

Share Issuance Programme **Gresham House Energy Storage Fund plc**



Summary, Securities Note and Registration Document

SUMMARY

Section A – Introduction and Warnings

This Summary should be read as an introduction to the Securities Note and Registration Document (together with this Summary, the "Prospectus"). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating such prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities. You are about to purchase a product that is not simple and may be difficult to understand.

Name and ISIN of the securities:	Ordinary Shares of 1p each in the capital of the Company and C Shares of 1p each in the capital of the Company. The ISIN of the Ordinary Shares is GB00BFX3K770 and the SEDOL is BFX3K77.
Identity of issuer:	Gresham House Energy Storage Fund PLC, a public limited company incorporated in England and Wales with company registration number 11535957 and whose registered address is at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, LEI: 213800MSJXKH25C23D82.
Identity of offeror of the securities:	Other than the Company, there are no other persons or entities offering to sell Ordinary Shares or C Shares in the programme under which the Company intends to issue new Ordinary Shares and/or C Shares (" New Shares ") in tranches (the " Share Issuance Programme ").
Identity of competent authority approving prospectus:	The Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN. Telephone number: +44 20 7066 1000.
Date of approval of Prospectus:	10 November 2020

Section B – Key Information on the Issuer

Who is the issuer of the securities?

The Company is a public limited company incorporated in England and Wales (company number: 11535957, LEI: 213800MSJXKH25C23D82), whose registered address is at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, and is a closed-ended investment company with an indefinite life. The Company is registered as an investment company under section 833 of the Companies Act 2006 (as amended) (the "**Act**") and is an investment trust under section 1158 of the Corporations Tax Act 2010 (as amended). The Company is also an alternative investment fund for the purposes of the Directive 2011/61/EU of the European Parliament and of the Council, as amended from time to time ("**AIFMD**") and subject to the disclosure rules and the transparency rules made by the FCA under Part VI of the Financial Services and Markets Act 2000 ("**FSMA**").

The Company seeks to provide investors with an attractive and sustainable dividend over the long term by investing in a diversified portfolio of utility scale energy storage systems, which utilise

batteries and may also utilise generators, located in Great Britain, Northern Ireland and the Republic of Ireland.

The board of directors of the Company comprises John S. Leggate CBE (Chair), Duncan Neale, Catherine Pitt and David Stevenson. Gresham House Asset Management Limited has been appointed to act as the alternative investment fund manager of the Company in compliance with the provisions of AIFMD Rules as implemented in the UK.

As at the close of business on 9 November 2020 (being the latest practicable date prior to the publication of the Prospectus), the following parties were known to be the Company's major Shareholders:

Shareholder	Number of Ordinary Shares	% of issued Ordinary Share Capital
Gresham House plc	29,749,067	12.70
CCLA Investment Management Ltd	22,093,064	9.43
Sarasin & Partners LLP	21,733,830	9.28
Newton Investment Management Limited	15,058,841	6.43
VT Gravis Funds ICVC	14,912,210	6.37
Mr Benjamin Guest	14,383,826	6.14
Schroder Investment Management Limited	12,200,000	5.21
Close Asset Management Limited	12,063,395	5.15
East Riding Pension Fund	11,459,500	4.89

Save as set out in the table immediately above, as at the close of business on 9 November 2020 (being the latest practicable date prior to the publication of the Prospectus), the Company is not aware of any person who, immediately following the initial admission of any New Shares to trading on the Specialist Fund Segment, could, directly or indirectly, jointly or severally, exercise control over the Company or any person who would be directly or indirectly interested in three per cent. or more of the Company's issued share capital.

The statutory auditor for the Company and its subsidiaries (the "Group") is BDO UK LLP of 55 Baker Street, London, W1U 7EU.

What is the key financial information regarding the issuer?

The selected historical financial information set out below, which has been prepared under IFRS, has been extracted without material adjustment from the audited financial statements of the Company for the financial periods ended 31 December 2019 and, where applicable, from the unaudited financial statements for the Company for the six-month period ended 30 June 2020:

Table 1: Additional information relevant to closed ended funds

Share Class	Total NAV (£m)*	NAV per share (p)*	Historical performance
Ordinary Shares	205.9	100.79	<p><i>Financial period ended 31 December 2019</i></p> <p>Growth in the post-admission NAV of 6.48% (on a total return basis assuming dividends reinstated) to 100.79 pence per Ordinary Share driven by cash generated by the portfolio, improved revenue forecasts, project-level value enhancements and a reduction in the weighted average discount rate.</p> <p>Net assets at 31 December 2019 of £205.9 million.</p> <p>Total dividend of 4.5 pence for the period, as targeted.</p> <p>As at 31 December 2019, the Ordinary Share price had delivered a return of 11.15% on the IPO issue price of £1. Ordinary Shares have consistently traded on the London Stock Exchange at a premium to the reported NAV per Ordinary Share during 2019.</p>

£138 million gross funds raised via three placings (including £31 million raised in February 2020), adding to the £100 million IPO proceeds.

Six-month period ended 30 June 2020

Flat NAV total return of minus 0.02% for the six-month period ended 30 June 2020 as NAV per share reduction of 2.6 pence offset by dividends of 2.75 pence paid in that period.

Net assets at 30 June 2020 of £230.0 million.

Total dividend of 3.5 pence for the period.

As at 30 June 2020, the Ordinary Share price had delivered a return of 15.6% on the IPO issue price of £1. Ordinary Shares have consistently traded on the London Stock Exchange at a premium to the reported NAV per Ordinary Share during the six-month period ended 30 June 2020.

*This information is accurate as at 31 December 2019

Table 2: Income statement for closed ended funds

	As at 31 Dec 2019 (£'000)	As at 30 June 2020 (£'000)*
Total income	12,073	1,348
Profit/(loss) before tax	7,692	(455)
Performance fee	N/A	N/A
Investment manager fee	1,571	1,126
	As at 31 Dec 2019 (p)	As at 30 June 2020 (p)*
Earnings per ordinary share (basic and diluted)	6.62	(0.20)

*Unaudited

Table 3: Balance sheet for closed ended funds

	As at 31 Dec 2019	As at 30 June 2020
Total Net Assets (£'000)	205,879	229,972
Leverage ratio (as a percentage of GAV)	-	-

*Unaudited

The auditor's report on the Company's financial statements for the period from incorporation to 31 December 2019 incorporated by reference in this Prospectus was unqualified.

What are the key risks that are specific to the issuer?

The key risk factors relating to the Company are:

- The Group is reliant on Gresham House and third-party service providers to carry on its business and a failure by one or more service providers may materially disrupt the business of the Company. Furthermore, the Portfolio requires significant management time and resource to be

provided by, among others, Gresham House and GHNE in order to enable the Company to meet its investment objective.

- The use of leverage by the Company may increase the volatility of returns and providers of leverage would rank ahead of investors in the Company in the event of insolvency.
- If the growth of renewable energy does not continue as expected (for example, due to low energy prices, reduced Government support, increased deployment of non-renewable/fossil fuel generating capacity such as gas fired or nuclear power stations, or increased imports from cross-channel interconnectors), this will have an adverse impact on the Company's prospects and performance.
- The Project Companies rely on third-party professionals and independent contractors and other service providers. In the event that such contracted third parties are not able to fulfil their obligations or otherwise fail to perform to standard, the Project Companies may be forced to seek recourse against such parties, provide additional resources to undertake their work, or to engage other companies to undertake their work. This could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders.
- The Company depends on the diligence, skill and judgment of the Gresham House Group's investment professionals and developers. The Company's future success depends on the continued service of these individuals, who are not obliged to remain employed by, or contractually bound to perform services for, the Gresham House Group. In the event of a departure of a key Gresham House Group employee, there is no guarantee that the Gresham House Group would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the Company's NAV and revenues and returns to Shareholders.
- If non-storage technologies, other than lithium-ion battery technology enters the market with the ability to provide similar services to a lithium-ion battery at a lower cost, this could have a material adverse impact on the financial performance of the Company.
- When FFR contracts expire, the Project Companies may not be able to secure replacement contracts (or sufficiently attractive terms for replacement contracts) in the competitive allocation process, and consequently may not be able to use the energy storage systems at their maximum capacity and capabilities.
- The Company cannot guarantee that electricity market price volatility will be at levels or frequency which will allow the Company to generate projected revenue levels or rates of return on the energy storage systems within its Portfolio. A significant drop in volatility of market prices for electricity whilst the Company is pursuing this future revenue stream would have an adverse effect on the Company's NAV and revenues and returns to Shareholders.
- The Company's investment policy is limited to investment in energy storage infrastructure, which will principally operate in Great Britain, but may also be located in Northern Ireland and the Republic of Ireland. This means that the Group has a significant concentration risk relating to the UK's energy storage infrastructure sector. Significant concentration of investments in any one sector may result in greater volatility in the value of the Group's investments and consequently the NAV, and may materially and adversely affect the performance of the Company and returns to Shareholders.
- Subject to approval of the changes to the Investment Policy proposed at the November General Meeting, 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.

Section C – Key Information on the Securities

What are the main features of the securities?

Ordinary Shares and C Shares and the rights attaching to them

As at the close of business on 9 November 2020 (being the latest practicable date prior to the publication of the Prospectus), the Company had 234,270,650 Ordinary Shares in issue. The Company has no partly paid Ordinary Shares in issue and no C Shares in issue.

The Share Issuance Programme will comprise up to 250 million New Shares, in aggregate, comprising Ordinary Shares of 1p each in the capital of the Company, having ISIN GB00BFX3K770, and may comprise C Shares of 1p each in the capital of the Company. The ISIN of any tranche of C Shares that may be issued under the Share Issuance Programme is not known at the date of the Prospectus and will be announced by way of RIS Announcement at the appropriate time.

Rights attaching to the Ordinary Shares and the C Shares

	Ordinary Shares	C Shares
Dividends	The holders of the Ordinary Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares that they hold, after taking into account any dividends attributable to any C Shares in issue.	The holders of the C Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the C Shares, from time to time proportionate to the amounts paid or credited as paid in relation to the tranche of C Shares that they hold.
Voting rights	Holders of Ordinary Shares are entitled to attend and vote at all general meetings of the Company and, on a poll, one vote for each Ordinary Share held.	Holders of C Shares are entitled to attend and vote at all general meetings of the Company and, on a poll, one vote for each C Share held.
Return of Capital	On a winding-up, provided the Company has satisfied all its liabilities, the holders of Ordinary Shares shall be entitled to all of the surplus assets of the Company, after taking account of any net assets attributable to any C Shares in issue.	On a winding-up, provided the Company has satisfied all its liabilities, the holders of C Shares shall be entitled to all of the surplus assets attributable to the relevant tranche of C Shares.

Restrictions on the free transferability of Ordinary Shares

The Board may, in its absolute discretion, and without giving a reason, refuse to register a transfer of any New Share in certificated form or uncertificated form (subject to the Articles) which is not fully paid and on which the Company has a lien provided that this would not prevent dealings in the New Shares of that class from taking place on an open and proper basis on the London Stock Exchange.

In addition, the Board may refuse to register a transfer of New Shares if (i) in the case of certificated New Shares: (a) it is in respect of more than one class of shares, (b) it is in favour of more than four joint transferees or (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate of the shares to which it relates and such other evidence of title as the Board may reasonably require.

The Board may decline to register a transfer of an uncertificated share which is traded through the CREST UK system in accordance with the CREST Regulations where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated shares is to be transferred exceeds four.

Dividend policy

The Board expects that dividends will constitute the principal element of the return to the holders of Ordinary Shares. On the basis of market conditions as at the date of this Registration Document the Company will target dividend payments of 7.0p per Ordinary Share in the financial year ending 31 December 2020 and in financial periods thereafter.*

* This is a target only and is based on current market conditions as at the date of this Registration Document and is not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target 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 amount raised pursuant to the Share Issuance Programme, the Company's net income and the Company's ongoing charges figure. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in New Shares or assume that the Company will make any distributions at all. Potential investors should decide for themselves whether or not the return is reasonable or achievable in deciding whether to invest in the Company. See further under the section "Risk Factors".

If any C Shares are issued, holders of any class of C Shares following Initial Admission will be entitled to participate in any dividends and other distributions of the Company as the Directors may resolve to pay to holders of that class of C Shares out of the assets attributable to that class of C Shares. For the avoidance of doubt, the targets set out above shall not apply with respect to any tranche of C Shares prior to conversion into Ordinary Shares.

It is intended that dividends on the New Shares will be payable quarterly for the quarters ending in March, June, September and December, all in the form of interim dividends (the Company does not intend to pay any final dividends). The Board reserves the right to retain within a revenue reserve a proportion of the Company's net income in any financial year, such reserve then being available at the Board's absolute discretion for subsequent distribution to Shareholders, subject to the requirements of the IT Regulations.

Where will the securities be traded?

Applications will be made to the London Stock Exchange for the New Shares to be admitted to trading on the Specialist Fund Segment.

What are the key risks that are specific to the securities?

The key risk factors relating to the New Shares are:

- The Directors are under no obligation to effect repurchases of Ordinary Shares and/or C Shares. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares and/or C Shares (as the case may be) in the market, which may have limited liquidity.
- As the price of shares in an investment trust is determined by the interaction of supply and demand for those shares in the market, the price of shares may fluctuate and may represent a discount or premium to the net asset value per share.
- An investor may not get back the amount invested.

Section D – Key Information on the Share Issuance Programme and Admission

Under which conditions and timetable can I invest in this security?

General terms and conditions

The Company intends to issue up to 250 million New Shares in aggregate pursuant to the Share Issuance Programme in Tranches. The size and frequency of each Tranche, and of each placing and offer for subscription component of each Tranche, will be determined jointly by the Company and Jefferies. The Initial Placing and Subsequent Placings will not be underwritten.

The issuance of each Tranche of New Shares pursuant to the Share Issuance Programme is conditional upon, inter alia:

- (a) Admission occurring in respect of the relevant Tranche;
- (b) the Issue Agreement becoming otherwise unconditional in respect of the relevant Tranche, and not being terminated in accordance with its terms, in each case before Admission of the relevant Tranche of New Shares becomes effective;
- (c) if a supplementary prospectus is required to be published in accordance with FSMA, such supplementary prospectus being approved by the FCA and published by the Company in accordance with the Prospectus Rules; and
- (d) the passing of the resolutions enabling the Company to issue New Shares on a non pre-emptive basis at the November General Meeting.

The Share Issuance Programme was announced on 10 November 2020 and will close on 9 November 2021 (or any earlier date on which it is fully subscribed). Initial Admission and crediting of CREST accounts in respect of the Initial Tranche is expected to take place at 8.00 a.m. on 27 November 2020.

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 51.6 per cent. to their interests in the Company.

New Shares issued under the Initial Tranche are to be issued at the issue price of 105 pence each. The New Shares issued under the Initial Tranche will be entitled to the dividend with respect to the quarterly period ending 31 December 2020.

The total Net Issue Proceeds of the Share Issuance Programme will depend on the number of New Shares issued throughout the Share Issuance Programme, the issue price of such New Shares, and the aggregate costs and commissions for each Tranche. However, assuming that all 250 million New Shares available for issue under the Share Issuance Programme (which is also the maximum number of New Shares available for issue under the Initial Tranche), are issued at an issue price of 105 pence per Share with aggregate costs and commissions of £5.25 million, the total Net Issue Proceeds under the Share Issuance Programme would be £257.25 million.

Applications under the Initial Offer for Subscription must be for a minimum subscription amount of £1,000. All applications for New Shares under the Initial Offer for Subscription will be payable in full, in Sterling, by a cheque or banker's draft drawn on a UK clearing bank.

**Why is this Prospectus being produced?
Use and amount of proceeds**

The Directors believe that the Share Issuance Programme will benefit the Company by enabling it to provide a larger equity base to: (i) increase the scope for institutional investment in the Company; (ii) improve the secondary market liquidity of the Ordinary Shares; (iii) reduce the Company's ongoing expense ratio due to the economy of scale of the Company; and (iv) facilitate the issuance of New Shares at a premium to NAV which is NAV accretive to existing Shareholders.

The Board intends to use the Net Issue Proceeds primarily to make Further Investments. The Initial Placing and Subsequent Placings will not be underwritten.

Material conflicts of interest

Gresham House, the Administrator and Company Secretary, the Registrar, Jefferies, and any of their members, directors, officers, employees, agents and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments and which may affect the amount of time allocated by such persons to the Company's business.

In particular, these parties may, without limitation: provide services similar to those provided to the Company to other entities; buy, sell or deal with assets on their own account (including dealings with the Company); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to assets that are or may be owned directly or indirectly by the Company, but will not in any such circumstances be liable to account for any profit earned from any such services.

Gresham House and its affiliates may be involved with other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. Under the terms of the AIFM Agreement, Gresham House or any member of the Gresham House Group is entitled to carry on business similar to or in competition with the Company or to provide similar services to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Company for its profits, provided that it will take all reasonable steps to ensure that such business is effected on terms which are not materially less favourable to the Company. However, other than pursuant to the Framework Agreement, neither Gresham House nor any member of the Gresham House Group may (i) act as the manager and/or adviser to or otherwise be actively involved with any new fund, partnership, client, segregated account or counterparty that invests on or after the date of the Framework Agreement in; or (ii) for its own account invest on or after the date of the Framework Agreement in, ESS Projects in Great Britain, Northern Ireland and the Republic of Ireland, without first offering the relevant investment opportunity to the Company.

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THIS SECURITIES NOTE, THE REGISTRATION DOCUMENT AND THE SUMMARY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action, you should immediately consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the Financial Services and Markets Act 2000, as amended ("FSMA") who specialises in advising on the acquisition of shares and other securities.

This Securities Note, the Registration Document and the Summary together constitute a prospectus relating to Gresham House Energy Storage Fund PLC (the "**Company**") (the "**Prospectus**") for the purposes of Article 3 of the European Union Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and have been prepared in accordance with the prospectus regulation rules of the Financial Conduct Authority (the "**FCA**") made pursuant to section 73A of FSMA (the "**Prospectus Regulation Rules**") and have been approved by the FCA as competent authority under the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or the quality of the New Shares that are the subject of this Prospectus. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. Investors should make their own assessment as to the suitability of investing in the New Shares.

The Prospectus is being issued in connection with the issue, under the Share Issuance Programme, of up to 250 million New Shares, in aggregate, in one or more tranches during the period commencing on 10 November 2020 and ending on 9 November 2021. It is expected that application will be made to London Stock Exchange plc ("**LSE**") for all of the New Shares to be issued pursuant to the Share Issuance Programme to be admitted to trading on the Specialist Fund Segment. It is expected that Admissions in respect of the Share Issuance Programme will become effective, and that dealings for normal settlement in New Shares issued pursuant to the Share Issuance Programme will commence on 27 November 2020. The Share Issuance Programme will remain open until 9 November 2021. All dealings in New Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned.

The Company and its Directors, whose names appear on pages 17 and 50 of this Securities Note, accept responsibility for the information contained in the Securities Note. To the best of the knowledge of the Company and the Directors, the information contained in the Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, the matters set out under the heading "Risk Factors" on pages 5 to 8 of this Securities Note and on pages 4 to 23 of the Registration Document when considering an investment in the Company.

NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART IN OR INTO THE UNITED STATES OR ANY EXCLUDED TERRITORY (AS DEFINED HEREIN) OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL.

Gresham House Energy Storage Fund PLC

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

Securities Note

**Sole Global Co-ordinator, Bookrunner and
Financial Adviser
Jefferies International Limited**

**Manager
Gresham House Asset Management
Limited**

Share Issuance Programme of up to 250 million New Shares, in aggregate, and Admission to trading on the Specialist Fund Segment

Jefferies International Limited ("**Jefferies**") which is authorised in the United Kingdom (the "**UK**") and regulated in the UK by the FCA is acting exclusively for the Company and no one else in

connection with the Share Issuance Programme or the matters referred to in this Securities Note, will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Share Issuance Programme and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Share Issuance Programme or any transaction or arrangement referred to in the Prospectus. However, nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on Jefferies by FSMA or the regulatory regime established thereunder.

The Manager, pursuant to the AIFM Rules has notified the FCA of its intention to market the New Shares in the UK. Under the EU Alternative Investment Fund Manager Directive, the Manager is entitled to market New Shares to professional investors in Members States of the European Union until 31 December 2020 under the AIFMD passport procedure. In accordance with the AIFM Regulations, the Manager has applied to the FCA and registered the Company to enable the marketing of New Shares to professional investors in the following jurisdictions under the AIFMD passport procedure: **Ireland and Sweden**. Following 31 December 2020 New Shares may only be marketed into Ireland and Sweden in accordance with the applicable law and regulation of those territories.

The New Shares offered by the Prospectus have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or under the applicable state securities laws of the United States and may not be offered or sold directly or indirectly in or into the United States or to, or for the account or benefit of, any US person (a "**US Person**") (within the meaning of Regulation S under the US Securities Act ("**Regulation S**")), except pursuant to an exemption from the registration requirements of the US Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(a)(2) of the US Securities Act and analogous exemptions under state securities laws. The New Shares are being offered and sold (i) outside the United States to non-US-persons in reliance on Regulation S and (ii) within the United States only to persons reasonably believed to be qualified institutional buyers ("**QIBs**"), as defined in Rule 144A under the US Securities Act, that are also qualified purchasers ("**QPs**"), as defined in Section 2(a)(51) of the US Investment Company Act of 1940, as amended (the "**US Investment Company Act**") and who deliver to the Company and Jefferies a signed Investor Representation Letter. The New Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the US Securities Act and any applicable state or other securities laws, pursuant to registration or an exemption therefrom. In addition, the Company has not been, and will not be, registered under the US Investment Company Act, and investors will not be entitled to the benefit of that Act. No offer, purchase, sale or transfer of the New Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act.

The New Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of New Shares or the accuracy or adequacy of this Securities Note. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Securities Note and any offer of New Shares pursuant to the Initial Tranche or the Share Issuance Programme may be restricted by law in certain jurisdictions. Other than in the UK, no action has been or will be taken to permit the possession, issue or distribution of this Securities Note or the Registration Document (or any other offering or publicity material relating to the New Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Securities Note, the Prospectus nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Securities Note comes should inform themselves about and observe any such restrictions. None of the Company, Jefferies, the Manager or any of their respective affiliates or advisers accepts any legal responsibility to any person, whether or not such person is a potential investor, in respect of any such restrictions. The attention of persons resident outside the UK is drawn to the notices to overseas investors set out in the Important Information section of this Securities Note that sets out restrictions on the holding of New Shares by such persons in certain jurisdictions.

Copies of this Securities Note, the Registration Document and the Summary (along with any Future Securities Note and Future Summary) will be available on the Company's website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc.

This document is dated 10 November 2020.

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PART 1: RISK FACTORS

Investment in the Company should be regarded as being of a long-term nature and involving a degree of risk. Accordingly, prospective investors should consider carefully all of the information set out in this Securities Note and the risks relating to the Company, Gresham House and the Shares including, in particular, the risks described below, which may not be an exhaustive list or explanation of all the risks which investors may face when making an investment in the Shares and should be used as guidance only.

Only those risks which are believed to be material and currently known to the Directors at the date of this Securities Note have been disclosed. Those risks may adversely affect the Company's and its Project Companies' business, business prospects, financial condition and NAV ("Company's NAV and revenues") and returns to Shareholders including dividends, and/or the market price of the Shares ("returns to Shareholders"). Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Securities Note, may also have an adverse effect on the Company's NAV, revenues and returns to Shareholders. Potential investors should review this Securities Note carefully and in its entirety and consult with their professional advisers before making an application to invest in the Shares.

Investment in the Company carries a high degree of risk, including but not limited to, the risks in relation to the Group and the New Shares referred to below. The risks referred to below are the risks which are considered to be material but are not the only risks relating to the Group and the New Shares. In addition, specific risk factors in respect of the Company and the industry are set out in the Summary and Registration Document.

Potential investors should review this Securities Note and the information contained in the Registration Document carefully and in its entirety and consult with their professional advisers before acquiring any New Shares. If any of the risks referred to in this Securities Note and the Registration Document were to occur, the financial position and prospects of the Group could be materially and adversely affected. If that were to occur, the trading price of the New Shares and/or their underlying Net Asset Value and/or the level of dividends or distributions (if any) received from the New Shares could decline significantly and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to the Group, its industry and the New Shares summarised in the Summary are the risks that the Board believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the Summary but also, among other things, the risks and uncertainties described below and in the section headed "Risk Factors" in the Registration Document.

Prospective investors should note that the risks relating to the Group, its industry and the New Shares summarised in the Summary are the risks that the Board believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the Summary but also, among other things, the risks and uncertainties described below and in the section headed "Risk Factors" in the Registration Document.

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the New Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company, and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in the Company.

Risks relating to the Shares

Risks relating to the Company's share price performance and target returns and dividends

Prospective investors 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 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 Group 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 refer to the information set out in Part 8 (*UK Taxation*) of this Securities Note including 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 Group and its investments may reduce or delay the distributions received by investors. To the extent that there are impairments to the value of the Group'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.

Liquidity

There can be no guarantee that a liquid market in the 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 Shares may affect the ability of Shareholders to realise their investment.

Discount

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 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 summarised in paragraph 9 of Part 3 (*The Company*) of the Registration Document, 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.

Dilution

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 51.6 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 Share Issuance Programme.

Issue Price of New Ordinary Shares under the Share Issuance Programme

The issue price of the New Ordinary Shares issued on a non-pre-emptive basis under the Share Issuance Programme cannot be lower than the Net Asset Value per Ordinary Share at the time of allotment. The issue price of the New Ordinary 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.

Risks relating to the UK's exit from the European Union

The UK withdrew from and ceased to be a Member State of the EU and the EEA at 11:00 p.m. GMT on 31 January 2020 ("**Brexit**") and the withdrawal agreement that was negotiated between the UK and the EU in October 2019 (the "**Withdrawal Agreement**") came into effect. The Withdrawal Agreement sets out the terms of the UK's exit from the EU and a political declaration on the framework for the future relationship between the UK and the EU. It also provides for a transition period, commencing on 31 January 2020 and ending at 11.00 p.m. GMT on 31 December 2020 (the "**Transition Period**"), during which the UK and the EU will continue to negotiate the terms of a trading agreement that will apply following the expiry of the Transition Period. The Withdrawal Agreement states that, unless otherwise provided in the agreement, EU law will be applicable to and in the UK during the Transition Period.

The result of the process could create significant stock market uncertainty. Given the Company's intention to issue further Tranches pursuant to the Share Issuance Programme, Company share price fluctuations as a result of such stock market uncertainty and volatility may hinder the Company's ability to issue such Tranches.

Long term holding

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.

A prospective investor 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.

Compensation Risk

As the subscription of New Shares and the performance of the New Shares will not be covered by the Financial Services Compensation Scheme or by any other compensation scheme, if the value of the Company's shares falls, the loss suffered by the investor (which may be the whole of the investment) will not be recoverable under any compensation scheme.

Risks relating to the C Shares

The NAV performance of any issued C Shares may diverge significantly from that of the Ordinary Shares between the admission of the C Shares to trading on the Specialist Fund Segment and conversion of the C Shares into Ordinary Shares in accordance with the Articles.

Trading liquidity in any issued C Shares may be lower than in the Ordinary Shares which may affect: (i) a C Shareholders' ability to realise some or all of its investment; (ii) the price at which such C Shareholder can effect such realisation; and/or (iii) the price at which C Shares trade in the secondary market. Accordingly, C Shareholders may be unable to realise their investment in C Shares at Net Asset Value per C Share or at all.

C Shares will represent interests in a pool of assets that is accounted for separately to the remainder of the assets of the Company in respect of which the holders of Ordinary Shares will be interested and therefore C Shareholders will not, until conversion, have exposure to the Company's existing investments and C Shareholders' returns will be dependent on the deployment of cash raised in a timely manner.

Dividends will be declared on C Shares only in the event that there is material net income available for distribution to the holders of the C Shares.

PART 2: IMPORTANT INFORMATION

1. Introduction

The Prospectus should be read in its entirety before making any application for New Shares. In assessing an investment in the Company, investors should rely only on the information in the Prospectus. No person has been authorised to give any information or make any representations other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Board, the Manager, Jefferies and any of their respective affiliates, directors, officers, employees or agents or any other person.

Without prejudice to any obligation of the Company to publish a supplementary prospectus, and/or a Future Securities Note and Future Summary, neither the delivery of this Prospectus nor any subscription or purchase of New Shares made pursuant to the Securities Note shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of the Prospectus.

2. Responsibility for Information

The Company and its Directors, whose names appear on pages 17 and 50 of this Securities Note, accept responsibility for the information contained in the Securities Note. To the best of the knowledge of the Company and the Directors, the information contained in the Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information.

Except to the extent stated in paragraph 8 of Part 10 (*Additional Information*) of the Registration Document and apart from the liabilities and responsibilities (if any) which may be imposed on the Manager or Jefferies by FSMA or the regulatory regime established thereunder, neither the Manager nor Jefferies makes any representation or warranty, express or implied, or accepts any responsibility whatsoever for the contents of the Securities Note including its accuracy, completeness or verification or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Manager, the New Shares or the Share Issuance Programme. Each of the Manager and Jefferies (and their respective affiliates, directors, officers or employees) accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of the Prospectus or any such statement.

3. Offering Restrictions

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy New Shares in any jurisdiction in which such offer or solicitation is unlawful. The Share Issuance Programme or circulation of the Prospectus be prohibited in some countries.

The New Shares offered by the Prospectus may not be offered or sold directly or indirectly in or into the United States or to, or for the account or benefit of, any US Persons, except pursuant to an exemption from the registration requirements of the US Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(a)(2) of the US Securities Act and analogous exemptions under state securities laws. In particular, investors should note that the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Company has not registered, and does not intend to register, as an investment company under the US Investment Company Act. The New Shares are being offered only to (i) US Persons who are QIBs and QPs and (ii) investors who are not US Persons outside of the United States in "offshore transactions" as defined in and pursuant to Regulation S.

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out immediately below.

4. Notices to Overseas Investors

The Prospectus Document has been approved by the FCA as a Prospectus which may be used to offer securities to the public for the purposes of section 85 FSMA and the Prospectus Regulation. No arrangement has, however, been made with the competent authority in any other EEA State (or any

other jurisdiction) for the use of the Prospectus as an approved Prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions. Issue or circulation of the Prospectus may be prohibited in countries other than those in relation to which notices are given below. The Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

NOTICE TO PROSPECTIVE INVESTORS IN GUERNSEY: The Prospectus has not been approved or authorised by the Guernsey Financial Services Commission (the "**Commission**") or the States of Guernsey.

The Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey, and is being distributed or circulated in or from within the Bailiwick of Guernsey only (i) by persons licensed to do so by the Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) ("**POI Law**"); or (ii) by non-Guernsey bodies who (A) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the Guernsey Financial Services Commission, afford adequate protection to investors and (B) meet the criteria specified in section 29(c) of the POI Law; or (iii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who (A) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of GFSC, afford adequate protection to investors and (B) meet the criteria specified in section 29(cc) of the POI Law; or (iv) as otherwise permitted by the GFSC. This Prospectus is not available in or from within the Bailiwick of Guernsey other than in accordance with this paragraph and must not be relied upon by any person unless received in accordance with this paragraph.

NOTICE TO PROSPECTIVE INVESTORS IN ISRAEL: This Prospectus is directed at and intended for investors that fall within at least one category in each of: (1) the First Schedule of the Israeli Securities Law, 1968 ("**Sophisticated Investors**"); and (2) the First Schedule of the Regulation of Investment Advice, Investment Marketing, and Investment Portfolio Management Law, 1995 (accordingly, the "**Israeli Investment Advice Law**" and "**Qualified Clients**"). By receiving this document each prospective investor in Israel hereby declares that he or she is a Sophisticated Investor and a Qualified Client, that he or she is aware of the implications of being considered and treated as a Sophisticated Investor and a Qualified Client (including the implications mentioned below), and consent thereto. Any Israeli investor, which is either: (1) not a Sophisticated Investor; or (2) not a Qualified Client - must immediately return this Prospectus to the Company. Accordingly, each prospective investor will be required to make certain representations and undertake that it is purchasing the Interests for investment purposes only. No action has been or will be taken in Israel that would permit a public offering of the shares or securities in Israel and this Prospectus has not been approved by the Israel Securities Authority. This Prospectus is not intended to serve, and should not be treated as Investment Advice as defined under the Israeli Investment Advice Law. Accordingly, the content of this Prospectus does not replace and should not serve as substitution for Investment Advice services that take into account the special characteristics and needs of each investor.

The Manager does not hold a license and does not have insurance in accordance with the Israeli Investment Advice Law. It is hereby noted that with respect to Qualified Clients, the Manager is not obliged to comply with the following requirements of the Israeli Investment Advice Law: (1) Section 12 - ensuring the compatibility of service to the needs of client; (2) engaging in a written agreement with the client, the content of which is as described in section 13 of the Israeli Investment Advice Law; (3) providing the client with the disclosures under section 14 regarding all matters that are material to a proposed transaction or to the advice given; (4) providing disclosure about "extraordinary risks" as defined under section 18 of the Israeli Investment Advice Law; and (5) maintaining records of advisory/discretionary actions in accordance with the rules set forth in the regulations.

It is the responsibility of any prospective investor wishing to purchase Interests to satisfy himself or herself as to the full observance of the laws of Israel in connection with any such purchase, including obtaining any governmental or other consent, if required.

NOTICE TO PROSPECTIVE INVESTORS IN JERSEY: New Shares may only be issued pursuant to the Initial Issue and the Share Issuance Programme where such issue is valid in the United Kingdom

or Guernsey. This Prospectus is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this offer and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. Neither the Company nor the activities of any functionary with regard to the Company are subject to the provisions of the Financial Services (Jersey) Law 1998.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES: The New Shares offered by the Prospectus may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of any US Person, except pursuant to an exemption from the registration requirements of the US Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(a)(2) of the US Securities Act and analogous exemptions under state securities laws. In addition, the Company has not been, and will not be, registered under the US Investment Company Act. The Ordinary Shares are being offered only to (i) US Persons who are QIBs and QPs and (ii) investors who are not US Persons outside of the United States in "**offshore transactions**" as defined in and pursuant to Regulation S. The New Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the US Securities Act and any applicable state or other securities laws, pursuant to registration or an exemption therefrom. Furthermore, the Articles provide that the Board may, in its absolute discretion, refuse to register a transfer of any New Shares to a person that it has reason to believe is an employee benefit plan subject to the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), a plan subject to Section 4975 of the Code or a plan that is subject to or similar laws or regulations, that will give rise to an obligation of the Company to register under the US Investment Company Act or preclude the availability of certain exemptions, that will cause the Company or the New Shares to become subject to registration under the US Exchange Act, would subject the Manager to registration under the US Commodity Exchange Act of 1974 or that would give rise to the Company or the Manager becoming subject to any US law or regulation determined to be detrimental to it (any such person being a "**Prohibited US Person**"). The Company may require a person believed to be a Prohibited US Person to provide documentary evidence that it is not such a Prohibited US Person or to sell or transfer the Shares held by it to a person who is qualified to hold the Shares and, if these requirements are not satisfied within 30 days' notice, the Shares will be deemed to have been forfeited.

5. European Economic Area – Prospectus requirements

In relation to each Member State of the European Economic Area and the UK (each, a "**Relevant State**"), an offer to the public of any New Shares may not be made in that Relevant State other than the Initial Offer for Subscription contemplated in this Securities Note in the UK once the Prospectus has been approved by the FCA and published in accordance with the Prospectus Regulation, except that, subject to separate restrictions imposed by the AIFM Rules (in relation to which see below), the New Shares may be offered to professional investors in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- to legal entities which are qualified investors as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) as permitted under the Prospectus Regulation; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of New Shares shall result in a requirement for, the publication by the Company or any manager of a Prospectus pursuant to Article 3 of the Prospectus Regulation, or supplementing a Prospectus pursuant to Article 23 of the Prospectus Regulation, and each person who initially acquires New Shares or to whom any offer is made will be deemed to have represented, warranted to and agreed with Jefferies and the Company that it is a "**qualified investor**" within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer to the public**” in relation to any New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Shares to be offered so as to enable an investor to decide to purchase any New Shares.

In the case of any New Shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, such financial intermediary will be deemed to have represented, warranted, acknowledged and agreed that the New Shares subscribed by it in the Share Issuance Programme have not been subscribed on a non-discretionary basis on behalf of, nor have they been subscribed with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any New Shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined.

The Company, Jefferies and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement.

6. European Economic Area – the Alternative Investment Fund Managers Directive

The AIFM Directive has been implemented in the UK, in part, through the AIFM Regulations. For the purposes of the AIFM Regulations the Company is a UK AIF and the Manager is a full-scope UK AIFM. Under the AIFMD regime, the Manager is entitled to passport marketing of the New Shares to professional investors into Members States of the European Union until 31 December 2020. In accordance with the Regulations, the Manager has applied to the FCA and registered the Company to enable the marketing of New Shares to professional investors in the following jurisdictions under the AIFMD passport procedure: **Ireland and Sweden**. Following 31 December 2020 New Shares may only be marketed into Ireland and Sweden in accordance with the applicable law and regulation of those territories.

7. Key Information Document and PRIIPs Regulation

In accordance with the PRIIPs Regulation, the Manager has prepared a key information document (the “**KID**”) in respect of an investment in the Company. The KID is made available by the Manager to “**retail investors**” prior to them making an investment decision in respect of Shares. Accordingly, the attention of prospective investors is drawn to the KID that is available on the Company’s website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc. If you are distributing Shares, it is your responsibility to ensure the KID is provided to any clients that are “retail clients”.

Jefferies is not a manufacturer, and makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of the KID nor accepts any responsibility to update the contents of the KID in accordance with the PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such KID to future distributors of Shares. Each of the Company, the Manager (including in its capacity as AIFM), Jefferies and their respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of the KID or any other key information documents. Prospective investors should note that the procedure for calculating the risks, costs and potential returns in the KID are prescribed by laws. The figures in the KID may not reflect actual returns for the Company and anticipated performance returns cannot be guaranteed. However, nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on the Company, the Manager (including in its capacity as AIFM), Jefferies and any of their respective affiliates (as applicable) by FSMA or the regulatory regime established thereunder.

8. No incorporation of website

The contents of the Company’s website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc (other than the 2019 Annual Report and the 2020 Interim Report located at www.greshamhouse.com/gresham-house-energy-storage-fund-plc) do not form part of the Prospectus. Investors should base their decision to invest on the contents of the Prospectus alone and should consult their professional advisers prior to making an application to subscribe for New Shares.

9. Investment considerations

The contents of the Prospectus or any other communications from the Company, the Manager, Jefferies and any of their respective affiliates, directors, officers, employees or agents are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of New Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of New Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment in New Shares.

An investment in the Company should be regarded as a long term investment. There can be no assurance that any appreciation in the value of the Company's investments will occur or that the Company's investment objective will be achieved and investors may not get back the full value of their investment. Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance. It should be remembered that the price of securities and the income from them can go down as well as up.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Articles of Association, which investors should review. A copy of the Articles is available on the Website.

The Prospectus should be read in its entirety before making any investment in the Company.

10. Documents for Inspection

Copies of the following documents will be available for inspection free of charge in electronic format on the Company's website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc from the date of the Prospectus until Admission of the final Tranche pursuant to the Share Issuance Programme:

- the Articles; and
- the Prospectus.

11. Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution to retail investors through advised sales only and to professional clients and eligible counterparties through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or

in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Share Issuance Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manager and Jefferies will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

The Company is registered as an investment company pursuant to section 833 of the Act and is an investment trust under section 1158 of the CTA. Accordingly (since they are shares in an investment trust), the Shares are excluded securities for the purposes of the FCA's restrictions applying to "non-mainstream investment products".

12. Conflicts of Interest

Jefferies and its affiliates may have engaged in transactions with, and provided various investment banking, sponsor, financial advisory and other services for, the Company, the Manager, the vendors of Further Investments or competitors of the Company (or any of their respective affiliates) for which they would have received fees. Jefferies and its affiliates may provide such services to the Company, then Manager, the vendors of Further Investments or competitors of the Company (and any of their respective affiliates) in the future.

In connection with the Share Issuance Programme, Jefferies and any of its affiliates acting as an investor for its own account(s), may subscribe for the New Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Share Issuance Programme or otherwise. Accordingly, references in this document to the New Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by Jefferies and any of its affiliates acting as an investor for its own account(s). Jefferies does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

13. Presentation of information

Market, economic and industry data

Where information contained in this Securities Note has been sourced from a third party (including where market, economic and industry data is derived from various industry and other independent sources), the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Forward-looking statements

The Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "projects", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company's actual results of operations, performance or achievement or industry results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described on pages 5 to 8 of this Securities Note and the section in the Registration Statement

entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in the Prospectus.

Any forward-looking statements in the Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements.

These forward-looking statements apply only as of the date of this Securities Note. Subject to any obligations under the Listing Rules, the Disclosure Rules, the Prospectus Rules and the Market Abuse Regulation, the Company undertakes no obligation publicly to update or review any forward-looking statement whether as a result of new information, future developments or otherwise. Prospective investors should specifically consider the factors identified in the Prospectus which could cause actual results to differ before making an investment decision.

The actual number of New Shares to be issued pursuant to the Initial Tranche and each subsequent Tranche under the Share Issuance Programme will be determined by, Jefferies and the Company. In such event, the information in the Prospectus should be read in light of the actual number of New Shares to be issued under each Tranche of the Share Issuance Programme.

Nothing in the preceding paragraphs should be taken as limiting the working capital statement in this Securities Note.

14. Latest Practicable Date

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Securities Note is at close of business on 9 November 2020.

15. Definitions

A list of defined terms used in this Securities Note is set out on pages 63 to 69 of this Securities Note.

16. Governing law

Unless otherwise stated, statements made in the Prospectus are based on the law and practice currently in force in England and are subject to changes therein.

PART 3: EXPECTED TIMETABLE

Initial Tranche

Initial Offer for Subscription opens	10 November 2020
Initial Placing opens	10 November 2020
Initial Offer for Subscription closes	11.00 a.m. on 24 November 2020
Initial Placing closes	11.00 a.m. on 24 November 2020
Announcement of the conditional results of the Initial Tranche	8.00 a.m. on 25 November 2020
Initial Admission and crediting of CREST accounts in respect of the Initial Tranche	8.00 a.m. on 27 November 2020
Despatch of share certificates to certificated applicants under the Initial Offer for Subscription if applicable	By 4 December 2020

Further Tranches pursuant to the Share Issuance Programme

Admission and crediting of CREST accounts in respect of subsequent Tranches	8.00 a.m. on the Business Day on which the Shares are issued
Share Issuance Programme closes	9 November 2021

Other key dates

General Meeting	10 a.m. on 19 November 2020
Announcement of the results of the General Meeting	19 November 2020

The times and dates set out in the expected timetable and mentioned throughout this Securities Note may, in certain circumstances, be adjusted by the Company and Jefferies, in which event details of the new times and dates will be notified, as required, to FCA and the London Stock Exchange and, where appropriate, Shareholders, and an announcement will be made through a Regulatory Information Service. All references to times in this Securities Note are to London time unless otherwise stated.

PART 4: DIRECTORS, MANAGER, DEPOSITARY AND ADVISERS

Directors

John S. Leggate CBE (Chair)
Duncan Neale
Catherine Pitt
David Stevenson
All of The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF

Registered Office of the Company

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

Website of the Company

www.greshamhouse.com/gresham-house-energy-storage-fund-plc

Manager and AIFM

Gresham House Asset Management Limited
5 New Street Square
London EC4A 3TW
Telephone: +44 (0)20 3837 6270
E-Mail: Info@greshamhouse.com
Website: www.greshamhouse.com
Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

Administrator and Company Secretary

JTC (UK) Limited
The Scalpel, 18th Floor
52 Lime Street
London EC3M 7AF
Website: <https://www.jtcgroup.com/regions/united-kingdom>

Depositary

INDOS Financial Limited
54 Fenchurch Street
London EC3M 3JY
Telephone: +44 (0)203 876 2218
Website: www.indosgroup.com
Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

Sole Global Co-ordinator, Bookrunner and Financial Adviser

Jefferies International Limited
100 Bishopsgate
London EC2N 4JL
Telephone: +44(0) 20 7029 8000
Website: www.jefferies.com
Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

Legal Advisers to the Company

Eversheds Sutherland (International) LLP
One Wood Street
London EC2V 7WS

Legal Advisers to Jefferies

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Auditor

BDO UK LLP
55 Baker Street
London W1U 7EU

Registrars and Receiving Agent
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

PART 5: SHARE ISSUANCE PROGRAMME

1. Introduction

The Company intends to issue up to 250 million New Shares in aggregate pursuant to the Share Issuance Programme in Tranches. Each Tranche will comprise a placing and/or an offer for subscription on similar terms (aside from the issue price) to the Initial Placing and/or the Initial Offer for Subscription. The Share Issuance Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue New Shares on appropriate occasions over a period of time.

The Directors believe that the Share Issuance Programme will benefit the Company by enabling it to make further investments under the Investment Policy and provide a larger equity base to: (i) take advantage of current and future investment opportunities thereby diversifying its investment portfolio both by number of investments and by sector; (ii) increase the scope for institutional investment in the Company; (iii) improve the secondary market liquidity of the Ordinary Shares; (iv) reduce the Company's ongoing expense ratio due to the economy of scale of the Company; (v) facilitate the issuance of New Shares at a premium to NAV which is NAV accretive to existing Shareholders; and (vi) respond quickly to market demand which may be advantageous in the current climate.

The Board intends to use the Net Issue Proceeds from the Initial Tranche and from each subsequent Tranche under the Share Issuance Programme primarily to make Further Investments.

2. Amount of proceeds and costs and commissions

The total Net Issue Proceeds of the Share Issuance Programme will depend on the number of New Shares issued throughout the Share Issuance Programme, the issue price of such New Shares and the aggregate costs and commissions for each Tranche. However, assuming that all 250 million New Shares available for issue under the Share Issuance Programme (which is also the maximum number of New Shares available for issue under the Initial Tranche) are issued at an issue price of 105 pence per Share with aggregate costs and commissions of £5.25 million, the total Net Issue Proceeds under the Share Issuance Programme would be £257.25 million.

The costs and commissions of each Tranche will be met out of the Gross Issue Proceeds of the relevant Tranche.

