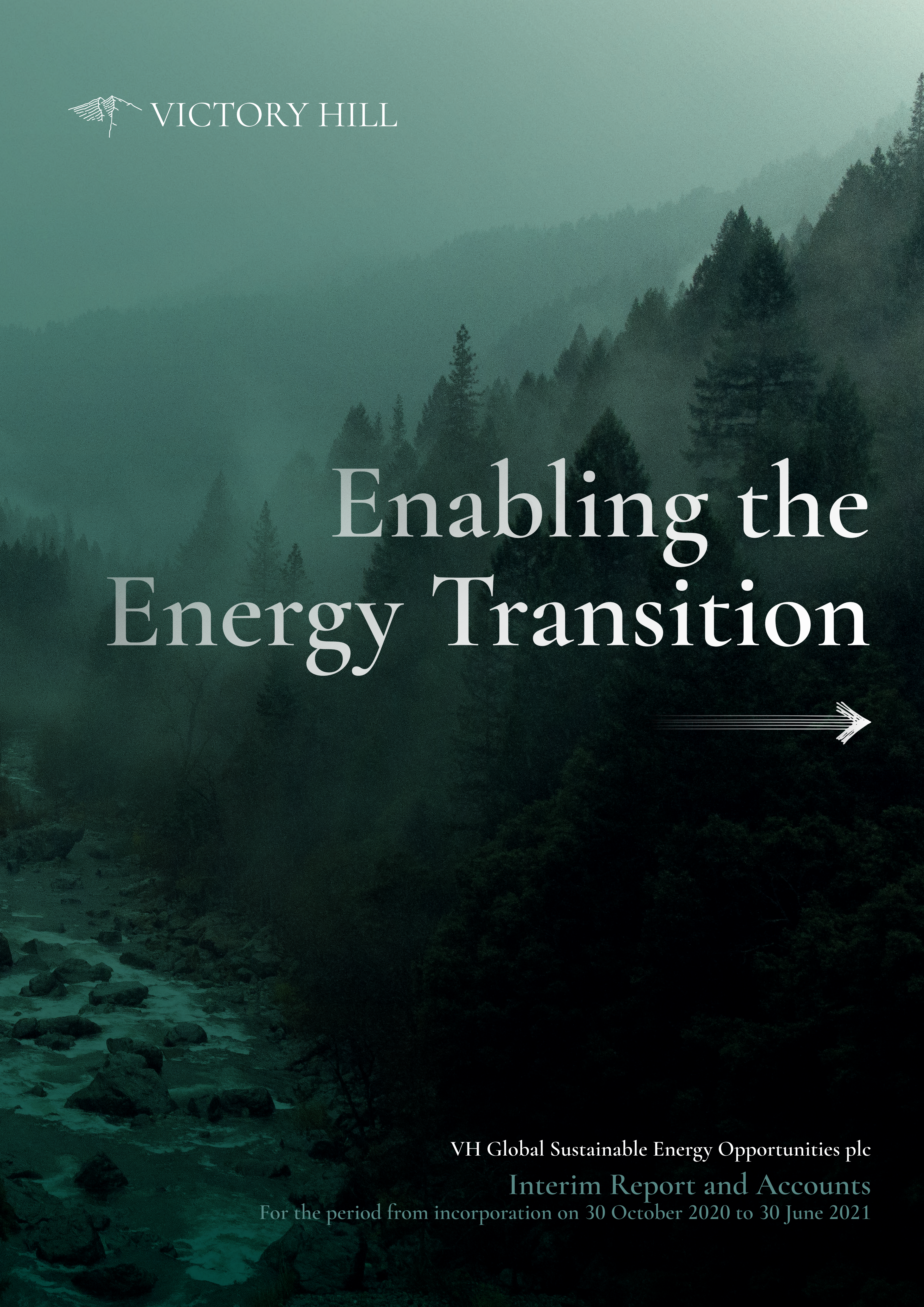


VICTORY HILL

Enabling the Energy Transition

VH Global Sustainable Energy Opportunities plc

Interim Report and Accounts

For the period from incorporation on 30 October 2020 to 30 June 2021

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 are in pre-consent stage.

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

Contents

HIGHLIGHTS

- Successful IPO raising £242.6m in February 2021 and listing on the premium segment of the London Stock Exchange ('LSE')
- Awarded the Green Economy Mark by the LSE
- During the reporting period, the Company committed capital to 20 projects:
  - On 20 April 2021, the Company completed the acquisition of two Texas Gulf Coast terminal storage sites for US$63m (£46m). This represented the first acquisition post the IPO on 2 February 2021.
  - The Company reported its commitment of US$63m (£46m) to fund the construction of 18 remote distributed solar generation projects across ten Brazilian states with a total capacity of 75MW. Since announcing its commitment in Brazil, to date the Company has successfully completed the acquisition of the first two tranches totalling US$24m (£17.5m). Of this, US$20m (£15m) was deployed after the reporting date.
- Post period end the Company committed:
  - £50m to acquire a portfolio of distributed solar generation assets with plans to build battery storage capacity in Australia. The initial deployment tranche of £15m involves the acquisition of two operating solar photovoltaic ('PV') sites, totalling 17MW DC, in South Australia and Queensland.
  - £78m 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. The combined capacity will be 45MW.
- Approximately 92% of the net proceeds raised at IPO have been committed to date.
- There is currently no leverage at either the Company or underlying project level.

£242.6m
raised through successful IPO

$63m
committed to fund the construction of 18 remote distribution solar generation project in Brazil

£78m
committed to acquire two net zero Flexible Power plant with carbon capture and re-use systems in the United Kingdom

$63m
acquisition of two Texas Gulf Coast terminal storage sites

£50m
committed to acquire a portfolio of solar generation assets in Australia

SUMMARY FINANCIAL INFORMATION

	As at 30 June 2021
Ordinary share price (p)	99.7
NAV per ordinary share (p)	96.7
Ordinary share price premium to NAV	3.1%
Net assets (£m)	234.5

	2 February 2021–30 June 2021
Dividends per ordinary share (p)[1]	0.0
Ongoing charges[2]	1.6%
NAV total return per ordinary share[3]	(1.3%)
Total shareholder return per ordinary share[4]	(0.3%)

1 Dividends paid/payable and declared relating to the period.
2 Calculation based on average NAV over the period and regular recurring annual operating costs of the Company.
3 Opening NAV at IPO after launch expenses: £0.98 per ordinary share. Calculation includes dividends.
4 Total returns based on ordinary share price plus dividends paid for the period. Opening share price at IPO: £1.00.

Details of the above Alternative Performance Measures (APM) have been included on page 53.

INVESTMENT CASE

We Start With Sustainability and Look For Investments

1. Strategy

- Target direct investments in energy infrastructure assets that support the UN SDGs
- Focus on middle market developers when investing
- Target investments that support a long-term investment strategy and generate stable income
- Investing in EU and OECD jurisdictions[1] whilst being technologically diverse

2. Pathways addressing the UN Sustainable Development Goals

- Addressing climate change
- Energy access
- Energy efficiency
- Market liberalisation

3. Highly experienced and multi-disciplinary asset management team

- Average of 22 years dedicated to energy finance and the energy industry
- Team worked together for more than five years
- Established track record of over $37.1bn in total transaction values, generating returns of 24.2%[2]

4. Targeting income yield and capital growth

- Premium-listed UK investment trust
- IPO raised in early-February 2021 at £243m
- Targeting 1p dividend in year 1, and 5p from year 2 with a progressive dividend policy
- Target return on capital of 10% net (unlevered)[3]
- Large pipeline of c.£1bn of projects

1 Can include OECD Accession and Key Partner Countries. Should risk and reward be acceptable, the portfolio could include up to 10% of Gross Asset Value ('GAV') tolerance for investments in non-OECD member jurisdictions.
2 The figures stated are the track record of the Victory Hill team but not of the Investment Adviser or any of its affiliates. The transactions reflected are publicly available transactions completed between 2014–2020. The returns are based on public information with actual data being used where available and estimations. Past performance is not necessarily indicative of future results, and there can be no assurance that the Company will achieve comparable results.
3 This is a target and is based on current market conditions as at the date of this report only and not a profit forecast. There can be no assurance that this target will be met or that VH Global Sustainable Energy Opportunities plc ('VH GSEO') will make any distributions at all. This target return should not be taken as an indication of the Fund's expected or actual current or future return.

BOARD OF DIRECTORS

Providing Experienced and Focused Leadership

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

Over 35 years in the energy industry. Experienced Board Member and Chairman. Currently board director of ATN International, a NASDAQ-listed company, 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

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, OBE
INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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 and global head of investments at Schroders, and co-founder of Spencer House Capital Management.

MANAGEMENT TEAM
VICTORY HILL CAPITAL ADVISORS LLP – INVESTMENT ADVISER

ANTHONY CATACHANAS
CHIEF EXECUTIVE OFFICER

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

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

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

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

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.

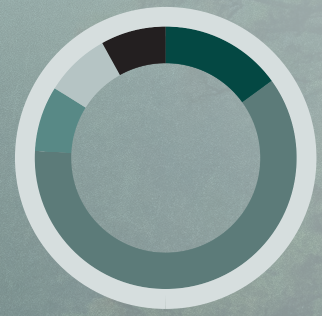
TEAM TRACK RECORDS

Our Energy Transaction Experience

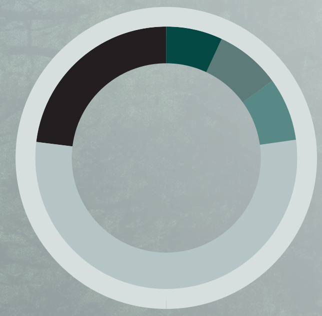
The Victory Hill team members have previously banked and invested in energy transactions across the globe.

