31 March
2021

Gresham House Renewable Energy VCT 1 plc

Half-Yearly Report for the six months ended 31 March 2021

Since 1857
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Specialist asset management

The 34.6MWp of renewable energy projects in the portfolio generated 8,097,596 kilowatt-hours of electricity over the 6 month period, sufficient to meet the annual electricity consumption of 2,300 homes. The Investment Adviser estimates that the carbon dioxide savings achieved by generating this output from solar and wind versus gas-fired power, are equivalent to what 4,700 mature trees would remove from the atmosphere.

Overview

Financial Statements

Other Information

Investment Objectives

Gresham House Renewable Energy VCT 1 plc (the "VCT") is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995. The VCT's principal objectives are to:

- invest in a portfolio of Venture Capital Investments, primarily in the UK, that specialise in long term renewable energy projects and energy developers;
- maximise tax free capital gains and income to Shareholders from dividends and capital distributions; and
- maintain VCT status to enable Shareholders to retain their 30% income tax relief on investment.

For more information visit
https://greshamhouse.com/real-assets/new-energy-sustainable-infrastructure/

Shareholder Information

Performance summary

	15 June 2021	31 March 2021 Pence	30 September 2020 Pence	31 March 2020 Pence
Net asset value per Ordinary Share		92.5	106.7	105.2
Net asset value per 'A' Share		0.1	0.1	0.1
Cumulative dividends*		57.1	51.3	51.3
Total Return*		**149.7**	**158.1**	**156.6**
Share Price – Ordinary (GV1O)	97.0p	97.0p	102.0p	104.0p
Share Price – A Shares (GV1A)	5.05p	5.05p	5.05p	5.05p

* for a holding of one Ordinary Share and A Share

Dividends

		Ordinary Shares	'A' Shares	Total
2011 Final	30 March 2012	3.5	–	3.5
2012 Final	28 March 2013	5.0	–	5.0
2013 Special	28 February 2014	7.3	3.7	11.0
2013 Final	28 March 2014	5.0	–	5.0
2015 Interim	18 September 2015	5.0	–	5.0
2016 Interim	16 September 2016	5.0	–	5.0
2017 Interim	15 September 2017	5.0	–	5.0
2018 Interim	14 December 2018	5.5	0.5	6.0
2019 Interim	20 December 2019	5.3	0.5	5.8
2020 interim	31 December 2020	5.3	0.5	5.8
		51.9	**5.2**	**57.1**

The next dividend is expected to be announced in November 2021 and paid in December 2021.

Dividends are paid by the registrar on behalf of the VCT. Shareholders who wish to have dividends paid directly into their bank account and did not complete these details on their original application form can complete a mandate form for this purpose. Forms can be obtained from Link Asset Services, whose contact details are shown on page 19.

Shareholder information is continued on page 18.

Chairman's Statement

I am pleased to present the Half-Yearly Report of Gresham House Renewable Energy VCT 1 plc ("the VCT") for the period ended 31 March 2021

Gill Nott
Chairman

Despite the pandemic, the Board, the Investment Adviser and other key service providers have continued to operate effectively throughout the various levels of lockdowns over the last six months. At the same time, the normal operation of the assets of the VCT have been largely unaffected by the pandemic in the period.

Overall performance in the first half of the year, which has a significantly lower contribution to annual performance than the second half of the year, has been below forecasts due to lower than forecast irradiation and legacy technical issues with the older ground-mounted solar assets. These technical issues have, at the time of writing, largely been resolved however the overall value of the portfolio has fallen by 7.9% mainly as a result of changes in taxation that are scheduled to be introduced from 2023, giving an overall NAV per 'pair' of shares of 92.6p per share as at 31 March 2021.

Despite the loosening of many restrictions in the UK, the COVID-19 pandemic continues to impact both the UK and global economies, however current power prices are now recovering from the historic lows experienced due to reduced demand caused by the slowdown in economic activity. The Government has proposed the introduction, from 2023, of a higher rate of corporation tax (from 19% currently to 25%) to help offset the considerable cost of the government fiscal intervention undertaken to support both individuals and business during the pandemic. It is largely this which has adversely impacted the valuation of the VCT.

Investment portfolio
At the period end, the VCT held a portfolio of 16 investments, which were valued at £28.0 million.

The portfolio is analysed (by value) between the different types of assets as follows:

Ground-mounted Solar	81.7%
Rooftop Solar	9.0%
Small Wind	3.1%
Non-renewable assets	6.2%

The Board has reviewed the investment valuations at the half-year and note that the valuation of the renewable assets has declined by £2.5 million, or 8.6%, This reduction is primarily due to future increases in corporation tax rates reducing the cash generated by the assets that will be available to pay to shareholders. The valuation has also been impacted by the lower irradiation over the period, combined with the older assets being turned off during repairs, reducing the cash generated by the assets in the half-year. Finally, there has been a reduction in the long term power price forecasts that also reduces the long-term expectations of earnings available to shareholders and therefore the value of the assets. The assumptions which underpin the valuation are provided by the Investment Adviser and the Board has satisfied itself as to the calculation methodology and assumptions. The discount rate range applied to the valuation of the assets is consistent with the rates used as at 30 September 2020 (range of 5.5% to 6.8%).

The VCT also holds two investments that are not in renewable energy. A follow-on investment of £12,500 was made into bio-bean Limited in October 2020, in order to support the company. bio-bean has experienced a difficult period which saw significant drops in waste coffee grounds, its key production input, from retail coffee outlets. However, as the economy opens up post pandemic it is expected that the company will be able to resume its growth path. The valuation of bio-bean has been held at cost at 31 March 2021 and a further investment of £67,500 is expected to be made into bio-bean by the end of the year. Rezatec, a company which offers surveys based on global data, has continued to grow despite the pandemic. Overall, the non-renewable energy assets' valuation has increased by 4.0%, or £0.1 million, in the six month period, driven by non-cash interest income accumulating on the preference shares in Rezatec. The non-renewable energy investments have been valued in line with the International Private Equity Valuation ("IPEV") Guidelines and are held at a value of £1.8 million.