3. The Share Issuance Programme

The Share Issuance Programme was announced on 10 November 2020 and will close on 9 November 2021 (or any earlier date on which it is fully subscribed). The maximum number of New Shares to be issued pursuant to the Share Issuance Programme is 250 million.

In respect of the Initial Tranche, the Initial Placing opens on 10 November 2020 and is expected to close on 24 November 2020 and the Initial Offer for Subscription opens on 10 November 2020 and is expected to close on 24 November 2020. The issue of New Shares under the Share Issuance Programme is not being underwritten. The issue of New Shares under the Share Issuance Programme is at the discretion of the Directors. Issuance may take place at any time prior to: (i) the final closing date of 9 November 2021; or (ii) such earlier date as all New Shares the subject of the Share Issuance Programme are issued.

Where a new Tranche includes an offer component, the Company will publish a Future Securities Note (which, inter alia, will set out the terms and conditions of the relevant offer) and a Future Summary.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of the Prospectus and prior to an Admission of a Tranche of New Shares to be issued pursuant to the Share Issuance Programme, the Company will publish a supplementary prospectus or a Future Securities Note. Any supplementary prospectus or Future Securities Note published will give details of the significant change(s) or the significant new matter(s).

It is anticipated that dealings in the New Shares will commence no more than two Business Days after the trade date for each issue of New Shares. Whilst it is expected that all New Shares issued pursuant to a particular Tranche will be issued in uncertificated form, if any New Shares are issued in certificated form it is expected that share certificates would be despatched approximately two weeks after Admission of the relevant Tranche. No temporary documents of title will be issued.

New Ordinary Shares issued pursuant to the Share Issuance Programme or on conversion of C Shares issued pursuant to the Share Issuance Programme will rank *pari passu* with the existing Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares). For the avoidance of doubt, New Shares issued under the Initial Tranche will be entitled to the dividend with respect to the quarterly period ended 31 December 2020.

The Share Issuance Programme will be suspended at any time when the Company is unable to issue New Shares pursuant to the Share Issuance Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Share Issuance Programme may resume when such conditions cease to exist, subject always to the final closing date of the Share Issuance Programme being no later than 9 November 2021.

4. Allocations and issues under the Share Issuance Programme

Allocations of the New Shares under the Share Issuance Programme will be determined at the discretion of the Directors (in consultation with Jefferies and the Manager), who will determine in respect of any particular Tranche: (a) whether that Tranche will be undertaken by way of an offer for subscription, placing or open offer (or any combination thereof); (b) the opening and closing dates of that Tranche; (c) the price at which New Ordinary Shares to be issued in that Tranche will be issued; and (d) the basis for allocation of New Shares issued pursuant to that Tranche.

If subscriptions under the Initial Placing and the Initial Offer for Subscription or Subsequent Issues, as applicable, exceed the maximum number of New Shares available, Jefferies and the Company jointly will scale back subscriptions at their discretion.

The number of New Shares of a Tranche can be up to the maximum amount of New Shares remaining available under the Share Issuance Programme at the relevant point in time (taking account of the number of New Shares issued under the Initial Tranche and any prior Tranche). However, the exact size and frequency of each Tranche and of each placing and offer for subscription, will be determined jointly by the Company and Jefferies. The maximum number of New Shares under the Share Issuance Programme should not be taken as an indication of the number of the New Shares finally to be issued, which will depend on the timing and size of future acquisitions of the Company.

5. Price

The Directors (in consultation with Jefferies and the Manager) will determine the issue price in respect of each Tranche. In making their determination, the Directors will follow the following principles:

- (a) the price per share in respect of New Ordinary Shares comprised in any Tranche will be calculated by reference to: (i) the Net Asset Value per share together with a premium intended to cover, but not to be limited to, the direct costs and expenses of that Tranche (the "**Minimum Price**"); and (ii) the prevailing market price of the shares at the time that the issue is announced (the "**Maximum Price**"). The price per share in respect of New Ordinary Shares comprised in any Tranche will never be lower than the Minimum Price and will never be higher than the Maximum Price. The price per share in respect of C Shares comprised in any Tranche will be £1 per C Share;
- (b) no New Ordinary Shares will be issued at a discount to the prevailing Net Asset Value per Ordinary Share at the time of the relevant allotment;
- (c) the Company will not issue any New Shares at a discount of 10 per cent. or more to the middle market price of Shares of the same class at the relevant time without further Shareholder approval by way of an ordinary resolution; and

- (d) the Directors will have regard to the potential impact of the Share Issuance Programme on the payment of dividends to Shareholders, with the intention that the Share Issuance Programme should not result in any material dilution of the dividends per Ordinary Share that the Company may be able to pay.

The price for any Tranche may be a fixed price (which shall include any subsequent Tranche that comprises an offer) or by such other method as is determined by the Directors (in consultation with Jefferies and the Manager).

New Shares issued under the Initial Tranche are to be issued at the issue price of 105 pence each. The New Shares issued under the Initial Tranche will be entitled to receive the Company's quarterly dividend for the period ended 31 December 2020. The Initial Offer for Subscription is only being made in the UK.

6. Conditions

The issuance of each Tranche of New Shares pursuant to the Share Issuance Programme is conditional upon inter alia:

- (a) Admission occurring in respect of the relevant Tranche;
- (b) the Issue Agreement becoming otherwise unconditional in respect of the relevant Tranche, and not being terminated in accordance with its terms, in each case before Admission of the relevant Tranche of New Shares becomes effective;
- (c) if a supplementary prospectus is required to be published in accordance with FSMA, such supplementary prospectus being approved by the FCA and published by the Company in accordance with the Prospectus Regulation Rules; and
- (d) the passing of the resolutions enabling the Company to issue New Shares on a non pre-emptive basis at the November General Meeting.

If any of these conditions are not met, the relevant issue of New Shares pursuant to the Share Issuance programme will not proceed.

There is no minimum amount required to be raised under the Share Issuance Programme in order for the Share Issuance Programme or the issue of any Tranche to proceed.

7. The Initial Placing and Subsequent Placings

The Company, the Manager and Jefferies have entered into the Issue Agreement, pursuant to which Jefferies has agreed, subject to certain conditions, to use its reasonable endeavours to procure Places for the New Ordinary Shares made available in the Initial Placing and/or New Shares made available in any Subsequent Placing (as applicable).

New Shares made available in the Initial Placing or Subsequent Placings may only be acquired by Places that are: (i) US Persons who are QIBs and QPs; and (ii) investors who are not US Persons outside of the United States in "offshore transactions" as defined in and pursuant to Regulation S. New Shares may not be offered or sold to investors in the United States or to, or for the benefit of, US Persons, except pursuant to an exemption from the registration requirements of the US Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(a)(2) of the US Securities Act and analogous exemptions under state securities laws.

The terms and conditions of the Initial Placing and Subsequent Placings are set out in Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*) of this Securities Note. These terms and conditions should be read carefully before a commitment is made.

Further details of the terms of the Issue Agreement, including the fees payable to Jefferies, are detailed in paragraph 6.4 of Part 10 (*Additional Information*) of the Registration Document.

8. The Initial Offer for Subscription and Subsequent Offers for Subscription

The terms and conditions of application under the Initial Offer for Subscription and any Subsequent Offers for Subscription are set out in Part 7 (*Terms and Conditions of the Initial Offer for Subscription and Subsequent Offers for Subscription*) of this Securities Note. An application form to apply for Ordinary Shares under the Initial Offer for Subscription and any Subsequent Offers for Subscription ("**Application Form**") is set out at the end of this Securities Note. The terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in doubt about the contents of the Prospectus.

Applications under the Initial Offer for Subscription and any Subsequent Offers for Subscription must be for a minimum subscription amount of £1,000.

All applications for New Shares under the Initial Offer for Subscription will be payable in full, in sterling, by a cheque or banker's draft drawn on a UK clearing bank or by CREST settlement. The terms and conditions of any Subsequent Offer for Subscription pursuant to the Share Issuance Programme are expected to be on similar terms to the Initial Offer for Subscription and will be set out in a Future Securities Note.

9. Closing Date and Admissions

Subject to those matters on which the Share Issuance Programme is conditional, the Board, with the consent of Jefferies, may bring forward or postpone the closing date for the Share Issuance Programme and/or the Initial Tranche.

The results of the Initial Tranche are expected to be announced on 25 November 2020 via a Regulatory Information Service and the results of any Tranches of New Shares pursuant to the Share Issuance Programme will also be announced via a Regulatory Information Service in the same manner.

CREST accounts will be credited on the date of Initial Admission and it is expected that, where Shareholders have requested them, certificates in respect of the New Shares to be held in certificated form will be despatched by 4 December 2020. Pending receipt by Shareholders of definitive share certificates, if issued, the Registrar will certify any instruments of transfer against the register of members.

10. Applications and Withdrawals

To the extent that any application for subscription under the Share Issuance Programme is rejected in whole or in part, or the Board determines in its absolute discretion that the Share Issuance Programme should not proceed, monies received will be returned to each relevant applicant at its risk and without interest.

Multiple applications or suspected multiple applications on behalf of a single client are liable to be rejected.

Subject to their statutory right of withdrawal pursuant to Article 23(2) of the Prospectus Regulation in the event of the publication of a supplementary prospectus, applicants may not withdraw their applications for New Shares.

Applicants wishing to exercise their statutory right of withdrawal pursuant to Article 23(2) of the Prospectus Regulation after the publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST Member with Computershare Investor Services PLC, by post or by hand (during normal business hours only) to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by email to OFSpaymentqueries@computershare.co.uk so as to be received not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Computershare Investor Services PLC after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant applicant of his subscription in full and the allotment of New Shares to such applicant becoming unconditional. In such event,

Shareholders are recommended to seek independent legal advice.

11. Overseas investors

The attention of persons resident outside the UK is drawn to the notices to investors set out on pages 9 to 11 of this Securities Note that set out restrictions on the holding of New Shares by such persons in certain jurisdictions.

12. Dealing arrangements

Application will be made for the New Shares to be admitted to trading on the Specialist Fund Segment. It is expected that Initial Admission will become effective, and that dealings in the New Shares will commence, at 8.00 a.m. on 27 November 2020.

The ISIN for the New Ordinary Shares is GB00BFX3K770, and the SEDOL is BFX3K77. The ISIN of any tranche of C Shares that may be issued under the Share Issuance Programme is not known at the date of the Prospectus and will be announced by way of RIS Announcement at the appropriate time.

13. Settlement

Payment for the New Shares to be acquired under the Initial Placing should be made in accordance with settlement instructions provided to investors by Jefferies. Payment for the New Shares applied for under the Initial Offer for Subscription should be made in accordance with the instructions contained in the Application Form as set out at the end of this Securities Note. To the extent that any subscription or application for New Shares is rejected in whole or part, monies will be returned to the applicant without interest.

14. CREST

CREST is a paperless settlement procedure enabling securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. The Articles permit the holding of Shares under the CREST system and the Company has applied for the New Shares to be admitted to CREST with effect from Admission of the relevant Tranche. Accordingly, settlement of transactions in the New Shares following Admission of the relevant Tranche may take place within the CREST system if any Shareholder so wishes (provided that the New Shares are not in certificated form).

CREST is a voluntary system and, upon the specific request of a Shareholder, the Shares of that Shareholder which are being held under the CREST system may be exchanged, in whole or in part, for share certificates.

If a Shareholder or transferee requests New Shares to be issued in certificated form, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 21 days of completion of the registration process or transfer, as the case may be, of the New Shares.

Shareholders who are non-US Persons holding definitive certificates may elect at a later date to hold their New Shares through CREST in uncertificated form, provided that they surrender their definitive certificates.

15. Money laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, any of the Company and its agents, including the Administrator and Company Secretary, the Registrar, the Receiving Agent, the Manager and Jefferies may require evidence in connection with any subscription or application for New Shares, including further identification of the applicant(s), before any New Shares are issued.

Each of the Company and its agents, including the Administrator and Company Secretary, the Registrar, the Receiving Agent, the Manager and Jefferies reserves the right to request such information as is necessary to verify the identity of a Shareholder or prospective Shareholder and (if any) the underlying beneficial owner or prospective beneficial owner of a Shareholder's New Shares. In the event of delay or failure by the Shareholder or prospective Shareholder to produce any

information required for verification purposes, the Board, in consultation with any of the Company's agents, including the Administrator and Company Secretary, the Registrar, the Receiving Agent, the Manager and Jefferies, may refuse to accept a subscription or application for New Shares, or may refuse the transfer of Ordinary Shares held by any such Shareholder.

PART 6: TERMS AND CONDITIONS OF THE INITIAL PLACING AND SUBSEQUENT PLACINGS UNDER THE SHARE ISSUANCE PROGRAMME

1. Introduction

- 1.1 Each Placee which confirms its agreement (whether orally or in writing) to Jefferies to subscribe for New Shares under the Initial Placing or any Subsequent Placing pursuant to the Share Issuance Programme (each a "**Placing**") will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Company, the Manager and/or Jefferies may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a "**Placing Letter**"). The terms of this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*) will, where applicable, be deemed to be incorporated into that Placing Letter. Each Placee that is an US Person will also be asked to enter into the Investor Representation Letter as further described in paragraph 6 of this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*). Any other Placee may also be asked to enter into any other documentation that each of the Company, the Manager and Jefferies may require to comply with any applicable securities laws.

2. Agreement to subscribe for New Shares in the Initial Placing

Conditional on inter alia: (i) Initial Admission occurring and becoming effective by 8.00 a.m. (London time) on or prior to 27 November 2020 (or such later time and/or date, not being later than 31 December 2020, as the Company, the Manager and Jefferies may agree); (ii) the Issue Agreement becoming unconditional in all respects (other than in respect of any condition regarding Initial Admission) and not having been terminated on or before 27 November 2020 (or such later date, not being later than 31 December 2020, as the Company, the Manager and Jefferies may agree); (iii) the passing of the Resolutions at the General Meeting; and (iv) Jefferies confirming to the Placees their allocation of New Shares, a Placee agrees to become a member of the Company and agrees to subscribe for or acquire those New Shares allocated to it by Jefferies at the Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3. Agreement to subscribe for New Shares in Subsequent Placings

Conditional on inter alia: (i) the relevant Admission occurring and becoming effective by 8.00 a.m. (London time) on the Business Day on which the relevant New Shares are issued; (ii) the Issue Agreement becoming unconditional in all respects and not having been terminated on or before the relevant Admission of the New Shares; and (iii) Jefferies confirming to the Placees their allocation of the relevant New Shares, in each case as applicable to the Subsequent Placing in question, a Placee agrees to become a member of the Company and agrees to subscribe for or acquire those New Shares allocated to it by Jefferies at the relevant issue price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

4. Payment for New Shares

Each Placee undertakes to pay in full the relevant issue price for the New Shares issued to the Placee in the manner and by the time directed by Jefferies. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee shall be deemed hereby to have irrevocably and unconditionally appointed Jefferies or any nominee of Jefferies as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the New Shares in respect of which payment shall not have been made as directed, and to indemnify Jefferies and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

A sale of all or any of such New Shares shall not release the relevant Placee from the obligation to make such payment for New Shares to the extent that Jefferies or its nominee has failed to sell such New Shares at a consideration which, after deduction of the expenses of such sale and payment of

stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the relevant issue price.

5. Representations and Warranties

By agreeing to subscribe for or acquire New Shares, at the Initial Placing or any Subsequent Placing, each Placee which enters into a commitment to subscribe for New Shares will (for itself and any person(s) procured by it to subscribe for or acquire New Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Manager, the Registrar and Jefferies that:

- (a) in agreeing to subscribe for or acquire New Shares under the relevant Placing, it is relying solely on the Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the relevant Placing. It agrees that none of the Company, the Manager, the Registrar or Jefferies, nor any of their respective officers, agents or employees or affiliates will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against such persons in respect of any other information or representation;
- (b) the content of the Prospectus is exclusively the responsibility of the Company and its Board and to the extent stated in paragraph 8 of Part 10 (*Additional Information*) of the Registration Document, the Manager and apart from the liabilities and responsibilities, if any, which may be imposed on Jefferies by FSMA or under any regulatory regime, neither Jefferies nor any person acting on its behalf nor any of its affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its or their behalf in connection with the Company, the New Shares or the Initial Tranche;
- (c) if: (i) it is a US Person, it is a QIB that is also a QP, and has acknowledged and complied with all of the requirements set forth in section 6 below, including the delivery of a signed Investor Representation Letter to the Company and Jefferies; and/or (ii) if it is not a US Person, that (A) the Ordinary Shares have not been or will be registered under the US Securities Act and are being offered outside the United States in compliance with Regulation S and that it is purchasing such Shares outside the United States in compliance with such regulations; (B) it understands and acknowledges that the Company has not registered, and does not intend to register, as an investment company under the US Investment Company Act and the Ordinary Shares may only be transferred under circumstances which will not result in the Company being required to register under the US Investment Company Act; and (C) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the Shares in "offshore transactions" as defined in and in compliance with Regulation S (which includes, for the avoidance of doubt, any bona fide sale on the London Stock Exchange's Main Market) or in transactions that are exempt from registration under the US Securities Act and do not require the Company to register under the US Investment Company Act;
- (d) if the laws of any territory or jurisdiction outside the UK are applicable to its agreement to subscribe for or acquire New Shares under the relevant Placing, it warrants that it has read the notices to overseas investors contained in the Prospectus or any supplemental prospectus (as applicable), has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Manager, the Registrar or Jefferies or any of their respective officers, agents, or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the UK in connection with the relevant Placing;
- (e) it has received, carefully read and understands the Prospectus and any supplementary prospectus in its entirety and acknowledges that it is acquiring New Shares on the

terms and subject to the conditions set out in this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*) and in the contract note or oral or email placing confirmation, as applicable (a "**Contract Note**" or "**Placing Confirmation**") and the Placing Letter (if any) and the Articles as in force at the date of Initial Admission or the relevant Admission (as applicable);

- (f) it has not relied on Jefferies, or any person affiliated with Jefferies in connection with any investigation of the accuracy of any information contained in the Prospectus;
- (g) the content of the Prospectus and any supplementary prospectus is exclusively the responsibility of the Company and its Directors and to the extent stated in paragraph 8 of Part 10 (*Additional Information*) of the Registration Document, the Manager and neither Jefferies, the Manager, the Registrar, nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information, representation or statement contained in the Prospectus (and any such supplementary prospectus issued by the Company) or any information previously published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in a Placing based on any information, representation or statement contained in the Prospectus or otherwise. However, nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on Jefferies by FSMA or the regulatory regime established thereunder;
- (h) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Shares and it is not acting on a non-discretionary basis for any such person;
- (i) it agrees that, having had the opportunity to read the Prospectus and any supplementary prospectus, it shall be deemed to have had notice of all information and representations contained in the Prospectus and any supplementary prospectus, that it is acquiring New Shares solely on the basis of the Prospectus and any supplementary prospectus and no other information and that in accepting a participation in the relevant Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for or acquire New Shares;
- (j) it acknowledges that no person is authorised in connection with the relevant Placing to give any information or make any representation other than as contained in the Prospectus and any supplementary prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Jefferies, the Company or the Manager or the Registrar;
- (k) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (l) it accepts that none of the New Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the New Shares may not be offered, sold or delivered, directly or indirectly, within any Excluded Territory;
- (m) the price per New Share in respect of the Initial Tranche is fixed at the Issue Price and is payable to Jefferies on behalf of the Company in accordance with the terms of this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*) and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
- (n) it has the funds available to pay in full for the New Shares for which it has agreed to subscribe and that it will pay the total subscription in accordance with the terms set out in this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*) and, as applicable, as set out in the Contract Note or Placing confirmation and the Placing Letter (if any) on the due time and date;

- (o) its commitment to acquire New Shares will be agreed orally or in writing (which shall include by email) with Jefferies as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Jefferies as soon as possible thereafter. That oral or written agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Jefferies to subscribe for the number of New Shares allocated to it at the Issue Price in respect of the Initial Placing or the applicable price to apply to each Tranche in respect of a Subsequent Placing (as applicable) on the terms and conditions set out in this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*) and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Initial Admission or the relevant Admission (as applicable). Except with the consent of Jefferies such oral or written commitment will not be capable of variation or revocation after the time at which it is made;
- (p) its allocation of New Shares will be evidenced by Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of New Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such New Shares; and (iii) settlement instructions to pay Jefferies as agent for the Company. The terms of this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*) will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- (q) settlement of transactions in the New Shares following Initial Admission or otherwise the relevant Admission (as applicable), will take place in CREST but Jefferies reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- (r) none of the New Shares have been or will be registered under the laws of any member state of the EEA (other than Ireland and Sweden), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Initial Placing and/or any Subsequent Placing would breach any applicable law. Accordingly, the New Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the following: any Member State (other than Ireland and Sweden), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Initial Placing and/or any Subsequent Placing would breach any applicable law unless an exemption from any registration requirement is available;
- (s) it: (i) is entitled to subscribe for the New Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for New Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- (t) if it is within the UK, it is: (i) a qualified investor within the meaning of Section 86(d) of the FSMA; and (ii) a person who falls within Articles 49(2)(a) to (d), 19(1) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Shares may otherwise lawfully be offered whether under such Order or otherwise; or (ii) if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the UK would apply, that it is a person to whom the New Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (u) if it is a resident in the EEA, it is a qualified investor within the meaning of the Prospectus Regulation and a professional investor within the meaning of the Alternative Investment Fund Managers Directive;

- (v) if it is acting as a "distributor" (for the purposes of MiFID II Product Governance Requirements):
- (i) it acknowledges that the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares and each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels;
 - (ii) notwithstanding any Target Market Assessment, it confirms that, other than where it is providing an execution-only service to investors, it has satisfied itself as to the appropriate knowledge, experience, financing situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the New Shares and that it has considered the compatibility of the risk/reward profile of such New Shares with the end target market; and
 - (iii) it acknowledges that the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;
- (w) in the case of any Ordinary Shares acquired by a Placee as a financial intermediary within the meaning of Article 5(1) of the Prospectus Regulation: (i) the Ordinary Shares acquired by it in the Initial Placing and/or any subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the UK or any relevant Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of Jefferies has been given to the offer or resale; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in the UK or any relevant Member State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- (x) if it is outside the UK, the Prospectus, and any supplementary prospectus or any other offering, marketing or other material in connection with the relevant Placing does not constitute an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for or acquire New Shares pursuant to the relevant Placing unless, in the relevant territory, such offer, invitation, promotion or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (y) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the UK) on the date of such Placee's agreement to subscribe for New Shares and will not be any such person on the date that such subscription is accepted;
- (z) (i) it has communicated or caused to be communicated and will communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the New Shares only in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person; and (ii) that no Placing Document is being issued by Jefferies in its capacity as an authorised person under section 21 of the FSMA and the Placing Documents may not therefore be subject to the controls which would

apply if the Placing Documents were made or approved as financial promotion by an authorised person;

- (aa) it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to, in, from or otherwise involving, the UK;
- (bb) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- (cc) it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- (dd) no action has been taken or will be taken in any jurisdiction other than the UK that would permit a public offering of the New Shares or possession of the Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- (ee) it acknowledges that neither Jefferies nor any of its respective affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the relevant Placing or providing any advice in relation to the relevant Placing and participation in the relevant Placing is on the basis that it is not and will not be a client of Jefferies or any of its affiliates and that Jefferies and any of its affiliates do not have any duties or responsibilities to it for providing protection afforded to its clients or for providing advice in relation to the relevant Placing nor in respect of any representations, warranties, undertakings or indemnities contained in any Placing Letter;
- (ff) that, save in the event of fraud on the part of Jefferies, none of Jefferies, its ultimate holding companies, any direct or indirect subsidiary undertakings of such holding company, any of its or their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Jefferies' role as sole global co-ordinator, bookrunner, financial adviser or otherwise in connection with the relevant Placing and that where any such responsibility or liability nevertheless arises as a matter of law, the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof. However, nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on Jefferies by FSMA or the regulatory regime established thereunder;
- (gg) it acknowledges that where it is subscribing for or acquiring New Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for or acquire the New Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in the Prospectus and any supplementary prospectus; and (iii) to receive on behalf of each such account any documentation relating to the relevant Placing in the form provided by the Company and/or Jefferies (as the case maybe). It agrees that the provision of this paragraph shall survive any resale of the New Shares by or on behalf of any such account;
- (hh) it irrevocably appoints any Director and/or any director of Jefferies or duly authorised employee or agent of Jefferies to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for or acquisition of all or any of the New Shares for which it has given a commitment under the relevant Placing, in the event of its own failure to do so;
- (ii) it accepts that if the relevant Placing does not proceed or the conditions to the Issue Agreement in respect of the Initial Tranche or any Subsequent Placing are not satisfied or the New Shares for which valid applications are received and accepted are not admitted to listing on the Official List and to trading on the Main Market (respectively)

for any reason whatsoever then none of the Company, the Manager, Jefferies or any of its affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- (jj) in connection with its participation in the relevant Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in force in the UK (the "**Money Laundering Regulations**"); (ii) subject to the Money Laundering Directive (2015/849/EC of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the "**Money Laundering Directive**"); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (kk) it agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Jefferies and/or the Company may require proof of identity of the Placee and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, Jefferies and/or the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Jefferies and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- (ll) it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar's and the Company Secretary's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Legislation, the Registrar, the Company Secretary, Jefferies are each required to specify the purposes for which they will hold personal data. For the purposes of this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*), "**Data Protection Legislation**" means any law applicable from time to time relating to the processing of personal data and/or privacy, as in force at the date of the Prospectus or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the General Data Protection Regulation (EU) 2016/679, and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, direction and orders issued from time to time under or in connection with any such law. The Registrar, the Company Secretary and Jefferies will only use such information for the purposes set out below (collectively, the "Purposes"), being to:
- (i) process its personal data (including special categories of personal data (as defined in applicable Data Protection Legislation)) as required for or in connection with the holding of New Shares, including processing personal data in connection with credit and money laundering checks on it and effecting the payment of dividends and other distributions to Shareholders;
 - (ii) communicate with it as necessary in connection with the proper running of its business affairs and generally in connection with the holding of New Shares;
 - (iii) provide personal data to such third parties as are or shall be necessary in connection with the proper running of its business affairs and generally in connection with the holding of New Shares or as the Data Protection Legislation may require, including to third parties outside the UK or the EEA (subject to the use of a transfer mechanism which is approved at the relevant time by the

European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK); and

- (iv) process its personal data for the purpose of their internal record-keeping and reporting obligations;

in providing Jefferies, the Registrar and the Company Secretary with information, and to the extent that such information relates to a third party procured by a Placee to subscribe for New Shares and any nominee for any such persons, it hereby represents and warrants to Jefferies, the Registrar and the Company Secretary that it has obtained any necessary consents of any data subject whose data it has provided, to Jefferies, the Registrar and the Company Secretary and their respective associates holding and using their personal data for the Purposes (including, where required, the explicit consent of the data subjects for the processing of any personal data (including special categories of personal data (as defined in applicable Data Protection Legislation)) for the Purposes) and will make the list of Purposes for which Jefferies, the Registrar and the Company Secretary will process the data (as set out in paragraph (II)) available to all data subjects whose personal data may be shared by it in the performance of this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*). For the purposes of this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*), “**data subject**”, “**data controller**”, “**data processor**”, “**personal data**” and “**sensitive personal data**” shall have the meanings attributed to them in the Data Protection Legislation;

- (mm) Jefferies and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Issue Agreement in respect of the Initial Tranche or any Subsequent Placing, or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- (nn) the representations, undertakings and warranties contained in the Prospectus and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that Jefferies, the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription or acquisition of the New Shares are no longer accurate, it shall promptly notify Jefferies and the Company;
- (oo) where it or any person acting on behalf of it is dealing with Jefferies case may be), any money held in an account with Jefferies on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Jefferies to segregate such money, as that money will be held by Jefferies under a banking relationship and not as trustee;
- (pp) any of its clients, whether or not identified to Jefferies or any of their respective affiliates or agents, will remain its sole responsibility and will not become clients of Jefferies or any of their respective affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (qq) it accepts that the allocation of New Shares shall be determined jointly by Jefferies and the Company and that such persons may scale down any Placing commitments for this purpose on such basis as they may determine;
- (rr) time shall be of the essence as regards its obligations to settle payment for the New Shares and to comply with its other obligations under the Placing in question;
- (ss) it authorises Jefferies to deduct from the total amount subscribed under the applicable Placing the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of New Shares allocated under the applicable Placing;
- (tt) in the event that a supplementary prospectus is required to be produced pursuant to section 87G of the FSMA and in the event that it chooses to exercise any right of

withdrawal pursuant to Article 23(2) of the Prospectus Regulation, such Placee will immediately re-subscribe for the same number of New Shares previously comprising its subscription;

- (uu) the commitment to subscribe for New Shares on the terms set out in this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*) and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing and/or any Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing or any Subsequent Placing;
- (vv) it is capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook;
- (ww) if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;
- (xx) the Company, the Manager, the Registrar, Jefferies and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements; and
- (yy) if any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company and Jefferies and agrees to indemnify and hold each of the Company, the Manager, the Registrar and Jefferies and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, acknowledgements and agreements in this Part 6 (*Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme*).

6. Purchase and Transfer Restrictions for US Persons

By participating in the Initial Placing or any Subsequent Placing, each Placee located within the US or who is, or is acting for the account or benefit of, a US Person, acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be further deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Manager, the Registrar and Jefferies that:

- (a) it is a QIB that is also a QP and has delivered to the Company and Jefferies a signed Investor Representation Letter;
- (b) it confirms that: (i) it was not formed for the purpose of investing in the Company; and (ii) it is acquiring an interest in the New Shares for its own account as principal, or for the account of one or more other persons who are able to and who shall be deemed to make all of the representations and agreements in this section 6 and in the Investor Representation Letter and for whom it exercises sole investment discretion;
- (c) it understands that the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- (d) it acknowledges that the Company has not registered, and does not intent to register, as an investment company under the US Investment Company Act and that the Company has put in place transfer and offering restrictions with respect to persons located in the United States and US Persons described herein so that the Company will qualify for the exemption provided under Section 3(c)(7) of the US Investment

Company Act and to ensure that the Company will not be required to register as an investment company;

- (e) it will not be entitled to the benefits of the US Investment Company Act;
- (f) it is knowledgeable, sophisticated and experienced in business and financial matters and it fully understands the limitations on ownership and transfer and the restrictions on sales of the New Shares;
- (g) it is able to bear the economic risk of its investment in the New Shares and is currently able to afford the complete loss of such investment and is aware that there are substantial risks incidental to the purchase of the New Shares, including those summarised under the heading "Risk Factors" in this Prospectus;
- (h) it is not acquiring the New Shares with a view to any offer, sale or distribution thereof within the meaning of the US Securities Act;
- (i) no portion of the assets used to purchase, and no portion of the assets used to hold, the New Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code. In addition, if an investor is a governmental, church, non-US or other plan that is subject to any federal, state, local or non-US law or regulation that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, its purchase, holding, and disposition of the New Shares will not constitute or result in a non-exempt violation of any such substantially similar law or regulation;
- (j) that if any New Shares offered and sold are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

"THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), AND THIS SECURITY OR ANY BENEFICIAL INTEREST THEREIN MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. BY PURCHASING THE SECURITY REPRESENTED HEREBY THE HOLDER OF THIS SECURITY OR ANY BENEFICIAL INTEREST THEREIN AGREES FOR THE BENEFIT OF THE COMPANY THAT THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) OUTSIDE OF THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT OR (II) TO A PERSON WITHIN THE UNITED STATES, OR TO A US PERSON, THAT IS BOTH A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT AND A "QUALIFIED PURCHASER" WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT, IN EACH OF CASES (I) OR (II) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION. THE COMPANY AND ITS REGISTRAR WILL REFUSE TO REGISTER A TRANSFER TO A US PERSON THAT DOES NOT MEET THE REQUIREMENTS REFERRED TO IN (II) ABOVE. THE COMPANY AND ITS ADMINISTRATOR AND COMPANY SECRETARY MAY REFUSE TO REGISTER A TRANSFER THAT DOES NOT MEET THE RESTRICTIONS REFERRED TO HEREIN.

EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS. THE

HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY TRANSFEREE OF THESE SHARES OF THE RESALE RESTRICTIONS REFERRED TO HEREIN.

THE HOLDER OF THIS SECURITY AND ANY SUBSEQUENT TRANSFEREE WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT NO PORTION OF THE ASSETS USED TO PURCHASE, AND NO PORTION OF THE ASSETS USED TO HOLD, THE ORDINARY SHARES OR ANY BENEFICIAL INTEREST THEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") THAT IS SUBJECT TO TITLE I OF ERISA; (II) A "PLAN" AS DEFINED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT, THAT IS SUBJECT TO SECTION 4975 OF THE CODE; OR (III) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY OF THE FOREGOING TYPES OF PLANS, ACCOUNTS OR ARRANGEMENTS THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE. IN ADDITION, IF AN INVESTOR IS A GOVERNMENTAL, CHURCH, NON-US OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-US LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, ITS PURCHASE, HOLDING, AND DISPOSITION OF THE ORDINARY SHARES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW OR REGULATION.";

- (k) if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of the New Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles (as amended from time to time);
- (l) it acknowledges that the Company reserves the right to make inquiries of any holder of the New Shares or interests therein at any time as to such person's status under the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the US securities laws to transfer such New Shares or interests in accordance with the Articles (as amended from time to time);
- (m) the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements. The Placee agrees to furnish any information and documents which the Company may from time to time request, including but not limited to information required under FATCA;
- (n) it is entitled to acquire the New Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Manager, the Registrar, Jefferies or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the issue or its acceptance of participation in the Initial Placing and/or any Subsequent Placing;
- (o) it has received, carefully read and understands this Prospectus (and any supplementary prospectus issued by the Company), and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other presentation or offering materials concerning the New Shares to or within the United States or to any US Persons, nor will it do any of the foregoing; and

- (p) it understands that this Prospectus (and any supplementary prospectus issued by the Company) has been prepared according to the disclosure requirements of the UK, which are different from those of the United States.

7. Supply and Disclosure of Information

If Jefferies, the Registrar, the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for or acquire New Shares under the relevant Placing or to comply with any relevant legislation (including as may be required to be submitted to any relevant tax authority), such Placee must promptly disclose it to them and shall ensure that such information is complete and accurate in all respects.

8. Miscellaneous

- 8.1 The rights and remedies of Jefferies, the Manager, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 8.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the relevant Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 8.3 Each Placee agrees to be bound by the Articles (as amended from time to time) once the New Shares, which the Placee has agreed to subscribe for or acquire pursuant to the relevant Placing, have been acquired by the Placee. The contract to subscribe for or acquire New Shares under the relevant Placing and the appointments and authorities mentioned in the Prospectus and any supplementary prospectus all disputes, claims arising out of or in connection with its subject matter or formations (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Jefferies, the Manager, the Registrar and the Company, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against Placee in any other jurisdiction.
- 8.4 In the case of a joint agreement to subscribe for or acquire New Shares under a Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 8.5 Jefferies and the Company expressly reserve the right to modify the terms and conditions of any Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined.
- 8.6 The Initial Placing is subject to the satisfaction of the conditions contained in the Issue Agreement and the Issue Agreement not having been terminated. Further details of the terms of the Issue Agreement are contained in paragraph 6.4 of Part 10 (*Additional Information*) of the Registration Document.
- 8.7 Any Subsequent Placing is subject to the satisfaction of the conditions contained in the Issue Agreement in connection with such Subsequent Placing and the Issue Agreement having been terminated.

PART 7: TERMS AND CONDITIONS OF THE INITIAL OFFER FOR SUBSCRIPTION AND SUBSEQUENT OFFERS FOR SUBSCRIPTION

The New Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in New Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme.

In the case of a joint Application, references to you in these terms and conditions of Application are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form set out at the end of this Part 7 (*Terms and Conditions of the Initial Offer for Subscription and Subsequent Offers for Subscription*).

1. Conditions

The contract created by the acceptance of an Application under the Initial Offer for Subscription or any Subsequent Offers for Subscription will be conditional on, inter alia:

- (a) the Resolutions being passed at the November General Meeting;
- (b) the Issue Agreement not being terminated in accordance with its terms at any time prior to Admission of the relevant New Shares;
- (c) the Admission of the New Shares issued pursuant to that Offer for Subscription.

The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain application monies and refrain from delivering an Applicant's New Shares into CREST, pending clearance of the successful Applicant's cheques or banker's drafts. The Company also reserves the right to reject in whole or part, or to scale down or limit, any Application. The Company may treat Applications as valid and binding if made in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Initial Offer for Subscription or any Subsequent Offers for Subscription. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant's cheque or banker's draft or by crossed cheque in favour of the first Applicant through the post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

2. Application Form and Verification of Identity

To ensure compliance with the Money Laundering Regulations, the Company (or any of its agents) may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment. If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Company (or any of its agents).

The person lodging the Application Form with payment and in accordance with the other terms as described above, including any person who appears to the Company (or any of its agents) to be acting on behalf of some other person, accepts the Initial Offer for Subscription or Subsequent Offer for Subscription in respect of such number of offered New Shares as is referred to therein and shall thereby be deemed to agree to provide the Company (or any of its agents) with such information and other evidence as the Company (or any of its agents) may require to satisfy the verification of identity requirements.

If the Company (or any of its agents) determines that the verification of identity requirements apply to any Application, the relevant New Shares (notwithstanding any other term of the Initial Offer for Subscription or Subsequent Offer for Subscription) will not be issued to the relevant Applicant unless and until the verification of identity requirements have been satisfied in respect of that Applicant (or any beneficial holder) or Application. The Company (or any of its agents) is entitled, in its absolute

discretion, to determine whether the verification of identity requirements apply to any Application and whether such requirements have been satisfied, and neither the Company nor any agent of it will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Company (or any of its agents) has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant Application as invalid, in which event the monies payable on acceptance of the Initial Offer for Subscription or Subsequent Offer for Subscription will be returned (at the Applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Administrator and Company Secretary and the Registrar from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:

- (a) if the Applicant is an organisation required to comply with the Money Laundering Directive;
- (b) if the Applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (c) if the aggregate subscription price for the offered New Shares is less than the lower of £13,000 or €15,000.

If the Application Form(s) is/are in respect of New Shares with an aggregate subscription price of more than the equivalent of €15,000 and is/are lodged by hand by the Applicant in person, or if the Application Form(s) in respect of New Shares is/are lodged by hand by the Applicant and the accompanying payment is not the Applicant's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, Computershare Investor Services PLC has not received evidence satisfactory to it as aforesaid, Computershare Investor Services PLC may, as agent of the Company and upon instruction from the Company, reject the relevant Application, in which event the monies submitted in respect of that Application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting the Receiving Agent's right to require verification of identity as indicated above):

- (a) Applicants should make payment by a cheque drawn on an account in their own name and write their name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name; banker's drafts should be duly endorsed by the bank or building society on the reverse of the cheque as described above; and
- (b) if an Applicant makes the Application as agent for one or more persons, he should indicate on the Application Form whether he is a UK- or EU-regulated person or institution (for example a bank or stockbroker) and specify his status. If an Applicant is not a UK- or EU-regulated person or institution, he should contact the Receiving Agent.

3. Payments

All payments must be made by CREST settlement or by cheque or banker's draft in pounds sterling drawn on a branch in the UK of a bank or a building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees. Cheques and banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "CIS PLC re Gresham House Energy Storage Fund plc OFS" in respect of an Application and crossed "A/C Payee Only". Cheques should be for the full amount payable on Application. Post-dated cheques and payment via CHAPS, BACS or electronic transfer will not be accepted.

Third party cheques may not be accepted, with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form.

4. Confirmations, Representations and Warranties of the Applicant

By completing and delivering an Application Form, at the Initial Offer for Subscription or at any Subsequent Offer for Subscription, you, as the Applicant (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation, except as referred to in paragraph (i) below):

- (a) offer to subscribe for the number of New Shares specified in your Application Form (or such lesser number for which your Application is accepted) on the terms of and subject to this Securities Note, including these terms and conditions, and subject to the Articles;
- (b) agree that, in consideration of the Company agreeing to process your Application, your Application cannot be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand during normal business hours only) on receipt by, the Receiving Agent of your Application Form;
- (c) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive the New Shares until you make payment in cleared funds for the New Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, and the Receiving Agent, against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such New Shares and may issue or allot such New Shares to some other person, in which case you will not be entitled to any payment in respect of such New Shares other than the refund to you at your risk of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
- (d) agree that where your Application is made for New Shares to be deposited into a CREST account: (i) the Receiving Agent may in its absolute discretion amend the Application so that such New Shares may be issued in certificated form registered in the name(s) of the holders specified in your Application (and you acknowledge that the Receiving Agent will so amend the Application if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds) and (ii) the Receiving Agent or the Company may authorise your financial adviser or whomever he may direct to send a document of title for or credit your CREST account in respect of the number of New Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application;

- (e) agree, in respect of an Application for New Shares to be held in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph (d) above), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in the Application may become entitled or pursuant to paragraph (d) above, may be retained by the Receiving Agent: (i) pending clearance of your remittance; (ii) pending investigation of any suspected breach of the warranties contained herein or any other suspected breach of these terms and conditions; (iii) pending any verification of identity (to the satisfaction of the Company and its agents, including as may concern the manner in which its identification documents are required for the purpose of compliance with the prevailing anti-money laundering, anti-terrorism and contributing to the financing of criminal activities legislation, regulations and procedures in force from time to time in the UK (the "CDD Rules")); and (iv) any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (f) undertake to provide satisfactory evidence of your identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the Money Laundering Regulations;
- (g) agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Company) following a request therefor, the Company or the Receiving Agent may terminate the agreement with you to allot New Shares and, in such case, the New Shares which would otherwise have been allotted to you may be reallocated or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
- (h) warrant and confirm that: (i) you are not a person engaged in money laundering; (ii) none of the monies or assets transferred or to be transferred to (or for the account of) the Company and its agents for the purposes of the subscription are or will be the proceeds of criminal activities or activities that would be criminal if carried out in the UK; and (iii) you are not a prohibited individual or entity or resident in a prohibited country or territory listed on the United States Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that you are not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes;
- (i) represent and warrant to the Company that, where you are acting as a nominee on behalf of a retail investor based in the UK, you have delivered a hard copy of the KID to each retail investor on whose behalf you are accepting the Offer for Subscription prior to receipt of each such investor's instruction to accept the Offer for Subscription;
- (j) agree that, in respect of those New Shares for which your Application has been received and is not rejected, acceptance of your Application shall be constituted, at the election of the Company, either: (i) by notification to the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis); or (ii) by notification of acceptance thereof to the Receiving Agent;
- (k) authorise the Receiving Agent to procure that your name (together with the name(s) of any other joint Applicant(s)) is/are placed on the register of members of the Company in respect of such New Shares and to send a crossed cheque for any monies returnable by post without interest, at the risk of the persons entitled thereto, to the address of the person (or in the case of joint holders the first-named person) named as an Applicant in the Application Form;
- (l) acknowledge that no person is authorised in connection with the Initial Offer for Subscription or Subsequent Offer for Subscription to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Receiving Agent, or any of their affiliates or any other person;

- (m) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney, or a copy thereof duly certified by a solicitor or bank, with the Application Form;
- (n) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of New Shares for which your Application is accepted or if so specified in your Application, subject to paragraph 2(d) above, to deliver the number of New Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;
- (o) agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- (p) agree that all Applications, acceptances of Applications and contracts resulting from such acceptances shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (q) acknowledge that any personal data supplied by an Applicant or on his behalf, shall be processed in accordance with the data collection notice which can be found on the Company's website at www.newenergy.greshamhouse.com/products/esf;
- (r) agree that the Receiving Agent is acting for the Company in connection with the Offer for Subscription and for no-one else and that it will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the New Shares or concerning the suitability of the New Shares for you or be responsible to you for providing the protections afforded to its customers;
- (s) confirm that in making such Application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in the Prospectus and, accordingly, you agree that no person (responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
- (t) confirm that your Application is made solely on the terms of the Prospectus and subject to the Articles;
- (u) irrevocably authorise the Company or the Receiving Agent or any person authorised by any of them to do all things necessary to effect registration of any New Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such New Shares has been transferred and authorise any representative of the Company to execute any document required therefor;
- (v) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the New Shares contained therein;
- (w) confirm that you have reviewed the restrictions contained in these terms and conditions;
- (x) warrant that the information contained in your Application Form is true and accurate;

- (y) warrant that, if you are an individual, you are a resident of, and are located for the purposes of the Offer for Subscription in the UK and no other jurisdiction, and you are not under the age of 18;
- (z) agree that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;
- (aa) warrant that you are not a US Person, you are not located within the United States and you are not acquiring the New Shares for the account or benefit of a US Person;
- (bb) warrant that you are acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S;
- (cc) acknowledge that the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the US Securities Act;
- (dd) acknowledge that the Company has not been registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- (ee) warrant that no portion of the assets used to purchase, and no portion of the assets used to hold, the New Shares or any beneficial interest therein constitutes or will constitute the assets of: (A) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (B) a "plan" as defined in Section 4975 of the Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (C) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code. In addition, if an investor is a governmental, church, non-US or other plan that is subject to any federal, state, local or non-US law or regulation that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, its purchase, holding, and disposition of the New Shares will not constitute or result in a non-exempt violation of any such substantially similar law or regulation;
- (ff) warrant that if any New Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

GRESHAM HOUSE ENERGY STORAGE FUND PLC (THE "COMPANY") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "US INVESTMENT COMPANY ACT"). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE US SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.

