THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

When considering what action you should take, you are recommended immediately to seek your own personal financial advice from an appropriately qualified independent adviser authorised under the Financial Services and Markets Act 2000.

If you have disposed of all your Ordinary Shares in the Company, please pass this document as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom you made the disposal for onward transmission to the purchaser or transferee. The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company that would permit an offer of the Ordinary Shares or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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Gresham House Energy Storage Fund PLC

(Incorporated and registered in England and Wales with company number 11535957 and registered as an investment company within the meaning of Section 833 of the Companies Act 2006)

Circular to Shareholders and Notice of General Meeting

relating to the recommended proposals to issue shares on a non-pre-emptive basis and certain amendments to the Company's investment policy

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Notice of a General Meeting of the Company to be held at 10 a.m. on Thursday, 19 November 2020 which will be held virtually via videoconference is set out at the end of this document. The proposals described in this document are conditional upon Shareholder approval of the Resolutions at the General Meeting. Shareholders are requested to complete and return their Form(s) of Proxy.

To be valid Forms of Proxy for use at the General Meeting must be completed and returned in accordance with the instructions printed thereon to the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event so as to arrive by not later than 10 a.m. on Tuesday, 17 November 2020.

DEFINITIONS

In this document the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

2021 AGM	the annual general meeting of the Company expected to be held in June 2021 or any adjournment thereof;
Act	Companies Act 2006, as amended;
Articles of Association	the articles of association of the Company in force from time to time;
Board	the board of Directors of the Company or any duly constituted committee thereof;
Business Day	any day on which banks are open for business in London (excluding Saturdays and Sundays);
C Share	a C share of £0.01 in the capital of the Company;
Company	Gresham House Energy Storage Fund PLC, together (as applicable) with its Subsidiaries from time to time or any one or more of them, as the context may require;
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001;
Directors	the directors of the Company or any duly constituted committee thereof;
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000;
DS3	the multi-year regime started by EirGrid plc and its subsidiaries titled "Delivering a Secure, Sustainable Electricity System";
EPC	engineering, procurement and construction;
ESS Project	a utility scale energy storage system, which utilises batteries and may also utilise generators;
ESS Project Company	a company or other legal person that owns an ESS Project, in which the Company will invest;
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST;
Form of Proxy	the form of proxy provided with this document for use in connection with the General Meeting;
GAV or Gross Asset Value	the value of the gross assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time;
General Meeting	the general meeting of the Company convened for Thursday, 19 November 2020 or any adjournment thereof;
GHE	Gresham House plc;
Gresham House Group	GHE and its subsidiaries, including the Manager;
Initial Offer for Subscription	the first offer for subscription of New Shares pursuant to a new share issuance programme (and forming part of the Initial

	Tranche);
Initial Placing	the first placing of New Shares pursuant to a new share issuance programme (and forming part of the Initial Tranche);
Initial Tranche	together, the Initial Placing and the Initial Offer for Subscription;
IRR	internal rate of return;
IPO Prospectus	the prospectus issued by the Company on 17 October 2018;
Latest Practicable Date	26 October 2020, being the latest practicable date prior to the publication of this document;
Manager	Gresham House Asset Management Limited;
Net Asset Value or **NAV**	in relation to an Ordinary Share, its net asset value, in relation to Ordinary Shares the net asset value per Ordinary Share multiplied by the number of shares of that class in issue (excluding, for the avoidance of doubt, any Ordinary Shares held in treasury), in relation to a C Share, its net asset value, in relation to C Shares the net asset value per C Share multiplied by the number of shares of that class in issue (excluding for the avoidance of doubt, any C Shares held in treasury) and in relation to the Company, the net asset value of the Company as a whole, in each case calculated in accordance with the Company's normal reporting policies from time to time;
New C Shares	new C Shares issued by the Company;
New Ordinary Shares	new Ordinary Shares issued by the Company or arising upon conversion of any C Shares issued by the Company;
New Pipeline	potential future direct and indirect investments that may be made by the Company in accordance with the Company's investment policy;
New Shares	New Ordinary Shares and/or New C Shares as the context requires;
Notice of General Meeting or Notice	the notice of the General Meeting as set out at the end of this document;
Ordinary Share	an ordinary share of £0.01 in the capital of the Company;
Portfolio	the Company's portfolio of Project Companies;
Proposals	the proposals set out in this document;
Project Companies	SPVs in which the Company has an interest from time to time which hold ESS Projects;
Resolutions	the ordinary resolutions and the special resolution as detailed in the Notice of General Meeting;
RIS	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
Shares	Ordinary Shares and/or C Shares of £0.01 each in the capital of the Company as set out in the Articles;
Shareholder	a holder of Shares;
Subsidiaries	a Subsidiary Undertaking from time to time ("Subsidiary

	Undertaking" having the meaning set out in section 1162 of the Act); and
Tranche	a tranche of New Shares issued under a new share issuance programme.

Gresham House Energy Storage Fund PLC

(Incorporated and registered in England and Wales with company number 11535957 and registered as an investment company within the meaning of Section 833 of the Companies Act 2006)

Directors:
John S Leggate CBE (Chair)
Duncan Neale
Catherine Pitt
David Stevenson

Registered Office:
The Scalpel, 18th Floor
52 Lime Street
London
England, EC3M 7AF

27 October 2020

To Shareholders
Dear Shareholder

Introduction
The Company seeks to provide Shareholders with an attractive and sustainable dividend over the long term by investing in a diversified portfolio of utility scale operational energy storage systems, which utilise batteries, located in Great Britain, Northern Ireland and the Republic of Ireland. The Company also seeks to provide Shareholders with the prospect of capital growth through the re-investment of net cash generated in excess of the Company's target dividend of 7.0p per Ordinary Share in each financial year*. In addition, capital growth may also arise as a result of yield compression, where the yield on comparable investment opportunities narrows relative to current levels.

As at the Latest Practicable Date, the total capacity of operational utility scale energy storage projects in the Company's Portfolio is 215MW, which is expected to rise to approximately 350MW by the end of 2020. The Company intends to build on its leading market share and significantly increase the size of the Portfolio over the coming 12 to 18 months to take advantage of the clear and compelling market opportunity for ESS Projects utilising batteries. The Company will seek to acquire up to an additional c.485MW of ESS Projects currently being progressed by the Manager (the "**New Pipeline**"), comprising approximately 400MW of new build ESS Projects based in Great Britain (subject to shareholder approval being granted at the General Meeting), 45MW of operational ESS Projects in Great Britain and a single approximately 40MW project in the Republic of Ireland.

In order to assist in financing the Company's New Pipeline, it is proposed that up to 250 million New Shares be issued by the Company over a 12 month period pursuant to a new share issuance programme. The Company currently expects to publish a prospectus in the near term to which New Shares may be issued. Any such New Ordinary Shares will be issued at a price determined by the Board and representing a premium to the last reported Net Asset Value per Ordinary Share at the time of the relevant allotment. Any such New C Shares will be issued at a price of £1 per C Share.

