



VICTORY HILL
VH Global Sustainable Energy Opportunities plc

ENABLING THE ENERGY TRANSITION



VH Global Sustainable Energy Opportunities plc
INTERIM REPORT AND ACCOUNTS
For the Period Ended 30 June 2022

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 OECD, OECD Key Partner Countries or OECD Accession Countries and the EU.

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

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

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

Contents

OVERVIEW

04 Financial Highlights

INTERIM MANAGEMENT REPORT

05 Chairman's Statement

09 Investment Adviser's Report

SUSTAINABILITY

20 Environmental, Social and Governance Update

GOVERNANCE

26 Directors' Responsibility Statement

FINANCIAL STATEMENTS

27 Independent Review Report

28 Condensed Statement of Comprehensive Income

29 Condensed Statement of Financial Position

30 Condensed Statement of Changes in Shareholders' Equity

31 Condensed Statement of Cash Flows

32 Notes to the Condensed Financial Statements

ADDITIONAL INFORMATION

43 Alternative Performance Measures

44 Glossary

45 Key Company Information

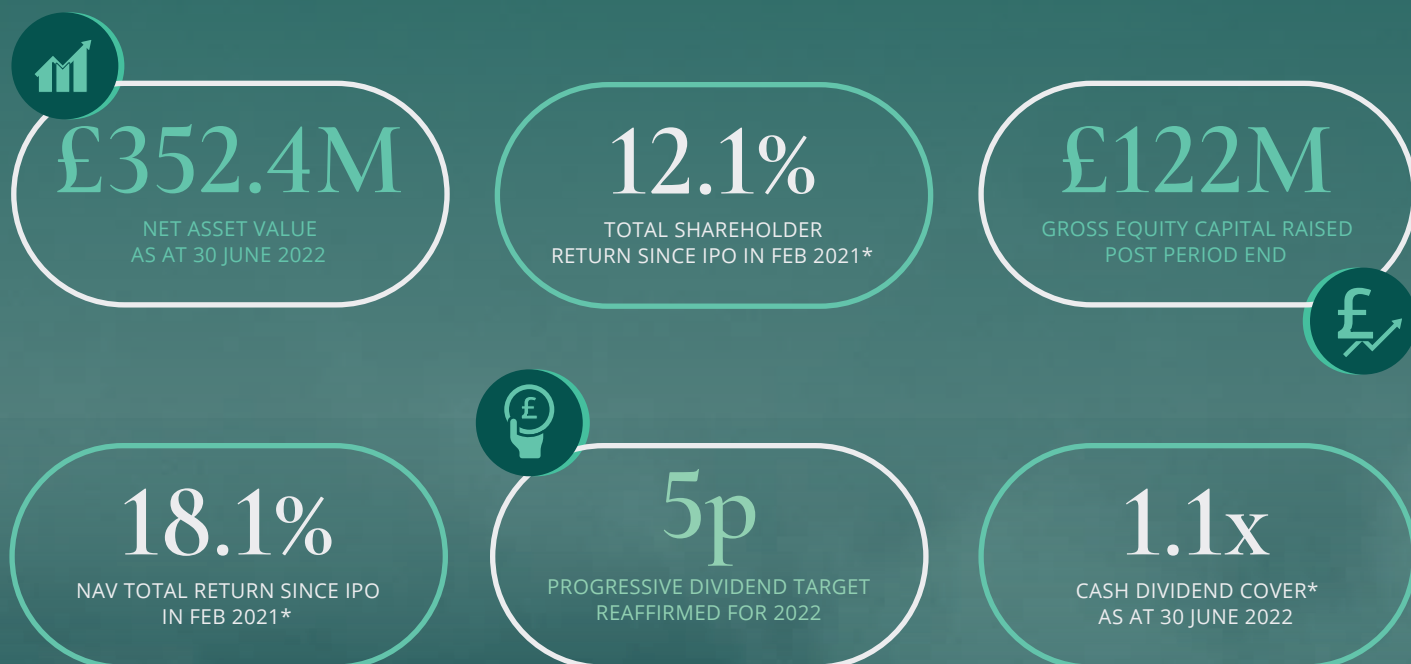
Financial Highlights

SNAPSHOT OF FINANCIAL STATEMENTS

As at 30 June 2022

Ordinary Share price (pence per share)	109.5
NAV per share (pence per share)	113.1
Ordinary Share premium/(discount) to NAV*	(3.2)%
Market capitalisation (£m)	341.2
Quarterly dividend per Ordinary Share (pence per share)	1.25
Ongoing charges*	1.34%

AT A GLANCE



ESG



* Alternative Performance Measures are defined on page 43.

CHAIRMAN'S STATEMENT

Leading the energy transition and driving positive impact on the environment and society.

“The Company is well positioned to invest in solutions that facilitate the decarbonisation of energy, enabling renewable technologies, improving energy security, and having a high impact in economies in which it deploys capital.”

On behalf of the Board, I am pleased to present the interim report and financial statements for VH Global Sustainable Energy Opportunities plc (“GSEO” or “the Company”) for the period from 1 January 2022 to 30 June 2022.

The financial period under review has witnessed continued global economic challenges associated with the COVID-19 pandemic, the conflict in Ukraine impacting on energy markets, as well as the sharp increase in the cost of living that is severely affecting many families and households. Such events have raised awareness of the urgent need to reduce the impacts of climate change as major economies accelerate the transition to net zero. Against this backdrop, the Company is investing in solutions that facilitate the decarbonisation of energy, enable renewable energy technologies, improve energy security and affordability, while having a meaningful impact in the economies where it deploys capital.

The Company's strategy remains unchanged since IPO: the Company targets assets which benefit from the transition to net zero by investing in a diverse portfolio of energy assets around the world.

The Company's ability to invest in a range of technologies, across a broad geographical scope diversifies the risk of weather patterns and prevents reliance on any single regulatory regime or currency. We believe these characteristics help us with the objective to offer shareholders attractive risk-adjusted returns combined with high impact, through exposure to the global energy transition.

At the period end, the Net Asset Value (“NAV”) per share was **113.1p**,

an increase of 8.8% from **104.op** at 31 December 2021, driven by strong operating performance resulting in valuation increases within the portfolio, updated inflation assumptions and a weakening Sterling against the US Dollar, Australian Dollar and Brazilian Real.

During the period to 30 June 2022, the Company announced the completion of six solar PV sites across five Brazilian states following a period of construction and also committing a further **£28m** to its flexible power projects in the UK. Further information on these activities is included in the Investment Adviser's report.

FUNDING

The Board is delighted with the continued support from investors in the Company's recent fundraise post period end, which provided an additional **£122m** of capital to fund further acquisitions of operational assets and/or investments into construction projects. This solid result in a period of exceptional market volatility highlights the growing demand for exposure to global energy transition investments and provides for a strong endorsement of the Company's strategy. The Board of Directors would like to take this opportunity to thank our existing investors for their continuing support and welcome those new investors to the Company's shareholder register.

At the period end, the Company's gearing was **3.4%** of Gross Asset Value, on the basis of investment level debt. There is no structural gearing at the Company level.

£122M

ADDITIONAL CAPITAL
RAISED POST PERIOD END

FINANCIAL PERFORMANCE

The Company's NAV per share was **113.1p** at 30 June 2022, an increase of **8.8%** from the NAV per share at 31 December 2021 of **104.op**. GSEO's NAV total return from IPO to 30 June 2022 was **18.1%**, including dividends paid.

GSEO's profit before tax for the six-month period to 30 June 2022 was **£32.4m** and earnings per share for the period were **10.4p**.

90%

OF REVENUES ARE
INFLATION-LINKED WITH NO CAPS

INTERIM DIVIDEND

The Company announced its first interim dividend of **1.25p per Ordinary Share** with respect to the period 1 January 2022 to 31 March 2022. Post reporting period, the Company was pleased to announce the second interim dividend of **1.25p per Ordinary Share** for the period 1 April 2022 to 30 June 2022 to be paid on **16 September 2022**.

In line with expectations set out in the IPO Prospectus, the Company reaffirms the annual dividend target of **5.op per Ordinary Share** for the year beginning 1 January 2022.

The Company has a progressive dividend policy and intends to pay interim dividends on a quarterly basis.

PORTFOLIO PERFORMANCE

The Company's investment portfolio performance remained resilient during the period, with limited financial impact from the effects of the COVID-19 pandemic and disruptions to the energy market due to the Russian invasion of Ukraine. The Investment Adviser, Victory Hill Capital Advisors LLP ("Victory Hill"), remains diligent in minimising the Company's exposure to additional macroeconomic factors such as supply chain disruption and energy availability. Whilst inflation is one of these factors, it is worth highlighting that over 90% of the Company's revenue is inflation-linked with no caps.

The Investment Adviser places a considerable emphasis on monitoring and asset management of the Company's investment portfolio, not only to protect the value of each investment but also to pursue opportunities to create further value for stakeholders through its asset value creation initiatives.

The operational assets within the portfolio provide key services to essential industries and economies and continue to operate with minimal disruption. Overall, the portfolio remains relatively insulated from macroeconomic factors and therefore there has been no material impact to performance.

INVESTMENT ACTIVITY

During the period, GSEO announced that six solar PV sites across five Brazilian states migrated from the construction to operational phase. These sites represent approximately **\$13.7m (£11.3m)** of the original **\$63m** commitment and will be generating **18.7MWp**. All of the sites have contract lengths of 20 years and are inflation-linked.

The Company also committed a further £28m for the acquisition of a second UK flexible power plant as part of the Company's programme to support the UK's energy transition to net zero. The second site is located in County Durham and will consist of a 35MW high efficiency combined heat power with carbon capture and re-use plant to contribute to a clean, net zero, flexible and dependable electricity solution for the UK's energy transition.

