stakeholder engagement

The Investor Adviser's sustainability policy and investment decision process as described on page 7 underpin the Company's commitments to sustainable investments and incorporate ESG issues into the Company's assets and partners' business practices through a continuous improvement management cycle. Taking ownership and responsibility is critical to the Company's success. The policy sets out commitments to track environmental and social performance of investments.

All staff are sustainability investors, and this is reflected in the remuneration policy and performance assessments, as well as the professional development and training provided to continually enhance ESG capabilities.

The Investment Adviser and operator polices include commitments on health and safety, anti-bribery and anti-corruption, antibullying and harassment, equality, diversity and inclusion, whistleblowing, and anti-modern slavery and trafficking, including responsible procurement and codes of conduct. The health and safety policies cover expectations for risk-based management systems for asset partners as well as company occupational health.

The Investment Adviser's stewardship policy commits the Company to the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. The Investment Adviser's objectives and overall governance enable the Company to comply with this approach. The investment approach is long-term, as is the ongoing assessment of the stewardship activities.

Stakeholder Engagement

SDG 17, 'Partnership for the Goals' recognises that the SDGs can only be met if all stakeholders work together to mobilise financial resources globally. This is the Company's approach to investments. The values of honesty and integrity, transparency and partnership are integral to stakeholder engagements.

Applying a value chain view to investment impacts on the Company's stakeholders is an important element of the Investment Adviser's ESG risk identification and management process. ESG opportunities, risks and impacts on both the company and from company activities on stakeholders are in scope.

ESG policies

Investment	Sustainability	Health & Safety	People	Stewardship

Sustainable development culture

Investors

- Invest capital to deliver projects that facilitate the energy transition to net zero while managing ESG impacts.

Our partners

- Collaborate closely with delivery partners and suppliers to ensure quality, reliable and sustainable assets that deliver on the energy transition to net zero.

Communities and customers

- Provision of energy infrastructure to enable affordable energy access.
- Measure and manage project economic, environmental and social impact.
- Act with cultural and local awareness and integrity.

Staff

- The commitment, quality and integrity of staff of the Investment Adviser drives the Company's success.
- The Investment Adviser's sustainable development culture ensures a diverse and inclusive workplace focused on health and wellbeing with continual investment in capabilities through training, learning and development.

Environment

- Responsible business practices beyond commercial objectives across geographic footprint and focused on the SDGs.
- Measure the carbon and environmental footprint.
- Make a positive contribution in operating regions.

OUR APPROACH TO ESG CONTINUED:

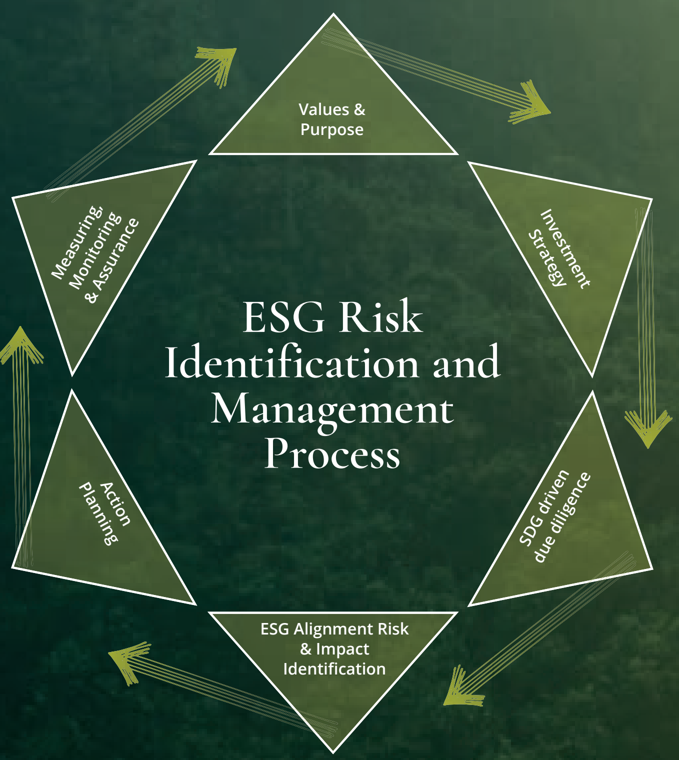
ESG Risk Identification and Management Process

The Company identifies and manages material ESG risks, impacts and opportunities and integrates these into investment decisions and asset management to deliver sustainability aligned outcomes.

Values & Purpose

Company and Investment Adviser values underpin the business approach including creativity, innovation, honesty, and integrity.

The Investment Adviser's sustainable development culture defines priorities within the operating context and guides Company strategy.



Investment Strategy

ESG issues are integrally identified by the investment strategy.

All investments are sustainability orientated.

Energy infrastructure investments must align with the SDGs and accelerate the energy transition towards a net zero carbon world and follow the four investment pathways.

SDG driven due diligence

Investments must pass sustainability eligibility criteria - part of project due diligence.

An external assurance firm assesses the investment against the SDGs.

This is informed by the type of investment; impact assessments; and a review of policies, practices and historical performance.

Opportunities, risks and impacts are identified for the business.

ESG Alignment Risk & Impact Identification

Material risks and impacts at the asset level are identified, informed by the SDG external assurance, impact assessments, engagement with partners, and external benchmarks and regulatory frameworks (UN PRI, UNGC, TCFD, SFDR).

Engagement with operating partners ensures ESG alignment which may include audits.

Action Planning

The Company engages with partners via the Investment Adviser to ensure mitigating actions are in place addressing ESG risks and impacts and to maximise opportunities.

Measuring, Monitoring & Assurance

Sustainability improvements are monitored and tracked across the portfolio by actively engaging with partners and operators. This includes regular calls to partners and monthly reporting requirements on key performance indicators to track progress.

Baseline data gathered in the first period will inform asset targets and Company wide goals.

This data will be externally verified.

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

Governance

An orderly energy transition towards climate change goals is the key opportunity for the Company. The Company's strategy is to target direct investments in energy infrastructure assets that support the SDGs, specifically those that address themes that include climate change, energy access, energy efficiency and market liberalisation. Climate change issues are therefore intrinsically considered by both the Board and the Investment Adviser. Although the Company is not required to report under the recommendations of the TCFD, many of those recommendations are followed in order to enhance the Company's climate-related disclosures, which is mentioned in page 26.

The management of climate related risks and opportunities is integrated into the Company's risk management framework. This looks at the likelihood of a risk and the severity of impact with and without controls. This enables the Board and the Investment Adviser to prioritise material risks for additional mitigation (see principal risk section on page 48).

The GSEO Board has oversight of the business model and strategy. It meets at least four times a year and is responsible for the ongoing process of identifying, carrying out a robust assessment of, and managing and mitigating the principal risks faced by the Company.	The Board's **Audit Committee**, which is comprised of three independent Directors, meet at least twice a year and has responsibility for reviewing the Company's risk management systems. The committee reviews and updates the Company's **risk register** which includes **climate related issues**.
	Louise Kingham CBE, is the Board member with responsibility for ESG and sustainability matters for the Company.
	The Board has oversight of the Investment Adviser and the AIFM.
The Investment Adviser with the AIFM has responsibility for implementing the Company's investment strategy, managing the Company investments and reporting to the Board. There are three relevant subcommittees at the Investment Adviser level which address climate related issues.	The **Risk, operations and compliance committee** ensures risks are identified and control measures are put in place to mitigate the risk
	The **Sustainability working group** gives recommendations on ESG integration into the investment strategy and asset management throughout an asset's life. This includes appropriate ESG target setting, monitoring and reporting.
	The **Investment Adviser and AIFM investment committees** evaluate investment opportunities aligned with the SDGs with the purpose of accelerating the energy transition towards a net zero carbon world. An external assurance consultant is used to advise on this project selection following a robust due diligence process.
The Investment Adviser works closely with **operating partners** through regular meetings and monthly reports covering climate related issues.	Operational **carbon footprints** are calculated including life cycle analysis of energy generation projects to understand their contribution to the Company net zero target.
	Actions are put in place to reduce operation emissions and other environmental impacts, including understanding supply chain and value chain impacts. **Joint venture agreements** stipulate compliance with relevant policies.
	For construction assets, partners are engaged to ensure **ESG management practices** are aligned with the Investment Adviser's sustainable development culture.

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Strategy

The Company's investment policy is to deploy the Company's funds into a diversified portfolio of global sustainable energy infrastructure assets that support the attainment and pursuit of the SDGs where energy and energy infrastructure investments are either a direct contributor to the acceleration of the Energy Transition towards a net zero carbon world; or can be categorised into one or more of the four "Investment Pathways" that constitute its investment themes. These Investment Pathways are:

Pathway I – Addressing Climate Change

The objective is to reduce the impact of greenhouse gases ("GHGs") through investing in renewable energy technologies and fuel sources.
As such, the Company will invest a large portion of its deployable capital into renewable energy infrastructure assets involved in power generation, energy storage, and alternative fuel sources.

Pathway II – Energy Access

Energy is vital for our quality of life but globally there is not universal access. According to the UN, 800 million people are without electricity or power, and 2.6bn people have no access to clean fuels for cooking.

Growth in access to energy, which also adheres to other SDGs such as Climate Change, is a key challenge for governments, investors and businesses alike. There is an acknowledgement that a level of pragmatism is required in meeting SDG policies. Traditional non- renewable energy sources are likely to continue playing a role in the energy mix of world economies. Investment in distributed technologies that generate electricity at or near where it is used such as solar panels or combined heat and power with carbon capture technology will enable this access.

Pathway III – Energy Efficiency

Energy efficiency reduces GHGs and reduces demand for energy imports into domestic markets, thereby lowering the cost of energy to households, businesses and the economy overall.

Energy efficiency may also be achieved at the grid and national levels through investment in some of the following areas, which the Company may consider as part of its investment focus:

1. Power interconnectors
2. Grid resilience and frequency response
3. Investment in ageing grid systems which were developed as one-way transmission systems.

Pathway IV – Market Liberalisation

Market Liberalisation, SDG 7, speaks of ensuring universal access to affordable, reliable and modern energy supply. The liberalisation of energy markets is the first stage in the development and modernisation process of an energy market.

Broadly speaking, energy market liberalisation aims to:

i. facilitate the reduction of state-ownership of key energy infrastructure and sources of energy production and supply,
ii. allow for competition and choice across the energy value chain,
iii. facilitate the participation of private investors and capital,
iv. favour consumers as competition helps drive down household energy costs, and
v. attract new investment into the energy sector which improves resilience, efficiency and access.

These energy markets typically also experience high growth from the point of liberalisation, and this helps create new domestic energy market participants that have the potential to capture significant market share. The Investment Adviser believes that market liberalisation may occur in both developed and developing economies.

The Company's investments inherently improve environmental performance, for example, in Brazil, investment in a portfolio of solar PV projects will accelerate the growth of a sustainable energy system by improving and securing localised access to clean energy and helping to lower Brazilian energy prices. The flexible power project in the UK will use a less pollutive fuel in natural gas, as well as reduce emissions through efficient carbon capture and reuse technologies.

The Company's energy infrastructure assets are long term in nature. The Company has aligned its time horizons with the Net Zero Asset Managers Initiative which supports the goal of net zero GHG emission by 2050 or sooner but it is recognised that the investments have longer term potential where:

- Long term time horizon 2050 (25-30 years)
- Mid term time horizon 2030 (10–15 years)
- Short term time horizon 2025 (3-5 years).

Risk Management

The Company's principal risk management process, as well as the ESG risk identification and management process described on page 32, is how the relevant climate risks and opportunities are identified. This is considered within the selection and screening of energy infrastructure investments. The risk management process considers type of infrastructure and geographic risks; as well as engaging local partners on environmental management practices and processes; and understanding other stakeholder perspectives.

There is uncertainty in terms of how climate change will impact individual operations as well as the impact of global efforts to achieve an orderly energy transition. Initially the company has taken a qualitative approach to identifying climate related physical and transition risks and opportunities. As the Company matures, it aims to develop understanding of the potential financial impacts under different transition scenarios from these physical and transition risks on global assets. Generally the Company's financial materiality threshold for climate related risks and opportunities is 3% NAV after considering risk mitigation. However, the unpredictability of climate related weather events means that the Company take a more cautious approach to asset management and insurance to mitigate this in the longer term.

For physical climate risk the Company considers the geographical footprint and whether a project is in an area with high risk of climate related hazard such as hurricanes, flooding, heat stress etc. The Company also considers the type of asset and whether it will be impacted by changes in weather (e.g., wind and solar power), supply chain disruption (e.g., energy supply), and market demands.

For transition risks, the Company's investment process selects projects that align to the energy transition to net zero. The country context in terms of policy support for energy transition projects is considered, as well as potential for (i) policy shift and increased regulation, and (ii) market shifts away from the current trend to a low carbon future.

These risks are outlined below.

Risk	Potential Impact	Mitigation
Physical risks		
Longer term changes in climate patterns, e.g., reduction or increase in wind levels, decrease in solar optimal days impacting renewable output and associated earnings. Increased occurrence of extreme weather events such as cyclones, storms, flooding and heatwaves causing damage to assets, disruption to feedstocks, value chain, outputs and associated earnings.	Reduction in output from assets leading to reduced income stream. This risk may increase over the long term in the absence of climate mitigation[1].	The Company invests in a portfolio of energy transition infrastructure assets, diversified by geography, technology and capability. These investments are targeted at the energy transition to net zero. This will provide a buffer against variable weather patterns across the portfolio. The Company also mitigates risk through project revenues being contracted for the medium- and long-term. At the asset level weather conditions are monitored and many of the renewable projects have battery storage capabilities to optimise energy input to the grid. Meteorology and feedback due diligence is undertaken before investment and reviewed regularly. All assets have crisis management and business continuity plans to respond to disruptions. The assets are required to have continuous improvement management systems to build capability and capacity in the local teams and operations.
Increased insurance premium for assets in high-risk locations.	Increased cost of doing business.	When making investments the due diligence process accounts for climate change risk and impacts. The Investment Adviser employs an insurance specialist when making investments and seeks to have appropriate contractual warranties, indemnities and insurance provisions in place to mitigate any costs relating to delays or operation disruption. Insurance requirements are reviewed on an ongoing basis.

[1] IPCC Fifth Assessment Report

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Risk Management continued

Risk	Potential Impact	Mitigation
Transition risks		
Market shifts may dampen ability to engage investors on a broader portfolio of energy transition projects than a traditional European renewable focus including different geographies and new technologies e.g., carbon capture and reuse.	Reduction in the availability of capital to invest in energy transition projects.	There is strong public demand for support of the renewable energy market towards net zero carbon emission targets. The Company is expected to hold most of its investments on a long-term basis and the Board and the Investment Adviser monitor the position on a regular basis. The senior management team of the Investment Adviser has extensive experience in executing strategies similar to that of the Company.
Policy shift may introduce regulation around climate change e.g., increased disclosure, taxes etc.	Increased cost of doing business.	The Company is supportive of the policy aims of the Disclosure Regulation and will comply with it and monitor changes.
	Reduction in the availability of capital to invest in energy transition projects.	The Company, via the Investment Adviser, engages with partners and stakeholders to gather data and drive action to improve ESG management and support disclosure and policy requirements. This includes monthly metric reporting on climate related KPIs including energy used and generated, mitigation actions for risks and impacts, as well as any energy reduction projects. IFC performance standards are used to guide these interactions. The Company investment strategy targeting the energy transition is aligned with global policy movements on climate change which would limit impact.
Transition opportunities		
Decarbonisation policy and market shifts will drive new renewable energy, new fuels and energy storage opportunities. This is aligned with the Company's strategy to invest in energy transition infrastructure. Increased need for global energy access from a mix of sources as developing countries expand grid access to populations.	Increased availability and deal origination as well as capital directed towards energy transition opportunities in support of the Company's investment strategy.	A pipeline of investments is constantly being identified and refreshed, with the Investment Adviser regularly reporting to the Board on this pipeline.
Increased investment in energy efficiency grid infrastructure leading to increase in opportunities for investment.	Reinforcement of intangible benefits such as reputation, brand and goodwill, together with employee, partner and stakeholder engagement.	The Investment Adviser uses the extensive experience of its senior management team in executing strategies similar to the Company to raise funds and successfully invest.
Market liberalisation in developed and developing economies is creating opportunity for market share in renewable and alternative energy opportunities in new geographies.	Access to new markets leading to an enhanced competitive position and improved resource efficiency reducing operating costs.	The Investment Adviser has engaged globally with various companies and investors to support expansion of the Company and sustainable energy infrastructure investments.
Decentralisation of energy generation creating new opportunities for investment in renewable and other sustainable energy infrastructure.	Enhanced competitive position reflecting shifting preferences and increased revenues through new solutions, access to new markets, diversification, resilience planning, relationships.	A pipeline of investments is constantly being identified, with the Investment Adviser regularly reporting to the Board on this pipeline.

The risks and opportunities to a project's underlying strategy have been considered qualitatively under different transition scenarios over a longer-term time horizon of 25-30 years to understand the resilience of the Company's position. The diagram shows the risk to investment opportunities in different energy transition scenarios and the link to physical climate risk to those investments under different future states.

Business as usual
>4°C Scenario

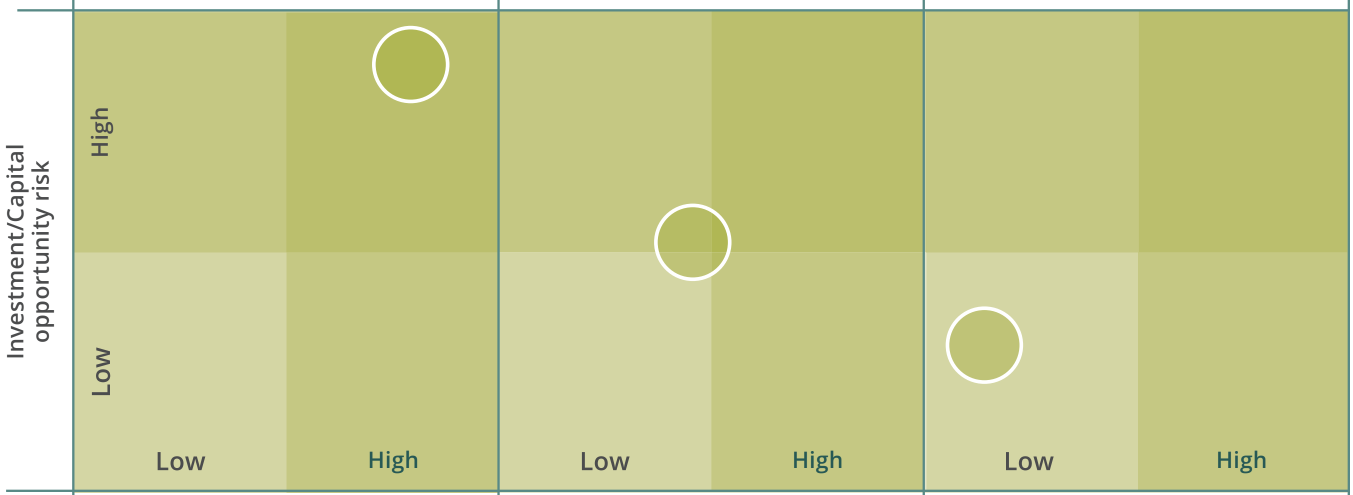
Business as usual scenario: emissions from countries continue to rise and there is little effort to avert the resulting economic and social damage such as that described in the IEA World Energy Outlook Current Policies Scenario.

Disruptive transition
<2°C

Disruptive transition scenario: there is a sudden change of policy towards climate goals which results in a disruptive response. This happens because global emissions are not meeting net zero goals and governments will abruptly try and implement them.

Orderly transition
<2°C

Orderly transition scenario: where countries reduce emissions in line with Paris Agreement in a consistent and measured way.



Physical Risk

In this scenario physical risk from longer term change in weather patterns is high leading to financial losses from potential supply chain and business interruption and shut down of operations. Access to capital and investment opportunities to implement the Company's strategy aligned with the energy transition may be more difficult and therefore investment risk is also high.

Physical Risk

In this scenario physical risk from longer term changes in weather patterns is lower but disruption to supply chains and operations may still occur due to the late implementation of climate goals. Access to capital and investment opportunities to implement the Company strategy aligned with the energy transition may be limited in the short term but has the potential to increase in the mid to long-term reducing the investment risk.

Physical Risk

In this scenario physical risk from longer terms changes in weather patterns is low as global climate goals are achieved. Access to investment opportunities and capital to implement the Company strategy aligned with the energy transition is high as country policies and investors support energy transition goals.

The analysis of the Company's business strategy under different scenarios took into consideration the current geographic locations of assets and critical Tier 1 supply chain companies such as solar panel manufacturers. The Company's business strategy supports a transition scenario. Commitments[1] made at COP26 demonstrate policy and market momentum, towards energy transition and in support of the Company's investment policy.