In order to facilitate the issuance of such shares in the future, the Company has convened the General Meeting in order to seek authority for the Directors to issue New Shares for cash on a non pre-emptive basis.

At the General Meeting, it is also proposed that the Company's investment policy be amended in order to enable the Company to apply up to 10 per cent. of GAV in financing the construction of ESS Projects that are not yet fully operational, including without limitation assets comprising the New Pipeline.

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* This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the number of New Shares issued pursuant to the share issuance programme under which the Company intends to issue New Shares in tranches, the Company's net income and the Company's ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in or increase their investment in the Company. See further "Risk Factors" in Part II.

This document sets out the background to and details of the Proposals, explains the reasons why the Board considers that the Proposals are in the best interests of Shareholders as a whole, and convenes the General Meeting at which the resolutions required to implement the Proposals will be proposed.

The Board is recommending that Shareholders vote in favour of the Proposals.

Background to the Proposals
Since launch the Company has delivered the following returns for Shareholders:

- the IPO Prospectus stated a target dividend of 4.5p per Ordinary Share in respect of the year to 31 December 2019 and 7p per Ordinary Share thereafter. The Company paid dividends of 4.5p in respect of the period running from its incorporation and ending on 31 December 2019. In 2020, the Company has so far declared three quarterly dividends of 1.75p each per Ordinary Share and the Board currently estimates a total dividend in respect of the year ending 31 December 2020 of 7p per Ordinary Share with the dividend expected to be fully cash covered during 2021*;

- the share price total return on the Ordinary Shares from launch to close of business on 26 October 2020 was 20.14 per cent.; and

- the Ordinary Shares have predominantly traded at a premium to NAV since launch, reflecting strong demand from investors for the Company alongside its peers in the wider London listed renewables sector. The premium to NAV was 15.65 per cent. as at the Latest Practicable Date.

A strong pipeline of new investment opportunities

The New Pipeline will either be exclusive to the Company, owned by the Gresham House Group, or exclusive to the Gresham House Group while due diligence is completed. Any ESS Project Companies owned by the Gresham House Group are held exclusively for the Company.

This represents an attractive network of projects which provides a portfolio which is diversified by asset and location.

The New Pipeline, subject to due diligence will comprise, in Great Britain:

- seven new-build projects which are all at least 50MW, and which as a minimum will have in place a completed lease, lease option, or agreement for lease, on satisfactory terms in relation to the land where that ESS Project is situated, a grid connection offer, full planning permission enabling the construction of a suitable ESS Project on the land that is leased or under option or agreement for lease, and an agreed form EPC contract or EPC management contract suite,

- two operational projects,

and in the Republic of Ireland:

- a single project which the Manager intends to operate in the DS3 tariff-uncapped regime, being the multi-year regime started by EirGrid plc and its subsidiaries.

If the funds are raised for the New Pipeline and all projects, including the existing projects, are delivered, the Company will own approximately 865MW of operational ESS Projects, with all but one of the projects being in Great Britain. The acquisition of ESS Projects forming part of the New Pipeline is subject to completion of satisfactory legal, technical and financial due diligence. There can be no guarantee that the Company will invest in, or commit to, these projects.

As a result of the Manager's ability to source attractively priced projects and efforts to drive best practice in relation to the design, contracting and other operational facets, the Manager expects,

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* This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the number of New Shares issued pursuant to the share issuance programme under which the Company intends to issue New Shares in tranches, the Company's net income and the Company's ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in or increase their investment in the Company. See further "Risk Factors" in Part II.

based on current market conditions, that the New Pipeline can be acquired by the Company at an improved IRR compared with the average achieved in relation to the existing Portfolio. The New Pipeline is, in the opinion of the Manager, therefore capable of being accretive to the Company's cashflow per share at a revenue level which is meaningfully lower than that required by the existing Portfolio.

The New Pipeline comprises ESS Projects which are intentionally designed as predominantly large-scale symmetrical, battery-only projects which will not use generation technologies. This approach is designed to maximise efficiency and minimise the impact on carbon emissions and the environment.

Going forward, the Company expects to take advantage of new planning legislation which allows ESS Projects larger than 50MW to have planning permissions granted and determined by local planning authorities. Before this change, which was announced by the Department for Business, Energy and Industrial Strategy in July 2020, ESS Projects larger than 50MW had to be approved by the Planning Inspectorate, the agency responsible for approving Nationally Significant Infrastructure Projects. The new legislation expected to reduce the barriers to development of larger storage facilities (>50MW) which would enhance the Manager's ability to maximise operational efficiencies across the Portfolio.

At 31 December 2019, the Portfolio stood at 174MW of operational capacity. Following the acquisitions of the Bloxwich (41MW), Thurcroft (50MW) and Wickham (50MW) projects, the extension of the Glassenbury project (10MW), and a further identified acquisition (25MW), the Portfolio is expected to double from its size at the end of 2019, reaching a total capacity of approximately 350MW, by the end of 2020. Meanwhile, Byers Brae (30MW) remains a work in progress targeting completion in Q1 2021.

Looking forward, the New Pipeline of c.485MW shown below for which the issuance of New Shares is intended together with additional opportunities which the Manager is evaluating, will allow the Portfolio to grow significantly, addressing the need for energy storage systems as renewable electricity penetration continues to rise.

The Manager is therefore confident of its ability to grow its pipeline and to maintain the growth of the Company as the requirement for batteries increases over time.

The New Pipeline for which funding is required

Project Name	Location	Capacity	Target Commissioning Date, if New-build / Target Acquisition Date, if Operational*
Project N	Nr. Chelmsford	10	Operational, Q1 2021
Project T	Newcastle	35	Operational, Q1 2021
Project G	Northampton	50	Q2 2021
Project E	Leicester	50	Q2 2021
Project P	Preston	50	Q2 2021
Project Emerald	Republic of Ireland	c.40	Operational, Q4 2021
Project D	Manchester	50	Q1 2022
Project M	Swindon	100	Q1 2022
Monet's Garden	North Yorkshire	50	Q1 2022
Lister Drive	Merseyside	50	Q1 2022

* Commissioning dates are indicative only and are based on available data from ongoing due diligence.

Total Pipeline Projects	**c.485**

Benefits of the issuance of New Shares

The Directors believe the issuance of New Shares will have the following benefits for Shareholders:

- The additional capital raised will enable the Company to take advantage of current and future investment opportunities thereby further diversifying its Portfolio;
- Acquiring ESS Projects forming the New Pipeline is accretive to the Company's cashflow per share based on base case revenue assumptions;
- An increase in the market capitalisation of the Company will help to make the Company more attractive to a wider investor base;
- It is expected that the secondary market liquidity in the Ordinary Shares will be further enhanced as a result of a larger and more diversified shareholder base;
- The Company's fixed running costs will be spread across a wider shareholder base, thereby reducing the ongoing costs ratio; and
- Any issuance of New Ordinary Shares will be undertaken at a premium to NAV which will enhance the NAV per existing Ordinary Share.