Further detail on the investment portfolio is provided in the Investment Adviser's Report on pages 4 to 8.

Net asset value and results
At 31 March 2021, the Net Asset Value ("NAV") per Ordinary Share stood at 92.5p and the NAV per 'A' Share stood at 0.1p, producing a combined total of 92.6p per "pair" of Shares. The movement in the NAV per share during the half-year is detailed in the table below:

	Pence per 'pair' of shares
NAV as at 1 October 2020	106.8
Less payment of interim dividend on 31 December 2020	(5.8)
Less valuation decrease	(8.4)
NAV as at 31 March 2021	92.6

Total dividends paid to date for a combined holding of one Ordinary Share and one 'A' Share stand at 57.1p (September 2020: 51.3p). The NAV Total Return (NAV plus cumulative dividends) has decreased by 5.3% in the six months and now stands at 149.7p excluding the initial 30% VCT tax relief, compared to the cost to investors in the initial fundraising of £1.00 or 70.0p net of income tax relief.

The loss on ordinary activities after taxation for the half-year was £2.1 million (March 2020: £1.5 million), comprising a revenue profit of £229,000 (March 2020: loss of £313,000) and a capital loss of £2.3 million (March 2020: capital loss of £1.2 million) as shown in the Income Statement on page 9.

Dividends
On 3 December 2020, the Board declared dividends in respect of the year ended 30 September 2020 of 5.3133p per Ordinary Share and 0.4867p per 'A' Share. These dividends were paid on 31 December 2020 to Shareholders on the register at 11 December 2020.

Annual General Meeting (AGM) and results of Continuation Vote
The VCT's tenth AGM was held on 22 March 2021 at 11.00 a.m. and all resolutions were passed by way of a poll.

Resolution 5, which related to the continuation of the VCT as a venture capital trust for a period of five years, received significant opposition from shareholders. Although Resolution 5 has formally passed, the equivalent vote for VCT 2 did not achieve the required majority to pass. As the two VCT's work closely together and for a number of reasons (e.g. VCT compliance, structure of the underlying companies etc) this VCT cannot stand alone. This situation therefore requires VCT 1 to also draw up proposals for voluntary liquidation, reconstruction or other re-organisation for consideration by the members in a General Meeting to be held within four months of the AGM.

The Board is currently undertaking a thorough review of the strategic options available to the VCT, monetisation opportunities in the market for the VCT's assets and the appropriate proposals to deliver value to Shareholders. The Board is working to devise the best possible proposals to put to Shareholders at the upcoming General Meeting, seeking to maximise the return to Shareholders whilst preserving the tax position of those who participated in the more recent fundraisings.

The General Meeting will be held on 13 July 2021 at 12.30 p.m. at the offices of Gresham House Asset Management Limited, Octagon Point, 5 Cheapside, London EC2V 6AA. Due to COVID-19 social distancing guidelines, Shareholders are strongly discouraged from attending the General Meeting in person and are encouraged to vote via proxy in advance of the meeting.

Share Buybacks
The Board has decided that the VCT will not be buying in Shares for the foreseeable future as highlighted in the Annual Report, as the VCT needs to conserve such cash as it generates for the running of the VCT and the payment of dividends.

The Board is however aware that from time to time some Shareholders may wish to realise part or all of their investment and has therefore taken steps to try to ensure that there is a liquid market in the VCT's shares. Shareholders considering selling their Shares should contact the broker for the VCT, whose details are shown on the Shareholder Information page.

Outlook
While COVID-19 presents an unprecedented challenge to the country and to the economy, the impact of COVID-19 on the operational performance of the VCT's assets has been relatively limited. The nature of the majority of investments held by the VCT, fixed assets with long term contracts and subsidies, are not reliant on significant human or other resources for daily operations. This limits the vulnerability of the portfolio's operational performance to disruptions caused by the COVID-19 pandemic and any potential fall-out from Brexit. The repowering of two of the VCT's assets that had suffered significant performance declines due to age was successfully completed after some delay due to the pandemic, performance has now improved strongly and this has further reduced the assets' reliance on human resources. The VCT's key direct service providers, the Investment Adviser and the Administrator, are all well-resourced and UK based.

The Board believes that the long-term outlook for the portfolio, as a whole, remains positive, with returns from the installed base of assets expected to continue to generate steady cash flows. The market continues to value renewable energy assets, and in particular assets with inflation-linked subsidies, highly, and this bodes well for the process the Board is running to determine the best path for achieving value for shareholders.

Gill Nott
Chairman
18 June 2021

Investment Adviser's Report

Portfolio Highlights

Gresham House Renewable Energy VCT 1 plc (the "VCT") remains principally invested in the renewable energy projects that it has owned for nine and a half-years on average. The balance of the portfolio are VCT qualifying venture capital investments.

93.8% of the value of the portfolio derives from assets that generate renewable electricity. Solar power plants represent 90.7% of total value, and 96% of total generating capacity. Wind assets represent 3.1% of portfolio value and 4% of generating capacity. The two venture capital investments represent 6.2% of the value of the portfolio.

The solar assets are relatively old compared to other solar farms across the UK. Whilst that means that they were relatively expensive to build, as newer assets benefit from technical improvements and significant reduction in capital expenditure over the years, the portfolio benefits from some of the highest levels of government incentives that were available in the early years of the renewables sector to encourage the build out of renewable energy generation in the UK. In the 6 month period 85% of the renewable energy portfolio's gross revenues were government-backed incentives (£2,338,840), a further 5% (£140,496) were from inflation linked contracts and only 10% of gross revenues (£277,236) were exposed to the market price of electricity.