- (gg) warrant that if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the New Shares, you will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment

Company Act. You acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;

- (hh) warrant that you are purchasing the New Shares for your own account or for one or more investment accounts for which you are acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- (ii) acknowledge that the Company reserves the right to make inquiries of any holder of the New Shares or interests therein at any time as to such person's status under the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the US securities laws to transfer such New Shares or interests in accordance with the Articles;
- (jj) warrant that you have received, carefully read and understand the prospectus, and have not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the prospectus or any other presentation or offering materials concerning the New Shares within the United States or to any US Persons, nor will it do any of the foregoing;
- (kk) warrant that in connection with your Application you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company or any person responsible solely or jointly for the Prospectus or any part of its or involved in the preparation thereof acting in breach of the regulatory or legal requirements of any territory (including in particular FSMA) in connection with the Initial Offer for Subscription or Subsequent Offer for Subscription or your Application;
- (ll) save where you have satisfied the Company that an appropriate exemption applies so as to permit you to subscribe, represent and agree that you are not a resident of Australia, Canada, Japan, New Zealand or the Republic of South Africa;
- (mm) agree, on request by the Company or the Receiving Agent on behalf of the Company, to disclose promptly in writing to the Company or the Receiving Agent any information which the Company or the Receiving Agent may reasonably request in connection with your Application, and authorise the Company or the Receiving Agent on behalf of the Company to disclose any information relating to your Application as it considers appropriate;
- (nn) if you are acquiring any New Shares as a fiduciary or agent for one or more accounts, then you have sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account; and
- (oo) acknowledge that the Company, the Manager, Jefferies and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by you are no longer accurate or have not been complied with, you will immediately notify the Company. If you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with the Share Issuance Programme, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof or which

contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statements therein not misleading.

No person receiving a copy of the Prospectus and/or an Application Form in any territory other than the UK may treat the same as constituting an invitation or an offer to him; nor should he in any event use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Application Form could lawfully be used without contravention of, or compliance with, any unfulfilled registration or other legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for New Shares under the Initial Offer for Subscription or Subsequent Offer for Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection with any such Application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxes required to be paid in any such territory and any such person will be deemed to have read the notices to overseas investors starting on page 9 of this Securities Note prior to making any such application.

The New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons. The Company has not been and will not be registered as an "investment company" under the US Investment Company Act, and investors will not be entitled to the benefits of the Act. In addition, relevant clearances have not been, and will not be, obtained from the securities commission (or equivalent) of any province of Australia, Canada, Japan, New Zealand or the Republic of South Africa and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the New Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in Australia, Canada, Japan, New Zealand or the Republic of South Africa. Unless the Company has expressly agreed otherwise in writing, you represent and warrant to the Company that you are not a US Person or a resident of Australia, Canada, Japan, New Zealand or the Republic of South Africa and that you are not subscribing for such New Shares for the account of any US Person or resident of Australia, Canada, Japan, New Zealand or the Republic of South Africa and that you will not offer, sell, renounce, transfer or deliver, directly or indirectly, New Shares subscribed for by you in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to any US Person or resident of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, no Application will be accepted if it bears an address in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa unless an appropriate exemption is available as referred to above.

Pursuant to the DP Law, the Company, the Administrator and Company Secretary and/or the Registrar may hold personal data (as defined in the DP Law) relating to past and present shareholders. Such personal data is held by Computershare Investor Services PLC as Receiving Agent, who will share such data with the Administrator and Company Secretary and the Registrar, and is used by the Administrator and Company Secretary and the Registrar to maintain the Company's register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (i) effecting the payment of dividends to Shareholders and the payment of commissions to third parties; and (ii) filing returns of shareholders and their respective transactions in New Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

The countries referred to in the paragraph immediately above include, but need not be limited to, those in the European Economic Area and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, India, Japan, New Zealand, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland and the United States. By becoming registered as a holder of New Shares, a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company, the Administrator and Company Secretary and/or the Registrar of any personal data relating to them in the manner described above.

The basis of allocation within the Initial Offer for Subscription and any Subsequent Offer for Subscription will be determined jointly by Jefferies and the Company. The right is reserved

to reject in whole or in part and/or scale down and/or ballot any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions relating to the Application Form, including if the accompanying cheque or banker's draft is for the wrong amount.

PART 8: UK TAXATION

The information below is a general guide based on current UK law and HMRC practice, both of which are subject to change (potentially with retrospective effect). It does not constitute tax advice and potential investors are recommended to take professional advice.

It summarises the tax position of the Company and of Shareholders who are UK resident (except where indicated) and hold Shares as investments and who are not subject to special UK tax treatment by virtue of their status. The tax legislation of a Shareholder's or potential investor's country of domicile or residence and of the Company's country of incorporation may have an impact on income received from the Shares.

The comments apply only to Shareholders who are the beneficial owners of their Shares. Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice.

1. The Company

It is the intention of the Board to continue to conduct the affairs of the Company so as to continue to satisfy the conditions to qualify as an investment trust under Chapter 4 of Part 24 CTA and the Investment Trust (Approved Company) (Tax) Regulations 2011 (as amended). In respect of each accounting period in which the Company continues to be approved by HMRC as an investment trust, the Company will be generally exempt from UK taxation on its chargeable gains (as noted below). Neither the Manager nor the Directors can guarantee that this approval will be granted or maintained. The following comments are made on the basis that the Company is approved as an investment trust and that, the approval is maintained.

As an investment trust the Company will be generally exempt from UK tax on capital gains realised on the disposal of investments, including in certain circumstances interest-paying securities and derivatives, held within it.

Dividends from UK and non-UK companies are generally exempt from tax when received by the Company.

Other (non-dividend) income received by the Company will, after deduction of allowable management fees and any other allowable costs, normally be subject to UK corporation tax (the current UK corporation tax rate is 19 per cent.).

However, to the extent that the Company receives interest income, then, as an investment trust, it will have the option of paying interest distributions (as well as or instead of dividends). In so far as the Company pays interest distributions it will be able to deduct that amount from its income in calculating its profit for UK corporation tax purposes.

Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, but domestic reliefs or double taxation relief may be available.

2. Shareholders

All distributions are paid without the deduction of any UK tax and without any notional tax credit attached. Shareholders in the UK and other countries may be liable to account for tax to the tax authority in their country of residence. The following comments refer only to the tax liabilities of UK resident Shareholders and to UK withholding tax.

2.1 Dividends

A nil rate of income tax will apply for the first £2,000 of dividend income received by individual

Shareholders in a tax year (Nil Rate Amount).

The rate of tax applicable to dividend income in excess of the Nil Rate Amount will depend on the wider tax position of the Shareholder. Broadly speaking, after taking into account the amount (if any) of a Shareholder's personal allowance, and any other allowances, exemptions and reliefs, the Shareholder's taxable income up to the basic rate limit will fall within the basic rate band; taxable income between the basic rate limit and the higher rate limit will fall within the higher rate band; and taxable income above the higher rate limit will fall within the additional rate band.

The rates of income tax on dividends received above the Nil Rate Amount are: (a) 7.5 per cent. on dividend income within the basic rate band; (b) 32.5 per cent. on dividend income within the higher rate band; and (c) 38.1 per cent. on dividend income within the additional rate band.

In determining the tax band in which any dividend income over the Nil Rate Amount falls, dividend income is treated as the top slice of a Shareholder's income and dividend income within the Nil Rate Amount is still taken into account.

Because dividend income (including income within the Nil Rate Amount) is taken into account in assessing whether a Shareholder's overall income is above the higher or additional rate limits, the receipt of such income may also affect the amount of personal allowances to which the Shareholder is entitled.

Shareholders within the charge to UK corporation tax rate which are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition).

Shareholders within the charge to UK corporation tax that are not "small companies" for this purpose will be subject to UK corporation tax on any dividend received from the Company unless the dividend falls within an exempt class and certain conditions are met. For example, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the Company's assets on its winding-up and (ii) dividends paid to a person holding less than a 10 per cent. interest in the Company, should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.

Such Shareholders, however, are advised to consult their independent professional tax advisers to determine whether such dividends will be exempt from UK corporation tax. If the dividends are not exempt, they will be subject to UK corporation tax, currently at a UK corporation tax rate of 19 per cent.

Non-UK residents will not be subject to any UK withholding tax on dividends.

2.2 Interest Distributions

If the Company pays interest distributions then individual UK resident Shareholders should treat those distributions as interest received without any tax deducted. UK resident individual Shareholders may be entitled to an annual savings allowance on interest depending on their highest marginal tax rate. The allowance is currently £1,000 per year for basic and nil rate taxpayers, £500 per year for higher rate taxpayers and nil for additional rate taxpayers. For interest and interest distributions received in excess of the savings allowance the income tax rates are currently 20 per cent. (basic rate), 40 per cent. (higher rate), and 45 per cent. (additional rate).

A UK resident company should treat an interest distribution received for UK corporation tax purposes as if it were interest on a creditor loan relationship according to the UK loan relationship rules.

Non-UK-residents will not be subject to any UK withholding tax on interest distributions. They may be taxed differently in their own jurisdiction or the distributions may be treated as dividends.

Non-residents should confirm the position in their own jurisdiction.

2.3 Tax on Chargeable Gains

A disposal of Shares by a UK resident Shareholder may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

Individual UK resident Shareholders with chargeable gains in excess of their annual allowance (£12,300 in tax year 2020-21) may be liable to capital gains tax at 10 per cent. (for a gain falling within the basic rate tax band) or 20 per cent. (higher and additional rate gains).

A disposal or deemed disposal of Common Shares by a Shareholder within the charge to UK corporation tax may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. Corporation tax is charged on chargeable gains at the rate applicable to that company.

2.4 ISAs and SIPPs

As a listed investment trust company, Shares in the Company will be qualifying assets for stocks and shares ISAs and permitted investments for SIPPs.

2.5 Personal portfolio bonds

The Shares count as property that may be selected by holders of offshore portfolio bonds without making the bond a personal portfolio bond for the purposes of the personal portfolio bond rules.

2.6 Stamp Duty and Stamp Duty Reserve Tax (SDRT)

The issue of Ordinary Shares and/or C Shares under the Share Issuance Programme (whether in certificated form or not) will not give rise to stamp duty or SDRT.

Subsequent transfers of Shares will generally incur a Stamp Duty (or SDRT for Shares held through CREST) charge for the buyer of 0.5 per cent. of the transaction value (rounded up to the nearest £5).

Subject to an exemption for transfers where the value of the consideration for the transfer does not exceed £1,000, U.K. stamp duty will, in principle, be payable on any instrument of transfer of the Ordinary Shares or Warrants, or any instrument issuing or granting the Warrants, that is executed in the United Kingdom or that relates to any property situated, or any matter or thing done or to be done, in the United Kingdom. The stamp duty will be chargeable at the rate of 0.5 per cent. on the value of the consideration paid for the transfer, issue or grant and rounded to the nearest £5 (except where the transfer is made between "connected companies" (as defined in section 1122 of Corporation Tax Act 2010), in which case the stamp duty would be chargeable on the market value of the shares at the time of the transfer, if higher than the consideration paid).

Deposits into CREST (where there is no transfer of beneficial owner or consideration paid) will generally not be subject to SDRT or Stamp Duty.

Paperless transfers of Shares, such as those occurring within CREST, are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

Special rules apply where Shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts or a person providing a clearance service, under which SDRT or stamp duty may be charged at a rate of 1.5 per cent., with subsequent transfers within the clearance service or transfers of depositary receipts then being free from SDRT or stamp duty. HMRC accept that this charge is in breach of EU law so far as it applies to new issues of shares or transfers that are an integral part of a share issue, and it was confirmed in the Autumn 2017 Budget that the Government intend to continue this approach following Brexit. HMRC's published view is that the 1.5 per cent. SDRT or stamp duty charge continues to apply to other transfers of shares into a clearance service or depositary receipt arrangement, although this has been disputed. Further litigation indicates that certain transfers of legal title to clearance services in connection with listing, but not integral to a new issue, are also not chargeable. In view of the continuing uncertainty, specific professional advice should be sought before incurring a 1.5 per cent. stamp duty or stamp duty reserve tax charge in any circumstances.

2.7 Reporting requirements

Under legislation implementing the UK's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including but not limited to the international Common Reporting Standard, but not including FATCA as the Company will be listed) the Company will be required to collect and report information about Shareholders and their investments to HMRC, including information to verify their identity and tax residence. When requested to do so by the Company or its agent, Shareholders must provide information to be passed on to HMRC, and, by them, to any relevant overseas tax authorities.

On request from HMRC the Company must provide details of interest distributions and recipients.

PART 9: ADDITIONAL INFORMATION

1. Incorporation

- 1.1 The Company was incorporated in England and Wales on 24 August 2018 with registered number 11535957 as a public company limited by shares under the Act. The Company is registered as an investment company under section 833 of the Act and is an investment trust under section 1158 of the CTA. The Company has an indefinite life.
- 1.2 The registered office and principal place of business of the Company is The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF (telephone: +44 20 3367 1185).
- 1.3 The Company is incorporated and operates under the Act. The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority. The Company is an alternative investment fund for the purposes of the AIFM Rules and is subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Takeover Code, the Market Abuse Regulation and the rules of the London Stock Exchange.
- 1.4 Other than its entry into the AIFM Agreement (details of which are summarised in paragraph 6.1 of Part 10 (*Additional Information*) of the Registration Document) and any related transactions set out immediately below, the Company has not since its date of incorporation entered into any related party transactions:
- 1.4.1 the Related Party Acquisition Agreements (details of which are summarised in paragraphs 6.7.1 of Part 10 (*Additional Information*) of the Registration Document);
- 1.4.2 a deed of priority in relation to certain security interests taken by the Company and Gresham House Devco Limited in respect of HC ESS4 Limited, HC ESS6 Limited, HC ESS7 Limited and Biggerbrook Limited prior to their acquisition by the Company under the Related Party Acquisition Agreements;
- 1.4.3 the Framework Agreement (details of which are summarised in paragraph 6.11 of Part 10 (*Additional Information*) of the Registration Document);
- 1.4.4 the Management Services Agreements between each Project Company and GHNE; and
- 1.4.5 the arrangement fee letter between Holdings and the Manager in connection with the Bond Offering.

2. Directors and their interests

- 2.1 The Directors are:

Name	Function	Date of Appointment
John S. Leggate CBE	Chair and Independent Non-executive Director	24 August 2018
Duncan Neale	Audit Committee Chair and Independent Non-executive Director	24 August 2018
Catherine Pitt	Nomination Committee Chair and Independent Non-executive Director	1 March 2019
David Stevenson	Remuneration Committee Chair and Independent Non-executive Director	24 August 2018

- 2.2 Insofar as is known to the Company, the interests of each Director and PDMR, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director or PDMR whether or not held through another party, in the share capital of the Company before and following Initial Admission were as follows:

Name	Number of Ordinary Shares currently held	Number of Ordinary Shares held following Initial Admission
John S. Leggate CBE	28,675	40,175
Duncan Neale	9,625	14,625
Catherine Pitt	14,660	14,660
David Stevenson	9,854	14,854

- 2.3 All Shares allotted and issued to a Director under the Share Issuance Programme, if any, will be beneficially held by such Director unless otherwise stated.
- 2.4 The Company has not set aside or accrued amounts to provide pension, retirement or similar benefits for the Board.
- 2.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 2.6 None of the Directors, has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which has been effected by the Company since its incorporation.
- 2.7 There are currently no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties. If a Director has a potential conflict of interest between his duties to the Company and his private interests or other obligations owed to third parties on any matter, the relevant Director will disclose his conflict of interest to the rest of the Board, not participate in any discussion by the Board in relation to such matter and not vote on any resolution in respect of such matter.
- 2.8 The Directors in the five years before the date of this Securities Note:
- (a) do not have any convictions in relation to fraudulent offences;
 - (b) have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
 - (c) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.
- 2.9 The Company shall maintain directors' and officers' liability insurance on behalf of the Company at the expense of the Company.

3. Major interests

- 3.1 As at the close of business on the Latest Practicable Date, other than as is set out below, the Company is not aware of any person who would be directly or indirectly interested in three per cent. or more of the Company's issued share capital.

Shareholder	Number of Ordinary Shares	% of issued Ordinary Share Capital
Gresham House plc	29,749,067	12.70
CCLA Investment Management Ltd	22,093,064	9.43

Sarasin & Partners LLP	21,733,830	9.28
Newton Investment Management Limited	15,058,841	6.43
VT Gravis Funds ICVC	14,912,210	6.37
Mr Benjamin Guest	14,383,826	6.14
Schroder Investment Management Limited	12,200,000	5.21
Close Asset Management Limited	12,063,395	5.15
East Riding Pension Fund	11,459,500	4.89

- 3.2 Save as set out in paragraph 3.1 of this Part 9 (*Additional Information*), as at the close of business on the Latest Practicable Date, the Company is not aware of any person who will directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company knows of no arrangements, the operation of which may result in a change of control of the Company. All Shareholders have the same voting rights in respect of the share capital of the Company.

4. Share Capital

- 4.1 The share capital of the Company consists of an unlimited number of shares with or without par value as the Directors may determine which, upon issue, the Directors may designate Ordinary Shares or C Shares of such classes and denominated in such currencies as the Directors may determine. As at the close of business on the Latest Practicable Date, the Company had 234,270,650 Ordinary Shares in issue. The Ordinary Shares are in registered form and may be held in certificated or in uncertificated form. The entire issued share capital of the Company is admitted to trading on the Specialist Fund Segment.
- 4.2 In order to facilitate the Share Issuance Programme, the Board has proposed at the November General Meeting the Resolutions in order to, among other things, seek Shareholder approval for the allotment on a non-pre-emptive basis of up to (i) 250 million New Shares issued through the Share Issuance Programme. The authority conferred by the Resolutions will lapse on 19 February 2022. If the authority conferred by the Resolutions is exhausted either before or after the 2021 AGM, the Directors may seek Shareholder authority to issue further Shares on a non-pre-emptive basis at one or more subsequent general meetings.
- 4.3 The Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options.
- 4.4 The Company derives earnings from its gross assets in the form of dividends and interest. Whilst the earnings per Ordinary Share will be reduced, it is expected that the Share Issuance Programme will be earnings enhancing to the extent that the Company's ongoing expense ratio is reduced due to the fixed costs being spread across a larger equity base.

5. Shares

- 5.1 Restriction on free transferability of the Shares

A share in certificated form may be transferred by an instrument of transfer, which may be in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. A share in uncertificated form may be transferred by means of the relevant electronic system concerned.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or uncertificated form (subject to the Articles) which is not fully paid and on which the Company has a lien provided that this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the London Stock Exchange.

In addition, the Board may refuse to register a transfer of Shares if (i) in the case of certificated Shares (a) it is in respect of more than one class of Shares, (b) it is in favour of more than four joint transferees or (c) it is delivered for registration to the registered office of the Company or such other

place as the Board may decide and is not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require.

The Board may decline to register a transfer of an uncertificated share which is traded through the CREST UK system in accordance with the CREST Regulations where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated shares is to be transferred exceeds four.

If the Directors refuse to register or authorise the registration of a transfer of a share, they shall send notice of refusal to the transferee together with reasons for the refusal as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company or its registrar.

No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

5.2 Rights attaching to the Ordinary Shares

The Articles and the Act provide for the following rights, which attach to the Ordinary Shares:

5.2.1 New issues

Further issues of shares, of whatever class, for cash will be subject to pre-emption rights conferred on existing Shareholders, save to the extent these rights have been dis-applied by a special resolution of the Company.

5.2.2 Votes of members

Subject to any rights or restrictions attached to any shares, on a show of hands every Shareholder present in person has one vote, every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote and every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll every Shareholder (whether present in person or by proxy or by corporate representative) has one vote for every share of which he is the holder. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the person whose name appears before the names of the other joint holder(s) on the Register in respect of the share and who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders.

No Shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.

5.2.3 Dividends

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders but no dividends shall exceed the amount recommended by the Directors. The Directors may pay interim dividends, or dividends payable at a fixed rate, if it appears to them that they are justified by the profits of the Company available for distribution. If the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Subject to the Act and the rights of persons (if any) entitled to shares with preferential or special rights as to dividend, all dividends shall be paid pro rata according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid.

5.2.4 Winding-up

If the Company is wound up, with the sanction of a special resolution, the liquidator may divide among the Shareholders in specie or kind the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may determine, but no Shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

5.2.5 Restrictions on rights: failure to respond to a Section 793 notice

If a Shareholder, or any other person appearing to be interested in shares held by that Shareholder, fails to provide the information requested in a notice given to him under section 793 of the Act by the Company in relation his interest in shares (the "**Default Shares**") within the period of compliance specified in the notice (being not less than 14 days from the date of the service of the notice) and where the default shares represent at least 0.25 per cent. of their class, sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default shares represent at least 0.25 per cent. of their class (excluding treasury shares), the withholding of any dividend payable in respect of those shares and the restriction of the transfer of those shares.

5.3 C Shares and Deferred Shares

The Articles and the Act provide for the following rights, which attach to the C Shares and the Deferred Shares arising on their conversion.

(a) The following definitions apply for the purposes of this paragraph 5.3 only:

"**Calculation Date**" means the earliest of the:

- (i) close of business on the date to be determined by the Directors occurring not more than 10 Business Days after the day on which the Manager shall have given notice to the Directors that at least 90 per cent. of the Net Proceeds (or such other percentage as the Directors and the Adviser may agree) shall have been invested; or
- (ii) close of business on the date falling 12 calendar months after the allotment of the C Shares or if such a date is not a Business Day the next following Business Day; or
- (iii) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;

"**Conversion**" means conversion of the C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph (g);

"**Conversion Date**" means the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date;

"**Conversion Ratio**" is the ratio of the net asset value per C Share to the net asset value per Ordinary Share, which is calculated as:

Conversion Ratio = A/B

A = (C - D)/E

B = (F - C - I - G + D + J)/H

Where:

C is the aggregate of:

- (i) the value of the investments of the Company attributable to the C Shares of the relevant class, calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with any valuation policy adopted by the Company from time to time; and
- (ii) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the relevant class of C Shares (excluding the investments valued under (i) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with any valuation policy adopted by the Company from time to time;

D is the amount (to the extent not otherwise deducted from the assets attributable to the relevant class of C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the relevant class of C Shares on the Calculation Date (including the amounts of any declared but unpaid dividends in respect of such Shares);

E is the number of C Shares of the relevant class in issue on the Calculation Date;

F is the aggregate of:

- (i) the value of all the investments of the Company, calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with any valuation policy adopted by the Company from time to time; and
- (ii) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (i) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with any valuation policy adopted by the Company from time to time;

G is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date (including the amounts of any declared but unpaid dividends);

H is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury);

I is the aggregate of:

- (i) the value of the investments of the Company attributable to all other class(es) of C Shares in issue other than the class of C Shares as referred to in C above (the "Other Class(es) of C Shares"), calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with any valuation policy adopted by the Company from time to time; and
- (ii) the amount which, the Directors' opinion, fairly reflect, on the Calculation Date, the value of the current assets of the Company attributable to the Other Class(es) of C Shares (excluding the investments valued under (i) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with any valuation policy adopted by the Company from time to time; and

J is the amount (to the extent not otherwise deducted from the assets attributable to the Other Class(es) of C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the Other Class(es) of C Shares on the Calculation Date, provided that the Directors shall make such adjustments to the value or amount of A and B as the Auditors shall report to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Proceeds relating to the relevant class of C Shares and/or to the reasons for the issue of the relevant class of C Shares;

"Deferred Shares" means deferred shares of £0.01 each in the capital of the Company arising on Conversion;

"Existing Ordinary Shares" means the Ordinary Shares in issue immediately prior to Conversion;

“**Force Majeure Circumstances**” means (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest; and

“**Net Proceeds**” means the net cash proceeds of the issue of the C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company).

References to ordinary shareholders, C Shareholders and deferred shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares and Deferred Shares respectively.

- (b) The holders of the Ordinary Shares, the Redeemable Preference Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:
- (i) the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of one per cent. of the nominal amount thereof, the first such dividend (adjusted pro rata temporis) (the “**Deferred Dividend**”) being payable on the date six months after the Conversion Date on which such Deferred Shares were created (the “**Relevant Conversion Date**”) and on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed repurchase of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;
 - (ii) the C Shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares;
 - (iii) a holder of Redeemable Preference Shares shall be entitled (in priority to any payment of dividend on any other class of share) to a fixed cumulative preferential dividend of 0.01 per cent. per annum on the nominal amount of the Redeemable Preference Shares held by him, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 days of the end of such period;
 - (iv) the Ordinary Shares shall confer the right to dividends declared in accordance with the Articles;
 - (v) the Ordinary Shares into which C Shares shall convert shall rank pari passu with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and
 - (vi) no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between the Calculation Date and the Conversion Date relating to such C Shares (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).
- (c) The holders of the Ordinary Shares, the Redeemable Preference Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:

- (i) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any C Shares are for the time being in issue and prior to the Conversion Date relating to such C Shares, be applied (after having deducted therefrom an amount equivalent to (C-D) in respect of each class of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio set out above save that the "**Calculation Date**" shall be such date as the liquidator may determine, which amount attributable to each class shall be applied amongst the C Shareholders of such class pro rata according to the nominal capital paid up on their holdings of C Shares), first, amongst the Redeemable Preference Shareholders pro rata according to the nominal capital paid up on their holdings of Redeemable Preference Shares and, second, amongst the existing Ordinary Shareholders pro rata according to the nominal capital paid up on their holdings of Existing Ordinary Shares provided however that the holders of the Redeemable Preference Shares shall only receive an amount up to the capital paid up on such Redeemable Preference Shares and the Redeemable Preference Shares shall not confer the right to participate in any surplus remaining following payment of such amount; and
- (ii) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when no C Shares are for the time being in issue be applied as follows:
 - (A) first, if there are Deferred Shares in issue, in paying to the deferred shareholders £0.01 in aggregate in respect of every 1,000,000 Deferred Shares (or part thereof) of which they are respectively the holders; and
 - (B) secondly, the surplus shall be divided, first, amongst the holders of Redeemable Preference Shares pro rata according to the nominal capital paid up on their holdings of Redeemable Preference Shares and, second, amongst the Ordinary Shareholders pro rata according to the nominal capital paid up on their holdings of Ordinary Shares provided however that the holders of the Redeemable Preference Shares shall only receive an amount up to the capital paid up on such Redeemable Preference Shares and the Redeemable Preference Shares shall not confer the right to participate in any surplus remaining following payment of such amount.
- (d) As regards voting:
 - (i) The Ordinary Shares and the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as those applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class.
 - (ii) The Deferred Shares and the Redeemable Preference Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.
- (e) The following shall apply to the Deferred Shares:
 - (i) the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out herein;
 - (ii) immediately upon Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of Conversion for an aggregate consideration of £0.01 for every 1,000,000 Deferred Shares and the notice referred to in paragraph (g) below shall be deemed to constitute notice to each C Shareholder (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of £0.01 for each holding of 1,000,000 Deferred Shares. On repurchase, each Deferred Share shall be treated as cancelled in accordance with section 706 of the Act without further resolution or consent; and
 - (iii) the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the repurchase moneys in respect of such Deferred Shares.

- (f) For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall:
- (i) procure that the Company's records, bank and custody accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to each class of C Shares in issue;
 - (ii) allocate to the assets attributable to the C Shares such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to such C Shares (both dates inclusive) as the Directors consider to be attributable to the C Shares; and
 - (iii) give or procure the giving of appropriate instructions to the Manager to manage the Company's assets so that such undertakings can be complied with by the Company.
- (g) A class of C Shares for the time being in issue shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph (g):
- (i) the Directors shall procure that as soon as reasonably practicable and in any event within one month of the Calculation Date:
 - (A) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C Shareholder shall be entitled on Conversion shall be calculated; and
 - (B) the Auditors shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H in paragraph (a).
 - (ii) The Directors shall procure that, as soon as practicable following such confirmation and in any event within one month of the Calculation Date, a notice is sent to each C Shareholder advising such C Shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C Shareholder will be entitled on Conversion.
 - (iii) On conversion each C Share shall automatically subdivide into 10 conversion shares of £0.01 each and such conversion shares of £0.01 each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
 - (A) the aggregate number of Ordinary Shares into which the same number of conversion shares of £0.01 each are converted equals the number of C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share); and
 - (B) each conversion share of £0.01 which does not so convert into an Ordinary Share shall convert into one Deferred Share.
 - (iv) The Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C Shareholders pro rata according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any

Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).

- (v) Forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue to each former C Shareholder new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he is entitled. Share certificates in respect of the Deferred Shares will not be issued.
 - (vi) The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.
- (h) Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Company's Articles:
- (i) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and
 - (ii) no resolution of the Company shall be passed to wind-up the Company.
- (i) For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and C Shares, as described above, shall not be required in respect of:
- (i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or
 - (ii) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Act) in accordance with sections 727 and 731 of the Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

6. Working Capital

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document.

7. Capitalisation and indebtedness

The following table shows, sourced from the Company's internal accounting records, the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at the close of business on 30 September 2020 (being a date within 90 days of the publication of this Securities Note) and the Company's unaudited capitalisation as at 30 June 2020 (being the last date in respect of which the Company has published unaudited financial information).

	30 September 2020 £'000 (Unaudited)
<i>Total current debt</i>	
• Guaranteed	-
• Secured	-
• Unguaranteed/unsecured	-
Total current debt	-
<i>Non-current debt (excluding current portion of long-term debt)</i>	
• Guaranteed	-
• Secured	-

• Unguaranteed/unsecured	-
Total non-current debt	-
	30 June 2020
	£'000
	(Unaudited)
<i>Shareholders' equity</i>	
• Share capital	2,343
• Legal reserve	-
• Other reserves*	134,770
Total Shareholders' equity*	137,113

*Being the Company's share premium. Excludes the Company's Capital reduction reserve, Capital reserves and Revenue reserves. The Company's Capital reduction reserve represents a distributable reserve created following a Court approved reduction in capital. The Company's Revenue reserves represent cumulative revenue net profits recognised in the Statement of Comprehensive Income. The Company's Capital reserves represent cumulative net gains and losses on investments recognised in the Statement of Comprehensive Income.

On 14 October 2020, the Company raised in aggregate circa £15.0 million by issuing, through its wholly owned subsidiary, Gresham House Energy Storage Holdings plc, a mixture of short-term and medium-term secured power bonds. The debt raised consists of £7 million of current secured debt and £7.935 million of non-current secured debt.

As at 30 September 2020 and as at close of business on the Latest Practicable Date, there has been no material change in the unaudited capitalisation of the Company, since 30 June 2020 (being the last date in respect of which the Company has published unaudited financial information).

The following table shows, sourced from its internal accounting records, the Company's unaudited net liquidity as at the close of business on 30 September 2020 (being a date within 90 days of the publication of this Securities Note).

	30 September 2020
	£'000
	(Unaudited)
A. Cash**	5,895
B. Cash equivalent	-
C. Trading Securities	-
D. Liquidity (A)+(B)+(C)	5,895
E. Current financial receivables***	29,597
F. Current bank debt	-
G. Current portion of non-current debt	-
H. Other current financial debt	-
I. Current financial debt (F)+(G)+(H)	-
J. Net current financial liquidity/(indebtedness) (D)+(E)+(I)	35,492
K. Non-current bank loans	-
L. Bonds issued	-
M. Other non-current loans	-
N. Non-current financial indebtedness (K)+(L)+(M)	-
O. Net financial liquidity/(indebtedness) (J)+(N)	35,492

** Excludes Restricted Cash balances

*** Relates to loans provided by the Company to finance ESS Projects prior to acquisition thereof

8. The Takeover Code

8.1 Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- 8.1.1 a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- 8.1.2 a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

Under Rule 37 of the Takeover Code when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The proposed buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. Prior to the Board implementing any share buyback the Board will seek to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 2 of Rule 37. However, neither the Company, nor any of the Directors, nor the AIFM, nor Victory Hill will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

8.2 Compulsory acquisition

Under sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

8.3 Prohibition on frustrating actions

Pursuant to Rule 21.1 of the Takeover Code, where the offeree board has received an approach or has reason to believe an offer might be imminent, the board of the offeree company must not, without shareholder consent first being obtained in general meeting:

- 8.3.1 take any action which may result in any offer or bona fide possible offer being frustrated; or the shareholders of the offeree company being denied the opportunity to decide on the merits of any offer or bona fide possible offer; or
- 8.3.2 amongst other matters, issue any shares, or issue or grant any options in respect of unissued shares, or create any securities carrying rights of conversion into shares, or sell or dispose of any asset of a material amount, or enter into contracts otherwise than in the ordinary course of business.

9. Third party information and consents

The Manager has given and not withdrawn its written consent to the inclusion in this Securities Note of references to its name.

Jefferies, as sole global co-ordinator, bookrunner and financial adviser, has given and not withdrawn its written consent to the inclusion in this Prospectus of references to their name.

Certain information contained in this Securities Note has been sourced from third parties and where such third party information has been referenced in the Securities Note, the source of that information has been disclosed. Such information has been accurately reproduced and, as far as the Company and Gresham House are able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PART 10: DEFINITIONS

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 from time to time;
Administrator and Company Secretary	JTC (UK) Limited;
Admission	admission of any New Shares to trading on the Specialist Fund Segment;
AGM	an annual general meeting of the Company;
AIF	alternative investment fund, as defined in the AIFM Rules;
AIFM Agreement	the management agreement between the Company and the Gresham House, a summary of which is set out in paragraph 6.1 of Part 10 (<i>Additional Information</i>) of the Registration Document;
AIFM Directive or AIFMD	The Alternative Investment Fund Managers Directive (2011/61/EU);
AIFM Regulations	The Alternative Investment Fund Managers Regulations 2013 (SI) 2013/1773), as amended;
AIFM Rules	the AIFM Directive, the EU Regulation and all applicable rules and regulations implementing the AIFM Directive in the UK, including without limitation the AIFM Regulations and all relevant provisions of the FCA Rules;
Application Form	The application form for use in connection with the Initial Offer for Subscription and any Subsequent Offer for Subscription as set out in the Appendix;
Articles or Articles of Association	the articles of association of the Company from time to time;
Audit Committee	the audit committee of the of the Company as described in paragraph 2.3 of Part 8 (<i>Directors, Management and Administration</i>) of the Registration Document;
Auditor	BDO UK LLP;
Board or Directors	the directors of the Company whose names are set out in paragraph 1 of Part 8 (<i>Directors, Management and Administration</i>) of the Registration Document or, as the context requires, the directors of the Company from time to time;
Brexit	the referendum held by the UK on 23 June 2016 in which a majority of voters voted to exit the European Union;
Business Days	any day on which the London Stock Exchange is open for business and banks are open for business in London (excluding Saturdays and Sundays);

Code	the US Internal Revenue Code of 1986, as amended;
Company	Gresham House Energy Storage Fund PLC;
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755);
C Shares	C Shares of £0.01 each in the capital of the Company having the rights and restrictions set out in paragraph 5.3 of Part 9 (<i>Additional Information</i>) of this Securities Note;
Circular	the circular to Shareholders published by the Company on 27 October 2020;
CTA	Corporation Tax Act 2010, as amended;
Depository	INDOS Financial Limited;
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules made by the FCA under section 72 of FSMA;
EEA or European Economic Area	the European Union, Iceland, Norway and Liechtenstein;
ERISA	the United States Employee Retirement Income Security Act of 1974, as amended;
ESS Project	a utility scale energy storage system, which utilises batteries and may also utilise generators;
EU or European Union	the European Union first established by the treaty made at Maastricht on 7 February 1992;
EU Regulation	the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFM Directive, with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
Euroclear	Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST);
Excluded Territory	Australia, Canada, Japan, New Zealand, South Africa or the United States or any other jurisdiction where the availability of the share Issuance Programme would breach any applicable law;
FATCA	the US Foreign Account Tax Compliance Act;
FCA	the Financial Conduct Authority;
FCA Rules	the handbook of rules and guidance of the FCA, as amended;

FSMA	Financial Services and Markets Act 2000, as amended;
Further Investments	potential future direct and indirect investments that may be made by the Group in accordance with the Investment Policy;
Future Securities Note	securities note to be issued in the future by the Company in respect of each issue that includes an offer for subscription or open offer component, if any, of New Shares under the Share Issuance Programme (other than pursuant to the Initial Tranche) made pursuant to the Registration Document and subject to separate approval by the FCA;
Future Summary	a summary to be issued in the future by the Company in respect of each issue that includes an offer for subscription or open offer component, if any, of New Shares under the Share Issuance Programme (other than pursuant to the Initial Tranche) made pursuant to the Registration Document and subject to separate approval by the FCA;
GHNE	Gresham House New Energy Limited;
Gresham House or Manager	Gresham House Asset Management Limited;
Gross Issue Proceeds	the gross proceeds of the issue of New Shares pursuant to the relevant Tranche;
Group	the Company and its subsidiaries from time to time or any one or more of them, as the context may require;
HMRC	Her Majesty's Revenue and Customs;
Initial Admission	Admission of the New Ordinary Shares issued pursuant to the Initial Placing and the Initial Offer for Subscription;
Initial Offer for Subscription	the first offer for subscription of New Shares pursuant to the Share Issuance Programme (and forming part of the Initial Tranche) which is expected to close on or around 24 November 2020;
Initial Placing	the first placing of New Shares pursuant to the Share Issuance Programme (and forming part of the Initial Tranche) which is expected to close on or around 24 November 2020;
Initial Tranche	together, the Initial Placing and the Initial Offer for Subscription;
Issue Agreement	the conditional issue agreement between the Company, Gresham House and Jefferies, details of which are set out in paragraph 6.4 of Part 10 (<i>Additional Information</i>) of the Registration Document;
Issue Price	105p per New Ordinary Share issued pursuant to the Initial Tranche;
Investment Policy	the investment policy of the Company from time to time, the current version of which is set out in

	paragraph 6 of Part 3 (<i>The Company</i>) of the Registration Document;
Jefferies	Jefferies International Limited;
Key Information Document or KID	the key information document dated on or around the date of this Securities Note relating to the Company produced pursuant to the PRIIPs Regulation, as amended from time to time;
London Stock Exchange	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721);
Main Market	the main market of the London Stock Exchange for securities admitted to trading;
Market Abuse Regulation	the Market Abuse Regulation (EU) No. 596/2014;
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (" MiFID ") and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (" MiFIR ", and together with MiFID, " MiFID II ");
MiFID II Product Governance Requirements	the meaning given in <i>Important Information</i> on page 13 of this Securities Note;
Money Laundering Regulations	has the meaning given in paragraph 5 of Part 6 (<i>Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme</i>) of this Securities Note;
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 either audited or unaudited (as the context may require) and calculated in accordance with the Company's normal reporting policies from time to time;
Net Issue Proceeds	the proceeds of the issue of New Shares pursuant to the relevant Tranche, after deduction of the of all expenses and commissions relating to the relevant Tranche and payable by the Company;
New C Shares	new C Shares issued pursuant to the Share Issuance Programme;
New Ordinary Shares	new Ordinary Shares issued pursuant to the Share Issuance Programme or arising upon conversion of any

	C Shares issued pursuant to the Share Issuance Programme;
New Shares	New Ordinary Shares and/or new C Shares as the context requires;
November General Meeting	the general meeting of the Company to consider the Resolutions, convened pursuant to the Circular for 19 November 2020 at 10 a.m., or any adjournment thereof;
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company;
Panel	the UK Panel on Takeovers and Mergers;
Placee	any investor with whom New Shares are placed by Jefferies, as agent of the Company, pursuant to the Share Issuance Programme;
PRIIPs Regulation	Regulation EU No. 1286/2014 on Key information documents for packaged retail and insurance-based products;
Project Companies	SPVs in which the Company has an interest from time to time which hold ESS Projects;
Prospectus	the Prospectus published by the Company in respect of the Share Issuance Programme comprising this Securities Note or any Future Securities Note (as the context requires), the Registration Document and the Summary or any Future Summary (as the context requires);
Prospectus Regulation	EU Regulation 2017/1129 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
Prospectus Regulation Rules	the Prospectus Regulation Rules made by FCA under section 73A of FSMA;
QIB	a qualified institutional buyer as defined in Rule 144 under the US Securities Act;
QP	a qualified purchaser as defined in Section 2(a)(51) of the US Investment Company Act;
Receiving Agent	Computershare Investor Services PLC;
Registrar	Registrar Computershare Investor Services PLC;
Registration Document	the registration document dated 10 November 2020 issued by the Company in respect of the Share Issuance Programme;
Regulation S	Regulation S under the US Securities Act;
Regulatory Information Service or RIS	a regulatory information service that is on the list of regulatory information services maintained by the FCA;

Resolutions	the resolutions to be proposed at the November General Meeting in connection with the Share Issuance Programme;
SDRT	Stamp Duty Reserve Tax;
Securities Note	this Securities Note
Shareholder	holder of Shares;
Share Issuance Programme	the programme under which the Company intends to issue New Shares in Tranches;
Shares	Ordinary Shares and/or C Shares;
SORP	the Statement of Recommended Practice for Financial Statements of Investment Trust Companies issued by the Association of Investment Trust Companies, as amended from time to time;
Specialist Fund Segment	the specialist fund segment of the Main Market;
SPV	special purpose vehicle;
Subsequent Issue	any placing, open offer and/or offer for subscription of New Shares issued pursuant to the Share Issuance Programme;
Subsequent Offer for Subscription	any offer for subscription to the public in the UK of New Shares, subsequent to the Initial Offer for Subscription and issued pursuant to the Share Issuance Programme, on the terms set out in Part 7 (<i>Terms and Conditions of the Initial Offer for Subscription and Subsequent Offers for Subscription</i>) of this Securities Note;
Subsequent Placing	any placing of New Shares subsequent to the Initial Placing pursuant to the Share Issuance Programme on the terms set out in Part 6 (<i>Terms and Conditions of the Initial Placing and Subsequent Placings under the Share Issuance Programme</i>) of this Securities Note;
Summary	the summary dated 10 November 2020, issued by the Company pursuant to the Registration Document and this Securities Note;
Takeover Code	the City Code on Takeovers and Mergers, as amended from time to time;
Target Market Assessment	has the meaning given in paragraph 11 of Part 2 (<i>Important Information</i>) of this Securities Note;
Tranche	a tranche of New Shares issued under the Share Issuance Programme;
US Investment Company Act	the United States Investment Company Act of 1940, as amended;
US Person	a US person as defined by Regulation S of the US Securities Act;
US Securities Act	the United States Securities Act of 1933, as amended;

UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
United States or US	the United States of America, its possessions or territories, any State of the United States of America and the district of Columbia or any area subject to its jurisdiction or any political subdivision thereof;
VAT	value added tax; and
Website	www.greshamhouse.com/gresham-house-energy-storage-fund-plc .

In this Securities Note, unless the context otherwise requires, the expressions as set out below shall bear the following meanings:

In this Securities Note, unless specified, all references to sterling, pounds or £ are to United Kingdom pounds sterling and all references to "p" are to United Kingdom pence sterling.

In this Securities Note, any reference to:

- any EU directive, EU regulation, EU decision, EU tertiary legislation or provision of the EEA agreement (an "**EU Matter**") which forms or is to form part of domestic law by application of the European Union (Withdrawal) Act 2018 shall be read on and after the expiry of the transition period as a reference to that EU Matter as it forms (by virtue of the European Union (Withdrawal) Act 2018) part of domestic law and as modified by domestic law from time to time;
- any EU Matter which has effect in domestic law by application of the UK legislation enacting the "**Withdrawal Agreement**" (meaning the agreement between the United Kingdom and the EU under Article 50(2) of the Treaty on the European Union which sets out the arrangements for the United Kingdom's withdrawal from the EU (as that agreement is modified from time to time in accordance with any provision of it)) shall be read during the transition period as a reference to an EU Matter as it has effect in domestic law with any relevant modifications as set out in such legislation; and
- any EU entity shall be read on and after the expiry of the transition period as a reference to the UK institution, authority or body to which its functions were transferred,

and for the purposes of this paragraph, (i) "**domestic law**" shall have the meaning given in the European Union (Withdrawal) Act 2018; (ii) "**transition period**" means the transition or implementation period provided for by Part 4 of the Withdrawal Agreement; and (iii) any other words and expressions shall, unless the context otherwise provides, have the meanings given in the European Union (Withdrawal) Act 2018.

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APPENDIX: APPLICATION FORM

For official use only

Application Form for the Initial Offer for Subscription and any Subsequent Offer for Subscription under the Prospectus dated 10 November 2020 (the "**Prospectus**") of:

GRESHAM HOUSE ENERGY STORAGE FUND PLC

Important: Before completing this form, you should read the Prospectus, including Part 7 (*Terms and Conditions of the Initial Offer for Subscription and Subsequent Offers for Subscription*) of the Securities Note, and the section titled "Notes on how to complete the Application Form" at the end of this form.

To: Computershare Investor Services PLC
Corporate Actions Project
Bristol
BS99 6AH

1. Application

I/We the person(s) detailed in section 3 below offer to subscribe for the amount shown in Box 1 subject to the Terms and Conditions set out in Part 7 (*Terms and Conditions of the Initial Offer for Subscription and Subsequent Offers for Subscription*) of this Securities Note and subject to the Articles of Association of the Company.

Box 1 (write in figures, the aggregate value of the New Shares that you wish to apply for – with a minimum subscription amount of £1,000).

£

2. Payment method (Tick appropriate box)

Cheque / Banker's draft

Bank transfer

CREST Settlement (DvP)

3. Details of Holder(s) in whose name(s) New Shares will be issued (BLOCK CAPITALS)

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name.....

Address (in Full)

Designation (if any)

Date of Birth

Mr, Mrs, Miss or Title.....

Forenames (in full)

Surname/Company Name.....

Date of Birth

Mr, Mrs, Miss or Title.....

Forenames (in full)

Surname/Company Name.....

Date of Birth

Mr, Mrs, Miss or Title.....

Forenames (in full)

Surname/Company Name.....

Date of Birth

4. CREST details

(Only complete this section if New Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 3).

CREST Participant ID:

--	--	--	--	--

CREST Member Account ID:

--	--	--	--	--	--	--	--	--

5. Signature(s) all holders must sign

Execution by individuals:

First Applicant Signature:	Date
Second Applicant Signature:	Date
Third Applicant Signature:	Date
Fourth Applicant Signature:	Date

Execution by a Company:

Executed by (Name of Company):		Date
Name of Director:	Signature:	Date
Name of Director/Secretary:	Signature:	Date
If you are affixing a company seal, please mark a cross here: <input type="checkbox"/>	Affix Company Seal here:	

6. Settlement details

(a) Cheque/Banker's Draft

If you are subscribing for New Shares and paying by cheque or banker's draft, attach to this form your cheque or banker's draft for the exact amount shown in Box 1 made payable to "**CIS PLC re Gresham House Energy Storage Fund plc OFS**". Cheques and banker's drafts must be drawn on an account at a branch of a bank or building society in the UK and must bear the appropriate sort code in the top right hand corner. You should tick the relevant payment method box in section 2.