Over $37.1bn in sustainable energy transactions generating investment returns of 24.2%[1]

Track Record Number of Deals Breakdown by Sector



Track Record Number of Deals Breakdown by Geography



Mergers and Acquisitions, Corporate Finance

42 Number of transactions

$88.8bn Total deal value

In over 12 jurisdictions globally/across industry/buy and sell mandates/various participants

Project Finance

38 Number of transactions

$77.6bn Total deal value

In over 20 jurisdictions globally/across industry/act as MLA, bookrunner and technical bank/over 80% of transactions focused on sustainable energy

Capital Markets

11 Number of transactions

$41.4bn Total deal value

In over seven jurisdictions globally/rights issues, IPOs, bonds and hybrid issuance/originated, executed and placed securities

Distressed and Workout Situations

3 Number of transactions

$3.7bn Total deal value

Principal in all transactions/disposed of distressed assets/invested assets in stress or distress/acquisitions through creditors in possession

1 The figures stated are the track record of the Victory Hill team but not of the Investment Adviser or any of its affiliates. The team operated together, focused on the energy sector as part of Mizuho Financial Group between 2014–2020. The track record above reflects the time the team have spent together at that institution. The transactions reflected are publicly available transactions completed during that time. The returns are based on public information with actual data being used where available and estimations. Past performance is not necessarily indicative of future results, and there can be no assurance that the Company will achieve comparable results.

CHAIRMAN'S STATEMENT

Enabling the Energy Transition

Initial Public Offering

On 2 February this year, VH Global Sustainable Energy Opportunities successfully raised £242.6m and listed on the premium segment of the London Stock Exchange. I am delighted by the support we received from our new shareholders and look forward to delivering them stable returns whilst making an impact around the world as we transition to a net-zero carbon future.

I am pleased to be publishing our first interim report for 2021 covering the period to 30 June 2021.

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 OECD countries, OECD 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. This pipeline has been complemented by a new Australian generation and battery storage programme. The pipeline has continued to grow based on the strong origination capabilities of the Investment Adviser.

During the five month period to 30 June 2021, the Company completed two operating storage terminal acquisitions in the United States of America and committed to the construction of a programme of 18 distributed solar projects across Brazil.

In addition, post reporting period end, the Company committed a further £50m to acquire a portfolio of distributed solar generation assets in Australia with plans to build embedded battery storage capacity; and £78m to fund two Flexible Power plants which bring together high-efficiency gas-fired turbine technology with carbon capture systems in the United Kingdom with a combined capacity of 45MW.

I am very pleased to report that, as at the date of publication of this report, the Company has committed 92% of the net IPO proceeds.

Dividend

As outlined in the IPO Prospectus the Company is targeting an initial annualised dividend yield of a minimum of 1p by reference to the IPO price of £1.00 in respect of the financial period from IPO on 2 February 2021 to 31 December 2021, rising to a target annualised dividend yield of 5% by reference to the IPO price in respect of the financial year to 31 December 2022. Thereafter, the Company intends to adopt a progressive dividend policy.

COVID-19

During the COVID-19 pandemic, we have taken all possible steps to support and protect employees, contractors and all affected 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, whilst 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.

Shareholder Engagement

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 reporting period since IPO, the Company engaged, via its Investment Adviser, with shareholders through meetings, market announcements and diverse written materials.

The Board plans to engage actively with shareholders going forward and remain at their disposal.

Environmental, Social and Governance

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.

Our goal is to make a positive impact as we deploy capital into sustainable energy projects around the world, and ensure that environmental, social and governance ('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 Capital Advisors LLP ('Victory Hill'), who is dedicated to the energy transition and in doing so developed a sustainable development culture at the firm level. As a signatory to the UN Principles for Responsible Investments, 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 global energy infrastructure is huge, built over more than a century. Transforming it from its fossil fuel core requires many things, including behaviour change and efficiency gains, but certainly at the centre are large capital projects aligned to the UN Sustainable Development Goals. These projects span a range of commercially mature technologies, as well as diverse geographies. Improving access to clean and reliable energy is fundamental to the new model of global development."

IPO raised

£242.6m

VH GSEO listed on the premium segment of the LSE

CHAIRMAN'S STATEMENT CONTINUED

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 Sustainable Finance Disclosure Regulation ('SFDR').

Outlook

As economies around the world move towards a net-zero carbon future, the Company is well positioned to be a leader in driving the energy transition and make a positive impact on the environment as well as local communities around the globe.

The Board is pleased with the Company's acquisitions completed since IPO to the end of the reporting period. Furthermore, the Board looks forward to further opportunities to acquire assets which complement and enhance value to the existing portfolio, whilst 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 by the Company Prospectus. The investments made post the reporting period are notable examples of the Investment Adviser's global capabilities and discipline in that regard.

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
CHAIRMAN

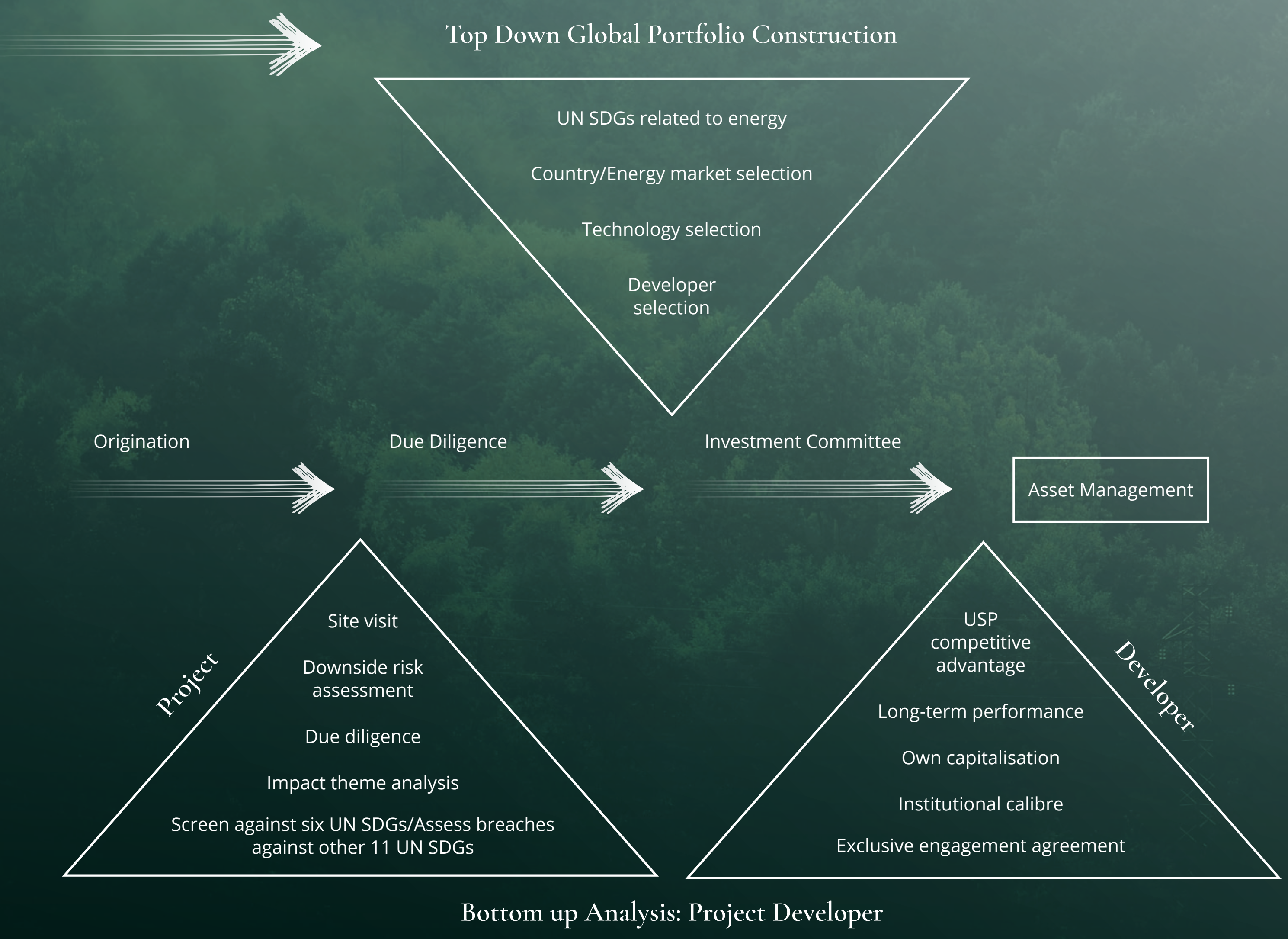
10 September 2021

> "The VH GSEO team, at Investment Adviser and Board level, has the vision and experience to play a significant role in this transformation. We have an established and growing pipeline of projects to advance these ambitious goals, while being fully committed to delivering economic returns for our investors. Join us on this exciting journey."

INVESTMENT ADVISER'S REPORT

The Achievement of the SDGs Requires a Set of Fundamental Changes in the World's Energy Markets

A private equity discipline applied to sustainable infrastructure asset due diligence.



Victory Hill is based in London and was founded in May 2020 by an experienced team of energy financiers that have spun out of a large established global project finance banking group. The team have an established track record built over five years while working together within the bank and have participated in over US$37.1bn in sustainable energy project transaction values, generating over 24.2% equity returns. In addition, the team has also participated in more than US$200bn in transactions values across 91 conventional and renewable energy-related transactions in over 30 jurisdictions worldwide, throughout their individual careers. The average experience per individual is 22 years of directly relevant energy finance experience.

Victory Hill supports investors by identifying certain energy market dislocations, structural gaps, arbitrage opportunities and trends. The team deploys its experience across a multitude of financial disciplines to assess investments holistically and from different perspectives. The firm pursues operational stability and corporate governance to generate sustainable positive returns for its investors. It focuses on supporting and accelerating the energy transition and the attainment of the UN SDGs.

Victory Hill is a signatory to the UN Principles for Responsible Investing ('UN PRI') and the UN Global Compact ('UN GC'), and is a formal supporter of the Financial Stability Board's TCFD.