Proposed amendments to the investment policy
To date, the Company's investment policy has prevented the Company from investing in ESS Projects where construction is not substantially complete or from lending funds to ESS Project Companies other than for purchases of equipment. The Manager has advised the Board that in the Manager's view, it would be beneficial to the Company to amend its investment policy to allow the Company to acquire ESS Projects or rights to acquire ESS Projects which are ready to build that as a minimum have in place a completed lease, lease option or agreement for lease, on satisfactory terms in relation to the land where that ESS Project is situated, full planning permission enabling the construction of a suitable ESS Project on that land, a grid connection offer, and an agreed form EPC contract or EPC management contract suite ("**Ready to Build Projects**").

The Company would be allowed to acquire such Ready to Build Projects for a nominal upfront consideration provided that (i) any remaining consideration is paid by the Company only where construction is substantially complete and where such ESS Projects are capable of commercial operations, and (ii) the Company has a put option to transfer back the Ready to Build Projects to the seller in certain circumstances. The Investment Policy would also be amended to allow the Company to provide loan finance to Ready to Build Projects for payments under the EPC contract or EPC management contract suite which cannot be classed as being for equipment, provided that no more than 10 per cent. of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations) may be exposed in aggregate to any such loans.

The proposed amendments will allow the Company to benefit from a greater selection of projects and contractors, lower costs and less drag on income:

- *Greater selection of projects and contractors* – There are a limited number of operational assets on the market available for sale as the ESS market remains a nascent sector. For this reason, the Company has mostly focused on acquiring operational assets which have been taken through construction by the Gresham House Group, which, in turn, has taken development and construction risk so that projects could be acquired by the Company conditional on successful commissioning. As the Company is not currently permitted to provide loan finance unless it is for equipment purchases, this approach has substantially limited the number of EPC contractors that could be used by the Company.
- *Lower costs* - If the Company were permitted to take a degree of construction risk, it would be able to contract directly with a greater number of EPC contractors and avoid construction financing costs being incurred by the ESS Project Companies. The Manager has experience and expertise in contracting in this way. In certain instances, the Company expects to achieve further savings by harmonising the suite of contracts and insurances used, in a manner which doesn't increase risk.

- *Less drag on income* - During construction, the Company could mitigate cash drag by earning income, at up to a 15 per cent. rate of interest on loans provided to Ready to Build Projects.

The proposed amendments would also allow greater choice over the underlying ESS Projects, allowing the Manager to be more selective in the opportunities which it pursues on behalf of the Company. The ability to make milestone payments during construction also leads to greater selection of project rights as some pipeline is offered for sale with pre-agreed construction contracts in place.

Assuming Resolution 2 to be proposed at the General Meeting is passed, the Board and the Manager will adopt enhanced due diligence, review and approval processes and requirements to manage and mitigate the incremental risks arising as a result of the change in the Company's investment policy through the following:

- Detailed due diligence on the engineering contractor covering its track record in development, construction and operation of ESS Projects, with a focus on project management, health and safety, its staff and its financial strength.

- Reviewing the clauses of the EPC or EPC management contracts relating to the sharing of information and risk, including delays and safety, in the construction phase. Mechanisms bringing significant disincentives to delay and inadequate quality of design, construction, installation and commissioning will be implemented.

- Underlying contracts with individual suppliers and subcontractors to ensure that the quality of the equipment supplied and the quality of the installation and commissioning process is high, and that, where possible, payment terms align with the market and the progress of the work.

- Detailed due diligence on the project rights identifying risks to the construction phase such as limitations on road access, environmental requirements including noise and other pollution, and planning requirements and working practices designed to minimise or eliminate the impact on local residents and businesses.

In addition to the amendments set out above, minor amendments to the Company's investment policy are also being proposed in order to clarify it and to remove out-of-date references.

The existing investment policy and the existing investment policy marked-up to show the proposed changes are set out in Part I of this document.

The proposed amendments, which collectively constitute a material change of the Company's investment policy, require the approval of the Shareholders at the General Meeting.

The ordinary resolution numbered 2 to be proposed at the forthcoming General Meeting will, if passed, approve the adoption of the new investment policy set out in Part I of this document.

Recommended proposals to authorise the Board to issue Shares on a non-pre-emptive basis and to amend the Company's investment policy

The Directors have resolved to convene a general meeting on Thursday, 19 November 2020 (the "**General Meeting**") in order to seek Shareholder authority to issue further Shares on a non-pre-emptive basis and to amend the Company's investment policy.

Disapplication of pre-emption rights
In order to facilitate the issuance of New Shares, the Board has proposed resolution 1 as an ordinary resolution and resolution 3 as a special resolution in order to seek Shareholder authorities, in addition to the Company's existing authorities, for the allotment on a non-pre-emptive basis of up to 250 million New Shares in total comprising New Ordinary Shares and/or New C Shares. Assuming all the New Shares are issued as Ordinary Shares this would represent, approximately 52 per cent. of the Company's issued share capital as at the Latest Practicable Date. Any such New Ordinary Shares will be issued at a price determined by the Board and representing a premium to the last reported Net Asset Value per Ordinary Share at the time of the relevant allotment. Any such New C Shares will be issued at a price of £1 per C Share.

The Company intends to publish a prospectus in due course as required for the admission of the New Shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange for listed securities. The authority conferred by resolutions 1 and 3 will lapse on 19 February 2022. If the authority conferred by resolutions 1 and 3 is exhausted either before or after the 2021 AGM, the Directors intend to seek Shareholder authority to issue further Shares on a non-pre-emptive basis at one or more subsequent general meetings.

General Meeting

Meeting arrangements
Given the unprecedented circumstances surrounding the COVID-19 pandemic, the Board has decided to rely on the provisions of the Corporate Insolvency and Governance Act 2020, as amended by the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Extension of the Relevant Period) Regulations 2020 (SI 2020/1031) (the "**Coronavirus Meeting Legislation**").

Only the statutory formal business (consisting of voting on the Resolutions) required to meet the minimum legal requirements will be conducted at the General Meeting. The General Meeting will therefore proceed as set out below:

- the General Meeting will be held virtually via videoconference, there will therefore be no place of meeting;

- Shareholders cannot attend the meeting in person, there will therefore be no opportunity to ask questions of the Board or of the Manager at the meeting (although there will be an opportunity to ask questions in advance of the meeting and further information in relation to this is given below);

- as would normally be the case, the votes on the resolutions to be proposed at the General Meeting will be conducted by way of a poll; and

- the results of the polls will be published immediately following the conclusion of the General Meeting by way of an RIS announcement and on the Company's website.