(b) Bank transfer

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 11.00 a.m. on such date as may be specified on the Company's website or by way of an appropriate announcement through a regulatory information service, directly into the bank account detailed below. The payment instruction must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, **for example**, MJ SMITH 01234 567 8910. Before making the payment you should contact Computershare at OFSpaymentqueries@computershare.co.uk, who will provide you with the reference number and the relevant bank account details to enable payment to be made.

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. You should tick the relevant payment method box in section 2. It is recommended that such transfers are actioned within 24 hours of posting your application.

Evidence of the source of funds will also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned and emailed to OFSpaymentqueries@computershare.co.uk. Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

Please Note – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying application form.

(c) CREST Settlement

If you so choose to settle your application within CREST, that is by DvP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of New Shares to be made against payment of the Issue Price per ordinary share using the CREST matching criteria set out below:

Trade date:	second day prior to the date of Admission in respect of the relevant Tranche
Settlement date:	date of Admission in respect of the relevant Tranche
Company:	GRESHAM HOUSE ENERGY STORAGE FUND PLC
Security description:	Ordinary Shares of 1p
SEDOL:	BFX3K77
ISIN:	GB00BFX3K770
CREST message type:	DEL

Should you wish to settle by DvP, you will need to input your CREST DEL instructions to Computershare Investor Services PLC's Participant account 8RA14 by no later than 11.00 a.m. on the date of Admission in respect of the relevant Tranche.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form by the 11.00 a.m. deadline. You should tick the relevant payment method box in section 2.

Note: Computershare Investment Services PLC will not take any action until a valid DEL message has been alleged to the Participant account by the applicant. No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver New Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.

7. Anti-money Laundering

Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that Computershare Investor Services PLC itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst Computershare Investment Services PLC may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is the Sterling equivalent of €15,000 (currently approximately £13,000).

Computershare Investment Services PLC will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the investor is suspected of anything illegal and there is nothing to worry about.

The checks made at credit reference agencies leave an 'enquiry footprint' – an indelible record so that the investor can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-Money Laundering Checks appear as an enquiry/soft search on the investors credit report. The report may contain a note saying "Identity Check to comply with Anti Money Laundering Regulations"

8. Contact details

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Company (or any of its agents) may contact with all enquiries concerning this application. If no details are provided this may delay obtaining the additional information required and may result in your application being rejected or revoked.

E-mail address
Telephone No

9. Queries

If you have any queries on how to complete this Form or if you wish to confirm your final allotment of shares, please call the Computershare Investment Services PLC help line on +44 (0) 370 702 0200. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. The helpline cannot provide advice on the merits of the Share Issuance Programme nor give any financial, legal or tax advice.

Notes on how to complete the Application Form

Applications should be returned so as to be received by Computershare Investor Services PLC no later than 11.00 a.m. on such date as may be specified on the Company's website or by way of an appropriate announcement through a regulatory information service.

In addition to completing and returning the Application Form to Computershare Investor Services PLC, you may also need to complete and return a Tax Residency Self Certification Form. Copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from Computershare Investor Services PLC by calling the Helpline number below.

It is a condition of application that (where applicable) a completed version of the Tax Residency Self Certification Form is provided with the Application Form before any application can be accepted.

Helpline: If you have a query concerning the completion of this Application Form, please telephone Computershare Investor Services PLC on +44 (0) 370 702 0200. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

1. Application

Fill in (in figures) in Box 1 the aggregate value of the number of New Shares being subscribed for. The application value being subscribed for must be a for minimum of £1,000.

2. Payment method

Mark in the relevant box to confirm your payment method, i.e. cheque/banker's draft, bank transfer or settlement via CREST.

3. Holder details

Fill in (in block capitals) the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 5.

4. CREST

If you wish your New Shares to be deposited in a CREST account in the name of the holders given in section 3, enter in section 4 the details of that CREST account. Where it is requested that New Shares be deposited into a CREST account, please note that payment for such New Shares must be made prior to the day such New Shares might be allotted and issued, unless settling by DvP in CREST.

5. Signature

All holders named in section 3 must sign section 5 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

6. Settlement details

(a) *Cheque/Banker's draft*

All payments by cheque or banker's draft must accompany your application and be for the exact amount inserted in Box 1 of the Application Form. Your cheque or banker's draft must be made payable to "**CIS PLC re Gresham House Energy Storage Fund plc OFS**" in respect of an

Application and crossed "**A/C Payee Only**". Applications accompanied by a post-dated cheque will not be accepted.

Cheques or banker's drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the UK which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner.

Third party cheques may not be accepted, with the exception of building society cheques or banker's drafts where the building society or bank has inserted on the back of the cheque the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity.

(b) Bank transfer

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on such date as may be specified on the Company's website or by way of an appropriate announcement through a regulatory information service, directly into the bank account detailed below. The payment instruction must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, **for example**, MJ SMITH 01234 567 8910. Before making the payment you should contact Computershare at OFSpaymentqueries@computershare.co.uk, who will provide you with the reference number and the relevant bank account details to enable payment to be made.

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. You should tick the relevant payment method box in section 2. It is recommended that such transfers are actioned within 24 hours of posting your application.

Evidence of the source of funds will also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned and emailed to OFSpaymentqueries@computershare.co.uk. Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

Please Note – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying application form.

(c) CREST settlement

The Company will apply for the New Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission (the "**Relevant Settlement Date**"). Accordingly, settlement of transactions in the New Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Company's Receiving Agent, Computershare Investor Services PLC, will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Computershare Investor Services PLC to match to your CREST account, Computershare Investor Services PLC will deliver your New Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your New Shares in certificated form should the Company, having consulted with Computershare Investor Services PLC, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Computershare Investor Services PLC in connection with CREST.

The person named for registration purposes in your Application Form must be: (a) the person procured by you to subscribe for or acquire the New Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither Computershare Investor Services PLC nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input the delivery versus payment ("**DvP**") instructions into the CREST system in accordance with your application. The input returned by Computershare Investor Services PLC of a matching or acceptance instruction to our CREST input will then allow the delivery of your New Shares to your CREST account against payment of the Issue Price through the CREST system upon the Relevant Settlement Date.

By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of New Shares to be made prior to 11.00 a.m. on the date of Admission in respect of the relevant Tranche, against payment of the Issue Price. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by Computershare Investor Services PLC.

If you so choose to settle your application within CREST, that is by DvP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of New Shares to be made against payment of the Issue Price per ordinary share using the following CREST matching criteria set out below:

Trade date:	second day prior to the date of Admission in respect of the relevant issue
Settlement date:	date of Admission in respect of the relevant issue
Company:	GRESHAM HOUSE ENERGY STORAGE FUND PLC
Security description:	Ordinary Shares of 1p
SEDOL:	BFX3K77
ISIN:	GB00BFX3K770
CREST message type:	DEL

Should you wish to settle by DvP, you will need to input your CREST DEL instructions to Computershare Investor Services PLC's Participant account **SRA14** by no later than 11.00 a.m. on the closing date of the relevant Tranche.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form by the 11.00 a.m. deadline. You should tick the relevant payment method box in section 2.

Note: Computershare Investor Services PLC will not take any action until a valid DEL message has been alleged to the Participant account by the applicant.

No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver New Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.

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THIS REGISTRATION DOCUMENT, THE SECURITIES NOTE AND THE SUMMARY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the Financial Services and Markets Act 2000, as amended, ("FSMA") who specialises in advising on the acquisition of shares and other securities.

This Registration Document, the Securities Note and the Summary together constitute a Prospectus (the "**Prospectus**") relating to Gresham House Energy Storage Fund PLC (the "**Company**") for the purposes of Article 3 of the European Union Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**"), and have been prepared in accordance with the Prospectus regulation rules of the Financial Conduct Authority (the "**FCA**") made pursuant to section 73A of FSMA (the "**Prospectus Regulation Rules**") and have been approved by the FCA as competent authority under the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or the quality of the New Shares that are the subject of this Prospectus. This Registration Document has been drawn up as part of a simplified Prospectus in accordance with Article 14 of the Prospectus Regulation. Investors should make their own assessment as to the suitability of investing in the New Shares.

This Registration Document is valid for a period of 12 months following its publication and, save in circumstances where the Company is obliged to publish a supplementary prospectus, will not be updated. A future prospectus for the issuance of New Shares may, for a period of up to 12 months from the date of this Registration Document, to the extent necessary consist of this Registration Document, a Future Securities Note and a Future Summary applicable to each relevant Tranche and subject to a separate approval by the FCA on each relevant Tranche. Persons receiving this Registration Document should read the Prospectus together as a whole and should be aware that any update in respect of a Future Securities Note and Future Summary may constitute a material change for the purposes of the Prospectus Regulation Rules.

The Company and its Directors, whose names appear on pages 71 to 72 and 82 of this Registration Document, accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company and the Directors, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, the matters set out under the heading "Risk Factors" on pages 4 to 23 of this Registration Document and on pages 5 to 8 of the Securities Note when considering an investment in the Company.

NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART IN OR INTO THE UNITED STATES OR ANY EXCLUDED TERRITORY (AS DEFINED HEREIN) OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL.

Gresham House Energy Storage Fund PLC

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

Registration Document

**Sole Global Co-ordinator, Bookrunner and
Financial Adviser**

Manager

Jefferies International Limited

**Gresham House Asset Management
Limited**

Jefferies International Limited ("**Jefferies**") is authorised and regulated in the United Kingdom (the "**UK**") by the FCA. Jefferies is acting exclusively for the Company and no one else in connection with the Share Issuance Programme or the matters referred to in this Registration Document, will not regard any other person (whether or not a recipient of this Registration Document) as its client in relation to the Share Issuance Programme and will not be responsible to anyone other than the

Company for providing the protections afforded to its clients or for providing advice in relation to the Share Issuance Programme or any transaction or arrangement referred to in the Prospectus. However, nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on Jefferies by FSMA or the regulatory regime established thereunder.

The Manager, pursuant to the European Union Directive 2011/61/EU ("**AIFMD**") has notified the FCA of its intention to market the New Shares in the UK. Pursuant to AIFMD the Manager is entitled to market New Shares to professional investors in Members States of the European Union until 31 December 2020 under the AIFMD passport procedure. Pursuant to AIFMD as implemented in the UK, the Manager has applied to the FCA and registered the Company to enable the marketing of New Shares to professional investors in the following jurisdictions under the AIFMD passport procedure: **Ireland and Sweden**. Following 31 December 2020 New Shares may only be marketed into Ireland and Sweden in accordance with the applicable law and regulation of those territories.

The New Shares offered by the Prospectus have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or under the applicable state securities laws of the United States and may not be offered or sold directly or indirectly in or into the United States or to, or for the account or benefit of, any US person (a "**US Person**") (within the meaning of Regulation S under the US Securities Act ("**Regulation S**")), except pursuant to an exemption from the registration requirements of the US Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(a)(2) of the US Securities Act and analogous exemptions under state securities laws. The New Shares are being offered and sold (i) outside the United States to non-US-persons in reliance on Regulation S and (ii) within the United States only to persons reasonably believed to be qualified institutional buyers ("**QIBs**"), as defined in Rule 144A under the US Securities Act, that are also qualified purchasers ("**QPs**"), as defined in Section 2(a)(51) of the US Investment Company Act of 1940, as amended (the "**US Investment Company Act**") and who deliver to the Company and Jefferies a signed Investor Representation Letter. The New Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the US Securities Act and any applicable state or other securities laws, pursuant to registration or an exemption therefrom. In addition, the Company has not been, and will not be, registered under the US Investment Company Act, and investors will not be entitled to the benefit of that Act. No offer, purchase, sale or transfer of the New Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act.

The New Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of New Shares or the accuracy or adequacy of this Registration Document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Registration Document and any offer of New Shares pursuant to the Initial Tranche or the Share Issuance Programme may be restricted by law in certain jurisdictions. Other than in the UK, no action has been or will be taken to permit the possession, issue or distribution of this Registration Document or the Securities Note (or any other offering or publicity material relating to the New Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Registration Document, the Prospectus nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Registration Document comes should inform themselves about and observe any such restrictions. None of the Company, Jefferies, the Manager or any of their respective affiliates or advisers accepts any legal responsibility to any person, whether or not such person is a potential investor, in respect of any such restrictions. The attention of persons resident outside the UK is drawn to the notices to overseas investors set out in the Important Information section of this Registration Document that sets out restrictions on the holding of New Shares by such persons in certain jurisdictions.

Copies of this Registration Document, the Securities Note and the Summary (along with any Future Securities Note and Future Summary) will be available on the Company's website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc.

This document is dated 10 November 2020

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PART 1: RISK FACTORS

Investment in the Company should be regarded as being of a long-term nature and involving a degree of risk. Accordingly, prospective investors should consider carefully all of the information set out in this Registration Document and the risks relating to the Company, Gresham House and the Shares including, in particular, the risks described below. These may not be an exhaustive list or explanation of all the risks which investors may face when making an investment in the Shares and should be used as guidance only.

Only those risks which are believed to be material and currently known to the Directors at the date of this Registration Document have been disclosed. Those risks may adversely affect the Company's and its Project Companies' business, business prospects, financial condition and NAV ("Company's NAV and revenues") and returns to Shareholders including dividends, and/or the market price of the Shares ("returns to Shareholders"). Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Registration Document, may also have an adverse effect on the Company's NAV and revenues and returns to Shareholders. Potential investors should review this Registration Document carefully and in its entirety and consult with their professional advisers before making an application to invest in the Shares.

1. Risks relating to the Company

Any failure by the Company to achieve its investment objective may adversely affect returns to Shareholders

Any failure by the Company to achieve its investment objective may adversely affect its operations and returns to Shareholders. The Company's returns to Shareholders will depend on many factors, including the value and performance of its investments and the Company's ability to successfully execute its investment strategy. The value and performance of the Company's investments will be affected by a broad range of factors which are described in more detail below and there can be no assurance that the Company's investment strategy will be successful.

The Target Total Return is based on estimates and assumptions that are inherently subject to significant commercial, economic and market uncertainties and contingencies, and the actual return to Shareholders may be materially lower than the Target Total Return and could be negative

The Target Total Return is a target only and is based on estimates and assumptions as at the date of this Registration Document about a variety of factors including, without limitation, purchase prices of energy storage systems and components, project development and construction costs, income and pricing from contracts with National Grid and/or its subsidiaries and other counterparties, the potential for trading profitably in the wholesale electricity markets, performance of the Company's investments and the Company's ability to secure ESS Projects within minimum return parameters in accordance with the Investment Policy, all of which are inherently subject to significant business, economic and market uncertainties and contingencies and all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve the Target Total Return. The Company may not be able to implement its investment policy in a manner that generates returns in line with the targets. Furthermore, the Target Total Return is based on the market conditions and the economic, regulatory, political and policy environment at the time of assessing the targeted returns, and are therefore subject to change. In particular, the Target Total Return assumes (save as set out in this Registration Document) that no material changes occur in government regulations or other policies, or in law and taxation, and that the Company and/or its investments are not affected by natural disasters, terrorism, social unrest or civil disturbances or the occurrence of risks described elsewhere in this Registration Document. There is no guarantee that actual (or any) returns can be achieved at or near the Target Total Return. Accordingly, the actual rate of return achieved may be materially lower than the Target Total Return, or may result in a partial or total loss, which could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders.

The Company is to a large extent reliant on the Gresham House Group and other third party service providers (including Noriker, asset optimisers and energy companies) to carry on its businesses and a failure by one or more service providers may materially disrupt the business of the Company

Failure by any service provider to carry out its obligations to the Company in accordance with the applicable duty of care and skill, or at all, or termination of any such appointment may adversely affect the Company's NAV and revenues and returns to Shareholders.

In the event that it is necessary for the Company to replace any third party service provider, it may be that the transition process takes time, increases costs and may adversely affect the Company's NAV and revenues and returns to Shareholders. See further risk factor entitled "*The departure of some or all of the Gresham House Group's investment professionals and energy storage systems developers could prevent the Company from achieving its investment objective*".

Investor returns will be dependent upon the performance of the Portfolio and the Company may experience fluctuations in operating results

Investors contemplating an investment in the Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the Portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment.

The Company may experience fluctuations in its financial results due to a number of factors, including changes in the values of investments made by the Group, changes in the amount of profits, distributions, dividends or interest received from the Portfolio, changes in the operating expenses of the Group, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Group or its investments encounter competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

The past performance of other investments managed, advised or operated by Gresham House or Gresham House Group investment professionals cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing its Investment Policy and the successful operation of the assets. The success of the Company will depend, among other things, on Gresham House's ability to identify, acquire and (potentially) realise investments in accordance with the Investment Policy and once acquired, to effectively operate those investments. The acquisition of further investments, will, in turn, depend on the ability of Gresham House to apply its investment processes in a way which leads to the identification of suitable investments for the Group to invest in. There can be no assurance that Gresham House will be able to do so or that the Group will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

Tax and regulatory risk

The Company's NAV and revenues and returns to Shareholders will be dependent on there being no material adverse change in applicable laws (including tax laws) or regulations (or their interpretation) that affects the Group, the Portfolio, any instruments issued or held by any of them or the overall structure to be adopted to effect the investment strategy and objective of the Company, as outlined in this Registration Document. See also further risk factors entitled "*Risks relating to regulation and taxation*".

Discount management provisions

Any Share buybacks in the context of the Company's discount management provisions may be satisfied by the available cash or cash equivalent resources of the Company, from borrowings, the realisation of the Group's assets or any combination of these sources of liquidity, at the Directors' discretion. Potential investors should be aware that the Group's investments have limited liquidity and therefore any such returns of capital that depend on the realisation of assets may be deferred and may ultimately generate cash which is less than the valuation of the relevant assets, which may affect the published NAV and/or the market price of the Shares.

The Company's share buyback policy is expressly subject to the Board's discretion and therefore potential investors should not place reliance on share buybacks as a source of potential exit from the Shares.

Dividend policy

The payment of dividends to Shareholders is dependent on the level of the Company's net income and the requirements of the Act. There is therefore a risk that the actual dividend payments to Shareholders are lower than those targeted by the Company.

Risks relating to the UK's exit from the European Union

The UK withdrew from and ceased to be a Member State of the EU and the EEA at 11:00 p.m. GMT on 31 January 2020 ("**Brexit**") and the withdrawal agreement that was negotiated between the UK and the EU in October 2019 (the "**Withdrawal Agreement**") came into effect. The Withdrawal Agreement sets out the terms of the UK's exit from the EU and a political declaration on the framework for the future relationship between the UK and the EU. It also provides for a transition period, commencing on 31 January 2020 and ending at 11.00 p.m. GMT on 31 December 2020 (the "**Transition Period**"), during which the UK and the EU will continue to negotiate the terms of a trading agreement that will apply following the expiry of the Transition Period. The Withdrawal Agreement states that, unless otherwise provided in the agreement, EU law will be applicable to and in the UK during the Transition Period.

The UK Government did not apply to extend the Transition Period by the 30 June 2020 deadline. While the UK Government has stated that it will negotiate the terms of a future trading agreement with the EU, there is no guarantee that the terms of such arrangement will be ratified by the UK Government or the EU prior to the expiry of the Transition Period. There is a risk that the EU referendum result, and the negotiations that have taken place between the UK and the EU, could lead to unpredictable and ultimately unfavourable economic circumstances, which could have a material adverse effect on the business, financial position, results of operations and business prospects of the Group.

European electricity markets are required to comply and transpose into domestic law certain EU legislative measures – ISEM has been implemented to comply with an EU programme to facilitate cross border trade in electricity. It is not known how these legislative measures will continue to apply in Northern Ireland after the UK has left the EU in circumstances where it is no longer party to the EU Single Market and Customs Union and, if they were not to continue to apply, how this might affect the ISEM. The East West Interconnector between Wales and the ROI opened in 2012 and from the ROI's perspective is (for now) the only link between the ISEM and the continental European grid. The prospect of divergent legislative and regulatory regimes for the continued operation of the wholesale electricity market and in relation to the system operation of interconnectors creates a risk for the Group. It is not known what effect, if any, Brexit will have on the operation of the ISEM, which is organised on an all island basis, or on interconnector arrangements. An adverse effect on the ISEM or the way in which it might be developed as a result of Brexit could have a material adverse effect on the business, financial position, results of operations and future growth prospects of the Group, as well as returns to investors.

Risks relating to Scottish independence

The Group could face potential, significant uncertainty if a second Scottish Referendum were to be held and had a "vote leave" result. Although it is possible that the position on renewable electricity generation may change, the current Scottish administration continues to be very supportive of renewable energy and identify this as a key area of strength for Scotland (the country has very substantial renewable energy resources). In the event of Scottish independence, the expectation would be that the administration would continue to support renewable energy generation. In particular, SROs are currently eligible for use by UK suppliers in meeting their obligations throughout the UK rather than just Scotland. If Scottish independence occurred, there would be concerns about legislative change, potential uncertainty in terms of budgetary constraints and what the impact on the Great Britain grid infrastructure might be. In the event of Scotland becoming independent under the current administration and subsequently a different administration being elected, there would again be a possibility of change in policy, although this is no different to the possibility of change in Government UK-wide.

2. Risks relating to the Gresham House Group

The departure of some or all of the Gresham House Group's investment professionals and energy storage systems developers could prevent the Company from achieving its investment objective

The Company has no employees and the Directors have all been appointed on a non-executive basis. Therefore, the Company is to a large extent reliant upon the Gresham House Group and other third party service providers for the performance of certain functions. In particular, the Portfolio requires significant management time and resource to be provided by, among others, Gresham House and GHNE in order to enable the Company to meet its investment objective. In accordance with the AIFM Agreement, Gresham House will be responsible for managing the Portfolio. As a result, if Gresham House Group entities were no longer able to provide the services under the AIFM Agreement this could have a material adverse effect on the performance of the Company's NAV and revenues and returns to Shareholders. In addition, Noriker and a member of the Gresham House Group have agreed to jointly develop ESS Projects to generate deal flow to the Company until September 2022 under the terms of the Framework Agreement and various shareholders' agreements. GHNE provides management services to the Company's SPVs pursuant to Management Services Agreements. Consequently, the Group will be dependent on the individuals employed by, or the entities contractually bound to perform services for, the Gresham House Group. The Company depends on the diligence, skill and judgement of the Gresham House Group's investment professionals and developers, the information and deal flow they generate during the normal course of their activities and their ability to properly develop and operate the ESS Projects. The Company's future success depends on the continued service of these individuals, who are not obliged to remain employed by, or contractually bound to perform services for, the Gresham House Group, and the Gresham House Group's ability to strategically recruit, retain and motivate new talented personnel. Whilst the Gresham House Group endeavours to ensure that the principal members of its management team are suitably incentivised, the retention of key members of its team cannot be guaranteed. If exclusivity under the Framework Agreement is terminated in advance of its expiry in September 2022, there is no guarantee that the Company will continue to have deal flow of new ESS Projects similar to past performance. However, the Gresham House Group is also generating significant amounts of pipeline from other developers. Events impacting but not entirely within the Gresham House Group's control, such as its financial performance, it being acquired or making acquisitions or changes to its internal policies and structures could in turn affect its ability to retain key personnel. If key personnel of the Gresham House Group were to depart or the Gresham House Group were unable to recruit individuals with similar experience and calibre, the Gresham House Group may not be able to provide services to the requisite level expected or required by the Company. This could have a material adverse effect on the performance of the Company's NAV and revenues and returns to Shareholders.

Under the AIFM Agreement, Gresham House agrees to perform its obligations to a specified standard of care, provided that Gresham House will not be liable for any loss or damages resulting from any failure to satisfy the standard of care except in certain limited circumstances. If a liability were to be incurred by the Group in a situation where Gresham House had acted in accordance with its standard of care, the Company would (except in certain limited circumstances) have no recourse to Gresham House and such liabilities would be for the account of the Group. This could have a material adverse effect on the performance of the Company's NAV and revenues and returns to Shareholders. Additionally, under the AIFM Agreement the Company is required to indemnify Gresham House and its affiliates, managers, directors, officers, partners, agents and employees, from and against all liabilities incurred in connection with the AIFM Agreement (except to the extent such liabilities are incurred as a result of any acts or omissions of Gresham House that constitute a material breach of such agreement or are otherwise outside the scope of such indemnities). As a result, if such liabilities arise, the Company may be required to make payment under such indemnities, which could have a material adverse effect on the performance of the Company's NAV and revenues and returns to Shareholders.

There can be no assurance that the Directors will be able to find a replacement manager if Gresham House resigns

Pursuant to the terms of the AIFM Agreement, Gresham House may resign by giving the Company not less than 12 months' written notice. If Gresham House resigns, the Company will no longer have the contractual right to require Gresham House to enforce its rights against Noriker in respect of the ESS Project Companies originated via the Framework Agreement. Gresham House shall, from the date such notice takes effect, cease to make investment decisions on behalf of the Company. It may be difficult to locate a successor to the role. If a successor cannot be found, the Company may not have the resources it considers necessary to manage the Portfolio or to make investments appropriately and, as result there may be a material adverse effect on the performance of the Company's NAV and revenues and returns to Shareholders.

The Gresham House Group and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Group and may be subject to conflicts of interest in respect of its activities on behalf of the Company

Under the terms of the AIFM Agreement, Gresham House is entitled to carry on business similar to or in competition with the Company or to provide similar services to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Company for its profits, provided that it will take all reasonable steps to ensure that such business is effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. However, other than pursuant to the Framework Agreement, neither Gresham House nor any member of the Gresham House Group may (i) act as the manager and/or adviser to or otherwise be actively involved with any new fund, partnership, client, segregated account or counterparty that invests on or after the date of the Framework Agreement in; or (ii) for its own account invest on or after the date of the Framework Agreement in, ESS Projects in Great Britain, Northern Ireland and the Republic of Ireland, without first offering the relevant investment opportunity to the Company. Gresham House or a member of the Gresham House Group may (i) act as the manager and/or adviser to or otherwise be actively involved with any new fund, partnership, client, segregated account or counterparty that invests in; or (ii) for its own account invest in, ESS Projects in Great Britain, Northern Ireland and the Republic of Ireland, in circumstances where the Company is unable to invest in the relevant investment opportunity because it has insufficient resources or the Company is unable to obtain sufficient resources to make the investment or, otherwise, if the Board provides its prior written consent.

At all times Gresham House shall retain sufficient facilities, personnel, experience and expertise necessary to fulfil its obligations under the AIFM Agreement. Gresham House will, at all times, have regard to its obligations to the Company and under the FCA Rules in relation to the identification, management and disclosure of conflicts of interest.

3. Risks relating to the Portfolio investment strategy

Macro risks

(a) Energy market regulations

The revenue generated by each of the Project Companies and its associated costs will be dependent on various energy market codes and regulations. The Gas and Electricity Markets Authority within the Office of Gas and Electricity Markets ("**Ofgem**") regulates Great Britain's energy markets through licensing certain activities such as generation (with batteries being a proposed sub-set of generation), supply, and distribution/transmission network operation. A series of industry codes and agreements sit alongside these licences, which include more detailed rules and market processes. These include the Connection and Use of System Code, the Balancing and Settlement Code, the Grid Code, the Distribution Use of System Agreement and the Distribution Code. Ofgem must consult with industry before implementing any changes to the codes; industry representatives are provided with an opportunity to help develop and propose changes to the codes, with Ofgem carrying the deciding vote on any changes. A future change in UK Government or Ofgem's direction regarding the design of the energy market, network charges, access to networks or a change in industry consensus around detailed market rules could lead to unfavourable energy or grid policies which may negatively affect the future availability of attractive energy storage systems for the Company to invest in, as well as those ESS Projects already acquired by the Company under current electricity market/grid regulations.

(b) Growth (or decline) of the renewables sector

A significant factor contributing to the expected growth of the energy storage market relates to the expected continued growth of renewable energy as a proportion of total generating capacity in the UK and overseas, and the resulting need to manage intermittency, balancing and other system stresses. If the growth of renewable energy does not continue as expected (for example, due to low energy prices, reduced Government support, increased deployment of non-renewable/fossil fuel generating capacity such as gas fired or nuclear power stations, or increased imports from cross-channel interconnectors), this will have an adverse impact on the Company's prospects and performance.

(c) Changes in economic conditions

Changes in general economic and market conditions including, for example, interest rates, rates of inflation, foreign exchange rates, industry conditions, competition, political events and trends, tax laws, national and international conflicts and other factors could substantially and adversely affect the Company's NAV and revenues and returns to Shareholders.

(d) Natural and/or political events

Events beyond the control of the Group, such as natural disasters, epidemics, pandemics, war, insurrection, civil unrest, strikes, public disobedience, computer and other technological malfunctions, telecommunication failures, physical and cyber terrorism, crimes, nationalisation, national or international sanctions and embargoes, could materially adversely affect the Company's NAV and revenues and returns to Shareholders.

Natural disasters, severe weather conditions or accidents could also damage the energy storage systems or the ability of engineers to access the relevant sites, or require the shutdown of, the energy storage systems, their equipment or connected facilities any of which would materially adversely affect the Company's NAV and revenues and returns to Shareholders.

Such events may have a variety of adverse consequences for the Project Companies, including risks and costs related to the damage or destruction of property, suspension of operation, construction delays (and associated non-performance penalties), and injury or loss of life, as well as litigation related thereto. Such risks may not always constitute contractual force majeure and may not always be insurable (or only insurable at uneconomic rates).

(e) COVID-19

The ongoing COVID-19 pandemic could adversely impact the operations of Project Companies, and therefore could adversely affect the ability of the Company to deliver income and capital returns to Shareholders in the following ways:

- The Project Companies operate with supply chain partners with strong business continuity arrangements and the ESS Projects are operated by remote monitoring and despatching. However, there is a residual risk that suitable specialist personnel are unable to attend sites when required to ensure the ESS Projects are operating to their full potential. The Manager carefully monitors the operational arrangements of the supply chain partners in order to minimise this risk of operational failure.
- The ability to construct or commission ESS Projects may be adversely impacted.
- Global and/or regional travel restrictions may delay the commissioning of ESS Projects and may constrain supply chains. However, as ESS Projects that are in the process of construction represent important infrastructure for the electricity system in the UK and the ROI, the Manager expects that suitable arrangements will be put in place in order to overcome any such restrictions.
- The energy markets into which ESS Projects are currently operating have seen some disruption due to the COVID-19 pandemic. Dysfunctional markets could adversely impact the trading operations of the Project Companies. The Manager monitors these markets to ensure the assets are trading as expected.

(f) Environmental, Social and Governance

The Company seeks to ensure that the activities of the Project Companies are beneficial to society and the planet as a whole. Whilst not an immediate risk for the Company, the Company will continue to review supply chain governance, focusing on the source materials such as cobalt and rare earth elements, as well as the recycling of battery materials and other components and will build these issues into the Company's risk management programme.

(g) Untested nature of long term operational environment for such energy storage systems

Given the long term nature of energy storage systems and the fact that battery storage plants are a relatively new investment class, there is limited experience of the operational problems that may be experienced in the future, both in a commercial context (i.e., the operation of revenue generating contracts) and a technological context (i.e., the battery modules themselves, including rates of

degradation), which may affect energy storage plants, the special purpose vehicles holding the Project Companies assets and, therefore, the Company's investment returns.

(h) New energy storage technologies

Although the ESS Projects in the Portfolio utilise, or will utilise, lithium-ion batteries, the Group is generally adaptable about which technology it utilises in its energy storage systems. The Company does not presently see any energy storage technology which is a viable alternative to lithium-ion batteries for the target markets and activities for the ESS Projects, due to their widespread use in mobile phones, electric cars and other devices and consequent pricing, safety, performance track record and established infrastructure benefits. However, there are a number of technologies being researched which, if successfully commercialised, could eventually prove more favourable than lithium-ion. The Company will closely monitor such developing battery technologies (such as sodium and zinc derived technologies) and other forms of energy storage technology (such as flow batteries/machines and compressed air technologies) and will consider adopting such technologies for new ESS Projects where appropriate. However, Project Companies that use existing lithium-ion batteries may, as a result, prove less economical and therefore earn lower returns in comparison or be outbid for competitively procured services (such as frequency response). This could have a material adverse impact on the financial performance of the Company.

(i) Other new non-storage technologies

While the Company currently considers lithium-ion battery technology to be the most competitive provider in its target markets (eg, trading activities, frequency response, capacity market, and embedded benefits/energy savings), other non-storage technologies may enter the market with the ability to provide similar services to a lithium-ion battery at lower cost. In such a scenario, and with sufficient scale in technology development and deployment into the market, lithium-ion batteries could be outbid for contracts and customers, which could adversely affect the Company's NAV and revenues and returns to Shareholders.

Operational risks

(j) Health and safety risks

The physical location, maintenance and operation of an energy storage plant may pose health and safety risks to those involved. The operation of an energy storage plant may result in bodily injury or industrial accidents (including fires), particularly if an individual were to be crushed, electrocuted or suffer from another form of injury. If an accident were to occur in relation to one or more of the Group's energy storage plants, the Company, Holdings and/or the relevant Project Company could be liable for damages or compensation to the extent such loss is not covered under existing insurance policies. Liability for health and safety could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders.

(k) Balancing services contracts and pricing (including frequency response) and failure to secure new contracts on expiry and relationship with the National Grid

The revenues generated by the Portfolio will depend, in part, on the price each Project Company is able to obtain for providing various balancing services to the National Grid (including, in particular, frequency response) in respect of the energy storage systems.

The current UK frequency response service is procured by National Grid via both monthly and weekly tender processes, however this tender process is currently undergoing a significant transition, in particular with new services being procured such as dynamic containment since October 2020. The Group may acquire an ESS Project without a frequency response contract and/or it may have a short-term frequency response contract where there is uncertainty over the value of any replacement frequency contracts. The UK's frequency response market currently offers short-term contracts being significantly shorter than the expected life of the ESS Projects that the Group holds or expects to acquire. When such contracts expire, the Project Companies may not be able to secure replacement contracts (or sufficiently attractive terms for replacement contracts) in the competitive allocation process, and consequently may not be able to use the energy storage systems at their maximum capacity and capabilities, including between contracts. The Manager mitigates this risk by assuming the asset optimiser will spend a greater time trading and in the Balancing Mechanism in the future and so assesses forecasted revenues based on alternate opportunities in respect of each of the sites.

The Manager makes investment decisions based on price forecasts and so a lower than expected market price of balancing services could materially adversely affect the Company's revenues and ability to meet targeted returns. Furthermore, the Company cannot guarantee that market prices of balancing services will remain at levels which will allow the Company to maintain target dividend distributions or rates of return on the energy storage systems within the Portfolio. A significant drop in market prices for balancing services would have a material adverse effect on the Company's NAV and revenues and returns to Shareholders. The Manager has assumed a low exposure to FFR contracts from 2020, limiting the impact to a loss of business in this area. The pricing assumptions set in the ESS Projects acquired have been reviewed by a third party consultant and forecasts are below current pricing levels. Any information or event which justifies the forecasting of factoring lower prices than those currently assumed prior to the commissioning of any ESS Project would justify a lower purchase price being paid for such ESS Project by the Group.

NGET is a subsidiary of National Grid plc, and is the owner and operator of the electricity transmission network in England and Wales, and the system operator (responsible for amongst other things balancing the system) for Great Britain is National Grid Electricity System Operator Limited ("**National Grid ESO**" or "**NG ESO**"). National Grid plc is a public limited company incorporated in England and Wales with company number 04031152. The registered office of National Grid is at 1-3 Strand, London WC2N 5EH. National Grid is admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. National Grid is also listed on the New York Stock Exchange. National Grid is one of the largest companies in the UK (it is capitalised at approximately £30 billion and in the top 20 UK listed companies). NGET has a Moody's credit rating of A3. The UK Government does not guarantee the solvency of NGET. If either of these companies were to collapse or if their financial strength were to materially deteriorate, their respective obligations as a counterparty in respect of each of the Project Companies may be seriously impacted or become worthless, which could materially affect the Company's NAV and revenues and returns to Shareholders.

While ESS Projects may secure contracts with Distribution System Operators ("**DSOs**") in relation to the DSOs own electricity distribution systems, and there is a nascent market developing for such services, there is no certainty that DSOs will continue to emerge as entities requiring frequency response services or other material services for ESS Projects and, if they are, it may not be at the levels projected. Therefore, a loss of an FFR contract or breakdown in relations with National Grid would have material adverse impact on ESS Projects' ability to obtain frequency response revenues, either temporarily or permanently, which could have an adverse effect on the Company's NAV and revenues and returns to Shareholders.

(l) Volatility of electricity prices affecting asset optimisation opportunities

One of the other major sources of revenue for the Portfolio is from trading activity, also described as energy trading or price arbitrage (often a key part of asset optimisation). This is dependent on the spread of the price at which electricity can be imported (for charging) and exported (upon discharging). A lower than expected volatility in the market price of electricity, or a smaller spread between buy and sell prices, could adversely affect the Company's revenues and financial condition. The Company cannot guarantee that electricity market price volatility and/or a Project Company's ability to capture spreads will be at levels or frequency which will allow the Company to generate projected revenue levels or rates of return on the energy storage systems within its Portfolio. The Group has contracted with third party service providers to undertake asset optimisation for the Project Companies, which include energy trading optimisation services. There are no minimum revenue requirements or guarantees in the asset optimisation arrangements and the Group's protection against underperformance is limited primarily to exercising termination rights under the optimisation services contracts and then seeking a replacement asset optimiser. In line with current market standards, there can be evidential hurdles in proving such underperformance such as to trigger these break rights, which could lead to disputes unless underperformance is so serious and pronounced as to be beyond doubt. In certain circumstances, the asset optimiser holds revenues in their accounts before passing them through to the Project Companies and in such cases the Project Companies are subject to the credit risk of the asset optimiser. A significant drop in volatility of market prices for electricity whilst the Group is pursuing this revenue stream would have an adverse effect on the Company's NAV and revenues and returns to Shareholders.

(m) The Company is exposed to counterparties who may fail to perform their obligations under O&M contracts

The Project Companies rely on third-party professionals and independent contractors and other service providers, which will generally be selected by the Manager to provide the required operational and maintenance support services (where required) throughout the construction and operating phases of the utility scale energy storage systems in the Portfolio. In the event that such contracted third parties are not able to fulfil their obligations or otherwise fail to perform to standard, the Project Companies may be forced to seek recourse against such parties, provide additional resources to undertake their work, or to engage other companies to undertake their work. However, legal action, breach of contract or delay in services by these third-party professionals and independent contractors could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders. The Group's ability to invest in and operate energy storage systems could be adversely affected if the contractors with whom the Group wishes to work do not have sufficient capacity to work with the Group on its chosen ESS Projects. In addition, if the quality of a contractor's work does not meet the requisite requirements, this could have an adverse effect on the construction and operations, and financial returns of such ESS Projects, as well as the Group's reputation. Where an O&M contractor, or any other contractor, needs to be replaced, whether due to expiry of an existing contract, insolvency, poor performance or any other reason, the Group will be required to appoint a replacement contractor. There may be termination fees, and any such replacement contractor may come at a higher cost. If it takes a long time to find a suitable contractor, it could potentially lead to delays, lower technical and operating performance or downtime for the relevant asset or cancellation of key contracts. This could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders.

(n) The Company is exposed to counterparties who may fail to perform their obligations under EPC or other construction contracts

The Company expects to acquire ESS Projects on which, as a general rule, third-party contractors have entered into the required construction contracts. This may be under an EPC Contract, or EPCm contract suite. As part of an EPC contract suite, the contractor(s) give(s) warranties and or guarantees in respect of its defect rectification obligations and the performance of the plant and is liable to pay associated damages to compensate for unavailability (or other measure of non-performance) and subsequent lost revenues during, typically, the first two years of the plant's operational life. Where a contractor has not fulfilled their contractual duties and/or the performance of the plant, or subset of the plant, falls below the guaranteed levels, the relevant Project Company will pursue all means to recover any losses resulting therefrom, including under the performance guarantees, and pursue the contractor under the defects correction provisions to correct any faults uncovered. Under an EPC contract suite, the contractor enters into separate agreements with other suppliers, subcontractors and service providers but ultimately takes full responsibility for the project. As part of an EPCm contract suite, the EPCm contractor ensures the engineering and design of the project and supervises, manages and coordinates construction interface. The EPCm contractor will establish contractual arrangements on behalf of each Project Company through a tender process, but it is the Project Company who will be bound to various contractual relationships for construction related works with various suppliers, contractors and service providers. In the event of a dispute, under an EPC contract suite, the contractor will be the sole party responsible for all works, whereas in an EPCm contract suite, the Project Company will need to bring a claim against each relevant contractor, supplier and/or service provider, and therefore could have multiple parties to a dispute. In the event a Project Company is unable to cover its contractual liabilities, the Company's financial position, results of operations and ability to pay Shareholder dividends may be adversely impacted. If the construction is delayed for any reason (for example, due to extended periods of adverse weather conditions) this could delay commissioning and lead to the loss of a revenue contract for the ESS Project (or damages for delay under such contracts) and, consequently, adversely impact the level of revenue achieved by the asset. In circumstances where Project Companies do not have the benefit of financial and operational warranties and guarantees from contractors, it may result in it being more difficult or impossible for the Group to recover losses suffered that would otherwise be covered by such operational warranty and guarantee.

(o) Changes in procurement of balancing services

The procurement details and contract designs that National Grid uses for different balancing services currently vary. For example, Firm Frequency Response ("FFR") contracts are tendered monthly and alternate between procuring for the short term requirement (month ahead only) and for both the short and long term requirement (from month ahead to 30 months out), with a maximum contract award of 24 months. FFR contracts are settled on a pay-as-bid basis. These contracts were previously awarded for longer durations of up to 24 months before changes were implemented in 2018. National Grid are now running trials of weekly FFR auctions, as set out in more detail below. To the extent

the Portfolio includes sites with enhanced frequency response contracts covering 4-year durations, the implication of this is that they are not expected to be replaced with similar long term contracts at expiry. These sites would then tender for shorter duration contracts through the services available at that time.

National Grid began a phase 2 trial of dynamic low high frequency and low frequency static services in October 2020 with contracts tendered weekly for individual 4 hour blocks each day. The weekly auction originally had a maximum tendered capacity of 20MW per unit and an overall cap of 100MW per service however after releasing the Project Evaluation Report in September 2020, National Grid decided to remove the individual unit cap allowing larger units to enter. The weekly auctions are settled on a pay-as-clear basis whereby the largest accepted price is awarded to all successful tenders. In October 2020, National Grid launched a new service for a fast acting post-fault service to contain frequency within a statutory range (49.5Hz - 50.5Hz) called Dynamic Containment. National Grid are continuing to work on the design of two further end-state products: Dynamic Moderation and Dynamic Regulation.

National Grid's work is an ongoing programme of change to its procurement approach, and the above are some select examples which are particularly relevant to battery storage projects. National Grid plan for the weekly and monthly tenders for frequency services to be taken over by the 3 dynamic end-state products in 2021 at which point all tenders are expected to move to a daily auction. Changes that shorten the standard duration of contracts could force the Project Companies to re-contract more frequently in the future, which may create higher administrative costs for the Project Companies and expose them to more frequent occurrences of failing to secure contracts immediately after expiry of a previous contract and increases in the variability of revenues. Changes in the specification of services (for example, response time or duration of delivery) may require the Projects Companies to incur additional investment and set-up costs which may adversely affect the Company's NAV and revenues and returns to Shareholders. This leads to an increased emphasis on value derived from a competent optimiser, who can manage the ongoing bidding/pricing, and weigh which short term revenue stream(s) to pursue at various times, rather than relying on ESS Projects having longer term contracted revenue upfront.

(p) Batteries are subject to degradation and the risk of equipment failure

Battery systems degrade gradually with reduced capacity and cycle life due to chemical changes to the electrodes over their lifetime. The degradation effect can be separated into calendar loss and cycling loss. Calendar loss results from the passage of time and cycling loss is due to usage and depends on both the maximum state of charge and the depth of discharge. Although the battery manufacturers provide certain warranties on a battery degradation schedule based on certain operating conditions and the lifespan of the battery, the operation of the battery may fall outside of the warranty conditions due to unexpected events. Also the Project Companies may continue to operate the battery beyond the period covered by the degradation warranty of the battery manufacturers and these may result in unexpectedly lower performance of battery assets. The Group's investment will take into account the realistic degradation profile of the batteries and the need to augment capacity from time to time, based on the Company's assessment of the supplier's battery technology. However, this can be higher than the warranted degradation profile and the asset may not meet its expected performance at the time of acquisition or over its operational life, even if the use of the battery is within the warranted period and conditions. As a result, and to the extent not covered by the warranties, any such excess battery degradation may necessitate greater than expected repair and maintenance expenses or the requirement for replacement of some or all of the battery modules or components earlier than anticipated.

There is also a risk of equipment failure due to wear and tear, design error or operator error in connection with the energy storage system and this failure, among other things, could adversely affect the returns to the Company.

(q) Balance-of-plant equipment is subject to degradation and the risk of equipment failure

Energy storage plants contain a multitude of technical, electrical, electronic, mounting structures and other components, commonly referred to as "balance-of-plant". Balance-of-plant components are subject to degradation, technical deterioration, possible theft of components and other loss of efficiency and effectiveness over an energy storage plant's lifespan. There is a risk of unexpected equipment failure or decline in performance over the life cycle of the plant which would adversely affect the plant's technical and financial performance.

(r) Prices for battery systems may decline faster than expected

The prices paid for battery systems are a key component of the total cost of an energy storage system. It is expected that prices of such systems will decline due to the expected growth in the demand for the lithium-ion batteries; therefore it will be the primary technology to be sought by the Company in selecting ESS Projects to invest in. The Company has made certain assumptions in its financial modelling, based upon independent forecast data, relating to the declines in prices for battery systems. However, if prices fall slower than expected, the returns implied by Project Companies may be lower than expected.

(s) Technological and operational risks may not be covered by warranties or insurance

Although Gresham House will procure that appropriate legal and technical due diligence is undertaken on behalf of the Group in connection with any proposed acquisition of energy storage systems by the Group, this may not reveal all facts and risks that may be relevant in connection with an investment. If the operation of ESS Projects has not been duly authorised or permitted, it may result in closure, seizure, enforced dismantling or other legal action in relation to such ESS Projects. Certain issues, such as failure in the construction of a plant (for example, faulty components or insufficient structural quality), may not be evident at the time of acquisition or during any period during which a warranty claim may be brought against the contractor. Such issues may result in loss of value without full or any recourse to insurance or construction warranties.