During the 6-month period, initial relaxation of lock-down in Autumn 2020 allowed some of the repairs and maintenance work, delayed during the first lock-down's working and travel restrictions, to be completed. This also allowed the preparation and start of projects to repair and replace older equipment that had suffered significant performance issues as it aged. These projects have progressed well during the early months of 2021 and so the Investment Adviser expects that the performance issues experienced last summer should not recur. The works to replace older, obsolete equipment with newer, more reliable equipment requires that the relevant sites have to be partially or totally switched off whilst the work is carried out. The works were performed during the winter months when solar irradiation is lowest and so the revenue impact of the works is minimised.

As a result of the expenditure required to combat the pandemic, last year the Government reversed the cuts in corporation tax that were set to apply from 1 April 2020, which would have reduced the corporation tax rate from 19% to 17%. In the March 2021 Budget, it was confirmed that the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. This will obviously have a significant and adverse impact on the post-tax cash flows available for the portfolio to distribute to the VCT going forward.

An annual dividend of 5.8p (5.3133p per Ordinary Share and 0.4867p per A Share), £1.5 million in total, was paid on 31 December 2020.

Portfolio Composition

Portfolio Composition by Asset Type and Impact on NAV

The portfolio is split out by asset type as well as the type of government incentive that supports the revenue. The Feed-in-Tariff ("FiT") provides accredited installations generation tariff, a payment for every unit of renewable electricity generated, and an export tariff that provides a price floor for the sale of the electricity. The Renewables Obligation is a different support regime that provides renewable energy generators certificates ("ROCs") for generating units of electricity. Both FIT and ROC provide revenues that are linked to the Retail Prices Index ("RPI").

Portfolio Composition by Asset Type and Impact on NAV

		31 March 2021		30 September 2020	
Asset Type	**kWp**	**Value ('000)**	**% of Portfolio Value**	**Value ('000)**	**% of Portfolio Value**
Ground-mounted Solar (FiT)	20,325	£20,677	73.7%	£22,580	74.2%
Ground-mounted Solar (ROC)	8,699	£2,229	8.0%	£2,276	7.5%
Total ground-mounted Solar	***29,024***	***£22,906***	***81.7%***	***£24,856***	***81.7%***
Rooftop Solar (FiT)	4,304	£2,513	9.0%	£2,696	8.9%
Total Solar	***33,328***	***£25,419***	***90.7%***	***£27,552***	***90.6%***
Wind Assets (FiT)	1,275	£863	3.1%	£1,188	3.9%
Total renewable generating assets	***34,603***	***£26,282***	***93.8%***	***£28,740***	***94.5%***
Venture Capital Investments	N.A.	£1,756	6.2%	£1,688	5.5%
TOTAL	**34,603**	**£28,038**	**100.0%**	**£30,428**	**100.0%**

The 34.6MWp of renewable energy projects in the portfolio generated 8,097,596 kilowatt-hours of electricity over the 6 month period, sufficient to meet the annual electricity consumption of 2,300 homes. The Investment Adviser estimates that the carbon dioxide savings achieved by generating this output from solar and wind versus gas-fired power, are equivalent to what 4,700 mature trees would remove from the atmosphere.

Portfolio Summary

Approximately 94% of the portfolio value is derived from the renewable generation assets, with 91% of the value coming from the solar assets. The value of renewable energy generating assets is determined by valuing the expected future cash flows from generating and selling electricity. With the majority of revenues being government backed and inflation linked, and with fixed costs, the valuation is impacted by:

- Renewable energy resources (solar irradiation or wind, as relevant);
- The performance of the assets in converting the resources into revenue (ie how the assets are performing, any outages, etc);
- The revenue per unit of energy generated; and
- The costs, including interest and tax, that are deducted from these revenues to leave the cash available to the VCT's.

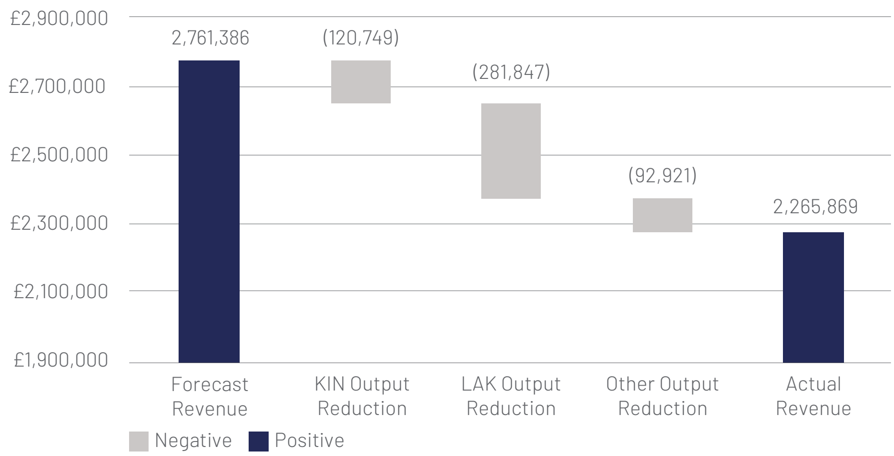
Looking at the largest asset class first, the solar portfolio performed as shown in the table below:

Asset Type	**Forecast Revenue**	**Actual Revenue**	**Revenue Performance**
Ground-mounted Solar (FIT)	£2,420,946	£1,928,392	79.7%
Ground-mounted Solar (ROC)	£340,440	£337,477	99.1%
Rooftop Solar	£340,019	£294,415	86.6%
TOTAL	**£3,101,405**	**£2,560,284**	**82.6%**

The most material revenue shortfall was suffered by the Ground-mounted Solar assets that benefit from the FiT. These are some of the oldest assets in the portfolio and, as noted at the year end, two of these sites Kingston Farm and Lake Farm in particular (of eight ground mounted solar FIT assets) had suffered age related performance issues last year. Both sites had major projects to replace failing and unreliable equipment over winter 2020/21. These sites are already showing clear improvements in both the performance and reliability whilst removing the reliance on overseas contractors. The Investment Adviser expects that in the second half of the financial year, over the summer when the majority of revenues are earned, the repairs performed on these assets will bring performance much more reliably back up to forecast levels.