Post period, the Company committed **BRL800m (£125m)** for the acquisition of a 198MW operating hydro power facility in Brazil. The asset is already generating cash flows with the expected annual return to exceed the Company's target total return of 10%. In addition to this, the Company has added three additional ready-to-build sites to the existing Australian solar PV programme amounting to £21.2m and 15MW in size.

Including these post period events, the Company is currently **97%** committed or deployed.

GSEO continues to assist, and benefit from the energy transition by investing in a diverse portfolio of energy assets. The Company's ability to invest in OECD countries, OECD partner and OECD Accession countries allows us to take advantage of reduced correlation in energy and power prices. Alongside the ability to invest in a range of proven 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's investment strategy of targeting high credit quality counterparties and providing services to key industries through contractual structures that limit exposure to demand or commodity price risk is proving to be successful.

The Board is pleased with the timely deployment of capital into new and follow-on investments during the year, which have been consistent with the Company's strategy. This success demonstrates the Investment Adviser's capability to source and secure attractive investments that meet the Company's investment strategy and objectives, and their ability to add alpha to each of its investment programmes which has been successfully translated into its net asset value progression to date.

SHAREHOLDER ENGAGEMENT AND CORPORATE GOVERNANCE

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

During the period since IPO, the Company's Investment Adviser and Corporate Brokers engaged with shareholders through meetings, market announcements and diverse written materials.

At the April 2022 AGM, the Board was pleased to announce that all the ordinary resolutions and special resolutions, as set out in the Notice of AGM, were approved by shareholders.



The Board will continue to engage actively with shareholders going forward and remains at their disposal.

The Directors' primary duty is to promote the success of the Company for the benefit of investors, with due consideration of other stakeholders' interests. The Company seeks to maintain high standards of business conduct and corporate governance, ensuring, via the Investment Adviser and Corporate Brokers, that appropriate oversight, control and policies are in place to ensure the Company treats all its investors fairly.

The Board seeks to ensure the alignment of the Company's objective, principles, and strategy with culture of openness, discussion, and integrity through ongoing discussion and engagement with key stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability is central to all activities undertaken by the Company and the Investment Adviser, and the Company recognises that investing responsibly and continually measuring the Company's sustainability impact is critical to the Company's performance and growth over the longer term. The Company is dedicated to accelerating the transition to a net zero carbon economy and delivering long-term value for shareholders.

The Company's 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 the Company's investment decisions. This is reflected across the Company's investment philosophy and approach, including the selection of the Company's Investment Adviser, which is dedicated to the energy transition and in doing so, creating high impact for shareholders and society as a whole.

Although the Company is not required to report under the recommendations of the TCFD, many of those recommendations are followed in order to enhance the Company's climate-related disclosures. The management of climate-related risks and opportunities is integrated into the Company's risk management framework. This looks at the likelihood of a risk and the severity of impact with and without controls. This enables the Board and the Investment Adviser to prioritise material risks for additional mitigation.

The Company has sustainable investment as its objective. Article 9 Funds under the Sustainable Finance Disclosure Regulation ("SFDR") are products that have a sustainable investment objective. As of 30 June 2022, **71%** of the Company's investments were aligned with EU Taxonomy economic activities. The remaining **29%** were invested in economic activities with a different environmental objective.

The disclosures related to TCFD and SFDR, and how they are incorporated, including outputs, can be found in the Company's latest Annual Report as published on 21 March 2022, with updates for this period on page 23 of this report.

71%

INVESTED IN EU TAXONOMY
ELIGIBLE ACTIVITIES

"The Investment Adviser places a considerable emphasis on monitoring and managing the investment portfolio through its asset management function, not only to protect the value of each investment but also to pursue opportunities to create further value for stakeholders through its asset value creation initiatives"

OUTLOOK

As economies 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.

2022 looks to be another pivotal year for the climate change agenda with the United States has rejoined the Paris climate agreement and countries around the world have accelerated their decarbonisation goals. We look towards COP27, to be hosted by Egypt in November 2022, and the ongoing monitoring of those pledges and commitments announced by countries around the world at COP26 last year. All of this is supplemented by an ever-growing investor focus on sustainability and climate change considerations. The Company is well positioned to benefit from this shift as its strategy remains aligned with this global transition and markets remain favourable for the Company given its broad and diversified mandate.

In the current economic climate, the Board and the Investment Adviser are continuing to closely monitor both macro and micro-economic indicators to assess the potential future impact on the Company's activities. The Company will continue to focus on generating attractive financial returns for its shareholders, while having positive social and environmental impacts.

The Investment Adviser continues to focus on enhancing the value of its

existing portfolio, as well as seeking new investment opportunities that can deliver solid risk-adjusted returns for investors. The Investment Adviser has strong global origination capabilities as demonstrated in the relatively short deployment period following the IPO and, most recently, the Company's execution on one of its Enhanced Pipeline assets as showcased in the new prospectus published on 9 June 2022.

We remain confident that GSEO's business model of responsible investment practices, careful portfolio construction and enhancing value for stakeholders will continue to generate sustainable returns for investors whilst contributing towards a net zero carbon future.

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

Bernard Bulkin, PhD, OBE
Chairman

12 September 2022

INVESTMENT ADVISER'S REPORT

The first half of this calendar year has been marked by external factors that will dictate the shape and speed of global economic progress and international relations for several years to come, but which together will not, in our opinion, detract from the continuing and fundamental shift in the global energy paradigm to achieving a net zero carbon future.

The year started optimistically following the signing of The Glasgow Climate Pact at COP26, however, Russia's conflict with Ukraine dramatically reframed the energy discussion and placed energy at the center of Europe's deliberations. In particular, the threat of Russia as the biggest producer of oil and gas in the region stopping its supply, particularly of natural gas, to European economies has led to a spike in the cost of energy throughout the continent, and by consequence throughout the interrelated global market for natural gas.

This has had a key effect of igniting inflationary pressures in global economies as we moved into the second quarter of the year. Whilst the effects of energy prices are unlikely to manifest themselves fully in the summer months of 2022, most western European economies expect the autumn and winter months to be particularly harsh for household energy bills.

The Ukraine crisis has also demonstrated how, increasingly, pricing in power markets has become interrelated, volatile and rising across different national and regional markets. Tightness of gas and coal markets was evident in 2021, with prices reaching unprecedented highs in October 2021. Russia's invasion of Ukraine put even more pressure on and increased uncertainty across energy commodity markets. European gas and coal prices surged to all-time highs and displayed strong volatility in the first half of 2022. Asian spot LNG and coal prices

followed suit, reflecting the strong interconnection of the regional markets.

In the United States, low storage levels together with elevated weather-driven demand in the first quarter and muted response from suppliers led to decade-high gas and coal prices. Tight supply-demand fundamentals, accompanied by large uncertainties, are expected to linger well into 2023, for both coal and gas across all key markets.¹

In Australia, the knock-on effects of higher global natural gas and coal prices, combined with its own issues of the running down of older coal fired power plants (which have historically dominated the Australian power sector), led to significant spikes in the power prices throughout its National Electricity Market. The country experienced rolling blackouts and the suspension of its traded power market, together with the imposition of wholesale price caps in various states. The Company's long-term thesis on the opportunities available in the Australian renewables market due to its fundamental structural gap has become reality, and we are seeing the positive effects of this volatility on the Company's Australian investments in the first half of 2022.

The UK does not depend on Russian supplies of natural gas to the extent of most of its neighbours and therefore there have not been any major announcements of climb downs from its stated climate obligations in favour of seeking the exploitation of new domestic natural gas production. However, to support the build out of renewable power generation and ensure a balanced energy system, the UK will continue to turn to grid firming technologies such as the Combined Heat & Power ("CHP") with Carbon Capture and Utilisation ("CCU") projects. This will come to the fore in the subsequent autumn and winter seasons, where anticipated low renewable energy yields, together with higher natural gas prices are

likely to drive power prices higher. In this context, the Company's first CHP project is expected to be able to access greater peak prices as it begins to generate power in Q1/Q2 2023.

Following the end of the reported period, President Biden signed into law a US\$740bn fiscal package to in part tackle climate change, the US deficit and healthcare in the United States, under the Inflation Reduction Act ("IRA"). The IRA is expected to invest nearly US\$375bn over the decade in climate mitigation strategies including in renewable energy production (US\$60bn clean energy manufacturing tax credit and US\$30bn production tax credits for wind and solar energy). The IRA also establishes a sustainable aviation fuel tax credit (due to be absorbed into a new clean fuel production tax credit in 2024) and tax incentives for biofuels, including renewable diesel. We believe this achievement will result in positive effects on the Company's investment strategy for the US, which is predicated on sustainable terminal storage facilities, the biofuels value chain and core renewables such as wind and solar.

PIPELINE

We continue to originate sustainable energy opportunities globally, as announced alongside the Company's capital raise post period end. We continue to be focused on progressing the deployment of the Company's capital across a diverse set of proven technologies, including hydroelectric power generation, geothermal, wind and battery opportunities in a broad range of geographies, including Brazil, the UK, Mexico, Australia and the US.

We see great potential to continue to deliver on a portfolio that is diversified by geography and by technology. Thanks to a very robust pipeline, we are able to prioritise opportunities that are complementary to the existing GSEO portfolio and provide high impact and sustainable returns for shareholders.