Warranties and performance guarantees typically only apply for a limited period, and may also be conditional on the equipment supplier being engaged to provide maintenance services to the ESS Project. Performance guarantees may also be linked to certain specified causes and can exclude other causes of failure in performance, such as unscheduled and scheduled grid outages. Should equipment fail or not perform properly after the expiry of any warranty or performance guarantee period or in circumstances where no warranty or performance guarantee has been provided and should insurance policies not cover any related losses or business interruption the Group will bear the cost of repair or replacement of that equipment.

Under the acquisition documentation the Group will receive the benefit of various warranties in relation to the ESS Projects that it acquires and these warranties may be insured to the extent that warranty and indemnity cover is available on reasonable commercial terms. There will be limitations on any insurance obtained, including excesses, caps on financial coverage and time limits for making any claim. To the extent that any material issue is not covered by the warranties or is excluded by such limitations or exceeds such cap, the Group will have no recourse against the vendor. Even if the Group does have a right of action in respect of a breach of warranty, there is no guarantee that the outcome of any claim will be successful or that the Group will be able to recover anything.

In addition, operational energy storage plants remain subject to on-going risks, some of which may not be fully protected by contractor, manufacturer or vendor warranties, including but not limited to security risks, technology failure, manufacturer defects, electricity grid forced outages or disconnection, force majeure or natural disasters. Energy storage technology continues to evolve and as manufacturers continue to develop and change technology, this may result in unforeseen technology failures or defects.

Any unforeseen loss of performance and/or efficiency in battery modules, beyond the warranted degradation, on an acquired or developed asset would have a direct effect on the yields produced by an energy storage plant and, as a consequence, could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders. In addition, any unforeseen loss or reduction of performance of other technology components of an energy storage plant (such as the inverters, wiring, electronic components, switchgear and interconnection facilities) could have a material adverse change on the Company's NAV and revenues and returns to Shareholders.

Energy storage plant operators generally take out insurance to cover certain costs of repairs and any other ESS Project specific risks that may have been identified as insurable and are insured against. The Project Companies may not always be able to benefit from such insurance policies and, in any event, not all potential risks and losses in relation to the operation of an energy storage plant will be covered by insurance policies. For example, losses as a result of force majeure, natural disasters, terrorist attacks or sabotage, cyber-attacks, environmental contamination, outages at the electricity grid or theft may not be available at all or on commercially reasonable terms or a dispute may develop over insured risks. The Company cannot guarantee that insurance policies will be held which cover all possible losses resulting from outages, equipment failure, repair, replacement of failed or

stolen equipment, environmental liabilities, outages at the electricity grid, theft or legal actions brought by third parties (including claims for personal injury or loss of life). The uninsured loss, or loss above limits of existing insurance policies, could have an adverse effect on the Company's NAV and revenues and returns to Shareholders.

In cases of frequent damage and/or recurring losses and/or as a result of insurance provider's risk profiles changing, insurance contracts might be amended or cancelled by the insurance company or the insurance premium levels will be increased, in which case the Group may not be able to maintain insurance coverage comparable to that currently in effect or may only be able to do so at a significantly higher cost, howsoever caused. An increase in insurance premium cost could have an adverse effect on the Company's NAV and revenues and returns to Shareholders.

(t) Inability to control operating expenses and maintenance

The profitability of an energy storage system over its full life is dependent, among other things, on the owner's ability to manage and control the operating expenses of the asset. Operating expenses include rent under any lease, business rates, the cost of importing electricity to charge the batteries, insurance coverage and operation and maintenance costs, as well as other selling, general and administrative costs. In addition, a plant's profitability over its life is also dependent on the owner's ability to manage and control investment costs during the operational phase. Other costs at plant level include replacing faulty technology components (such as battery modules, inverters, cables, interconnection gear and module control systems) that are not covered by supplier warranties or guarantees and rebuilding the plant following any unexpected event (such as theft, burglary or acts of vandalism not covered by insurance providers). Insurance premia may also rise if ESS projects owned and operated by others have suffered issues resulting in increases in actual or perceived risk associated with insuring an ESS Project. As a result, the inability of Project Companies to control operating costs may adversely affect the Company's NAV and revenues and returns to Shareholders.

(u) Capacity market contracts and pricing

Some revenues generated by the Portfolio will be dependent on the price the Project Companies are able to secure for providing capacity through Capacity Market auctions. The Group will generally seek to acquire Project Companies with 15 year fixed price capacity market contracts in place. If the Group is unable to acquire Project Companies with a 15 year fixed price capacity market contract, it is expected that Capacity Market contracts will only run for 1 year and it is possible that capacity market contracts may not be available. In such circumstances there will be uncertainty on the amount of revenue that will be generated under such Capacity Market contracts, which will be subject to change on an annual basis.

(v) Embedded benefits – Transmission Network Use of System (TNUoS) charges and Distribution Use of System (DUoS) charges

An element of the revenue expected to be generated by the Portfolio will be dependent on the savings of TNUoS and DUoS charges that the Group's energy storage systems can offer to its industrial and commercial customers through the deployment of behind-the-meter batteries. Ofgem is currently implementing its reviews of network charging arrangements (each a "**Significant Code Review**" or "**SCR**"):

- * a Targeted Charging Review; and
- * a Reform of Electricity Network Access and Forward-Looking Charges.

The purpose of these work streams is to review how network costs, including TNUoS and DUoS charges, are levied directly or indirectly on electricity suppliers and (ultimately) on consumers. As one part of the Targeted Charging Review, Ofgem published in March 2020 a consent to withdraw CUSC Modification Proposal CMP332 "Transmission Demand Residual bandings and allocation (TCR)" and direction to raise a new modification proposal to enable new Transmission Demand Residual charges to be effective as of 1 April 2022. The code modification process is expected to be concluded in late 2020, and will be implemented in two stages, with some of the changes (notably the BSUoS embedded benefit removal) coming into effect from April 2021, and the remainder (notably changes to the TNUoS and DUoS demand residual charges) from April 2022. The result of this review should be a reduction in residual charges incurred by battery sites, and reduced opportunity for embedded benefit revenue creation, although the quantum is still unclear.

Initial working papers were published in December 2019 for the Reform of Electricity Network Access and Forward-Looking Charges and information requested in July 2020. Ofgem plan to release a Minded-to-Decision and final impact assessment in Spring 2021 with reforms planned to take effects from April 2023. It is not clear yet whether this review will result in significant changes, nor the timeline for implementation if so. The changes (if any) from this SCR primarily relate to how connection charges are calculated, both at the initial connection phase and during the life of the connection (eg, through DUoS and TNUoS).

A further decline in the TNUoS tariff levels for standalone assets, or further change in charging mechanism, or an adoption of a similar approach to the above for behind-the-meter storage projects, potentially combined with further reductions and changes in the charging mechanism, could materially adversely affect the Company's revenues and financial condition. Similarly, a decline in DUoS tariff or charging mechanism (for instance, switching to fixed charges or gross demand charging) could materially adversely affect the Company's NAV and revenues and returns to Shareholders. In addition, if new charges are introduced under which an energy storage system could increase the charges payable by the on-site customer, then this may create an exposure for the Group. The Company cannot guarantee that TNUoS or DUoS tariffs or their charging mechanisms will remain at levels which will allow the Company to maintain projected revenue levels or rates of return on the energy storage systems within the Portfolio.

On 2 October 2020, Ofgem published the outcomes of its June 2019 consultation into proposed changes to the electricity generation licence, to clarify the current regulatory framework for electricity storage and it confirms the view that electricity storage provides services equivalent to generation and therefore for licensing purposes, should be considered as such. In particular, the decision outlines two major changes which would be made to clarify the regulatory framework in relation to electricity storage. This would be done by adding two definitions into the electricity generation licence standard conditions: "Electricity Storage" and "Electricity Storage Facility" and by adding an additional licence condition (E1) which will be applicable to energy storage providers. The new E1 condition will require energy generation licensees to provide information in relation to the electricity storage facilities they own to their relevant supplier. The main reason for the addition of this condition is to ensure suppliers' compliance for reporting purposes and facilitate the correct calculation of final consumption levies. Not all electricity storage providers will require a licence and the electricity generation licence exemptions will apply in the same way to storage as to traditional forms of generation. However, there may be some benefits to being licensed in order to be exempt from payment of final consumption levies when the electricity is imported and used only for storage. Any changes could favourably but also adversely impact returns from Project Companies and therefore could have an adverse effect on the Company's NAV and revenues and returns to Shareholders.

(w) Risks of investing in ESS Projects with DS3 standard contracts in the ROI and Northern Ireland and risks of significant changes within procurement

An element of revenue for ESS Projects in the ROI and Northern Ireland is the volume uncapped under the DS3 standard contract. Under the volume uncapped procurement route, the Transmission System Operators ("TSOs"), EirGrid and SONI, contract for system services with eligible providers following conclusion of a procurement exercise, and these service providers are paid a regulated tariff approved by the regulatory authorities. The annual budget cap for DS3 spend is €235 million. Under the standard contract, the service providers have the flexibility to tailor the service specification to suit the asset's capability. Additionally, the standard contract is a five year contract expiring in April 2023; and the TSOs retain a right to terminate the contract for convenience on 12 months' notice or extend it for up to 36 months. Estimated financial returns for ESS Projects targeting the DS3 standard contract procurement in the ROI and Northern Ireland are dependent on, among other factors, its commercial operation date (including grid connection date), the uncapped market tariffs and market conditions. Investment decisions in relation to opportunities in the ROI and Northern Ireland will be based on price forecast and market expectations for the uncapped market, but the Company cannot guarantee that the uncapped market conditions and price will remain at levels which will allow the Company to maintain projected revenue levels or rates of return on the energy storage systems within the Portfolio if the Company was to invest in ESS Projects in these territories.

(x) Risks related to the volume capped outcome in the ROI and Northern Ireland

The Group intends to invest in ESS Projects in the ROI and Northern Ireland that have secured volume capped contracts. However, even if the Group invests in an ESS Project which has secured such a contract, it may not be able to secure attractive terms at the time of renewal of such contracts

and consequently may not be able to use the energy storage systems at their maximum capacity and capabilities, including between contracts. ESS Projects in the ROI and Northern Ireland may also rely on revenues from the "Delivery Secure Sustainable Electricity System" Programme as well as the Irish Capacity Remuneration Mechanism and wholesale revenues.

(y) Aggregation and/or asset optimisation provider and electricity supplier risk

The Group relies on providers of aggregation and/or optimisation services for the dispatch operations and optimisation of revenue from its energy storage systems. Aggregators offer market access and revenue management services to optimise revenue from the energy storage systems. This service typically includes advice to the Group on the optimal selection of revenue-generating programmes to maximise profit for the Company, or more often allowing the provider a fair amount of discretion to operate the plant and trade its capacity/power in the most optimal way (within the Company's set parameters, for instance to ensure maintenance can be carried out and manufacturers' warranties are not jeopardised), as well as outsourcing the monitoring and management of the state of charge and discharge and charging schedule of the storage system, tendering for any revenue-generating programmes or services on behalf of the Group or as an intermediary of such programmes, and providing and maintaining back-end IT systems to interface with the customer (such as National Grid) for the provision of the necessary data. Some optimisers may hold some part of the Company's revenues on an unsecured basis for short periods of time (but potentially up to a few months) and the Group takes on credit risk as a result of the covenant strength of the relevant asset optimisation provider. The more assets are contracted to a particular optimiser, the greater this aggregate exposure.

The Group may also rely on licensed electricity suppliers for the purchase of import electricity and/or the sale of export electricity to/from the energy storage system. More frequently, this is done under the optimisation services contract, or as part of that structure (eg, by having a related contract with the optimisers nominated licensed supplier). Depending on the contractual framework for the optimisation services, some Project Companies may need to enter into separate power purchase agreements ("**PPAs**") and/or electricity supply contracts ("**ESAs**") for such arrangements with creditworthy suppliers/off-takers.

The Group may try to mitigate exposure to electricity import/export prices through PPAs, ESAs and/or trading mechanisms in the optimisation contract which contain price stabilising mechanisms, such as fixed prices or price floors. Project Companies which share a grid connection/metering arrangements with a commercial or industrial energy user or which co-locate with a generating station (i.e., on behind-the-meter projects) may have a shared electricity supplier arrangement with such other user/generator for the aggregated electricity import/exports based on agreed methodology to allocate electricity costs/revenues.

The Manager carefully selects and relies on asset optimisers, aggregators and/or licensed electricity suppliers to manage storage revenue and electricity cost throughout the life of the energy storage systems in the Portfolio. If such asset optimisers, aggregators or suppliers are not able to fulfil their obligations or otherwise fail to perform to the required standard, the Company may be forced to seek recourse against such parties, provide additional resources to undertake their role, or to engage other companies to undertake their role. However, any such legal action, breach of contract or delay in services by these asset optimisers, aggregators or suppliers could have a material adverse effect on the Company's business, financial condition and results of operations. There are no minimum revenue requirements or guarantees in the asset optimisation arrangements and the Group's protection against underperformance is limited primarily to exercising termination rights under the optimisation services contracts and then seeking a replacement asset optimiser. In line with current market standards, there can be evidential hurdles in proving such underperformance such as to trigger these break rights, which could lead to disputes unless underperformance is so serious and pronounced as to be beyond doubt. The Group's ability to invest in and operate energy storage systems could be adversely affected if the asset optimisers, aggregators or suppliers with whom the Group works do not have sufficient resources to work with the Group on its chosen projects. The Group tries to mitigate this risk by restricting optimisation providers' ability to outsource/subcontract their services, and by carrying out due diligence on providers, with an emphasis on technological capabilities, staff, operational processes and risk management, but the risk is still present. In addition, if the quality of service from the appointed asset optimisers, aggregators or suppliers does not meet the requisite requirements, this could have an adverse effect on the operations and financial returns of such projects. Where an aggregator or supplier needs to be replaced (whether due to expiry of an existing contract, insolvency, poor performance or any other reason) the Group will be required to appoint a replacement asset optimiser, aggregator or supplier. Any such replacement

asset optimiser, aggregator or supplier may come at a higher cost, and if the ESS Project is subject to long term revenue contracts (such as the older FFR contracts or refurbishment/new build CM agreements which can be between 3 and 15 years long) the ESS Project can be left either holding such contracts (if they were procured in its name) or losing the benefit of them (if they were procured in the optimisation service provider's name), although the Group tries to structure the optimisation contracts to mitigate these risks and protect the benefit of these contracts to the extent possible. If it takes a long time to find a suitable replacement it could potentially lead to delays, lower operating performance or downtime for the relevant asset or cancellation of key contracts. This could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders.

(z) Reliance on electricity transmission/distribution facilities owned by third parties

In order to sell their energy storage services and thus realise value, energy storage facilities must be and remain connected to the distribution or Transmission Grid, through a designated connection, or through an existing customer's connection. Therefore, each ESS Project will be (to varying degrees) reliant upon electricity networks owned by third parties to import and export electricity and ultimately provide the contracted services. Typically, an ESS Project will not be the owner of, nor will it be able to control, the transmission or distribution facilities except those needed to interconnect its energy storage plants to the public network. Accordingly, an energy storage plant must have in place the necessary connection agreements and comply with their terms in order to avoid potential disconnection or de-energisation of the relevant connection point. In addition, if there is a failure on the public grid (with or without fault of the relevant grid operator), the affected ESS Projects may be unable to provide the contracted services and this could have a material adverse effect on the Company's NAV and revenues. The circumstances under which compensation, if any, would be payable are limited and the amounts payable are unlikely to be sufficient to cover any losses of revenue, which could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders.

(aa) Battery delivery and installation may be delayed

The Group may contract to invest in certain ESS Projects which are, at the time of entering into a binding sale and purchase agreement, subject to the delivery and installation of battery systems to enable completion and commissioning of the ESS Project. Therefore, any such ESS Projects are dependent upon being able to source a timely supply of battery systems and components for the balance of plant, bearing in mind that many of such items are manufactured abroad and have long-lead times. Whilst the Group factors delivery delays into the assumptions underlying the project models, it may be the case that there are delays to securing battery or component suppliers, delays or potentially cancellation of delivery of battery systems and delays or complications relating to the installation of the battery equipment and connection to the grid (construction of balance of plant) that remain unforeseen. Any such delays may result in the revenue contracts for the ESS Project being cancelled (or damages for delay) which could, in turn, lead to the cancellation of the ESS Project in its entirety. Any such cancellation or damages for delay could have an adverse impact on the Company's NAV and revenues and returns to Shareholders.

(bb) Counterparty risk

The Group is exposed to third party credit risk in several instances and the possibility that counterparties with which the Group contracts may default or fail to perform their obligations in the manner anticipated. Such counterparties may include (but are not limited to) manufacturers who have provided warranties in relation to the supply of any equipment or plant, EPC contractors or other contractors forming part of an EPCm contract suite who have constructed the ESS Projects, who may then be engaged to operate and/or maintain assets held by the Group, property owners or tenants who are leasing ground space and/or grid connection to the Group for the locating of the assets, contractual counterparties who acquire services from the Group underpinning revenue generated by each ESS Project or the energy suppliers, asset optimisers or aggregators, insurance companies who may provide coverage against various risks applicable to the assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Group. In the event that such credit risk crystallises, in one or more instances, and the Group are, for example, unable to recover sums owed to them, unable to make claims in relation to any contractual agreements or performance of obligations (e.g. warranty claims), or required to seek alternative counterparties, this may materially adversely impact the investment returns to the Company, the Project Companies and Shareholders. Further, the Project Companies will not always benefit from a turnkey contract with a single contractor and so will be reliant on the performance of

several suppliers. Therefore, the key risks during battery installation in connection with such Project Companies are the counterparty risk of the suppliers and successful project integration.

(cc) Concentration risk

The Investment Policy is limited to investment in energy storage infrastructure, which will principally operate in Great Britain, but may also be located in Northern Ireland and the ROI. This means that the Group has a significant concentration risk relating to the UK's energy storage infrastructure sector. Significant concentration of investments in any one sector may result in greater volatility in the value of the Group's investments, and consequently the NAV, and may materially and adversely affect the performance of the Company and returns to Shareholders.

(dd) Currency risk

The Company may, in its discretion, hedge currency exposure between Sterling and any other currency in which the Group's assets may be denominated, for a short period. In particular, the Group may invest in ESS Projects in the ROI meaning that funds of the Group may be invested in assets or ESS Projects which are denominated in Euros. Accordingly, the value of such assets or ESS Projects and the income received from them may be affected favourably or unfavourably by fluctuations in currency rates. There can be no assurances or guarantees that the Company will successfully hedge against such risks or that adequate hedging arrangements will be available on an economically viable basis, and in some cases, hedging arrangements may result in additional costs being incurred or losses being greater than if hedging had not been used.

(ee) Relationships with substantial shareholders in the Company

From time to time, there may be Shareholders with substantial interests in the Company. Such Shareholders' interests may not be aligned to the interests of other Shareholders and such Shareholders may seek to exert influence over the Company. In the event that such Shareholders are able to exert influence to the detriment of other Shareholders, this may have an adverse effect on Shareholder returns.

(ff) Borrowing risk

The Company's wholly-owned subsidiary, Holdings, has issued five year fixed term secured bonds (the "**GRID Power Bonds**") to certain investors (the "**Bond Offering**") and a bond on similar terms with a maturity date of 30 November 2021 to BSIF Infrastructure (the "**BSIF Bond**") in an aggregate principal amount of £15 million as at the date of this Registration Document. Under the terms of the Bond Offering, Holdings may raise up to £40 million in aggregate by issuances of bonds in series from time to time on or before 14 October 2021. Finance raised under the Bond Offering and by the BSIF Bond is to be used for investment purposes and to refinance existing loans in the Group. Under the terms of the Bond Offering and the BSIF Bond, the bank account of Holdings has been charged to BSIF Infrastructure and the shares of two ESS Project Companies have been pledged to BSIF Infrastructure and the Security Trustee, respectively. Should Holdings default on the terms of the Bond Offering or the BSIF Bond, security may be enforced over the bank accounts of Holdings or the shares of HC ESS4 Limited or HC ESS7 Limited respectively. Any enforcement of security is likely to have a material adverse effect on the Company's business, revenues and financial condition.

In addition to the Bond Offering and the BSIF Bond, the Company intends to assess its ability to raise debt and is expected to introduce leverage (at the Company level, Holdings level and/or the Project Company level) in the future to the extent funding is available on acceptable terms. In addition, it may, where the Board deems it appropriate, use short term leverage to acquire assets, which could be achieved through a loan facility or other types of collateralised borrowing instruments. Such leverage will not exceed 50 per cent. (at the time of borrowing) of Net Asset Value. While the use of borrowings can enhance the total return on the Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the Shares. As a result, the use of borrowings by the Group may increase the volatility of the NAV per Share.

Any reduction in the value of the Group's investments may lead to a correspondingly greater percentage reduction in its NAV (which is likely to adversely affect the price of Shares). Any reduction in the number of Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Group's level of gearing. To the

extent that a fall in the value of the Group's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Group may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

Risks relating to property, planning, consents and environment

(gg) Environmental liabilities, particularly on "brownfield" sites

It is anticipated that a significant proportion of the energy storage systems to be acquired by the Group will be located on agricultural, commercial and industrial properties. Such sites can have a greater likelihood of Project Companies suffering environmental liability and/or requiring a higher degree of due diligence in the permitting steps.

To the extent that there are environmental liabilities arising in the future in relation to any sites owned or used by a Project Company including, but not limited to, clean-up and remediation obligations, such operating company may, subject to its contractual arrangements, be required to contribute financially towards any such liabilities, and the level of such contribution may not be restricted by the value of the sites or by the value of the total investment in the relevant energy storage system.

The battery suppliers or EPC contractors may offer the Project Companies end of life battery disposal options where the supplier or EPC contractor shall be responsible for the removal, collection, recycling and disposal service for batteries but it is not guaranteed that all the battery suppliers from whom the Project Companies purchase batteries or EPC contractors for the Project Companies will offer or be able to deliver such options and the Project Companies may incur battery disposal costs at the end of the battery life. In addition, while the Group structures its investments to ensure statutory recycling obligations at law remain with its suppliers and/or EPC contractors, it remains a risk that the Group could attract such liability.

In addition, there can be no guarantee that environmental costs and liabilities will not be incurred in the future. Environmental regulators may seek to impose injunctions or other sanctions that affect the Group operations that may have a material adverse effect on the Company's results of operations or financial conditions.

(hh) Third party ownership of property

Reliance upon a third party owned property gives rise to a range of risks including damages or other lease related costs, counterparty and third party risks in relation to the lease agreement and property and early termination of the lease. Whilst the Group will seek to minimise these risks through appropriate insurances, lease negotiation and site selection, there can be no guarantee that any such circumstances will not arise.

(ii) Changes to permitting policies

Energy storage plants require compliance with an extensive permitting process in order to secure approvals for construction, grid connection and operation. For example, development of an ESS Project will require planning permission from the Local Planning Authority and may require an Environmental Impact Assessment depending upon the size and impact of the proposed ESS Project. Any change to permitting policies and procedures in the UK or the ROI may reduce the number of energy storage plants in the UK or the ROI market and consequently reduce the number of investment opportunities available to the Group.

(jj) Energy storage systems may be considered a source of nuisance, pollution or other environmental harm

Proper planning and good maintenance practices can be used to minimise impacts from hazardous materials. However, there is no guarantee that this will always be the case. The Group cannot guarantee that its energy storage systems will not be considered a source of nuisance, pollution or other environmental harm or that claims will not be made against the Group in connection with its energy storage systems and their effects on the natural environment. This could also lead to increased cost of compliance and/or abatement of the generation activities which could also lead to a material reduction in the returns from the affected assets and as a result adversely impact the results of operation of the Company.

Risks relating to the acquisition and sale of energy storage systems

(kk) Due diligence may fail to uncover all material risks; unknown liabilities may arise

Prior to the acquisition of an energy storage system or any special purpose vehicle that holds an energy storage system or rights to construct an energy storage system, Gresham House (with the assistance of third party advisers as appropriate) will undertake, or procure to be undertaken, commercial, financial, technical and legal due diligence on the ESS Project and/or special purpose vehicle (as applicable). Notwithstanding that such due diligence is undertaken, not all material risks affecting the ESS Project or special purpose vehicle (as the case may be) may be identified and/or such risks may not be adequately protected against in the acquisition documentation.

The Company may acquire assets with unknown liabilities and without any recourse, or with limited recourse, with respect to unknown liabilities. If an unknown liability was later asserted against the acquired assets, the Group may be required to pay substantial sums to settle it or enter into litigation, which could adversely affect cash flow and the results of the Company's NAV and revenues and returns to Shareholders.

If the operation of an ESS Project has not been duly authorised or permitted it may result in closure, seizure, enforced dismantling or other legal action in relation to the ESS Project. Certain issues, such as failure in the construction of an energy storage system, for example as a result of faulty components or insufficient structural quality, may not be evident at the time of acquisition or during any period in which a warranty claim may be brought against the contractor. Such issues may result in loss of value without full or any recourse to insurance or construction warranties. Accordingly, in the event that material risks are not uncovered and/or such risks are not adequately protected against, this may have a material adverse effect on the results of the Company's NAV and revenues and returns to Shareholders.

(ll) Some Project Companies will be acquired directly from the Manager or another member of the Gresham House Group

It is intended that some energy storage systems will continue to be acquired from members of the Gresham House Group and/or Noriker. The Group also acquires energy storage systems that have been operated or developed by the Gresham House Group or are owned by persons who are managed or advised by the Gresham House Group. In such circumstances there will be a conflict of interest between the Group and the Gresham House Group, with regard to the terms on which such energy storage systems may be acquired by the Group from the Gresham House Group or persons who have an operational, management or advisory relationship with the Gresham House Group. Since the New Shares to be issued pursuant to the Share Issuance Programme will be admitted to trading on the Specialist Fund Segment, the Company will not be required to comply with, in particular, Chapter 11 of the Listing Rules regarding related party transactions. While the Company has adopted a related party policy (in relation to which the Company's financial adviser will guide the Company), it is not proposed that the Company will seek Shareholder approval in respect of each acquisition of energy storage systems that would constitute a related party transaction. In order to manage that conflict of interest, a protocol has been agreed between Gresham House and the Board, which is to be followed whenever an ESS Project owned, managed, or advised by the Gresham House Group is to be acquired by the Group.

(mm) Acquisition of less than 100 per cent. of an energy storage system

Although the Group will typically seek full legal and operational control of the energy storage systems it acquires, it may not always be able, for structural or commercial reasons, to acquire 100 per cent. of the equity interest in such ESS Projects. The Group may participate in joint ventures or acquire majority or minority interests where this approach enables the Group to gain exposure to ESS Projects within its investment policy which it would not otherwise be able to acquire on a wholly-owned basis. This may hamper the Group's ability to control such assets and may also reduce the future returns to the Company.

(nn) Sale risk

ESS Projects have limited liquidity and may not be readily realisable or may only be realisable at a value less than their book value. There may be additional restrictions on divestment in the terms

and conditions of any sale agreement in relation to a particular ESS Project. This could adversely impact the Company's NAV and revenues and returns to Shareholders.

Other risks relating to the Portfolio and investment strategy

(oo) Errors may be made in the financial model, including with respect to energy market and financial forecasting

The Manager may use or rely on forecasts, financial models and other market data prepared by third parties as part of its analysis of the Portfolio and the markets in which the Group invests. Neither the Manager nor the Group will undertake any verification of such forecasts, models or market data and there can be no guarantee that such information is accurate. Further, the Manager may itself make errors in the interpretation and use of third party forecasts, financial models and other market data in preparing its own forecasts in connection with each of energy storage systems acquired by the Group. The data prepared by the Manager will typically include forecasts on a number of categories of operating expenses for each Project Company including, among other things, electricity prices, rent, O&M costs, management costs, insurance premiums and other expenses. Differences between the data prepared by the third parties and/or the Manager and the economic and market conditions that materialise may have adverse effects on the Company's returns. In addition, forecasters tend to look at long-term data only and there may be short term fluctuations which are unaccounted for.

(pp) Construction risk

Subject to approval of the changes to the Investment Policy proposed at the November General Meeting, 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.

(qq) Reinvestment of excess cash may not be possible

If the Group's investments do not generate sufficient returns or if for other reasons the Group does not generate profits sufficient to enable the payment of dividends at or above the target described in this Registration Document, the Company will not have excess cash available for reinvestment which may inhibit growth of the NAV or its maintenance at prior levels. Further, since the Company is an investment trust, such status may require the distribution of cash that would otherwise be available for reinvestment. Even if excess cash is available there is no guarantee that suitable investments will be available for the deployment of that cash.

(rr) Delay in deployment of the proceeds

Whilst the Manager expects to have substantially invested or contractually committed the proceeds of the Initial Issue in the near term, provided that there are favourable market conditions and pricing opportunities, there can be no assurance as to how long it will take for the Company to invest all of the proceeds. To the extent that there is a delay in investing the proceeds, the Company's aggregate return on investments will be reduced.

4. Risks relating to regulation and taxation

Changes in taxation legislation, or the rate of taxation

Any change in the tax status of the Group or in taxation legislation or practice in the United Kingdom (or elsewhere) could affect the value of the investments held by the Group or the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders. Statements in this Registration Document including statements relating to the taxation of Shareholders and/or the Company are based upon current United Kingdom law and published practice as at the date of this Registration Document, which law and practice is, in principle, subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to meet its investment objective and/or which could adversely affect the taxation of Shareholders and/or the Company and after tax returns to Shareholders.

As a result of completing an investment in the ROI, the Group may be subject to taxation under the tax rules of the ROI, including by way of withholding of tax from interest and other income receipts. Although the Group will endeavour to minimise any such taxes, this may affect the levels of returns to Shareholders.

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Company.

Investment trust status

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions for, approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. A failure to maintain HMRC approval as an investment trust, including as a result of a change in tax law or practice, could result in the Company not being able to benefit from the current exemption for investment trusts from UK tax on chargeable gains and could affect the Company's ability to provide returns to Shareholders. It is not possible to guarantee that the Company will remain a company that is not a close company for UK tax purposes, which is a requirement to obtain and maintain status as an investment trust, as the Shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for approval as an investment trust company, will, as soon as reasonably practicable, notify Shareholders of this fact.

"Non-complex" investment

Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID**") and Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("**MiFIR**") (MiFID and MiFIR, are together "**MiFID II**") came into force on 3 January 2018. The Company has been advised that, following the FCA's guidance in its Policy Statement 17/14, its Ordinary Shares and C Shares should be treated as "non-complex" investments (as defined in MiFID II) but this cannot be guaranteed.

Content of Key Information Document

Investors should be aware that the PRIIPs Regulation requires the Manager, as a PRIIP manufacturer, to prepare a Key Information Document in respect of the Ordinary Shares. This KID must be made available to retail investors prior to them making any investment decision and the KID relating to the Ordinary Shares is available at www.greshamhouse.com/gresham-house-energy-storage-fund-plc. The content of Key Information Documents is highly prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context and explanations, and therefore the KID relating to the Ordinary Shares and, if relevant, the C Shares should be read in conjunction with other material produced by the Company, including this Prospectus and the annual reports which are available on the Website.

PART 2: IMPORTANT INFORMATION

1. Introduction

The Prospectus should be read in its entirety before making any application for New Shares. In assessing an investment in the Company, investors should rely only on the information in the Prospectus. No person has been authorised to give any information or make any representations other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Board, the Manager, Jefferies and any of their respective affiliates, directors, officers, employees or agents or any other person.

Without prejudice to any obligation of the Company to publish a supplementary prospectus, and/or a Future Securities Note and Future Summary, neither the delivery of this Registration Document nor any subscription or purchase of New Shares made pursuant to the Registration Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of the Prospectus.

2. Responsibility for Information

The Company and its Directors, whose names appear on pages 71 to 72 and 82 of this Registration Document, accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company and the Directors, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Except to the extent stated in paragraph 8 of Part 10 (*Additional Information*) of this Registration Document and apart from the liabilities and responsibilities (if any) which may be imposed on the Manager or Jefferies by FSMA or the regulatory regime established thereunder, neither the Manager nor Jefferies makes any representation or warranty, express or implied, or accepts any responsibility whatsoever for the contents of the Registration Document including its accuracy, completeness or verification or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Manager, the New Shares or the Share Issuance Programme. Each of the Manager and Jefferies (and their respective affiliates, directors, officers or employees) accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of the Registration Document or any such statement.

3. Offering Restrictions

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy New Shares in any jurisdiction in which such offer or solicitation is unlawful. The Share Issuance Programme or circulation of the Prospectus may be prohibited in some countries.

The New Shares offered by the Prospectus may not be offered or sold directly or indirectly in or into the United States or to, or for the account or benefit of, any US Persons, except pursuant to an exemption from the registration requirements of the US Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(a)(2) of the US Securities Act and analogous exemptions under state securities laws. In particular, investors should note that the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Company has not registered, and does not intend to register, as an investment company under the US Investment Company Act. The New Shares are being offered only to (i) US Persons who are QIBs and QPs and (ii) investors who are not US Persons outside of the United States in "offshore transactions" as defined in and pursuant to Regulation S.

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out immediately below.

4. Notices to Overseas Investors

The Prospectus has been approved by the FCA as a Prospectus which may be used to offer securities to the public for the purposes of section 85 FSMA and the Prospectus Regulation. No arrangement

has, however, been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of the Prospectus as an approved Prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions. Issue or circulation of the Prospectus may be prohibited in countries other than those in relation to which notices are given below. The Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

NOTICE TO PROSPECTIVE INVESTORS IN GUERNSEY: The Prospectus has not been approved or authorised by the Guernsey Financial Services Commission (the "**Commission**") or the States of Guernsey.

The Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey, and is being distributed or circulated in or from within the Bailiwick of Guernsey only (i) by persons licensed to do so by the Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) ("**POI Law**"); or (ii) by non-Guernsey bodies who (A) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the Guernsey Financial Services Commission, afford adequate protection to investors and (B) meet the criteria specified in section 29(c) of the POI Law; or (iii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who (A) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of GFSC, afford adequate protection to investors and (B) meet the criteria specified in section 29(cc) of the POI Law; or (iv) as otherwise permitted by the GFSC. This Prospectus is not available in or from within the Bailiwick of Guernsey other than in accordance with this paragraph and must not be relied upon by any person unless received in accordance with this paragraph.

NOTICE TO PROSPECTIVE INVESTORS IN ISRAEL: This Prospectus is directed at and intended for investors that fall within at least one category in each of: (1) the First Schedule of the Israeli Securities Law, 1968 ("**Sophisticated Investors**"); and (2) the First Schedule of the Regulation of Investment Advice, Investment Marketing, and Investment Portfolio Management Law, 1995 (accordingly, the "**Israeli Investment Advice Law**" and "**Qualified Clients**"). By receiving this document each prospective investor in Israel hereby declares that he or she is a Sophisticated Investor and a Qualified Client, that he or she is aware of the implications of being considered and treated as a Sophisticated Investor and a Qualified Client (including the implications mentioned below), and consent thereto. Any Israeli investor, which is either: (1) not a Sophisticated Investor; or (2) not a Qualified Client - must immediately return this Prospectus to the Company. Accordingly, each prospective investor will be required to make certain representations and undertake that it is purchasing the Interests for investment purposes only. No action has been or will be taken in Israel that would permit a public offering of the shares or securities in Israel and this Prospectus has not been approved by the Israel Securities Authority. This Prospectus is not intended to serve, and should not be treated as Investment Advice as defined under the Israeli Investment Advice Law. Accordingly, the content of this Prospectus does not replace and should not serve as substitution for Investment Advice services that take into account the special characteristics and needs of each investor.

The Manager does not hold a license and does not have insurance in accordance with the Israeli Investment Advice Law. It is hereby noted that with respect to Qualified Clients, the Manager is not obliged to comply with the following requirements of the Israeli Investment Advice Law: (1) Section 12 - ensuring the compatibility of service to the needs of client; (2) engaging in a written agreement with the client, the content of which is as described in section 13 of the Israeli Investment Advice Law; (3) providing the client with the disclosures under section 14 regarding all matters that are material to a proposed transaction or to the advice given; (4) providing disclosure about "extraordinary risks" as defined under section 18 of the Israeli Investment Advice Law; (5) maintaining records of advisory/discretionary actions in accordance with the rules set forth in the regulations.

It is the responsibility of any prospective investor wishing to purchase Interests to satisfy himself or herself as to the full observance of the laws of Israel in connection with any such purchase, including obtaining any governmental or other consent, if required.

NOTICE TO PROSPECTIVE INVESTORS IN JERSEY: New Shares may only be issued pursuant to the Initial Issue and the Share Issuance Programme where such issue is valid in the United Kingdom

or Guernsey. This Prospectus is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this offer and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. Neither the Company nor the activities of any functionary with regard to the Company are subject to the provisions of the Financial Services (Jersey) Law 1998.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES: New Shares offered by the Prospectus may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of any US Person, except pursuant to an exemption from the registration requirements of the US Securities Act for offers and sales of securities that do not involve any public offering contained in Section 4(a)(2) of the US Securities Act and analogous exemptions under state securities laws. In addition, the Company has not been, and will not be, registered under the US Investment Company Act. The Ordinary Shares are being offered only to (i) US Persons who are QIBs and QPs and (ii) investors who are not US Persons outside of the United States in **"offshore transactions"** as defined in and pursuant to Regulation S. The New Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the US Securities Act and any applicable state or other securities laws, pursuant to registration or an exemption therefrom. Furthermore, the Articles provide that the Board may, in its absolute discretion, refuse to register a transfer of any New Shares to a person that it has reason to believe is an employee benefit plan subject to the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), a plan subject to Section 4975 of the Code or a plan that is subject to or similar laws or regulations, that will give rise to an obligation of the Company to register under the US Investment Company Act or preclude the availability of certain exemptions, that will cause the Company or the New Shares to become subject to registration under the US Exchange Act, would subject the Manager to registration under the US Commodity Exchange Act of 1974 or that would give rise to the Company or the Manager becoming subject to any US law or regulation determined to be detrimental to it (any such person being a "**Prohibited US Person**"). The Company may require a person believed to be a Prohibited US Person to provide documentary evidence that it is not such a Prohibited US Person or to sell or transfer the Shares held by it to a person who is qualified to hold the Shares and, if these requirements are not satisfied within 30 days' notice, the Shares will be deemed to have been forfeited.

5. European Economic Area – Prospectus requirements

In relation to each Member State of the European Economic Area and the UK (each, a "**Relevant State**"), an offer to the public of any New Shares may not be made in that Relevant State other than the Initial Offer for Subscription contemplated in this Registration Document in the UK once the Prospectus has been approved by the FCA and published in accordance with the Prospectus Regulation, except that, subject to separate restrictions imposed by the AIFM Rules (in relation to which see below), the New Shares may be offered to professional investors in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- to legal entities which are qualified investors as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) as permitted under the Prospectus Regulation; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of New Shares shall result in a requirement for, the publication by the Company or any manager of a Prospectus pursuant to Article 3 of the Prospectus Regulation, or supplementing a Prospectus pursuant to Article 23 of the Prospectus Regulation, and each person who initially acquires New Shares or to whom any offer is made will be deemed to have represented, warranted to and agreed with Jefferies and the Company that it is a "**qualified investor**" within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer to the public**” in relation to any New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Shares to be offered so as to enable an investor to decide to purchase any New Shares.

In the case of any New Shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, such financial intermediary will be deemed to have represented, warranted, acknowledged and agreed that the New Shares subscribed by it in the Share Issuance Programme have not been subscribed on a non-discretionary basis on behalf of, nor have they been subscribed with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any New Shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined.

The Company, Jefferies and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement.

6. European Economic Area – the AIFM Directive

The AIFM Directive has been implemented in the UK, in part, through the AIFM Regulations. For the purposes of the AIFM Regulations the Company is a UK AIF and the Manager is a full-scope UK AIFM. Under the AIFMD regime, the Manager is entitled to passport marketing of the New Shares to professional investors into Members States of the European Union until 31 December 2020. In accordance with the AIFM Regulations, the Manager has applied to the FCA and registered the Company to enable the marketing of New Shares to professional investors in the following jurisdictions under the AIFMD passport procedure: **Ireland and Sweden**. Following 31 December 2020 New Shares may only be marketed into Ireland and Sweden in accordance with the applicable law and regulation of those territories.

7. Key Information Document and PRIIPs Regulation

In accordance with the PRIIPs Regulation, the Manager has prepared a key information document (the “**KID**”) in respect of an investment in the Company. The KID is made available by the Manager to “**retail investors**” prior to them making an investment decision in respect of Shares. Accordingly, the attention of prospective investors is drawn to the KID that is available on the Company’s website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc. If you are distributing Shares, it is your responsibility to ensure the KID is provided to any clients that are “retail clients”.

Jefferies is not a manufacturer, and makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of the KID nor accepts any responsibility to update the contents of the KID in accordance with the PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such KID to future distributors of Shares. Each of the Company, Jefferies and their respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of the KID or any other key information documents. Prospective investors should note that the procedure for calculating the risks, costs and potential returns in the KID are prescribed by laws. The figures in the KID may not reflect actual returns for the Company and anticipated performance returns cannot be guaranteed. However, nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on the Company or the Manager and any of their respective affiliates (as applicable) by FSMA or the regulatory regime established thereunder.

8. No incorporation of website

The contents of the Company’s website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc (other than the 2019 Annual Report and the 2020 Interim Report located at www.greshamhouse.com/gresham-house-energy-storage-fund-plc) do not form part of the Prospectus. Investors should base their decision to invest on the contents of the Prospectus alone and should consult their professional advisers prior to making an application to subscribe for New Shares.

9. Investment considerations

The contents of the Prospectus or any other communications from the Company, the Manager, Jefferies and any of their respective affiliates, directors, officers, employees or agents are not to be

construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of New Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of New Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment in New Shares.

An investment in the Company should be regarded as a long term investment. There can be no assurance that any appreciation in the value of the Company's investments will occur or that the Company's investment objective will be achieved and investors may not get back the full value of their investment. Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance. It should be remembered that the price of securities and the income from them can go down as well as up.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Articles of Association, which investors should review. A copy of the Articles is available on the Website.

The Prospectus should be read in its entirety before making any investment in the Company.

10. Documents for Inspection

Copies of the following documents will be available for inspection free of charge in electronic format on the Company's website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc from the date of the Registration Document until Admission of the final Tranche pursuant to the Share Issuance Programme:

- the Articles; and
- the Registration Document.

11. Typical investor

The typical investors for whom New Shares are intended are institutional investors, professional investors, professionally advised and knowledgeable investors and non-advised private investors who are capable themselves of evaluating the merits and risks of an investment in the Company and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment. Such investors may wish to consult an independent financial adviser prior to investing in the New Shares. The Specialist Fund Segment is intended for investment products targeted at institutional, professional, professionally advised and knowledgeable investors and, accordingly, applications under the Share Issuance Programme received direct from retail investors may be rejected by the Company.

12. Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the

criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution to retail investors through advised sales only and to professional clients and eligible counterparties through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Share Issuance Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manager and Jefferies will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

The Company is registered as an investment company pursuant to section 833 of the Act and is an investment trust under section 1158 of the CTA. Accordingly (since they are shares in an investment trust), the Shares are excluded securities for the purposes of the FCA’s restrictions applying to “non-mainstream investment products”.

13. Conflicts of Interest

Jefferies and its affiliates may have engaged in transactions with, and provided various investment banking, sponsor, financial advisory and other services for, the Company, the Manager, the vendors of Further Investments or competitors of the Company (or any of their respective affiliates) for which they would have received fees. Jefferies and its affiliates may provide such services to the Company, the Manager, the vendors of Further Investments or competitors of the Company (and any of their respective affiliates) in the future.

In connection with the Share Issuance Programme, Jefferies and any of its affiliates acting as an investor for its own account(s), may subscribe for the New Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Share Issuance Programme or otherwise. Accordingly, references in this document to the New Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by Jefferies and any of its affiliates acting as an investor for its own account(s). Jefferies does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

14. Further Issues under the Share Issuance Programme

In addition to the Initial Placing (and any Subsequent Placings) and the Initial Offer for Subscription pursuant to the Share Issuance Programme described in the Securities Note dated the date of this document, this Registration Document may form part of any Prospectus published in connection with an issue of New Shares under the Share Issuance Programme comprising a pre-emptive open offer and/or a non-pre-emptive Subsequent Offer for Subscription which require the publication of a Future Securities Note and Future Summary.

15. Presentation of information

Market, economic and industry data

Where information contained in this Registration Document has been sourced from a third party (including where market, economic and industry data is derived from various industry and other

independent sources), the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Forward-looking statements

The Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "projects", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company's actual results of operations, performance or achievement or industry results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described on pages 4 to 23 of this Registration Document and the section in the Securities Note entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in the Prospectus.

Any forward-looking statements in the Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements.

These forward-looking statements apply only as of the date of this Registration Document. Subject to any obligations under the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and the Market Abuse Regulation, the Company undertakes no obligation publicly to update or review any forward-looking statement whether as a result of new information, future developments or otherwise.

Prospective investors should specifically consider the factors identified in the Registration Document which could cause actual results to differ before making an investment decision.

The actual number of New Shares to be issued pursuant to the Initial Tranche and each subsequent Tranche under the Share Issuance Programme will be determined by, Jefferies and the Company. In such event, the information in the Prospectus should be read in light of the actual number of New Shares to be issued under each Tranche of the Share Issuance Programme.

Nothing in the preceding paragraphs should be taken as limiting the working capital statement in the Securities Note.

Latest Practicable Date

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Registration Document is at close of business on 9 November 2020.

Definitions

A list of defined terms used in this Registration Document is set out on pages 95 to 105 of this Registration Document.

16. Governing law

Unless otherwise stated, statements made in the Prospectus are based on the law and practice currently in force in England and are subject to changes therein.

PART 3: THE COMPANY

1. Introduction

The Company is a public limited company and was incorporated in England and Wales on 24 August 2018 with registered number 11535957. The Company's LEI is 213800MSJXKH25C23D82. The address of the Company's registered office is The Scalpel, 18th Floor, 52 Lime Street, London, England EC3M 7AF. The Company is a closed-ended investment company with an indefinite life. The Company is an investment company under section 833 of the Act and is an investment trust under section 1158 CTA.