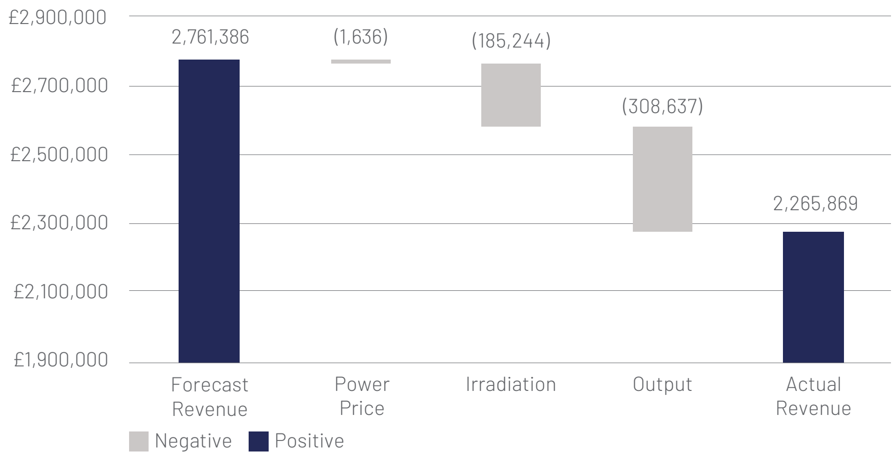
The chart below shows how the shortfall in revenue can be attributed largely to Kingston Farm (KIN in the chart) and Lake Farm (LAK).

Ground Mounted Portfolio Revenue Analysis (Output Reduction) 1 October 2020 – 31 March 2021



In terms of the total shortfall, whilst the majority of the revenue shortfall was from those two assets, it was not only attributed to taking the assets off-line for repairs. The portfolio also suffered a reduction in irradiation compared to plan, as shown below.

Ground Mounted Portfolio Revenue Analysis 1 October 2020 – 31 March 2021



This chart shows that even if Kingston Farm and Lake Farm had not been taken offline, impacting the output, the solar irradiation was lower than budgeted so there would still have been a revenue shortfall as a result of less solar resources.

Renewable Energy Resources

The half-year covered by this report is the winter period. The solar irradiation is therefore budgeted to be a low base relative to the summer period. Over the six months the irradiation was 93% of forecast, with October 2020 and January 2021 being particularly low. The stronger than projected irradiation in November and December was not sufficient to compensate.

Technical Performance of the assets

The revenue shortfall was a result of both lower than budgeted irradiation but also lower technical performance in converting the available solar irradiation into electricity.

The key variance in the technical performance is from the ground-mounted solar (FIT) performance that was significantly behind budget. This is largely the result of technical issues and repowering works at Kingston Farm and Lake Farm (each solar farm with 4.98MW capacity). Each of these assets had central inverters that were state-of-the art when built in 2011, but which are now no longer the best technical solution for solar farms. These inverters suffered significant component breakdowns during the first lock-down. The plan to repower them was therefore brought forward and the works were carried out on both sites during the period. These older inverters have now been replaced with newer, more efficient and easier to maintain string inverters. The works were carried out over the winter months to minimise the impact of downtime.

The performance at Kingston Farm was 77% of budget, with Lake Farm at 51%. Between them, these assets represent over 34% of forecast generation and so this poor technical performance and the reduction in output during the repowering has been material overall. The Investment Adviser continues to review the performance of ageing components on a regular basis and is working with contractors to arrange for the replacement of the less reliable parts across all sites as required. Beechgrove, another ground-mounted FiT asset, used different equipment and designs from Kingston Farm and Lake Farm and so it has not suffered the same performance issues. However, the Investment Adviser is preparing for repowering this site as well in order to ensure its continuous performance.

Generation at the rooftop solar portfolio was 8% lower than forecast. Whilst irradiation cannot be cost effectively measured for the roof-mounted portfolio, one can assume that they also suffered from a reduction in irradiation similar to the 7% measured for the ground-mounted portfolio. However, the Investment Adviser is also aware of technical performance issues at several of these (small) sites. Access to residential properties has resumed during the half-year although a number of properties, with known issues, have not been visited as the residents are shielding. The Investment Adviser continues to work with the O&M contractors to secure access to the rooftop installations that are underperforming, to effect repairs as soon as possible.

The small wind portfolio continued to underperform. 26 turbines were identified as being uneconomical to repair and were handed over to the O&M contractor. The remaining small wind assets account for 4% of the portfolio in terms of capacity and 3% by value.

Revenue per kilowatt hour of renewable energy generated

The UK government has used several mechanisms to encourage investment into renewable energy generation, including the Feed in Tariff ("FIT") and Renewables Obligation Certificate ("ROC") support mechanisms.

The VCT's renewable assets benefit from these schemes which provide revenues predominantly linked to the Retail Price Index ("RPI"). As the costs, and perceived risks, of building new renewable energy generating capacity have fallen, so have the value of the incentives offered for new installations. For example, an asset that generates electricity from solar power that was commissioned and accredited for the FIT before the end of July 2011 currently receives over 39 pence for every kilowatt hour (kWh) of electricity it produces (with the added extra of a floor price support to ensure it may also sell this power at a reasonable price). The incentives for new capacity have fallen consistently since the assets owned by the VCT were commissioned, and new solar installations built today receive no such incentives and must rely on selling power for their income.