The Victory Hill group's activities are entirely focused on energy and energy-related investments, across infrastructure and private equity investment solutions.

Strategy/Investment Policy

The Company will seek 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 investments in sustainable energy infrastructure that support the attainment and pursuit of the UN SDGs where energy and energy infrastructure investments are a direct contributor to the acceleration of the energy transition towards a net-zero carbon world.

The Company's investment policy can be found in its prospectus published in January 2021.

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, 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.

The Energy Transition

Victory Hill has distilled these six core SDGs into four investment 'pathways', which constitute its investment themes.

Pathway 1 – Addressing Climate Change

The issue of Addressing Climate Change constitutes just one of the 17 SDGs, albeit it is clearly the challenge of our time. A key part of this challenge is the global community's ability to reduce greenhouse gas ('GHG') emissions in key facets of global economies, and the daily lives of people.

The most obvious objective here is to reduce the impact of GHGs through investing in renewable energy technologies and fuel sources. As such, the Company will invest a large portion of its deployable capital into a pipeline of renewable energy infrastructure involved in power generation, energy storage, and alternative fuel sources.

INVESTMENT ADVISER'S REPORT CONTINUED

Pathway 2 – Energy Access

Energy is vital for our quality of life but unfortunately not all people in the global community can afford the costs or even have access to it. According to the UN, 800m people are without electricity or power, and 2.6bn people have no access to clean fuels for cooking.

Ensuring that 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.

Pathway 3 – Energy Efficiency

Energy efficiency means using less energy to perform the same task and, by doing so, eliminating energy waste. It therefore results in several significant benefits. 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:

(i) Power interconnectors;
(ii) Grid resilience and frequency response; and
(iii) Investment in ageing grid systems which were developed as one-way transmission systems.

Pathway 4 – 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 markets typically also experience high growth from the point of liberalisation, and this usually helps create new domestic energy market participants that have the potential to capture significant market share. Victory Hill believes that market liberalisation may occur in both developed and developing economies.

Leverage

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 held at asset level only.

Cash Management

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 are invested on a temporary basis into money market funds and related short-maturity instruments with at least a single A or higher credit rating.

Victory Hill constantly reviews the options available to the Company in order to maximise yield for investors. In the current low interest rate environment, short-term deposits with banks have provided the highest risk-adjusted yield for cash, while maintaining flexibility to invest as the Company deploys capital.

Portfolio Update

The Company completed its IPO on 2 February 2021. During the period under review, the Company announced two acquisitions of operating assets and entered into a programme of 18 greenfield projects.

On 20 April 2021, the Company made its first investment, acquiring 100% of two terminal storage sites on the Texas gulf coast. The acquisitions were made for a total cash consideration of US$63m (£46m).

On 28 May 2021, the Company committed to fund the construction of 18 remote distributed solar generation projects across 10 Brazilian states with a total capacity of 75MW for a total cash consideration of US$63m (£46m). At balance sheet date, four investments had been executed with an additional seven investments executed post period end.

New Investments Since Period End

On 2 August 2021, the Company announced a commitment of £50m to acquire a portfolio of distributed solar generation assets with plans to build embedded battery storage capacity in Australia. The initial deployment tranche of £15m involves the acquisition of two operating solar PV sites, totalling 17MW, in South Australia and Queensland and the expansion of those sites with battery storage.

On 9 September 2021, the Company committed £78m to fund two Flexible Power plants in the United Kingdom, which bring together high-efficiency gas-fired turbine technology and carbon capture and re-use systems. The plants are aimed at providing a clean and flexible electricity solution that will help firm the grid as more offshore wind comes online in the coming decade. The combined capacity will be 45MW.

These two additional commitments since period end bring the total commitments of the fund to 92% of net IPO proceeds.

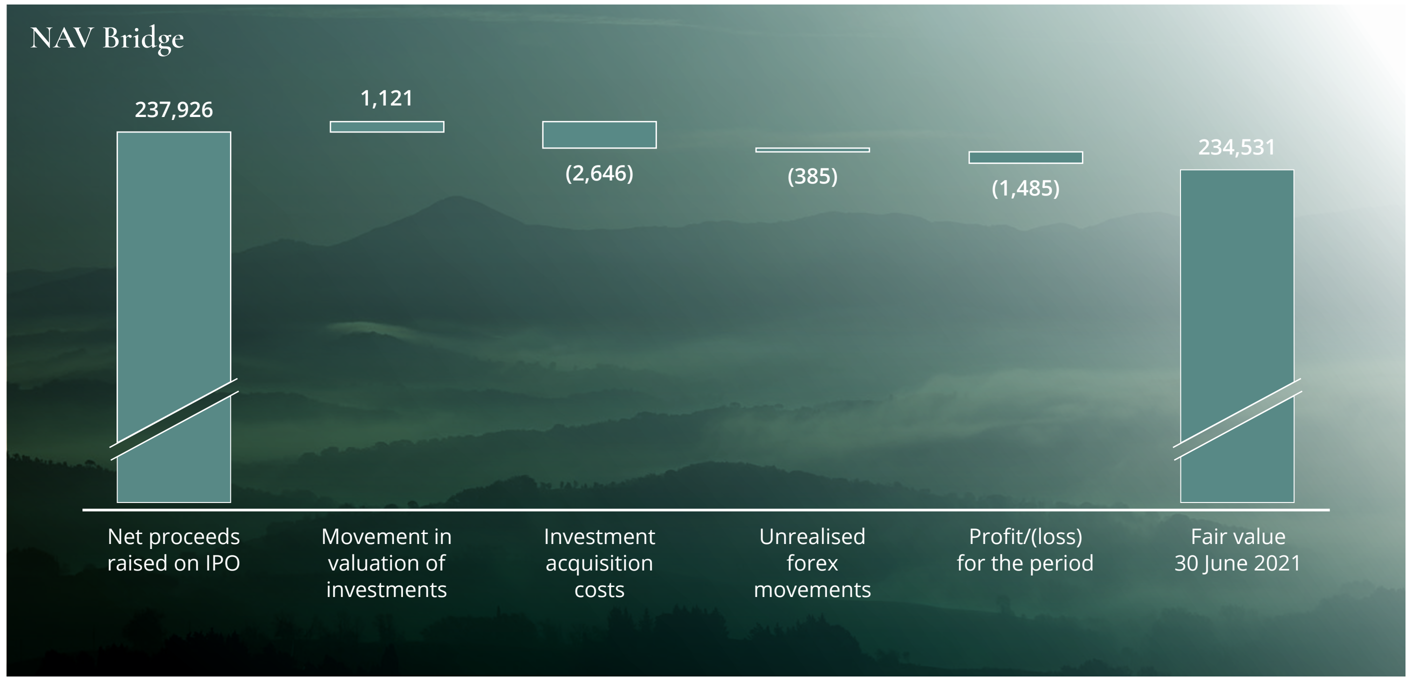
Operational Performance

During the period under review, the majority of the commercial contracts for the two Texas gulf coast terminal storage assets were fully renegotiated on improved terms resulting in the performance of the assets trading ahead of plan.

To date, 11 of the 18 projects have been funded in Brazil for a total deployment of US$24m (£17.5m), of which US$4m (£3m) was deployed before the end of the reporting period. The projects are expected to be fully commissioned and operational from Q1 2022. The remaining commitment of US$39m (£28.5m) is expected to be deployed by the end of Q4 2021 and due to be commissioned and operational by Q2 2022.

Key Risks

The principal risks faced by the Company are set out in the Principal Risks and Risk Management section, including the mitigants identified by the Company, the AIFM and the Investment Adviser. The Company, the AIFM and the Investment Adviser consider these risks on a regular basis and detailed reviews are held to consider the risks and mitigants available to the Company.

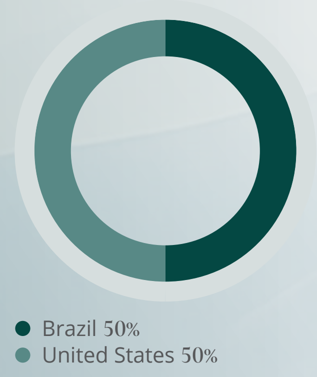


INVESTMENT ADVISER'S REPORT CONTINUED

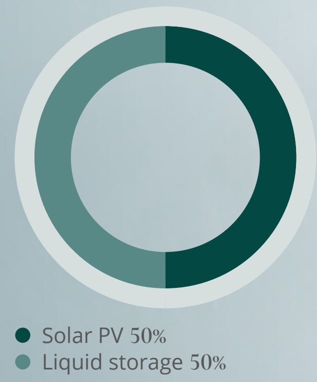
Our Portfolio Update

Portfolio as dated 30 June 2021

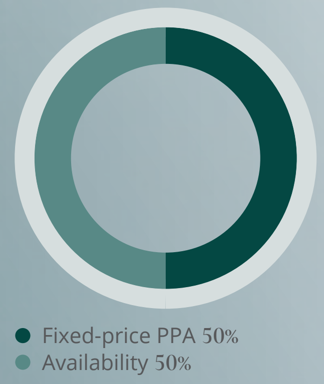
Geographic Split
as % of Total Committed Capital



Technology Split
as % of Total Committed Capital



Revenue Mix
as % of Total Committed Capital



INVESTMENT ADVISER'S REPORT CONTINUED

Market Outlook

"It is unequivocal that human influence has warmed the atmosphere, ocean and land. Widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred…

… Global surface temperature will continue to increase until at least the mid-century under all emissions scenarios considered. Global warming of 1.5°C and 2°C will be exceeded during the 21st century unless deep reductions in CO_2 and other greenhouse gas emissions occur in the coming decades…"

WORKING GROUP I CONTRIBUTION TO THE SIXTH ASSESSMENT REPORT OF THE IPCC.