An investment in the Company enables investors to gain exposure to a portfolio of ESS Projects. Gresham House is responsible for sourcing suitable investment opportunities and for analysing the ongoing performance of the ESS Projects purchased by the Company. The Company's existing Portfolio consists of interests in SPVs which hold particular ESS Projects and the Company intends to acquire Further Investments in the future, which will comprise ESS Projects which are either operational or being developed. The Company currently owns a portfolio of 11 operational utility scale energy storage system projects and intends to grow that significantly.

Ordinary Shares are available to investors through the Initial Placing and the Initial Offer for Subscription at 105 pence per New Ordinary Share, as well as subsequent Tranches issued pursuant to the Share Issuance Programme. Application will be made for admission of the New Shares to trading on the specialised funds segment of the London Stock Exchange's Main Market.

2. Investment Objective

The Company seeks to provide investors 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 and may also utilise generators, located in Great Britain, Northern Ireland and the Republic of Ireland. In addition, the Company seeks to provide investors with the prospect of capital growth through the re-investment of net cash generated in excess of the Target Dividend in accordance with the Company's investment policy and the requirements of the IT Regulations.

3. Board and Manager

The Company has an independent board of non-executive directors. The Board is comprised of individuals from relevant and complementary backgrounds offering experience both in the management of listed investment companies and in the energy sector.

The Company has appointed Gresham House as its investment manager. Gresham House is a specialist alternative asset manager and a wholly owned subsidiary of GHE, which is traded on the London Stock Exchange's AIM market. Gresham House offers a broad range of funds, direct investments and tailored investment opportunities, including co-investment, across five alternative investment strategies. The Manager is authorised and regulated in the UK by the FCA (FCA reference number 682776) as an alternative investment fund manager. Under the AIFM Agreement, the Manager acts as discretionary investment manager and AIFM to the Company within the strategic guidelines set out in the Investment Policy and subject to the overall supervision of the Board. Rupert Robinson, Ben Guest, Gareth Owen and Bozkurt Aydinoglu lead the Manager's team managing the Company's investments, including the provision of investment advisory and management services relating to acquisitions and the ongoing management of the assets. The asset management role encompasses the oversight of all operational and financial management, the placing and managing of all operational contracts, management of all health and safety operational risks, advising the Board on the monthly and quarterly asset/portfolio performance, management of power price/market exposure, progress with the asset pipeline and reporting to the Board.

Further details of the governance and management of the Company, including the Manager and the Manager's management team, are set out in Part 8 (*Directors, Management and Administration*) of this Registration Document. A summary of the terms of the AIFM Agreement is provided in paragraphs 6.1 of Part 10 (*Additional Information*) of this Registration Document. A summary of the Portfolio and the ESS Projects the Company currently expects to acquire or expand is set out in Part 5 (*Portfolio, Pipeline and Valuations*) of this Registration Document.

4. Target Total Return*

On the basis of market conditions as at the date of this Registration Document and whilst not forming part of the Company's investment objective, the Company targets an unlevered Net Asset Value total return of 8 per cent. per annum, calculated net of the Company's costs and expenses.

Once certain further asset management activities are completed and leverage is introduced to the Portfolio, the Company targets a levered Net Asset Value total return of 15 per cent. per annum, calculated net of the Company's costs and expenses.

On the basis of market conditions as at the date of this Registration Document the Company will target dividend payments of 7.0p per Ordinary Share in respect of the financial year ending 31 December 2020 and in financial periods thereafter. For the Company's track-record of dividend payments, please see paragraph 8 of Part 3 (*The Company*) of this Registration Document.

5. Investment opportunity

5.1 Overview

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, comprising approximately 400MW of new build ESS Projects based in Great Britain (subject to shareholder approval being granted at the November General Meeting), 45MW of operational ESS Projects in Great Britain and a single approximately 40MW project in the Republic of Ireland.

The New Pipeline represents 10 projects with a total expected consideration of approximately £200 million, of which the net proceeds of the Initial Tranche are intended to be used to finance up to five new near term acquisitions totalling c.195MW. In addition, a small proportion of the net proceeds will also be used to fund commitments on certain existing projects.

The Manager expects, based on current market conditions, that the pipeline portfolio will be acquired by the Company at an improved IRR compared with the average achieved in relation to the existing Portfolio.

The Company is also aiming to increase coverage of its targeted dividend of 7.0 pence per Share per annum such that the targeted dividend is expected to be fully cash covered during 2021*.

5.2 The Company's ESS Business Model

5.2.1 Revenue Outlook

As described in Part 4 (*Market Background*) of this Registration Document there are multiple revenue streams available to the Company's ESS Projects. How these apply to the Portfolio is summarised in the table below.

* The targets mentioned in this section are targets only and are based on current market conditions as at the date of this Registration Document and are not profit forecasts. There can be no assurance that these targets will be met or that the Company will make any distributions at all. These targets 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 amount raised pursuant to the Share Issuance Programme, the Company's net income and the Company's ongoing charges figure. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in New Shares or assume that the Company will make any distributions at all. Potential investors should decide for themselves whether or not the returns are reasonable or achievable in deciding whether to invest in the Company. See further under the section "Risk Factors".

* As above

Source of Revenue		% of revenues		What makes up GRID's revenues?	
		2019	FY 2020e		
Trading Merchant income	- Balancing Mechanism	Hourly trading or contracts	24%	10-20%	+ National Grid balances supply and demand via the Balancing Mechanism. GRID's ESS projects participate in the Balancing Mechanism offering capacity at prices set by GRID
	- Wholesale Market				+ Batteries can also trade in the Wholesale Market which is open to all registered Suppliers and Generators. GRID's ESS projects all have "Generation Licences" + Market size: Market ranges from 20 to 45GW depending on demand
Frequency Response Short term contracts	- Dynamic Containment (DC)	Daily contracts weekly, monthly contracts	76%	70-85%	+ National Grid uses Ancillary Services, including Frequency Response, to maintain electrical stability in real time. There are various types of frequency response contracts available which all broadly achieve the same aim
	- Firm Frequency Response (FFR)				
	- Enhanced Frequency Response (EFR)	4 year contracts expiring in 2022			+ Market size: c. 1-2GW today. Launch of Dynamic Containment in October 2020 is very positive. Market heading towards 2-3GW as others services are expected to be added.
Capacity Mechanism Long term contracts	- Capacity Market (CM)	15 year, index-linked contracts	<1%	5-10%	+ Annual Capacity Market auction allows new generators (including batteries) to bid for a 15-year CPI-linked contract starting 4 years after projects register in the auction. The contract requires the generator to provide capacity that can be relied upon when there is system shortfall. Revenues are earned irrespective of the generator's main activities + GRID has CM contracts starting in October 2019, 2020, 2021 and 2023

While Capacity Market income is contracted over the long term and is earned, irrespective of whatever else a site is doing, an ESS Project cannot be contracted in frequency response and trading at the same time. In the future, it may be possible for ESS Projects to undertake both activities simultaneously if National Grid deems this a sensible evolution to the Balancing Mechanism. In the meantime, trading algorithms operated by the Group's asset optimisers and inhouse analysts continually assess whether more can be earned from trading or frequency response.

It is the Manager's current view that the Company's ESS Projects will earn most of their income from trading over the longer term, which also encompasses any BM Reserve service that might materialise following the trial described in Part 4 (*Market Background*) of this Registration Document. However, it is important to note that the market is evolving and there will be periods, as has been the case in 2020, that the Company's ESS Projects spend more time in frequency response services.

Trading has not dominated in 2020 because frequency response contracts have remained the most profitable revenue source (and have become more so since the launch of the Dynamic Containment service in October 2020). Meanwhile, excess gas-fired baseload generation, which is seeing a falling load factor as renewables gain market share, has not yet decommissioned to levels at which remaining plants are suitably profitable. This is depressing the potential spread of intraday power prices in the wholesale market and in the Balancing Mechanism which in turn influences the profitability of trading. However, the Manager expects that gas-fired baseload capacity will contract in coming years as gas-fired projects' economics deteriorate further as more renewable energy generation enters the electricity market, thereby allowing access to a much larger profit pool available for trading in a market with a high level of renewable electricity penetration.

The Manager can allocate the services of each ESS Project in the manner which the Manager considers will be most profitable. This is possible because:

- each site is technically set up to be able to switch between trading and frequency response both intraday and also proportionally; and
- frequency response services are procured increasingly close to real time allowing the ESS Project freedom to switch between services as the Manager thinks fit. For example, as the National Grid's recently launched faster-acting frequency response product, Dynamic Containment, is currently procured for the day ahead only, it is possible to switch to Dynamic Containment the day before it is required.

5.2.2 A fundamentally profitable business model

While the business of an ESS Project utilising batteries is largely merchant or short-term contracted, it is a fundamentally profitable business model, in the Manager's view. This is because services contracts are tendered at levels which are profitable to the relevant ESS Project and if not awarded a contract, the ESS Project can then trade in the wholesale market (or offer prices to National Grid which reflect expectations in the wholesale market, or do both) where power prices are inherently

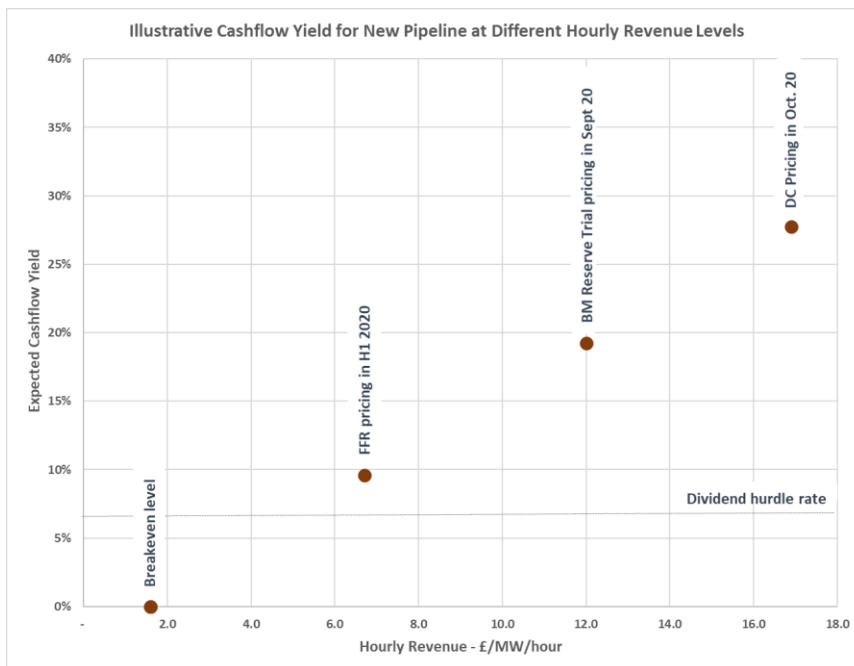
volatile on an intraday basis. This intraday volatility can be capitalised on in advance as prices are offered for each period for the current day and in half day periods for the day ahead, allowing a project the near certainty of generating returns.

As mentioned in Part 4 (*Market Background*) of this Registration Document, pricing of electricity in Great Britain is volatile due to varying demand levels being met by electricity being supplied, at the margin, by technologies with different short run marginal costs and price expectations. If demand is low, it may be met by low cost renewable and nuclear energy, at which time the Manager would seek to buy power, while if the demand is high and/or renewable generation is low the marginal demand may need to be met by more expensive flexible generation.

5.2.3 New Pipeline is accretive to NAV per share

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, 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.

As shown in the image below, the operating environment has also improved in the recent past resulting in higher revenues while the cost of acquiring projects has fallen:



Source: GHAM

5.3 Description of New Pipeline

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.

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. See further risk factor entitled "*Delay in deployment of proceeds*".

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 is expected to reduce the barriers to development of larger storage facilities (>50MW) which would enhance the Manager's ability to maximise operational efficiencies.

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 Q2 2021.

Looking forward, the New Pipeline of c.485MW shown below for which the issuance of New Shares is intended over a 12 month period 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.

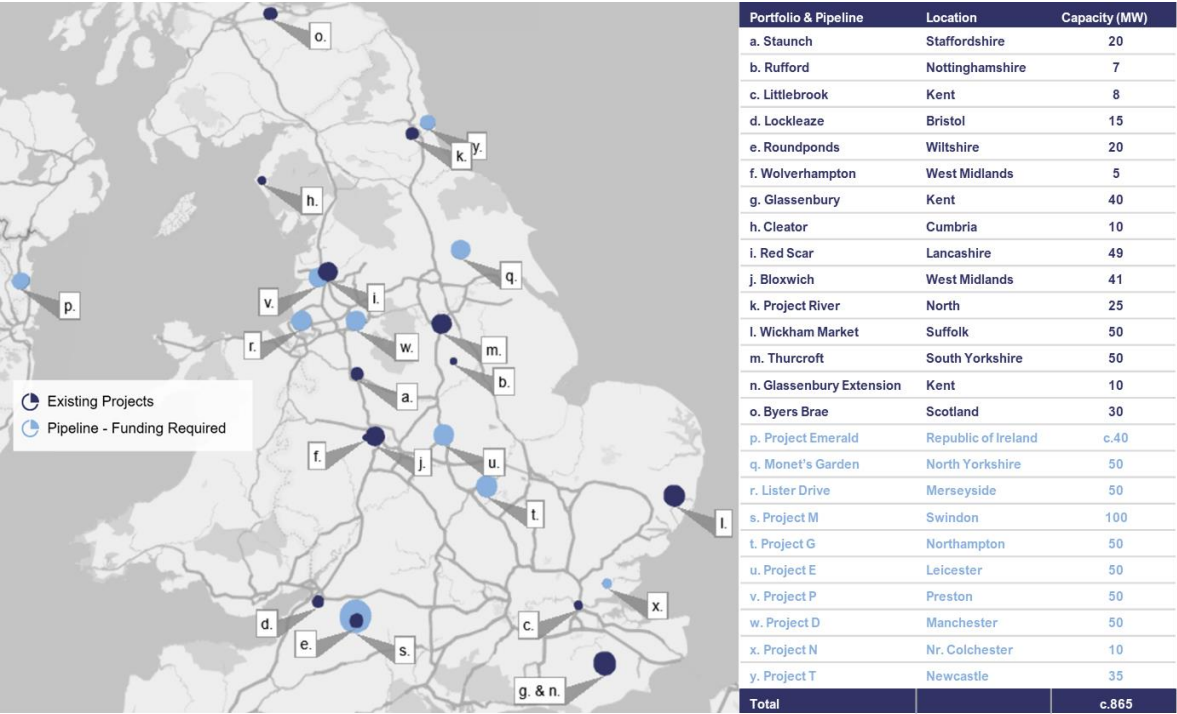
The Manager is therefore confident of its ability to grow its pipeline and to maintain the growth of the Company as the requirement for batteries increases over time.

The New Pipeline for which funding is required

Project Name	Location	Capacity (MW)	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
Total Pipeline Projects		c.485	

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

The New Pipeline is shown alongside the existing Portfolio, projects for which funding will not be required and the Byers Brae project for which funding will be required in the image below. In the table to the right of the image, the New Pipeline to be funded under this Prospectus are lettered p to y. This represents an attractive network of projects which provides a portfolio which is diversified by asset and location.



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.

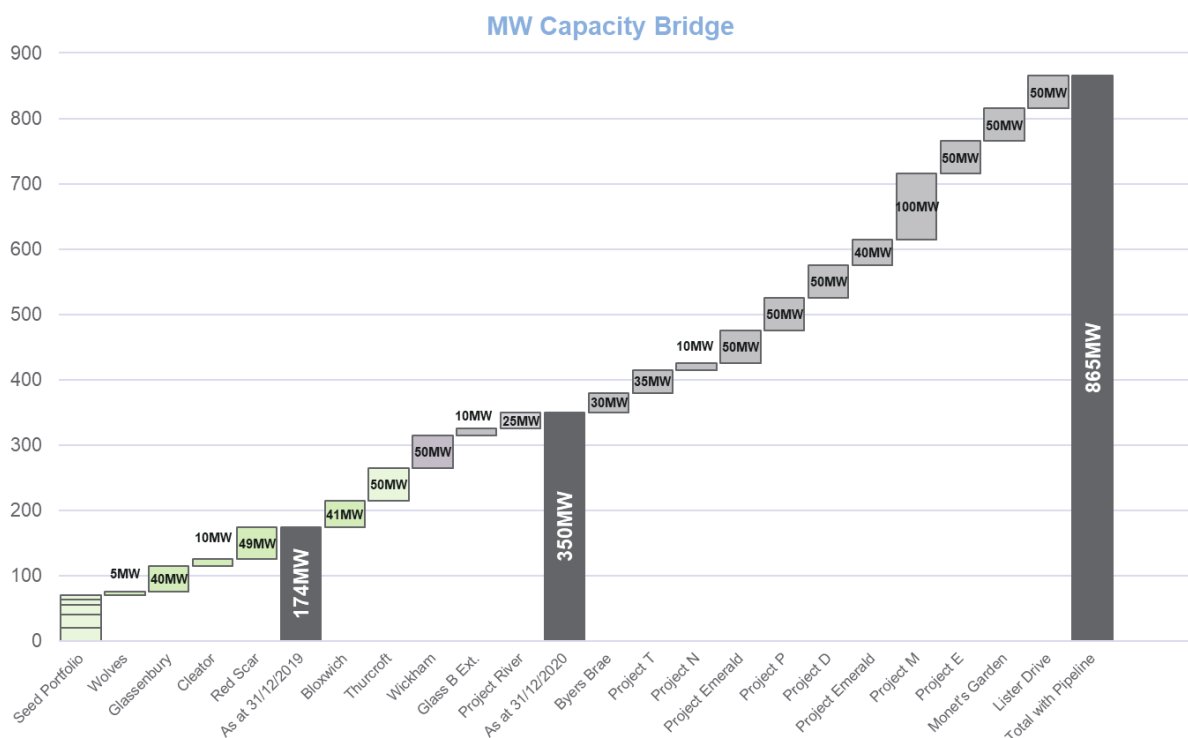
The New Pipeline, subject to due diligence will comprise, in Great Britain:

- 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 EPCm contract suite; and
- two operational projects,

and in the Republic of Ireland:

- a single project 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.



5.4 Design and Operation of the New Pipeline ESS Projects

The majority of ESS Projects in which the Company has invested since its IPO in November 2018 only use battery technology and therefore do not include generators. The Manager believes that the reduced cost of batteries, of installing and operating a battery-only site and the ESG credentials of taking a zero-carbon approach have justified this approach. In addition, the operations of the more recently acquired ESS Projects have been comparatively straightforward compared with the earliest, which has freed resource allowing the Manager time to focus on the complexities of the evolving market and the control system and other technical requirements this creates.

The Manager intends to make a modification in its strategy on the duration of the batteries installed on the New Pipeline sites, for the time being. While the new projects will be extendible to at least 2-hour durations, at the outset it is likely that sites will be built to an approximately 1-hour duration. This is smaller than the 1h 15m to 1h 30m systems acquired by the Company since IPO. This reflects the reality that trading over longer durations has not emerged as the most profitable strategy yet. However, the Manager remains confident that the time to extend battery duration will come as a profitable trading environment develops for such configurations as renewable generation grows, and gas-fired generation shrinks.

6. Investment Policy

The Company's investment policy is set out in this paragraph 6 of this Part 3 (*The Company*), together with the proposed changes to the Investment Policy, in respect of which Shareholder approval is being sought at the November General Meeting.

6.1 Proposed changes 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* – 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 does not 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 the relevant resolution is passed by Shareholders at the November General Meeting, the Board and the Manager will adopt enhanced due diligence and approval processes and requirements to manage and mitigate the incremental risks arising as a result of the change in the 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 EPC or EPCm 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 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 impact on local residents and businesses.

In addition to the amendments enabling the Company to take on construction risk of up to 10 per cent. of GAV, minor amendments to the 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, in respect of which Shareholder approval is being sought at the November General Meeting are set out in paragraph 6.2 and 6.3 of this Part 3 (*The Company*).

6.2 Current 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.

6.2.1 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.

6.2.2 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.

6.2.3 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.

6.2.4 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.

6.2.5 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.

6.2.6 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.

6.2.7 Amendment to and compliance with investment policy

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager through a Regulatory Information Service.

6.3 Proposed amendments to the investment policy

The changes to the current investment policy proposed to be made by the relevant resolution at the November General Meeting are shown marked-up to the current 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.

6.3.1 Asset type and diversification

The Company ~~currently intends to invest~~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.

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 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 Project Companies ~~s~~ 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 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 project](#) as a whole of the failure of one or more battery modules.

6.3.2 Other investment restrictions

The Company will generally ~~invest in~~ acquire ESS Projects where construction is substantially completed and ~~at such a point that the~~ where ESS Projects ~~is~~ are 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.~~

~~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~~ 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 ~~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.

6.3.3 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.

6.3.4 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.

6.3.5 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 ~~SPVs subsidiaries~~) 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.

6.3.6 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.

7. Capital structure

The Company’s share capital structure consists solely of Ordinary Shares. The Company may issue New Ordinary Shares and New C Shares pursuant to the Share Issuance Programme. As at the close of business on the Latest Practicable Date, the Company had 234,270,650 fully paid Ordinary Shares of 1p par value in issue. The Company has no partly paid Ordinary Shares in issue. The Ordinary Shares are, and any New Shares issued pursuant to the Share Issuance Programme will be in registered form and may be held in certificated or in uncertificated form. Applications will be made for the New Shares will be admitted to trading on the Specialist Fund Segment.

8. Dividend policy

The Board expects that dividends will constitute the principal element of the return to the holders of Ordinary Shares. On the basis of market conditions as at the date of this Registration Document the Company will target dividend payments of 7.0p per Ordinary Share in the financial year ending 31 December 2020 and in financial periods thereafter*.

If any C Shares are issued, holders of any class of C Shares following Initial Admission will be entitled to participate in any dividends and other distributions of the Company as the Directors may resolve to pay to holders of that class of C Shares out of the assets attributable to that class of C Shares. For the avoidance of doubt, the targets set out above shall not apply with respect to any tranche of C Shares prior to conversion into Ordinary Shares.

It is intended that dividends on the Shares will be payable quarterly for the quarters ending in March, June, September and December, all in the form of interim dividends (the Company does not intend to pay any final dividends). The Board reserves the right to retain within a revenue reserve a proportion of the Company’s net income in any financial year, such reserve then being available at the Board’s absolute discretion for subsequent distribution to Shareholders, subject to the requirements of the IT Regulations.

* This is a target only and is based on current market conditions as at the date of this Registration Document and is not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target 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 amount raised pursuant to the Share Issuance Programme, the Company’s net income and the Company’s ongoing charges figure. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in New Shares or assume that the Company will make any distributions at all. Potential investors should decide for themselves whether or not the return is reasonable or achievable in deciding whether to invest in the Company. See further under the section “Risk Factors”.

The dividend policy will be subject to an annual vote at each AGM. The Company may, at the discretion of the Board, and to the extent possible, pay all or part of any future dividend out of capital.

The Company may offer, at its absolute discretion, Shareholders the opportunity to elect to receive dividends in the form of further Ordinary Shares.

Since IPO, the Board has declared dividends of 9.75p. On 26 April 2019 the Board declared an interim dividend of 1.4p per Ordinary Share which was paid on 7 June 2019 to those Shareholders on the register of members at close of business on 27 May 2019. On 28 August 2019 the Board declared an interim dividend of 1.1p per Ordinary Share which was paid on 20 September 2019 to those Shareholders on the register of members at close of business on 6 September 2019. On 26 November 2019 the Board declared an interim dividend of 1p per Ordinary Share which was paid on 20 December 2019 to those Shareholders on the register of members at close of business on 5 December 2019. On 17 February 2020 the Board declared an interim dividend of 1p per Ordinary Share which was paid on 20 March 2020 to those Shareholders on the register of members at close of business on 28 February 2020. On 11 May 2020 the Board declared an interim dividend of 1.75p per Ordinary Share which was paid on 12 June 2020 to those Shareholders on the register of members at close of business on 22 May 2020. On 1 September 2020 the Board declared an interim dividend of 1.75p per Ordinary Share which was paid on 1 September 2020 to those Shareholders on the register of members at close of business on 11 September 2020. On 27 October 2020 the Board declared an interim dividend of 1.75p per Ordinary Share which is to be paid on 11 December 2020 to those Shareholders on the register of members at close of business on 6 November 2020.

In the period ended 31 December 2019, the Company paid aggregate dividends of 4.5p per Ordinary Share, meeting its target for that period.

9. Discount management

9.1 Share buybacks

The Company may purchase Ordinary Shares in the market at prices which represent a discount to the prevailing NAV per Ordinary Share of that class so as to enhance the NAV per Ordinary Share for the remaining holders of Ordinary Shares of the same class. The Company is authorised to make market purchases of up to 35,117,170 Ordinary Shares. The Board intends to seek Shareholder approval to renew its authority to make market purchases of its own issued Ordinary Shares once its existing authority has expired or at subsequent AGMs.

Purchases of Shares will be made within guidelines established from time to time by the Board and only in accordance with the Statutes and the Disclosure Guidance and Transparency Rules. Any purchase of Shares may be satisfied by the available cash or cash equivalent resources of the Company, from borrowings, the realisation of the Company's assets or any combination of these sources of liquidity, at the Directors' discretion.

Ordinary Shares bought back by the Company may be held in treasury or cancelled. Such Shares may (subject to there being in force a resolution of Shareholders to disapply the rights of pre-emption that would otherwise apply) be resold by the Company. C Shares bought back by the Company shall be cancelled.

At the date of this Registration Document, the Company does not hold any Shares in treasury.

9.2 Continuation Votes

Shareholders will have the opportunity to vote on an ordinary resolution on the continuation of the Company at the AGM of the Company to be held in 2023, and every fifth AGM thereafter. If any such ordinary resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for consideration by the Shareholders at a general meeting to be convened by the Directors for a date not more than six months after the date of the meeting at which such ordinary resolution was not passed.

10. Valuations and Net Asset Value

The Net Asset Value per Share is published quarterly via an RIS announcement and information on performance, holdings and investment activity is prepared by the Manager (acting as AIFM) and

published quarterly by the Manager in the form of a factsheet made available on the Company's Website. As at 30 September 2020, being the last valuation date of the Company, the Company's NAV was £236.07m, or 100.77 pence per Ordinary Share.

The Administrator and Company Secretary is responsible for calculating the NAV which is presented to the Directors for their approval and adoption. The calculations are carried out on at least a quarterly basis as at 31 March, 30 June, 30 September and 31 December, based on valuations provided by the Manager, each year and notified to Shareholders through a Regulatory Information Service. The calculations of the NAVs as at 30 June and 31 December each year are supported by independent valuations prepared for the purposes of the Company's interim and annual financial statements and will be reported to Shareholders as part of those financial statements.

The NAV calculation is mainly driven by the fair value of the Company's investments in ESS Projects calculated in accordance with the International Private Equity and Venture Capital Valuation Guidelines and applicable accounting standards.

Fair value for each investment is calculated by the Manager as derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts for revenues, operating costs, macro-level factors and an appropriate discount rate.

As at the date of this Registration Document, the Company uses a blended discount rate of 10.75 per cent. in respect of the expected future cashflows of the Project Companies. The Manager exercises its judgement in assessing the expected future cash flows from each investment. The Manager produces, for each underlying Project Company, detailed financial models and the Manager takes into account, amongst other things, in its review of such models, and makes amendments where appropriate to:

- (a) discount rates (i) implied in the price at which comparable transactions have been announced or completed in the UK energy storage sector (if available); (ii) publicly disclosed by the Company's peers in the UK energy storage sector (if available); and (iii) discount rates applicable for other comparable infrastructure asset classes and regulated energy sectors;
- (b) changes in power market forecasts from leading third party market advisers;
- (c) changes in the economic, legal, taxation or regulatory environment, including changes in retail price and consumer price index expectations;
- (d) technical performance and operational availability based on evidence derived from project performance to date;
- (e) the terms of any power purchase agreement arrangements;
- (f) accounting policies;
- (g) the terms of any debt financing at project level;
- (h) claims or other disputes or contractual uncertainties; and
- (i) changes to revenue, cost or other key assumptions (may include an assessment of future cost trends, as appropriate).

All NAV calculations by the Administrator and Company Secretary are made, in part, on valuation information provided by the Manager. Although the Administrator and Company Secretary evaluates all such information and data, it may not be in a position to confirm the completeness, genuineness or accuracy of such information or data. The Board reviews the operating and financial assumptions, including the discount rates, used in the valuation of the Company's underlying portfolio and approves them based on the recommendation of the Manager. As part of the annual audit, the Auditor reviews the valuation model used by the Manager, including the discount rate.

The Board may determine that the Company shall temporarily suspend the determination of the Net Asset Value per Ordinary Share when the prices of any investments owned by the Company cannot be promptly or accurately ascertained; however, in view of the nature of the Company's proposed investments, the Board does not envisage any circumstances in which valuations will be suspended.

Any suspension in the calculation of the Net Asset Value will be notified to Shareholders through a Regulatory Information Service as soon as practicable after such suspension occurs.

PART 4: MARKET BACKGROUND

1. Overview

The Climate Change Act enshrined in UK law sets strict carbon targets recommended by the Climate Change Committee which have been underpinned politically by international accords the UK has signed up to which, together with a significant subsidy regime, have catalysed investment in renewable sources of power in Great Britain.

Increased investment in renewable sources of power has driven a significant reduction in the cost of producing renewable energy. This has also allowed some unsubsidised projects to become economically viable and to be built out. However, a more powerful effect has been that Government funds, allocated to subsidise renewables and offshore wind in particular, have been able to subsidise much more capacity than originally contemplated as recent CfD auctions (which operate as reverse auctions) have cleared at lower power prices than expected. As such, the subsidy regime which remains open for offshore wind is expected to catalyse the awarding of contracts for up to 40GW of offshore wind assets by 2030, compared with an initial expectation of 10-20GW¹.

Renewable electricity supply in the UK has risen significantly from 9.6% of total electricity generation in 2011 to 46.4% in the six months ending June 2020². As renewable electricity penetration rises, this low marginal cost, low carbon electricity will permit the decarbonisation of parts of the economy that have traditionally relied on fossil fuels by switching them to electricity. These include, most notably, heating and automotive transportation where the Manager expects heat pumps and electric vehicles to replace the combustion of natural gas and petroleum-derived fuels respectively, over time.

However, increasing reliance on renewable energy which is intermittent in nature increases the effort required to keep supply and demand in balance at all times, and is expected to increase intra-day power price volatility, so long as the electricity market is not over-supplied with older baseload gas-fired generation.

Maintaining such a balance is the responsibility of National Grid via NGET. NGET is a subsidiary of National Grid plc and is the owner and operator of the electricity transmission network in England and Wales, and is the Electricity System Operator (the “**ESO**”) responsible for, amongst other things, balancing the system for Great Britain. To balance the system, the ESO needs to maintain supply and demand balanced in all time periods from sub-second to half-hourly periods during which electricity is traded, as well as longer timeframes. To achieve a balance, amongst other things, the ESO procures frequency response services to maintain a stable electrical frequency within a defined tolerance level around 50Hz and also trades the necessary amounts of electrical energy to balance supply and demand for each half-hourly period. It does the latter using flexible generation capacity made available to the ESO via a forum, that it operates, called the Balancing Mechanism (“**BM**”) and is managed from National Grid’s control rooms.

Energy Storage Systems are well suited to assist the ESO in maintaining a stable electrical frequency on the transmission system and are the dominant provider in the frequency response market, often being the only technology in this service. Energy Storage Systems are also a competitive technology compared with other providers of flexible generation in the BM and it is therefore expected that Energy Storage Systems will make significant inroads here as well.

Therefore, ESS Projects can derive revenue (i) from availability payments earned from frequency response contracts with National Grid, (ii) by offering import and export capacity, at prices set by the projects’ traders in the BM, and (iii) by exploiting the intra-day volatility in electricity prices in the wholesale market. These distinct activities, combined with additional income from related business activities, provide for a diversified revenue stream for ESS Projects.

Frequency response services require a very rapid, dynamic (i.e. continuously varying), sub-second, import or export response for which batteries are well-suited. Batteries are similarly suited for trading where charging or discharging takes place at full power to take advantage of prevailing prices. Falling battery prices due to technological improvements and economies of scale, mean that batteries will have an increasing competitive advantage in the future.

¹ Source: Gresham House estimates

² Source: BEIS

2. The current structure of the electricity market in Great Britain

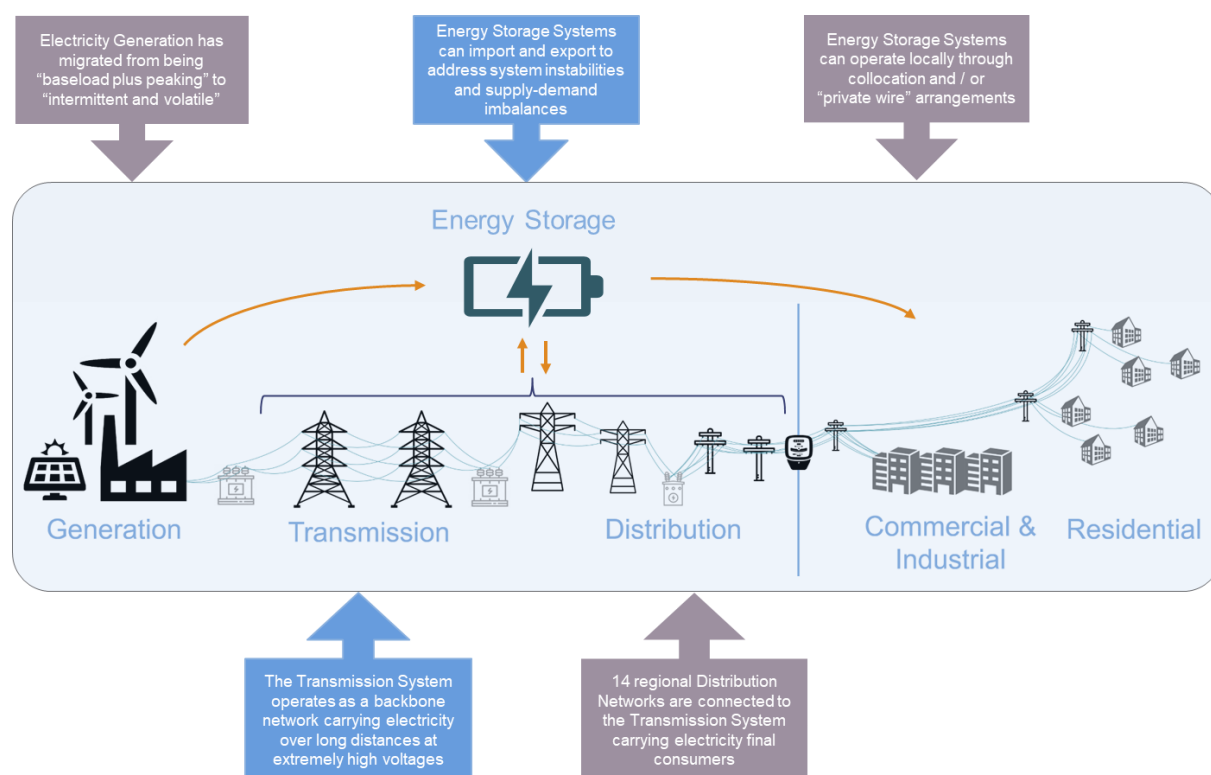
A depiction of the electricity system in Great Britain, illustrating how ESS Projects fit into the system is shown below:

Activity	Participants	Function/Mandate
Generation	Multiple electricity generators spanning a large range from big utilities to small-scale renewable energy installations	* Power plant ownership and operation
Transmission	National Grid as TSO licensee	* Ownership and operation of high voltage transmission networks * Day-to-day responsibility for balancing supply and demand on the transmission network * Development and ownership of the interconnector capacity * Acts as Electricity Market Reform Delivery Body by incentivising investment in secure, low-carbon electricity, improving the security of the UK's electricity supply and improving affordability for consumers
Distribution	14 licensed Distribution Network Owners operated by six owners: Electricity North West Ltd Northern Powergrid Ltd SSE Electricity Limited Scottish Power Energy Networks Holdings Limited UK Power Networks Holdings Limited Western Power Distribution PLC and other independent Distribution Network Owners Networks Holdings Limited and Western Power Distribution PLC and other independent Distribution Network Owners	* Ownership and operation of the infrastructure (e.g. cables, towers, switchgear) that brings electricity from the national transmission network to homes and businesses * The DNOs are transitioning to Distribution System Operators (DSOs), this transition is required to manage the changing mix of generation and demand on the distribution networks. The DSOs will need to take on a more active role in the management of the distribution networks including utilising flexibility for example from energy storage.
Supply	Multiple suppliers operating in a competitive market, comprising: Centrica plc (parent company of British Gas) E.ON UK, SSE, RWE npower, EDF Energy and Scottish Power, as well as other licensed suppliers to business and residential electricity consumers	* Purchasing electricity on a wholesale basis from suppliers (including their own production) and selling to consumers and businesses
Regulation	Ofgem	* Regulation of distribution and transmission networks * Protection of the interests of existing and future electricity and gas consumers

- * Ensuring that electricity wholesale and retail markets are competitive
- * Managing the commercial tender process for offshore transmission projects

* Transmission refers to the nationwide network of high voltage (50-200kV) and extreme high voltage (typically 420kV) cables carried on pylons or buried underground. Distribution refers to local network of lower voltage cables (550,000V) typically carried on wooden poles.

An alternative pictorial representation of the electricity system offered by the Group, which shows how ESS Projects fit into the system is shown below:



3. The increasing importance of renewables – Carbon targets including “Net Zero”, Climate Change Act and other commitments

The UK’s electricity market has been through a fundamental change since 2008, which has involved a significant reduction in the use of fossil fuel by the sector in particular, through the reduction in coal-fired power and the increase in renewable power generation. This change was most significantly catalysed by:

- the UK adopting the Climate Change Act, which requires the UK Government to achieve an 80% reduction, expressed in CO₂-equivalent terms, compared with 1990 levels, in total greenhouse gas emissions across all sectors (not just the electricity market) by 2050.
- the European Union Renewable Energy Directive 2009/28/EC which requires that, in respect of each EEA Member State, by 2020, 20% of energy consumed would be derived from renewable sources.
- the “Paris Agreement”, which the UK has signed, and which was adopted on 12 December 2015. This agreement seeks to restrict the effect of global climate change by attempting to keep the rise in global temperatures this century significantly below

2 degrees Celsius above pre-industrial levels and to undertake efforts to limit the increase to less than 1.5 degrees Celsius.

The UK Government has also set five-yearly carbon budgets and will shortly set a sixth, which currently run to 2032, as well as other recommendations, as follows:

Period	Description of Target	Total cap in emissions (megatons of CO2 equivalent (MtCO2e))	Reduction below 1990 levels (%)
2008-12	1st Carbon Budget	3018	25
2013-17	2nd Carbon Budget	2782	31
2018-22	3rd Carbon Budget	2544	37 by 2020
2023-27	4th Carbon Budget	1950	51 by 2025
2028-32	5th Carbon Budget	1725	57 by 2031
2033-37	6th Carbon Budget	Expected to be set in H1 2021	To be announced
2050	Recommendation	"Net Zero"	100, including abatement

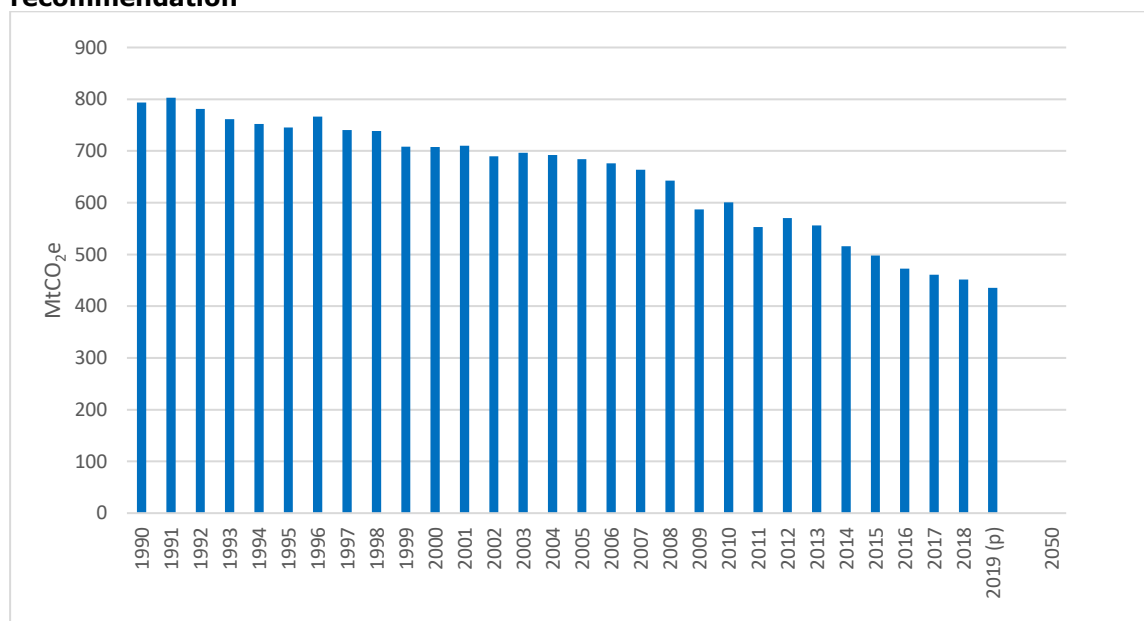
Source: Climate Change Committee

The UK Government has sought to implement its five-yearly, cumulative carbon budgets and statutory target for 2050 through the following:

- (a) the UK climate change levy, which is a tax on energy delivered to non-domestic users in the UK, aimed to provide an incentive to increase energy efficiency and to reduce carbon emissions;
- (b) subsidies for renewable energy product;
- (c) requirement that coal-fired generation be retired by 2025; and
- (d) establishing the Climate Change Committee, an independent statutory body established under the Climate Change Act, tasked with making recommendations on targets to Government, monitoring emissions levels and assessing whether the UK Government is on track to meet its targets.

The chart below shows the progress to date in the wider economy, and also shows where levels would head if emissions goals are to be achieved.

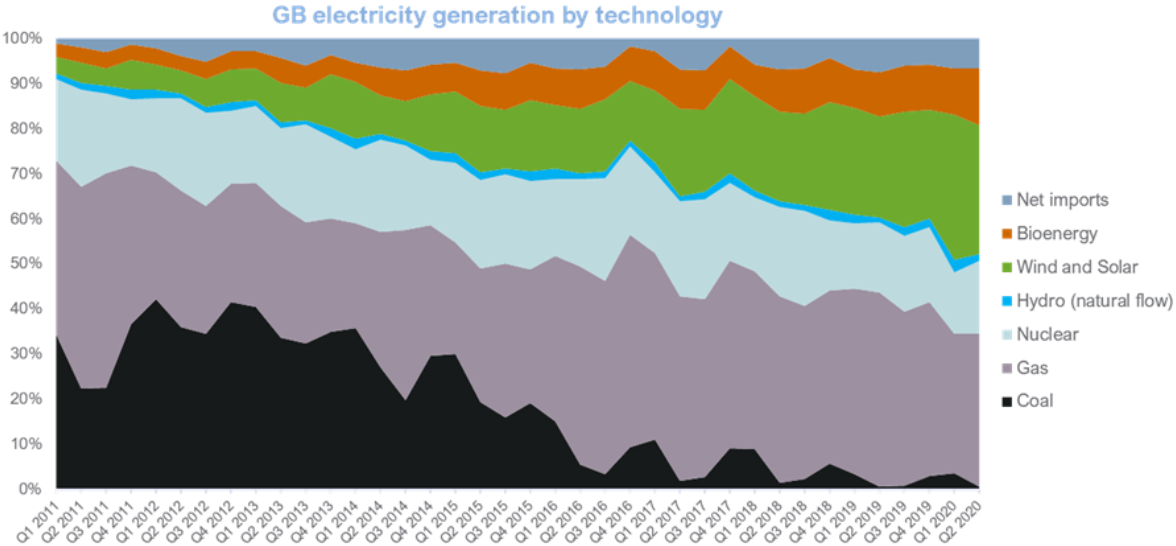
UK greenhouse gas emissions from overall economy – historical and 2050 net zero recommendation



Source: BEIS, Climate Change Committee

In its latest Progress Report to Government, the Climate Change Committee has recommended that the UK government set a target of 50g of CO₂ per kWh by 2030, a halving of its current stated goal for power generation.

Generation mix in the UK: Growth in renewables & decline in Gas-fired generation



Renewable electricity penetration rose from 9.6% in 2011 to 46.4% in H1 2020 and will rise to c.53% in 2023³. The growth in renewable installations has been driven by subsidies available in the UK via three mechanisms; feed-in tariffs, ROCs and CfDs. These have provided investors in renewables projects with long-term revenue visibility offering 15-25 year index-linked subsidies or guaranteed power prices on a £ per MWh of electricity generated basis.

Feed-in tariffs and ROCs are no longer available to new projects. However, as stated above, the offshore wind CfD regime continues to subsidise record amounts of Offshore Wind installations. As such, the increase in penetration projected above is being largely driven by 11GW of Offshore Wind capacity contracted in the 2015, 2017, and 2019 CfD auctions and which will commission within the next four years. Further, the next bi-annual CfD auctions are expected to translate in c.3GW of Offshore Wind capacity additions annually for the rest of 2020's.