¹ Electricity Market Report – July 2022 Update, IEA (2022)

Portfolio Update

Post reporting period investments

Portfolio investments



US Clean Fuels
Programme

Case study p. 14

Brazil Solar
PV Programme

Case study p. 19

UK Flexible Gas and Carbon Capture Programme

Case study p. 13

Australia Solar PV Plus Battery Programme

Case study p. 15

Geographic Split
as % of Total Committed Capital



17%

Brazil

29%

US

35%

UK

18%

Australia

Technology Split
as % of Total Committed Capital



17%

Solar
PV

29%

Liquid
Storage

35%

Flexible
Power
+
CCR

18%

Solar PV
&
Battery
Storage

Operational vs Construction
as % of Total Committed Capital



62%

Construction

38%

Operational

Revenue Breakdown
as % of Total Committed Capital



29%

Availability

62%

Fixed-Price
PPA

9%

Merchant
Mix

Composition of the pie charts are as at 30 June 2022.



UK Flexible Gas and Carbon Capture Programme

The Company has committed £106m to fund the construction of two combined heat and power plants which bring together high-efficiency, gas fired engine technology with a carbon capture and re-use system to provide a clean, net zero, flexible and dependable electricity solution for the UK. The combined capacity will be 45MW across two sites in Nottinghamshire (10MW) and County Durham (35MW). Once operational, the plants will be contracted under long-term PPAs with well established energy companies for the power output, and long-term CO₂ offtake agreements with large industrial companies for the purified CO₂ product. Together, these revenue arrangements will provide the Company with long-term, predictable, inflation-linked revenues.

In terms of the execution of this programme, the first project has a full-wrap turnkey lumpsum Engineering, Procurement and Construction (EPC) contract in place and broke ground at the end of 2021. Construction is on schedule including the delivery of long lead items. We expect to see power production starting Q1/Q2 2023 with the full CO₂ capture completed by mid-2023.

The programme targets the grid-balancing opportunities in the UK through a unique flexible power generation solution. This Flexible Power and Carbon Capture Programme allows us to supply reliable baseload power without adding to carbon emissions. By combining a range of existing and proven technologies, this programme offers a very compelling solution to enable further renewable energy penetration in the UK mix.

The plant's detailed design was finalised and approved and the proposed site has now been secured and cleared ready for the project installation stage. The containers for the engine have been delivered to the contractors and are being assembled with the engines. The main equipment is expected to be delivered on site in Q3 2022.

A 15-year PPA has been signed with Axpo, a Swiss utility, offering substantial flexibility in commercialisation while providing high predictability of cash flows. The long-term offtake arrangement for the purified CO₂ is under negotiation.



US Clean Fuels Programme

The Company owns a majority interest in two operating terminal storage sites on the Texas Gulf Coast, a strategic aggregation hub for cross border (US/Mexico) product movements. The two terminal assets have a useful life of 35 years (29 years remaining) with fully availability-based contracted revenues. The terminals serve as a distribution point for clean, ultra-low sulfur fuels into the Mexican power and transportation markets. The combined capacity of the terminals is currently 525,000 bbls, however, the Company has committed a further US\$35m to fund the expansion of one of the assets, adding a further 340,000 bbls of tank storage capacity. The expansion is expected to be completed with Commercial Operational Date (COD) in late 2022.

After exceeding the financial performance expectations in 2021, the two terminals are well positioned to meet their 2022 budget as the assets benefit from inflation-linked availability contracts from its well-located site in South Texas, which is a key aggregation hub for Mexico US cross border product movements.

Given the increasing demand and serving needs of current tenants to increase storage volumes and unloading capacity, the Company committed a further US\$35m in December last year to fund the expansion of one of the terminal storage sites, to expand its combined capacity by 340,000 bbls to 865,000 bbls. The plans are being

executed without any delays or cost overruns and are expected to be fully operational by the end of the year.

The strong performance of the US terminals was driven by more focused management of the assets that identified further revenue streams and by originating more contracts for the use of the terminals.



Australia Solar PV Plus Battery Programme

As part of this programme, the Company has the majority interest in two operating solar PV sites totaling over 17MW in Queensland and South Adelaide. The next phase of this project is the construction of battery energy storage systems ("BESS"), allowing greater optionality to capture positive power price movements and prevent over-exposure to negative power prices.

The Australian market is unique in that it has one of the greatest renewable resources potential (land availability, wind and solar resources) but is starting from an energy mix that is dominated by coal fired power plants. This makes the transition one of the most challenging tasks around the world.

The increased cost of natural gas brought on by the Ukraine crisis combined with the retirement of key coal fired power plants during the period has had a material effect on the marginal price of power in the Australian market, leading to significantly increased revenues for the Dunblane solar PV site in Queensland. This volatility is likely to persist in the short to medium-term, as coal fired generation continues to be decommissioned and flexible generation and storage plays catch up with the build out of intermittent renewable power sources. This is likely to bode well for the Company's further investment in the country as the next stage of the programme involves the construction of the BESS.

During the six months, final investment decision ("FID") was reached on the implementation of BESS on the Mobilong solar PV site in South Australia. Our operating partners, Birdwood Energy are currently project managing the BESS implementation.



MARKET OUTLOOK

According to the US EIA, global energy demand is expected to increase by 47% over the next 20 years, and the amount of global energy capital investment required from 2020 to 2040 is estimated to be over US\$40tn.¹

Combined with the growth in energy demand, there is a fundamental and significant shift in the manner in which energy will be consumed. Technological advances in society, and a significant underpinning of ambitions to meet climate goals, have ensured that electrification of energy systems globally will be the biggest trend in energy demand and supply in the medium and longer term. Electricity is taking an ever-more central role to the lives of energy consumers, and indeed the reliability and affordability of electricity is set to become even more critical to all aspects of people's lives and well-being.

Electricity's share of the world's final energy consumption has risen steadily over recent decades and currently stands at 20%.² As the pace of climate-related energy transition picks up in the future years, it will account for around 50% of final energy use by 2050,³ according to the IEA. Given that electricity delivers useful energy

services better than other fuels, the contribution of electricity could be even higher than these numbers suggest.

Our view, in this new energy economy, is that the market for clean technology will continue to be a major area for investment and international competition, and secular events such as the cessation of exports of Russian oil and gas in light of the Ukraine conflict are unlikely to stop this momentum. The IEA estimates in their World Economic Outlook 2021, that if the world is on track to net zero emissions by 2050, then the annual market opportunity for manufacturers of wind turbines, solar panels, lithium-ion batteries, electrolyzers and fuel cells will grow tenfold to US\$1.2 trillion by 2050.

The Investment Adviser believes that GSEO is at the forefront of the private initiative involvement in the energy transition with a global focus to enable sustainable energy projects with long-term equity capital. The Company's global approach means its attention will be centered around different themes depending on the geography, as the energy transition means different approaches required in each market.

In the UK, we have progressed with investments in grid balancing initiatives. The advent of the Ukraine crisis, combined with unseasonably low wind yields, has brought to prominence the importance of grid firming activities provided in particular by gas-fired power plants in Q1 and Q2 of 2022. This has sent power prices skyrocketing and many renewable facilities who do not have fuel costs to bear have benefitted from windfall pricing exceeding their short run marginal costs for operating, when they are able to generate.

The commercial structure of the Company's investment in the UK CHP project ensures that the Company will benefit from the higher commodity prices, when the first plant comes online to generate power in Q1/Q2 2023, given the embedded power to gas price hedge in the PPA. We remain confident that the UK programme will contribute meaningfully to the grid stability required given the increased penetration of renewable power production in the market.

The need to improve Mexico's fuel mix remains strong and is expected to increase. The Mexican government will continue to push on the agenda to support state owned enterprises that control the fuel value chain and the power generation segment. These entities depend greatly on the ability to clean the domestic fuel to avoid environmental disasters of burning poorly refined fuels.

¹ International Energy Outlook 2021 published by the US Energy Information Administration.

² World Energy Outlook 2021 published by the International Energy Agency.

³ International Energy Agency, Net Zero Emissions by 2050 Scenario.

In Brazil, the commitment to renewable energy penetration will continue to go from strength to strength. While the country goes into this year's election, both sides of the political spectrum continue to view the proliferation and benefits of distributed generation solar PV plants favourable. These plants will play a crucial role in supplying the Brazilian economy with clean and affordable energy at a time when electricity prices will continue to cause a lot of pain for Brazilian households. Like in some economies, inflation in Brazil

will continue to be high, putting some pressure on the currency although also contributing to the inflation-linked revenues for the Company's projects there.

The volatility caused by high commodity prices on the Australian energy market is likely to persist over the next couple of years. Until such time that sufficient renewable power, energy storage and gas-fired power generation enters the grid at scale, the market will experience significant peaks in power prices at

peak times, as coal plants continue to run off production and close. The outlook for the Company's investments therefore remains highly supportive, with the opportunity to install onsite battery storage at the next stage of development. This will ensure that the Australian assets will be able to access the 'duck curve' margin in energy arbitrage at peak times as well as participate in the ancillary services market, including frequency response.

NAV BRIDGE



The Company has seen positive movements in the portfolio during the period, driven by:

- The Australian solar assets which are positioned to take advantage of the energy transition. The latter part of June saw this transition come to light with persistent high energy prices resulting in the implementation of pricing caps.
- Four of the six Brazilian distributed solar sites have reached mechanical completion and started injecting power into the grid.
- Strong operational performance in the US terminal assets capturing trade flows from Mexico to the US and the expansion of the US terminal site nearing completion with finalisation of a contract with PEMEX at the end of June.

Despite increased interest rates, the positive movement from underlying asset performance has been reflected in increased valuations and distributions from the investments in the period.

Due to the long life of the assets with revenues that are linked to energy prices and inflation, over the valuation period the underlying currency exposure should be reflected in purchasing power parity. Therefore the Company does not enter into currency hedges for these long-term cash flows.

The USD, AUD and BRL have strengthened vs GBP in the period. This has resulted in positive movements in the valuation of assets, as asset valuations in underlying currencies are marked at spot at period end.

An interim dividend of 1.25p was declared on 5 May 2022 for the quarter ended 31 March 2022. The Company has reaffirmed the annual dividend target of 5p per Ordinary Share for the year beginning 1 January 2022.