The financial impact and resilience of the Company's investment business strategy to different climate scenarios is inherent in the Investment Adviser's financial modelling processes. The energy transition is the focus of the Company's investment strategy and the macro focus on the four investment pathways means that the financial impact of an orderly transition is considered. It is the Company's objective to accelerate an orderly transition via its investments. It is also expected that the investments would be resilient in case of a failure to achieve the energy transition. The Investment Adviser's financial and valuation models include the impact of different variables such as energy demand and future mix, key commodity prices, and demographic shifts such as population growth. The models are also geographically tailored, as the national mandated targets for renewable and other energy source penetration in the energy mix, as well as carbon reduction policies of the investment country and region are critical in understanding investment impact and suitability.

[1] Amount of finance committed to achieving 1.5°C now at scale needed to deliver the transition, Glasgow Financial Alliance for Net Zero

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Metrics and Targets

The Company's goal is to align with the SDGs and focus on sustainable energy infrastructure assets that enable the transition to net zero. To align with the Paris Agreement commitments the portfolio target is to achieve net zero carbon emissions by 2030.

The first year of investments achieved a mix of operational and construction assets. As the Company matures through 2022, with more operational assets, baseline data will be collected to inform local and global targets. It is not yet possible to perform a portfolio trend analysis on climate related metrics. However, a life cycle analysis ('LCA') of the energy production assets has been completed to understand the carbon impact and footprint of each of the renewable power generation investments and the future carbon sequestration project (figure 1). This analysis was completed by a third party sustainability expert with the methodology described below.

The data was calculated on a 25-year life cycle and includes import and export data that is indicative of full life emissions avoided. The LCA process for each asset was completed using actual and predicted asset data as far as possible supported with data derived from the EcoInvent 3.8 database. This approach enabled the embodied CO_2e emissions within each asset to be calculated. These include emissions associated with raw material extraction, manufacture, transport, construction, operations and decommissioning and recycling. The objective was to understand the true avoided emissions for each asset and account for emissions associated with the development of each asset.

The avoided emissions calculations take in to account local factors such as carbon intensity of the energy type being replaced at a local level and local irradiance levels. The expected decarbonisation of traditional baseload energy supply aligned with country commitments towards net zero by 2050 was also factored in. The calculations therefore accounted for expected decarbonisation trajectory of grid supplied energy and the CO_2e avoided figures at all phases of the assets lifecycle for each country in which assets are located. However, a declining grid carbon intensity has not been carried through for Brazil as the grid has established low carbon intensity and Brazil is not considered aligned to net zero by 2050. The Brazilian calculations therefore do not account for the type and carbon intensity of electricity generation being displaced, nor the benefits of distributed power generation. A reduction in electricity losses along transmission and distribution lines means the remote assets in Brazil will provide a more efficient and cleaner source of energy locally, supporting future growth and energy access.

Figure 1: Energy Production Assets Carbon Life Cycle Analysis

	Units	Australia	Brazil	UK
Embodied Emissions	kg CO_2e	79,655,870	114,276,353	1,321,045
Operational Emissions	kg CO_2e	1,133,373	12,867,804	93,210,017
Total Lifecycle Emissions	kg CO_2e	80,789,243	127,144,157	94,531,062
Emissions Avoided	**kg CO_2e**	**321,997,694**	**197,048,974**	**246,557,717**
Net Emissions Avoided	kg CO_2e	241,208,451	69,904,817	152,026,655
Average Saving per Annum	kg CO_2e	12,879,908	7,881,959	9,862,309
Saving per kWp	kg CO_2e	71,555	3,885	24,656
CO_2 Payback	years	6	16.1[1]	9.6

The portfolio renewable and carbon sequestration assets have an average CO_2 payback of 10 years putting the Company on a net zero trajectory. Total net CO_2e emissions avoided per year is 26,328,037 the equivalent of taking almost 6,000[2] UK passenger vehicles off the road.

[1] Based on current hydro power, low carbon grid displacement rather than fossil fuel power generation
[2] This equivalent was calculated using the UK Government 2021 conversion factor for an average car. https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

As a non energy production asset, operational scope 1, 2 and 3 emissions were calculated and reported below for the US Terminals. This accounts for natural gas and electricity usage at the site, as well as fuel supply chain calculations. Scope 1, 2 and 3 emissions are defined below.

Scope 1	2,771,262	kg CO_2e
Scope 2*	758,505	kg CO_2e
Scope 3	766,371	kg CO_2e
Total	**4,296,138**	**kg CO_2e**

*US Grid sub region for Texas (ECRT) emission factor used

GHG Emissions Scope Levels

• Scope 1 refers to all direct GHG emissions (e.g., heating from natural gas boilers; business owned vehicles).
• Scope 2 refers to indirect GHG emissions from consumption of purchased electricity, heat, or steam.
• Scope 3 refers to other indirect emissions not covered in Scope 2 that occur in the value chain, including both upstream and downstream emissions. Scope 3 emissions can include transport-related activities in vehicles not owned or controlled by the reporting entity such as business travel and transportation of product, electricity-related activities (e.g., transmission and distribution losses), outsourced activities, and waste disposal.

Case Study: Displacing Polluting Fuels

Reducing the impact of air pollution (SDG3.9) is a priority of the energy industry and an important element of the energy transition. A material opportunity for the US Terminals is the annual savings from reduction of harmful pollutive fuels. Air pollution poses a major risk to health and economies globally. Reducing pollution from vehicles is a priority for Mexican metropolitan areas. In Mexico vehicles burn fuel oil with a very high sulfur content which exacerbates air quality issues caused by increasing urbanisation and motorisation trends. The displacement of high sulfur fuel oil reduces PM2.5, PM10, SOX, NOX and CO_2 emissions. The US Terminal assets provide an aggregation point and facilitate the transfer of high sulfur oil currently produced at a surplus in the Mexican fuel market. The fuel is, as a result of the terminals' proximity, north bound and destined for greater and more efficient refining capacity in the United States. Once refined, the PM2.5 contribution of the fuels is cut materially to levels experienced in Europe and the United States. The terminals also serve a southbound export of cleaner fuels back into the Mexican fuel market in order to displace usage of highly emitting fuels. The asset also provides infrastructure opportunities for future fuels such as hydrogen and biofuels storage and transport as technology advances.

The annual avoided air emissions are estimated below from the terminal storage throughput of heavy sulfur fuel oil calculated by third party sustainability experts.

Avoided Air Emissions

PM10	941t
Carbon Monoxide	192t
Sulfur Oxides	18,492t

FINANCE STABILITY BOARD TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Carbon intensity calculations for the portfolio as recommended by TCFD for 2021 are provided below. These calculations are limited as they do not consider emissions from construction assets or any avoided emissions from operational renewable assets. The calculation covers operational scope 1 and 2 emissions which includes any imported electricity to the solar farms. The numbers are anticipated to change next year as the Company grows and new assets come online.

Weighted Average Carbon Intensity (WACI)[1]	55.5	t CO_2e/$M
Total Carbon Emissions[2]	51.2	t CO_2e
Carbon Footprint[3]	0.12	t CO_2e/$M

The WACI has been compared to various MSCI indices[4] to give context to the Company's carbon exposure. The Company's ambition is to keep this exposure low in line with its strategy and commitments to sustainable development and energy transition goals.

Fund/Index Name	WACI
VH GSEO	55.5
MSCI ACWI Low Carbon	66.7
MSCI ESG Leaders	94
MSCI ACWI Index	154
MSCI World Index	132
MSCI Emerging Markets	322
MSCI Emerging Markets ESG Leaders	225.4

All Investment Adviser employees have sustainability goals linked to the overarching strategy. These goals form part of staff performance metrics and associated remuneration which is communicated in the Investment Adviser's remuneration policy. Remuneration is fundamentally linked to climate related issues and specifically the energy transition to net zero.

1 WACI: Portfolio's exposure to carbon-intensive companies, expressed in tons CO_2e/$M revenue.
2 The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO_2e.
3 Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tons CO_2e / $M invested.
4 Index Carbon Footprint Metrics. Carbon footprint of flagship MSCI Indexes as of October 29, 2021.

ESG PERFORMANCE

The Investment Adviser's sustainable development culture informs the Company's actions and priorities. As participants to the UN Global Compact, they are aligned with the principles. The Company has assessed the material environmental, social and governance (ESG) risks, opportunities and impacts of the Investment Adviser and the Company's investments. The portfolio is a mix of operating and construction assets; consequently data reported reflects a snapshot of operating asset data and a combination of qualitative and quantitative discussion.[1] Baseline data will be collected through 2022 to support target setting.

Environmental

Environmental performance is at the core of the Company's investment strategy to enable the energy transition to net zero through energy infrastructure investment. Material issues include portfolio and Investment Adviser GHG emissions.

Investment Adviser employees worked remotely from home in 2021. Using the EcoAct[2] methodology for calculating carbon emissions of homeworking, the Company has estimated the impact result from office equipment and gas heating. This does not account for use of different market instruments such as installed heat source pumps and renewable energy contracts. Below are the carbon emissions in 2021.

589	**kg/CO_2**	**Scope 1**
37	**kg/CO_2**	**Scope 2**

The Investment Adviser opened an office in January 2022 and will calculate baseline energy use and emissions associated through the first year. Emissions data for the portfolio can be found on pages 38 to 39 which includes forecast avoided emissions.

Biodiversity

Construction investments are targeted on brownfield industrial sites and low quality, unused agricultural land avoiding environmental damage to pristine greenfield sites, native forests, carbon sinks or land use change away from food crops. The Company, through its screening process during the investment phase, avoids activities that negatively affect biodiversity in sensitive areas. All investments have had environmental impact studies and/or assessments completed as regulated by the local authority to identify any significant impact on the environment and ensure mitigating action.

Environmental impact assessments/studies completed[2]	**100%**

Case study: Offsetting land clearance in Solar Projects
In Brazil 32ha of land has been or will be cleared for the solar generation projects. These sites are located on greenfield unused agricultural land avoiding damage to native forests, carbon sinks or land use change from productive food crops. All sites are required an environmental impact assessment and any vegetation removed is offset by planting of higher quality trees, vegetable crops or through payments to the local authorities to plant trees elsewhere.

Water

Volume of water used in the US Terminals facility is primarily used for steam generation. Water used at solar farms for panel cleaning will be collected in 2022. There were no emissions to water in 2021.

Volume of water used	**20,709,810 litres[3]**

Waste

Effective waste management helps reduce energy use and conserves natural resources. An important aspect of asset management is to encourage reduction, recycling and reuse. The Company is committed to reporting waste generation and disposal from investments. There was limited waste produced on operating solar farms asset in 2021. The Company will collect information on waste from maintenance and construction work through 2022.

Waste (non-hazardous) produced	**13.5 tonnes[4]**
Hazardous Waste (tonnes)	**0**

In Texas large waste items such as palettes and synthetic bags are reused. A new recycling waste contractor in 2022 will ensure more of the waste is recycled.

1 The reported data was collected directly from assets unless otherwise indicated. Reporting is required monthly. It is the company's objective to be transparent with ESG practices and data disclosure and aims to enhance reporting in subsequent years.
2 Homeworking Emissions Whitepaper, EcoAct, an atos company.
3 As per national or local regulatory authority requirements.
4 Primarily relates to US Terminals assets. The remainder of the portfolio was in construction during period.

ESG PERFORMANCE CONTINUED

Case study: Reusing Carbon
Circular economy activities are important in achieving waste reduction by providing products for other sectors. The UK Flexible Power with carbon capture and reuse project aims to demonstrate how to decarbonise combined heat and power (CHP) using proven technology to create a low carbon circular economy. The operating partners consider all waste products as potential resources and focus on eliminating inefficiencies. The carbon captured in this plant will be supplied to the food and beverage sector.

The Company will be identifying key resource consumption for the construction assets through 2022 to identify efficiencies.

Health and Safety

Health and safety of asset employees is a priority for the Company. The Company expects all sites to have policies and management systems in place to drive continuous improvement in health, safety and environmental management. The Investment Adviser aims to engage sites in management system certification and internal audits in 2022 and will create targets for this. The Investment Adviser monitors performance of investments through monthly reporting. Due to the diverse businesses and technologies in the Company, material health and safety hazards and actions will vary.

% of assets with health and safety policies in place – 100%

2021 Health and Safety data

	USA	Brazil[1]	Australia[2]	UK[3]
Number of near misses[4]	0	0	0	N/A
Number of accidents[5]	0	0	0	N/A
Number of incidents[6] (#)	0	0	0	N/A
Incident-free-days (#)	275	138[7]	0	N/A
Total accident rate[8]	0	0	0	N/A
Total lost time[9]	0	0	0	N/A
Number of fatalities (Employees & Contractors)	0	0	0	N/A

The data reflects the short life span of projects so far, low employment requirements for the project, and the focus of partners on health and safety practices.

1 Brazil solar sites under construction
2 In January 2022 there was a fault at the Mobilong Solar Farm which was quickly rectified by the site representative. Faulty parts were replaced and a full root cause investigation completed.
3 UK investment not started construction in 2021
4 An event not causing harm but has the potential to cause injury of ill health - dangerous occurrences
5 An event that results in injury or ill health
6 Incident includes near misses and accidents
7 Average across solar generation sites
8 Accident number / no of hours worked
9 Usual hours worked per week/average hours usually worked per week by FTE

Health and Safety continued

Case study: Actively promoting health and safety at the US Terminals Asset.
Health & Safety actions include:
- Quarterly emergency response tabletop exercises to test preparedness for incidents working closely with relevant authorities such as the maritime and coastguard agency.
- All staff received safety training including Occupational Safety and Heath Administration (OSHA), HAZMAT, transportation tank car offloading and incident response.
- Facility upgrade including dike walls to improve the containment infrastructure of the site in the event of a spill.
- Routine maintenance and inspection of facilities.

Governance

The Company expects the employees of its service providers and partners to work with honesty and integrity, aligned to the Company values and sustainable development culture. This will be incorporated into an Investment Adviser code of conduct and ethics in 2022.

The Investment Adviser and 100% of assets have policies, procedures and training in place covering:
- Anti-bribery and anti-corruption
- Whistleblowing

The Company respects internationally recognised labour rights, including the elimination of all forms of forced and compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

The Investment Adviser's due diligence process involves third-party review of relevant project contractor and technology providers policy documents and reports. To date, third-party assessments have concluded that all parties meet the required threshold scores. The company intends through 2022 to continue to work with assets to ensure they have policies in place that align with the Investor Adviser's sustainability policy, the SDGs and UN Global Compact.

There were no reports recorded through the whistleblowing process in 2021.

For more information the Investment Adviser statement on the UK Modern Slavery Act can be found on the Victory Hill Capital Group website. The Investment Adviser has high recruitment standards and background checks, and operating partners are expected to have the same to mitigate against human and labour rights risks. These risks are assessed low due to the nature of the regulated asset management business. Due diligence is included in the investment decision process as described.

Supply Chain engagement

Risks in the supply chain are mitigated by selecting reputable suppliers and using appropriate contract language in service and supplier contracts. For potentially high-risk suppliers, for example, PV panel manufacturers operating in China, the Investment Adviser has engaged with operators and suppliers to understand any exposure to human rights issues such as child labour.

The Investment Adviser will engage with operating partners through 2022 to support roll out of a supplier code of conduct that addresses ESG expectation where one does not currently exist. The Company will also collect local economic expenditure data on supply chain and local communities to understand broader impact.

ESG PERFORMANCE CONTINUED

People

Diversity & Inclusion

SDG 5 on gender equality recognises the importance of equal female participation in decision making to achieve sustainable development goals. The Company recognises the benefits of a diverse workforce to drive creativity, innovation and for cultural sensitivity across the global portfolio. The Company, through its investments, is committed to providing equal opportunities for all employees irrespective of race, colour, religion or belief, ethnic or national origins, gender, age, family status, sexual orientation, disability, or political opinion.

The Investment Adviser has an equality and diversity and inclusion policy which applies to all aspects of employment, including recruitment and selection, appraisal, training and promotion, pay and conditions and to any dealings with customers and clients. Selection for employment, promotion, training or any other benefit will be based on aptitude and ability.

All assets are required to have a comparable policy that addresses equal opportunities and anti-discrimination. The Company intends to collect gender pay gap information across the portfolio as the workforce and sample data set increases, and more reliable data is available.

50% gender split in the Company's board.

38% female employees at the Investment Adviser.

Partner Employment Summary

	USA	Brazil	Australia[1]	UK[2]	Total
Total Number of employees	27	29	10	10	76
% of Female employees	7	35	10	30	82
Staff turnover	15%	3%	0	0	0

Community engagement

Through its investment strategy the Company is committed to creating positive impacts for local communities. This may be through enabling local access to affordable and reliable energy, improved air quality and associated health benefits, direct employment, indirect economic benefits such as local procurement or through environmental improvement for example, tree planting programmes. The Company aims to quantify these impacts in 2022.

All partners are required to report monthly metrics on community engagement including employment and spend with local suppliers. They are also required to have grievance procedures or similar processes so communities can feedback on concerns that may arise during operation or construction.

Charitable Donations

Bottletop

The Investment Adviser has created a charitable partnership with the Bottletop Foundation. Victory Hill donates 2% of its annual investment management fee earned for the provision of investment advice to the Company, to supporting the BottleTop Foundation, #TOGETHERBAND Campaign and the various initiatives and causes that it supports.

To date this donation has supported eight grassroots beneficiaries across the world through two associate programmes Power for the People and Renewable World. These organisations are focussed on delivering the Sustainable Development Goals including to provide clean, reliable and renewable energy to remote and undeserved communities.

The funding also enabled the #TOGETHERBRAND campaign to further global engagement around the Sustainable Development Goals enabling it to generate over 6 billion impressions.

[1] Australia employee number include those structured as contractors as standard practice in Australia.
[2] Construction asset. Local employment to start in 2022.

Sustainable Finance Disclosure Regulation SFDR Statement

The Company has sustainable investment as its objective. Article 9 funds under the SFDR are products that have a sustainable investment objective. As of 31 December 2021, 71% of the Company's investments were aligned with EU Taxonomy economic activities. The remaining 29% were invested in economic activities with a different environmental objective.

Sector	Activity	Environmental objective	Allocation[1]
Energy	Electricity generation using solar photovoltaic*	Climate change mitigation (a)	19%
Energy	Storage of electricity*	Climate Change mitigation (a)	20%
Energy	Flexible Power & Carbon Capture & Reuse*	Climate change mitigation (a)	32%
Energy	Liquid Storage	Pollution prevention and control (e)	29%

* EU taxonomy aligned

The Company's core objective is to generate stable returns, principally in the form of income distributions, by originating, structuring, and facilitating the deployment of the Company's equity into a diversified portfolio of global sustainable energy infrastructure assets. The Company's investments in Sustainable Energy Infrastructure must either:

1. Support the attainment of the UN sustainable Development Goals where energy and energy infrastructure investments are a direct contributor to the acceleration of the Energy Transition towards a net zero carbon world; or
2. Can be categorised into one or more of the four "Investment Pathways" that guide the Company's investment strategy informed by SDGs 3,7,8,9,13 and 17. These Investment Pathways are:
    1. Addressing Climate Change
    2. Energy Access
    3. Energy Efficiency
    4. Market Liberalisation

For further details on the investment strategy see page 10.

Initial investments were made through 2021 in a mix of operating and construction assets. To date, the Company had committed £247 million in a portfolio spanning 24 assets across 4 countries – US, UK, Australia, Brazil – and includes technologies such as liquid storage, solar PV, solar PV and BESS and flexible power and carbon capture and reuse. The year ending 31 December 2022 will be the baseline year for data collection on the indicators listed below.

The Company will report on the following indicators:

- Capital investment into energy transition focused assets (£)
- Return on embodied carbon through renewable energy generation (tCO_2e)
- MWh of renewable energy produced
- Carbon dioxide equivalent avoided (TCO_2e)
- Tonnes of carbon monoxide avoided
- Tonnes of particulate matter (PM10) avoided
- Tonnes of sulphur oxides (SOX) avoided
- Tonnes of carbon dioxide sequestered

During the investment decision process external assurance opinions are obtained on whether the investment aligns with the six Sustainable Development Goals focused on in the strategy and whether it does no harm to the remaining eleven. If the investment does not align with the strategy or is considered to do harm then the investment does not proceed.

This initial assessment considers a number of data points including the type of investment, the geographical location, previous environmental and social impact assessments and, partners or operators' practices and processes on Environmental, Social and Governance (ESG) factors. The due diligence process includes third-party review of relevant project contractor and technology providers policy documents and reports. To date, our independent third-party assessment has concluded that all investments meet the required threshold scores.

[1] Percentage total commitment in GBP

ESG PERFORMANCE CONTINUED

Indicators for adverse impacts on sustainability factors

The ESG risk identification and management process is discussed on page 32. Data on these material environmental and social impacts identified by the Company are reported in the sustainability section on page 28.