During the 6 month period, the average spot price (day ahead) price of power was 5.97 pence per kWh so a new asset selling power at the spot price would earn 5.97 pence less amounts paid to Power Purchase Agreement counterparties, whereas an older solar asset, like some of those owned by the VCT, could earn a minimum of 3.9 pence per kWh (the export tariff under the FiT regime that asset owners could choose to opt for in lieu of selling the power at market rates) for exporting the power plus 39.28 pence per kWh FiT generation revenue. The support and RPI linkage of gross revenues is shown in the chart below.

Total Revenue	£2,756,572	100.00%
FIT	£2,140,430	77.65%
ROC	£198,410	7.20%
Export Fixed	£57,807	2.10%
Export Variable	£242,698	8.80%
Private Wire	£82,689	3.00%
Other (Variable)	£34,538	1.25%

In the 6 month period, £2,338,840 or 85% was earned from government backed incentives for generating renewable electricity (£2,140,430 of generation revenue provided under the FIT and £198,410 from ROCs). A further £140,496 is inflation linked, either through the FIT export floor price for selling electricity or contracts for the sale of electricity, taking the government backed and RPI linked revenues to 90% of total.

Operating Costs

The vast majority of the cost base is fixed and/or contracted and includes rent, business rates, and regular operations and maintenance (O&M) costs as the major categories.

The main cost item that shows variability from year-to-year is repair and maintenance costs. Repair and maintenance spend involving solar panels and inverters, the key components of a solar project, is covered by the maintenance reserves. These reserves have been used to pay for the repowering of the Kingston Farm and Lake Farm assets during the period. Other repair and maintenance costs which have continued to be higher than initially expected involve the small wind portfolio. The Investment Adviser is focused on repairing those assets where there will be a positive payback, and where not possible disposes of the turbines as cost effectively as possible.

Venture capital investments

The VCT also holds two qualifying venture capital investments, bio-bean Limited and Rezatec Limited.

bio-bean

The VCT has invested £627,500 into bio-bean by way of both equity and debt instruments. This is valued at cost and represents 2.2% of the portfolio.

bio-bean sources waste coffee grounds from major retail coffee chains by offering the cheapest and most sustainable avenue for disposing of them. bio-bean then converts these into pellets for combustion in biomass-fed energy generators or coffee logs for use in wood burning stoves which it sells through large supermarket and home improvement chains as well as online. Natural Coffee Extract for use in the food industry is also produced from the waste coffee grounds. bio-bean has identified a new business area – the sale of dried waste coffee grounds to industrial applications where improved sustainability credentials are sought. One example for this is the manufacturing of brake pads for automotive applications.

The extended lockdowns during the period have adversely impacted on the business as the availability of coffee grounds from retail chains was significantly reduced. Management have diversified the sources of feedstock for the plant but it will ultimately require coffee shops to reopen to get back on track. Management used appropriate government support mechanisms and the company raised further investment from existing investors to provide extended runway. Having proven the improved efficiency of the plant and machinery purchased with the VCT's investment, having identified new, potentially higher margin applications for dried waste coffee grounds, and also having progressed with its advanced biochemicals business, the company expects to return to growth and move towards profitability should reliable sourcing of waste coffee grounds resume. The company is in the process of closing a funding round that should, on its current modelling, help take it to profitability.

Rezatec

The VCT has invested £1 million in Rezatec Limited, a software developer that applies Artificial Intelligence based algorithms to a range of earth observation data sources (satellite imagery, soil data, weather data, topographic data etc.) to infrastructure verticals. Access to the platform is sold, on a subscription-basis, to commercial forestry operators for inventory management (analysis of current state of forest assets) and as an ongoing monitoring tool, to utility infrastructure owners for water pipeline, hydroelectric dam and power transmission network risk analyses, and to agriculture companies processing crops, for yield and logistics optimisation.

The general world-wide move towards sustainability that is gathering pace, is likely to assist Rezatec in its growth as its offering enables its clients to cut the environmental footprints of their operations and increase the yield of their assets.

Rezatec has continued to perform to expectations during the period and so it is valued at £1.1 million which represents 4.0% of the portfolio.

Portfolio Valuation

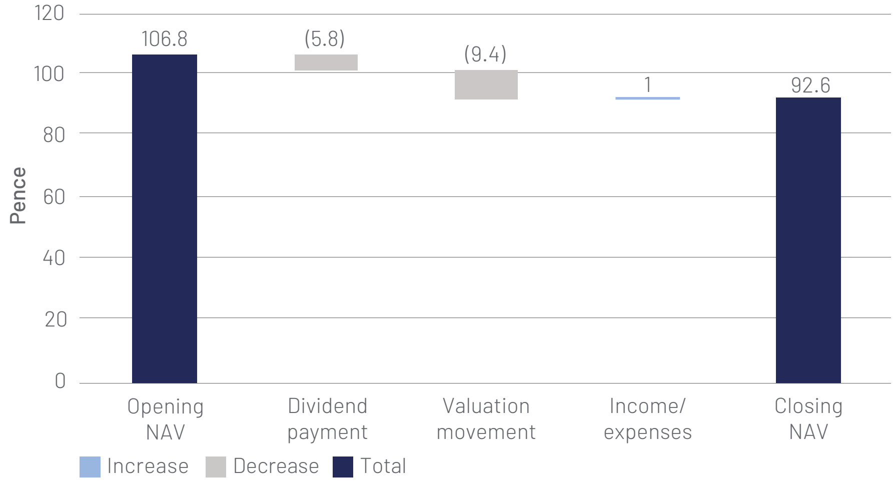
The Net Asset Value ("NAV") of the portfolio is comprised of the valuation of future projected cash flows generated by the renewable energy assets, as well as the cash held by the companies in the portfolio and the cash held by the VCT and also includes the value of the investments in bio-bean and Rezatec. The total return is the value of the assets and the cash that has been distributed to shareholders since launch.

This half-year's movements in the value of the portfolio are detailed below.