Victory Hill Capital Advisors LLP

12 September 2022

Brazil Solar PV Programme

The Company committed US\$63m to fund the construction of 18 remote distributed solar generation sites across 10 Brazilian states with a total capacity of 75MW. Brazil is a key partner of the OECD. The projects involve building solar PV farms to supply energy to creditworthy commercial and industrial users, as well as large multinational corporations with operations in Brazil. The lengths of the contracts will be 20 years on average and inflation-linked. To date, six sites across five states are now complete following a period of construction. These sites represent approximately US\$13.7m and will be generating 18.7MWp.

The Brazilian market has been benefiting from the growth of distributed generation (DG) with its unique commercial model for this type of energy source. Brazil is taking advantage of its hydro power capacity that provides a natural balancing mechanism for the addition of intermittent renewable sources such as solar and wind.

Under this programme, the Company is positioned as one of the leaders in this segment with projects coming online and more projects being added to the programme.

The Investment Adviser's own monitoring provides oversight for the benefit of the Company. The team continually monitors the performance of the EPC companies employed and has the ability to enforce contractual protections if issues occur. As a result of this process, installation delays on some sites have been offset by financial penalties imposed on the EPC companies. Ensuring the quality of assets for a long and sustainable lifetime is core to this strategy.

From the first three batches already sanctioned, which involved 18 sites, COD for six sites has occurred through H1 2022. The remaining sites are expected to become operational by Q3 2022. A new batch is under due diligence to commence construction in this period as well and is anticipated to have a much shorter construction period as we implement lessons learned from the initial batches.

The developer and Victory Hill are continually looking for further value creation opportunities for the programme through further addition of new sites.



The Company's overarching investment strategy is to make sustainable energy infrastructure investments which drive the energy transition and are aligned with energy and infrastructure specific sustainable development goals (SDGs) including climate action (13), good health and wellbeing (3), and affordable and clean energy access (7).

The Company's investments tackle issues such as access to modern energy infrastructure, climate change and reducing the health and environmental impacts of polluting fuels.

SDG



INDICATOR

MWh of renewable energy produced displacing carbon intensive generation

Carbon dioxide equivalent avoided (TCO₂e) by displacing carbon intensive generation

Carbon footprint covering scope 1 & 2 operational emissions
Emissions Highlights

Tonnes of carbon monoxide (CO) avoided
Tonnes of nitrogen oxides (NOX) avoided
Tonnes of sulphur oxides (SOX) avoided
Tonnes of particulate matter (PM₁₀ and PM_{2.5}) avoided
Operational health and safety

DATA¹

Renewable Power generated from 1 January 2022.

11,666 MWh of renewable power was generated from the Australian and Brazilian assets displacing fossil fuel generation equating to **8,839** tonnes CO₂e avoided.

The predicted generation once portfolio is fully operation is 224,569 MWh.

The predicted avoided emissions for GSEO's portfolio once fully operational is 30,624 tonnes annually.

Portfolio carbon footprint since 1 January 2022 is **1,510** tonnes CO₂e.

75% reduction in Scope 3 truck emissions in Texas Terminal.

Tonnes of pollutive compounds removed by facilitating cleaner fuels in Mexico to half year.

CO: 117
NOX: 111
SOX: 11,285
PM₁₀: 575
PM_{2.5}: 428

Zero lost time injuries and incidents in portfolio operating assets.

¹ Generation data includes programme assets that came online pre June and does not constitute a full half year generation.

The investment goals are complemented by the Company's sustainability strategy, which is fundamental to their longer-term success. This includes taking responsibility for ESG impact of asset operations on stakeholders including communities, investors, the environment and operating partners and their employees.

The ESG context for each asset differs depending on sector, geography, and local attributes of operation. A materiality assessment of each asset in the portfolio identifies and prioritises ESG issues for mitigation and management. A sample of these

considerations is shown in the table below.

This assessment is informed by various international standards and benchmarks including the Global ESG Benchmark for Real Assets (GRESB) materiality process, the Sustainability Accounting Standards Board (SASB) sector standards, the UN principles on responsible investment, the International Finance Corporations (IFC) performance standards for projects as well as the SDGs.

Geographic risk analysis is informed by publicly available indices such as those produced by Transparency International, Walk Free, US State Department, Freedom House, Fund for Peace,

Climate Tacker, German Watch and the ILO labour statistics.

Direct engagement with the asset informs understanding of local risks and potential impacts such as biodiversity loss, community grievance and opportunities for providing employment and economic growth, as well as aptitude to control these risks through adequate operational policies and practices.

The ESG process informs sustainability action plans for asset management which focuses on engaging asset operating partners on priority risks and opportunities, and ensuring appropriate mitigating and management plans are in place.

ESG Considerations	Explanation
Greenhouse gas emissions	Report GHG emissions and avoidance and put in place reduction measures where necessary aligned with net zero goals.
Climate physical risk and vulnerability	Assess asset vulnerability to climate related physical risks and implement appropriate adaptation measures.
Energy	Manage and report on energy consumption and generation from non-renewable and renewable sources.
Air pollution	Measure and reduce air pollution from operations where applicable.
Hazardous substances	Disclose and mitigate the production or use of substances that can pose human health and environmental harm.
Water use and discharges	Use water efficiently and disclose the quantity and method of withdrawal and responsible disposal.
Waste	Implement a waste management hierarchy to promote reuse, recycling, and responsible disposal to minimise environmental impact.
Material sourcing and efficiency	Responsible sourcing accounts for the environmental and social impacts of the products and materials procured and their efficiency in use with the aim of limiting impacts in the value chain.
End of life management	Take a life cycle approach to management and consider the disposal and recyclability of equipment and plant at the end of life.
Biodiversity and habitat	Take a Do No Significant Harm approach to biodiversity and habitat and manage any impacts to ecologically rich areas from operations.
Health and safety	Manage hazards and risks to those that interact with the assets through operational health and safety policies, management plans, training, and reporting processes.
Employment	Engage employees through policies and benefits to support retention, and provide jobs and build capacity locally.
Inclusion and diversity	Policies and plans to promote diversity of boards and employees, equal opportunity and anti-discrimination, and reporting progress.
Forced or compulsory labour	Implement processes to prevent, identify and manage modern slavery risks to operations and value chains.
Community development	Take an active role in the local communities to mitigate any negative impacts and leave a positive legacy.
ESG oversight and resourcing	Appropriate resources to manage ESG related issues with effective reporting to the Board.
Cybersecurity and data protection	Protect information technology from unauthorised use or attacks, and to protect customer privacy and their data from misuse and theft.
Whistle-blower protection	Assets are expected to implement procedures to enable stakeholders to raise issues such as unethical and dangerous practices, and to protect those who do raise these issues.

“The Company considers the systemic ESG risks associated with infrastructure projects such as stakeholder health and safety, physical climate risk vulnerability and adaptation requirements, and supply chain.

Measuring the renewable energy generated and associated greenhouse gas emissions from investments is important to demonstrate their impact.”

THE EU SUSTAINABLE FINANCE DISCLOSURE REGULATION 2019/2088

SFDR was introduced by the European Commission as part of a package of legislative measures arising from the European Commission's action plan on sustainable finance.

The Company has sustainable investment as its objective as described above. Article 9 funds under SFDR are products that have a sustainable investment objective (“Article 9 Funds”).

SFDR imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants with Article 9 funds, with the regulation effective from January 2023. The aim is to standardise disclosures on how ESG factors are integrated into investment decision processes and how risks and impacts of those investments are managed in the European Union. SFDR requires disclosure of information on its website, in the pre-contractual information and in the periodic information provided to investors.

In anticipation of these requirements the Company has disclosed relevant information in the 2021 annual report, registration document, and the Investment Adviser Principal Adverse Sustainability Impact Statement (PAIS). This statement provides investors and interested parties with preliminary information on PAIS with a recognition that this statement will be amended so that it is compliant with SFDR and its implementing legislation from 2023.

The Investment Adviser considers principal adverse impacts of its investment advice on investment decisions and asset management. The material issues that may impact infrastructure investments and conversely the impacts they may have on stakeholders and the

environment will vary depending on asset characteristics and geographic location. The material principal adverse impacts and associated indicators measured may be specific to individual assets and may vary across the Portfolio. The Company considers the systemic ESG risks associated with infrastructure projects such as stakeholder health and safety, physical climate risk and vulnerability exposure and adaptation requirements, and supply chain. Measuring the renewable energy generated and associated greenhouse gas emissions from applicable investments is important to demonstrate the investment impact.

TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES

Under the TCFD framework the Company has previously reported on the risks and opportunities for its sustainable energy infrastructure investments in the 2021 annual report and accounts. Identifying physical climate risks and necessary adaptations to mitigate these is an important consideration in the Company's ESG materiality assessment.

For additional insight, the Investment Adviser contracted an expert third party sustainability consultant to conduct physical climate risk and vulnerability assessments (CRVA) for each of the Company's investments. The CRVA was conducted in accordance with the criteria of the EU Commission Delegated Regulation (EU) 2021/2139 which form the Technical Screening Criteria of the EU Taxonomy. Specifically, to accord with the requirements of Appendix A of the above regulation, the Generic Criteria for Do No Significant Harm to Climate Change Adaptation.

The CRVA was carried out using climate projections across different Representative Concentrations

Pathways used by the Intergovernmental Panel on Climate Change (IPCC) fifth assessment report (AR5). Climate modelling of regional impacts on the locations where each of the Company's assets are situated was used. The impacts of these changes were interpreted in order to understand the physical hazards the assets might experience over their lifetime. The sustainable energy infrastructure investments considered under the CRVA have expected lifespans greater than 10 years.