The Investment Adviser requires all assets to have policies aligned to relevant SDGs as explained in the investment strategy and the UN Global Compact therefore recognising the UN Guiding Principles on Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises.

Sustainability Benchmark

Currently no index is designated as a benchmark for determining the attainment of the sustainability for the Company. This will be considered once baseline data is collated.

SECTION 172 & STAKEHOLDERS

Engaging with our Stakeholders

This section of the Annual report covers the Board's considerations and activities in discharging their duties under section 172 of the Companies Act 2006, in promoting the success of the Company for the benefit of the members as a whole.

This statement includes consideration of the likely consequences of the decisions of the Board in the longer term and how the Board has taken wider stakeholders' needs into account.

Stakeholder identification and management
The Board has identified the major stakeholders in the Company's business. On an ongoing basis the Board monitors both potential and actual impacts of the decisions it makes in respect of the Company upon those major stakeholders identified.

Shareholders
The Board believes that transparent communication with shareholders is important.

As a public company listed on the London Stock Exchange, the Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules. The Listing Rules include a listing principle that a listed company must ensure that it treats all holders of the same class of shares that are in the same position equally in respect of the rights attaching to such shares.

The Investment Adviser along with the Company's Corporate Broker regularly meets with the Company's shareholders. Feedback from shareholders is reported to the Board.

Investment Adviser
The Investment Adviser has a fundamental role in promoting the long-term success of the Company. The Board regularly reviews the performance of the investment portfolio at quarterly board meetings and performs a formal annual evaluation of the performance of the Investment Adviser. This contact enables constructive dialogue between the Investment Adviser and the Board.

Other key service providers
The Board believes that strong relationships with its other key service providers (Company Secretary, Administrator, AIFM, Depositary and Registrar) are also important for the long-term success of the Company. There is regular contact between the Board and the Company's other key service providers. The Management Engagement Committee performs an annual review of the services provided by the AIFM, Company Secretary, Administrator, Depositary and Registrar to ensure that these are in line with the Company's requirements.

Employees
As an investment trust, the Company does not have any employees as all of its day-to-day functions are carried out by third party service providers. However, the Company has a Board of Directors who are non-executive. The Company's Board is comprised of two male and two female directors. The Company has a policy on diversity which is disclosed in the Governance section of this report.

Lenders
The Company does not make use of structural debt in order to achieve its yield and total return targets. To date the portfolio has been fully equity funded allowing for efficient asset acquisition. Once assets have been acquired and are operational, Victory Hill, through its extensive international network of funding partners, seeks the most efficient debt funding on a non-recourse basis. The leverage is therefore currently held at asset level only.

Society and the environment
As an investor in sustainable energy, the Company's assets have an impact on the environment. The Company has a Sustainability Framework which is published on the Company's website and our approach to ESG is set out on page 28 of the Sustainability Report.

Key decisions made during the period
Placing of Ordinary Shares
The Investment Adviser has identified a strong pipeline of investment opportunities. The Company successfully raised £242.6 million at its initial public offering in February 2021 and in November 2021, the Board announced a proposed placing of Ordinary Shares pursuant to which £70 million was raised through the issuance of 68,965,518 New Ordinary Shares at a price of 101.5p per share.

Declaration of first dividend
On 1 November 2021, the Board announced the Company's first interim dividend which was paid at a rate of 1.25p per Ordinary Share to shareholders on the register as at close of business on 12 November 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The Prospectus issued in January 2021 includes details of risks faced by the business. The Board considers that the principal risks and uncertainties faced by the Group are as follows:

Risk	Description of Risk	Risk Impact	Mitigation
1. Risks relating to the Company			
Reliance on Investment Adviser	The Company relies on the Investment Adviser for the achievement of its investment objective.	The departure of some key individuals or all of Victory Hill's investment professionals could prevent the Company from achieving its investment objective. There can be no assurance that the Directors will be able to find a replacement adviser if Victory Hill resigns.	The Investment Adviser consists of five managing partners supported by three investment professionals. A collegiate approach is taken to Investment Advisory activities with the team having a broad range of skills to support the pursuit of the Company's investment objective. The performance of the Company's Investment Adviser is closely monitored by the Board. In addition, at least once a year the Management Engagement Committee performs a formal review process to consider the ongoing performance of the Investment Adviser and makes a recommendation on the continuing appointment of the Investment Adviser to the Board. The initial term of the Investment Advisory agreement is five years
Reliance on third party service providers	The Company has no employees and the Directors have all been appointed on a non-executive basis. Therefore, the Company is reliant upon its third party service providers for the performance of certain functions.	Service provider control failures may result in operational and/or reputational problems and may have an adverse effect on the Company's NAV, revenues and returns to shareholders.	The Board oversees and keeps under review the provision of services by each of the Company's service providers on an ongoing basis. The Management Engagement Committee performs a formal review process to consider the ongoing performance of its service providers.
Currency risks	The Company will make investments which are based in countries whose local currency may not be Sterling and the Company may make and/ or receive payments that are denominated in currencies other than Sterling.	When foreign currencies are translated into Sterling there could be a material adverse effect on the Company's profitability, the NAV and the price of shares.	Investments are held for the long term. The Company intends to enter into hedging arrangements for periods of up to 12 months to hedge against short-term currency movements. Currency risk is taken into consideration at the time of investment and is included in the Investment Adviser's assessment of minimum hurdle rate from investments.
2. Risks relating to the portfolio investment strategy			
Illiquidity of investments	The Company's investments in sustainable energy infrastructure investments are illiquid and may be difficult to realise at a particular time and/or at the prevailing valuation.	Shareholder returns could be materially negatively impacted should the Company be required to realise them in the near term (requirement for early liquidity).	The Company is expected to hold most of its investments on a long-term basis. The Investment Adviser and the Board will monitor the position on a regular basis. Cash flow forecasts of the Company are also monitored on a regular basis to ensure sufficient liquidity buffer at the Company level.
3. Risks relating to investments			
Construction risks	Construction project risks associated with the risk of inaccurate assessment of a construction opportunity, delays or disruptions which are outside the Company's control, changes in market conditions, and the inability of contractors to perform their contractual commitment.	Failure to complete projects in accordance with expectations could adversely impact the Company's performance and shareholder returns.	The Investment Adviser monitors construction carefully and reports frequently to the Board and AIFM. The Investment Adviser undertakes extensive due diligence on construction opportunities and seeks to have appropriate insurances in place to mitigate any costs relating to delays. In addition, the Investment Adviser seeks to utilise EPC contractors that can provide single point, lump sum turnkey arrangements wherever possible.

Risk	Description of Risk	Risk Impact	Mitigation
3. Risks relating to investments continued			
Due diligence	Due diligence may not identify all risks and liabilities in respect of an investment.	Failure to identify risks and liabilities may impact the profitability or valuation of the investment.	The senior management team at the Investment Adviser have extensive experience in executing strategies similar to that of the Company. Where appropriate, in accordance with a disciplined process, due diligence conducted by the Investment Adviser may be supplemented, for example, by independent legal, tax and technical advisers.
Demand, usage and throughput risks	Residual demand, usage and throughput risk can affect the performance of infrastructure investments.	The actual return to shareholders may be materially lower than the target total return.	The Investment Adviser performs extensive due diligence on the project economics vs. alternative energy options before entering into a project. Furthermore, project revenues are largely contracted for the medium to long term. The Investment Adviser constantly reviews assumptions made regarding the demand, usage and throughput vs. actual results.
Meteorology risks	Dependency on meteorology, meteorology forecasts and other feedstocks may have a negative impact on the performance of the Company's investments.	The actual return to shareholders may be materially lower than the total target return.	The Investment Adviser performs extensive due diligence on meteorology and other feedstocks before entering into a project. The Investment Adviser regularly reviews meteorology and feedstock factors and will action any potential remedies.
Counterparty risks	Counterparties defaulting on their contractual obligations or suffering an insolvency event.	The failure by a counterparty to make contractual payments or perform other contractual obligations or the early termination of the relevant contract due to the insolvency.	Due diligence on counterparty risk is performed before entering into projects and counterparty risk is monitored on a regular basis.
Uninsured loss and damage	The risk that an investment may be destroyed or suffer material damage, and the existing insurances may not be sufficient to cover all the losses and damages.	The actual return to shareholders may be materially lower than the target total return.	An independent insurance adviser is appointed for each project to review project risks in conjunction with the Investment Adviser and to ensure that appropriate insurance arrangements are in place. Insurance requirements are reviewed on an ongoing basis.
Curtailment risks	Investments may be subject to the risk of interruption in grid connection or irregularities in overall power supply.	In such cases, affected investments may not receive any compensation or only limited compensation.	Extensive due diligence is performed on each project before investment. The Investment Adviser constantly reviews curtailment risks.
Commodity price risks	The operation and cash flows of certain investments may depend upon prevailing market prices for electricity and fuel, and particularly natural gas.	The actual return to shareholders may be materially lower than the target total return.	The Company intends to mitigate these risks by entering into (i) hedging arrangements; (ii) extendable short, medium and long-term contracts; (iii) fixed price or availability based asset-level commercial contracts.
4. Risks relating to the Company's shares			
Discount to NAV	The share price may not reflect the underlying NAV. Discount management provisions being unable to be satisfied may result in a significant share price discount to NAV.	Lack of liquidity in the Company's shares could negatively impact on shareholder returns.	The Board, Corporate Broker and Investment Adviser monitor discount or premium to NAV at which the shares trade.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Description of Risk	Risk Impact	Mitigation
5. Risks relating to regulation			
Regulation	The Company is exposed to the risk that the competent authorities may pass legislation that might hinder or invalidate rights under existing contracts as well as hinder or impair the obtaining of the necessary permits or licenses necessary for sustainable energy infrastructure investments in the construction phase.	The actual return to shareholders may be materially lower than the target total return.	The Company aims to hold a diversified portfolio of sustainable energy infrastructure investments and so it is unlikely that all assets will be impacted equally by a single change in legislation. The Investment Adviser ensures that contracts are not exposed to government subsidies, thus mitigating exposure to policy risks linked to contract pricing. There is also strong public demand for support of the renewables market to hit net zero carbon emission targets. The Investment Adviser monitors the position and provides regular reports to the Board on the wider macro environment.
6. Operational risks			
Operation and management risks of the portfolio of assets	Poor management or operational performance of an asset by the Company's operating partners and selected operations and maintenance providers.	The actual return from single portfolio assets may be lower than the target total return for the asset.	Operating partners operate to an annual budget and a series of key performance indicators to ensure contractual alignment between the relevant parties.
Valuation risks	Valuation of the portfolio of assets is based on financial projections and estimations of future results.	Actual results may vary significantly from the projections, which may reduce the profitability of the Company leading to reduced returns to Shareholders and a fall in the Company's NAV.	The Company has adopted a valuation policy which was disclosed in the Company's prospectus. Fair value for each investment is calculated by the Investment Adviser. However, if considered necessary and appropriate, the Board may appoint an independent valuer. The Investment Adviser has significant experience in the valuation of energy assets. The Investment Adviser has an independent valuation committee to perform and challenge valuations. In addition, the Investment Adviser partnership committee reviews and challenges valuations. The Board and AIFM review the valuations provided quarterly by the Investment Adviser.

Risk	Description of Risk	Risk Impact	Mitigation
7. Climate related risks			
Physical risks	Longer term changes in climate patterns, e.g., reduction or increase in wind levels, decrease solar optimal days impacting renewable output and associated earnings. Increased occurrence of extreme weather events such as cyclones, storms, flooding and heatwaves causing damage to assets, disruption to feedstocks, value chain, outputs and associated earnings.	Reduction in output from assets leading to reduced income stream. This risk may increase over the long term in the absence of climate mitigation[1]	GSEO is investing in a diversified portfolio of energy transition infrastructure by geography, technology and capability. These investments are targeted at the energy transition to net zero. This will provide a buffer against variable weather patterns across the portfolio. The Company also mitigates risk through project revenues being contracted for the medium- and long-term. At the asset level weather conditions are monitored and many of the renewable projects have battery storage capabilities to optimise energy input to the grid. Meteorology and feedback due diligence is undertaken before investment and reviewed regularly. All assets have crisis management and business continuity plans to respond to disruptions. The assets are also required to have continuous improvement management systems to build capability and capacity in the local teams and operations.
	Increased insurance premium for assets in high-risk locations	Increased cost of doing business	When making investments the due diligence process accounts for climate change risk and impacts. The Investment Adviser employs an insurance specialist when making investments and seeks to have appropriate contractual indemnities and insurance provisions in place to mitigate any costs relating to delays or operation disruption. Insurance requirements are reviewed on an ongoing basis.
Transition risks	Market shifts may dampen ability to engage investors on a broader portfolio of energy transition projects than a traditional European renewable focus including different geographies and new technologies e.g., carbon capture and reuse	Reduced access to capital	There is strong public demand for support of the renewables market towards net zero carbon emission targets. The Company is expected to hold most of its investments on a long-term basis and the Board and Investment Adviser monitors the position on a regular basis. The senior management team at the Investment Adviser have extensive experience in executing strategies similar to that of the Company.
	Policy shift may introduce regulation around climate change e.g., increased disclosure, taxes etc	Increased cost of doing business Reduced access to capital	The Company is supportive of the policy aims of the Disclosure Regulation and will comply and monitor changes. The Company engages with partners and stakeholders to gather data and drive action to improve ESG management and support disclosure and policy requirements. This includes monthly metric reporting on climate related KPIs including energy used and generated, mitigation actions for risks and impacts, as well as any energy reduction projects. IFC performance standards are used to guide these interactions. The Company's investment strategy targeting the energy transition is aligned with global policy movements on climate change which would limit impact.

1 IPCC Fifth Assessment Report

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk management
The risk management framework established by the Board has been designed to identify, evaluate and mitigate the significant risks faced by the Company. A risk management framework can only provide reasonable, not absolute, assurance. The Board has contractually delegated the management of the investment portfolio, the registration services, administrative services and other services to third party service providers and reliance is therefore placed on the internal controls of those service providers. Risk assessments are performed on a regular basis and this is facilitated through the use of a detailed risk assessment programme which categorises the risks identified and the controls in place to mitigate those risks.

Risk appetite
The Board's risk appetite is aligned with the Company's investment objective and policy for which the Board has ultimate responsibility. The investment objective and policy is included in the Strategic Report in this Annual Report. Identification and management of risks is integrated into the Investment Adviser's investment process.

Emerging risks
As part of its risk assessment, the Board considers emerging risks and any such risks identified are included in the detailed risk assessment programme.

Climate risk and TCFD
Climate risk and TCFD disclosures are included on pages 33 to 40 of this document.

GOING CONCERN AND VIABILITY STATEMENT

Going concern

The Directors have reviewed the financial position of the Company and its future cash flow requirements, taking into consideration current and potential funding sources, investment into existing and near-term projects and the Company's working capital requirements.

The Directors, in their consideration of going concern, have reviewed the financial position and comprehensive future cash flow models for the Company prepared by the Company's Investment Adviser, taking into consideration current and potential funding sources, investment into existing and near-term projects and the Company's working capital requirements. Based on these forecasts and the assessment of principal risks described in this report, that it is appropriate to prepare the financial statements of the Company on the going concern basis.

The Directors believe that there are currently no material uncertainties in relation to the Company's ability to continue for a period of at least 12 months from the date of the approval of the financial statements and, therefore, has adopted the going concern basis in the preparation of the financial statements.

Viability Statement

In accordance with Principle 21 of the AIC Code, the Directors has assessed the prospects of the Company over a period longer than 12 months required by the relevant "Going Concern" provisions. The Directors have considered the nature of the Company's assets and liabilities, and associated cash flows, and has determined that five years, up to 31 December 2026, is the timescale over which the performance of the Company can be forecast with a material degree of accuracy and therefore is the appropriate period over which to consider the viability.

The Investment Adviser has considered the sensitivity of the financial projections to a range of key assumptions, such as a reduction in cash flows from portfolio companies, restriction in debt availability, and an inability for the Company to raise additional equity. The results of this stress testing showed that the Company would be able to withstand the impact of these scenarios occurring over the five-year period.

The Directors confirm they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency, liquidity, and dividend cover for a 5-year period. The Directors' assessment has been made with reference to the principal risks and uncertainties and emerging risks summarised on pages 48 to 52 and how they could impact the prospects of the Company.

As an Investment Company, part of the Company's objective is to produce stable dividends while preserving the capital value of its investment portfolio. Following regular pipeline updates from the Investment Adviser, the Directors believe that the Company is well placed to manage its business risks successfully over both the short and long term, the Directors have a reasonable expectation that the Company will be able to continue in operation and to meet its liabilities as they fall due for a period of at least five years.

Approval of the Strategic Report

The Strategic report was approved by the Board of Directors.

BERNARD BULKIN, PHD, OBE
Chair of the Board of Directors
18 March 2022

GOVERNANCE AT A GLANCE

Chair's Introduction

"As this was the first year of the Company, the Board put in place all the governance mechanisms to run the Company at a high standard, and at the end of the year conducted a self-evaluation to see how we can continuously improve our corporate operations. We are always happy to discuss any aspect of the Company with our shareholders, whose ongoing support is much appreciated."

BERNARD BULKIN
CHAIRMAN OF THE BOARD OF DIRECTORS

Chair's Introduction

I am pleased to present to you the corporate governance section of this Annual Report. The Company is an externally managed investment company with its day-to-day activities outsourced to the Investment Adviser, AIFM and other key service providers. The Board consists of four non-executive directors, two of whom are male and two are female.

The Board is committed to high standards of corporate governance and has put in place a robust framework to enable it to perform proper oversight of the Company's service providers and to fulfil its role in promoting the long-term success of the Company.

This section of the Annual Report provides details of the corporate governance framework which has been implemented and the work of the Board and its committees during the period under review.

Statement of Compliance

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (the 'AIC Code'). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code 2018 (the 'UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code since its listing on the London Stock Exchange on 2 February 2021 other than as otherwise disclosed in this report. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Bernard Bulkin
Chairman of the Board of Directors

MEET THE BOARD

Providing Experienced and Focused Leadership

BERNARD BULKIN, PHD, OBE
CHAIR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Skills and experience
Over 35 years in the energy industry. Experienced Board Member and Chairman. Currently board director of ATN International, a NASDAQ-listed company, and member of the board of energy group ARQ Ltd. Business and commercial roles including chief scientist of BP, former member of the UK Sustainable Development Commission and Chair of The Office of Renewable Energy of UK Government.

MARGARET STEPHENS
CHAIR OF THE AUDIT AND RISK COMMITTEE AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Skills and experience
28 year career with KPMG, 16 years as a partner focused on infrastructure and international M&A. Currently Chair of Audit of the Nuclear Liabilities Fund, member of advisory committee for The Infrastructure Forum and NED of AVI Japan Opportunity Trust plc. Previously a non-executive board member and Chair of the audit and risk committee at the Department for Exiting the EU.

LOUISE KINGHAM, CBE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Skills and experience
Over 28 years in the energy industry. She is currently BP's UK head of country and senior vice president for Europe. Prior to this, Louise was CEO of the Energy Institute. She is current non-executive board member of the Energy Saving Trust and Chair of its charitable Foundation. She is also an Ambassador for the POWERful Women initiative and chair of BITC's Climate Action leadership team.

RICHARD HORLICK
CHAIR OF THE MANAGEMENT ENGAGEMENT COMMITTEE AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Skills and experience
Over 35 years in the investment management industry. Chair of CCLA Investment Management and Chair of BH Macro plc. Former roles at Newton Investment Management, Fidelity International, including CEO of Fidelity Management Trust Company and board member, global head of investments at Schroders, and co-founder of Spencer House Capital Management.

MEET THE INVESTMENT ADVISERS

ANTHONY CATACHANAS
CHIEF EXECUTIVE OFFICER,
VICTORY HILL CAPITAL ADVISORS LLP

Skills and experience
17 years in private equity and investment banking. Worked for Mizuho Financial Group, Goldman Sachs, Credit Suisse Securities, ABN Amro Bank, the European Central Bank and the European Parliament.

MICHAEL EGAN, CA, CFA
CHIEF FINANCIAL OFFICER,
VICTORY HILL CAPITAL ADVISORS LLP

Skills and experience
21 years of principal M&A, investment banking, restructuring and structured finance. Worked for Steinhoff International, Lehman Brothers and KPMG.

RICHARD LUM
CO-CHIEF INVESTMENT OFFICER,
VICTORY HILL CAPITAL ADVISORS LLP

Skills and experience
27 years in natural resource structured finance and banking. Worked at Mizuho Financial Group, Standard Chartered Bank, West LB Markets and Bayern LB.