The Board considers that given the social distancing measures currently in force and in light of the latest published government guidance and the provisions of the Coronavirus Meeting Legislation, proceeding with a "technical" General Meeting is in the best interests not only of the Company, but also of each of its individual Shareholders.

The Board will continue to monitor the Government's advice and urges all Shareholders to comply with any restrictions in place at the time of the General Meeting. If circumstances change and if social distancing measures are further relaxed before the General Meeting the Company may consider amending the proposed format of the General Meeting. In such circumstances the Company will notify Shareholders of such changes as soon as possible via RIS and its website (greshamhouse.com/real-assets/new-energy/gresham-house-energy-storage-fund-plc/).

If you have a question relating to the business of the Meeting or a question for the Board or the Manager that you had been planning to ask at the General Meeting, please send it by email to GHEnergyStorageCoSec@jtcgroup.com. To the extent that it is appropriate to do so, the Company will respond to any questions received in a Q&A, which will be posted on its website in advance of the General Meeting. Please note all questions should be submitted by 10 a.m. on 12 November 2020, to ensure that the Company is able to respond to them in advance of the General Meeting.

Formal business of the General Meeting
Resolution 1 will be proposed as an ordinary resolution to authorise the Company to allot New Shares.

Resolution 2 will be proposed as an ordinary resolution to approve the proposed amendments to the investment policy of the Company described above and in Part I of this document.

Resolution 3 will be proposed as a special resolution to authorise the Company to disapply pre-emption rights in relation to the New Shares to be issued pursuant to Resolution 1 above.

Each resolution is independent of the other and all resolutions will need to be individually passed by Shareholders in order to implement the Proposals. Shareholders are therefore asked to vote in respect of each of the resolutions.

All Shareholders are entitled to attend and vote at the General Meeting. In accordance with the Company's Articles of Association, all Shareholders present in person or by proxy shall upon a poll have one vote. In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative). The formal notice convening the General Meeting is set out on page 23 of this document.

Risk Factors

Please refer to Part II of this document for an overview of the relevant Risk Factors.

Action to be taken

The only action that you need to take is to vote on the Resolutions by completing the accompanying Form of Proxy for use at the General Meeting.

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event by not later than 10 a.m. on Tuesday, 17 November 2020.

Shareholders are requested to complete and return a Form of Proxy.

Recommendation

The Directors consider the proposals set out in this document to be in the best interests of Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. The Directors intend to vote in favour of the Resolutions in respect of their holdings of Ordinary Shares amounting to 62,814 Ordinary Shares in aggregate (representing approximately 0.0268 per cent. of the issued Ordinary Share capital of the Company as at 26 October 2020, being the Latest Practicable Date).

Yours faithfully

John S Leggate CBE
(Chair)

PART I

Summary of Proposed Changes to the Investment Policy

1. Definitions

In this Part 1 of the Circular, the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

Balancing Mechanism	ESO's forum for trading the necessary amounts of electrical energy to balance supply and demand for each half-hourly period;
Company	Gresham House Energy Storage Fund PLC;
C Shares	C Shares of £0.01 each in the capital of the Company;
Developer	an undertaking whose business includes the development and construction of ESS Projects and which has an established commercial relationship with the Gresham House Group, including, without limitation, Noriker;
Board or **Directors**	the directors of the Company or any duly constituted committee thereof;
DNOs	the owners of the low voltage networks in the UK (typically 132kV and lower);
EPC	engineering, procurement and construction;
EPCm	EPC management;
ESO	National Grid Electricity Systems Operator Limited;
ESS Project	a utility scale energy storage system, which utilises batteries and may also utilise generators;
ESS Project Company	a company or other legal person that owns an ESS Project, in which the Company will invest;
EU	the European Union first established by the treaty made at Maastricht on 7 February 1992;
FCA	the Financial Conduct Authority;
FCA Rules	the handbook of rules and guidance of the FCA, as amended;
FFR or **Firm Frequency Response**	contracts through which the Company and/or its subsidiaries will provide, on a firm basis, dynamic or non-dynamic response services to changes in frequency to help balance the grid and avoid power outages;
GHE	Gresham House PLC;
GHNE	Gresham House New Energy Limited;
Gresham House or **Manager**	Gresham House Asset Management Limited;
Gresham House Group	GHE and its subsidiaries, including Gresham House and GHNE;
Gross Asset Value	the value of the gross assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time;

National Grid	National Grid plc, owner and operator of the high-voltage electricity transmission network in England and Wales;
Net Asset Value	in relation to an Ordinary Share, its net asset value, in relation to Ordinary Shares the net asset value per Ordinary Share multiplied by the number of shares of that class in issue (excluding, for the avoidance of doubt, any Ordinary Shares held in treasury), in relation to a C Share, its net asset value, in relation to C Shares the net asset value per C Share multiplied by the number of shares of that class in issue (excluding for the avoidance of doubt, any C Shares held in treasury) and in relation to the Company, the net asset value of the Company as a whole, in each case calculated in accordance with the Company's normal reporting policies from time to time;
Noriker	Noriker Power Ltd;
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company;
Portfolio	the Company's portfolio of Project Companies;
Project Companies	SPVs in which the Company has an interest from time to time which hold ESS Projects;
SPV	special purpose vehicle;
Triads	the three half-hour periods of highest system demand on the Great Britain electricity transmission system between November and February each year, separated by at least ten clear days; and
UK	the United Kingdom of Great Britain and Northern Ireland.

2. Existing investment policy

The Company's current investment policy is as follows:

The Company will invest in a diversified portfolio of utility scale energy storage systems, which utilise batteries and may also utilise generators. The ESS Projects comprising the Portfolio will be located in diverse locations across Great Britain, the Republic of Ireland and Northern Ireland.

Individual projects will be held within special purpose vehicles into which the Company will invest through equity and/or debt instruments. It is intended that each ESS Project Company will hold one ESS Project but an ESS Project Company may own more than one ESS Project. The Company will typically seek legal and operational control through direct or indirect stakes of up to 100 per cent. in such ESS Project Companies, but may participate in joint ventures or co-investments, including, without limitation with other investors or entities managed, operated or advised by the Gresham House Group, where this approach enables the Company to gain exposure to assets within the Company's investment policy, the like of which the Company would not otherwise be able to acquire on a wholly-owned basis. In such circumstances the Company will seek to secure its shareholder rights through protective provisions in shareholders' agreements, co-investment agreements and other transactional documents.

2.1 Asset type and diversification

The Company currently intends to invest primarily in ESS Projects using lithium-ion battery technology as such technology is considered by the Company to offer the best risk/return profile. However, the Company is adaptable as to which energy storage technology is used by the projects in which it invests and will monitor projects and may invest in projects with alternative battery technologies such as sodium and zinc derived technologies, or other forms of energy storage technology (such as flow batteries/machines and compressed air technologies), and will consider such investments (including combinations thereof), where they meet the Company's investment objective and policy.