The Opportunity Set

The global opportunity set remains vast. In August 2021, the United Nations Intergovernmental Panel on Climate Change (IPCC) released a detailed report about the current trajectory on climate which provided for grim reading for policymakers. More action is required to avoid the catastrophic scenario of accelerated growth in GHG emissions. Strong policies to support private capital investments in sustainable energy, combined with more government spending in energy systems directly and related infrastructure, is going to be the focus of the attention of the global community. Reversal of policies to deal with climate change will become less and less tolerated. More incentives and a broader shift in the energy mix will be crucial and will create even more investment opportunities.

Portfolio Effects of GSEO's Diversification Strategy

With operating assets acquired in the USA and Australia, exposure to AUD and USD as well as to inflation and regulatory policies in these countries will drive portfolio NAV until assets become operational in other countries where the Company's capital has been deployed.

Given the low volatility of GBP:AUD and GBP:USD, currency movements should not have significant impact on the NAV. Inflationary impacts will also be very limited or non-existent given inflation linkage in all revenue contracts on these assets. Finally, with zero reliance on government incentives, these assets are unlikely to suffer the negative impact of any policy changes aimed at reducing subsidy-reliance for renewable power generation. Victory Hill's plan to add storage capacity on the Australian assets is expected to have minimal interruption on income generation during the expansion and construction phase.

Meanwhile construction is under way in Brazil and in the United Kingdom. In Brazil the portfolio of solar PV projects provides some GBP:BRL currency exposure as well as some Brazilian energy regulatory policy risk. The BRL will remain volatile and portfolio returns are designed to provide a cushion against possible negative shocks of currency movements, while the cost under the Engineering, Procurement and Construction ('EPC') contracts have been locked in BRL. The Brazilian regulatory agencies continue to support renewable power projects as a means to enabling economic recovery post COVID-19. Other alternative energy sources are not nearly as attractive as renewable energy, given the energy market conditions favour renewable power generation thanks to a predominance of hydro power as a main baseload power source.

Lastly, the short cycle nature of the construction of these assets and broad distribution across 18 sites in different parts of the country provides investors with good diversification benefits and insulation from any idiosyncratic risks. Key to ensuring construction is met during the agreed timelines, the developer was able to secure very early on in the course of 2020 and early 2021, all component parts from overseas manufacturers which it was able to warehouse in Brazil. This early supply order strategy helped mitigate significantly any delays in global supply chains, particularly coming out of Asia.

In the United Kingdom, the currency effect is mitigated by the fact that all feedstock and offtake arrangements are denominated in Sterling. A large part of the portfolio commitment remains exposed to the one of the world's most advanced and indeed diverse energy markets, where structural demand remains strong. Construction timeline for these very relevant Flexible Power assets is expected to be 12–18 months. All construction contracts provide single-point full-indemnities with established parties which mitigate construction risks.

Case study:

Terminal Storage Assets on the Texas Gulf Coast

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Transaction

In April 2021, the Company completed its acquisition of 100% of the equity interests in two operating liquid storage terminals with a combined capacity of 525,000 barrels in the Port of Brownsville on the Texas gulf coast for a total purchase price of US$63m.

The Port of Brownsville remains a strategic location in the United States – Mexico energy trade corridor. It is the only self-managed Port Authority in the United States and benefits from a Free Trade Area, significant rail, water and road access. The port itself allows MR class vessels to dock in its deep-water channel.

High Impact Value

The project will reduce the environmental and health threats that high sulfur fuels have on the natural habitat and human health by reducing the availability of high sulfur fuel oil for domestic consumption in Mexico and displacing it with cleaner less pollutive products, reducing PM2.5, SO_2, CO_2, and NO_2 emissions.

Sulfur dioxide (SO_2) is a scope 3 emission and is a component part of PM2.5 ambient air pollution. According to a study conducted by the European Society of Cardiology ('ESC') published in March 2020, air pollution accounts for more deaths than HIV/AIDS, tobacco and malaria, and according to Bloomberg, accounts for more human deaths than COVID-19. In Mexico, vehicles are burning fuel oil that has a very high sulfur content, resulting in the creation of significant PM2.5 air pollution and causing health problems, particularly in highly populated areas such as Mexico City. The same fuel is also being used in power generation close to large populated areas where the power is being consumed.

A notable way to help resolve both social and environmental problems is to displace those fuels in power generation and transportation. The Texas liquid storage terminal assets provide an aggregation point and facilitate the transfer of high sulfur oil currently produced at a surplus in the Mexican fuel market. As a result of the terminal's proximity, northbound flows are destined for greater and more efficient refining capacity in the United States. Once refined the PM2.5 contribution of the fuels is reduced 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 reduction in pollutants achieved by the asset can be linked to individual SDGs and demonstrate the contributions it makes towards sustainable development, specifically goals 3 and 11.

The asset has a useful life of 35 years (of which 31 years are remaining).

INVESTMENT ADVISER'S REPORT CONTINUED

Global Energy Markets Outlook

Our view on the Brazilian energy market and its attraction for investment remains positive, particularly within the distributed energy space. The energy system has been subject to a long and well supported series of privatisations over the last two decades, and a process of unbundling the previously central functions of generation, transmission and supply has been implemented successfully, with significant private sector participation. The continuing need for energy underpins our view of favourable demand-side dynamics in Brazil. Supply of energy is bifurcated between a regulated market undertaken by regional distribution companies that source generation and provide supply to captive end users, as well as an unregulated, energy-only market, with suppliers and buyers of energy setting price on supply/demand factors. Given the historic need for regional distribution companies in the regulated market to pass on the costs of upgrading power generation, transmission and distribution to consumers, we see a high likelihood that the practice of sponsored remote distributed generation will continue to be promoted in the medium term. We see renewable power generation in particular as being uniquely positioned to provide a lasting solution to mitigate higher energy costs for consumers.

In Australia, the Company's exposure offers the greatest potential to seek revenue optimisation through participation in an energy market that has historically been dominated by coal fired power generation, but is now transitioning towards renewable power. The majority of states comprising the National Electricity Market in Australia, operate under an energy-only supply framework, with each type of generation technology, whether coal, wind, solar or gas receiving different weighted average payments for the energy they produce and to a large extent their ability to provide power supply dependably in order to balance the system. Yet renewable power generation has been systematically curtailed by the deep discounts experienced for solar power supply during the day, when irradiation is at its highest, which contrasts materially with prices paid when consumption peaks in early mornings and evenings when irradiation is at its lowest. When coupled with the dependency issues that intermittent power sources typically experience, this puts significant strain on single solar generators that do not benefit from storage capability. Absent the introduction of grid firming facilities such as battery storage built at scale in the Australian market, we believe these inherent supply/demand factors, and the corresponding duck curve in nodal pricing will continue to be prevalent in the medium term. Our strategy is to combine investment in battery storage technology co-located with renewable power generators to provide the optimum solution in accessing long term offtakes with commercial and industrial enterprises, whilst also participating in energy arbitrage activities to capture market power price upside opportunities.

In Mexico, demand to export poor quality fuel oils into the North American market for further refinement remains unabated and will provide a consistent source of capacity revenue potential for our liquid storage terminal investments on the southern border of Texas with Mexico. Under the most recent leadership of President Andres Obrador, increasing legislation and regulations have been introduced to entrench the position of state energy participants often at the cost of private sector incentivisation. Nevertheless, the underlying fuels value chain in Mexico remains largely unaffected by state investment in the means to locally produce transition fuels. As such we believe the demand side dynamic for US border fuels storage capacity remains buoyant in the medium term.

In the United Kingdom, with the advent of government efforts to promote more offshore wind capacity and with the increasing power price volatility associated with adding more intermittent renewable power sources to the grid, balancing solutions are required. In one of the world's most mature and diverse energy markets, firming the grid by providing Flexible Power has never been more important. There are significant technology and storage capacity gaps in the global energy industry today, that are not and cannot be met with battery storage alone. Additional Flexible Power generation involving less pollutive natural gas and biogas sources will become indispensable in the next few years as the country eliminates completely its reliance on coal and other emitting forms of generation. Yet, finding a way to create a net-zero footprint using natural gas power will be the key. Unlike a typical gas peaker, our Flexible Power projects are able to run baseload and at the same time capture ancillary revenues stemming from capacity markets that peakers are able to capture very efficiently. The dispatch profile of these plants is unique, as is the combination of technologies that allow for higher efficiency and when coupled with carbon capture and re-use, they are truly efficient in terms of emissions as well. The Company's portfolio will therefore benefit from strong structural demand for this programme of assets which will not easily be matched or replaced in the next decade.

Case study:

Brazilian Solar PV Assets

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

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Transaction

Brazil is a Key Partner of the OECD and one of the world's fastest growing energy markets since the market's liberalisation in 1998. In May 2021, the Company committed US$63m to fund the construction of 18 remote distributed solar generation projects across ten Brazilian states for a total capacity of 75MW. The programme of remote distributed power generation projects is one of the fastest growing segments of the Brazilian power market. These projects are not dependent on any government subsidies and benefit from corporate PPA arrangements.

High Impact Value

Since the energy market liberalisation in 1998, each state is generally bound by a single private utility distribution company that generates and distributes power to consumers across its network. While some of these state grid networks are interconnected, the vast majority are not and are self-contained. The Brazilian government incentivises these private state-level utilities to expand their investment in energy infrastructure, growing the network coverage across the country. The infrastructure build costs are typically passed on to consumers, resulting in high energy prices. Remote distributed power generation schemes in Brazil allow a commercial and industrial ('C&I') consumer or consortium of consumers to commit to offtake the power of a generation asset anywhere on the state grid network. As long as the power is fed into the network and contributes to balancing supply and demand for the utility company that manages it, the utility company allows the consumer to claim back a discount on their usually high energy bills.

At Victory Hill, we recognise the value of the continued expansion of the grid system across Brazil, allowing for more remote locations and consumers to have access to clean sources of energy. At the same time, supporting affordability for the C&I consumer to select the source of energy that it consumes and gain access to discounts making it more affordable. This approach is in line with one of the Company's themes, Energy Access, and of course Addressing Climate Change.