EDUARDO MONTEIRO
CO-CHIEF INVESTMENT OFFICER,
VICTORY HILL CAPITAL ADVISORS LLP

Skills and experience
21 years in M&A and corporate finance advisory. Worked for Mizuho Financial Group, Société Générale, ABN Amro Bank and JP Morgan CIB.

LAWRENCE BUCKNELL
GENERAL COUNSEL.
VICTORY HILL CAPITAL ADVISORS LLP

Skills and experience
26 years as legal counsel in investment banking, structured finance and asset management. Worked for Mizuho Financial Group, Henderson Global, F&C and Fladgate Fielder LLP.

CORPORATE GOVERNANCE STATEMENT

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The Company is an externally managed investment company. All the Company's day-to-day management and administrative functions are outsourced to third parties. For the reasons set out in the AIC Code, the Board considers the provisions of the UK Code set out on page 59 are not relevant to the position of the Company, being an externally managed investment company and the Company does not therefore comply with them. In addition, as the Board consists of four non-executive directors who work collaboratively in their decision making process, it does not consider it necessary to appoint a senior independent director. The Board also considers it appropriate for the Chairman to be a member and to act as Chairman of the Remuneration Committee as he was independent on appointment and remains so and due to the fact that the Board consists solely of non-executive directors.

Leadership

The Board of Directors

The Board is responsible for the effective stewardship of the Company's affairs. Investment policy and strategy are determined by the Board. It is also responsible for the borrowing policy, dividend policy, public documents such as the annual report and financial statements and corporate governance matters. In order to enable the Directors to discharge their responsibilities, the Board has full and timely access to relevant information. A formal schedule of matters reserved for the Board has been adopted.

The biographies of the Directors are set out on page 56.

Composition of the Board

At the date of this report, the Board consists of four non-executive Directors including the Chairman, of whom two are male and two are female. Margaret Stephens has served since her appointment on 6 November 2020. All other Directors have served since their appointment on 30 October 2020.

The Board believes that during the period ended 31 December 2021 its composition was appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Adviser and AIFM. All of the Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors have a broad range of relevant experience to meet the Company's requirements. The Board has adopted a policy restricting the tenure of Directors, including the Chairman, to nine years. This was agreed on so as to align with corporate governance best practices. The Board is in the process of developing a succession plan.

In accordance with the AIC Code, all the Directors will retire and offer themselves for re-election at the AGM of the Company to be held on 27 April 2022. The Board recommends all the Directors for re-election for the reasons highlighted above and in the performance appraisal section of this report.

The Directors have appointment letters which do not provide for any specific term. Upon joining the Board, any new Director receives an induction and relevant training is available to Directors on an ongoing basis.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. All Directors have access to the advice of the Company Secretary on an ongoing basis. A policy of insurance against Directors' and officers' liabilities is maintained by the Company.

Board committees

The Company has established an Audit Committee which is chaired by Margaret Stephens and consists of Richard Horlick and Louise Kingham. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. A report of the Audit Committee is included on page 66 of this Annual Report.

The Company has established a Management Engagement Committee which is chaired by Richard Horlick and consists of Bernard Bulkin and Louise Kingham. The principal duties of the Management Engagement Committee are to consider the terms of appointment of the Investment Adviser and AIFM, and annually reviews those appointments and the main terms of the Investment Management Agreement and the Investment Advisory Agreement. A report of the Management Engagement Committee is included on page 69 of this Annual Report.

The Company has established a Nomination Committee which is chaired by Bernard Bulkin and consists of all of the Directors. The Nomination Committee has been established for the purpose of reviewing the Company's succession plan and identifying and nominating candidates for the office of director of the Company. A report of the Nomination Committee is included on page 65 of this Annual Report.

The Company has established a Remuneration Committee which is chaired by Bernard Bulkin and consists of all of the Directors. The Remuneration Committee's principal duties are to consider the Directors' fees, and to make various recommendations in respect of the Directors' remuneration policy and implementation thereof. A Remuneration Report is included on page 63 of this Annual Report.

Each Committee has adopted formal terms of reference, which are reviewed at least annually, and copies of these are available on request from the Company Secretary.

The UK Corporate Governance Code includes provisions relating to:

UK Code provision	Explanation
Remuneration of executive directors	As an externally managed investment company, the Board does not include any executive Directors. As such, the UK Code's principles in respect of executive Directors' remuneration are not applicable.
The role of the chief executive	As an externally managed investment company, the Board does not include any executive Directors. As such, the UK Corporate Governance Code's principles in respect of the role of the chief executive are not applicable.
The need for an internal audit function	As explained in the Report of the Audit Committee, this is not considered to be appropriate given the nature and circumstances of the Company. The Audit Committee keeps the need for an internal function under periodic review.

Meeting Attendance

During the period from the Company's listing on 2 February 2021 to 31 December 2021, the Directors attended the following meetings:

	Total	Board	Audit Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Number of formal meetings held	13	7	3	1	1	1
Bernard Bulkin*	10	7	–	1	1	1
Louise Kingham	13	7	3	1	1	1
Margaret Stephens**	12	7	3	-	1	1
Richard Horlick	13	7	3	1	1	1

In addition to the above there was 1 ad hoc committee meeting to deal with approval of documentation and administrative matters.

* not a member of the Audit Committee
** not a member of the Management Engagement Committee

Conflicts of Interest

Directors' interests are reviewed at each quarterly board meeting. The Directors must advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest will not take part in discussions where they are conflicted.

It is the responsibility of each individual Director to avoid an unauthorised conflict arising. Directors must request authorisation from the Board as soon as they become aware of the possibility that a conflict may arise. The Board is responsible for considering Directors' requests for authorisation of conflicts and for deciding whether or not the relevant conflict should be authorised. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to participate in the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Board are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances. The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Board diversity and inclusion policy

The Board's policy is based on its belief that the Board should have a diverse range of experience, skills and backgrounds. When making recommendations for new appointments to the Board and planning for Board succession, the Nomination Committee will take into consideration the recommendations of the AIC Code and other guidance on boardroom diversity and inclusion.

Tenure Policy

The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board. The Board's policy for Directors, including the Chairman, is that they serve for no more than nine years. This ensures the regular refreshment of the Board and its Committees and forms an integral part of the Board's succession planning.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Effectiveness

Performance evaluation

A formal annual performance evaluation is performed on the Board, the committees, the individual Directors and the Company's main service providers on an annual basis. The results of the evaluation are detailed in the Report of the Nomination Committee on page 65 of this document.

A review of the Company's key service providers has been undertaken. The review comprised open and closed ended questions. Following the review process, the Board agreed that the performance and fees of each service provider was satisfactory and that it was in the Company's best interest that the engagement of each service provider continues for the foreseeable future.

Internal control

Overview

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the Company's internal controls framework. The Board believes that the existing arrangements present an appropriate framework to meet the internal control requirements. By these procedures the Directors have kept under review the effectiveness of the internal control system throughout the period under review and up to the date of this report.

Financial aspects of internal control

The Directors are responsible for the internal financial control systems of the Company and for reviewing their effectiveness.

These controls aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are taken, reports are published and the assets of the Company are safeguarded. As stated above, the Board has contractually delegated to external agencies the services the Company requires, but it is fully informed of the internal control framework established by the AIFM, the Investment Adviser and the Administrator to provide reasonable assurance on the effectiveness of internal financial controls.

The key procedures include review of management accounts, monitoring of performance at quarterly Board meetings, segregation of the administrative function from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures.

Other aspects of internal control

The Board holds quarterly meetings, plus additional meetings as required. Between these meetings there is regular contact with the AIFM, the Investment Adviser, the Company Secretary and the Administrator.

The Company's key service providers report to the Board on operational and compliance issues. The AIFM provides reports to the Board, which are reviewed at the quarterly Board meetings.

The Administrator provides management accounts to the Board, which enables the Board to assess the financial position of the Company. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed.

This contact with the key service providers enables the Board to monitor the Company's progress towards its objectives and encompasses an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored and a formal review, utilising a detailed risk assessment programme, has been completed. This has included consideration of the Administrator's and the Registrar's internal controls report. There are no significant findings to report from the review.

Principal and emerging risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed is set out in the Strategic Report. As part of its risk process, the Board seeks to identify emerging risks to ensure that they are effectively managed as they develop and recorded in the Company's risk register.

Relationships with shareholders and stakeholders

Shareholder relations

The Board and the Investment Adviser continue to develop relationships with shareholders through regular updates to the market, including the publication of quarterly fact sheets. At Board meetings, regular investor feedback is provided by the Investment Adviser and the Broker and the views of existing or potential shareholders about the Company are discussed.

If any shareholder wishes to contact the Chairman directly, they should contact the Company Secretary whose details are given in the Company Information.

Annual General Meeting

At least twenty-one days' notice of the AGM shall be given to all the members and to the Independent Auditor. All other general meetings shall also be convened by not less than twenty-one days' notice unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen days has been passed, in which case a general meeting may be convened by not less than fourteen days' notice in writing.

A special resolution will be proposed at the AGM to reduce the period of notice for general meetings other than the Annual General Meeting to not less than fourteen days. Reduced notice will only be used in circumstances that the Directors consider to be appropriate.

The Notice of AGM sets out the business of the AGM and any item not of an entirely routine nature is explained in this Annual Report.

Separate resolutions are proposed for each substantive issue. The Company's AGM will be held on 27 April 2022.

Relations with other stakeholders are described in the s.172 statement on page 47.

REMUNERATION POLICY

In accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the "Regulations"), it is proposed to table an ordinary resolution to approve the Directors' remuneration policy at the Company's AGM to be held on 27 April 2022. The provisions set out in this policy shall continue until they are next put forward for shareholder approval. The remuneration policy must be put forward for shareholder approval at a maximum interval of three years. In the event of any proposed material variation to the policy, shareholder approval will be sought for the proposed new policy prior to its implementation. If approved by shareholders, the remuneration policy will remain in force until the Annual General Meeting of the Company in 2025, at which time a further resolution will be proposed. The proposed remuneration policy is set out below:

Fees

The Directors' fees are determined within the limits set out in the Company's Articles of Association and they are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits.

The Directors' fees are paid at annual rates and do not have any variable or performance related elements. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

The Directors shall be entitled to fees at such rates as determined by the Board subject to the maximum aggregate fee limit of £500,000 set out in the Company's Articles of Association.

The Directors shall also be entitled to be reimbursed for all expenses incurred in performance of their duties. These expenses are unlikely to be of a significant amount. Fees are payable from the date of appointment as a Director of the Company and cease on date of termination of appointment.

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors.

Statement of consideration of conditions elsewhere in the Company

The Company has no employees. Therefore, the process of consulting with employees on the setting of the remuneration policy is not applicable.

Review

The Directors' remuneration will be reviewed on an annual basis by the Board and any changes are subject to approval by the Board.

The remuneration payable to the Directors will take into account a number of factors, inter alia, the experience of the Directors, the complexity of the Company and prevailing market rates.

Directors' service contracts

The Directors do not have service contracts with the Company.

The Directors are not entitled to compensation on loss of office. The Directors have appointment letters which do not provide for any specific term. However, in accordance with the AIC Code, they are subject to annual re-election.

Statement of consideration of shareholders' views

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. If there are substantial votes against resolutions in relation to Directors' remuneration, the Company will seek the reasons for any such vote and will detail any resulting actions in the next Directors' remuneration report.

Effective date

The above remuneration policy will be put to shareholders at the forthcoming Annual General Meeting and, if passed, shall be effective from that date.

Current and future policy

Component	Director	Purpose of reward	Operation
Annual fee	Chairman of Board	Fees for services as chairman of a plc	Determined by the Board
Annual fee	Other Directors	Fees for services as non-executive directors of a plc	Determined by the Board
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

DIRECTORS' REMUNERATION REPORT

Remuneration policy
The remuneration policy is set out on page 62 of this Annual Report.

Voting on Remuneration Matters
As this will be the first AGM at which the remuneration policy and report will be put forward for shareholder approval, there is nothing to report in this Annual Report in respect of voting on remuneration matters.

Annual statement on policy implementation
The Company's Remuneration Committee consists of all of the Directors and is chaired by Bernard Bulkin. The Remuneration Committee makes recommendations to the Board of Directors on matters in connection with the remuneration of the Directors.

Remuneration
The Company currently has four non-executive Directors.

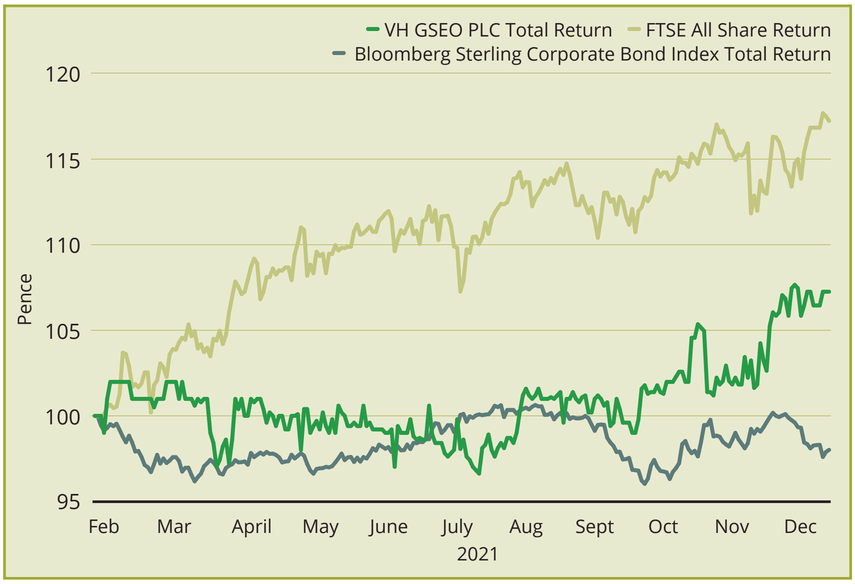
The rates of Directors' remuneration can be found below:

Role	Remuneration per annum (£)
Chair	70,000
Director	50,000

This year, the Remuneration Committee made the following recommendations concerning the remuneration guidelines for the coming years, which were adopted and approved by the Board of Directors:

i. Directors' fees will remained unchanged until 1 January 2023; and
ii. remuneration will be linked to inflation by reference to the change in the UK retail price index ("UK RPI"). With effect from 1 January 2023, remuneration will be adjusted for inflation in the period between 1 January 2021 to 31 December 2022. Thereafter, remuneration will be adjusted by UK RPI on a yearly basis as at the end of December in each year.

Performance
Due to the positioning of the Company in the market as a listed investment trust that invests in sustainable energy infrastructure to produce stable and inflating dividends for investors while aiming to preserve capital value, the Directors consider that the Company has characteristics of both an equity index and a bond index. The graph below compares the total shareholder return of the Company relative to a return on a hypothetical holding over the same period in the FTSE All-share index and the Bloomberg Barclays Sterling Corporate Bond Index, starting from the date of the IPO on 2 February 2021 to 31 December 2021.



Total shareholder return is the measure of returns provided by a company to shareholders reflecting share price movements and assuming reinvestment of dividends.

There are no other taxable benefits payable by the Company other than certain expenses which may be deemed to be taxable. None of the above fees was paid to third parties.

A non-binding ordinary resolution to approve the Directors' Remuneration Report contained in the Annual Report for the period ended 31 December 2021 will be put forward for approval at the Company's AGM to be held on 27 April 2022.

DIRECTORS' REMUNERATION REPORT CONTINUED

Single total figure of remuneration (audited)

Directors	Date of appointment to the board	Fees for the period ended 31 December 2021* £'000
Bernard Bulkin	30 October 2020	64
Richard Horlick	30 October 2020	46
Louise Kingham	30 October 2020	46
Margaret Stephens	6 November 2020	46

* Fees accrued with effect from Initial Admission on 2 February 2021.

Relative importance of spend on pay

The following table sets out the total level of Directors' remuneration compared to the distributions to shareholders by way of dividends, and investment adviser's fees and other expenses incurred by the Company.

	Period ended 31 December 2021* £'000
Directors' fees	202
Investment Adviser's fee	2,218
Other expenses	1,136
Dividends paid and proposed	3,033

Directors' shareholdings (audited)

The Directors had the following shareholdings in the Company as at 31 December 2021 all of which are beneficially owned. There has been no change in the below shareholdings in the period between 31 December 2021 and the date of this report.

Directors	Ordinary Shares as at 31 December 2021
Bernard Bulkin	20,000
Richard Horlick	200,000
Louise Kingham	10,000
Margaret Stephens	10,000

The law requires the Company's Independent Auditor to audit certain disclosures provided in the annual report on remuneration. Where disclosures are audited they are indicated as such. The Independent Auditor's opinion is given in the Independent Auditor's Report.

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Directors' Remuneration Report summarises, as applicable, for the financial period to 31 December 2021:

a. the major decisions on Directors' remuneration;
b. any substantial changes relating to Directors' remuneration made during the period ended 31 December 2021; and
c. the context in which the changes occurred and decisions have been taken.

Bernard Bulkin
Remuneration Committee Chairman and Chair of the Board of Directors
18 March 2022

REPORT OF THE NOMINATION COMMITTEE

Role of the Nomination Committee
The Nomination Committee meets formally at least once a year for the purpose, amongst other things, of leading the process for appointments, ensuring plans are in place for orderly succession to the Board, overseeing the development of a diverse pipeline for succession and any other matters as specified under the committee's terms of reference. This includes ensuring that any appointments and succession plans are based on merit and objective criteria, and, within this context, promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Nomination Committee has been in operation throughout the period and operates within clearly defined terms of reference.

Meetings
There has been one Nomination Committee meeting in the period. Attendance is included in the Corporate Governance Statement on page 59.

Activities
During the course of the period to 31 December 2021 the Nomination Committee has undertaken a review of the policies on tenure, diversity and inclusion. Discussions were also held surrounding the board evaluation process which would take place during the financial period ending 31 December 2022.

Performance Evaluation
A Board evaluation has been completed prior to the publication of this Annual Report. The evaluation was performed by the Nomination Committee. The results of the evaluation were reviewed by the Chairman and discussed with the Board. An evaluation of the Chairman was also performed. The results of the evaluation of the Chairman were reviewed by the Chairman of the Management Engagement Committee and discussed with the Chairman. The conclusions from the Board evaluation demonstrated that the Directors and the Chairman showed the necessary commitment for effective fulfilment of their duties.

Re-election of Directors
The Nomination Committee and the Board consider that the performance of each Director continues to be effective and demonstrates the commitment required to continue in their present roles, and that each Director's contribution continues to be important to the Company's long-term sustainable success. This consideration is based on, amongst other things, the business skills and industry experience of each of the Directors, as well as their knowledge and understanding of the Company's business model. The directors' biographical details are set out on page 56 of this document.

The Nomination Committee and the Board have also considered the other contributions which individual Directors may make to the work of the Board, with a view to ensuring that:

i. the Board maintains a diverse balance of skills, knowledge, backgrounds and capabilities leading to effective decision-making;
ii. each Director is able to commit the appropriate time necessary to fulfilling their roles; and
iii. each Director provides constructive challenge, strategic guidance, offers specialist advice and holds third party service providers to account.

All Directors will submit themselves for re-election on an annual basis. Therefore, all Directors in office as at the date of this report are to be proposed for re-election at the 2022 AGM.

Tenure Policy
The Board's Tenure Policy is included within the Corporate Governance statement on page 59 of this document.

Board Diversity and Inclusion Policy
The Board's Diversity and Inclusion Policy is included within the Corporate Governance statement on page 59 of this document.

External Search Consultancy
In identifying suitable candidates for an appointment to the Board, the Nomination Committee may use open advertising or the services of external advisers to facilitate the search. There were no appointments during the period and therefore an external search consultancy was not required during the period.

Company's Succession Plans
The Nomination Committee will give full consideration to the succession planning of the Board to ensure progressive refreshing of the Board, taking into account the challenges and opportunities facing the Board and the balance of skills and expertise that are required in the future.

Bernard Bulkin
Nomination Committee Chairman and Chair of the Board of Directors
18 March 2022

REPORT OF THE AUDIT COMMITTEE

> "The Audit Committee has considered the subjectivity and appropriateness of the assumptions used to determine the valuation of investments, held through GSEO Holdings, which could affect the NAV and share price of the Company. These were discussed with the Investment Adviser and the external auditor

MARGARET STEPHENS
CHAIR OF THE AUDIT AND RISK COMMITTEE AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Role of the Audit Committee

The AIC Code recommends that Boards should establish Audit Committees consisting of at least three, or in the case of smaller companies, two independent non-executive directors. The Board is required to satisfy itself that the Audit Committee has recent and relevant experience.

The Audit Committee seeks to ensure that the Company maintains the highest standards of integrity in financial reporting, risk management and internal controls. The role and responsibility of the Audit Committee is set out in formal, written terms of reference covering certain matters in line with the AIC Code. Copies of the terms of reference are available from the Company Secretary.