The Company also intends to invest in ESS Projects which use gas generators or diesel or dual-fuel diesel-and-gas reciprocating generators on projects which have a "net export" connection. These are likely to be generators in the range of 0.5 to 10MW per generator.

The Company intends to invest with a view to holding assets until the end of their useful life. ESS Projects may also be disposed of, or otherwise realised, where the Manager determines in its discretion that such realisation is in the interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise.

The Company intends that the ESS Projects in which it invests will primarily generate revenue from in front of meter services, but may also provide behind-the-meter services.

ESS Projects will be selected with a view to achieving appropriate diversification in respect of the Portfolio.

First, diversification will be sought by geographical location of the ESS Projects in which the Company invests across Great Britain, the Republic of Ireland and Northern Ireland, provided that no more than 10 per cent. of Gross Asset Value (calculated at the time of investment) may be invested in the Republic of Ireland and Northern Ireland.

Second, it is the Company's intention that at the point at which any new investment is made, no single project (or interest in any project) will have an acquisition price (or, if an additional interest in an existing investment is being acquired, the combined value of the Company's existing investment and the additional interest acquired shall not be) greater than 20 per cent. of Gross Asset Value (calculated at the time of investment). However, in order to retain flexibility, the Company will be permitted to invest in a single project (or interest in a project) that has an acquisition price of up to a maximum of 30 per cent. of Gross Asset Value (calculated at the time of acquisition). The Company will also target a diversified exposure with the aim of holding interests in not less than five separate projects at any one time.

Third, the Company intends to achieve diversification by securing multiple and varied revenue sources throughout the Portfolio by investing in ESS Projects which benefit from a number of different income streams with different contract lengths and return profiles through individual ESS Projects, as well as by enabling the ESS Projects in which the Company invests to take advantage of a number of different revenue sources. It is intended that the main revenue sources will be:

In Great Britain:

- Firm Frequency Response – the Company intends to invest in ESS Projects that generate frequency response revenues including from FFR contracts through which the Company and/or its subsidiaries will provide, on a firm basis, dynamic or non-dynamic response services to changes in frequency, to help balance the grid and avoid power outages. It is anticipated that Noriker or third parties may provide electricity trading services to Projects on a commercial basis for an arm's-length fee.

- Asset optimisation – the Company intends to invest in ESS Projects that generate revenues from importing and exporting, or generating and exporting in the case of ESS Projects including generators, power in the wholesale market and the National Grid-administered Balancing Mechanism.

- Capacity market – the Company intends to invest in ESS Projects that generate revenues by access to the benefit of contracts, or through entering into new contracts, to provide back-up capacity power to the Electricity Market Reform delivery body via 1 year and 15 year capacity market contracts.

- Triads and other system operator-related income – the Company intends to invest in ESS Projects that generate revenues from the three half-hour periods of highest system demand on the Great Britain electricity transmission system between November and February each year, separated by at least ten clear days and other system operator-related income including Generator Distribution Use of System, through which benefits are paid by DNOs to suppliers, which are passed through to electricity generators in their power purchase agreements and the National Grid's Balancing Use of System ("**BSUoS**"), which recovers costs through charges levied on electricity generators and suppliers. In addition, the balancing system produces small half-hourly residual cashflows that are generally negative (a disbenefit to distributed generators) but can be positive (a benefit) and are allocated to suppliers in the same way as BSUoS charges.

In the Republic of Ireland and Northern Ireland, the key source of revenue for storage is through DS3 System Services contracts - both volume uncapped and volume capped. If successful in a procurement exercise for a volume uncapped contract, a service provider is paid a regulated tariff approved by the relevant regulatory authorities. Some fast responding battery energy storage projects were awarded volume capped contracts (with a fixed term of six years) in the 2019 auction. Revenue may also be possible through the Capacity Payment Mechanism (which involves an auction for capacity revenues) or wholesale trading revenues.

ESS Projects in which the Company invests may diversify their revenue sources further by collaborating with renewable generators or large users of power in close proximity to an ESS Project, or providing availability based services to restore electric power stations or parts of electric grids to operation. In such circumstances, the proportion of revenues coming from electricity sales may materially increase from that indicated above. ESS Projects in which the Company may invest in Great Britain may also be able to enter into FFR contracts with Distribution System Operators ("**DSO**") and provide reactive power services to the National Grid the timing of which is according to the current evolving DSO model.

Fourth, the Company aims to achieve diversification within the Portfolio through the use of a range of third party providers, insofar as appropriate, in respect of each energy storage project such as developers, EPC contractors, battery manufacturers and landlords.

Finally, each ESS Project internally mitigates operational risk because each ESS Project will contain a battery system with a number of battery modules in each stack, each of which is independent and can be replaced separately, thereby reducing the impact on the ESS Project as a whole of the failure of one or more battery modules.

2.2 Other investment restrictions

The Company will generally invest in ESS Projects where construction is substantially completed and at such a point that the ESS Project is capable of commercial operations. As a minimum, all ESS Projects will need to have in place a completed lease on satisfactory terms in relation to the land where that ESS Project is situated, an executed grid connection agreement and completion of relevant commissioning tests (in Great Britain, this requires a G59 Certificate or a G99 Certificate confirming commissioning completion).

The Company may also provide loan finance to ESS Projects prior to acquisition so that the ESS Projects can acquire equipment prior to construction, provided that no more than 15 per cent. of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations) may be exposed in aggregate to any such investments.

The Company does not intend to invest in listed closed-ended investment funds or in any other investment fund (other than, potentially, in money market funds as cash equivalents) and in any event shall not invest any more than 15 per cent. of its total assets in listed closed-ended investment funds or in any other investment fund.

2.3 Investment in Developers

The Company may invest in one or more Developers of ESS Projects through equity issued by the relevant Developer, provided that investment in Developers (calculated at the time of investment) shall be capped at £1 million in aggregate.

2.4 Cash management

Uninvested cash or surplus capital may be invested on a temporary basis in:

- cash or cash equivalents, money market instruments, money market funds, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU; and

- any UK ''government and public securities'' as defined for the purposes of the FCA Rules.

2.5 Leverage and derivatives

The Company does intend to assess its ability to raise debt and is expected to introduce leverage (at the Company level and/or the level of one or more ESS Project Companies, such leverage to be introduced directly or through one or more SPVs) once sufficient assets have been acquired and to the extent funding is available on acceptable terms. In addition, it may from time to time use borrowing for short-term liquidity purposes which could be achieved through a loan facility or other types of collateralised borrowing instruments. The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Company's assets. The Directors will restrict borrowing to an amount not exceeding 50 per cent. of the Company's Net Asset Value at the time of drawdown. There will be no cross collateralization between the ESS Projects.