Vulnerability of the assets to projected climate related hazards was considered based on asset design standards, site locations and risk to climate related impacts as well as historic climate-related issues which may have been experienced in the region.

Adaptation solutions were identified based on the outputs of the CRVA. These adaptations show the resilience of the asset is improved to withstand such vulnerabilities. The most common hazards identified was the potential for wildfire or flood. All assets have appropriate drainage designed and in some cases enhanced to move excess water away from sites. All sites also have appropriate fire fighting equipment installed.

The Company also reports on energy generation and consumption and associated carbon emissions or avoidance. This year the Investment Adviser became signatory to the Net Zero Asset Managers Initiative and commissioned an external adviser to recommend a road map towards 2050 net zero goals for the Company portfolio.

The carbon intensity of the Company's portfolio is low. The Company predicts the majority of emissions that will require reduction by 2050 will be Scope 3. The Company will publish its net zero 2050 target and associated road map once construction investments are operational and it has a more accurate understanding of baseline emissions.

ESG update case studies

The asset sustainable action plans include commitments to resource and implement policies and plans on priority environmental, social and governance issues. This may include health and safety, responsible procurement, and waste and water management. Individual goals under a net zero target will also be included.



SOCIAL: RESPONSIBLE SOURCING

The energy transition will require many more minerals and metals as economies shift from fossil fuel dependent systems to material intensive stems. Ensuring social and environmental risk management of supply chains will be critical to facilitating a just transition. The solar and battery supply chains can be complex and opaque. The Company works with operating partners to understand and manage these risks.

The Australian solar farms operating partner implements a “supplier code of conduct” setting out expectations for socially and environmentally responsible procurement. This includes expectations to comply with labour standards with respect to health and safety, voluntary employment, child labour and young workers, working hours, wages and benefits, humane treatment, freedom of association and collective bargaining, labour hire, anti-discrimination, equality, diversity and community.

A third-party assessment of strategic suppliers, such as solar panel and battery companies checks that working practices and appropriate policies and procedures are in place. The Company does not work with suppliers blacklisted for poor working practices such as those backlisted by the U.S. Commerce Department, as part of

an effort to halt commerce connected to allegations of human rights violations against minorities.

In Brazil the construction of distributed solar sites is also demonstrating social impact. The direct jobs created is estimated at **344** communities.



ENVIRONMENTAL: RESPONSIBLE CONSTRUCTION

Construction commenced early in 2022 on the UK gas peaking with carbon capture and reuse investment. The Company works closely, through the Investment Adviser, with service providers and the EPC partner on responsible contracting practices including waste management and health and safety.

Despite a brownfield site the contractor engaged a wildlife expert to assess bird and bat populations and ensured any site clearance was done before nesting season. The site has suffered from fly tipping previously and this was responsibly disposed of, as well as water course improvement and mains grid connection was established to avoid diesel generator emissions.

The EPC is ISO certified for quality, health, safety and environmental management and is listed as a prequalified supplier including on HSE criteria under the Achilles. The Company recognises that responsible construction starts with selecting highly qualified partners.

The Company tracks performance on sustainability indicators with the EPC submitting monthly metrics on health and safety and environmental performance.



GOVERNANCE: ESG POLICIES

The Company ensures that all project partners have necessary policies and practices in place to ensure they operate ethically, sustainably and in accordance with all local laws and regulations.

The Investment Adviser has worked closely with the Brazilian solar farm operator to support development and roll out of environment, social and governance policies to ensure appropriate governance is in place to manage the priority risks and opportunities. All asset operating partners are required to implement policies covering various ESG topics as applicable to projects including biodiversity and habitat, manage health and safety, material sourcing, diversity and inclusion, conflict of interest and whistle blower protection. Partners are required to report overall performance surrounding their sustainability strategy.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge responsibility for the Interim Report and confirm that, to the best of their knowledge, these condensed financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position and profit of the Company, as required by DTR 4.2.4R. The Directors confirm that the Interim Management Report (including the Chairman's Statement and the Investment Adviser's Report) includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year, 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
- material related party transactions that have taken place in the first six months and any material changes in the related party transactions described in the last Annual Report.

The Directors of the Company are noted on page 45 of the Interim Report.

The principal risks and uncertainties associated with the Company's business include, but are not limited to, the risks listed below. Information on these risks and how they are managed is set out on pages 48 and 51 of the 2021 Annual Report.

The current global economic market volatility and the war in Ukraine have impacted the business in several areas as detailed in the Chairman's Statement and Investment Adviser's Report. However, in the view of the Board, the majority of the principal risks and uncertainties were unchanged over the last six months and remain applicable to the rest of the financial year.

Risks relating to the Company:

- Reliance on Investment Adviser
- Reliance on third party service providers
- Currency risks

Risks relating to the portfolio investment strategy:

- Illiquidity of investments

Risks relating to investments:

- Construction risks
- Due diligence
- Demand, usage and throughput risks
- Meteorology risks
- Counterparty risks
- Uninsured loss and damage
- Curtailment risks
- Commodity price risks

Risks relating to the Company's shares

- Discount to NAV

Risks relating to regulation

- Regulatory risks

Operational risks

- Operation and management risks of the portfolio of assets
- Valuation risks

Climate related risks

- Physical risks
- Transition risks

This Interim Report was approved by the Board of Directors and the above Responsibility Statement was signed on its behalf by:

BERNARD BULKIN
CHAIRMAN

12 September 2022

INDEPENDENT REVIEW REPORT

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 half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the Condensed Statement of Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Shareholders' Equity, Condensed Statement of Cash Flow and Notes to the Financial Statements.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). 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.

As disclosed in Note 2, the annual financial statements of VH Global Sustainable Energy Opportunities PLC are prepared in accordance with UK adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause VH Global Sustainable Energy Opportunities PLC to cease to continue as a going concern.

Responsibilities of Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of 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
London, UK

12 September 2022

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period 1 January 2022 to 30 June 2022

		For the six-month period ended 30 June 2022 (unaudited)			For the period from incorporation on 30 October 2020 to 30 June 2021 (unaudited)		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income							
Gains/(losses) on investments	5	–	20,708	20,708	–	(1,910)	(1,910)
Investment income	3	13,562	–	13,562	60	–	60
Total income and gains		13,562	20,708	34,270	60	(1,910)	(1,850)
Investment advisory fees	12	(1,569)	–	(1,569)	(973)	–	(973)
Other expenses		(315)	–	(315)	(572)	–	(572)
Profit/(loss) for the period before taxation		11,678	20,708	32,386	(1,485)	(1,910)	(3,395)
Taxation	4	–	–	–	–	–	–
Profit/(loss) for the period after taxation		11,678	20,708	32,386	(1,485)	(1,910)	(3,395)
Profit and total comprehensive income attributable to:							
Equity holders of the Company		11,678	20,708	32,386	(1,485)	(1,910)	(3,395)
Earnings/(loss) per share - basic and diluted (pence)	14	3.75	6.65	10.40	(1.00)	(1.29)	(2.29)

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 32 and 42 form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
	Note	£'000	£'000
Non-current assets			
Investments at fair value through profit or loss	5	190,542	159,618
Total non-current assets		190,542	159,618
Current assets			
Cash and cash equivalents	8	161,665	163,810
Other receivables	7	347	811
Total current assets		162,012	164,621
Total assets		352,554	324,239
Current liabilities			
Accounts payable and accrued expenses	9	(166)	(341)
Total current liabilities		(166)	(341)
Total liabilities		(166)	(341)
Net assets		352,388	323,898
Capital and reserves			
Share capital	10	3,116	3,116
Share premium		67,949	67,949
Special distributable reserve	10	232,467	232,467
Capital reserve		42,754	22,046
Revenue reserve		6,102	(1,680)
Total capital and reserves attributable to equity holders of the Company		352,388	323,898
Net asset value per Ordinary Share (pence)		113.09	103.95

The financial statements were approved and authorised for issue by the Board of Directors on 12 September 2022 and signed on their behalf by:

BERNARD BULKIN
CHAIRMAN

Company Registration Number 12986255

The notes on pages 32 and 42 form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As at 30 June 2022

For the six months ended 30 June 2022 (unaudited)	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance		3,116	67,949	232,467	22,046	(1,680)	323,898
Total comprehensive income/ (loss) for the period		-	-	-	20,708	11,678	32,386
Interim dividends paid during the period		-	-	-	-	(3,896)	(3,896)
Balance at 30 June 2022		3,116	67,949	232,467	42,754	6,102	352,388

For the period from incorporation on 30 October 2020 to 30 June 2021 (unaudited)	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance							
Issue of share capital	10	2,426	240,198	-	-	-	242,624
Cost of issue of shares	10	-	(4,698)	-	-	-	(4,698)
Transfer to special distributable reserve		-	(235,500)	235,500	-	-	-
Total comprehensive income/ (loss) for the period		-	-	-	(1,910)	(1,485)	(3,395)
Balance at 30 June 2021		2,426	-	235,500	(1,910)	(1,485)	234,531

A total of 311,589,799 Ordinary Shares were issued since its incorporation to 30 June 2022.

The capital reserve represents the unrealised gains or losses on the revaluation of investments. The unrealised element of the capital reserve is not distributable. The special distributable reserve was created on court cancellation of the share premium account. The revenue, special distributable and realised capital reserves are distributable by way of dividend.

The total distributable reserves as at 30 June 2022 were £238,569,770.