The Audit Committee meets formally at least twice a year for the purposes of, inter alia, considering the appointment, independence and objectivity, and remuneration of the Independent Auditor and reviewing the annual accounts, half-yearly financial report and the audit plan for the financial period.

The Audit Committee also reviews the Company's internal financial controls and its internal control and risk management systems.

Where non-audit services are provided by the Independent Auditor, full consideration of the financial and other implications on the independence of the Independent Auditor arising from any such engagement are considered before proceeding. The Audit Committee has considered the non-audit work of the Independent Auditor during the period and does not consider that this compromises its independence.

The Company complies with the AIC Code. The following points apply to the particular circumstances of the Company:

The Audit Committee periodically reviews the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company. The Audit Committee keeps the need for an internal audit function under periodic review.

To safeguard the independence of its members and the integrity of its recommendations to the Board, the Chairman of the Company is not a member of the Audit Committee.

Composition
Richard Horlick, Louise Kingham and Margaret Stephens are members of the Audit Committee. The Chairperson is Margaret Stephens.

Relevant skills and experience
The members of the Audit Committee have recent and relevant financial experience. The Audit Committee membership includes individuals with substantial experience of the financial matters of listed companies and/or business activities similar to those undertaken by the Company. This blend of skills and experience enables the Audit Committee to fulfil its responsibilities effectively.

Meetings
During the period under review three Audit Committee meetings were held. Attendance is included in the Corporate Governance Statement on page 59.

Activities of the Audit Committee
During the period, the Audit Committee carried out its responsibilities in accordance with the terms of reference.

Financial statements and significant accounting matters
The Audit Committee monitors the integrity of the financial information published in the Interim and Annual Report and considers whether suitable and appropriate judgements in respect of areas which could have a material impact on the financial statements, have been made. It actively engages with the Investment Adviser and Administrator to assess these significant judgements and the systems and processes in place to form these judgements. The Audit Committee considered the valuation of investments to be a significant area of judgement which could materially impact the financial statements for the period ended December 2021.

Assumptions applied to derive the valuation of investments are selected and recommended by the Investment Adviser. These include discounts rates, power prices, energy yield, inflation rates, asset life, operating expenses, taxation rates and capital expenditure. Valuation methodology and assumptions are discussed in detail within Note 7 (page 92). The Audit Committee has considered the subjectivity and appropriateness of the assumptions used to determine the valuation of investments, held through GSEO Holdings, which could affect the NAV of the Company. These were discussed with the Investment Adviser and the external auditor.

Activities of the Audit Committee
During the period, the Audit Committee carried out its responsibilities in accordance with the terms of reference.

Item	Activities
Financial Statements	The Audit Committee has met with the Independent Auditor and reviewed the Annual Report in order to advise the Board on the contents. In particular the Audit Committee has advised the Board that taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance and position, business model and strategy. The Audit Committee has recommended the approval of the Annual Report and Accounts to the Board.
Valuations	The Audit Committee has reviewed both the interim and full year valuation reports prepared by the Investment Adviser and recommended to the Board that the valuations be adopted in both the Interim and Annual Report. In doing so, the Audit Committee has monitored the effectiveness of the Company's valuation policies and methods.
Internal control	The Audit Committee has reviewed the Company's internal control framework and identified the significant risks faced by the Company and reviewed the controls in place to mitigate those risks.

Independent Auditor
BDO LLP was selected as the Company's Independent Auditor at the time of the Company's launch following a formal tender process and review of the Independent Auditor's credentials. The appointment of the Independent Auditor is reviewed annually by the Audit Committee and the Board and is subject to approval by shareholders. In accordance with the FRC guidance, the audit will be put out to tender within ten years of the initial appointment of BDO LLP.

Effectiveness of Independent Auditor
The Audit Committee is responsible for reviewing the effectiveness of the external audit process. The Audit Committee received a presentation of the audit plan from the Independent auditor in respect of the period under review and a presentation of the results of the audit following completion of the main audit testing.

The Audit Committee performed a review of the Independent Auditor following the presentation of the results of the audit. The review included a discussion of the audit process and the ability of the Independent Auditor to fulfil its role. Following the above review, the Audit Committee has agreed that the re-appointment of the Independent Auditor should be recommended to the Board and the shareholders of the Company.

During the year, the Audit Committee met key members of the senior audit team and BDO LLP formally confirmed its independence, as part of the annual reporting process. The Audit Committee liaises regularly with the lead audit partner, to discuss any issues arising from the audit as well as its cost effectiveness.

REPORT OF THE AUDIT COMMITTEE CONTINUED

Provision of non-audit services

The Audit Committee has put a policy in place on the supply of any non-audit services provided by the Independent Auditor.

The Board has adopted a formal policy for non-audit services, whereby any proposed services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the Independent Auditor from remaining objective and independent.

BDO LLP was paid fees in respect of the following non-audit services in the year:

Non-audit service provided	Rationale for using the independent Auditor	Fee
Review of financial information in interim report	Detailed knowledge and understanding of the business is required to adequately perform an interim review of the half-yearly report. It is standard market practice to use the Independent Auditor for this service.	£5,000
Audit of Initial Accounts prepared in accordance with section 839 of the Companies Act 2006	Detailed knowledge and understanding of the business is required to adequately perform an audit of Initial Accounts prepared in accordance with section 839 of the Companies Act 2006. It is standard market practice to use the Independent Auditor for this service.	£60,000

The independence of the Independent Auditor was considered prior to the provision of these services. The Committee periodically monitors the ratio of non-audit to audit services to ensure that any fees for permissible non-audit services do not exceed 70 per cent. of the average audit fees paid in the last three years.

The Audit Committee does not believe that the provision of the above services affects the independence of BDO LLP.

Fair, balanced and understandable financial statements

The Audit Committee has concluded that the Annual Report for the period ended 31 December 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Audit Committee has reported its conclusions to the Board of Directors. The Audit Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the Annual Report.

Margaret Stephens
Chair of the Audit Committee
18 March 2022

REPORT OF THE MANAGEMENT ENGAGEMENT COMMITTEE

"The Company's future success will be driven by the investment adviser and complemented by the key service providers involved. The Board take this very seriously and continuously monitors all relationships"

RICHARD HORLICK
CHAIRMAN OF THE MANAGEMENT ENGAGEMENT COMMITTEE

Role of the Management Engagement Committee

The Management Engagement Committee meets formally at least once a year for the purpose, amongst other things, of reviewing the performance of the Investment Adviser, the AIFM and the Company's other key service providers over the year and to make appropriate recommendations to the Board. The Chairman of the Committee is Richard Horlick.

The Management Engagement Committee has conducted a comprehensive review of the performance of the AIFM, the Investment Adviser and the Company's other key service providers. This has included an assessment of the services provided as well as the fees paid for the provision of such services.

Meetings

There has been one Management Engagement Committee meeting in the year. Attendance is included in the Corporate Governance Statement on page 59.

AIFM

The Company has appointed G10 Capital Limited as the Alternative Investment Fund Manager (the "AIFM").

Investment Adviser

The Company and the AIFM have appointed Victory Hill as investment adviser to the Company (the "Investment Adviser").

Under the terms of the Investment Advisory Agreement, the Investment Adviser amongst other things, is responsible for sourcing investment opportunities in line with the Company's Investment Policy and the monitoring and management of the Company's portfolio. Details of the Investment Adviser's activity and the Company's performance in the period under review have been included in the Strategic Report.

Investment Management fees

Under the Investment Management Agreement, the AIFM receives a fixed monthly fee of £5,000 per month and £1,000 in respect of any investment committee meeting G10 was required to attend in excess of 5 investment committee meetings where the AIFM was required to attend.

No performance fee is payable to the AIFM.

REPORT OF THE MANAGEMENT ENGAGEMENT COMMITTEE CONTINUED

Investment Advisory fees

Under the terms of the Investment Advisory Agreement the Investment Adviser is entitled to a fee payable monthly in arrears calculated as below.

The investment advisory fees shall be an amount calculated at the rate of:

a. 1 per cent. on the first £250 million of net asset value;
b. 0.9 per cent. on net asset value in excess of £250 million and up to and including £500 million; and
c. 0.8 per cent. on net asset value in excess of £500 million.

Furthermore, if, in any fee period, the annual fee paid to the Investment Adviser exceeds:

a. £3.5 million, the Investment Adviser shall apply 8 per cent. of the annual fee, subject to a maximum amount of £400,000 to subscribe for or acquire Ordinary Shares of £0.01 each in the capital of the Company.
b. £2.5 million, the Investment Adviser shall apply 2 per cent. of the annual fee to be paid as a charitable donation to O&C Limited, or other suitable registered charity aimed at promoting sustainable energy, as selected by the Investment Adviser, provided that if, following the Investment Adviser's reasonable endeavours, a suitable charity cannot be found, this 2 per cent. portion of the annual fee (net of any applicable taxes) will be applied to the subscription for, or acquisition of Ordinary Shares.

No performance fee is payable to the Investment Adviser.

Review

The Management Engagement Committee reviews the performance and appointment of the Investment Adviser and the AIFM on at least an annual basis to ensure that their continuing appointments are in the best interest of the Company's shareholders.

Following our review, we are satisfied that the Investment Adviser and the AIFM have the suitable skills and experience to manage the Company's investments and believe that the continuing appointment of the Investment Adviser and the AIFM are in the best interests of shareholders as a whole.

A review of the Company's key service providers has been undertaken. The review comprised open and closed ended questions and included a review of the quality of their services and fees to ensure they remained competitive and a review of each service provider's policies and procedures to ensure that each service provider had adequate controls and procedures in place. Following the review process we have agreed that the performance and fees of each service provider are satisfactory.

Richard Horlick
Chairman of the Management Engagement Committee
18 March 2022

DIRECTORS' REPORT

The Directors present their report for the period from incorporation on 30 October 2020 to 31 December 2021. The Company commenced its operations on 2 February 2021 when its Ordinary Shares were admitted to trading on the London Stock Exchange.

The Company carries on its business activities as an investment trust with an investment objective of seeking to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner Countries or OECD Accession Countries.

Dividends

On 1 November 2021, the Company declared a dividend of 1.25p per Ordinary Share, which was paid on 10 December 2021 to shareholders on the register as at 12 November 2021. The dividend was paid as an ordinary dividend.

Dividend Policy

The Board expects that distribution of dividends and interest will constitute the principal element of the return to the holders of Ordinary Shares. The Company targeted a minimum dividend payment of not less than 1p in respect of the financial period ended 31 December 2021 and targets dividend payments of 5p per Ordinary Share on an annualised basis in respect of the financial year ending 31 December 2022. The Board intends to adopt a progressive distribution policy thereafter.* Subject to market conditions and the level of the Company's net income, it is intended that dividends on the Shares will be payable quarterly, all in the form of interim dividends (the Company does not intend to pay any final dividends). Subject to satisfying the requirements for investment trust status, the Board reserves the right to retain within a revenue reserve a proportion of the Company's net income in any financial year, such reserve then being available at the Board's absolute discretion for subsequent distribution to Shareholders, subject to the requirements of the IT Regulations. The dividend policy is subject to an annual vote at each AGM. The Company may, at the discretion of the Board, and to the extent possible, pay all or part of any future dividend out of capital reserves.

The Company may offer with the prior authority of Shareholders and subject to such terms and conditions as the Board may determine, Shareholders (excluding any holder of treasury shares) the opportunity to elect to receive Ordinary Shares, credited as fully paid, instead of the whole, or some part, of any dividend. The ability to issue Ordinary Shares in lieu of cash would provide the Company with the flexibility to retain cash where to do so would benefit the Company.

Distributions made by the Company may either take the form of dividend income, or of "qualifying interest income" which may be designated as interest distributions for UK tax purposes. A proportion of the Company's distributions may take the form of qualifying interest income. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending upon the classification of such distributions. Prospective investors who are unsure about the tax treatment that will apply in respect of any distributions made by the Company should consult their own tax advisers .

* This is a target and is based on current market conditions as at the date of this document only and is not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the Company's net income and the Company's ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in the Company.

Directors

The names of the Directors are set out on page 56, together with their biographical details and other information. Other than Margaret Stephens, who was appointed on 6 November 2020, all the Directors were appointed on 30 October 2020.

The Company maintains Directors' and Officers' liability insurance cover at its expense and on the Directors' behalf.

AIFM

G10 Capital Limited is the Company's AIFM. The AIFM is regulated in the conduct of investment business by the FCA. The AIFM is, for the purposes of the AIFMD and the rules of the FCA, a 'full scope' UK alternative investment fund manager with a Part 4A permission for managing AIFs, such as the Company.

Investment Adviser

The Company and the AIFM have appointed Victory Hill Capital Advisors LLP as Investment Adviser to provide certain services in relation to the Company and its portfolio.

The Management Engagement Committee report includes details of the remuneration of the AIFM and the Investment Adviser.

Investment Trust Status

The Company has been approved as an Investment Trust Company ("ITC") under sections 1158 and 1159 of the Corporation Taxes Act 2010. The Company had to meet relevant eligibility conditions to obtain approval as an ITC and must adhere to ongoing requirements to maintain its ITC status, including, but not limited to, retaining no more than 15% of its annual income.

During the financial period, the Company has conducted and monitored its affairs to enable it to comply with these requirements. The Board continues to monitor compliance with the ITC conditions on a regular basis.

Depositary

Apex Depositary (UK) Limited has been appointed as Depositary to provide cash monitoring, safekeeping and asset verification and oversight functions as prescribed by the AIFMD.

Company Secretary and Administrator

Apex Fund and Corporate Services (UK) Limited has been appointed as the Company Secretary of the Company and provides company secretarial and administration services to the Company.

DIRECTORS' REPORT CONTINUED

Share Capital

As at 31 December 2021, the Company's issued share capital comprised 311,589,799 Ordinary Shares, each of 1p nominal value. Each ordinary share held entitles the holder to one vote and there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of Annual General Meeting and Form of Proxy and are in accordance with the Companies Act 2006.

There are no restrictions on the transfer of Ordinary Shares, nor are there any limitations or special rights associated with the Ordinary Shares.

The Company did not purchase any of its Ordinary Shares during the year, nor did any nominee or third-party with the Company's assistance acquire any shares on behalf of the Company.

Premium management and share issuance

At a General Meeting held on 5 January 2021, shareholders approved resolutions to authorise the allotment of shares pursuant to the Initial Placing, Offer for Subscription, Intermediaries Offer and the Placing Programme and to dis-apply pre-emption rights when allotting those shares. The authority granted under these resolutions expired on 5 January 2022.

A prospectus was issued by the Company on 6 January 2021 in respect of an Initial Placing, Offer for Subscription, Intermediaries Offer and the Placing Programme. The Placing Programme was available for use for a period of 12 months from the date of issuance of the prospectus, providing that the number of Ordinary Shares and/or C Shares did not exceed a maximum of 600 million shares in aggregate.

The Company issued 242,624,281 Ordinary Shares at a placing price of 100 pence per Ordinary Share on 2 February 2021. The Company issued a further 68,965,518 New Ordinary Shares on 3 December 2021 at a placing price of 101.5 pence per New Ordinary Share. The New Ordinary Shares were issued at a premium to net asset value.

General authority to issue shares

The issuance of new Ordinary Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions.

The maximum number of Ordinary Shares which can be admitted to trading on the London Stock Exchange without the publication of a prospectus is 20 per cent of the ordinary share capital on a rolling previous 12-month basis at the time of admission of the shares.

Any new Ordinary Share issues would be issued at a premium to net asset value. The Board believes that there are benefits in the Company having general authority to issue new shares. Ordinary resolutions seeking shareholders' authority to issue new Ordinary Shares together with special resolutions to disapply pre-emption rights when issuing those shares will be put forward for approval at the Company's forthcoming Annual General Meeting ("AGM").

Treasury shares & Discount Management

The Companies Act 2006 allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This gives the Company the ability to re-sell Ordinary Shares quickly and effectively thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

No Ordinary Shares have been bought back since the Company's launch. No Ordinary Shares will be sold from treasury at a price less than the net asset value per existing Ordinary Share at the time of their sale.

The Company may seek to address any significant discount to net asset value at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an ad hoc basis.

The Directors currently have the authority to make market purchases of up to 36,369,379 Ordinary Shares. The maximum price (exclusive of expenses) which may be paid for an ordinary share must not be more than the higher of:

i. 105 per cent. of the average of the mid-market quotations of the Ordinary Shares for the five business days before the purchase is made; or
ii. the higher of the price of the last independent trade and the highest then current independent bid for the Ordinary Shares.

Ordinary Shares will only be repurchased at prices below the prevailing net asset value per ordinary share, which should have the effect of increasing the net asset value per ordinary share for other shareholders.

It is intended that a renewal of the authority to make market purchases will be sought from shareholders at each AGM of the Company and a resolution to provide authority for the Company to make market purchases of up to 14.99 per cent. of the Company's issued ordinary share capital will be put forward at the Company's forthcoming AGM. Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board. Any purchase of Ordinary Shares would be made only out of the available uncommitted cash resources of the Company.

Ordinary Shares repurchased by the Company may be held in treasury or cancelled.

The Directors will have regard to the Company's investment trust status when making any repurchase, and purchases of Ordinary Shares may be made only in accordance with the Companies Act 2006, the Listing Rules and the Disclosure Guidance and Transparency Rules.

Investors should note that the repurchase of Ordinary Shares is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of Ordinary Shares that may be repurchased.

Settlement of Ordinary Share transactions

Ordinary Share transactions may be settled through the CREST share settlement system.

Going concern

Please refer to page 53 in the report for consideration of going concern.

Significant shareholders

As at 31 December 2021, the Directors had been notified of the following shareholdings comprising 3 per cent. or more of the issued share capital of the Company:

Name	Holding at date of notification	Percentage as at date of notification	Date of notification
Quilter Plc	48,198,710	19.87	12/02/2021
Sarasin & Partners LLP	31,158,978	10.00	07/12/2021
Newton Investment Management Limited	24,262,428	10.00	03/02/2021
Courtiers Asset Management Limited	20,045,000	8.26	17/02/2021
Witan Investment Trust plc	15,250,000	6.29	02/02/2021

Since 31 December 2021, the Directors had been notified that Sarasin & Partners LLP have decreased their holding to 31,152,484 Ordinary Shares (9.99%) as at 14 January 2022.

Employees

The Company has no employees and no share schemes.

Modern Slavery Act 2015, Bribery Act 2010 and Criminal Finances Act 2017

The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers comply with the provisions of the Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Streamlined Energy & Carbon Reporting framework

As an externally managed investment company, the Company's energy use during the year is below 40MWh, therefore the Company is exempt from reporting under the Streamlined Energy & Carbon Reporting framework.

Financial instruments

The Company's financial risk management objectives and policies are included in the notes to the financial statements.

Annual General Meeting

The Company will hold an Annual General Meeting on 27 April 2022 to consider the resolutions laid out in the Notice of Meeting.

Shareholders are strongly encouraged to vote by proxy. Full details of the Annual General Meeting, the resolutions proposed and information on how to vote by proxy are described in the Notice of Meeting and supporting explanatory notes.

Independent Auditor

BDO LLP has expressed its willingness to continue in office as Independent Auditor. In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint BDO LLP as the Company's Independent Auditor will be put forward at the forthcoming AGM.

Disclosure of information to the Independent Auditor

Each of the Directors at the date of the approval of this report confirms that:

i. so far as the Director is aware, there is no relevant audit information of which the Company's Independent Auditor are unaware; and
ii. the Director has taken all steps that he ought to have taken as Director to make himself aware of any relevant information and to establish that the Company's Independent Auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board
Apex Fund and Corporate Services (UK) Limited
18 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. In preparing the Company's financial statements, the Directors have also elected to comply with International Financial Reporting Standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union. Pursuant to the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with International Financial Reporting Standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, subject to any material departures disclosed and explained in the financial statements;
- prepare a Directors' report, a Strategic report and Directors' Remuneration report which comply with the requirements of the Companies Act 2006.

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

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to Disclosure Guidance and Transparency Rules Chapter 4 (DTR4)

The Directors confirm to the best of their knowledge:

- The Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Company and the parent company, together with a description of the principal risks and uncertainties that they face.