Derivatives may be used for currency, interest rate and power price hedging purposes as set out below and for efficient portfolio management. However, the Directors do not anticipate that extensive use of derivatives will be necessary.

2.6 Efficient portfolio management

Efficient portfolio management techniques may be employed by the Company, and this may include (as relevant) currency hedging, interest rate hedging and power price hedging.

3. **Proposed amendments to the investment policy**

The Board recommends that the Company adopts a new investment policy. The changes to the existing investment policy proposed to be made by Resolution 1 as an ordinary resolution at the General Meeting are shown marked-up to the existing investment policy as follows:

The Company ~~will invest~~invests in a diversified portfolio of utility scale energy storage systems, which utilise batteries and may also utilise generators. The ESS Projects comprising the Portfolio will be located in diverse locations across Great Britain, the Republic of Ireland and Northern Ireland.

Individual projects will be held within special purpose vehicles into which the Company ~~will invest~~invests through equity and/or debt instruments. It is intended that each ESS Project Company will hold one ESS Project but an ESS Project Company may own more than one ESS Project. The Company will typically seek legal and operational control through direct or indirect stakes of up to 100 per cent. in such ESS Project Companies, but may participate in joint ventures or co-investments, including, without limitation with other investors or entities managed, operated or advised by the Gresham House Group, where this approach enables the Company to gain exposure to assets within the Company's investment policy, the like of which the Company would not otherwise be able to acquire on a wholly-owned basis. In such circumstances the Company will seek to secure its shareholder rights through protective provisions in shareholders' agreements, co-investment agreements and other transactional documents.

3.1 Asset type and diversification

The Company ~~currently intends to~~ invests primarily in ESS Projects using lithium-ion battery technology as such technology is considered by the Company to offer the best risk/return profile. However, the Company is adaptable as to which energy storage technology is used by the projects in which it invests and will monitor projects and may invest in projects with alternative battery technologies such as sodium and zinc derived technologies, or other forms of energy storage technology (such as flow batteries/machines and compressed air technologies), and will consider such investments (including combinations thereof), where they meet the Company's investment objective and policy.

~~The Company also intends to invest in ESS Projects which use gas generators or diesel or dual fuel diesel and gas reciprocating generators on projects which have a "net export" connection. These are likely to be generators in the range of 0.5 to 10MW per generator.~~

The Company intends to invest with a view to holding assets until the end of their useful life. ESS Projects may also be disposed of, or otherwise realised, where the Manager determines in its discretion that such realisation is in the interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise.

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ESS Projects will be selected with a view to achieving appropriate diversification in respect of the Portfolio.

First, diversification will be sought by geographical location of the ESS Projects in which the Company invests across Great Britain, the Republic of Ireland and Northern Ireland, provided that no more than 10 per cent. of Gross Asset Value (calculated at the time of investment) may be invested in the Republic of Ireland and Northern Ireland.

Second, it is the Company's intention that at the point at which any new investment is made, no single project (or interest in any project) will have an acquisition price (or, if an additional interest in an existing investment is being acquired, the combined value of the Company's existing investment and the additional interest acquired shall not be) greater than 20 per cent. of Gross Asset Value (calculated at the time of investment). However, in order to retain flexibility, the Company will be permitted to invest in a single project (or interest in a project) that has an acquisition price of up to a maximum of 30 per cent. of Gross Asset Value (calculated at the time of acquisition). The Company will also target a diversified exposure with the aim of holding interests in not less than five separate projects at any one time.

Third, the Company intends to achieve diversification by securing multiple and varied revenue sources throughout the Portfolio by investing in ESS Projects which benefit from a number of different income streams with different contract lengths and return profiles through individual ESS Projects, as well as by enabling the ESS Projects in which the Company invests to take advantage of a number of different revenue sources. It is intended that the main revenue sources will be:

In Great Britain:

- Firm Frequency Response – the Company intends to invest in ESS Projects that generate firm frequency response revenues including from FFR contracts through which the Company and/or its subsidiaries will provide, on a firm basis, dynamic or non-dynamic response services to changes in frequency, to help balance the grid and avoid power outages. It is anticipated that Noriker or third parties may provide electricity trading services to Projects Companies on a commercial basis for an arm's-length fee.

- Asset optimisation – the Company intends to invest in ESS Projects that generate revenues from importing and exporting, or generating and exporting in the case of ESS Projects including generators, power in the wholesale market and the National Grid-administered Balancing Mechanism.

- Capacity market – the Company intends to invest in ESS Projects that generate revenues by access to the benefit of contracts, or through entering into new contracts, to provide back-up capacity power to the Electricity Market Reform delivery body via 1 year and 15 year capacity market contracts.

- Triads and other ~~system operator~~ National Grid-related income – the Company intends to invest in ESS Projects that generate revenues from the three half-hour periods of highest system demand on the Great Britain electricity transmission system between November and February each year, separated by at least ten clear days and other ~~system operator~~ National Grid-related income including Generator Distribution Use of System, through which benefits are paid by DNOs to suppliers, which are passed through to electricity generators in their power purchase agreements and the National Grid's Balancing Use of System ("**BSUoS**"), which recovers costs through charges levied on electricity generators and suppliers. In addition, the balancing system produces small half-hourly residual cashflows that are generally negative (a disbenefit to distributed generators) but can be positive (a benefit) and are allocated to suppliers in the same way as BSUoS charges.

In the Republic of Ireland and Northern Ireland the key source of revenue for storage is through DS3 System Services contracts - both volume uncapped and volume capped. If successful in a procurement exercise for a volume uncapped contract, a service provider is paid a regulated tariff approved by the relevant regulatory authorities. Some fast responding battery energy storage projects were awarded volume capped contracts (with a fixed term of six years) in the 2019 auction. Revenue may also be possible through the Capacity Payment Mechanism (which involves an auction for capacity revenues) or wholesale trading revenues.

ESS Projects in which the Company invests may diversify their revenue sources further by collaborating with renewable generators or large users of power in close proximity to an ESS Project, or providing availability based services to restore electric power stations or part~~s~~ of electric grids to operation. In such circumstances, the proportion of revenues coming from electricity sales may materially increase from that indicated above. ESS Projects in which the Company may invest in Great Britain may also be able to enter into FFR contracts with Distribution System Operators (“**DSO**”) and provide reactive power services to the National Grid the timing of which is according to the current evolving DSO model.

Fourth, the Company aims to achieve diversification within the Portfolio through the use of a range of third party providers, insofar as appropriate, in respect of each energy storage project such as developers, EPC contractors, battery manufacturers and landlords.

Finally, each ESS Project internally mitigates operational risk because each ESS Project will contain a battery system with a number of battery modules in each stack, each of which is independent and can be replaced separately, thereby reducing the impact on the ~~ESS Project~~project as a whole of the failure of one or more battery modules.