The notes on pages 32 and 42 form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the period 1 January 2022 to 30 June 2022

	Note	For the six-month period ended 30 June 2022 (unaudited) £'000	For the period from incorporation on 30 October 2020 to 30 June 2021 (unaudited) £'000
Cash flows from operating activities			
Profit before taxation		32,386	(3,395)
Adjustments for:			
Movement in fair value of investments	5	(19,816)	(736)
Operating result before working capital changes		12,570	(4,131)
Decrease/(increase) in prepayments and other receivables		464	(497)
Increase in interest receivables		-	(16)
(Decrease)/increase in accounts payable and accrued expenses		(175)	569
Net cash flow generated/(used) in operating activities		12,859	(4,075)
Cash flows from investing activities			
Purchase of investments	5	(11,108)	(49,462)
Net cash used in investing activities		(11,108)	(49,462)
Cash flows from financing activities			
Proceeds from issue of shares		-	242,624
Payment of share issue costs		-	(4,699)
Dividend paid in the period		(3,896)	-
Net cash generated/(used) from financing activities		(3,896)	237,925
Net (decrease)/increase in cash and cash equivalents		(2,145)	184,388
Cash and cash equivalents at beginning of the period		163,810	-
Cash and cash equivalents at end of the period	10	161,665	184,388

The notes on pages 32 and 42 form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. General information

VH Global Sustainable Energy Opportunities plc (the “Company”) is a closed-ended investment company, incorporated in England and Wales on 30 October 2020 and registered as a public limited company 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 and the AIFM have appointed Victory Hill Capital Advisors LLP as their Investment Adviser pursuant to the Investment Advisory Agreement dated 5 January 2021.

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

The interim condensed unaudited financial statements of the Company (the “interim financial statements”) are for the six-month period ended 30 June 2022 and comprise only the results of the Company, as its investment in VH GSEO UK Holdings Limited (“GSEO Holdings”) is measured at fair value through profit or loss in line with IFRS 10 as explained in Note 2.

2. Significant accounting policies

2.1 Basis of preparation

The condensed financial statements included in this Half Year Report have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Company’s annual financial statements for the year ended 31 December 2021 and are expected to continue to apply in the Company’s annual financial statements for the year ending 31 December 2022.

The Company’s financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, and in accordance with UK adopted international accounting standards.

The interim financial statements have also been prepared as far as is 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 April 2021 by the Association of Investment Companies (“AIC”).

The financial statements are presented in sterling, which is the Company’s functional currency and are rounded to the nearest thousand, unless otherwise stated.

The accounting policies, significant judgements, key assumptions and estimates are consistent with those used in the latest audited financial statements to 31 December 2021. These condensed financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and, therefore, do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2021. The audited annual accounts for the year ended 31 December 2021 have been delivered to the Registrar of Companies. The Auditor’s report thereon was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2.2 Review

This Half Year Report has been reviewed by the Company’s Auditor in accordance with the International Standard on Review Engagements (ISREs).

2.3 Going concern

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

The Company continues to meet day-to-day liquidity needs through its cash resources. As at 30 June 2022, the Company had cash balances of £161.7m, which are sufficient to meet current obligations as they fall due. Furthermore, the Company successfully raised a further £122m (net proceeds of £119.6m) through equity issuance post period end, increasing the Company’s cash balances to £281.3m.

The major cash outflows of the Company are deploying funds on remaining existing commitments, the payment of dividends and costs relating to the acquisition of new assets, where the latter two are discretionary, and the Company’s ongoing operating costs.

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

2. Significant accounting policies continued

2.4 Critical accounting judgements, estimates and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed regularly on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There have been no significant estimates, judgements or assumptions for the period.

2.5 Fair value estimation for investments at fair value

Fair value is calculated by discounting at an appropriate discount rate future cash flows expected to be received by the Company's intermediate holdings from investments. The discount rates used in the valuation exercise represent the Investment Adviser's and the Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rates are reviewed quarterly and updated, where appropriate, to reflect changes in the market and in the project risk characteristics. Details of the areas of estimation in the calculation of fair value are disclosed in Note 5.

2.6 Equity and debt investment in VH GSEO UK Holdings Limited

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

2.7 Basis of non-consolidation

The Company has adopted the amendments to IFRS 10 which state that investment entities should measure all of their subsidiaries that are themselves investment entities at fair value (in accordance with IFRS 9 Financial Instruments: Recognition and Measurement, and IFRS 13 Fair Value Measurement).

Being investment entities, the Company and its wholly owned direct subsidiary, VH GSEO UK Holdings Limited are measured at fair value as opposed to being consolidated on a line-by-line basis, meaning their cash, debt and working capital balances are included in the fair value of investments rather than the Group's current assets. The Directors have satisfied themselves that VH GSEO UK Holdings Limited meets the characteristic of an investment entity. VH GSEO UK Holdings Limited has one investor, the Company, however, in substance VH GSEO UK Holdings Limited is investing the funds of the investors of the Company on its behalf.

2.8 Segmental reporting

The Board is of the opinion that the Company is engaged in a single segment of business, being investment in Global Sustainable Energy Opportunities. The Company has no single major customer. The internal financial information is used on a quarterly basis to allocate resources, assess performance and manage the Company will present the business as a single segment comprising the portfolio of investments in energy efficiency assets. The financial information used by the Board to manage the Company presents the business as a single segment.

3. Investment income

	For the six-month period ended 30 June 2022			For the period from incorporation on 30 October 2020 to 30 June 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on cash deposits	476	–	476	60	–	60
Interest income from investments	1,979	–	1,979	–	–	–
Dividend income	11,107	–	11,107	–	–	–
Investment income	13,562	–	13,562	60	–	60

4. Taxation

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 tax for the period shown in the Condensed Statement of Comprehensive Income is as follows.

	For the six-month period ended 30 June 2022			For the period from incorporation on 30 October 2020 to 30 June 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(losses) for the period before taxation	11,678	20,708	32,386	(1,485)	(1,910)	(3,395)
Corporation tax at 19%	2,219	3,934	6,153	(282)	(363)	(645)
Effect of:						
Capital (gains) / losses not taxable	—	(3,934)	(3,934)	—	290	290
(Expenses) not deductible / income not taxable	(2,219)	—	(2,219)	282	—	282
Foreign exchange losses	—	—	—	—	73	73
Total tax charge for the period	—	—	—	—	—	—

5. Investments at fair value through profit or loss

As set out in Note 2, the Company designates its interest in its wholly owned direct subsidiary VH GSEO UK Holdings Limited as an investment at fair value through profit or loss at each balance sheet date in accordance with IFRS 13.

	As at 30 June 2022 (unaudited) £'000	As at 31 December 2021 (audited) £'000
Opening balance at beginning of the period	159,618	—
Additions during the period at cost	11,108	136,023
	170,726	136,023
Fair value movement on investments:		
Change in fair value of equity investments ¹	20,721	22,046
Change in interest on loan investments ²	(905)	1,549
Total fair value movement on investments	19,816	23,595
Closing balance	190,542	159,618

¹ The £20,708k in the Statement of Comprehensive Income and Statement of Changes in Equity includes both realised and unrealised gain/(losses) on investments. This amount is made up of the £20,721k in this note and a realised foreign exchange loss of £13k during the period.

² Change in interest on loan investments is the difference between amount of interest receivable as on 31 December 2021 and as on 30 June 2022. It shows reduction in value because of receipt of interest and change in discount rates during the period.

Valuation methodology

As disclosed on pages 92 and 93 of the Company's Annual Report for the year ended 31 December 2021, IFRS 13 "Fair Value Measurement" requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities ranges from level 1 to level 3 and is determined on the basis of the lowest level input that is significant to the fair value measurement. The fair value of the Company's investments is net asset value of VH GSEO UK Holdings Limited by calculating and aggregating the fair value of each of the individual investments in which the Company holds an indirect investment. Due to their nature, they are always expected to be classified as level 3 as the investments are not traded and contain unobservable inputs. There have been no transfers between levels during the six months ended 30 June 2022.

5. Investments at fair value through profit or loss continued

Valuation assumptions

The following economic assumptions were used in the valuation of operating assets.

Discount rates	The discount rate used in the valuations is derived according to internationally recognised methods. Typical components of the discount rate are risk free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as construction.
Power price	Power prices will be based on power price forecasts from leading market consultants.
Energy yield	Estimated based on energy yield assessments from leading technical consultants as well as operational performance data (where applicable).
Inflation rates	Long-term inflation is based on IMF inflation forecasted rates for the respective jurisdiction.
Asset life	In general, an operating life of 29 years for terminals and 25 years for solar PV assets 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 2022 (unaudited)		
Discount rate	United States Terminals	6.6%
	Australia operating PV asset	6.8%
	Brazil operating PV assets	10.7%
Long-term inflation*	United States	2.0%
	Australia	2.5%
	Brazil	3.0%
Remaining Asset Life	United States Terminals	29 years
	Australia operating PV asset	25 years
	Brazil operating PV assets	25 years
Exchange rates	GBP:USD	1:1.218
	GBP:BRL	1:6.402
	GBP:AUD	1:1.764

* Source: IMF. Inflation rates have been taken from IMF, which provides yearly forecasted inflation up to 2027. Long-term inflation rate refers to the 2027 projected rate. Short-term inflation volatility of up to 2027 has been accounted for in the valuation of operating assets.

Valuation sensitivity

As at 30 June 2022, the US terminals, one of the two solar PV assets in Australia and four of the eighteen remote distributed generation assets in Brazil are being measured using DCF valuation. The key sensitivities in the DCF valuation are considered to be the discount rate used in the DCF valuation and long-term assumptions in relation to inflation, operating expenses and asset life.

In line with IFRS 13, the fair value of one of the two solar PV assets in Australia is calculated as the acquisition price of the asset and the cash flows associated with the installation and operation of the BESS. This is the best estimate of valuation as the highest and best use of the asset would be when the BESS has been fully integrated with the solar plants.

5. Investments at fair value through profit or loss continued

The expansion of the US terminals, remaining Brazil Solar PV assets, and the UK Flexible Power, Carbon Capture & Reuse are in construction. 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 2022 that the cost basis should be impaired. For assets in construction, the Company has only sensitised the impact of foreign exchange fluctuations. A variance of +/- 10% is considered to be a reasonable range of alternative assumptions for foreign exchange.