Having taken advice from the Audit Committee, the Directors consider that the Annual Report and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approval

This Directors' responsibilities statement was approved by the Board of Directors and signed on its behalf by:

Bernard Bulkin
Chair of the Board of Directors
18 March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the period from 30 October 2020 to 31 December 2021;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of VH Global Sustainable Energy Opportunities Plc (the 'Company') for the period ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Directors on 4 November 2020 to audit the financial statements for the period ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is one year covering the year ended 31 December 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing and challenging the inputs in the cashflow forecast prepared by the Directors against actuals and contractual commitments, including performing stress testing considering downside scenarios and assessing the impact on the Company's liquidity position;
- Agreeing assumptions used within the valuation models to supporting documentation per the Key audit matter noted below;
- Reviewing the future commitments of the Company and checking they have been appropriately incorporated into the forecast;
- Considering the Company's assessment of the potential impact of Russian aggression in Ukraine on projected future cash flows; and
- Reviewing the amount of headroom in the forecasts of both base case and downside scenarios (e.g. loan facility or viability of future placements)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters	Valuation of investments
Materiality	Company financial statements as a whole
	£4.858 million based on 1.5% of net assets

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors or Investment Adviser that may have represented a risk of material misstatement.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC CONTINUED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of Investments See note 7 and accounting policy on page 86.	The valuation of unquoted investments is calculated using discounted cash flow models or by the market approach referencing the recent price of transaction. This is a highly subjective accounting estimate where there is an inherent risk of bias The valuation of unquoted investments is calculated using discounted cash flow models or by the market approach referencing the recent price of transaction. This is a highly subjective accounting estimate where there is an inherent risk of bias arising from the investment valuations being prepared by the Investment Adviser, who is remunerated based on the net asset value of the Company. These estimates include judgements including discount rates, useful economic life of assets, tax and inflation. Assets in construction were acquired during the period and are valued using the cost approach. Investments held at fair value through profit or loss is the most significant balance in the financial statements and is the key driver of performance therefore we determined this to be a key audit matter.	In respect of the investments held at fair value through profit or loss, the valuation was determined by either a discounted cash flow model or by the market approach referencing the recent price of transaction. We performed the following specific procedures where assets were valued through a discounted cash flow model: • Obtained and reviewed purchase agreements and contracts and considered whether inputs were accurately reflected in the valuation model • Used spreadsheet analysis tools to assess the integrity of the valuation model • Assessed the reasonableness of forecasted cashflows against supporting documentation such as contracts • Challenged the appropriateness of the selection and application of key assumptions in the model including the discount rate, inflation and asset life applied by benchmarking to available industry data and consulting with our internal valuations experts • Reviewed the corporation tax workings within the valuation model and considered whether these had been modelled accurately in the context of current corporation tax legislation and rates • Agreed a sample of cash and other net assets to bank statements and investee company management accounts • Considered the accuracy of forecasting by comparing forecasts from acquisition date to period end against actual results • Vouched shareholder loans to loan agreements, verified the terms of the loan and recalculated interest income. Where fair value was determined through the market approach (recent transaction technique), we compared fair value to acquisition price per purchase agreements. We assessed the appropriateness of applying this method of valuation.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of Investments continued	For investments valued using the cost approach, we performed the following specific procedures: • Obtained and reviewed the purchase agreements for acquisition of the portfolio investments and vouched the proceeds paid to bank statements. • Verified the progress reports of a sample of investments for any indicators of changes in fair value. For each of the key assumptions in the valuation models, we considered the appropriateness of the assumption and whether alternative reasonable assumptions could have been applied. We considered each assumption in isolation as well as in conjunction with other assumptions and the valuation as a whole. Where appropriate, we sensitised the valuations where other reasonable alternative assumptions could have been applied. We also considered the completeness and clarity of disclosures regarding the range of reasonable alternative assumptions in the financial statements. **Key observations** Based on our procedures performed considered the estimates and judgements made in the valuation of the investment portfolio to be acceptable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC CONTINUED

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2021
Materiality	£4.858 million
Basis for determining materiality	1.5% net assets
Rationale for the benchmark applied	Net Asset Value is a key indicator of performance and as such the most relevant benchmark on which to base materiality for the users of the financial statements.
Performance materiality	70% materiality (£3.4 million)
Basis for determining performance materiality	Risk assessment of control environment and consideration of potential errors due to this being a first year audit and the first year in which financial statements have been produced.

Lower testing threshold

We also determined that for items impacting realised return, a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of users. As a result, we determined a lower testing threshold for these items to be 10% of gross expenditure being £335,000.

Reporting threshold

We also determined that for items impacting realised return, a misstatement of less than materiality for the financial statements We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £97,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 53; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 53.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 74; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 60; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 60; and • The section describing the work of the Audit Committee set out on page 66.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Corporate governance statement	In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information. In our opinion, based on the work undertaken in the course of the audit information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules. We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC CONTINUED

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, requirements of s.1158 of the Corporation Tax Act, and applicable accounting standards.

Our procedures included:
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the board and relevant Service Organisations regarding known or suspected instances of non-compliance with laws and regulation and fraud. We corroborated our enquiries through our review of board meeting minutes for the year and other evidence gathered during the course of the audit;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be the valuation of investments and management override of controls.

Our procedures included:
- The procedures set out in the Key audit matters section above; and
- Testing a sample of journal entries to supporting documentation and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

PETER SMITH
(SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
18 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME

For the period 30 October 2020 to 31 December 2021

	Note	Revenue £'000	Capital £'000	**Total £'000**
Gains/(losses) on investments	7	-	22,046	**22,046**
Investment income	4	1,674	-	**1,674**
Total income and gains		1,674	22,046	**23,720**
Investment advisory fees	16	(2,218)	-	**(2,218)**
Operating expenses	5	(1,136)	-	**(1,136)**
(Loss)/profit for the period before taxation		(1,680)	22,046	**20,366**
Taxation	6	-	-	**-**
(Loss)/profit for the period after taxation		(1,680)	22,046	**20,366**
Profit and total comprehensive income attributable to:				
Equity holders of the company		(1,680)	22,046	**20,366**
(Loss)/earnings per share – basic and diluted (pence)[1]	18	(0.87)	11.39	**10.52**

[1] Based on the weighted average number of ordinary shares in issue since the Company's incorporation on 30 October 2020 to 31 December 2021.

The total column of the Statement of Comprehensive Income is the profit and loss account of the Company. The supplementary revenue return and capital columns have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice (AIC SORP).

All revenue and capital items in the above statement derive from continuing operations.

The above Statement of Comprehensive Income includes all recognised gains and losses.

The notes on pages 86 to 100 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	£'000
Non-current assets		
Investments at fair value through profit or loss	7	159,618
Total non-current assets		**159,618**
Current assets		
Cash and cash equivalents	10	163,810
Other receivables	9	811
Total current assets		**164,621**
Total assets		**324,239**
Current liabilities		
Accounts payable and accrued expenses	11	(341)
Total current liabilities		**(341)**
Total liabilities		**(341)**
Net assets	19	**323,898**
Capital and reserves		
Share capital	13	3,116
Share premium		67,949
Special distributable reserve	14,15	232,467
Capital reserve		22,046
Revenue reserve		(1,680)
Total capital and reserves attributable to equity holders of the Company		**323,898**
Net asset value per Ordinary Share		**103.95**

The financial statements were approved and authorised for issue by the Board of Directors on 18 March 2022 and signed on their behalf by:

BERNARD BULKIN
CHAIRMAN

Company Registration Number 12986255

The notes on pages 86 to 100 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As at 31 December 2021

	Note	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	**Total £'000**
Opening balance		-	-	-	-	-	**-**
Issue of share capital	13,14	3,116	309,508	-	-	-	**312,624**
Cost of issue of shares	14	-	(6,059)	-	-	-	**(6,059)**
Transfer to special distributable reserve	14,15	-	(235,500)	235,500	-	-	**-**
Total comprehensive income/(loss) for the period		-	-	-	22,046	(1,680)	**20,366**
Interim dividends paid during the period				(3,033)			**(3,033)**
Balance at 31 December 2021		3,116	67,949	232,467	22,046	(1,680)	**323,898**

A total of 311,589,799 ordinary shares were issued in the period to 31 December 2021.

The capital reserve represents the unrealised gains or losses on the revaluation of investments. The unrealised element of the capital reserve is not distributable. The special distributable reserve was created on court cancellation of the share premium account. The revenue, special distributable and realised capital reserves are distributable by way of dividend. The total distributable reserves as at 31 December 2021 was £230,787,289, after accounting for the cumulative unrealised gains of £22,045,723.

The notes on pages 86 to 100 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the period 30 October 2020 to 31 December 2021

	Note	£'000
Cash flows from operating activities		
Profit before tax		20,366
Less: Change in fair value of investments	7	(23,595)
Operating result before working capital changes		(3,229)
Increase in prepayments and other receivables		(802)
Increase in interest receivables		(9)
Increase in accounts payable and accrued expenses		341
Net cash flow used in operating activities		(3,699)
Cash flows from investing activities		
Purchase of investments	7	(136,023)
Net cash used in investing activities		(136,023)
Cash flows from financing activities		
Proceeds from issue of shares		312,624
Payment of share issue costs		(6,059)
Dividends paid in the year		(3,033)
Net cash generated from financing activities		303,532
Net increase in cash and cash equivalents		163,810
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	10	163,810

The notes on pages 86 to 100 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

VH Global Sustainable Energy Opportunities plc (the "Company") is a closed-ended investment company, incorporated in England and Wales on 30 October 2020 and registered as a public company limited under the Companies Act 2006 with registered number 12986255. The Company commenced operations on 2 February 2021 when its shares commenced trading on the London Stock Exchange.

The financial statements comprise only the results of the Company, as its investment in VH GESO UK Holdings Limited ("GESO Holdings") is included at fair value through profit or loss as detailed in the key accounting policies below.

The Company and the AIFM has appointed Victory Hill Capital Advisors LLP as its Investment Adviser pursuant to the Investment Advisory Agreement dated 5 January 2021.

The Company has registered, and intends to carry on business, as an investment trust with an investment objective to seek to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner Countries or OECD Accession Countries.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

As this is the Company's first accounting period, annual statutory financial statements will be filed with the Registrar of Companies. The Company has prepared its first statutory financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. These financial statements are also prepared in accordance with International Financial Reporting Standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union.

The financial statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss. The principal accounting policies are set out in note 3.

The financial statements have also been prepared, as far as is consistent with IFRS and relevant and applicable to the Company in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued in October 2019 by the Association of Investment Companies ("AIC").

The financial statements incorporate the financial statements of the Company only. The primary objective of the Company is to generate returns in Sterling. The Company's performance is measured in Sterling terms and its ordinary shares are issued in Sterling. Therefore, the Company has adopted Sterling as the presentation and functional currency for its financial statements. These financial statements are presented in pounds sterling and are rounded to the nearest thousand, unless otherwise stated.

The current year financial information is from the period of incorporation on 30 October 2020 to 31 December 2021. Comparative information is not required as this is the first period of operations.

2.2 Investment entity and basis of non-consolidation of subsidiaries

The Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 "Consolidated Financial Statements" in relation to all its subsidiaries and that the Company satisfies the three essential criteria to be regarded as an investment entity as defined in IFRS 10.

There are three key conditions to be met by the Company for it to meet the definition of an investment entity. The three essential criteria are that the entity must:

1. Obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
2. Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
3. Measure and evaluate the performance of substantially all of its investments on a fair value basis.

In satisfying the second criteria, the notion of an investment time frame is critical. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation.

In this regard, GSEO Holdings is itself an investment entity. Consequently, the Company need not have an exit strategy for its investment in GSEO Holdings.

As for investments in subsidiaries, the Company intends to hold each investment until the end of its life, at which point the assets are expected to have no residual value. The Directors consider that this demonstrates a clear exit strategy from these investments. The Company may choose to sell its interest in an investment before the end of its project life if an attractive offer is received from a potential purchaser and the Directors consider that this demonstrates a clear exit strategy from these investments.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 “Fair Value Measurement”, IFRS 10 “Consolidated Financial Statements” and IFRS 9 “Financial Instruments”.

Further detail on the significant judgements in valuing the Company’s investments is disclosed in note 3.

2.3 Going concern

The Directors have reviewed the financial position of the Company and its future cash flow requirements, taking into consideration current and potential funding sources, investment into existing and near-term projects and the Company’s working capital requirements.

The Company faces a number of risks and uncertainties, as set out in the Strategic Report on pages 48 to 52. The financial risk management objectives and policies of the Company, including exposure to price risk, interest rate risk, credit risk and liquidity risk are discussed in Note 12 to the financial statements.

Following the successful IPO of the Company on 2 February 2021 and additional share issuance on 3 December 2021, the Company continues to meet day-to-day liquidity needs through its cash resources. As at 31 December 2021, the Company had cash balances of £163.8 million, which are sufficient to meet current obligations as they fall due.

The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary, and the Company’s ongoing operating costs.

The Directors have reviewed Company forecasts and pipeline projections which cover a period of at least 12 months from the date of approval of this report, considering foreseeable changes in investment and the wider pipeline, which show that the Company has sufficient financial resources to continue in operation for at least the next 12 months from the date of approval of this report. Based on this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

In considering the above key potential impacts of COVID-19 on the Company and its subsidiaries operations, the Directors have assessed these with reference to the mitigation measures in place. The key personnel at the Investment Adviser, the AIFM and Administrator have successfully implemented business continuity plans to ensure business disruption is minimised, including remote working, and all staff are continuing to assume their day-to-day responsibilities.

Based on its assessment above, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for at least 12 months from the date of the approval of these financial statements. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

The Board has considered the impact of Brexit on the Company’s operations and does not consider that either has a material uncertainty over the Company’s ability to continue as a going concern.

2.4 Financial Instruments

Financial assets and financial liabilities are recognised in the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

All financial assets are initially recognised at recognised at fair value plus transaction cost except for those designated as fair value through profit or loss, which are recognised at fair value only. All purchases of financial assets are recorded at the date on which the Company became party to the contractual requirements of the financial asset.

The Company’s financial assets principally comprise of investments held at fair value through profit or loss and at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

Investments held at fair value through profit or loss

The Company accounts for its investment in its wholly owned direct subsidiary GSEO Holdings at fair value. At initial recognition, investments in sustainable energy infrastructure projects in GSEO Holdings are measured at fair value through profit or loss. Subsequently, gains or losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income at each valuation point. As both the Company and GSEO Holdings are investment entities under IFRS, the Company includes its investment in GSEO Holdings at fair value through profit or loss.

As shareholder loan investments form part of a managed portfolio of assets whose performance is evaluated on a fair value basis, loan investments are designated at fair value in line with equity investments. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 Fair Value Measurement.

Gains or losses resulting from the movement in fair value are recognised in profit or loss at each valuation point and are allocated to the capital column of the profit or loss.

Financial assets are recognised/derecognised at the date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given.

Transaction costs are recognised as incurred and allocated to the capital column of the profit or loss.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Board will consider any observable market transactions and will measure fair value using assumptions that market participants would use when pricing the asset, including any assumptions regarding risk surrounding the transaction.

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cashflow has expired.

Financial assets at amortised cost

Loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. Financial assets are measured at amortised cost using the effective interest rate method, less any impairment. Impairment provisions for loans and receivables are recognised based on a forward-looking expected credit loss model. All financial assets assessed under this model are immaterial to the financial statements.

The Company's financial assets held at amortised cost comprise of cash and cash equivalents and other receivables in the Statement of Financial Position.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into and are recorded on the date on which the Company becomes party to the contractual requirements of the financial liability.

The Company's other financial liabilities measured at amortised cost include trade and other payables and other short term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of 3 months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.6 Foreign currencies

Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur.

Foreign currency monetary assets and liabilities are translated to the functional currency at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation to the functional currency are recognised in the Statement of Comprehensive Income. Foreign exchange differences relating to investments held at fair value through profit or loss are shown within the line Gains/(losses) on investments.

2.7 Dividends
Dividends payable are recognised as distributions in the financial statements when the Company's obligation to make payment has been established.

2.8 Income recognition
Investment income comprises interest income and dividend income received from the Company's subsidiaries. Interest income is recognised in the Income Statement using the effective interest method. Investment income and interest income are allocated to the revenue column of the Company's statement of comprehensive income unless such income is of a capital nature.

Other income is accounted for on an accruals basis using the effective interest rate method.

Gains or losses resulting from the movement in fair value of the Company's investments held at fair value through profit or loss are allocated to the capital column of the Company's statement of comprehensive income at each valuation point.

2.9 Expenses
Expenses are accounted for on an accruals basis. All expenses other than those directly attributable to investments and share issue expenses are allocated to the revenue column of the statement of comprehensive income.

Share issue expenses of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

2.10 Share capital
Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments.

Costs associated or directly attributable to the issue of new equity shares are recognised as a deduction in equity and are charged from the share premium account. Incremental costs include those incurred in connection with the placing and admission which include fees payable under a placing agreement, legal costs, and any other applicable expenses.

The costs incurred in relation to the Company's IPO and for the additional raise in December 2021 were charged to the share premium account.

2.11 Taxation
Under the current system of taxation in the UK, the Company is liable to taxation on its operations in the UK.

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments, except where the Company is able to control the timing of the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the profit or loss except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted.

2.12 Segmental reporting
The Board of Directors, being the Chief Operating Decision Maker (the "CODM"), is of the opinion that the Company is engaged in a single segment of business, being investment in Global Sustainable Energy Opportunities.

The Company has no single major customer. The internal financial information to be used by the CODM on a quarterly basis to allocate resources, assess performance and manage the Company will present the business as a single segment comprising the portfolio of investments in energy efficiency assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. Significant accounting policies continued

The financial information used by the Board to manage the Company presents the business as a single segment.

2.13 Changes to accounting standards and interpretations

At the date of authorisation of the financial statements, there were a number of standards and interpretations which were in issue but not yet effective. The Company has assessed the impact of these amendments and has determined that the application of these amendments and interpretations in current and future periods will not have a significant impact on its financial statements.

Description	Effective Date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	Periods beginning on or after 1 January 2021
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Periods beginning on or after 1 January 2022
Annual Improvements to IFRSs (2018-2020 Cycle) - IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, IAS 41	Periods beginning on or after 1 January 2022
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	Periods beginning on or after 1 January 2023

3. Critical accounting estimates, judgements, and assumptions

The preparation of financial statements requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

The estimates and underlying assumptions underpinning our investments are reviewed on an ongoing basis by both the Board and the Investment Adviser. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

Investment Entity

As detailed in Note 2.2 above, the Directors have concluded that the Company meets the definition of an investment entity by satisfying the three key conditions as set out in IFRS 10. This assessment involves an element of judgement as to whether the Company continues to meet the criteria outlined in the accounting standards.

Investments held at fair value through profit or loss

Fair value for each investment is calculated by the Investment Adviser. Fair value for operational sustainable energy infrastructure investments will typically be derived from a discounted cash flow ('DCF') methodology and the results will be benchmarked against appropriate multiples and key performance indicators, where available for the relevant sector/industry. For sustainable energy infrastructure investments that are not yet operational at the time of valuation, the price of recent investment may be used as an appropriate estimate of fair value initially, but it is likely that a DCF will provide a better estimate of fair value as the asset moves closer to operation.

In a DCF analysis the fair value is derived from the present value of the investment's expected future cash flows to the Company, using reasonable assumptions and forecasts for revenues, operating costs, macro-level factors, project specific factors and an appropriate discount rate. The sensitivity analysis of these key assumptions is outlined in note 7 to the financial statements on page 94. The AIFM and the Investment Adviser exercise their judgement in assessing the discount rate for each investment. This is based on knowledge of the market, taking into account market intelligence gained from publicly available information, bidding activities, discussions with financial advisers, consultants, accountants and lawyers. The risk of climate change has been considered in the valuation of investments, where applicable. Future power prices are estimated using forecast data from third-party specialist consultancy reports, which reflect various factors including gas prices, carbon prices and renewables deployment.

Equity and debt investment in VH GSEO Holdings Limited

In applying their judgement, the Directors have satisfied themselves that the equity and debt investments into its direct wholly owned subsidiary, GSEO Holdings, share the same investment characteristics and, as such, constitute a single asset class for IFRS 7 disclosure purposes.

4. Investment Income

	For the Period From 30 October 2020 to 31 December 2021		
	Revenue £'000	Capital £'000	**Total £'000**
Interest on cash deposits	132		**132**
Interest income from investments	1,542	-	**1,542**
Investment income	1,674	-	**1,674**

5. Operating expenses

	30 October 2020 to 31 December 2021 £'000
Fees payable to the Company's auditor (exclusive of VAT) for the:	
Statutory audit of the period-end financial statements	**110**
Assurance related services relating to the Initial Accounts for the period to 30 June 2021	**60**
Other non-audit services	**5**
Tax Advisory fees	**84**
AIFM fees	**66**
Director's fee	**202**
Other expenses	**609**
Total other expenses	**1,136**

Fees with respect to the Investment Adviser and the AIFM are set out in note 16, related parties transactions.

The Company had no employees during the period. Full detail on Directors' fees is provided in the Directors' Remuneration Report. There were no other emoluments during the period.