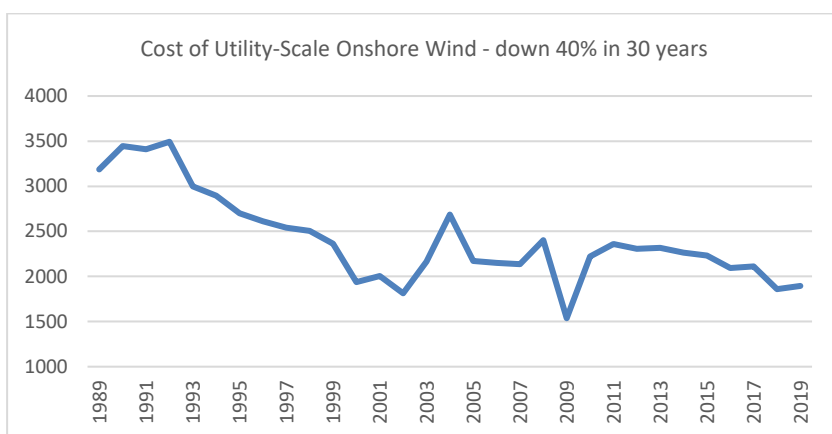
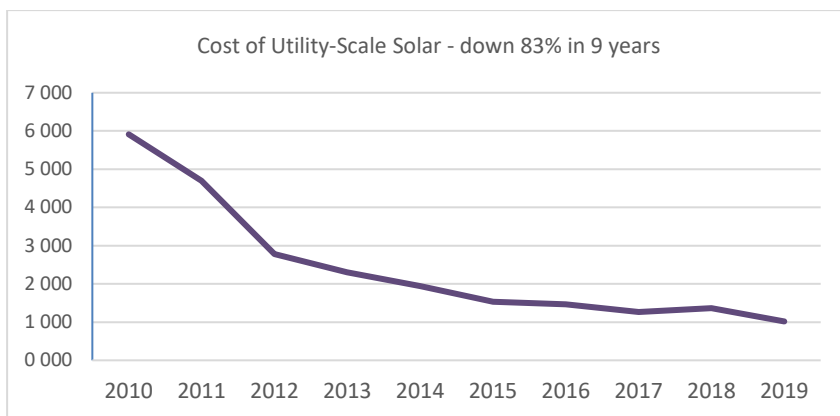
It is also likely, based on announcements in March 2020, that the CfD regime for solar and onshore wind projects will come back into force during 2021, driving further increases in renewable energy generation from these technologies.

Meanwhile, growth in renewable generation is coming at the expense of gas-fired generation with its share of the market set to decline at the same rate that renewables grow.

4. The Falling Cost of Renewables

Underpinning the continued deployment of renewables is the falling cost of both solar and wind power installations. This is mostly driving more installed from existing subsidy regimes, but it is also beginning to spur the development of unsubsidised projects, although this has been limited so far. Costs of renewable generation have also fallen due to lower running costs and increased economies of scale as these sectors have matured. The Manager expects these trends to continue and that, as a result, electricity generated from renewable energy sources will become even more prevalent.

³ Source: Gresham House New Energy research

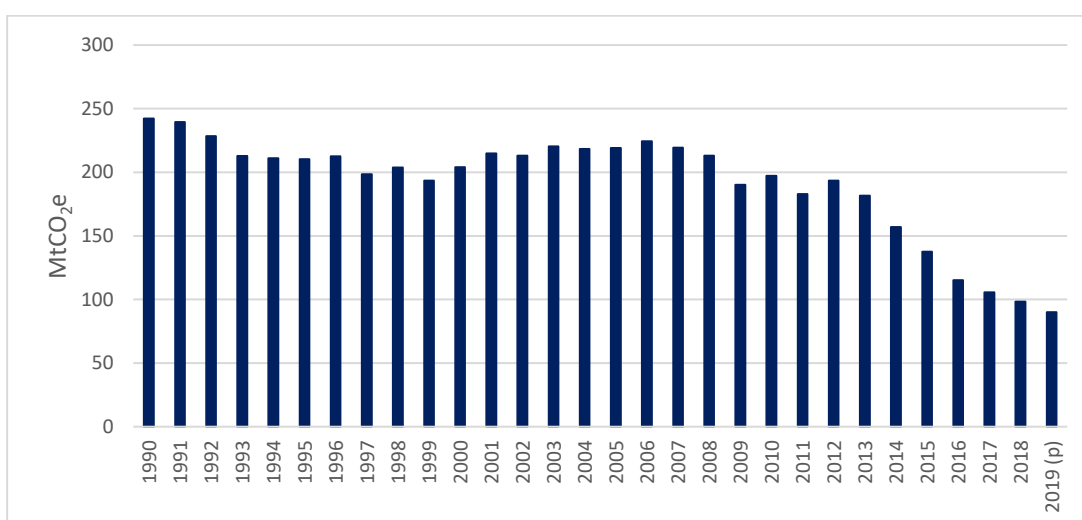


Source: IRENA – International Renewable Energy Agency. Report on Renewable Power Generation Costs in 2019 – Total Cost of Installation in \$/kW: UK data for Solar and Onshore Wind

5. The electrification of new market segments

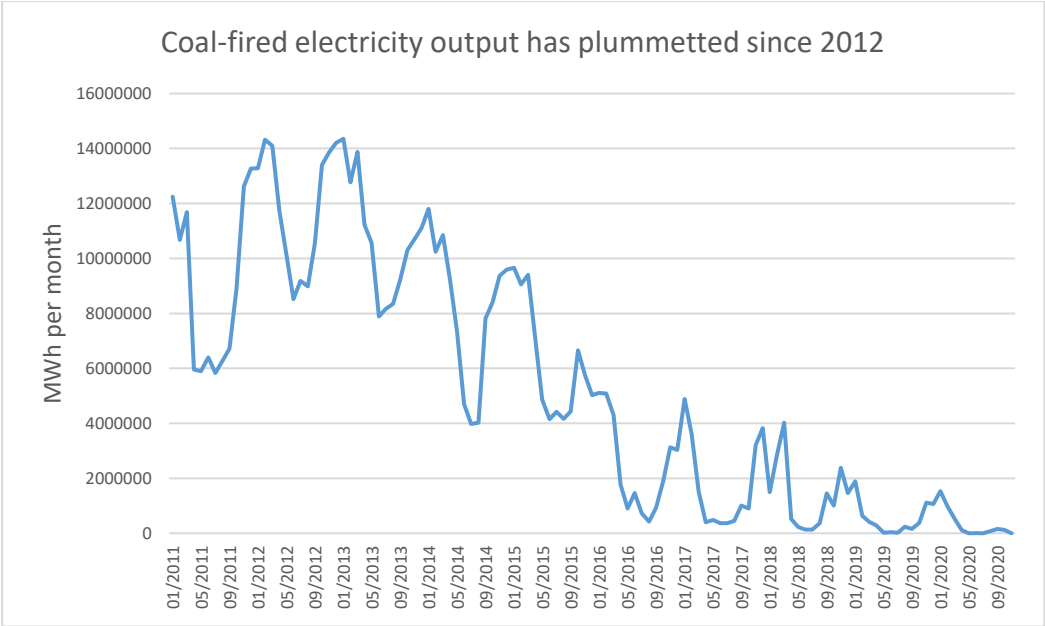
The CO₂ emissions from the electricity sector which are shown in the chart below, have fallen significantly in recent years. This has been achieved through the reduction in coal-fired generation, which made up 2% of electricity supply in 2019 compared with 39% in 2012 and its replacement with renewable electricity while nuclear and gas-fired electricity generation have fallen more modestly.

CO₂ emissions from UK electricity generation



Source: UK government statistics: Provisional UK greenhouse gas emissions national statistics 2017

The output from coal fired power stations since 2012 is shown below.



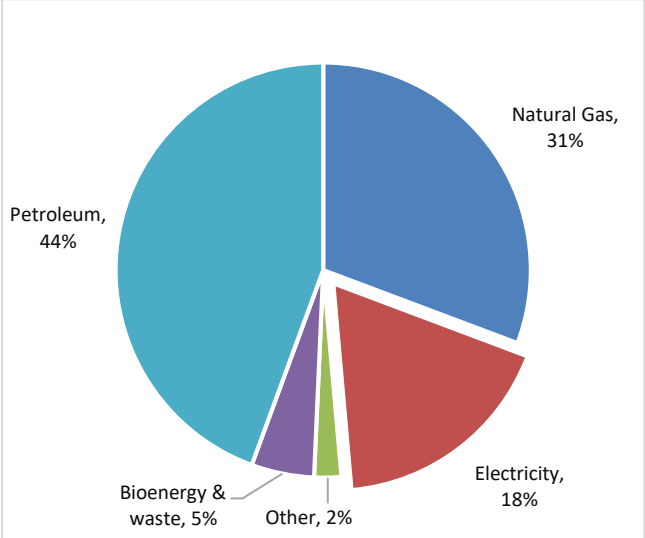
Source: GHAM

The much-reduced carbon intensity of the electricity sector, and the further reductions still possible, present an opportunity to reduce carbon intensive energy use in other sectors through their electrification.

In 2019, 71% of the end consumption of energy in the UK was used in heating and transportation, which is 96% powered by petroleum and natural gas (most of which is for heating of spaces or water). If transportation and heating shift, even partially, towards electricity as an energy source, as electric vehicles and heat pumps become more popular, the impact on CO2 emissions will be significant due to the much lower carbon intensity of electricity.

To the extent that electrification does occur, as expected by the Manager, demand for electricity (which as at 2019 only accounted for 18% of total energy consumption), can be expected to increase significantly. However, the increase in consumption which would in any case be very significant, would be tempered by the fact that electric vehicles and heat pumps are more energy-efficient than petroleum-fuelled cars, gas appliances and even standard electric heaters.

UK Energy Consumption by fuel type (energy supplied basis), 2019



Source: BEIS - Digest of United Kingdom Energy Statistics (DUKES) 2020

6. Increasing reliance on renewable energy, the retirement of excess gas-fired generation and an increasing electrification of the economy is set to increase the intraday volatility in power pricing and increase demand for services to manage frequency and to balance supply and demand

An important limitation of renewable power generation is its intermittency, volatility and unpredictable generation as it is effectively weather-driven rather than demand-driven. It is therefore not possible to predict with a high degree of accuracy how much electricity the existing installed renewable power generation fleet will produce far in advance of the time that it will be required with forecasting accuracy decreasing as the forecast horizon is increased.

Electricity demand is also variable, albeit in a more predictable way, over the course of the day and over longer periods.

Another factor to take into account is that subsidies for renewable assets in the UK (from feed-in-tariffs, ROCs or CFDs) generally incentivise production whenever the resource (wind or sun) is available, whether the power is needed on the National Grid or not, and even if the power price is very low, or even negative.

These factors mean that the ESO’s task of managing supply and demand on the grid is a complex one. The challenge faced by the ESO relates to (i) maintaining the frequency of the power supply within 1% of 50Hz except in exceptional circumstances when the departure is permitted to reach no more than 2% (or +/-1Hz), and controlling the rate of change of the frequency (“**ROCOF**”), as rapid changes in frequency can result in blackouts and damage to electrical equipment; and (ii) ensuring there is sufficient capacity in the system to meet demand at all times (i.e. balancing supply and demand) while also making sure that any excess generation does not cause oversupply.

6.1 Managing frequency

The 50Hz frequency (i.e. cycles per second) corresponds, traditionally, to the rotational speed of the turbines within power stations connected to the National Grid. If demand is reduced, the turbines temporarily spin faster, thus increasing the frequency of the power supply. Conversely, if demand goes up, turbines spin more slowly thus reducing the frequency.

In the past, the prevalence of predominantly fossil fuel-powered spinning turbines in power generation asset acted like synchronised flywheels, providing significant inertia to the system, such that changing demand did not create a rapid change in frequency. Control systems were able to vary the amount of power delivered to the turbines (typically by controlling the steam pressure) to bring the frequency swiftly back into the permitted range.

As coal fired generation is decommissioned, there has been an opportunity for new market entrants to provide new ways of achieving the stabilising effect previously provided by heavy, high inertia, turbines. In engineering terms, the requirement is for systems that can deliver or absorb large amounts of power on demand and at very short notice.

National Grid has the procurement mechanisms shown in the table below to incentivise such market entrants to provide frequency response services (noting in particular the newer ‘Containment’ services in the lower half of the table).

Service	Description
Mandatory frequency response (“MFR”)	<p>MFR is an automatic change in active power output in response to a frequency change. The service helps National Grid to keep frequency within statutory and operational limits. Providers can offer the following combination of different response times:</p> <p>(a) Primary response: Response provided within 10 seconds of an event, which can be sustained for a further 20 seconds.</p> <p>(b) Secondary response: Response provided within 30 seconds of an event, which can be sustained for a further 30 minutes.</p> <p>(c) High frequency response: Response provided within 10 seconds of an event, which can be sustained indefinitely.</p>

<p>Enhanced frequency response ("EFR")</p>	<p>Depending on its size and location, a power station may be obliged to have the capability to provide MFR.</p> <p>EFR is a dynamic service where the active power changes proportionally in response to changes in system frequency. This service was developed to improve management of the system frequency before a fault occurs, maintaining system frequency closer to 50Hz under normal operation. Generators, ESS Projects and aggregated demand side response providers can provide this service.</p>
<p>Firm frequency response ("FFR")</p>	<p>FFR is similar in nature to MFR. However, it gives both the National Grid and the service providers a degree of stability against price uncertainty under MFR.</p> <p>FFR can provide both dynamic and non-dynamic response to changes in frequency:</p> <p>(a) Dynamic frequency response is a continuously provided service used to manage the normal second-by-second changes on the system.</p> <p>(b) Non-dynamic frequency response is typically a discrete service triggered at a defined frequency deviation.</p> <p>Similar to MFR, providers can offer a combination of primary, secondary or high frequency response.</p> <p>FFR also includes the weekly auction products Dynamic Low High (DLH) and Low Frequency Static ("LFS")</p>
<p>Dynamic Containment ("DC")</p>	<p>DC is the first of three faster acting frequency response products deployed by National Grid, with the further two products, Dynamic Regulation ("DR") and Dynamic Moderation ("DM"), due to follow.</p> <p>DC is a fast-acting post-fault service to contain frequency within the statutory range of +/-0.5Hz in the event of a sudden demand or generation loss. The service has been designed to respond continuously to sub-second frequency changes, the service has a small linear delivery to +/-0.2Hz deviation (5%), with a proportional increase in delivery to full power at +/-0.5Hz. The maximum response time required for any frequency event is 15 minutes (unlike the 30minutes for FFR) and the product has been introduced with a state of energy methodology to facilitate limited duration storage assets to participate.</p>
<p>Dynamic Moderation ("DM")</p>	<p>The current design for DM is a fast-acting service to manage sudden fluctuations in frequency, +/-0.2Hz around 50Hz. Like DC there will be requirement for a sub second response to full power but within a much tighter frequency band.</p>
<p>Dynamic Regulation ("DR")</p>	<p>DR has been designed to manage ongoing small frequency variations, continuous response will be required. Response times will be slower than DC and DM but faster than FFR.</p>

As mentioned in the table above, in order to improve stability by using the full potential of batteries, National Grid ESO has launched a faster-acting frequency response product called Dynamic Containment which will form part of a new suite of frequency response products which include Dynamic Moderation and Dynamic Regulation which will replace FFR and EFR. The faster-acting requirements of these new products, which are technically more challenging to deliver, address the ROCOF challenge more effectively as batteries can react to signals and reach full power considerably more quickly than other power generation systems and can provide a valuable improvement in stability of the network, so long as it is procured in the correct incremental quantities to offset the permanent loss of inertia from decommissioned baseload generation.

The Manager estimates the current peak power procured from the various commercial frequency response services to be in the region of 1.1GW to 1.5GW. This level is determined by the need to

limit the rate of change of frequency during a worst-case event, such as large-scale power plants suddenly coming off-line and is known as the "Largest Loss of Load". The Manager estimates that the amount procured from commercial frequency response services will grow to 2GW in the next 3 years based on recent announcements by National Grid.

6.2 Managing capacity

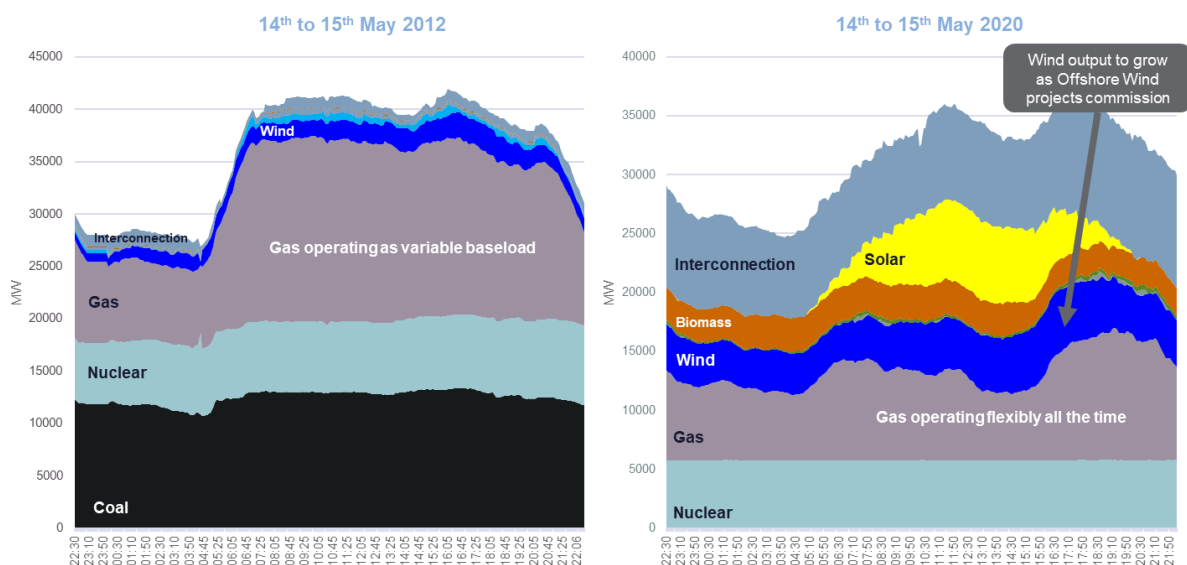
Historically, 'baseload' generation made up of coal, nuclear and gas power has formed a dependable base of supply. Variable generation including gas fired power plants, smaller "peaking plants" (typically gas or diesel) and pumped hydro made up the rest of the power needed at any one time, being spare capacity to meet periods of high demand.

As renewable generation has increased, baseload generation has decreased. Coal fired generation has almost completely disappeared and more recently there has been some mothballing or decommissioning of some gas-fired generation.

As renewable generation is intermittent, flexible generation is required to match demand at times that renewable generation is low or demand is high, or both. Peaking plants do offer this flexibility, but they cannot offer import which is necessary to take excess generation off the grid when renewables are producing too much, an increasingly common phenomenon.

It is Ofgem's mandate to protect the interests of electricity consumers by ensuring that the overall costs they face are as low as possible. While batteries can import and export to take power on and off the system as required, providing flexibility without encumbering the system, an extreme alternative, to illustrate the practicality of flexible generation, would be to provide a unit of baseload capacity for every unit of renewable energy deployed on the grid.

The following images show how electricity was supplied in Great Britain on the same day of the year but 8 years apart.



Source: Exelon

These charts show that, without enough batteries, gas-fired generation needs to be brought on to provide flexibility, showing the transition to renewables, as renewables need curtailing. This is expensive and carbon intensive.

6.3 The challenges of matching supply and demand which create price volatility

The ESO operates a wholesale market which trades in half hourly periods in which the wholesale price of electricity is set by the cost of the marginal supply required to meet marginal demand. The higher the demand, the more supply is required, which in turn tends to drive up the wholesale price as higher-priced generation enters the market to meet that incremental demand. Typically, mornings

and evenings on any given weekday are times of highest demand, often resulting in peak prices at these times.

As a half hourly period approaches, it is the responsibility of the ESO to ensure that any imbalance in supply and demand is eliminated. This is achieved through the Balancing Mechanism; the system operator trades capacity made available to it in the hour leading to the half hourly period in question and, if necessary, during the half hour as well. Depending on certain criteria, the marginal trade carried out by National Grid in the Balancing Mechanism sets the price for all market participants that had not previously contracted their power in advance.

Renewable generation has made balancing the market harder as renewable sources generate energy regardless of demand and as most renewable generation is subsidised per unit of electricity generated, operators are not inclined to reduce output when supply is high even if prices are very low. Therefore, increasing renewable generation has increased the downside volatility exhibited in daily power price moves. Renewable projects tend only to reduce generation when paid by the system operator to do so at a level that compensates them for lost subsidy income. It is this action which results in a negative price being set. Since May 2015, being the first-time power prices went negative in the UK on an intraday basis, power prices have subsequently gone negative more and more frequently as renewable capacity has grown. In the year to 15 October 2020 there have been 252 half hourly periods where pricing has been negative.

The Manager expects that the increasing renewable generation will drive further increases in power price volatility in terms of higher average spreads between the intraday peaks and troughs. In the short term, however, and during the COVID-19 pandemic lockdown in particular, low electricity demand and gas prices, combined with fact that the UK still has a large base of gas-fired generation, has meant that:

- (a) Negative prices were very common: there were lots of instances when low electricity demand was met by high levels of renewable generation leading to curtailment of output and negative power prices.
- (b) Conversely peak prices were unusually low: there were no instances of very high demand during this period which meant that even at times of low renewable generation, low-priced gas-fired generation was sufficient to satisfy demand. The chart above shows gas-fired generation has been able to act flexibly, dialling its output up and down to generate whatever renewable generation cannot.

The easing of economic restrictions in Great Britain for the period up to October 2020 associated with the COVID-19 pandemic has meant that:

- (a) gas prices and demand have since rebounded to typical levels and volatility has picked up; and
- (b) the base of excess gas-fired generation is a function of the rapid transition to renewable generation.

In summary, gas-fired generation capacity which used to be necessary in larger amounts for baseload before renewables became such a large part of the generation mix, today operates at an average load factor of c.30% with the fleet rarely required to generate at more than 20GW. A 30% load factor is not economically sustainable, and the Manager expects a portion of the gas-fired generation fleet to decommission over the coming years as increasing amounts of renewable generation commissions.

This will create a more volatile power price as highly-priced flexible generation, including ESS, sets the peak price of the day more often. In the meantime, 'mid-priced' gas-fired generation sets the price all too often.

Other technical challenges created by a system with less baseload generation on it includes:

- (a) increased levels of Reactive Power which occurs when the overall flow of electricity on the grid falls to low levels and can occur when there is high renewable generation at times of low demand;
- (b) low system inertia; and

- (c) system constraints which relate to bottlenecks in the physical network due to electricity being generated in one place (e.g. wind power in northern Scotland) needing to be transmitted to be consumed elsewhere.

National Grid has published Stability Pathfinders to guide stakeholders as to where the requirements are expected and may provide certain ESS Projects with additional revenue opportunities.

In summary, the ESO is currently doing a lot of balancing gas-fired generation which it achieves by regulating CCGTs up and down in the Balancing Mechanism. While effective, it is becoming increasingly expensive to curtail ever-larger amounts of renewables to dial up gas; £718m was spent by the ESO between March and July 2020, up 39% year on year.

In order to mitigate these costs, and to confirm the expectation that batteries would be more cost-effective than gas-fired generation in balancing the system, since May 2020, the ESO has trialled the use of ESS in the Balancing Mechanism via the BM Reserve a service currently used for the procurement of gas fired generation hours in advance (as they are not dispatchable at short notice like gas peakers or pumped hydro for example).

The ESO has been running this trial because it has so far struggled to use batteries effectively as it has not known their likely availability ahead of time, as their state of charge at the time they might be needed might not be at the correct level. However, allowing ESS into the BM Reserve makes batteries available hours in advance allowing the ESO to use batteries in lieu of gas-fired generation. The trial has shown that batteries are indeed more cost-effective, as gas peakers need warming up and up-regulating (to typically 50 to 60% of peak load) to become flexible, while ESS don't require either, which in turn also avoids the costly curtailment of renewables.

A successful conversion of this trial would see a significant increase in the use of batteries, as the BM Reserve frequently procures 2-3GW of gas capacity.

7. Summary of revenue sources that ESS can earn

In summary, ESS Projects can earn revenues from:

- (a) Frequency response services
- (b) Wholesale market trading
- (c) Balancing Mechanism
- (d) BM Reserve (subject to the trials being seen as successful)
- (e) Other services based on National Grid's Stability Pathfinders

8. Once the generation matrix is right-sized, the need for ESS increases significantly

Once the developments described above come to fruition, and in particular as offshore wind projects come online, the need for flexible generation has the potential to increase sharply. The amount of batteries required can be determined by the amount of oversupply that renewables might create. By 2025, without any meaningful construction of ESS, an estimated 10GW of over-generation (and thus curtailment that would be required) is expected to occur frequently⁴. This compares with an installed base of ESS Projects of c.1.1GW⁵ demonstrating the significant under-penetration of this sector.

9. Batteries as the core of ESS Projects

The lithium-ion batteries utilised in, and functioning as the core component of ESS Projects, can store and then discharge power almost immediately upon receiving the signal to do so and, depending on their size, batteries can continue to provide or absorb power for extended periods of time. The longer the requirement to sustain the power generated or imported, the larger the battery required and the

⁴ Source: GHAM

⁵ Source: GHAM

greater the cost. The length of time that a battery would be required in an ESS Project is currently unlikely to exceed a few hours at a time on any given day.

All but 20MW of the ESS projects owned by the Company are solely powered by batteries, importing and exporting into the National Grid, with no power generated locally.

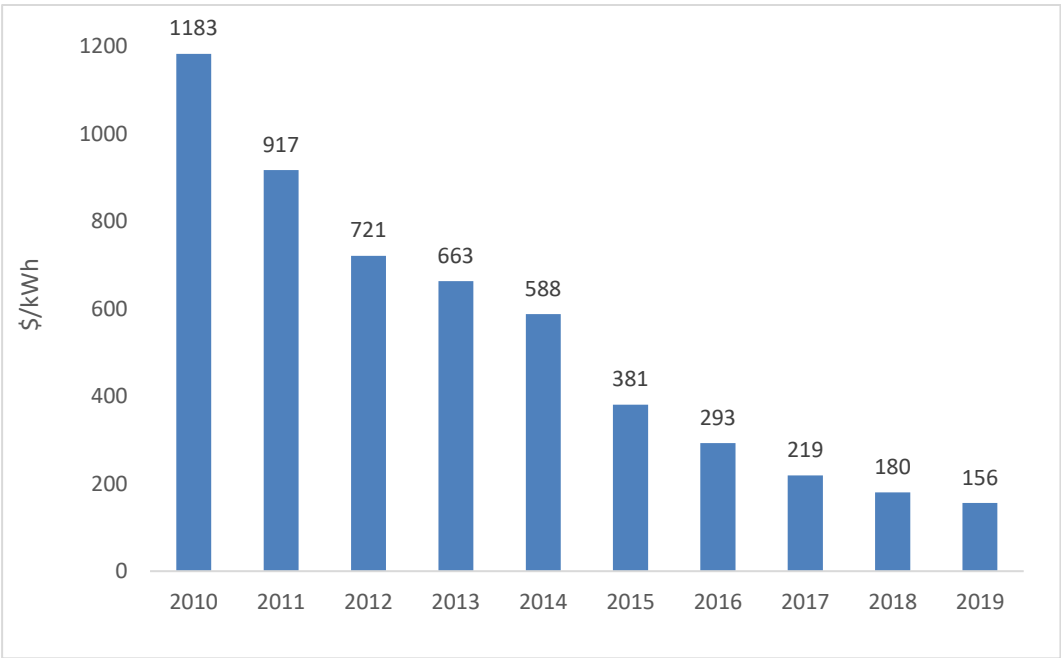
Batteries provide direct current which is converted to alternating current by inverters before being fed to the National Grid.

Batteries are produced in modular sizes which are installed in specialised battery racks that are themselves installed in standardised shipping containers. The containers contain fire suppression systems and air conditioning units to maintain temperatures ideal for the operation of the batteries, and to maintain batteries within parameters required to validate the equipment warranties.

The entire configuration is managed through a control system that monitors the state of charge of the batteries, the condition and availability of other equipment, the frequency on the National Grid, processes instructions from remotely located traders and ensures that all activity is carried out without breaching the operational parameters of the components and the equipment warranties.

Lithium-ion batteries, in the Manager’s view, are currently the most competitive and appropriate technology to provide flexibility to the National Grid due to their low cost and ability to import and export which are equally important as renewable penetration increases.

Battery Cell Price Survey



Source: Bloomberg New Energy Finance

The Manager estimates that the cost of battery cells will represent c.30% of an ESS Project valuation going forward.

In the Manager’s view, the price downtrend shown above is likely to continue to become shallower due to thin product margins for battery manufacturers and limits of innovation but, combined with manufacturing gains over a long period of 10 years or longer, battery cell pricing may decrease substantially over the next decade.

PART 5: PORTFOLIO, PIPELINE AND VALUATIONS

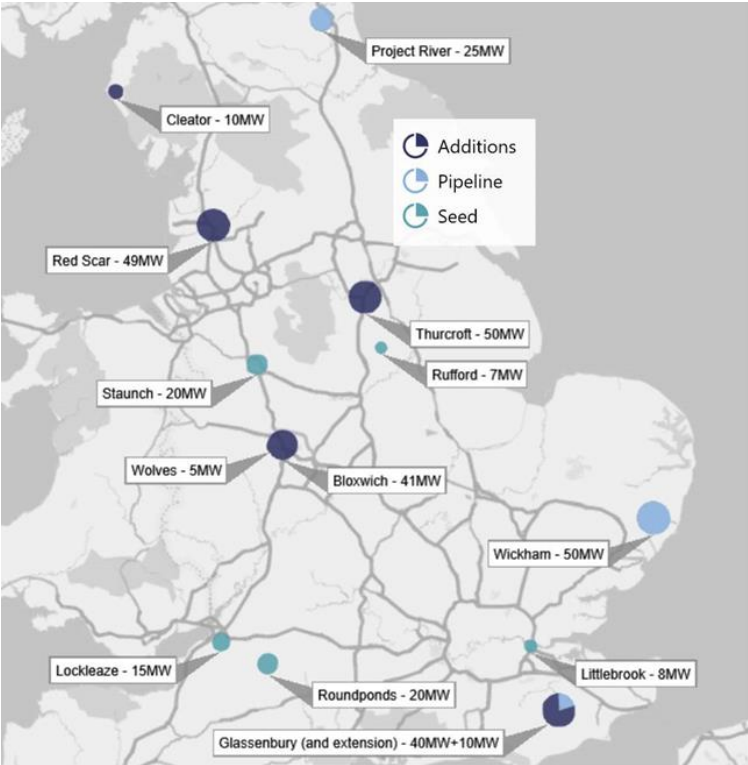
1. Portfolio Overview

The existing Portfolio and the ESS Projects the Company currently expects to acquire or expand in 2020 are set out in the following table*:

Existing assets	Location	Capacity (MW)	Battery Size (MWh)	Site type	Acquisition date
Staunch	Staffordshire	20	4.0	Battery and generators, 0.5MW import	14 Nov 2018
Rufford	Nottinghamshire	7	9.5	Battery and generators, symmetrical	14 Nov 2018
Lockleaze	Bristol	15	22.1	Battery, symmetrical	14 Nov 2018
Littlebrook	Kent	8	7.5	Battery, symmetrical	14 Nov 2018
Roundponds	Wiltshire	20	25.8	Battery and generators, 10MW import	14 Nov 2018
Wolverhampton	West Midlands	5	7.7	Battery, symmetrical	1 Aug 2019
Glassenbury	Kent	40	22.1	Battery, symmetrical	13 Dec 2019
Cleator	Cumbria	10	5.9	Battery, symmetrical	13 Dec 2019
Red Scar	Lancashire	49	74.3	Battery, symmetrical	31 Dec 2019
Bloxwich	West Midlands	41	41.0	Battery, symmetrical	3 July 2020
Thurcroft	South Yorkshire	50	75.0	Battery, symmetrical	30 Oct 2020
Wickham Market	East Suffolk	50	73.9	Battery, symmetrical	Expected to be November 2020
Project River	Tyneside	25	14.3	Battery, symmetrical	Expected to be end of 2020
Glassenbury B	Kent	10	10.0	Battery, symmetrical	N/A
Total		350	393.1		

* The capacities listed are rated capacities at beginning of life and that operation capacity will vary during the life of the project. Degradation is dependent on usage profile and battery size and will vary from site to site.

Geographically, the existing Portfolio, the ESS Projects the Company currently expects to acquire, and the Glassenbury B project which is in an advanced state of construction and is owned by the SPV that owns the Glassenbury project, are shown on the map below:



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 Q2 2021.

2. New Pipeline

A description of the New Pipeline is set out in paragraph 5.3 of Part 3 (*The Company*) of this Registration Document.

3. Valuations and Net Asset Value since IPO

The Company’s assets consist of: shares in Holdings which in turn owns wholly owned SPVs; loans to these SPVs; and loans to SPVs not owned by the Group that own projects under construction. The wholly-owned SPVs own the underlying ESS Projects described in the Portfolio Overview section and are valued using a Discounted Cash Flow methodology, whilst loans are valued on a cost basis.

The Manager maintains a consolidated financial model that allows it to review and modify the underlying assumptions relating to macroeconomic variables, the UK electricity market, and the operational and financial performance of the assets. The Manager relies on third-party market forecast information for assumptions relating to the UK electricity market.

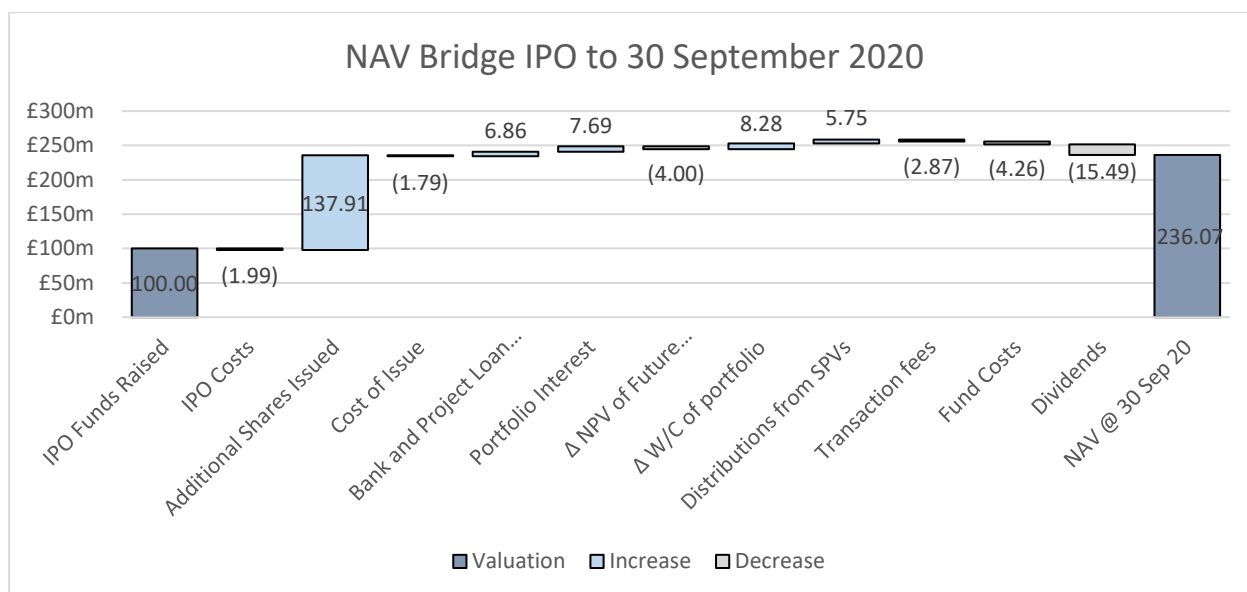
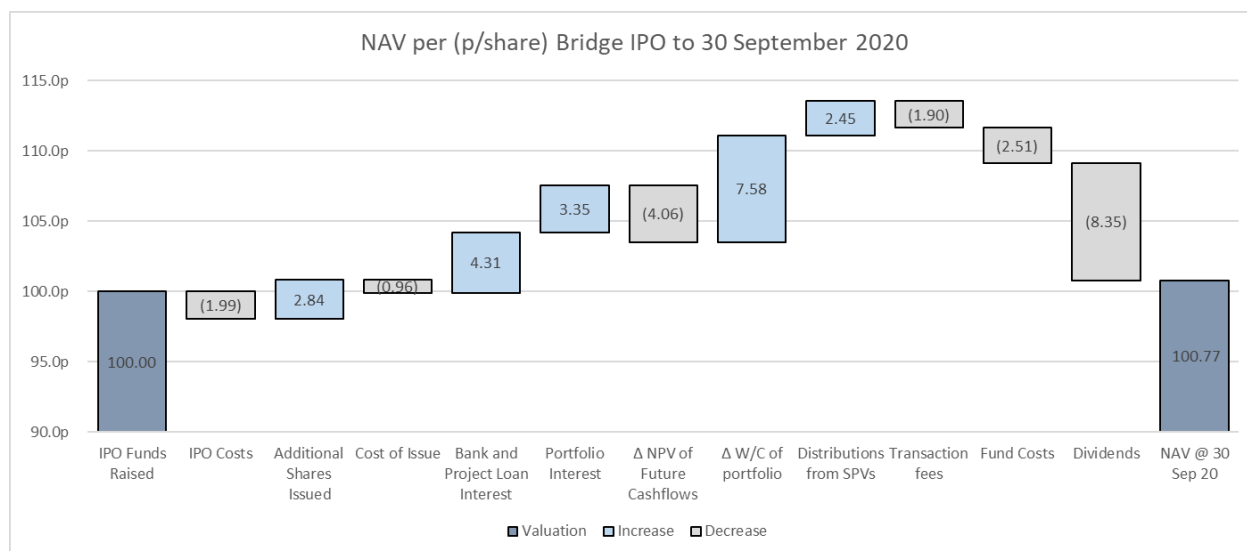
At the end of each quarter, the Manager updates the financial model using a revised set of assumptions and calculates the new value for the Net Asset Value. This is then presented to the Board.

A key variable used to determine the NAV is the weighted average discount rate used to calculate the Net Present Value of the cashflows the assets are expected to produce over their lifetime.

Excluding the recent acquisitions which are valued at cost, the weighted average discount rate on projects has fallen since the Company's first set of assets were acquired at the time of the IPO from 11.9% to 10.75% as at 30 September 2020. This reflects the reduced risk to the Portfolio from certain revenue sources such as Capacity Market and FFR revenues.

NAV per Ordinary Share bridge – IPO to 30 September 2020

Between the completion of the IPO and 30 September 2020, the NAV per Ordinary Share rose from 98.0 pence to 100.77 pence. The bridge between the two valuations, on a price per share and total value basis, is shown in the charts below.



Several factors have contributed to the trajectory of the NAV from IPO to 30 September 2020.

- The Company has paid a total of 9.75p in dividends, 4.5p for the period ending 31 December 2019 and 5.25p for the period from 1 January 2020 to 30 September 2020.
- The weighted average discount rate on projects has fallen since the Company's first set of assets were acquired at the time of the IPO from 11.9% to 10.75% as at 30 September 2020.

- There have been changes in third-party market expectations and revenue forecasts used for valuations.
- The Company has acquired new ESS Projects.
- Various costs such as IPO costs, transaction fees and fund costs have impacted NAV.
- The issuance of additional Shares and the delay between that issuance and the deployment of the proceeds from that issuance.

PART 6: TRACK RECORD

1. Investment Performance

The Company has performed well in the first half of 2020 and currently expects to distribute 7.0p per Ordinary Share in 2020. It further anticipates that this dividend level will be fully covered during 2021.

The Company was pleased to announce a dividend of 1.75p for the period from 1 July 2020 to 30 September 2020 to be paid on 11 December 2020. Combined with the 1.75p dividend paid on 12 June 2020 and 1.75p paid on 25 September 2020, the Company paid dividends of 5.25p in relation to H1 2020 in line with the 2020 dividend target stated above.

The Ongoing Charges Figure ("OCF") for the Company for the period to 31 December 2019 was 1.43%. For the six month period ended 30 June 2020 the OCF reduced to an annualised rate of around 1.3% representing economies of scale as the Group has expanded. No material changes are currently expected to this figure.

Absolute Returns

	Start date	End date	GRID Return	NAV	Total	GRID Share Total Return	Price	FTSE All Share Total Return
Since IPO	12-Nov-18	30-Sep-20	11.17%			21.21%		-8.92%
YTD	1-Jan-20	30-Sep-20	4.39%			9.05%		-19.92%
Q3	1-July-20	30-Sep-20	4.41%			4.82%		-2.92%

Annualised Returns

	Start date	End date	GRID Return	NAV	Total	GRID Share Total Return	Price	FTSE All Share Total Return
Since IPO	12-Nov-18	30-Sep-20	5.78%			10.75%		-4.84%

2. Operational Performance

From the beginning of 2020, the operational capability of the Portfolio has broadened from FFR to full asset optimisation. This allowed projects to trade in the wholesale market as well as offering frequency response services, following the upgrades to both battery capacity and grid connections. Application Programming Interface ("API") software upgrades now allow the sites to be remotely controlled by the asset optimisers (traders) appointed to trade the sites.

Trading was anticipated to be the main activity from the start of 2020, but, due to favourable pricing available in ancillary services, the sites have benefited from winning contracts in the monthly and weekly FFR auctions and the new Dynamic Containment project.

The trading capability continues to expand among traders appointed by the Group. Most traded in either the wholesale market or in the Balancing Mechanism until recently. However, via one of two mechanisms offered by National Grid, projects are now able to trade in the Balancing Mechanism as well as the wholesale market in a complementary fashion. Results during Q3 have been encouraging, and the Manager expects this to have a positive impact on trading performance going forward.

Thus far, the Project Companies in the Portfolio have contracted with the following parties ("Asset Optimisers"):

- EDF Energy in respect of Littlebrook and Rufford
- Flexitricity in respect of Staunch and Thurcroft

- Habitat Energy in respect of Roundponds, Lockleaze, Wolverhampton and Red Scar
- Arenko in respect of Bloxwich

Trading performance is a function of the volatility in electricity pricing available in the electricity market, whether in the wholesale market or the Balancing Mechanism, and the abilities of the Asset Optimisers responsible for these ESS Projects to convert this volatility into revenues for these ESS Projects.

The key feature of trading electricity from physical batteries is that trades are inherently profitable; the Asset Optimisers commit the ESS Projects to sell and buy power at levels that generate profit only with capacity that is available in the relevant battery. This results in daily losses being rare and weekly or monthly losses are not expected to occur.

It is also positive to observe that the distribution of returns has thus far been within a fairly narrow range on a monthly basis. With limited concerns about the potential for losses or the volatility of monthly revenues, the Manager continues to focus on achieving the highest absolute level of performance possible by working on high operational availability and selecting the best asset optimisation strategy which will be used to identify increasingly reliable forecasts for the Company.

As part of the Manager's ongoing evaluation of the market, if FFR pricing can, at times, be achieved at rates which exceed the opportunity cost of trading then the Group may see FFR (or similar ancillary services) comprise a larger percentage and achieve higher contracted revenue values. This scenario is given impetus by events such as the blackouts in August 2019 and challenges faced by National Grid during the COVID-19 related lockdown of 2020, which could see the National Grid procuring more frequency response capacity (in MW), as well as other services such as dynamic containment, which has been rolled from October 2020.

The Manager continues to look for additional revenue opportunities, such as services to address reactive power, constraint management, black start (used during blackouts) and private wire opportunities, connecting locally to users or generators of power. None of these are factored into any business model projections at this stage but all present future opportunities and services for the Manager to evaluate on behalf of the Company.

PART 7: FINANCIAL INFORMATION

1. Financial reports

The audited annual financial statements of the Company are drawn up in pounds Sterling and prepared in accordance with the IFRS and the AIC SORP. Financial statements prepared by the Company in accordance with IFRS and AIC SORP will include a statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, related notes and any additional information that the Board deems appropriate or that is required by applicable law.

The Company's annual report and financial statements are prepared up to the Company's accounting reference date, 31 December, each year and copies will be sent to Shareholders within four months of the year end.

An unaudited interim report and condensed financial statements covering the six months to 30 June in each year will be published within three months of that date.

In accordance with the AIFM Rules, Gresham House will ensure that the following information in relation to the Portfolio is published in the Company's annual report and audited accounts:

- (a) the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangements for managing the liquidity of the Company;
- (c) the current risk profile of the Company and the risk management systems employed by Gresham House to manage those risks;
- (d) any changes to the maximum level of leverage which Gresham House may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement. The Company will, in addition, notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via an RIS; and
- (e) the total amount of leverage employed by the Company.

2. Documents incorporated by reference

The relevant financial information in the financial statements in the following published annual and interim report and accounts of the Company, available free of charge in electronic format on the Company's website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc, is incorporated by reference in the Registration Document:

- (a) the financial statements in the audited annual report and accounts of the Company for the period ended 31 December 2019 (the "**2019 Annual Report**"), containing the audited financial statements of the Company for that period together with the Auditor's report; and
- (b) the condensed financial statements in the unaudited interim report and accounts of the Company for the period from 1 January 2020 to 30 June 2020 (the "**2020 Interim Report**").

3. Cross-reference list

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference in this Prospectus.

	2019 Annual Report	2020 Interim Report
Statement of comprehensive income	53	29
Statement of financial position	54	30
Statement of changes in equity	55	31
Statement of cash flows	56	32

Accounting policies	57-60	33-34
Notes to the financial statements	57-76	33-50
Audit report	49-52	N/A

The audit opinion provided by the Company's auditor BDO, in respect of the annual financial statements set out in the 2019 Annual Report incorporated by reference in this document has not been qualified. BDO is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales. BDO is the only firm to have undertaken any audit work in relation to the Company.

Where this document makes reference to other documents, such other documents are not incorporated into and do not form part of this document. The parts of the annual reports which are not incorporated into and do not form part of this document are either not considered relevant for prospective investors for New Shares or are covered elsewhere in the document.

Investors should note that statements regarding current circumstances and forward-looking statements made in the documents referred to above speak as at the date of the relevant document and therefore such statements do not necessarily remain up-to-date as at the date of this Registration Document.

4. Significant change in financial position

Save for the (i) interim dividend of 1.75p per Ordinary Share announced on 1 September 2020 in respect of the 3 month period ending 30 June 2020 and resulting in a cash distribution of £4,099,736.37 paid on 25 September 2020; (ii) closing of the Bond Offering and BSIF Bond announced on 14 October 2020 raising aggregate proceeds of £15 million; (iii) interim dividend of 1.75p per Ordinary Share announced on 27 October 2020 in respect of the 3 month period ending 30 September 2020 and resulting in an estimated cash distribution of £4,099,736.37 to be paid on 11 December 2020 and (iv) the £20.1 million investment to acquire the Bloxwich project that the Company made on 3 July 2020 and the £32.5 million (plus up to £0.75 million of deferred contingent consideration) investment to acquire the Thurcroft project that the Company made on 30 October 2020, there has been no significant change in the financial position of the Group since 30 June 2020, being the end of the last financial period for which financial information has been published (such financial information being unaudited).