The discount rate applied in the valuation of the operating assets are as per the table on page 35, 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 depends on the geographical location for assets in operation. These are disclosed in the table on page 35. A variance of +/- 0.5% is considered to be a reasonable range of alternative assumptions for inflation.

As at 30 June 2022				
	Base case	Change in input	Change in fair value of Investments £'000	Change in NAV per share Pence
Discount rate – US Terminals	6.6%	-0.5%	4,761	1.53
		+0.5%	(4,383)	1.41
Discount rate – AU Solar PV	6.8%	-0.5%	505	0.16
		+0.5%	(468)	(0.15)
Discount rate – BR Solar PV	10.7%	-0.5%	467	0.15
		+0.5%	(438)	(0.14)
Discount rate – All		-0.5%	5,733	1.84
		+0.5%	(5,289)	(1.70)
Inflation – US Terminals	2.0%	-0.5%	(4,249)	(1.36)
		+0.5%	4,597	1.48
Inflation – AU Solar PV	2.5%	-0.5%	(395)	(0.13)
		+0.5%	421	0.14
Inflation – BR Solar PV	3.0%	-0.5%	(358)	(0.11)
		+0.5%	366	0.12
Inflation – All		-0.5%	(5,003)	(1.61)
		+0.5%	5,384	1.73
Asset life – US Terminals	29 years	-1 year	(1,572)	(0.50)
		+1 year	1,501	0.48
Asset life – AU Solar PV	25 years	-1 year	(129)	(0.04)
		+1 year	150	0.05
Asset life – BR Solar PV	25 years	-1 year	(154)	(0.05)
		+1 year	143	0.05
Asset life – All		-1 year	(1,855)	(0.60)
		+1 year	1,793	0.58
Operating expenses – US Terminals	Per project	-5%	3,030	0.97
		+5%	(3,030)	(0.97)
Operating expenses – AU Solar PV	Per project	-5%	48	0.03
		+5%	(61)	(0.03)

5. Investments at fair value through profit or loss continued

As at 30 June 2022

	Base case	Change in input	Change in fair value of Investments £'000	Change in NAV per share Pence
Operating expenses – BR Solar PV	Per project	-5%	218	0.07
		+5%	(233)	(0.07)
Operating expenses – All		-5%	3,329	1.07
		+5%	(3,346)	(1.07)
FX (GBP:USD)	1.218	-10%	11,898	3.82
		+10%	(9,735)	(3.12)
FX (GBP:BRL)	6.402	-10%	5,221	1.68
		+10%	(4,272)	(1.37)
FX (GBP:AUD)	1.764	-10%	2,286	0.73
		+10%	(1,870)	(0.60)
FX – All		-10%	19,405	6.23
		+10%	(15,877)	(5.10)

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

6. Unconsolidated subsidiaries

The following table shows subsidiaries of the Company. As the Company is regarded as an investment entity, these subsidiaries have not been consolidated in the preparation of the financial statements. There has been no change in ownership structure since 31 December 2021.

Investments	Place of Business	Ownership interests as at 30 June 2022
VH GSEO UK Holdings Limited	United Kingdom	100%
Victory Hill Distributed Energy Investments Limited	United Kingdom	100%
Victory Hill Flexible Power Limited	United Kingdom	100%
Rhodesia Power Limited	United Kingdom	100%
Wellcape Land Limited	United Kingdom	100%
Victory Hill USA Holdings LLC	United States	100%
Victory Hill Midstream Investments LLC	United States	100%
Victory Hill Midstream Energy LLC	United States	100%
Motus T1 LLC	United States	100%
Motus T2 LLC	United States	100%
Victory Hill Australia Investments Pty Ltd	Australia	100%
Victory Hill Distributed Power Pty Ltd	Australia	100%
Port Pirie Solar Pty Ltd	Australia	100%
Dunblane Solar Pty Ltd	Australia	100%
Victory Hill Holdings Brasil S.A.	Brazil	99.99%
Energiea Itaguaí I Aluguel De Equipamentos E Manutencao LTDA	Brazil	100%
Energiea Itaguaí II Aluguel De Equipamentos E Manutencao LTDA	Brazil	100%
Energiea Itaguaí III Aluguel De Equipamentos E Manutencao LTDA	Brazil	100%
Energiea Nova Friburgo LTDA	Brazil	100%

6. Unconsolidated subsidiaries continued

Gera Solar SE LTDA	Brazil	100%
Gera Solar RN LTDA	Brazil	100%
Gera Solar PA LTDA	Brazil	100%
Gera Solar PB Energia LTDA	Brazil	100%
Gera Solar MS LTDA	Brazil	100%
Energea Palmas Geracao S.A	Brazil	100%
Energea Geracao de Projetos Minas Gerais LTDA	Brazil	100%
Energea Geracao de Projetos RJ LTDA	Brazil	100%
Energea Geracao de Projetos RJ II LTDA	Brazil	100%
Energea Vassouras VH Geracao LTDA	Brazil	100%
CGS Sao Paulo Locacoes LTDA	Brazil	100%

At 30 June 2022, the Company had one direct subsidiary and owned 100% of VH GSEO UK Holdings Limited. The Company owns investments in the other entities per the table above through its ownership of VH GSEO UK Holdings Limited. VH GSEO UK Holdings Limited owns 100% of Victory Hill USA Holdings LLC, Victory Hill Australia Investments Pty Ltd, Victory Hill Distributed Energy Investments Limited and Victory Hill Flexible Power Limited.

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

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

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

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

7. Other receivables

	As at 30 June 2022 £'000	As at 31 December 2021 £'000
Other receivables	67	811
Interest receivable on Money Market instruments	124	—
Prepayments	156	—
Total other receivables	347	811

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 2022 and 31 December 2021.

8. Cash and cash equivalents

	As at 30 June 2022 £'000	As at 31 December 2021 £'000
Cash at bank	27,948	92,094
Cash on deposit	133,717	71,716
Total cash at bank	161,665	163,810

Cash on deposit consists of funds held in a 32-day notice deposit account with Barclays Bank plc and money market instruments with State Street Corp.

9. Accounts payable and accrued expenses

	As at 30 June 2022 £'000	As at 31 December 2021 £'000
Accrued expenses	165	197
Other payables	1	144
Accounts payable and accrued expenses	166	341

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

10. Share Capital

Date	Issued and fully paid	Number of shares	Share Capital £'000	Share premium £'000	Special Distributable Reserve £'000	As at 30 June 2022 £'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	—
11 November 2021	Dividends paid	—	—	—	(3,033)	(3,033)
3 December 2021	Ordinary shares	68,965,518	690	69,310	—	70,000
3 December 2021	Share issue costs	—	—	(1,361)	—	(1,361)
30 June 2022		311,589,799	3,116	67,949	232,467	303,532

Post period end, the Company raised additional gross proceeds of £122m through the issue of 110,909,091 Ordinary Shares at an issue price of 110p per Ordinary Share.

In order to increase distributable reserves available for the payment of future dividends, the Company resolved on 5 January 2021 that, conditional upon admission and the approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the issue be cancelled and transferred to a special distributable reserve.

As stated by the Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Chartered Accountants in Scotland (ICAS) in the technical release TECH 02/17BL, The Companies (Reduction of Share Capital) Order 2008 SI 2008/1915 (the Order) specifies the cases in which a reserve arising from a reduction in a company's capital (i.e., share capital, share premium account, capital redemption reserve or redenomination reserve) is to be treated as a realised profit as a matter of law.

The Order also disapplies the general prohibition in Companies Act 2006 Section 654 on the distribution of a reserve arising from a reduction of capital. The Order provides that if a limited company having a share capital reduces its capital and the reduction is confirmed by order of court, the reserve arising from the reduction is treated as a realised profit unless the court orders otherwise.

Subsequently, following approval by the Court and registration of the cancellation with the Registrar of Companies, an amount of £235,499,532 was transferred to a special distributable reserve with effect from 13 April 2021, which can be utilised to fund distributions by way of dividends to the Company's shareholders.

11. Dividends

The Board of Directors of VH Global Sustainable Energy Opportunities plc announced an interim dividend of 1.25p per Ordinary Share of £3.9m with respect to the period 1 January 2022 to 31 March 2022, which was paid on 10 June 2022.

12. Transactions with AIFM, Investment Adviser and Related Parties

AIFM

The Company has entered into the AIFM Agreement with G10 Capital Limited (the AIFM) under which the AIFM has been appointed to act as the Company's alternative investment fund manager with overall responsibility for the risk management and portfolio management of the Company, providing alternative investment fund manager services and ensuring compliance with the requirements of the AIFM Rules, subject to the overall supervision of the Directors in accordance with the policies laid down by the Directors from time to time and the investment restrictions referred to in the AIFM Agreement.

The AIFM Agreement provides that the Company will pay to the AIFM a fixed monthly fee of £5,000, exclusive of VAT. The Company will also reimburse the AIFM for reasonable expenses properly incurred by the AIFM in the performance of its obligations under the AIFM Agreement.

The AIFM Agreement may be terminated by the Company or the AIFM giving not less than four months' written notice. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

The AIFM fees for the period ended 30 June 2022 amounted to £36,000 (including VAT) (for 30 June 2021: £35,784) and no amount was outstanding at the periods ended 30 June 2022 and 2021.

Investment Adviser

The Company and the AIFM have entered into an Investment Advisory Agreement with Victory Hill Capital Advisors LLP. Under the Investment Advisory Agreement, the AIFM and the Company has appointed Victory Hill as Investment Adviser to the Company and the AIFM.