The impact of this asset is material from both a sustainability and financial perspective. The aim of this investment is to support and accelerate the growth of a sustainable energy system in Brazil by improving and securing localised access to clean energy and helping to lower Brazilian energy prices. These investments are expected to exceed the Company's target annual dividend yield of 5% and total return of 10% stemming from long-term PPAs with investment grade corporates such as a large multinational telecommunications company (accounting for 50% of the portfolio of 18 projects) as well as other Brazilian conglomerates. On average, these contracts have a maturity over 20 years and are inflation-linked.

The Company has completed two out of the three phases of deployment. The net result of this is the total funds deployed under this commitment are US$24m across 11 projects totalling 30MW. The remaining US$39m will be deployed by Q4 2021 across Rio de Janeiro, Minas Gerais, Bahia and Sao Paulo to build seven solar projects. The projects are expected to be operational in less than six months from investment.

Whilst the asset contributes towards a number of SDGs, it has a material impact on goals 7 and 9.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At Victory Hill, we believe in high impact value investments that resolve fundamental local needs for societies and the environment by addressing imbalances and structural gaps in energy markets around the world

At a glance

Total annual savings for terminal storage assets on the Texas gulf coast.[5]

941t
PM10[1]

192t
Carbon monoxide[2]

18,492t
Sulphur oxides (SOx)[3]

Asset will avoid
30,884t
CO2e per year for Brazilian solar PV assets

145,452MWh
Renewable energy generated for Brazilian solar PV assets

• Environmental performance

Brazilian Solar PV Assets[4]

> This is equivalent to **39,000** UK homes being powered by renewable energy and **1,470,658 trees planted**

Terminal storage assets on the Texas gulf coast

> Total annual savings (tonnes per annum)[5]
> > Nitrogen oxides (NOx)[6]: **182t**
> > PM 2.5[3]: **701t**

• Social performance

Company level impact across US and Brazilian projects:

> Number of jobs added: **77**
> Number of employees receiving professional training: **24**
> Number of incidents reports: **0**

• Governance

GSEO benefits both from a diverse and independent Board of Directors and AIFM.

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

Investment Decision Process

VH Opportunity-Specific UN 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

VH GSEO Investment Pathways

Climate Change | Energy Access | Energy Efficiency | Market Liberalisation

VH Investment Decision Gates

GATE 1
Assessment of opportunity and relevance to VH GSEO plc Investment Pathways

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

GATE 3
Assessment of the investment itself

1 Particulate matter 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.
2 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.
3 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.
4 This is a construction asset, therefore, this is forecasted data based on the completion of 18 remote distributed solar generation projects across ten Brazilian states for a total capacity of 75MW.
5 Total annual savings are forecasted based on operational data for the period 20 April 2021 to 30 June 2021.
6 NOx is the major precursor to formation of ground level ozone. Inhalation of excess NOx causes and worsens a variety of respiratory conditions, with prolonged exposure potentially leading to irreversible damage to the respiratory system and death.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

With a mission to disrupt the sustainable energy investment market, Victory Hill challenges mainstream thinking, establishing its perspective on the energy mix needed to achieve an orderly transition to a net-zero carbon future.

Today's drive towards electrification and reliance on power markets presents a once-in-a-generation opportunity to provide investors global diversification. VH Global Sustainable Energy Opportunities plc is truly diversified across technologies and jurisdictions, whilst adhering to the SDGs.

Energy is present in everyday life and as such plays a central role in the pursuit of the SDGs. GSEO sees the transformations required by the SDGs as a long-lasting investment opportunity for players in the energy markets.

For example, as the world pursues the energy transition away from fossil fuels, imbalances are emerging in various energy systems that require intelligent and informed investment in infrastructure led by private capital. The investment opportunities aimed at addressing these imbalances are what the Company will focus on pursuing.

As the realities of climate change dawn on global leaders, initiatives to avert this calamity are proliferating in every geography. One of the most urgent ones, the displacement of coal and other hydrocarbons from the energy mix, requires a completely different energy infrastructure.

Sustainability does not mean addressing climate change alone. Energy can have other harmful impacts on people's lives beyond the effects of global warming. Decades ago, developed countries have made the required investments to reduce sulfur in the air that was being emitted by engines powered by basic petroleum-derived fuels. Some countries, however, have not been able to avert sulfur emissions from their transportation fleets and even power generation. Infrastructure that can help these countries address basic health requirements represent an attractive and sustainable investment opportunity as well.

As the drive to achieve adherence to the SDGs remains relentless, Victory Hill believes the market backdrop in which GSEO will operate will offer plenty of attractive and high impact, sustainable investment opportunities.

London Stock Exchange Green Economy Mark

VH Global Sustainable Energy Opportunities plc was awarded the Green Economy Mark when it listed on the Main Market of the London Stock Exchange.

The LSE's Green Economy classification identifies those companies and funds listed on the Main Market and AIM that generate between 50% and 100% of total annual revenues from products and services that contribute to the global green economy.

The 50%+ threshold for the Green Economy Mark recognises businesses that have a material revenue contribution from the Green Economy. In this way it includes but also looks beyond 'pure-play' green or clean technology companies to highlight those of all sizes, across all industries, driving the transition to a sustainable, low carbon economy.

TCFD

The TCFD was established to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The TCFD recommends that all organisations provide climate related disclosures in their annual report and accounts, providing a framework to help companies assess the risks and opportunities associated with climate change. Victory Hill is a supporter of the TCFD initiative.

EU Taxonomy for Sustainable Finance

The EU Taxonomy is a classification system for sustainable activities designed to help investors identify 'green' environmentally friendly activities. This is aimed at demonstrating investments that make a substantial contribution to climate change mitigation or adaptation, while avoiding significant harm to other environmental objectives and complying with minimum safeguarding standards. Where relevant, the Company will seek to report on its alignment with the EU Taxonomy framework in its annual sustainability report.

SFDR

The Sustainable Finance Disclosure Regulation ('SFDR') came into force in December 2019, with key disclosure requirements applicable from 10 March 2021. The SFDR is a key initiative under the EU's Action Plan for financing sustainable growth that was launched in 2018.

The SFDR imposes new disclosure requirements in relation to sustainability, to enable investors to make more informed investment choices based on environmental, social and governance factors ('ESG factors').

Victory Hill recognises the importance of regular and transparent reporting. Sustainability reporting promotes better risk management, operational efficiency and ensures that we are accountable to the Company's shareholders.

Sustainability Related Disclosures

In alignment with SFDR, Victory Hill makes the following disclosures. Victory Hill recognises the importance of ESG issues and is:

1. A signatory to the UN PRI
2. A signatory to the UN GC
3. Committed to being an active member of 'GRESB' a global ESG benchmarking framework for real assets, reporting on annual basis as assets become operational; and
4. A supporter of the TCFD.

Sustainability-linked Remuneration

Under Article 5, Integration of sustainability risk in remuneration policies, Victory Hill's staff are fully aligned with its sustainable development culture and will be set sustainability objectives reflective of their roles as part of their annual performance objectives when assessing any variable remuneration to be awarded.

Investment Adviser Statement

1. Through the very nature of the business, ESG considerations are integrated into Victory Hill's investment process as outlined in the Sustainability Policy (available upon request).
2. Victory Hill is committed to upholding best reporting practices on sustainability and promoting transparency on its sustainability performance.
3. We understand both the entity level disclosures that fall within the scope of the regulation, such as the importance of considering adverse impacts of investment decisions on sustainability factors, and financial product disclosures. As the industry requirements under SFDR become clear pending final guidance from the European Commission, Victory Hill will be reviewing these and intends to be fully compliant. This is likely to be from 2022.
4. Victory Hill welcomes this move to greater transparency for investors in sustainable products and helping to identify greenwashing.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

Mapping GSEO's Contribution to the UN Sustainable Development Goals and Investment Process

GSEO has appointed an external ESG and sustainability assurance firm which is based in the UK and dedicated to the energy sector, and in particular energy infrastructure. Working with an independent consultant in this way reinforces the firm's commitment to providing the Company's investors with a sustainable energy infrastructure investment portfolio, that does not breach the investment strategy's focus and philosophy.

The Company has developed an SDG and Impact Assessment Framework with the ESG and sustainability assurance group, which is delineated into two scopes – ex-ante and ex-post investment, and which the external firm will assess each investment against. Their assessment is however not limited to just this criterion.

The ex-ante sustainability assessment includes, but is not limited to, assessing each investment opportunity against the EU Green Taxonomy Framework and the asset's compliance against the six specified core SDGs (3, 7, 8, 9, 13, and 17), and a confirmation that they are not materially breaching any of the other 11 SDGs.

The ex-post sustainability impact assessment includes, but is not limited to, the aggregation of reported data required from developers to demonstrate the Company's compliance with SDGs and quantify sustainability impacts the investment has made by reporting a series of selected metrics. The assessment will also include the asset's continuing compliance against the six specified SDGs and confirmation that they are not materially breaching any of the other 11 SDGs.

The UN Sustainable Development Goals themselves set out high level ambitions for governments and organisations to work towards in creating a more sustainable future. Beneath each goal will be specific targets and indicators which set out what individual organisations may be aiming to achieve and how these might be assessed.