- Technical performance. As noted above, the performance of Lake Farm and Kingston Farm assets was well below budget, largely as a result of these assets being turned off to effect the repowering. Going forward, these assets should be much more reliable.
- Power prices. Whilst only 10% of the revenue is exposed to market prices for power, the relatively low power prices during the period caused a reduction in value of £500,000.
- Corporate tax. In the first half of the last calendar year the corporation tax assumptions were amended from 17% back up to 19%. In this period the corporation tax assumed from 2023 onwards increases to 25%. This is a 31% increase in the effective tax rate and so significantly reduces the post tax earnings of the portfolio that may then be paid to the VCT as shareholder. This reduces the value of the portfolio by circa 6%. The Investment Adviser is working with tax advisers to the VCT and the portfolio businesses in order to ensure that the effects are mitigated as far as possible.
- Finally, cash generated by the portfolio was used to pay the dividends of £1.5 million during the half-year as well as VCT level expenses of £330,000. The payment of dividends means that the NAV will fall but the total return to shareholders increases by the same amount.

The NAV per 'pair' of shares has decreased from 106.8p at 30 September 2020, to 92.6p as a result of the above.

Movement in NAV per share from September 2020 to March 2021



Outlook

The Investment Adviser's immediate focus is to ensure that the repowering of the underperforming assets has resolved the historic performance issues. It is also reviewing all other assets to determine the optimal timing for any other repowering/repair works.

Wholesale prices continue to be monitored and the Investment Advisor actively seeks to lock-in higher prices when it can, in order to maximise revenues. Contractors are monitored to ensure that the assets are maintained to the highest standards and costs are controlled.

The Investment Adviser is also supporting the Board of the VCT in its strategic review, seeking to maximise the value of the portfolio should the assets be prepared for sale.

Gresham House Asset Management Limited
June 2021

Unaudited Income Statement

For the six months ended 31 March 2021

	Six months ended 31 March 2021			Six months ended 31 March 2020			Year ended 30 September 2020
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Total £'000**
Income*	521	–	521	86	–	86	256
(Losses)/gains on investments							
Unrealised	–	(2,280)	(2,280)	–	(1,134)	(1,134)	(629)
Realised	–	16	16	–	–	–	5
	521	(2,264)	(1,743)	86	(1,134)	(1,048)	(368)
Investment advisory fees	(115)	(38)	(153)	(125)	(42)	(167)	(320)
Other expenses	(177)	–	(177)	(274)	–	(274)	(424)
Loss on ordinary activities before taxation	229	(2,302)	(2,073)	(313)	(1,176)	(1,489)	(1,112)
Tax on total comprehensive income and ordinary activities	–	–	–	–	–	–	–
Loss attributable to equity Shareholders	229	(2,302)	(2,073)	(313)	(1,176)	(1,489)	(1,112)
Earnings per Ordinary Share	**0.9p**	**(9.0p)**	**(8.1p)**	**(1.2p)**	**(4.6p)**	**(5.8p)**	**(4.4p)**
Earnings per 'A' Share	**–**	**–**	**–**	**–**	**–**	**–**	**–**

* Income during the period is £520,583 (31 March 2020 £86,121). The dividend income has increased during HY21 due to cash movements from the underlying SPVs being paid as dividends in the period whereas these were movements in loan balances in the prior period.

The total column within the Income Statement represents the Statement of Total Comprehensive Income of the VCT prepared in accordance with Financial Reporting Standards ("FRS 102"). The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 (updated in October 2019) by the Association of Investment Companies ("AIC SORP").

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement as noted above.

Unaudited Balance Sheet

As at 31 March 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000	30 September 2020 £'000
Fixed assets				
Investments	9	28,038	29,953	30,428
Current assets				
Debtors		220	247	230
Cash at bank and in hand		54	8	57
		275	255	287
Creditors: amounts falling due within one year		(1,348)	(104)	(367)
Net current assets/(liabilities)		**(1,073)**	**151**	**(80)**
Creditors: amounts falling due after more than one year		(3,314)	(3,214)	(3,081)
Net assets		**23,651**	**26,890**	**27,267**
Capital and reserves				
Called up share capital		69	69	69
Share premium	8	9,541	9,541	9,541
Treasury Shares	8	(2,991)	(2,991)	(2,991)
Capital redemption reserve	8	3	3	3
Special reserve	8	4,171	5,714	5,714
Revaluation reserve	8	14,613	16,388	16,893
Capital reserve – realised	8	(1,448)	(1,343)	(1,426)
Revenue reserve	8	(307)	(491)	(536)
Equity shareholders' funds		**23,651**	**26,890**	**27,267**
Net asset value per Ordinary Share		**92.5p**	**105.2p**	**106.7p**
Net asset value per 'A' Share		**0.1p**	**0.1p**	**0.1p**
		92.6p	**105.3p**	**106.8p**

Unaudited Statement of Changes in Equity

For the six months ended 31 March 2021

	Called up Share capital £'000	Share Premium account £'000	Treasury Shares £'000	Special reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Capital Reserve – realised £'000	Revenue reserve £'000	Total £'000
As at 30 September 2019	69	9,541	(2,991)	7,257	17,522	3	(1,301)	(178)	29,922
Total comprehensive loss	–	–	–	–	(754)	–	–	(358)	(1,112)
Transfer of net realised gain to Capital reserve – realised	–	–	–	–	125	–	(125)	–	–
Transaction with owners									
Dividends paid	–	–	–	(1,543)	–	–	–	–	(1,543)
As at 30 September 2020	69	9,541	(2,991)	5,714	16,893	3	(1,426)	(536)	27,267
Total comprehensive loss	–	–	–	–	(2,280)	–	(22)	229	(2,073)
Transaction with owners									
Dividends paid	–	–	–	(1,543)	–	–	–	–	(1,543)
As at 31 March 2021	**69**	**9,541**	**(2,991)**	**4,171**	**14,613**	**3**	**(1,448)**	**(307)**	**23,651**