6. Taxation

a. Analysis of charge in the period

	For the period ended 31 December 2021		
	Revenue £'000	Capital £'000	**Total £'000**
Corporation tax	-	-	**-**

b. Factors affecting total tax charge for the period

The effective UK corporation tax rate applicable to the Company for the period is 19%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

The differences are explained below:

	For the period ended 31 December 2021		
	Revenue £'000	Capital £'000	**Total £'000**
Profit/(losses) for the period before taxation	(1,680)	22,046	**20,366**
Corporation tax at 19%	(319)	4,189	**3,870**
Effect of:			
Capital (gains) / losses not taxable	-	(4,189)	**(4,189)**
Expenditure not deductible	13	-	**13**
Management expenses not utilised/recognised	306	-	**306**
Total tax charge for the period	-	-	**-**

Investment companies which have been approved by HM Revenue & Customs under section 1158 of the Corporation Tax Act 2010 are exempt from tax on capital gains. The Directors are of the opinion that the Company has complied with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010.

Additionally, the Company may utilise the interest streaming election which allows the Company to designate dividends wholly or partly as interest distributions for UK tax purposes. Interest distributions are treated as tax deductions against taxable income of the Company so that investors do not suffer double taxation on their returns.

The financial statements do not directly include the tax charges for the Company's intermediate holding company, as GSEO Holdings is held at fair value. GSEO Holdings is subject to taxation in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

c. Deferred taxation

The Company has unutilised excess management expenses of £1,612,479. No deferred tax asset has been recognised in respect of these expenses. The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has been substantively enacted at the balance sheet date. The unrecognised deferred tax asset at 31 December 2021 of £403,120 has been calculated using the current corporation tax rate of 25%.

The Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

7. Investments at fair value through profit or loss

As set out in Note 2.2, the Company designates its interest in its wholly owned direct subsidiary GSEO Holdings as an investment at fair value through profit or loss at each balance sheet date in accordance with IFRS 13, which recognises a variety of fair value inputs depending upon the nature of the investment. Specifically:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

The Company classifies all assets measured at fair value as below:

Fair value hierarchy

As at 31 December 2021	Total £'000	Quoted prices in active markets (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
Assets measured at fair value:				
Non-current assets				
Investments held at fair value through profit or loss	159,618	-	-	159,618

All of the Company's investments have been classified as Level 3 and there have been no transfers between levels during the period ended 31 December 2021.

The movement on the level 3 unquoted investment during the period is shown below:

	As at 31 December 2021 £'000
Opening balance on Incorporation	-
Additions during the period at cost[1]	136,023
	136,023
Fair value movement on investments:	
Change in fair value of equity investments	22,046
Interest on loan investments[2]	1,549
Total fair value movement on investments	23,595
Closing balance	159,618

1 The Additions during the period at cost include acquisition costs associated with the purchase of the portfolio of assets totalling £2.64 million, which have been expensed to the profit and loss in these companies
2 Interest on loan investments here includes £7,000 of foreign exchange movement. Total investment income on the Statement of Comprehensive Income is £1.68 million including interest on cash deposits of £131,830

Further information on the basis of valuation is detailed in note 3 to the financial statements.

Valuation methodology

As set out in note 2.2, the Company meets the definition of an investment entity as described by IFRS 10, as such the Company's investment in the GSEO Holdings is valued at fair value.

The Company acquired underlying investments in special purpose entities ("SPEs") through its investment in GSEO Holdings, as detailed in note 8. The Investment Adviser has carried out fair market valuations of the SPE investments, where applicable, as at 31 December 2021, reviewed by the AIFM.

The Company records the net asset value of GSEO Holdings by calculating and aggregating the fair value of each of the individual investments in which the Company holds an indirect investment. As mentioned in note 3, fair value of underlying investments is determined by the DCF methodology. The total change in the value of the investment in GSEO Holdings is recorded through profit and loss in the Statement of Comprehensive Income Statement of the Company.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. Investments in the US terminals and the Australia renewable power generation and battery storage assets are at fair value through profit or loss and are valued using the IFRS 13 framework for fair value measurement. The following economic assumptions were used in the valuation.

Valuation Assumptions

Discount rates	The discount rate used in the valuations is derived according to internationally recognised methods. Typical components of the discount rate are risk free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as construction.
Power price	Power prices will be based on power price forecasts from leading market consultants. During the period under review, there were no operating power generation assets.
Energy yield	Estimated based on energy yield assessments from leading technical consultants as well as operational performance data (where applicable). During the period under review there were no operating power generation assets.
Inflation rates	Long-term inflation is based on central bank targets for the respective jurisdiction.
Asset life	In general, an operating life of 30 years for terminals is assumed. In individual cases a longer operating life may be assumed where the contractual set-up supports such assumption.
Operating expenses	The operating expenses are primarily based on the respective contracts and budgets. Operating expenses are primarily fixed expenses.
Taxation rates	The underlying country-specific tax rates are derived from leading tax consulting firms.
Capital expenditure	Based on the contractual arrangements (e.g. EPC agreement), where applicable.

Key Assumptions

		31 December 2021
Discount rate	Weighted Average	6.8%
Long-term inflation	United States	2.0%
Remaining Asset Life	Terminals	30 years
Exchange rates	GBP:USD	1:1.353
	GBP:BRL	1:7.539
	GBP:AUD	1:1.861

Valuation sensitivity

The key sensitivities in the DCF valuation are considered to be the discount rate used in the DCF valuation and long-term assumptions in relation to inflation, operating expenses and asset life.

The discount rate applied in the valuation of the US terminals as at 31 December 2021 is 6.8%, which is considered to be an appropriate base case for sensitivity analysis. A variance of +/- 0.5% is considered to be a reasonable range of alternative assumptions for discount rate.

The base case long term inflation rate assumption is 2% for the United States Assets. A variance of +/- 0.5% is considered to be a reasonable range of alternative assumptions for inflation.

As at 31 December 2021, only the US terminals are operating. Therefore, the expected future cash flows investment based on the project's expected life, key external macro-economic assumptions and specific operating assumptions have been considered for the fair value of these assets. The base case asset life for the terminals is 30 years. The sensitivity below assumes that asset life may be one year shorter or longer than the base case.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

In line with IFRS 13, the fair value of the Australian Renewable power generation and Battery storage assets is calculated based on the highest and best use of the assets, from the point of view of market participants, which would be when the battery technology has been fully integrated with the solar plants. Furthermore, the transaction price of the acquisition would be a reasonable approximation of the fair value, due to the recency of the transaction (November 2021) from period end and that little have changed with the asset. Therefore, the fair value of the Australian assets at 31 December 2021 is calculated as the acquisition price of the solar plants and the cash flows associated with the installation and operation of the batteries.

The expansion of the US terminals, Brazil Solar PV assets, and the UK Flexible Power, Carbon Capture & Reuse are in construction as at period end. Therefore, until commencement of operations, the cost basis is considered to be the most appropriate measure of valuation. There are no indications at 31 December 2021 that the cost basis should be impaired. As a result, only GBP:BRL and GBP:AUD sensitivity is shown in the table below for these assets.

	Base case	Change in input	Change in fair value of Investments (£'000)	Change in NAV per share (pence)
Discount Rate	6.8%	-0.50%	3,841	1.23
		0.50%	(3,526)	(1.13)
Inflation	2.0%	-0.50%	(5,540)	(1.78)
		0.50%	5,979	1.92
Asset life	30 years	-1 year	(1,127)	(0.36)
		+1 year	1,034	0.33
Operating expenses	-	-5%	2,518	0.81
		5%	(2,493)	(0.80)
FX (GBP:USD)	1.353	-10%	11,196	3.59
		10%	(9,160)	(2.94)
FX (GBP:BRL)	7.539	-10%	4,108	1.32
		10%	(3,361)	(1.08)
FX (GBP:AUD)	1.861	-10%	1,753	0.56
		10%	(1,434)	(0.46)

The sensitivities above are assumed to be independent of each other. Combined sensitivities are not presented.

8. Unconsolidated subsidiaries

The following table shows subsidiaries of the company. As the company is regarded as an investment entity as referred to in Note 2.1, these subsidiaries have not been consolidated in the preparation of the financial statements.

Investment	Place of Business	Ownership interests as at 31 December 2021
VH GSEO UK Holdings Limited	United Kingdom	100%
Victory Hill Distributed Energy Investments Limited	United Kingdom	100%
Victory Hill Flexible Power Limited	United Kingdom	100%
Rhodesia Power Limited	United Kingdom	100%
Wellcape Land Limited	United Kingdom	100%
Victory Hill USA Holdings LLC	United States	100%
Victory Hill Midstream Investments LLC	United States	100%
Victory Hill Midstream Energy LLC	United States	100%
Motus T1 LLC	United States	100%
Motus T2 LLC	United States	100%
Victory Hill Australia Investments Pty Ltd	Australia	100%
Victory Hill Distributed Power Pty Ltd	Australia	100%
Port Pirie Solar Pty Ltd	Australia	100%
Dunblane Solar Pty Ltd	Australia	100%
Victory Hill Holdings Brasil S.A.	Brazil	99.99%
Energea Itaguaí I Aluguel De Equipamentos E Manutençao LTDA	Brazil	100%
Energea Itaguaí II Aluguel De Equipamentos E Manutençao LTDA	Brazil	100%
Energea Itaguaí III Aluguel De Equipamentos E Manutençao LTDA	Brazil	100%
Energea Nova Friburgo LTDA	Brazil	100%
Gera Solar SE LTDA	Brazil	100%

Investment	Place of Business	Ownership interests as at 31 December 2021
Gera Solar RN LTDA	Brazil	100%
Gera Solar PA LTDA	Brazil	100%
Gera Solar PB Energia LTDA	Brazil	100%
Gera Solar MS LTDA	Brazil	100%
Energea Palmas Geracao S.A	Brazil	100%
Energea Geracao de Projetos Minas Gerais LTDA	Brazil	100%
Energea Geracao de Projetos RJ LTDA	Brazil	100%
Energea Geracao de Projetos RJ II LTDA	Brazil	100%
Energea Vassouras VH Geracao LTDA	Brazil	100%
CGS Sao Paulo Locacoes LTDA	Brazil	100%

At 31 December 2021 the Company has one direct subsidiary and owns 100% of GSEO Holdings. The Company owns investments in the other entities per the table above through its ownership of GSEO Holdings. GSEO Holdings owns 100% of Victory Hill USA Holdings LLC, Victory Hill Australia Investments Pty Ltd, Victory Hill Distributed Energy Investments Limited and Victory Hill Flexible Power Limited.

The Company's investments in Victory Hill Midstream Investments LLC, Victory Hill Midstream Energy LLC, Motus T1 LLC and Motus T2 LLC are held through Victory Hill USA Holdings LLC. These relate to the US terminals.

The Company's investments in the Brazilian entities are held through Victory Hill Distributed Energy Investments Limited, which holds 99.99% of Victory Hill Holdings Brasil S.A. These relate to the Brazil Solar PV assets.

The Company's investments in Victory Hill Distributed Power Pty Ltd, Port Pirie Solar Pty Ltd and Dunblane Solar Pty Ltd are held through Victory Hill Australia Investments Pty Ltd. These relate to the Australia Renewable power generation and Battery storage assets.

The Company's investments in Rhodesia Power Limited and Wellcape Land Limited are held through Victory Hill Flexible Power Limited. These relate to the UK Flexible Power, Carbon Capture & Reuse assets.

9. Other receivables

	As at 31 December 2021 £'000
Other receivables	811

The Directors have analysed the expected credit loss in respect of receivables and concluded there was no material exposure for the period ended 31 December 2021.

10. Cash and cash equivalents

	As at 31 December 2021 £'000
Cash at bank	92,094
Cash on deposit	71,716
Total cash at bank	**163,810**

Cash on deposit consists of funds held in a 32 day notice deposit account with Barclays Bank plc.

11. Accounts payable and accrued expenses

	As at 31 December 2021 £'000
Accrued expenses	197
Other payables	144
Accounts payable and accrued expenses	**341**

The Directors consider that the carrying amount of trade and other payables matches their fair value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The AIFM and the Investment Adviser have risk management procedures and processes in place which enable them to monitor the risks of the Company. The objective in managing risk is the creation and protection of shareholder income and value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, impact assessment, and monitoring and subject to risk limits and other controls.

The principal financial risks facing the Company in the management of its portfolio are as follows:

Currency risk

The Company make investments which are based in countries whose local currency may not be Sterling and the Company and its investments may make and/or receive payments that are denominated in currencies other than Sterling. Therefore, when foreign currencies are translated into Sterling there could be a material adverse effect on the Company's profitability and its net asset value.

The Company's investments are held for the long-term and the Company may enter into hedging arrangements for periods less than 12 months to hedge against short-term currency movements. Currency risk is taken into consideration at time of investment and included in the Investment Adviser's assessment of minimum hurdle rate from investments. Hedging policies of the Company will be reviewed on a regular basis to ensure that the risks associated with the Company's investments are being appropriately managed.

Note 7 details sensitivity analysis on the impact of changes to the inputs on the fair value of the Company's investments.

Interest rate risk

The Company's interest rate risk on its financial assets is limited to interest earned on cash or cash equivalents and any shareholder loan investments, which yield interest at fixed rates. The Board considers that, shareholder loan investments bear interest at a fixed rate, they do not carry any interest rate risk.

The Company may use borrowings for multiple purposes, including for investment purposes. At the period end the Company held no borrowings. Interest rate risk will be taken into consideration when taking out any such borrowings.

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2021 are summarised as below:

Assets	Interest bearing £'000	Non-interest bearing £'000	**Total £'000**
Cash and cash equivalents	163,810	-	**163,810**
Prepayments and other receivables	-	802	**802**
Interest receivable	9	-	**9**
Investments at fair value through profit or loss	56,717	102,901	**159,618**
Total assets	220,536	103,703	**324,239**
Liabilities			
Accounts payable and accrued expenses	-	(341)	**(341)**
Total liabilities	-	(341)	**(341)**

Price risk

The operation and cash flows of certain investments will depend, in substantial part, upon prevailing market prices for electricity and fuel, and particularly natural gas. The Company intends to mitigate these risks by entering into (i) hedging arrangements; (ii) extendable short, medium and long-term contracts; and (iii) fixed price or availability based asset-level commercial contracts, and ensuring that market risk is combined with non-market risk exposures.

Note 7 details sensitivity analysis on the impact of changes to the inputs on the fair value of the Company's investments.

Credit risk

Credit risk is the risk that a counterparty will cause financial loss to the Company by failing to meet a commitment it has entered into with the Company. The Group is exposed to credit risk in respect of other receivables, cash at bank and loan investments. It is the Company's policy to enter into banking arrangements with reputable financial institutions. The Investment Adviser monitors the credit ratings of banks used by the Company on a regular basis.

The table below shows the Company's maximum exposure to credit risk:

	As at 31 December 2021 £'000
Cash and cash equivalents	163,840
Investments at fair value through profit or loss	56,717
Other receivables (Note 9)	811
	221,368

The substantial majority of cash held at the period end was held with Barclays Bank plc which has a current Standard & Poor's short-term credit rating of A-1.

The Company had no derivatives during the period.

Liquidity risk

The Company manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Company to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of counterparties to settle obligations. The Company ensures, through forecasting of capital requirements, that adequate cash is available.

The following table details the Company's liquidity analysis in respect of its financial liabilities on contractual undiscounted payments:

As at 31 December 2021	< 3 months £'000	3-12 months £'000	1-5 years £'000	> 5 years £'000	**Total £'000**
Accounts payable and accrued expenses	311	30	-	-	**341**
	311	30	-	-	**341**

The Board of Directors monitors key risks faced by the Company and has agreed policies for managing the above risks with the AIFM and/or the Investment Adviser.

Capital management

The Company considers its capital to comprise ordinary share capital, distributable reserves and retained earnings.

The Company's primary capital management objectives are to ensure the sustainability of its capital to support continuing operations, meet its financial obligations and allow for growth opportunities. Generally, acquisitions are anticipated to be funded with a combination of cash, debt and equity.

13. Share Capital

Date	Issued and fully paid	Number of shares	Share Capital £'000	Share premium £'000	Special Distributable Reserve £'000	As at 31 December 2021 £'000
30 October 2020	Ordinary shares	1	-	-	-	-
2 February 2021	Ordinary shares	242,624,280	2,426	240,198	-	242,624
2 February 2021	Share issue costs			(4,698)		(4,698)
13 April 2021	Transfer to special distributable reserve	-	-	(235,500)	235,500	-
3 December 2021	Ordinary shares	68,965,518	690	69,310	-	70,000
3 December 2021	Share issue costs		-	(1,361)		(1,361)
31 December 2021		**311,589,799**	**3,116**	**67,949**	**235,500**	**306,565**

The Company was incorporated on 30 October 2020 when the issued share capital of the Company was £0.01 represented by one Ordinary Share and £50,000 represented by 50,000 management shares of nominal value of £1.00 each, which were subscribed for by Victory Hill Capital Advisors LLP. On 2 February 2021, the Company issued a further 242,624,280 ordinary shares and on that date 242,624,281 ordinary shares were admitted to trading on the London Stock exchange. The management shares were redeemed at par on 2 February 2021.

On 1 December 2021, the Board announced the Company would be issuing a further 68,965,518 ordinary shares and on 3 December 2021 68,965,518 ordinary shares were admitted to trading on the London Stock exchange. The 68,965,518 New Ordinary Shares were issued at the placing price of 101.5 pence per New Ordinary Share.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Share Capital continued

The holders of the ordinary shares shall be entitled to receive, and to participate in, any dividends which the Company has declared, from time to time proportionate to the amounts paid or credited as paid in relation to the ordinary shares that they hold. The ordinary shares carry the right to receive notice of, attend and vote at General Meetings and on a poll, with one vote for each Ordinary Share held.

On a winding-up, provided the Company has satisfied all its liabilities and subject to the rights conferred on any other class of shares in issue at that time to participate in the winding-up, the holders of ordinary shares shall be entitled to all the surplus assets of the Company.

There are no restrictions on the free transferability of the ordinary shares, subject to compliance with applicable securities laws.

14. Special distributable reserve

	As at 31 December 2021 £'000
Balance at beginning of period	-
Transfer from share premium account	235,500
Dividends paid in the period	(3,033)
Balance at end of period	232,467

In order to increase distributable reserves available for the payment of future dividends, the Company resolved on 5 January 2021 that, conditional upon admission and the approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the issue be cancelled and transferred to a special distributable reserve.

As stated by the Institute of Chartered Accountants in England and Wales ("ICAEW") and the Institute of Chartered Accountants in Scotland ("ICAS") in the technical release TECH 02/17BL, The Companies (Reduction of Share Capital) Order 2008 SI 2008/1915 ("the Order") specifies the cases in which a reserve arising from a reduction in a company's capital (i.e., share capital, share premium account, capital redemption reserve or redenomination reserve) is to be treated as a realised profit as a matter of law.

The Order also disapplies the general prohibition in section 654 on the distribution of a reserve arising from a reduction of capital. The Order provides that if a limited company having a share capital reduces its capital and the reduction is confirmed by order of court, the reserve arising from the reduction is treated as a realised profit unless the court orders otherwise.

Subsequently, following approval by the Court and registration of the cancellation with the Registrar of Companies, an amount of £235,499,532 was transferred to a special distributable reserve with effect from 13 April 2021, which can be utilised to fund distributions by way of dividends to the Company's shareholders.

15. Dividends

The Board of directors of VH Global Sustainable Energy Opportunities plc (the "Company") announced an interim dividend of 1.25p per Ordinary Share with respect to the period 2 February 2021 to 30 September 2021, which was paid on 10 December 2021.

16. Transactions with AIFM, Investment Adviser and Related Parties

AIFM

On 5 January 2021, the Company entered into the AIFM Agreement with G10 Capital Limited (the 'AIFM') under which the AIFM has been appointed to act as the Company's alternative investment fund manager with overall responsibility for the risk management and portfolio management of the Company, providing alternative investment fund manager services and ensuring compliance with the requirements of the AIFM Rules, subject to the overall supervision of the Directors in accordance with the policies laid down by the Directors from time to time and the investment restrictions referred to in the AIFM Agreement.

The AIFM Agreement provides that the Company will pay to the AIFM a fixed monthly fee of £5,000, exclusive of VAT. The Company will also reimburse the AIFM for reasonable expenses properly incurred by the AIFM in the performance of its obligations under the AIFM Agreement.

The AIFM Agreement may be terminated by the Company or the AIFM giving not less than four months' written notice. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

The AIFM fees for the period amounted to £66,000 and no amount was outstanding at the period end.

Investment Adviser

On 5 January 2021, the Company and the AIFM entered into an Investment Advisory Agreement with Victory Hill Capital Advisors LLP. Under the Investment Advisory Agreement, the AIFM and the Company have appointed Victory Hill as investment adviser to the Company and the AIFM.

Under the terms of the Investment Advisory Agreement, the Investment Adviser will (i) seek out and evaluate investment opportunities: (ii) recommend the manner in which investments should be made, retained and realised; (iii) advise the Company and the AIFM in relation to acquisitions and disposals of assets; (iv) provide asset valuations to assist the Administrator in the calculation of; the quarterly Net Asset Value; and (v) provide operational, monitoring and asset management services.