3.2 Other investment restrictions

The Company will generally acquire~~invest in~~ ESS Projects where construction is substantially complete~~d~~ and ~~at such a point that the~~where ESS Projects are~~is~~ capable of commercial operations (“**Operational Projects**”). ~~As a minimum, all~~ Operational ~~ESS~~ Projects will need to have in place a completed lease on satisfactory terms in relation to the land where that ESS Project is situated, an executed grid connection agreement and completion of relevant commissioning tests (in Great Britain, this ~~requires a G59 Certificate or a G99 Certificate confirming commissioning completion).~~includes a G59 Certificate or a G99 Certificate confirming commissioning completion). Once an Operational Project is acquired, the Company may invest in upgrades by loans or otherwise and enter into new lease arrangements to increase the size of the site, new planning permissions enabling construction of an increased capacity ESS Project on that land, a new and/or amended grid connection agreement which provides for increased capacity, and/or an EPC contract or EPCm contract suite to undertake construction of the relevant upgrades.~~requires a G59 Certificate or a G99 Certificate confirming commissioning completion).~~

The Company may also acquire ESS Projects or rights to acquire ESS Projects which are ready to build that as a minimum have in place a completed lease, lease option, or agreement for lease, on satisfactory terms in relation to the land where that ESS Project is situated, full planning permission enabling the construction of a suitable ESS Project on that land, a grid connection offer, and an agreed form EPC contract or EPCm contract suite (“**Ready to Build Projects**”). The Company may acquire such Ready to Build Projects for a nominal upfront consideration provided that (i) any remaining consideration is paid by the Company only where construction is substantially complete and where such ESS Projects are capable of commercial operations and (ii) the Company has a put option to transfer back the Ready to Build Project to the seller in certain circumstances.

The Company may ~~also~~ provide loan finance to ESS Project Companies so that the ESS Project Companies can ~~s prior to acquisition so that the ESS Projects can~~ acquire equipment prior to construction, provided that no more than 15 per cent. of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations) may be exposed in aggregate to any such ~~investments.~~loans. The Company may also provide loan finance to Ready to Build Projects for payments under the EPC contract or EPCm contract suite which cannot be classed as being for equipment, provided that no more than 10 per cent. of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations) may be exposed in aggregate to any such ~~investments~~loans.

The Company does not intend to invest in listed closed-ended investment funds or in any other investment fund (other than, potentially, in money market funds as cash equivalents) and in any event shall not invest any more than 15 per cent. of its total assets in listed closed-ended investment funds or in any other investment fund.

3.3 Investment in Developers

The Company may invest in one or more Developers of ESS Projects through equity issued by the relevant Developer, provided that investment in Developers (calculated at the time of investment) shall be capped at £1 million in aggregate.

3.4 Cash management

Uninvested cash or surplus capital may be invested on a temporary basis in:

- cash or cash equivalents, money market instruments, money market funds, bonds, commercial paper or other debt obligations with banks or other counterparties having a “single A” or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU; and

- any UK “government and public securities” as defined for the purposes of the FCA Rules.

3.5 Leverage and derivatives

The Company does intend to assess its ability to raise debt and is expected to introduce leverage (at the Company level and/or the level of one or more ~~ESS Project Companies~~of its subsidiaries, such leverage to be introduced directly or through one or more subsidiaries~~SPVs~~) once sufficient assets have been acquired and to the extent funding is available on acceptable terms. In addition, it may from time to time use borrowing for short-term liquidity purposes which could be achieved through a loan facility or other types of collateralised borrowing instruments. The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Company’s assets. The Directors will restrict borrowing to an amount not exceeding 50 per cent. of the Company’s Net Asset Value at the time of drawdown. There will be no cross collateralization between the ESS Projects.

Derivatives may be used for currency, interest rate and power price hedging purposes as set out below and for efficient portfolio management. However, the Directors do not anticipate that extensive use of derivatives will be necessary.

3.6 Efficient portfolio management

Efficient portfolio management techniques may be employed by the Company, and this may include (as relevant) currency hedging, interest rate hedging and power price hedging.

PART II

Risk Factors

The Directors consider that the following material risk factors should be taken into account by Shareholders when assessing whether to vote in favour of the proposed change to the Company's investment policy and the disapplication of pre-emption rights:

1. Construction risk - The Company may acquire Ready to Build Projects or the rights to acquire Ready to Build Projects, and may provide loan finance to such Ready to Build Projects which cannot be classed as being for equipment. As a result, the Company may be exposed to certain risks associated with owning or funding a Ready to Build Project prior to commissioning, such as cost overruns, construction delay and construction defects which may be outside the Company's control and which could result in the anticipated returns of the Company from any loan finance provided to such ESS Project Companies being adversely affected or the Company being unable to recover some or all of the amounts lent.

2. If an existing Shareholder does not subscribe under the relevant Tranche for such number of New Shares as is equal to his or her proportionate ownership of existing Ordinary Shares, his or her proportionate ownership and voting interests in the Company will be reduced and the percentage that his or her existing Ordinary Shares will represent of the total share capital of the Company will be reduced accordingly. Assuming that all 250 million New Shares available for issue under the share issuance programme are issued in the Initial Tranche, Shareholders who do not participate at all will suffer a dilution of 52 per cent. to their interests in the Company.

   Subject to the paragraph below, there should be no dilution of the Net Asset Value attributable to the existing Ordinary Shares as the issue price of each Tranche of the New Shares will be set at a premium to the net assets attributable to the existing Ordinary Shares. Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the issue of New Shares.

3. The issue price of the New Shares issued on a non-pre-emptive basis cannot be lower than the Net Asset Value per Ordinary Share at the time of allotment. The issue price of the New Shares will be calculated by reference to the latest published unaudited Net Asset Value per Ordinary Share. Such Net Asset Value per Ordinary Share is determined on the basis of the information available to the Company at the time and may be subject to subsequent revisions. Accordingly, there is a risk that, had such issue price been calculated by reference to information that emerged after the calculation date, it could have been greater or lesser than the issue price actually paid by the investors. If such issue price should have been less than the issue price actually paid, investors will have borne a greater premium than intended. If the issue price should have been greater than the issue price actually paid, investors will have paid less than intended and, in certain circumstances, the Net Asset Value of the existing Ordinary Shares may have been diluted.

4. Shareholders should be aware that the periodic distributions made to Shareholders will comprise amounts periodically received by the Company in repayment of, or being distributions on its investment in ESS Projects and other investment entities, including distributions of operating receipts of investment entities. Although it is envisaged that receipts from ESS Projects over the life of the Company will generally be sufficient to fund such periodic distributions and repay the value of the Company's original investments in the ESS Projects or other investment entities over the long term, this is based on estimates and cannot be guaranteed. The Company's target returns and dividends for the New Shares are based on assumptions which the Board considers reasonable. However, there is no assurance that all or any assumptions will be justified, and the returns and dividends may be correspondingly reduced. In particular, there is no assurance that the Company will achieve its stated policy on returns and dividends or distributions (which for the avoidance of doubt are guidance only and are not hard commitments or profit forecasts).