SDG	SDG Target
SDG 3: Good Health and Well-Being	Health and safety matters are reported to the Board on a quarterly basis. Developers and operators and maintenance contractors are required to have appropriate health and safety procedures in place and these are monitored monthly.
SDG 7: Affordable and Clean Energy	GSEO supports increasing the share of sustainable and renewable energy in the global energy mix. The multi-disciplinary and experienced team have profound localised insight to be able to execute globally. Given the Company's investment philosophy of working with mid-market developers and creating partnerships, it allows these developers to continue to originate assets and obtain capital to build out more renewable projects globally.
SDG 8: Decent Work and Economic Growth	Provide full and productive employment and decent work for all: initiative to provide jobs to local people, increase social mobility as well as training to improve productivity and skills. Extensive health and safety measures ensures employees are not exposed to risk.
SDG 9: Industry, Innovation and Infrastructure	GSEO is responsible for a quality, reliable, sustainable and resilient portfolio which makes renewable energy more affordable for all and supports increased renewable penetration. Where possible, GSEO seeks to upgrade its assets to improve their efficiency and longevity, and the best, often innovative, O&M techniques to enhance asset productivity.
SDG 13: Climate Action	GSEO invests in renewable energy assets which provide clean power and displace carbon emissions which would have otherwise been generated from carbon intense sources such as fossil fuels. GSEO also seeks to maintain our natural environment and promote environmental and management procedures which support climate change mitigation efforts.
SDG 17: Partnerships for the Goals	Encourage and promote effective partnerships, building on the experience and resourcing strategies of partnerships: developing community benefit strategy and knowledge shared with key counterparties drawing insights from investors and marketplace research.

Looking Ahead

We plan to provide investors with a sustainability report on portfolio activities. An update on the various ESG factors that we will report on include the following three categories:

1. Environmental impacts such as biodiversity; climate change; and energy, water and waste consumption;
2. Social impacts including health and safety; diversity and inclusion; and stakeholder engagement; and
3. Governance impacts such as operational resilience; anti-bribery and corruption; and corporate policies.

All the above impact sources will be reflected in the annual sustainability report for each investment that the Company makes within the context of its investment strategy. Each will be linked to specific investments and the relevant SDGs that they impact the most.

Victory Hill monitors, on an ongoing basis, that each project remains in compliance with the relevant SDGs and quantifies and highlights the impact that the portfolio investment has made. This includes aggregation of data at Company level in order to understand better the overall portfolio-level impact as well. The data is collected from each portfolio Special Purpose Vehicle ('SPV') and development partners or project stakeholders through monthly reporting templates.

On an annual basis, this information collected by Victory Hill is assessed by Victory Hill, as well as by an independent sustainability assurance and certification consultant, who will produce the Company's SDG impact metrics to be published in its Annual Financial Reports as well as a separate dedicated annual sustainability report. In instances where the Company has assets or projects that are located in the EU, we plan to specifically assess compliance with the EU Taxonomy framework as well.

VHCA Statement

Victory Hill is committed to responsible investing globally and incorporates best practice approaches at all stages of the investment life cycle. We believe that our responsible investment practices represent an important part of our fiduciary responsibilities and our ability to deliver attractive risk-adjusted returns to the Company's shareholders over the long term.

Victory Hill's asset management activities are focused around both value preservation and sustainable value creation, reflecting investors' long-term investment horizon. Responsible investment practices and comprehensive consideration for ESG factors at all stages of the investment life cycle are a critical aspect of this long-term approach. ESG issues present opportunities as well as risks and are therefore integrated into both value preservation and value creation initiatives.

Victory Hill recognises that the infrastructure investments the Company makes and that are managed on behalf of our investors can have a material impact on the environment and the societies and stakeholders associated with those assets. We are committed to conducting our business in a manner that protects the environment, health and safety of our employees, customers and the global communities in which we operate. We operate on the principle that we can make quality business decisions while conserving and enhancing resources for future generations.

PRINCIPAL RISKS AND RISK MANAGEMENT

A Robust Framework is in Place

The Company's Prospectus issued in January 2021 contains details of the risks faced by the Company.

Whilst it is not possible to eliminate all risks that may be faced by the Company, a robust framework has been put in place which enables the Audit Committee and the Board to identify and assess principal and emerging risks. The Audit Committee regularly reviews a risk register which contains details of key risks together with controls which have been put in place to mitigate those risks and encompasses a scoring methodology to assess the impact of each risk, probability of occurrence and residual risk after taking into consideration the control processes in place to mitigate the risks. The AIFM, the Investment Adviser, the Company and the Administrator provide input on the risk register, as appropriate, and these service providers have control frameworks in place to ensure that control procedures are in place to mitigate risks relevant to the services they are providing.

The following section sets out the principal risks and uncertainties faced by the Company together with the potential impact of the risks and summarises the controls put in place to mitigate those risks. Whilst COVID-19 has not been included as a principal risk in the table below, the Board has assessed the impact of COVID-19 on the Company and is confident that the Company has appropriate procedures in place to mitigate operational risks associated with COVID-19. The Board has the ability to meet virtually and has engaged service providers that are able to perform their roles remotely.

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. If a successor cannot be found, the Company may not have the resources it considers necessary to manage the Portfolio or to make investments appropriately and, as result there may be a material adverse effect on the performance of the Company's NAV, revenues and returns to shareholders.	The Investment Adviser consists of five managing partners supported by four 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 the shares.	Investments are held for the long term. The Company intends to enter into hedging arrangements for periods up to 12 months to hedge against short-term currency movements. Currency risk is taken into consideration at 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.

PRINCIPAL RISKS AND RISK MANAGEMENT CONTINUED

Risk	Description of Risk	Risk Impact	Mitigation
3. Risks relating to making 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 commitments.	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.
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, 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 target total 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 of a counterparty may have an adverse effect on the Company's NAV, revenues and returns to shareholders.	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 returns.	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; and (iii) fixed price or availability based asset-level commercial contracts.

Risk	Description of Risk	Risk Impact	Mitigation
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, Broker and Investment Adviser monitor the discount or premium to NAV at which the shares trade.
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 licences necessary for sustainable energy infrastructure investments in the construction phase.	The actual return to shareholders may be 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 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. The Investment Adviser monitors the position and provides regular reports to the Board on asset-level performance.
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. As part of the annual audit, the Auditor reviews the valuations.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union; and
- the interim management report, comprising the Chairman's Statement, the Investment Adviser's Report, the Statement of Principal Risks and Risk Management together with the condensed financial statements include a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority namely:
  - > an indication of important events that have occurred during the period and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial period; and
  - > disclosure of any material related party transactions in the period, which are included in note 16 to the financial statements.

For and on behalf of the Board

BERNARD BULKIN
CHAIRMAN

10 September 2021

INDEPENDENT REVIEW REPORT

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the period from 30 October 2020 to 30 June 2021 which comprises the Condensed Statement of Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Shareholder's Equity, Condensed Statement of Cash Flows and the related Notes to the Financial Statements. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

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

As disclosed in Note 2, the annual financial statements of the Company will be prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the period ended 30 June 2021 is not prepared, in all material respects, in accordance with the International Accounting Standard 34, as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of Our Report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
CHARTERED ACCOUNTANTS
UK

10 September 2021

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Revenue £'000	Capital £'000	Total £'000
Income				
Gains/(losses) on investments	6	–	(1,910)	**(1,910)**
Investment income		60	–	**60**
Total income		60	(1,910)	**(1,850)**
Investment advisory fees	4	(973)	–	**(973)**
Other expenses	4	(572)	–	**(572)**
Total expenses		(1,545)	–	**(1,545)**
Losses for the period before tax		(1,485)	(1,910)	**(3,395)**
Taxation		–	–	**–**
Total comprehensive income/(loss) for the period	5	(1,485)	(1,910)	**(3,395)**
Earnings/(loss) per share – basic and diluted (pence per share)[1]	18	(1.00)	(1.29)	**(2.29)**

1 Based on the weighted average number of ordinary shares in issue since the Company's incorporation on 30 October 2020 to 30 June 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 38 to 53 form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Note	As at 30 June 2021 £'000
Non-current assets		
Investments at fair value through profit or loss	6	**50,198**
Total non-current assets		**50,198**
Current assets		
Prepayments and other receivables	8	**514**
Cash and cash equivalents	9	**184,388**
Total current assets		**184,902**
Total assets		**235,100**
Current liabilities		
Accounts payable and accrued expenses	10	**(569)**
Total current liabilities		**(569)**
Total liabilities		**(569)**
Net assets	19	**234,531**
Capital and reserves		
Share capital		**2,426**
Special distributable reserve		**235,500**
Capital reserve		**(1,910)**
Revenue reserve		**(1,485)**
Total capital and reserves attributable to equity holders of the Company		**234,531**

The financial statements were approved and authorised for issue by the Board of Directors on 10 September 2021 and signed on their behalf by:

BERNARD BULKIN
CHAIRMAN

Company Registration Number 12986255

The notes on pages 38 to 53 form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Comprehensive income for the period							
Total comprehensive income/(loss) for the period		–	–	–	(1,910)	(1,485)	(3,395)
Total comprehensive income for the period		–	–	–	(1,910)	(1,485)	**(3,395)**
Transaction with owners							
Shares issued	12,13	2,426	240,198	–	–	–	242,624
Share issue costs	13	–	(4,698)	–	–	–	(4,698)
Transfer to special distributable reserve	13,14	–	(235,500)	235,500	–	–	–
Total transactions with owners		2,426	–	235,500	–	–	**237,926**
Balance at 30 June 2021		**2,426**	**–**	**235,500**	**(1,910)**	**(1,485)**	**234,531**

242,624,281 ordinary shares were issued in the period under review.

The notes on pages 38 to 53 form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

	Note	For the period 30 October 2020 to 30 June 2021 £'000
Cash flows from operating activities		
Loss before tax		(3,395)
Less: Change in fair value of investments and foreign exchange movement	6	(736)
Operating result before working capital changes		**(4,131)**
Increase in prepayments and other receivables		(498)
Increase in interest receivables		(16)
Increase in accounts payable and accrued expenses		569
Net cash flow used in operating activities		**(4,076)**
Cash flows from investing activities		
Purchase of investments		(49,462)
Net cash used in investing activities		**(49,462)**
Cash flows from financing activities		
Proceeds from issue of shares		242,624
Share issue costs		(4,698)
Net cash generated from financing activities		**237,926**
Net increase in cash and cash equivalents		**184,388**
Cash and cash equivalents at beginning of the period		–
Cash and cash equivalents at end of the period	9	**184,388**

The notes on pages 38 to 53 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

VH Global Sustainable Energy Opportunities plc ('GSEO' or 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 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. Basis of Preparation of Financial Statements

The interim financial statements included in this report have been prepared in accordance with IAS 34 Interim Financial Reporting. 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.