Unaudited Statement of Cash Flows

For the six months ended 31 March 2021

	31 March 2021 £'000	31 March 2020 £'000	30 September 2020 £'000
Cash flows from operating activities			
Loss on ordinary activities before taxation	(2,073)	(1,489)	(1,112)
Losses/(gains) on investments	2,280	1,134	624
Decrease/(increase) in other debtors	9	26	43
Increase/(decrease) in other creditors	1,215	(43)	(12)
Net cash inflow/(outflow) from operating activities	1,431	(372)	(457)
Cash flows from investing activities			
Investments purchased at cost	(13)	(1,615)	(1,615)
Proceeds from sale of investments/loan note redemptions	122	100	135
Net cash inflow/(outflow) from investing activities	109	(1,515)	(1,480)
Net cash inflow/(outflow) before financing activities	1,540	(1,887)	(1,937)
Cash flows from financing activities			
Equity dividends paid	(1,543)	(1,543)	(1,543)
Proceeds from/(repayment of) loans	–	2,392	2,491
Net cash inflow/(outflow) from financing activities	(1,543)	849	948
Net decrease in cash	(3)	(1,038)	(989)
Cash and cash equivalents at start of period	57	1,046	1,046
Cash and cash equivalents at end of period	54	8	57
Cash and cash equivalents comprise:			
Cash at bank and in hand	54	8	57
Total cash and cash equivalents	54	8	57

Summary of Investment Portfolio and Movements

For the six months ended 31 March 2021

Investment Portfolio as at 31 March 2021

Qualifying and partially qualifying investments	Operating sites	Sector	Cost £'000	Valuation £'000	Unrealised gain/(loss) in period £'000	% of portfolio by value
Lunar 2 Limited*	South Marston, Beechgrove	Ground Solar	1,331	15,325	(1,576)	54.55%
Lunar 1 Limited*	Kingston Farm, Lake Farm	Ground Solar	125	2,211	(328)	7.87%
Ayshford Solar (Holding) Limited*	Ayshford	Ground Solar	1,308	1,699	7	6.04%
New Energy Era Limited	Wychwood Solar Farm	Ground Solar	884	1,921	169	6.84%
Vicarage Solar Limited	Parsonage Farm	Ground Solar	871	1,220	(167)	4.34%
Rezatec Limited	United Kingdom	Clean energy	1,000	1,128	54	4.02%
Hewas Solar Limited	Hewas	Roof Solar	1,000	733	(120)	2.61%
Gloucester Wind Limited	Gloucester	Roof Solar	1,000	942	(7)	3.35%
HRE Willow Limited	HRE Willow	Small Wind	875	431	(249)	1.54%
Tumblewind Limited*	Priory Farm	Small Wind/Solar	979	531	(54)	1.90%
bio-bean Limited	Cambridgeshire	Clean energy	628	628	12	2.23%
St Columb Solar Limited	St Columb	Roof Solar	650	481	(41)	1.71%
Minsmere Power Limited	Minsmere	Small Wind	975	293	(47)	1.04%
Penhale Solar Limited	Penhale	Roof Solar	825	356	(15)	1.27%
Small Wind Generation Limited	Small Wind Generation	Small Wind	975	139	(28)	0.50%
			13,426	28,038	(2,390)	
Cash at bank and in hand				54		
Total investments				28,092		100.0%

Investment Disposals

Qualifying and partially qualifying investments	Cost at 30 September 2020 £'000	Valuation at 30 September 2020 £'000	Additions in period £'000	Redemption of loan notes/sale proceeds in period £'000	Profit vs cost in period £'000	Realised Gain in period £'000
Engie EV Solutions Limited (formerly, ChargePoint Services Limited)**	–	–	–	16	16	16
Tumblewind Limited*	122	122	–	122	–	–
	122	122	–	138	16	16

* Partially qualifying investment
** Deferred consideration of £15,608 was received in February 2021, in relation to the sale of Chargepoint Services Limited in June 2019.

Notes to the Unaudited Financial Statements

1. General information

Gresham House Renewable Energy VCT 1 plc ("the VCT") is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales.

2. Accounting policies – Basis of accounting

The unaudited half-yearly results cover the six months to 31 March 2021 and have been prepared in accordance with the accounting policies set out in the annual accounts for the year ended 30 September 2020 which were prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and in accordance with the Statement of Recommended Practice ("SORP") "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies ("AIC") and revised in October 2019.

3. All revenue and capital items in the Income Statement derive from continuing operations.

4. The VCT has only one class of business and derives its income from investments made in shares, securities and bank deposits.

5. Net asset value per share at the period end has been calculated on 25,515,242 Ordinary Shares and 38,512,032 'A' Shares, being the number of shares in issue at the period end, excluding Treasury Shares.

6. Return per share for the period has been calculated on 25,515,242 Ordinary Shares and 38,512,032 'A' Shares, being the weighted average number of shares in issue during the period, excluding Treasury Shares.

7. Dividends

	Period ended 31 March 2021			Year ended 30 September 2020
	Revenue £'000	Capital £'000	Total £'000	Total £'000
Dividends paid				
2020 Interim Ordinary – 5.3133p	–	1,356	1,356	1,356
2020 Interim A – 0.4867p	–	187	187	187
	–	1,543	1,543	1,543

8. Reserves

	Period ended 31 March 2021 £'000	Year ended 30 September 2020 £'000
Share premium account	9,541	9,541
Treasury shares	(2,991)	(2,991)
Special reserve	4,171	5,714
Revaluation reserve	14,613	16,893
Capital redemption reserve	3	3
Capital reserve – realised	(1,448)	(1,426)
Revenue reserve	(307)	(536)
	23,582	27,198

The Special reserve is available to the VCT to enable the purchase of its own shares in the market without affecting its ability to pay dividends. The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves. At 31 March 2021, distributable reserves were £2,416,000 (30 September 2020: £3,752,000).