   The Company's target dividend and future distribution growth will be affected by the Company's underlying investment portfolio and the availability of distributable reserves. Any change or incorrect assumption in relation to the dividends or interest or other receipts receivable by the Company (including in relation to projected electricity prices, availability and operating performance of equipment used in the operation of ESS Projects within the

Portfolio, ability to make distributions to Shareholders (especially where the Company has a minority interest in a particular ESS Project) and tax treatment of distributions to Shareholders) may reduce the level of distributions received by Shareholders. In particular, prospective investors should note the requirement of the Company to continue to be eligible to qualify as an investment trust. In addition, any change in the accounting policies, practices or guidelines relevant to the Company and its investments may reduce or delay the distributions received by investors. To the extent that there are impairments to the value of the Company's investments that are recognised in the Company's income statement, this may affect the profitability of the Company and affect the ability of the Company to pay dividends.

5. There can be no guarantee that a liquid market in the New Shares will exist. Accordingly, Shareholders may be unable to realise their New Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share), or at all. The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the New Shares may affect the ability of Shareholders to realise their investment.

6. The New Shares are designed to be held over the long term and may not be suitable as short term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment.

   Shareholders should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the New Shares will occur or that the investment objectives of the Company will be achieved.

7. The Shares may trade at a discount to Net Asset Value and Shareholders may be unable to realise their investments through the secondary market at Net Asset Value. The New Shares may trade at a discount to Net Asset Value for a variety of reasons, including market conditions or to the extent investors undervalue the management activities of the Manager or discount its valuation methodology and judgments of value. While the Board may seek to mitigate any discount to Net Asset Value through discount management mechanisms, there can be no guarantee that they will do so or that such mechanisms will be successful, and the Company accepts no responsibility for any failure of any such strategy to effect a reduction in any discount.

PART III

General information

8. Share Capital

The share capital of the Company consists of 234,270,650 Ordinary Shares of £0.01 each. As at the date of this document, the Company has 0 shares held in treasury.

9. Consent

The Manager has given and not withdrawn its written consent to the issue of this document with reference to its name in the form and context in which such references appear.

NOTICE OF GENERAL MEETING

Gresham House Energy Storage Fund PLC

(*Incorporated and registered in England and Wales with company number 11535957 and registered as an investment company within the meaning of Section 833 of the Companies Act 2006*)

Notice is hereby given that a General Meeting (the "**Meeting**") of Gresham House Energy Storage Fund PLC (the "**Company**") will be held virtually via videoconference at 10 a.m. on Thursday, 19 November 2020 to consider and, if thought fit, approve resolutions 1 and 2, which will be proposed as ordinary resolutions and resolution 3, which will be proposed as a special resolution (the "**Resolutions**"):

Ordinary Resolutions

1. THAT, in addition to any existing authorities, the directors of the Company (the "**Directors**") be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot new ordinary shares of £0.01 each in the capital of the Company ("**Ordinary Shares**") and new C shares of £0.01 each in the capital of the Company ("**C Shares**") having the rights set out in the Articles of Association of the Company and to grant rights to subscribe for or to convert any security into Ordinary Shares or C Shares up to an aggregate nominal value of £2,500,000 provided that this authority shall expire on 19 February 2022, unless previously renewed, varied or revoked by the Company in a general meeting, except that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry, and the Directors may allot shares and grant rights to subscribe or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

2. THAT, the investment policy of the Company be amended as described in the Circular, a copy of which will be signed for the purpose of identification by the Chair of the meeting, so that the investment policy, as so amended, be and is hereby approved with immediate effect as the Company's investment policy in substitution for and to the exclusion of the existing investment policy.

Special Resolution

3. THAT, in addition to any subsisting powers, the Directors be and are hereby empowered (pursuant to sections 570 and 573 of the Act) to allot equity securities (as defined in section 560 of the Act) and to sell Ordinary Shares held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority conferred by resolution 1 above, as if section 561(1) of the Act did not apply to any such allotment, such power to expire on 19 February 2022, unless previously renewed, varied or revoked by the Company in a general meeting, except that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or treasury shares sold after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or an agreement as if such power had not expired.

BY ORDER OF THE BOARD
JTC (UK) Limited
Company Secretary

Registered Office:

The Scalpel
18th Floor
52 Lime Street
London EC3M 7AF

Date: 27 October 2020

Notes:

(i) A member that would be entitled to attend, if attendance were permitted at the Meeting, and that is entitled to vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his/her place. If a shareholder wishes to appoint more than one proxy and so requires additional proxy forms, the shareholder should contact the Company's Registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. A proxy need not be a member of the Company.

(ii) To appoint a proxy you may photocopy the form of proxy enclosed with this Notice of General Meeting. To be valid the forms of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to the office of the Company's registrar as soon as possible and in any event so as to arrive by not later than 10 a.m. on Tuesday, 17 November 2020.

(iii) A vote withheld is not a vote in law, which means the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter put before the meeting.

(iv) Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

(v) If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

(vi) In order to revoke a proxy instruction, members will need to inform the Company, by sending a hard copy notice clearly stating their intention to revoke a proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

(vii) If a quorum is not present within 15 minutes from the time appointed for the commencement of the Meeting, the Meeting will be adjourned to 10 a.m. on Thursday, 3 December 2020;

(viii) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "**Nominated Person**") should note that the provisions in Notes (i) to (iii) above concerning the appointment of a proxy or proxies to attend the Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the Meeting.

(ix) Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

(x) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by close of business two days (excluding non-working days) prior to the time fixed for the Meeting shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is close of business two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

(xi) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

(xii) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by following the procedures described in the CREST manual which can be viewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (CREST ID) by not later than 10 a.m. on Tuesday, 17 November 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(xiii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

(xiv) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(xv) If the Chair, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chair, result in the Chair holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chair will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chair a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

(xvi) Any question relevant to the business of the Meeting may be asked at the Meeting by anyone permitted to speak at the Meeting. A holder of Ordinary Shares may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the Meeting, unless (i) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

(xvii) In accordance with Section 311A of the Companies Act 2006, the contents of this Notice, details of the total number of Ordinary Shares in respect of which Members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolution or members' matters of business received by the Company after the date of this Notice will be available on the Company's website http://newenergy.greshamhouse.com/esfplc.

(xviii) As at 26 October 2020, being the last Business Day prior to the printing of this Notice, the Company's issued capital consisted of 234,270,650 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 26 October 2020 are 234,270,650. The Company currently holds no Shares in treasury.

(xix) You may not use the electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.