These interim financial statements are unaudited.

These financial statements are presented in Pounds Sterling and are rounded to the nearest thousand, unless otherwise stated.

As this is the Company's first accounting period, annual statutory financial statements have not yet been filed with the Registrar of Companies. The Company will prepare its first statutory financial statements in accordance 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 in the European Union.

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').

Comparative information is not required as this is the first period of operations.

2.1 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.

Under IFRS 10, investment entities are required to hold subsidiaries at fair value rather than consolidate them on a line-by-line basis. 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 Company intends to hold each investment until the end of its life. However, 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.

Further detail on the significant judgements in valuing the Company's investments is disclosed in note 2.3.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. Basis of Preparation of Financial Statements continued

2.2 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.

Based on its assessment, 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 COVID-19 and Brexit on the Company's operations and does not consider that either has a material impact on the Company's ability to continue as a going concern.

2.3 Significant accounting judgements and estimates

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. Estimates and underlying assumptions are reviewed on an ongoing basis. 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 above, the Directors have concluded that the Company meets the definition of an investment entity as defined 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 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.

2.4 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	1 January 2021
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Annual Improvements to IFRS (2018–2020 Cycle) – IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, IAS 41	1 January 2022
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the presentation of these financial statements are set out below.

3.1 Presentation and functional currency

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.

3.2 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.

3.3 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 fair value. 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.

3.4 Investments held at fair value through profit or loss

Investments are designated upon initial recognition as held at fair value through profit or loss. Gains or losses resulting from the movement in fair value are recognised in the profit or loss at each valuation point. 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.

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.

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 cash flow has expired.

3.5 Financial assets at amortised cost

Impairment provisions for financial assets at amortised cost are recognised based on a forward looking expected credit loss model. All financial assets assessed under this model are immaterial to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Summary of Significant Accounting Policies continued

3.6 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.

All loans and borrowings are initially recognised at cost, being fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Loan balances as at the year end have not been discounted to reflect amortised cost, as the amounts are not materially different from the outstanding balances.

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 profit or loss.

3.7 Fair value hierarchy

In accordance with IFRS 13, the Company recognises sustainable energy infrastructure investments 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.

3.8 Finance expenses

Borrowing costs are recognised in the profit or loss in the period to which they relate on an accruals basis and are allocated to the revenue column of the profit or loss.

3.9 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 three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.10 Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

3.11 Dividends

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Summary of Significant Accounting Policies continued

3.12 Income recognition

Dividend income and interest income on shareholder loan investments are recognised when the Company's entitlement to receive payment is established. 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 profit or loss.

3.13 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 profit or loss.

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

3.14 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 attributable to the issue of new shares are shown in share premium as a deduction from proceeds.

3.15 Taxation

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.

3.16 Segmental reporting

The Board of Directors, being the Chief Operating Decision Maker, is of the opinion that the Company is engaged in a single segment of business, being investment in global sustainable energy opportunities. The financial information used by the Board to manage the Company presents the business as a single segment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Other Expenses

	30 October 2020 to 30 June 2021 £'000
Auditor's fee	78
Tax advisory fees	84
AIFM fees	36
Investment Adviser fees	973
Director's fee	91
Other expenses	283
Total other expenses	**1,545**

Fees payable to the auditor of the Company consist of initial accounts audit fees of £60,000 (excluding VAT) and fees for the review of the Interim Report of £5,000 (excluding VAT), together with £13,000 of applicable VAT.

5. Taxation

(a) Analysis of charge in the period

	For the period from 30 October 2020 to 30 June 2021		
	Revenue £'000	Capital £'000	Total £'000
Corporation tax	–	–	–
Taxation	–	–	–

(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 from 30 October 2020 to 30 June 2021		
	Revenue £'000	Capital £'000	Total £'000
Losses on ordinary activities before taxation	(1,485)	(1,910)	(3,395)
Corporation tax at 19%	(282)	(363)	(645)
Effect of:			
Losses on investments held at fair value not taxable	–	290	290
Movement in management expenses not utilised/deferred tax not recognised	282	–	282
Foreign exchange losses	–	73	73
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. The Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

(c) Deferred taxation

The Company has unutilised excess management expenses of £1,485,000. 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 30 June 2021 of £282,150 has been calculated using the current corporation tax rate of 19%.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. Investments

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

Fair value hierarchy

As at 30 June 2021 Assets measured at fair value:	Total £'000	Quoted prices in active markets (Level 1) £'000	Significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000
Non-current assets				
Investments held at fair value through profit or loss	**50,198**	–	–	50,198

All of the Company's investments have been classified as Level 3 and there have been no transfers between levels during the period ended 30 June 2021.

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

	As at 30 June 2021 £'000
Opening balance	–
Additions during the period at cost	49,462
Transaction costs	2,646
	52,108
Gains/(losses) on investments:	
Transaction costs	(2,646)
Change in fair value of investments[1]	1,121
Foreign exchange movement	(385)
Per Statement of Comprehensive Income	(1,910)
Closing balance	50,198

1 Includes interest on loan receivable by the Company amounting to £419,000.

Further information on the basis of valuation is detailed in note 2.3 to the financial statements.

Valuation methodology

The Company owns 100% of its subsidiary VH GSEO UK Holdings Limited ('VH GSEO UK'). The Company meets the definition of an investment entity as described by IFRS 10, as such the Company's investment in the VH GSEO UK is valued at fair value.

The Company acquired underlying investments in special purpose vehicles ('SPVs') through its investment in VH GSEO UK. The Investment Adviser has carried out fair market valuations of the SPV investments as at 30 June 2021, reviewed by the AIFM, and the Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All SPV investments 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 of the SPVs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. Investments continued

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 development and 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 35 years for terminal storage assets and 25 years for solar PV 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

		30 June 2021
Discount rate	Weighted average	7%
Long-term inflation	United States	2%
Remaining asset life	Terminal storage	30 years
	Solar PV	25 years
Exchange rates	GBP:USD	1.387
	GBP:BRL	6.95

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, asset life and where relevant power prices and energy yield.

The blended discount rate as at 30 June 2021 is 7%, 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.

The Texas Gulf Coast terminal storage assets were acquired in April 2021. Given the short period between acquisition date and period end, the acquisition price was taken into consideration for the fair value of these assets. The base case asset life for the terminal storage assets is 30 years. The sensitivity below assumes that asset life may be one year shorter or longer than the base case.

The Brazilian solar assets are in construction as at 30 June 2021. Therefore until commencement of operations, the cost basis is considered to be the most appropriate measure of valuation. There are no indications at 30 June 2021 that the cost basis should be impaired. Therefore only BRL:GBP sensitivity is shown in the table below for these assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. Investments continued

	Base case	Change in input	Change in fair value of investments (£'000)	Change in NAV per share cent
Discount rate	7%	-0.50%	2,850	0.01
		0.50%	(2,616)	(0.01)
Inflation	2%	-0.50%	(2,320)	(0.01)
		0.50%	2,517	0.01
Asset life	30 years	-1 year	(642)	0.00
		+1 year	600	0.00
Operating expenses		-5%	2,135	0.01
		5%	(2,126)	(0.01)
FX (GBP:USD)	1.387	-10%	5,681	0.02
		10%	(4,648)	(0.02)
FX (GBP:BRL)	6.95	-10%	356	0.00
		10%	(291)	0.00

7. Unconsolidated Subsidiaries

Investment	Place of business	Ownership interests as at 30 June 2021
VH GSEO UK Holdings Limited	United Kingdom	100%
Victory Hill Distributed Energy Investments 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 Holdings Brasil S.A.	Brazil	100%
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%
Victory Hill Australia Investments Pty Ltd	Australia	100%
Victory Hill Distributed Power Pty Ltd	Australia	100%

The above includes ordinary share interests in unconsolidated subsidiaries held either directly by the Company or indirectly via its holding in VH GSEO UK Holdings Limited.

8. Prepayments and Other Receivables

	As at 30 June 2021 £'000
Other receivables	498
Prepayments	16
Prepayments and other receivables	**514**

The Directors have analysed the expected credit loss in respect of receivables and concluded there was no material exposure for the period ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. Cash Reserves

	As at 30 June 2021 £'000
Cash at bank	52,672
Cash on deposit	131,716
Total cash at bank	**184,388**

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

10. Accounts Payable and Accrued Expenses

	As at 30 June 2021 £'000
Accrued expenses	345
Other payables	224
Accounts payable and accrued expenses	**569**

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

11. 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 intends to 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 6 details sensitivity analysis on the impact of changes to the inputs on the fair value of the Company's investments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Financial Risk Management continued

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 loan investments, which yield interest at fixed rates.

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 30 June 2021 are summarised as below:

Assets	Interest bearing £'000	Non–interest bearing £'000	Total £'000
Cash and cash equivalents	184,388	–	184,388
Prepayments and other receivables	–	498	498
Interest receivable	16	–	16
Investments at fair value through profit or loss	–	50,198	50,198
Total assets	**184,404**	**50,696**	**235,100**
Liabilities			
Accounts payable and accrued expenses	–	(569)	(569)
Total liabilities	**–**	**(569)**	**(569)**

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 6 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.

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 exposure to credit risk:

	As at 30 June 2021 £'000
Cash and cash equivalents	184,388
	184,388

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

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Financial Risk Management continued

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

As at 30 June 2021	< 3 months £'000	3–12 months £'000	1–5 years £'000	> 5 years £'000	Total £'000
Accounts payable and accrued expenses	569	–	–	–	569
	569	–	–	–	569

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.