The Investment Adviser is entitled to receive from the Company an annual fee to be calculated as percentages of the Company's net assets, 1% on the first £250m of NAV, 0.9% on NAV in excess of £250m and up to and including £500m and 0.8% on NAV in excess of £500m exclusive of VAT.

The Investment Advisory Agreement may be terminated on 12 months' written notice, provided that such notice may not be served before 2 February 2025. The Investment Advisory Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

The Investment advisory fees for the period amounted to £2,217,992 of which none was outstanding and included in accounts payable and accrued expenses at the end of the period.

Directors

With effect from the admission of the Company's shares to trading on the London Stock Exchange on 2 February 2021, the Directors have been entitled to aggregate annual remuneration (excluding expenses) payable and benefits in kind granted as follows:

	Fees £'000
Bernard Bulkin OBE	64
Margaret Stephens	46
Richard Horlick	46
Louise Kingham CBE	46
	202

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There is no amount set aside or accrued by the Company in respect of contingent or deferred compensation payments or any benefits in kind payable to the Directors. During the period ended 31 December 2021, Directors fees of £202,000 were paid, of which none was payable at the period end.

The Directors held the following beneficial interests in the ordinary shares of the Company as at 31 December 2021.

	Number of ordinary shares held	% of ordinary shares in issue
Bernard Bulkin OBE	20,000	0.006
Margaret Stephens	10,000	0.003
Richard Horlick	200,000	0.064
Louise Kingham CBE	10,000	0.003

The above Directors were appointed on 30 October 2020 and 6 November 2020. Bernard Bulkin, Richard Horlick and Louise Kingham were appointed as Directors on incorporation of the Company, and Margaret Stephens appointed as Director on 6 November 2020.

Other balances with related parties

The Company entered into intercompany loan agreements with GSEO Holdings, which entered into further intercompany loan agreements with the following subsidiary companies.

- Victory Hill USA Holdings LLC (USD 61,565,000)
- Victory Hill Australia Investments Pty Ltd (AUD 18,000,000)

No dividends have been paid to the Company during the reporting period up to 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. Contingent liabilities and commitments
At 31 December 2021 the Company had no contingent liabilities.

In Brazil, the Company has a remaining commitment of US$13m in the construction of remote distributed solar generation projects across ten Brazilian states with a total capacity of 75MW.

In Australia, the Company has a remaining commitment of £34m to acquire a portfolio of distributed solar generation assets with plans to build battery storage capacity in Australia in two tranches.

In the UK, the Company has a remaining commitment £71.9m to fund two Flexible Power plants which bring together high-efficiency gas-fired turbine technology with carbon capture systems to provide a clean and flexible electricity solution for the United Kingdom, with a combined capacity of 45MW.

There are no remaining commitments to fulfill as at period end relating to the US terminals.

18. Earnings per share
Earnings per share ("EPS") is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue since the Company's incorporation on 30 October 2020 to 31 December 2021. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current period.

	Revenue	Capital	Total
Earnings (£'000)	(1,680)	22,046	**20,366**
Weighted average number of ordinary shares	193,505,110	193,505,110	**193,505,110**
EPS (p)	(0.87)	11.39	**10.52**

19. Net asset value per share
Net asset value per share is calculated by dividing the net assets attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the reporting date. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current period.

	Period ended 31 December 2021
NAV (£'000)	**323,898**
Number of ordinary shares	**311,589,799**
NAV per share (p)	**103.95**

20. Post balance sheet events
There are no post balance sheet events between period end and the issue date of this report.

21. Controlling parties
There is no ultimate controlling party of the Company.

Alternative Performance Measures ("APMs") are often used to describe the performance of investment companies although they are not specifically defined under IFRS. Calculations for APMs used by the Company are shown below.

ALTERNATIVE PERFORMANCE MEASURES

Earnings per share

In addition to Note 18, the Board considers it appropriate to disclose an additional earnings per share figure calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue since the Company commenced its operations on 2 February 2021 to 31 December 2021. The Board believes this provides a relevant measure of the Company's performance.

	Revenue	Capital	Total
Earnings (£'000)	(1,680)	22,046	**20,366**
Weighted average number of ordinary shares	248,458,222	248,458,222	**248,458,222**
EPS (p)	(0.68)	8.87	**8.20**

Ongoing charges

A measure expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company, calculated in accordance with the AIC methodology.

Period ended 31 December 2021	Page	
Average undiluted NAV (in £'m)	n/a	259.4
Recurring costs in period from commencement of operations on 2 February 2021 to 31 December 2021 (in £'m)	n/a	3.38
Recurring costs (annualised, in £'m)	n/a	3.68
Ongoing charges	1	1.42%

Premium

The amount, expressed as a percentage, by which the share price is more than the NAV per share.

As at 31 December 2021	Page	
NAV per ordinary share	1	103.95p
Ordinary share price	26	107.00p
Premium to NAV as at 31 December 2021	n/a	2.93%

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of any dividends paid out by the Company, with reinvestment on ex-dividend date.

Period ended 31 December 2021		Page	NAV	Share price
Opening as at commencement of operations on 2 February 2021	a	26	100.00p	100.00p
Closing as at 31 December 2021	b	26	103.95p	107.00p
Dividends paid in the period		1	1.25p	1.25p
Dividend adjustment factor	c	n/a	1.0123	1.0123
Adjusted closing	d = b x c	n/a	105.22	108.31p
Total return (%)	(d - a)/a	1	5.22%	8.31%

n/a = not applicable

Dividend cover

Dividend cover ratio calculation is based on net cash flows generated at the SPEs adjusted for the Company level expenses and dividends paid by the Company.

Period ended 31 December 2021	Page	
Net cash flow generated at the SPEs in (£'000)	n/a	3,054
Dividend cover	1	1.01x

GLOSSARY

AIC	Association of Investment Companies
AIFM	Alternative Investment Fund Manager, G10 Capital Limited
Annual General Meeting or AGM	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested
COD	Commercial Operational Date
Company	VH Global Sustainable Energy Opportunities plc
Decentralised energy	Energy which is produced close to where it will be used, rather than at a large centralised plant elsewhere, delivered through a centralised grid infrastructure
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share
Dividend	Income receivable from an investment in shares
EPC	Engineering, procurement and construction
ESG	Environmental, social and governance
EU	European Union
Ex-dividend date	The date from which you are entitled to receive a dividend which has been declared and is due to be paid to shareholders
Financial Conduct Authority or FCA	The independent body that regulates the financial services industry in the UK
FiT	Feed-in Tariff
GAV	Gross Asset Value
Gearing	A way to magnify income and capital returns, but which can also magnify losses
GHG	Green House Gases
Investment Adviser / Victory Hill	Victory Hill Capital Advisors LLP
Investment Company	A company formed to invest in a diversified portfolio of assets
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust
IPO	Initial Public Offering
MW	Megawatt
MWh	Megawatt Hour
NAV per ordinary share	NAV divided by the number of ordinary shares in issue (excluding any shares held in treasury)
Net asset value or NAV	An investment company's assets less its liabilities
OECD	Organisation for Economic Co-operation and Development
Ongoing charge	The 'ongoing charges' ratio is an indicator of the costs incurred in the day-to-day management of the Company, expressed as a percentage of average net assets. This ratio calculation is based on Association of Investment Companies ('AIC') recommended methodology
Ordinary Shares	The Company's ordinary shares in issue
O&M	Operation and Maintenance
PPA	Power Purchase Agreement
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share
PV	Photovoltaic
ROC	Renewable Obligation Certificates
SDG	UN Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
Share price	The price of a share as determined by a relevant stock market
SPE	Special Purpose Entity
TCFD	Task Force on Climate-Related Financial Disclosures
Total return	Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price
WACC	Weighted Average Cost of Capital

COMPANY INFORMATION

Company number: 12986255
Country of incorporation: England and Wales

Directors, Management and Advisers

Non-Executive Directors
Bernard Bulkin OBE
Richard Horlick
Louise Kingham CBE
Margaret Stephens

Registered Office
6th Floor
Bastion House
140 London Wall
London
EC2Y 5DN

AIFM
G10 Capital Limited
4th Floor
3 More London Riverside
London
SE1 2AQ

Investment Adviser
Victory Hill Capital Advisors LLP
4 Albemarle Street
London
W1S 4GA

Corporate Broker
Numis
45 Gresham Street
London
EC2V 7WS

Legal Adviser to the Company
Eversheds Sutherland (International) LLP
One Wood Street
London
EC2V 7WS

Administrator and Company Secretary
Apex Fund and Corporate Services (UK) Limited
6th Floor
Bastion House
140 London Wall
London
EC2Y 5DN

Depositary
Apex Depositary (UK) Limited
6th Floor
Bastion House
140 London Wall
London
EC2Y 5DN

Registrar
Computershare Limited
The Pavilions
Bridgewater Road
Bristol
BS13 8AE

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

NOTICE OF ANNUAL GENERAL MEETING

This Notice of Meeting is an important document. If you are in any doubt as to what action to take, you should consult an appropriate independent adviser.

Notice is hereby given that the annual general meeting (the "Annual General Meeting") of VH Global Sustainable Energy Opportunities PLC will be held at the offices of Victory Hill Capital Advisors LLP, 4 Albermarle Street, London, W1S 4GA on Wednesday, 27 April 2022 at 12:00 p.m. to transact the business set out in the resolutions below:

Resolutions

Resolutions 1 to 12 (inclusive) will be proposed as Ordinary Resolutions which require more than 50% of the votes cast to be in favour in order for the resolutions to be passed. Resolutions 13 to 16 (inclusive) will be proposed as Special Resolutions which require at least 75% of the votes cast to be in favour in order for the resolutions to be passed.

Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. To receive and adopt the Company's annual report (the "Annual Report") and financial statements for the period ended 31 December 2021, with the reports of the Directors and Auditor included in those financial statements.
2. To approve the Directors' Remuneration Report included in the Annual Report for the period ended 31 December 2021.
3. To approve the Directors' Remuneration Policy as set out in the Annual Report for the period ended 31 December 2021.
4. To approve the Company's dividend policy as set out in the Annual Report for the period ended 31 December 2021 and authorise the Directors to declare and pay all dividends of the Company as interim dividends.
5. To re-elect Bernard Bulkin OBE as a Director of the Company.
6. To re-elect Richard Horlick as a Director of the Company.
7. To re-elect Louise Kingham CBE as a Director of the Company.
8. To re-elect Margaret Stephens as a Director of the Company.
9. To re-appoint BDO LLP as Auditor to the Company to hold office from the conclusion of the Annual General Meeting until the next annual general meeting at which financial statements are laid before the Company.
10. To authorise the Directors to fix the remuneration of the Auditor of the Company until the conclusion of the next annual general meeting.

Special Business

To consider, and if thought fit, to pass Resolutions 11 and 12 as Ordinary Resolutions and Resolutions 13 to 16 as Special Resolutions:

Ordinary Resolutions:

Authority to Issue Shares

General

11. That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £311,589.79, (being 10 per cent. of the issued share capital as at 18 March 2022 comprising 31,158,979 ordinary shares of £0.01 each in the Company ("Ordinary Shares")), or if changed, the amount that represents 10 per cent. of the aggregate nominal value of the Company's issued share capital at the date of the passing of this resolution, such authority to expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority conferred by this resolution had not expired.

Additional General

12. That, subject to the passing of resolution 11 and in addition to the authority conferred by resolution 11 above, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Act, to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £311,589.79, (being 10 per cent. of the issued share capital as at 18 March 2022 comprising 31,158,979 Ordinary Shares), or if changed, the amount that represents 10 per cent. of the aggregate nominal value of the Company's issued share capital at the date of the passing of this resolution, such authority to expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority conferred by this resolution had not expired.

Special Resolutions:
Disapplication of Pre-emption Rights

General

13. That, subject to the passing of resolution 11, the Directors be and are hereby generally empowered (pursuant to sections 570 and 573 of the Act) to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them in Resolution 11 above and/or to sell Ordinary Shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash as if section 561(1) of the Act did not apply to any such allotment or sale, such power shall:
    a. be limited to the allotment or sale of equity securities up to an aggregate nominal amount of £311,589.79 (being 10 per cent. of the issued share capital of the Company as at 18 March 2022 comprising 31,158,979 Ordinary Shares) or if changed, the amount that represents 10 per cent. of the aggregate nominal value of the Company's issued share capital at the date of the passing of this resolution; and
    b. expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.

Additional General

14. That, in addition to the authority conferred by resolution 13 above, but subject to the passing of resolutions 11, 12 and 13, the Directors be and are hereby generally empowered (pursuant to sections 570 and 573 of the Act) to allot equity securities (within the meaning of Section 560 of the Act for cash pursuant to the authority conferred on them in Resolution 12 above and/or to sell Ordinary Shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash as if section 561(1) of the Act did not apply to any such allotment or sale, such power shall:
    a. be limited to the allotment or sale of equity securities up to an aggregate nominal amount of £311,589.79 (being 10 per cent. of the issued share capital of the Company as at 18 March 2022 comprising 31,158,979 Ordinary Shares) or if changed, the amount that represents 10 per cent. of the aggregate nominal value of the Company's issued share capital at the date of the passing of this resolution; and
    b. expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.

Authority to Repurchase Ordinary Shares

15. That the Company be and is generally and unconditionally authorised in accordance with Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of its Ordinary Shares on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:
    a. the maximum aggregate number of Ordinary Shares that may be purchased is 46,707,310 Ordinary Shares or, if changed, the number representing 14.99% of the of the Company's issued share capital at the date of the meeting of the Company at which this resolution is passed;
    b. the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is £0.01;
    c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of: (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made (where "Business Day" is any day on which the London Stock Exchange plc is open for business and banks are open for business in London (excluding Saturdays and Sundays) and (ii) the higher of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange plc;
    d. this authority shall expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, on the expiry of 15 months from the date of the passing of this resolution, unless such authority is revoked, varied or renewed prior to that time; and
    e. the Company may make a contract to purchase Ordinary Shares under the authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Notice of General Meetings

16. That a general meeting of the Company other than an annual general meeting of the Company may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, on the expiry of 15 months from the date of the passing of this resolution.

By Order of the Board

Apex Fund and Corporate Services (UK) Limited
Company Secretary
18 March 2022

Registered Office:
6th Floor
Bastion House
140 London Wall
London EC2Y 5DN

Notes for the Annual General Meeting

1. A member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than forty-eight hours before the Annual General Meeting. Alternatively you can appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy or contained within the email sent to you. To appoint more than one proxy you may photocopy this form. You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together with any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power of attorney in the same envelope.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Company's Register of Members.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's Register of Members at close of business on 25 April 2022. If the meeting is adjourned then, to be so entitled, members must be entered on the Company's Register of Members at the time which is 48 hours (excluding non-working days) before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice. Changes to the Company's Register of Members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
4. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
5. As at 18 March 2022 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital was 311,589,799 Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total voting rights in the Company as at the close of business at 18 March 2022 is 311,589,799. No Ordinary Shares are held in treasury.
6. The vote 'Withheld' is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
7. Members who wish to revoke or change their proxy instructions should submit a new proxy appointment using the methods set out in these Notes. Note that any amended proxy appointment or revocation received after the relevant cut-off time for receipt of proxy appointments may be disregarded.

8. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. The completion and return of this form will not preclude a member from attending the meeting and voting in person.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 27 April 2022 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited ("CRESTCo's") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time(s) for receipt of proxy appointments specified in the Notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12:00 a.m. on 25 April 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

12. If you have disposed of your holding in the Company this document should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
13. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
14. A copy of the Notice of the Annual General Meeting and other information required by section 311A of the Act, can be found at www.vh-gseo.com/investors.
15. Pursuant to Section 319A of the Act, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the Annual General Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Annual General Meeting or if it would involve the disclosure of confidential information.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

16. Under Sections 338 and 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive Notice of Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting; and/or (ii) to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six weeks before the Annual General Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
17. Under Section 527 of the Act, shareholders meeting the threshold requirement set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    i. the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or
    ii. any circumstances connected with the auditors of the Company ceasing to hold office since the previous Annual General Meeting at which the annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to cover any costs incurred in complying with Section 527 or 528 of the Act and is required to forward any statement placed on a website to the Company's auditors not later than the time when it makes the statement on the website. The business which may be dealt with at the meeting includes any statements that the Company has been required under Section 527 of the Act to publish on a website.
18. Members are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice of Annual General Meeting, Form of Proxy, or Annual Report should not be used for the purpose of serving information on the Company (including the service of documents or information relating to the proceedings at the Annual General Meeting).

APPENDIX
APPLICATION OF AIC CODE PRINCIPLES

The table below explains how we have applied the main principles of the AIC Code.

	AIC CODE PRINCIPLE	COMPLIANCE STATEMENT
A	A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	The Directors are considered to have the appropriate balance of skills, experience, length of service and knowledge of the Company and the energy sector to act effectively. The Directors act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regards to other stakeholders.
B	The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	The Board is responsible for the Company's Investment Objective and Investment Policy and has overall responsibility for ensuring the Company's activities are in line with such overall strategy. The Board operates in an open and transparent way and provides constructively challenge and support to the Investment Adviser.
C	The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Board has appointed experienced service providers to provide support in all key areas. Investment Performance is reviewed at quarterly Board meetings. The Audit Committee reviews the Company's risk register on at least an annual basis including consideration of internal control processes and performance of key service providers.
D	In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	The Board meets with the Investment Adviser on a quarterly basis and encourages open dialogue with the Investment Adviser, and other, key service providers. The Company's Corporate Broker and Investment Adviser regularly meet with shareholders and provide feedback from these meetings to the Board.
E	Intentionally blank	Not applicable
F	The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	The Chairman promotes constructive debate and facilitates a supportive, co-operative and open environment between the Investment Adviser and the Directors. The Chairman sets the agenda for the Board and, in conjunction with the Company Secretary, ensures that accurate, timely and clear information is circulated to the Directors, and sufficient time is given in meetings to review all agenda items thoroughly.
G	The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making.	All Board members are independent non-executive directors, who continue to be independent of the Investment Adviser.
H	Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	As part of the process for the appointment of the Directors, the Directors are made aware of the expected time commitment of their role. The Directors assess their time commitment to the role as part of the annual Board evaluation. Other directorships are reported to the Board and new appointments are to be cleared with the Chairman prior to acceptance.
I	The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Chairman sets the agenda for the Board and, in conjunction with the Company Secretary, ensures that accurate, timely and clear information is circulated to the Directors five working days prior to the meeting. The Board has implemented various policies and procedures to ensure the Company runs effectively and efficiently.

APPLICATION OF AIC CODE PRINCIPLES CONTINUED

J	Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Given the Company's short period of operation the Board has yet to consider any new Board appointments. All Board appointments will be made on merit and have regard to diversity regarding factors such as gender, skills, background and experience. In due course, the Nomination Committee will give due consideration to succession planning per its terms of reference. The Board is currently comprised of two female and two male Directors.
K	The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	The Directors hold or have held senior positions in industry and commerce and contribute a wide range of skills, experience and objective perspective to the Board. The Board considers that the length of time each Director, including the Chair, serves on the Board should be limited to a maximum of nine years. Length of service of current Directors and future succession planning will be reviewed each year as part of the Board evaluation process.
L	Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	The annual evaluation of the Board has been conducted and its results have been discussed on page 65 as part of the report of the Nomination Committee.
M	The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit Committee monitors the performance, objectivity and independence of the external auditors and this is assessed by the committee each year. In evaluating the Auditor's performance, the Audit Committee examine robustness of the audit process, independence and objectivity of the auditor and the quality of delivery.
N	The board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Audit Committee believes that the annual report taken as a whole is fair, balanced and understandable. The assessment of the performance during the year and the judgements, estimates and assumptions made throughout the annual report are considered formally as a committee agenda item.
O	The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	The Company relies on third party service providers to conduct its day to day operations. The Audit Committee receive internal control reports from the Investment Adviser, Administrator, and other key service providers, which provide assurance as to the effectiveness of each of their internal control and risk management systems. The Audit Committee regularly reviews the risk register and identifies which risks it considers to be the principal risks and uncertainties facing the Group and the controls in place to mitigate their potential impact and/or likelihood.
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Company does not have any executive Directors or employees, and, as a result, operates a simple and transparent remuneration policy with no variable element, that reflects the non-executive Directors' duties, responsibilities and time spent. Full details of the remuneration policy can be seen on page 62.
Q	A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.	The Group does not have any executive Directors or employees, and, as a result, operates a simple and transparent remuneration policy with no variable element, that reflects the non-executive Directors' duties, responsibilities and time spent. Full details of the remuneration policy can be seen on page 62.
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The Company has formed a Remuneration Committee. Decisions made during the period in relation to Directors' remuneration are set out in the Directors' Remuneration Report on page 63.

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