9. Investments

The fair value of investments is determined using the detailed accounting policies as referred to in note 2.

The VCT has categorised its financial instruments using the fair value hierarchy as follows:

Level 1 Reflects financial instruments quoted in an active market;

Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly; and

Level 3 Reflects financial instruments that use valuation techniques that are not based on observable market data (unquoted equity investments and loan note investments).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	31 March 2021 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	30 September 2020 £'000
Unquoted loan notes	–	–	1,838	1,838	–	–	1,960	1,960
Unquoted equity	–	–	26,200	26,200	–	–	28,468	28,468
	–	–	28,038	28,038	–	–	30,428	30,428

Reconciliation of fair value for Level 3 financial instruments held at the period end:

	Unquoted loan notes £'000	Unquoted equity £'000	Total £'000
Balance at 30 September 2020	1,960	28,468	30,428
Movements in the income statement:			
Unrealised loss in the income statement	–	(2,268)	(2,268)
Purchased at cost	–	–	–
Sales proceeds/redemption of loan notes	(122)	–	(122)
Balance at 31 March 2021	1,838	26,200	28,038

10. Risks and uncertainties

Under the Disclosure and Transparency Directive, the Board is required in the VCT's half-year results to report on principal risks and uncertainties facing the VCT over the remainder of the financial year.

The Board has concluded that the key risks facing the VCT over the remainder of the financial period are as follows:

(i) investment risk associated with investing in small and immature businesses;

(ii) market risk in respect of the various assets held by the investee companies;

(iii) failure to maintain approval as a VCT; and

(iv) economic risk due to the ongoing COVID-19 pandemic.

In order to make VCT qualifying investments, the VCT has to invest in small businesses which are often immature. The Investment Adviser follows a rigorous process in vetting and careful structuring of new investments and, after an investment is made, close monitoring of the business. The Investment Adviser also seeks to diversify the portfolio to some extent by holding investments which operate in various sectors. The Board is satisfied with this approach.

The VCT's compliance with the VCT regulations is continually monitored by the VCT Status Adviser, who reports regularly to the Board on the current position. The VCT has reappointed Philip Hare & Associates LLP as VCT Status Adviser, who will work closely with the Investment Adviser and provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations to a minimal level.

The Board, in conjunction with the Investment Adviser, continues to monitor the impact of the COVID-19 pandemic on the business and its potential long-term impact on the VCT's investments. Further detail on this is provided in note 11.

11. Going concern

In assessing the VCT as a going concern, the Directors have considered the forecasts which reflect the proposed strategy for portfolio investments, the current economic outlook and the results of the continuation vote at the AGM held on 22 March 2021.

Although the continuation vote was passed at the AGM, there were a significant number of votes against this resolution and the VCT's sister company, VCT 2, voted against continuation. As the two VCT's work closely together, this requires the VCT to draw up proposals for voluntary liquidation, reconstruction or other re-organisation for consideration by the members in a General Meeting to be held on 13 July 2021. If shareholders vote to wind-up the VCT, the liquidation process would take longer than twelve months from this reporting date and as this vote has not yet occurred, there has not yet been a formal decision on the future of the company. As such, the Board is satisfied that the VCT continues to be a going concern as there is currently no firm indication that the VCT will not continue in business for a period of at least twelve months from the end of this reporting period.

Furthermore, the Directors note that the VCT is well placed to continue to operate through the aftermath of the COVID-19 pandemic, as the VCT has sufficient liquidity to pay its liabilities as and when they fall due. The VCT's portfolio has a large proportion of long-term contracted revenues and despite government restrictions has been able to largely maintain normal commercial operations without significant disruption.

The Board confirms that it is satisfied that the VCT has adequate resources to continue in business for a period of at least twelve months from the end of this reporting period. The Board therefore believes that the VCT continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements

12. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies.

13. The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with the "Statement: Half-Yearly Financial Reports" issued by the UK Accounting Standards Board and the Half-Yearly Report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

14. Copies of the Half-Yearly Report will shortly be sent to Shareholders who have elected this communication preference. Further copies can be obtained from the VCT's registered office or can be downloaded from https://greshamhouse.com/real-assets/new-energy-sustainable-infrastructure/gresham-house-renewable-energy-vct-1-plc/

Shareholder Information

Selling shares
The VCT is not currently buying in shares as the VCT needs to conserve such cash as it generates for the running of the VCT and the payment of dividends. The Board reviews the buyback policy from time to time and may make changes if it considers that to be in the best interest of Shareholders as a whole. The VCT is only able to make market purchases of shares, so Shareholders will need to use a stockbroker to sell any shares. Disposing of shares is likely to have significant tax implications, so Shareholders are urged to contact their independent financial adviser before making a decision. If you are considering selling your shares or wish to buy shares in the secondary market, please contact the VCT's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure"). Panmure can be contacted as follows:

Chris Lloyd
0207 886 2716
chris.lloyd@panmure.com

Paul Nolan
0207 886 2717
paul.nolan@panmure.com

Notification of change of address
Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address, or other amendment, this should be notified to the VCT's registrar, Link Asset Services, under the signature of the registered holder.

Other information for Shareholders
Up-to-date VCT information (including financial statements, share prices and dividend history) is available on the Investment Adviser's website at:

https://greshamhouse.com/real-assets/new-energy-sustainable-infrastructure/gresham-house-renewable-energy-vct-1-plc/

If you have any queries regarding your shareholding in Gresham House Renewable Energy VCT 1 plc, please contact the registrar on the above number or visit Link's website at www.linkassetservices.com and click on "Shareholders and Investors" and then "Shareholder Services UK".

Company Information

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Stuart Knight
Duncan Grierson
David Hunter

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(calls cost 12p per minute plus network extras, lines open Monday to Friday 9:00 a.m. to 5:30 p.m.)

www.linkassetservices.com

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