Under the terms of the Investment Advisory Agreement, the Investment Adviser will (i) seek out and evaluate investment opportunities; (ii) recommend the manner in which investments should be made, retained and realised; (iii) advise the Company and the AIFM in relation to acquisitions and disposals of assets; (iv) provide asset valuations to assist the Administrator in the calculation of the quarterly Net Asset Value; and (v) provide operational, monitoring and asset management services.

The Investment Adviser is entitled to receive from the Company an annual fee to be calculated as percentages of the Company's net assets, 1% on the first £250m of NAV, 0.9% on NAV in excess of £250m and up to and including £500m and 0.8% on NAV in excess of £500m exclusive of VAT.

The Investment Advisory Agreement may be terminated on 12 months' written notice, provided that such notice may not be served before 2 February 2025. The Investment Advisory Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

The Investment Advisory fees for the period ended 30 June 2022 amounted to £1,569,187 (including VAT) (for 30 June 2021: £972,849) of which none was outstanding (as of 30 June 2021: £198,236) and included in accounts payable and accrued expenses at the end of the period.

Directors

The Directors have been entitled to aggregate annual remuneration (excluding expenses) payable as follows:

	For the six-month period ended 30 June 2022 £'000
Bernard Bulkin OBE	35
Margaret Stephens	25
Richard Horlick	25
Louise Kingham CBE	25
	110

There has been no change in Directors' shareholdings since 31 December 2021. 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 2022, Directors' fees of £110,000 were paid (for 30 June 2021: £91,201) of which none was payable at the periods ended 30 June 2022 and 2021.

12. Transactions with AIFM, Investment Adviser and Related Parties continued

The Directors held the following beneficial interests in the Ordinary Shares of the Company as at 30 June 2022.

As at 30 June 2022		
	Number of Ordinary Shares held	% of Ordinary Shares in issue
Bernard Bulkin OBE	20,000	0.006
Margaret Stephens	10,000	0.003
Richard Horlick	200,000	0.064
Louise Kingham CBE	10,000	0.003

Other balances with related parties

The Company entered into intercompany loan agreements with VH GSEO UK Holdings Limited, which entered into further intercompany loan agreements with the following subsidiary companies.

Intercompany loans as at 30 June 2022 are listed below:

- Victory Hill USA Holdings LLC (USD 63,665,000)
- Victory Hill Australia Investments Pty Ltd (AUD 18,000,000)
- Victory Hill Flexible Power Ltd (GBP 7,800,000)

During the period ended 30 June 2022, the Company entered into intercompany loan agreements with Victory Hill USA Holdings LLC of US\$2,100,000 and Victory Hill Flexible Power Ltd of £7,800,000. Dividends of £11,107,272 were paid to the Company during the period.

13. Contingent liabilities and commitments

At 30 June 2022 the Company had no contingent liabilities (31 December 2021: nil).

In Brazil, the Company has a remaining commitment of £13.7m (31 December 2021: £13.0m) in the construction of remote distributed solar generation projects across ten Brazilian states with a total capacity of 75MW.

In Australia, the Company has a remaining commitment of £34.0m (31 December 2021: £34.0m) to acquire a portfolio of distributed solar generation assets with plans to build battery storage capacity in Australia in two tranches.

In the UK, in addition to a further £28m made on 26 May 2022, the Company has a remaining commitment £91.6m (31 December 2021: £71.9m) to fund two Flexible Power plants which bring together high efficiency gas-fired turbine technology with carbon capture systems to provide a clean and flexible electricity solution for the United Kingdom, with a combined capacity of 45MW.

There are no remaining commitments to fulfill as at period end relating to the US terminals.

14. 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 2022. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current period.

	For the six-month period ended 30 June 2022			For the period from incorporation on 30 October 2020 to 30 June 2021		
	Revenue	Capital	Total	Revenue	Capital	Total
Earnings (£'000)	11,678	20,708	32,387	(1,485)	(1,910)	(3,395)
Weighted average number of Ordinary Shares	311,589,799	311,589,799	311,589,799	147,771,167	147,771,167	147,771,167
EPS (p)	3.75	6.65	10.39	(1.00)	(1.29)	(2.29)

15. Net asset value per share

Net asset value per share is calculated by dividing the net assets attributable to ordinary equity holders of the Company by the number of Ordinary Shares outstanding at the reporting date. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current period.

	Period ended 30 June 2022	Period ended 31 December 2021
NAV (£'000)	352,388	323,898
Number of Ordinary Shares	311,589,799	311,589,799
NAV per share (p)	113.09	103.95

16. Post balance sheet events

On 1 July 2022, the Company successfully raised a further £122m through equity issuance. The proceeds raised will be used to invest in a number of potential sustainable energy infrastructure investments. The Investment Adviser is confident that the Company would be able to invest or commit substantially all of the net proceeds from the recent issue in the next three to six months.

On 4 August 2022, the Board approved a dividend of £5.3m equivalent to 1.25p per Ordinary Share. The record date for the dividend is 19 August 2022 and the payment date is 16 September 2022.

On 31 August 2022, the Company announced the acquisition of the Mascarenhas Hydro Electric Facility (the "Hydro Facility") in the state of Espírito Santo, Brazil for a total consideration of BRL 1,225mn comprised of BRL 800mn on closing subject to adjustments. The remainder is payable subject to the conditions established under the process of renewal of the Hydro Facility concession in H1 2027. The transaction closing is subject to customary regulatory approvals.

On 12 September 2022, the Company announced to acquire and build three fully-permitted solar PV sites for £21.2m as part of the existing £50m commitment to its Australian solar PV and storage investment programme (the "Australian Energy Transition Programme"). This relates to Phase III of the Australian Energy Transition Programme in respect of an initial three new solar PV sites of 5MW each, located in New South Wales.

ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Company presents alternative performance measures, “APMs”, which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company.

The APMs presented in this report are shown below:

Earnings per share

In addition to Note 14 above, the Board considers it appropriate to disclose an additional EPS figure for the comparative period, 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 in the comparative period.

	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)

Premium/(Discount) to NAV

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

As at 30 June 2022	Page	
NAV per Ordinary Share (pence per share)	4	113.1
Ordinary Share price (pence per share)	4	109.5
Premium / (Discount) to NAV as at 30 June 2022 (%)		(3.2)

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 2022	Page	NAV	Share price
Opening as at commencement of operations on 2 February 2021	n/a	98.0p	100.0p
Closing as at 30 June 2022	4	113.1p	109.5p
Dividends paid to-date	n/a	2.50p	2.50p
Dividend adjustment factor	n/a	1.023	1.023
Adjusted closing	n/a	118.1p	112.1p
Total return (%)	4	18.1%	12.1%

Dividend cover

Dividend cover ratio calculation is based on net cash flows generated at the special purpose entities (“SPE”) adjusted for the Company level expenses and dividends paid by the Company.

Period ended 30 June 2022	Page	
Net cash flow generated at the SPEs (£'000)	n/a	4,137
Dividend cover	4	1.1x

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
Bbls	Barrels
COD	Commercial Operational Date
Company	VH Global Sustainable Energy Opportunities plc
Decentralised energy	Energy which is produced close to where it will be used, rather than at a large centralised plant elsewhere, delivered through a centralised grid infrastructure
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share
Dividend	Income receivable from an investment in shares
EPC	Engineering, procurement and construction
ESG	Environmental, social and governance
EU	European Union
Ex-dividend date	The date from which you are entitled to receive a dividend which has been declared and is due to be paid to shareholders
Financial Conduct Authority or FCA	The independent body that regulates the financial services industry in the UK
FiT	Feed-in Tariff
GAV	Gross Asset Value
Gearing	A way to magnify income and capital returns, but which can also magnify losses
GHG	Green House Gases
Investment Adviser/ Victory Hill	Victory Hill Capital Advisors LLP
Investment Company	A company formed to invest in a diversified portfolio of assets
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust

IPO	Initial Public Offering
MW	Megawatt
MWh	Megawatt Hour
MWp	Megawatt Peak
NAV per ordinary share	NAV divided by the number of ordinary shares in issue (excluding any shares held in treasury)
Net asset value or NAV	An investment company's assets less its liabilities
OECD	Organisation for Economic Co-operation and Development
Ongoing charge	The 'ongoing charges' ratio is an indicator of the costs incurred in the day-to-day management of the Company, expressed as a percentage of average net assets. This ratio calculation is based on Association of Investment Companies ('AIC') recommended methodology
Ordinary Shares	The Company's ordinary shares in issue
O&M	Operation and Maintenance
PPA	Power Purchase Agreement
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share
PV	Photovoltaic
ROC	Renewable Obligation Certificates
SDG	UN Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
Share price	The price of a share as determined by a relevant stock market
SPE	Special Purpose Entity
TCFD	Task Force on Climate-Related Financial Disclosures
Total return	Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price
WACC	Weighted Average Cost of Capital

KEY COMPANY INFORMATION

Company number: 12986255

Country of incorporation: England and Wales

Directors, Management and Advisers

Non-Executive Directors

Bernard Bulkin OBE (Chairman)
Richard Horlick
Louise Kingham CBE
Margaret Stephens

Registered office

6th Floor
Bastion House
140 London Wall
London
EC2Y 5DN

AIFM

G10 Capital Limited
4th Floor
3 More London Riverside
London
SE1 2AQ

Investment Adviser

Victory Hill Capital Advisors LLP
4 Albemarle Street
London
W1S 4GA

Joint Corporate Broker

Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

Joint Corporate Broker

Alvarium Securities Limited
10 Old Burlington Street
London
W1S 3AG

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

Depository

Apex Depository (UK) Limited
6th Floor
Bastion House
140 London Wall
London
EC2Y 5DN

Registrar

Computershare Limited
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Designed and produced
by Black&Callow
www.blackandcallow.com



Printed on FSC® certified paper.