12. Share Capital

Date	Issued and fully paid	Number of shares	Share capital £'000	Share premium £'000	Special distributable reserve £'000	As at 30 June 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	–
30 June 2021		**242,624,281**	**2,426**	**–**	**235,500**	**237,926**

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 VHCA. 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.

The ordinary shares are denominated in Sterling. The ordinary shares were offered under the initial issue at the price of 100p per ordinary share.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Share Premium Account

	As at 30 June 2021 £'000
Share premium arising on ordinary shares issued	240,198
Share issue costs	(4,698)
Transfer to special distributable reserve (note 13)	(235,500)
Balance at end of period	–

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. 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.

14. Special Distributable Reserve

	As at 30 June 2021 £'000
Balance at beginning of period	–
Transfer from share premium account (note 12)	235,500
Balance at end of period	235,500

15. Dividends

The Directors have not declared or paid any dividends at the date of approval of these financial statements.

16. Transactions with Related Parties, the AIFM and the Investment Adviser

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 six 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 £35,784 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 VHCA. 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 NAV; and (v) provide operational, monitoring and asset management services.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. Transactions with Related Parties, the AIFM and the Investment Adviser continued

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 £972,849 of which £198,236 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	70
Margaret Stephens	50
Richard Horlick	50
Louise Kingham OBE	50
	220

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 30 June 2021, Directors fees of £91,201 were paid, of which none were payable at the period end.

As detailed in the Prospectus, the Directors subscribed for the below ordinary shares at 100p per share during the Company's IPO and have therefore held (and continue to hold) beneficial interests in these shares since admission.

	Number of ordinary shares held	% of ordinary shares in issue
Bernard Bulkin OBE	10,000	0.0041
Margaret Stephens	10,000	0.0041
Richard Horlick	10,000	0.0041
Louise Kingham OBE	5,000	0.0021

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

As disclosed in note 10 an amount of £224,000 was payable to a related party at the period end, being an amount payable to Victory Hill Midstream Energy LLC.

17. Contingent Liabilities and Commitments

At 30 June 2021 the Company had no contingent liabilities.

On 28 May 2021, the Company announced a US$63m commitment to fund the construction of 18 remote distributed solar generation projects across ten Brazilian states.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 30 June 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)	(1,485)	(1,910)	**(3,395)**
Weighted average number of ordinary shares	147,771,167	147,771,167	**147,771,167**
EPS (p)	(1.00)	(1.29)	**(2.29)**

In addition to the above, the Board considers it appropriate to disclose an additional EPS 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 30 June 2021. The Board believes this provides a more relevant measure of the Company's performance.

	Revenue	Capital	Total
Earnings (£'000)	(1,485)	(1,910)	**(3,395)**
Weighted average number of ordinary shares	242,624,281	242,624,281	**242,624,281**
EPS (p)	(0.61)	(0.79)	**(1.40)**

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 or comparative periods.

	Period ended 30 June 2021
NAV (£'000)	**234,531**
Number of ordinary shares	**242,624,281**
NAV per share (p)	**0.967**

20. Post Balance Sheet Events

Since the period end the following significant events have taken place.

On 13 July 2021, the Company acquired its second US$20m project development tranche in Brazil. The capital investment will be used to fund seven distributed solar generation projects, which will provide over 26MW of energy to a multinational telecommunications company. This tranche forms part of a larger US$63m commitment by GSEO, initially announced on 28 May 2021 to fund the construction of 18 remote distributed generation projects across ten Brazilian states, aiming to generate a total capacity of 75MW.

On 2 August 2021, the Company announced a commitment of £50m to acquire a portfolio of distributed solar generation assets with plans to build embedded battery storage capacity. The commitment will be split into two deployment tranches the first of which will be for £15m. The first tranche involves the acquisition of two operating solar PV sites, totalling 17MW DC, in South Australia and Queensland, where there are opportunities to support the energy transition utilising energy storage.

On 9 September 2021, the Company committed to £78m to fund two Flexible Power plants in the United Kingdom, which bring together high-efficiency gas-fired turbine technology and carbon capture and reuse systems. The plants are aimed at providing a clean and flexible electricity solution that will help firm the grid as more offshore wind comes online in the coming decade. The combined capacity will be 45MW.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. Controlling Parties

There is no ultimate controlling party of the Company.

Alternative Performance Measures

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.

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 30 June 2021		Page	£'000
Average NAV	a		236,577
Recurring costs in period from commencement of operations on 2 February 2021 to 30 June 2021		34	1,545
Recurring costs (annualised)	b	n/a	3,810
Ongoing charges	b/a		1.6%

Premium

The amount, expressed as a percentage, by which the share price is more than the NAV per share.

As at 30 June 2021		Page	
NAV per ordinary share	a	52	96.7p
Ordinary share price	b	n/a	99.7p
Premium	(b-a)/a		3.1%

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 30 June 2021		Page	NAV	Share price
Opening as at commencement of operations on 2 February 2021	a		100.0p	100.0p
Closing as at 30 June 2021	b	52	96.7p	99.7p
Dividend adjustment factor	c		1	1
Adjusted closing (d = b x c)	d		96.7p	99.7p
Total return	(d-a)/a		-3.3%	-0.3%

n/a = not applicable

GLOSSARY

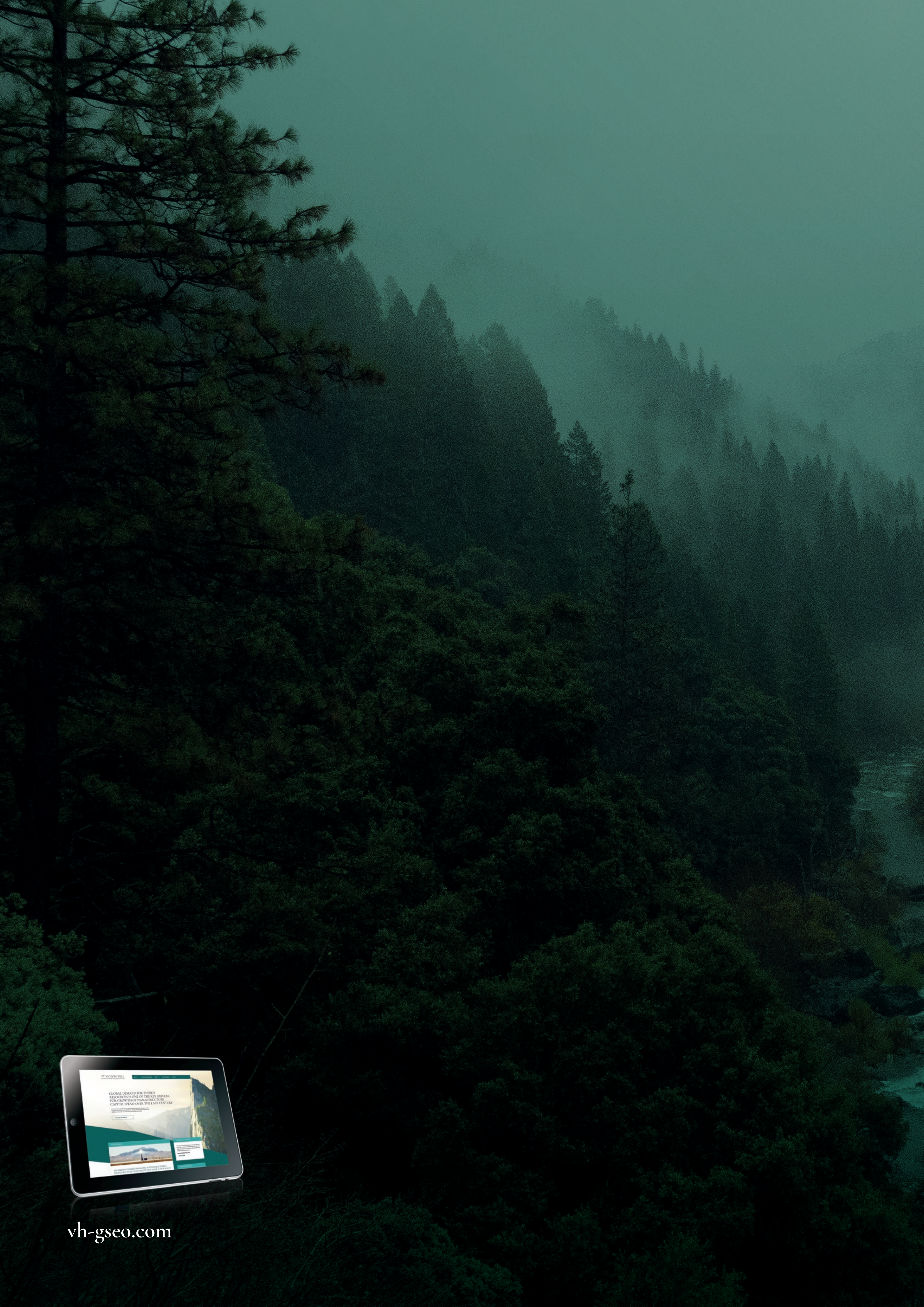
AIC	Association of Investment Companies
AIFM	Alternative Investment Fund Manager, G10 Capital Limited
Annual General Meeting or AGM	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested
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 not 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
O&M	Operation and Maintenance
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
PPA	Power Purchase Agreement

GLOSSARY CONTINUED

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	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
Share price	The price of a share as determined by a relevant stock market
SPV	Special Purpose Vehicle
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

KEY COMPANY INFORMATION

The Board of Directors	Bernard Bulkin OBE (Non-Executive Chairman) Louise Kingham OBE (Non-Executive Director) Margaret Stephens (Non-Executive Director) Richard Horlick (Non-Executive Director)
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 Park House 116 Park Street London W1K 6SS
Corporate Broker	Numis Securities Limited 45 Gresham Street London EC2V 7BF
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
Auditor	BDO LLP 55 Baker Street London W1U 7EU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