PART 8: DIRECTORS, MANAGEMENT AND ADMINISTRATION

1. The Board

The Directors, all of whom are non-executive and all of whom are independent of Gresham House, are responsible for the determination of the Investment Policy and the supervision of the implementation of such policy. The Board currently consists of:

John S. Leggate CBE, FREng – *(Chair and Independent Non-executive Director)*

John is highly experienced as an energy sector executive and is a venture investor in the “clean tech” and digital technologies. In his early career, John worked in the power generation business (coal, oil, nuclear) and then in BP where his breadth of experience covers project management, construction, commissioning and field operations with a focus on the North Sea and Azerbaijan.

The last ten years of John’s BP career were spent at corporate executive level in various roles covering:

- (a) Group Chief Information Officer. This involved leading significant integration and transformation programmes associated with the BP merging campaign with Amoco, Arco, etc. and the digital transformation of the corporation.
- (b) Group wide supply chain management. This included leading strategic relationship development, significant outsourcing and offshoring agendas to India, China and South Korea.
- (c) Group wide physical and cyber security.
- (d) Lead the development of corporate investment activity into the digital enablement of the corporation.

Since leaving BP John has been active as a Senior Advisor to “blue chip” global consultants specialising in the areas of energy and digital transformation. He is an investor and on the board of cyber security firm Global Integrity in Washington DC.

John is also a Senior Adviser with donedeal (Monaco) a boutique financial advisory and M&A house covering strategic reviews, preparation for fund raising and running transactions process. John was on the board of the ASX listed Carnegie Clean Energy (for over 6 years) and resigned in December 2017.

John also serves on the Enterprise Committee of the Royal Academy of Engineering in London.

Duncan Neale – *(Audit Committee Chair and Independent Non-executive Director)*

Duncan Neale is a CFO & Finance Director with over twenty years of commercial experience working for both publicly listed and privately-owned companies. Duncan is a Fellow of the Institute of Chartered Accountants and qualified with Price Waterhouse in London. Early in his career he was part of the senior management team that turned Corona Energy from a gas trading business into the largest independent supplier of gas to UK businesses. He has been involved in M&A in the power sector, as a CFO of a team bidding for thermal power stations. More recently he spent some years as Finance Director of Belltown Power, an operator of renewable energy sites (covering hydro, solar & wind) which has a portfolio of 215 MW. He is a Trustee of Cambodian Children’s Fund UK.

Catherine Pitt – *(Nomination Committee Chair and Independent Non-executive Director)*

Cathy Pitt is a legal adviser who has specialised in the investment company sector for over 20 years. Cathy is currently a consulting Partner at CMS, a top global law firm. Prior to this, she worked in the asset management practice of another top global law firm for almost 20 years, 8 of which as a Partner.

Cathy’s work has encompassed investment fund structuring and fundraising for domestic and international investment funds. Cathy is also a member of the Law Society Company Law Committee and sits on the Regulatory and Governance Committees of LPeC, the industry association for listed private capital funds.

David Stevenson – (Remuneration Committee Chair and Independent Non-executive Director)

David Stevenson is a financial journalist and commentator for a number of leading publications including The Financial Times (the Adventurous Investor), Investment week (The contrarian), Money Week and the Investors Chronicle. He is also executive director of the world's leading alternative finance news and events service www.altfi.com, which focuses on covering major trends in marketplace lending, crowdfunding and working capital provision for small to medium sized enterprises. David is the author of a number of books on investment including the bestselling book on ETFs and their use within portfolios in Europe for the FT. Before founding AltFi David was a director at successful corporate communications business The Rocket Science Group and before that a senior producer in business and science in BBC TV. He is also Chair of Secured Income Investment Trust PLC and a non-executive director of Aurora Investment Trust PLC.

2. Corporate governance

2.1 Compliance

The Board is committed to high standards of corporate governance and has made arrangements to enable the Company to comply with the AIC Code or as otherwise disclosed from time to time. The Company is a member of the AIC and by reporting against the AIC Code the Company meets its obligations in relation to the Corporate Governance Code.

The AIC Code is available on the AIC's website, www.theaic.co.uk. The UK Code is available in the Financial Reporting Council's website, www.frc.org.uk.

In the current financial year to date, the Company has complied with the recommendations of the AIC Code and thus the relevant provisions of the Corporate Governance Code, except that the Company has not appointed a Senior Independent Director.

The Company has not appointed a Senior Independent Director as the Board considered this to be unnecessary as the function of a Senior Independent Director is performed by all of the Directors in their support for the Chair and their availability to engage with Shareholders on key issues. The Board will review this requirement during the course of the year.

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there are no requirements for an internal audit function. The Board reviews annually whether a function equivalent to an internal audit is needed and it monitors its systems of internal controls in order to provide assurance that they operate as intended.

2.2 Board independence, composition and tenure

The Board currently consists of four non-executive Directors. It is chaired by John S. Leggate CBE who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role. The Board has full Board meetings quarterly and, in addition to this, meets or communicates regularly to address specific investment issues. The Board receives information about the Company's performance of assets and liabilities and other relevant information in advance of Board meetings. The Directors' biographical details, set out in paragraph 1 of this Part 8 (*Directors, Management and Administration*), demonstrate a breadth of investment, commercial and professional experience. The Directors review their independence annually.

The Directors were all re-elected by shareholders at the AGM held on 30 June 2020. The Directors stand for election by shareholders at each AGM. Given its non-executive nature, the Board does not think it is appropriate for the Directors to be appointed for a specified term as recommended by the Corporate Governance Code.

The Chair regularly reviews the training and development needs of each Director. The Directors' appointments will be reviewed formally every three years by the Board. Any Director may resign in writing to the Board at any time. The Board will also receive regular briefings from, amongst others, the Company's auditor and company secretary regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

2.3 Audit Committee

The Audit Committee usually meets at least twice per year. It comprises the entire Board including the Chair and is chaired by Duncan Neale. The Audit Committee is responsible for the review of the annual report and the interim report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration, independence and the provision of any non-audit services by them.

The Audit Committee will review the need for non-audit services and authorise such on a case by case basis.

The Audit Committee will meet representatives of the Administrator and Company Secretary, Gresham House and their compliance officers who will report as to the proper conduct of business in accordance with the regulatory environment in which the Company and the Administrator and Company Secretary operate. The Auditor will also attend the Audit Committee at its request and report on its work procedures, the quality and effectiveness of the Company's accounting records and its findings in relation to the Company's statutory audit. The Company will meet with the auditor, without representatives of the Administrator and Company Secretary or Gresham House being present, at least once a year.

2.4 Management Engagement Committee

The Management Engagement Committee meets at least once per year. It comprises the entire Board and is chaired by John S. Leggate CBE. The Management Engagement Committee is responsible for the regular review of the terms of the AIFM Agreement, the Administration Agreement, the Depositary Agreement and other service providers' agreements and the performance of Gresham House, the Administrator and Company Secretary and the Depositary and also the Company's other service providers.

2.5 Nomination Committee

The Nomination Committee consists of all of the Directors and is chaired by Cathy Pitt. The Nomination Committee will meet at least once a year or more often if required. The Nomination Committee is responsible to ensure that there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board, to lead the process for Board appointments and make recommendations to the Board. The Nomination Committee is to assist the Board in ensuring its composition is regularly reviewed and refreshed so that it is effective and able to operate in the best interests of Shareholders; and in doing so, the Nomination Committee shall work and liaise with other Board committees, as appropriate.

2.6 Remuneration Committee

The Remuneration Committee consists of all of the Directors and is chaired by David Stevenson. The Remuneration Committee will meet at least once a year or more often if required. The Remuneration Committee assists the Board to fulfil its responsibility to Shareholders to ensure that remuneration policy and practices of the Company reward directors fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

3. Management of the Company

3.1 The Manager and an overview of the Gresham House Group

Investment management services are provided to the Company by Gresham House Asset Management Limited. The Manager is a company incorporated in England and Wales on 18 February 2015 with unlimited life and whose registered office is 5 New Street Square, London, United Kingdom EC4A 3TW with registered number 09447087 and LEI number 213800SVP9REWU81WT76. The Manager is authorised and regulated by the FCA, with firm reference number 682776.

The Manager forms part of the Gresham House Group and is a wholly owned subsidiary of Gresham House plc.

Gresham House plc is a London Stock Exchange quoted specialist alternative asset manager offering funds, direct investment and tailored investment solutions, including co-investment, across five highly differentiated alternative investment strategies; New Energy and Sustainable Infrastructure,

Forestry, Housing, Public Equity and Private Assets. As at 30 June 2020, the Gresham House Group had assets under management of £3.3bn, of which £0.75bn related to its New Energy and Sustainable Infrastructure division.

- (a) **New Energy and Sustainable Infrastructure** – Generates sustainable financial returns while supporting the shift from finite resources to a clean energy world. Key focus on yield and capital preservation through the three key leading transformative technologies – solar power, electric transportation and energy storage.
- (b) **Forestry** – Provides diversification, alongside asset backing and inflation linkage. A longer investment view is commensurate with this strategy. However, the diverse portfolio of high quality forests in the UK ensures a spread of ages of the trees which can provide a regular income yield in a tax efficient manner.
- (c) **Housing** – Targets investing in the underlying ‘real’ assets of socially responsible housing (portfolios of shared ownership, retirement and Local Authority housing).
- (d) **Public Equity** – Invests in UK and European smaller public and private companies, to capitalise on inefficiencies and dislocations in pricing in the market which provide opportunities for superior long-term investment returns.
- (e) **Private Assets** – Invests in private assets and companies and funds to achieve absolute returns, principally through capital gains supplemented with the generation of a longer-term income yield.

Incorporated in 1857, Gresham House plc is one of the oldest companies in London still operating today. In December 2014, a new management team set out to transform the former property-focused investment trust into a specialist asset management business.

3.2 Biographies of the relevant Investment Personnel

In respect of the Company the key members of Gresham House’s management team are:

Rupert Robinson, Managing Director of Gresham House

Rupert Robinson has been the Managing Director of Gresham House Asset Management Ltd since September 2015. Before joining the Gresham House Group, Rupert was CEO and CIO of Schrodgers (UK) Private Bank for 11 years and prior to that spent 17 years at Rothschild where he was latterly Head of Private Clients at Rothschild Asset Management. Rupert has a proven track record of delivering significant value to shareholders. He has over 31 years of experience in asset management, private banking and wealth management, focusing on product innovation, investment management, business development, banking and wealth structuring. He is a member of the BSIF Group Management and Investment Committees.

Ben Guest, Lead Fund Manager

Ben Guest has been Managing Director and Head of the Gresham House New Energy division since November 2017. In addition to being lead Fund Manager of the Company, he is also Fund Manager for BSIF. Ben started his fund management career at Lazard Asset Management in 1994 and worked there for nine years. He founded Hazel Capital (now forming part of the Gresham House New Energy division) in April 2007, serving as Managing Partner and Chief Investment Officer.

He is responsible for the origination and execution of investment opportunities alongside ongoing portfolio management. Prior to founding Hazel Capital, he was a co-founder of Cantillon Capital, where he managed a \$1bn equity hedge fund focused on global technology, media and telecom. Until November 2018, Ben was the non-executive chairman of Oxis Energy, a UK-based advanced battery technology company. He has 26 years of investment experience and holds a BEng in Mechanical Engineering from Imperial College.

Bozkurt Aydinoglu, Investment Director

Bozkurt Aydinoglu joined Hazel Capital in 2008 as a Partner and Portfolio Manager. He co-manages the Gresham House New Energy venture capital trusts and sources and executes new opportunities, covering transaction negotiation, due diligence and contract negotiation. He dedicated the early part

of his career to funding and advising companies in the telecommunications and technology industries, whilst in roles at Nomura, Salomon Brothers, Bowman Capital and Deloitte & Touche. In 2002 he co-founded and built New Energy Finance (“**NEF**”), which became the leading provider of data, research and analysis to investors in the global cleantech industry. NEF was acquired by Bloomberg in December 2009.

He has 25 years’ principal investment, advisory and business-building experience in the clean energy, telecommunications and technology industries, and holds an MSc in Electrical Engineering from Imperial College London.

Gareth Owen, Investment Director

Gareth Owen has been an Investment Director at Gresham House since November 2017. He joined the Gresham House Group following its acquisition of Hazel Capital where he was a Partner. Gareth is responsible for executing investments, particularly acquisitions, disposals and limited recourse financings of pre-and-post commissioned renewables projects. Prior to joining Hazel Capital, he worked at Barclays Capital from 2001 to 2009, latterly as a Vice President for Barclays Natural Resource Investments, a c.US\$1.5bn captive private equity fund investing in natural resources and renewable energy. Prior to that, he worked in the Structured Capital Markets divisions of Barclays Capital and Deutsche Bank, handling the acquisition and disposal of various asset-based companies. He started his career in infrastructure project finance at NatWest Markets, advising on and financing a number of Private Finance Initiative (PFI) / Public Private Partnership (PPP) projects. Gareth has over 20 years of experience and holds an MSc in Engineering Project Management and a BEng in Civil Engineering, both from the University of Manchester, and an MBA from Imperial College Business School.

3.3 Investment Process

Gresham House is responsible for sourcing and managing the investment process for new acquisitions. Gresham House sources potential acquisitions through the network it has built over the years spanning project developers, EPCs and other investors, as well as by way of the Framework Agreement until September 2022.

GHNE is responsible for developing the ESS Projects acquired by the Company and for the day-to-day operation and optimisation of the ESS Projects.

The Company has and may in the future invest in ESS Projects in which the Manager or another member of the Gresham House Group or an employee of the Gresham House Group has developed, and/or is invested, or which is operated or advised by the Manager or another member of the Gresham House Group or which has been offered to the Manager or a member of the Gresham House Group under the terms of the Framework Agreement. In order to manage conflicts of interest between the Company and the Manager, the following protocol is followed in respect of any such investment by the Company:

- (a) the Board and the Manager will ensure that the Company and the vendors of the relevant ESS Projects (which may be members of the Gresham House Group and Noriker) are separately advised;
- (b) each ESS Project to be acquired will be independently valued pre-acquisition;
- (c) the Company’s advisers shall report directly to the Board regarding the acquisition and provide details of any risks that the acquisition might have in relation to the Company in sufficient time, such that the Board may consider and interrogate the reports in advance of any proposed acquisition;
- (d) if any of the risks identified by the Company’s advisers are items that would fall within the investment restrictions, or not meet the requirements of the investment policy, the Manager shall ensure that the vendors address those risks at their own cost and then, once those risks are addressed, the Manager shall re-present the ESS Project to the Company and its advisers to undertake the steps in paragraph (b) and (c) above; and

- (e) an investment in an ESS Project in which the Manager or any member of the Gresham House Group has an interest, may not complete without the Board having approved the terms of the acquisition, including the price at which the ESS Project is to be acquired.

All Project Companies are currently held, and it is intended that all ESS Project Companies acquired in the future will be acquired by Holdings. Holdings may not proceed with any acquisition of an ESS Project Company unless it has complied with the Investment Policy and guidelines, the restrictions in the AIFM Agreement in relation to related party acquisitions, and obtained approval of its sole shareholder, the Company.

Further information relating to the Manager's policy with regards to conflicts of interest is set out in paragraph 4 of this Part 8 (*Directors, Management and Administration*).

3.4 AIFM Agreement

Under the terms of the AIFM Agreement, Gresham House provides alternative investment fund management services to the Company, and is entitled to receive from the Company, in respect of the services provided under the AIFM Agreement, a fee as described in further detail below at paragraph 1 of Part 9 (*Fees and Expenses*) of this Registration Document.

The Manager, under the terms of the AIFM Agreement, is responsible for:

- (a) discretionary investment management of the Portfolio, having complete power to invest, realise and reinvest all funds and securities for the account of the Company, in accordance with the Investment Policy, provided that any investment by the Company in an ESS Project in which the Manager or another member of the Gresham House Group or an employee of the Gresham House Group has developed, and/or is invested, or which is operated or advised by the Manager or another member of the Gresham House Group will be subject to the protocol described in paragraph 3.3 of this Part 8 (*Directors, Management and Administration*) of this Registration Document;
- (b) analysing the performance of the investments held in the Portfolio and advising the Company generally in relation to investment trends and all other matters likely, or which might reasonably be considered likely, to affect the Investment Policy;
- (c) devoting such time and having all necessary competent personnel and equipment as may be required to enable it to carry out its obligations under the AIFM Agreement properly and efficiently;
- (d) provision of risk management services as required by the AIFM Rules, including the implementation of risk management policies to identify, measure, manage and monitor the risks that the Company is or might be exposed to and ensuring that the Company's risk management policy and its implementation of the same comply with the AIFM Rules;
- (e) assisting the Company to appoint a depositary authorised by the FCA and to ensure that the assets of the Company are entrusted to the Depositary or any delegate of the Depositary for safekeeping in accordance with the AIFM Rules and providing the Depositary with all information required to enable the Depositary to comply with its obligations under the AIFM Rules in respect of the Company;
- (f) ensuring that the disclosures required to be made in respect of the Company under the AIFM Rules are made;
- (g) ensuring the Portfolio is valued in accordance with the AIFM Rules;
- (h) upon written instructions from the Company, using all reasonable endeavours to satisfy the conditions set out in the AIFM Regulations (or the equivalent in the relevant EEA jurisdictions), if and to the extent required to market the Shares to EEA investors in any EEA State into which the Company intends to market;
- (i) producing and publishing quarterly factsheets, which will include information on the Company's performance, holdings and investment activity;

- (j) being responsible for any records that the Company is required to maintain under FSMA and the AIFM Rules;
- (k) providing such advice and assistance to the Board as it may reasonably request, including management and financial information;
- (l) providing such information to the Administrator and Company Secretary as it reasonably requests, and at such times and with such frequency as it shall reasonably request to enable the Administrator and Company Secretary to fulfil its duties under the Administration Agreement; and
- (m) making available in person or by telephone (as may be requested by the Board) the services of an appropriate person to attend meetings of the board quarterly or at such intervals as shall be agreed between Gresham House and the Company and preparing reports or other documents as reasonably requested by the Company in connection with such meetings.

The Manager covers potential professional liability risks resulting from its activities as AIFM by holding professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, in accordance with the AIFM Rules.

The AIFM Agreement may be terminated by the Company or the Manager giving not less than 12 months' written notice.

Either party may terminate the AIFM Agreement by written notice to the other party with immediate effect if the other party shall have a receiver or administrator appointed or if an order shall be made or an effective resolution passed for the winding-up of the other party (save for a winding-up for the purpose of and followed by an amalgamation or reconstruction), which shall include where any Continuation Resolution is not passed by the Shareholders.

The Company may, in addition, terminate the AIFM Agreement by written notice with immediate effect if (i) Gresham House's authorisation to be an alternative investment fund manager is not maintained by it, or is suspended or restricted by the FCA; (ii) Gresham House fails to notify the Company of any investigations by the FCA; (iii) both Ben Guest and Bozkurt Aydinoglu cease to be involved in managing the Portfolio and are not replaced within 180 days by alternative portfolio managers approved by the Company; (iv) if Gresham House causes the Ordinary Shares to be suspended from trading on the Specialist Fund Segment and the suspension of trading is not lifted or the Ordinary Shares are not admitted to trading on another regulated market within 3 months of the date of that suspension or (v) if the Manager fails to enforce (or fails to procure any member of Gresham House Group to enforce) its rights in respect of any breach by the counterparties to the Framework Agreement.

4. Conflicts of interest

Gresham House, the Administrator and Company Secretary, the Registrar, Jefferies, and any of their members, directors, officers, employees, agents and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments and which may affect the amount of time allocated by such persons to the Company's business.

In particular, these parties may, without limitation: provide services similar to those provided to the Company to other entities; buy, sell or deal with assets on their own account (including dealings with the Company); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to assets that are or may be owned directly or indirectly by the Company, but will not in any such circumstances be liable to account for any profit earned from any such services.

Gresham House and its affiliates may be involved with other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. Under the terms of the AIFM Agreement, Gresham House is entitled to carry on business similar to or in competition with the Company or to provide similar services to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Company for its profits, provided that it will take all reasonable steps to ensure that

such business is effected on terms which are not materially less favourable to the Company. However, other than pursuant to the Framework Agreement, neither Gresham House nor any member of the Gresham House Group may (i) act as the manager and/or adviser to or otherwise be actively involved with any new fund, partnership, client, segregated account or counterparty that invests on or after the date of the Framework Agreement in; or (ii) for its own account invest on or after the date of the Framework Agreement in, ESS Projects in Great Britain, Northern Ireland and the Republic of Ireland, without first offering the relevant investment opportunity to the Company.

However, Gresham House or a member of the Gresham House Group may (i) act as the manager and/or adviser to or otherwise be actively involved with any new fund, partnership, client, segregated account or counterparty that invests in; or (ii) for its own account invest in, ESS Projects in Great Britain, Northern Ireland and the Republic of Ireland, in circumstances where the Company is unable to invest in the relevant investment opportunity because it has insufficient resources or the Company is unable to obtain sufficient resources to make the investment or, otherwise, if the Board provides its prior written consent.

At all times Gresham House shall retain sufficient facilities, personnel, experience and expertise necessary to fulfil its obligations under the AIFM Agreement. Gresham House will, at all times, have regard to its obligations to the Company and under the FCA Rules in relation to the identification, management and disclosure of conflicts of interest. Gresham House has a conflicts of interest policy which specifies the procedures that it follows and the measures that it has adopted in order to take all appropriate steps to identify and then prevent or manage such conflicts. In particular, where Gresham House has identified an actual or potential conflict of interest in relation to the services that it provides to the Company it shall take reasonable steps, acting in compliance with applicable law and regulation, to ensure fair treatment of the Company. Where Gresham House believes the arrangements are not sufficient to ensure with reasonable confidence that the risks of damage to the Company will be prevented, it will inform the Directors of the nature or source of the conflict and the steps taken to mitigate those risks. This disclosure shall:

- (a) clearly state that the organisational and administrative arrangements established by Gresham House to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the Company will be prevented;
- (b) include specific description of the conflicts of interest that arise;
- (c) explain the risks that arise as a result of the conflicts of interest; and
- (d) include sufficient detail, taking into account the nature of the Company, to enable the Company to reach an informed decision with respect to the service in the context of which the conflict of interest arises.

Subject to this, and to applicable law and regulation, Gresham House or an associate or their clients may act as principal in a transaction with the Company.

Subject always to the FCA Rules, Gresham House will not, and will procure that its affiliates will not, deal, as principal or agent for a third party, with the Company except where dealings are carried out on normal commercial terms negotiated at an arm's length basis and provided also that:

- (a) Gresham House and any of its affiliates may buy, hold and deal in any investments upon its individual account notwithstanding that similar investments may be held by the Company and without prior reference to the Company; and
- (b) nothing herein contained shall prevent Gresham House or its affiliates without prior reference to the Directors from contracting or entering into any financial or other transaction with any company or body or other person whose shares or securities are held by or for the account of the Company or from being interested in any such contract or transaction.

5. Other key service providers

5.1 Administrator and Company Secretary

JTC (UK) Limited is a private limited company incorporated on 9 October 2001 in England and Wales with registered number 04301763. It is an established administrator whose ultimate parent company

is quoted on the London Stock Exchange and is an independent, award winning provider of fund, corporate and private wealth services to institutional and private clients.

Administrative, company secretarial and other services are provided by the Administrator and Company Secretary. The Administration Agreement may be terminated by either party serving the other party with 6 months' written notice such notice not to be given earlier than the date being 24 months from the date of Admission, or immediately (i) in the event of the winding up of (other than a voluntary liquidation for the purpose of a reconstruction or amalgamation under terms previously approved in writing by the other parties) or such party is unable to pay its debts (ii) if either party commits any material breach of the provisions of the Administration Agreement and shall, if capable of remedy, not have remedied the same within 30 days after the service of notice requiring it to be remedied (in such cases such right of termination lies with the non-defaulting party), or (iii) if the continued performance of the Administration Agreement for any reason ceases to be lawful.

The Administrator and Company Secretary, under the terms of the Administration Agreement, provides among other things the following services:

- (a) company secretarial and administrative services;
- (b) assistance with the implementation of corporate governance and other compliance requirements;
- (c) calculation of Net Asset Value of the Shares;
- (d) maintenance of adequate accounting records and management information;
- (e) preparation of the audited annual financial statements and the unaudited interim report and publication of the same through a Regulatory Information Service;
- (f) assisting with the preparation and submission of VAT returns; and
- (g) provision of certain reporting information to the Depositary and the Manager in order to allow the Depositary and the Manager to carry out their obligations under the Depositary Agreement and the AIFM Agreement respectively.

The register of members of the Company will be maintained by the Registrar and a copy of the register of members will be available to the Administrator and Company Secretary at its registered office being The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF.

5.2 Depositary

INDOS Financial Limited has been appointed as Depositary for the Company under the Depositary Agreement, a summary of which is set out in paragraph 6.3 of Part 10 (*Additional Information*) of this Registration Document. The Depositary is a company incorporated in England and Wales on 16 October 2012 with unlimited life with registered number 08255973 and LEI 213800BJ013VT25C5333, whose registered office is 54 Fenchurch Street, London EC3M 3JY. The Depositary is authorised and regulated by the FCA with reference number 602528.

5.3 Registrar and Receiving Agent

Computershare Investor Services PLC has been appointed as the Registrar to the Company under the Registrar's Agreement. Computershare Investor Services PLC has been appointed Receiving Agent of the Company for the Issue under the terms of the Receiving Agent's Agreement. A summary of each of the Registrar's Agreement and the Receiving Agent's Agreement is set out in paragraphs 6.5 and 6.6 of Part 10 (*Additional Information*) of this Registration Document.

PART 9: FEES AND EXPENSES

1. Gresham House fees

For the provision of alternative investment fund management services under the AIFM Agreement, Gresham House is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (1 per cent. on the first £250 million of Net Asset Value, 0.9 per cent. on Net Asset Value in excess of £250 million and up to and including £500 million and 0.8 per cent. on Net Asset Value in excess of £500 million, exclusive of VAT). The Company also reimburses Gresham House for reasonable expenses properly incurred by Gresham House in the performance of its obligations under the AIFM Agreement.

GHNE receives a nominal fee each quarter for each ESS Project Company under each Management Services Agreement.

In connection with the Bond Offering, the Manager receives an arrangement fee of 1 per cent. of the par value of each series of GRID Power Bonds under the terms of an arrangement fee letter with Holdings.

2. Other service providers

2.1 Administrator and Company Secretary

For the provision of administration services under the Administration Agreement, the Administrator and Company Secretary is entitled to receive an annual fee of £55,000 based on Net Asset Value of up to £200 million and an ad valorem fee of 0.04 per cent. on Net Asset Value in excess of £200 million. In respect of its role as company secretary, the Administrator and Company Secretary is entitled to receive an annual fee of £60,000. For administrative and company secretarial services provided to Project Companies an annual fee of £7,500 per Project Company will be charged by the Administrator and Company Secretary. Additional fees are payable by the Company to the Administrator and Company Secretary on the issuance of New Shares by the Company, on the establishment of Project Companies and transfer of ESS Projects into Project Companies and in respect of any Board, committee or procedural meetings, in addition to the quarterly Board meetings, that may be held from time to time. The Company will also reimburse the Administrator and Company Secretary for disbursements and reasonable out of pocket expenses properly incurred by the Administrator and Company Secretary on behalf of the Company, provided that the Administrator and Company Secretary are required to seek prior approval in relation to any single expense in excess of £200. All fees charged by the Administrator and Company Secretary are charged exclusive of VAT. All annual fees charged by the Administrator and Company Secretary will be subject to an annual increase by reference to the U.K. Retail Price Index prevailing at that time applied pro rata on an annual basis.

2.2 Depository

The fees payable to the Depository by the Company are £30,000 per annum (plus VAT), plus an amount equal to 0.015 per cent. per annum of the value of post IPO Shares issued by the Company in excess of £200 million worth of Shares. Additional fees are payable where financial instruments are held in custody by a sub-custodian of the Depository.

2.3 Registrar and Receiving Agent

The fees payable to the Registrar are based on the number of shareholders on the register and the transactions in the Shares plus properly incurred expenses, subject to an annual fee. The fees payable to the Receiving Agent are based on the number of applications received pursuant to the Initial Offer for Subscription and any Subsequent Offer for Subscriptions and are subject to a minimum fee of £5,000, exclusive of VAT.

2.4 Security Trustee, Bond Administrator, Bond Registrar and Bond Receiving Agent in relation to the Bond Offering

The Bond Registrar is entitled to an annual fee of £20,000, plus additional fees based on the number of transactions in the GRID Power Bonds. The fees payable to the Bond Receiving Agent are based on the number of applications received pursuant to the Bond Offering and are subject to a minimum

fee. The Security Trustee will be paid an annual fee of £5,000 and will, in addition, be reimbursed for its expenses and the Bond Administrator will be paid an annual fee of £10,000. In all cases fees are presented exclusive of VAT.

2.5 Auditor

The fees charged by the Auditor depend on the services provided, computed, among other things, on the time spent by the Auditor on the affairs of the Company; there is therefore no maximum amount payable under the Auditor's engagement letter.

3. Other fees and expenses

In addition to the fees referred to in this Part 9 (*Fees and Expenses*) of this Registration Document, the Company pays all other fees and expenses incurred in the operation of its business including, without limitation:

- (a) Directors' fees and expenses;
- (b) fees and expenses for the valuer, corporate broker, legal and other professional services;
- (c) any borrowing costs;
- (d) the ongoing costs of maintaining the admission of the Ordinary Shares and the C Shares (where relevant) to trading on the Specialist Fund Segment;
- (e) NAV publication costs;
- (f) directors and officers insurance premiums;
- (g) promotional expenses (including membership of any industry bodies, including the AIC and marketing initiatives approved by the Board); and
- (h) costs of printing the Company's financial reports and posting them to Shareholders.

The Company's total operational costs (excluding management fees, brokerage and other transaction charges and taxes and any borrowing costs) for the period ending 31 December 2019 were £707,756, being 0.34 per cent. of the Company's Net Asset Value as at that date.

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Shares.

PART 10: ADDITIONAL INFORMATION

1. Incorporation

- 1.1 The Company was incorporated in England and Wales on 24 August 2018 with registered number 11535957 as a public company limited by shares under the Act. The Company is registered as an investment company under section 833 of the Act and is an investment trust under section 1158 of the CTA. The Company has an indefinite life.
- 1.2 The registered office and principal place of business of the Company is The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF (telephone: +44 207 409 0181).
- 1.3 The Company is incorporated and operates under the Act. The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority. The Company is an alternative investment fund for the purposes of the AIFM Rules and is subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Takeover Code, the Market Abuse Regulation and the rules of the London Stock Exchange.
- 1.4 Other than its entry into the AIFM Agreement (details of which are summarised in paragraph 6.1 of Part 10 (*Additional Information*) of the Registration Document) and any related transactions set out immediately below, the Company has not since its date of incorporation entered into any related party transactions except for the following agreements:
- 1.4.1 the Related Party Acquisition Agreements (details of which are summarised in paragraph 6.7.1 of Part 10 (*Additional Information*) of the Registration Document);
- 1.4.2 a deed of priority in relation to certain security interests taken by the Company or Holdings and Gresham House Devco Limited in respect of HC ESS4 Limited, HC ESS6 Limited, HC ESS7 Limited and Biggerbrook Limited prior to their acquisition by the Company under the Related Party Acquisition Agreements or in relation to certain equipment purchases;
- 1.4.3 the Framework Agreement (details of which are summarised in paragraph 6.11 of Part 10 (*Additional Information*) of the Registration Document);
- 1.4.4 the Management Services Agreements between each Project Company and GHNE; and
- 1.4.5 the arrangement fee letter between Holdings and the Manager in connection with the Bond Offering.
- 1.5 The Company has not had any employees since its incorporation and does not own any premises.
- 1.6 The Company makes its investments via its wholly owned subsidiary Gresham House Energy Storage Holdings plc.

2. Directors' and others interests

- 2.1 The Directors are:

Name	Function	Date of Appointment
John S. Leggate CBE	Chair and Independent Non-executive Director	24 August 2018
Duncan Neale	Audit Committee Chair and Independent Non-executive Director	24 August 2018
Catherine Pitt	Nomination Committee Chair and Independent Non-executive Director	1 March 2019
David Stevenson	Remuneration Committee Chair and Independent Non-executive Director	24 August 2018

- 2.2 Further details relating to the Directors are set out in paragraph 1 of Part 8 (*Directors, Management and Administration*) of this Registration Document.

2.3 No Director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Company.

2.4 Insofar as is known to the Company, the interests of each Director and PDMR, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director or PDMR whether or not held through another party, in the share capital of the Company before and following Initial Admission were as follows:

Name	Number of Ordinary Shares currently held	Number of Ordinary Shares held following Initial Admission
John S. Leggate CBE	28,675	40,175
Duncan Neale	9,625	14,625
Catherine Pitt	14,660	14,660
David Stevenson	9,854	14,854

2.5 All Shares allotted and issued to a Director under the Share Issuance Programme, if any, will be beneficially held by such Director unless otherwise stated.

2.6 The Company has not set aside or accrued amounts to provide pension, retirement or similar benefits for the Board.

2.7 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

2.8 There are currently no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties. If a Director has a potential conflict of interest between his duties to the Company and his private interests or other obligations owed to third parties on any matter, the relevant Director will disclose his conflict of interest to the rest of the Board, not participate in any discussion by the Board in relation to such matter and not vote on any resolution in respect of such matter.

2.9 The Directors in the five years before the date of this Registration Document:

- (a) do not have any convictions in relation to fraudulent offences;
- (b) have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company, save as set out in paragraph 4 of this Part 10 (*Directors' and other interests*) below; and
- (c) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

2.10 The Company shall maintain directors' and officers' liability insurance on behalf of the Company at the expense of the Company.

3. Director Appointment Letters

3.1 All the Directors of the Company are non-executive. It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that a Director may be removed without notice and that no compensation will be due on leaving office.

- 3.2 As at the date of this Registration Document, the Directors are entitled to aggregate annual remuneration (excluding expenses and any ad hoc payments in respect of additional services) as follows:

Director	Fees
John S Leggate CBE	£65,000
Duncan Neale	£45,000
Catherine Pitt	£40,000
David Stevenson	£40,000
Total	£190,000

During the period ended 31 December 2019, Directors' fees of £236,667 were paid by the Company.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There is no amount set aside or accrued by the Company in respect of contingent or deferred compensation payments or any benefits in kind payable to the Directors.

Each of the Directors is engaged under a letter of appointment with the Company and does not have a service contract with the Company. Under the terms of their appointment, each Director is required to retire and be subject to election at the first AGM after their appointment and at every AGM held after the ninth anniversary of their appointment. In addition, any Director who was not appointed or re-appointed at one of the preceding two AGMs shall retire from office but shall remain eligible for re-appointment. However, the Directors stand for election by shareholders at each AGM. Those terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

4. Other Directorships

Over the five years preceding the date hereof, the Directors have held the following directorships' (apart from their directorships' of the Company) and/or partnerships:

	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
John S Leggate CBE	Flamant Technologies Limited Global Integrity, Inc. Rydon Mews Residents Limited	Carnegie Clean Energy Limited Ceto Wave Energy UK Limited Quintal Partners (dissolved)*
Duncan Neale	DJN Consultancy Limited	Mettrr UK Opco Limited Mettrr US Opco Inc.
Catherine Pitt	-	CMS Cameron McKenna Nabarro Olswang LLP
David Stevenson	321 Publishing and TV Limited Altfi Limited Altfi Data Limited Aurora Investment Trust PLC Bramshaw Holdings Limited ETF Stream Limited Planet Sports Rights Limited Rocket Media LP SQN Secured Income Fund PLC Stockmarkets Digest Limited	Coalition Partners Limited Investment Compass Limited Planet Yomp Limited Portfolio Review Limited Vidualise Limited Watering Hole Media Limited Wealthview Limited Wild Wiki Limited

The Rocket Science Group
 Limited (dissolved)
 Windhorse Aerospace Limited

*Voluntarily liquidated companies

5. Major interests

5.1 As at the close of business on the Latest Practicable Date, other than as is set out below, the Company is not aware of any person who would be directly or indirectly interested in three per cent. or more of the Company's issued share capital.

Shareholder	Number of Ordinary Shares	% of issued Ordinary Share Capital
Gresham House plc	29,749,067	12.70
CCLA Investment Management Ltd	22,093,064	9.43
Sarasin & Partners LLP	21,733,830	9.28
Newton Investment Management Limited	15,058,841	6.43
VT Gravis Funds ICVC	14,912,210	6.37
Mr Benjamin Guest	14,383,826	6.14
Schroder Investment Management Limited	12,200,000	5.21
Close Asset Management Limited	12,063,395	5.15
East Riding Pension Fund	11,459,500	4.89

5.2 Save as set out in paragraph 5.1 of this Part 10 (*Additional Information*), as at the close of business on the Latest Practicable Date, the Company is not aware of any person who will directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company knows of no arrangements, the operation of which may result in a change of control of the Company. All Shareholders have the same voting rights in respect of the share capital of the Company.

6. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or a member of the Group in the two years immediately preceding the date of the Prospectus and are, or may be, material. There are no other contracts entered into by the Company or a member of the Group which include an obligation or entitlement which is material to the Company as at the date of the Prospectus.

6.1 AIFM Agreement

Under the terms of the Alternative Investment Fund Management Agreement between the Company and the Manager dated 17 October 2018, as amended, the Manager provides, among other services, the following services:

- (a) seeking out and evaluating investment opportunities;
- (b) discretionary investment management of the Portfolio, having complete power to invest, realise and reinvest all funds and securities for the account of the Company, in accordance with the Investment Policy, provided that any investment by the Company in an ESS Project in which the Manager or another member of the Gresham House Group or an employee of the Gresham House Group has developed, and/or is invested, or which is operated or advised by the Manager or another member of the Gresham House Group will be subject to the protocol described in paragraph 3.3 of Part 8 (*Directors, Management and Administration*) of this Registration Document, which includes Board approval;

- (c) analysing the performance of the investments held in the Portfolio and advising the Company generally in relation to investment trends and all other matters likely, or which might reasonably be considered likely, to affect the Investment Policy;
- (d) devoting such time and have all necessary competent personnel and equipment as may be required to enable it to carry out its obligations under the AIFM Agreement properly and efficiently;
- (e) providing risk management services as required by the AIFM Rules, including implementing risk management policies to identify, measure, manage and monitor the risks that the Company is or might be exposed to and ensuring that the Company's risk management policy and its implementation of the same comply with the AIFM Rules;
- (f) assisting the Company to appoint a depositary authorised by the FCA to ensure that the assets of the Company are entrusted to the depositary or any delegate of the depositary for safekeeping in accordance with the AIFM Rules and providing the depositary with all information required to enable the Depositary to comply with its obligations under the AIFM Rules in respect of the Company;
- (g) ensuring that the disclosures required to be made in respect of the Company under the AIFM Rules are made;
- (h) ensuring the Portfolio is valued in accordance with the AIFM Rules;
- (i) upon written instructions from the Company, using all reasonable endeavours to satisfy the conditions set out in the AIFM Regulations (or the equivalent in the relevant EEA jurisdictions), if and to the extent required to market the Shares to EEA investors in any EEA State into which the Company intends to market;
- (j) producing and publishing quarterly factsheets, which will include information on the Company's performance, holdings and investment activity;
- (k) being responsible for any records, which the company is required to maintain under FSMA and the AIFM Rules;
- (l) providing such advice and assistance to the Board as it may reasonably request, including management and financial information;
- (m) providing such information to the Administrator and Company Secretary as it reasonably requests, and at such times and with such frequency as it shall reasonably request to enable the Administrator and Company Secretary to fulfil its duties under the Administration Agreement; and
- (n) making available in person or by telephone (as may be requested by the Board) the services of an appropriate person to attend meetings of the board quarterly or at such intervals as shall be agreed between Gresham House and the Company and preparing reports or other documents as reasonably requested by the Company in connection with such meetings.

The AIFM Agreement may be terminated by the Company or Gresham House giving to the other party not less than 12 months' written notice.

In any of the following circumstances either party is entitled immediately to terminate the AIFM Agreement by notice in writing to the other party:

- (a) if the other party commits any material or persistent breach of or omits to observe any of the material obligations on its part contained in the AIFM Agreement and (if such breach is capable of remedy) fails (within 30 Business Days after having been required in writing by the Company so to do) to remedy such breach; and
- (b) if the other party shall have a receiver or administrator appointed or if an order shall be made or an effective resolution passed for the winding-up of the other party (saved for a winding-up for the purpose of and followed by an amalgamation or reconstruction) which shall include

where in accordance with the Articles, any Continuation Resolution is not passed by the Shareholders.

The Company may, in addition, terminate the AIFM Agreement with immediate effect if (i) Gresham House's authorisation to be an alternative investment fund manager is not maintained by it, or is suspended or restricted by the FCA; (ii) Gresham House fails to notify the Company of an investigations by the FCA; (iii) both Ben Guest and Bozkurt Aydinoglu cease to be involved in managing the Portfolio and are not replaced within 180 days by alternative portfolio managers approved by the Company; or (iv) if Gresham House causes the Ordinary Shares to be suspended from trading on the Specialist Fund Segment and the suspension of trading is not lifted or the Ordinary Shares are not admitted to trading on another regulated market within 3 months of the date of that suspension or if the Manager fails to enforce (or fails to procure any member of the Gresham House Group to enforce) its rights in respect of any breach by the counterparties to the Framework Agreement.

The AIFM Agreement shall also terminate if the FCA requires Gresham House to stop acting as AIFM.

Under the terms of the AIFM Agreement, Gresham House is entitled to carry on business similar to or in competition with the Company or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Company for its profits, provided that it will take all reasonable steps to ensure that such business is effected on terms which are not materially less favourable to the Company. However, other than pursuant to the Framework Agreement, neither Gresham House nor any member of the Gresham House Group may (i) act as the manager and/or adviser to or otherwise be actively involved with any new fund, partnership, client, segregated account or counterparty that invests on or after the date of the Framework Agreement in; or (ii) for its own account invest on or after the date of the Framework Agreement in, ESS Projects in the Great Britain, Northern Ireland and the Republic of Ireland, without first offering the relevant investment opportunity to the Company. However, Gresham House or a member of the Gresham House Group may (i) act as the manager and/or adviser to or otherwise be actively involved with any new fund, partnership, client, segregated account or counterparty that invests in; or (ii) for its own account invest in ESS Projects in the Great Britain, Northern Ireland and the Republic of Ireland, in circumstances where the Company is unable to invest in the relevant investment opportunity because it has insufficient resources or the Company is unable to obtain sufficient resources to make the investment or, otherwise, if the Board provides its prior written consent.

At all times Gresham House shall retain sufficient facilities, personnel, experience and expertise necessary to fulfil its obligations under the AIFM Agreement. Gresham House will, at all times, have regard to its obligations to the Company and under the FCA Rules in relation to the identification, management and disclosure of conflicts of interest.

6.2 Administration Agreement

The Company is a party to an Administration Agreement with JTC (UK) Limited dated 17 October 2018 pursuant to which the Administrator and Company Secretary provides day-to-day administration of the Company and acts as company secretary and administrator to the Company including maintaining accounts, preparing interim and annual accounts of the Company and calculating the Net Asset Value.

The Administration Agreement may be terminated by either party serving the other party with 6 months' written notice such notice not to be given earlier than the date being 24 months from the date of Admission, or immediately (i) in the event of the winding up of (other than a voluntary liquidation for the purpose of a reconstruction or amalgamation under terms previously approved in writing by the other parties) or such party is unable to pay its debts or if a is appointed, (ii) if either party commits any material breach of the provisions of the Administration Agreement and shall, if capable of remedy, not have remedied the same within 30 days after the service of notice requiring it to be remedied (in such cases such right of termination lies with the non-defaulting party), or (iii) if the continued performance of the Administration Agreement for any reason ceases to be lawful. In the event that the Administration Agreement is terminated by the Company on a no-fault basis prior to the date being 24 months from the date of Admission, the Company shall pay to the Administrator and Company Secretary an amount equal to any shortfall in annual fees that would have been earned up until the date being 24 months from the date of Admission.

The Administrator and Company Secretary will generally not be liable for any loss or damages incurred or suffered by the Company, any Project Company, any shareholder of the company or a

Project Company as a result of the proper performance by the Administrator and Company Secretary of its obligations and duties under the Administration Agreement in the absence of its negligence, fraud, bad faith, wilful misconduct, breach of the Administration Agreement or wilful default. The Administrator and Company Secretary will indemnify the Company against any loss, damage, claims, costs and expenses suffered or incurred by or made against the Company and any Project Company, any shareholder of the Company or any Project Company arising out of or in connection with such bad faith, negligence, wilful default, wilful misconduct, breach of the Administration Agreement or fraud on the part of the Administrator and Company Secretary or any of its delegates or any of their respective directors, officers, employees or agents.

The Company will indemnify the Administrator and Company Secretary against all actions, proceedings, claims, costs, demands and reasonable expenses that may be brought against, suffered or incurred by the Administrator and Company Secretary by reason of the proper performance by the Administrator and Company Secretary of its duties under the Administration Agreement, otherwise than as a result of some act of negligence, fraud, bad faith, wilful misconduct or wilful default, breach of its obligations under the Administration Agreement or in respect of any liability or breach of any duties or obligations which the Administrator and Company Secretary may have under any statute, governmental decree or order, or rules or regulations made pursuant to the same or rules and/or code of conduct of any professional or regulatory body or association of which the Administrator and Company Secretary is a member on the part of the Administrator and Company Secretary or any of its delegates or their respective directors, officers, employees or agents.

Provided its ability to perform its obligations under the Administration Agreement is not impaired, the Administrator and Company Secretary is entitled to render similar services to others without accounting to the Company for its profits.

6.3 Depositary Agreement

Under the Depositary Agreement between the Company, the Manager and the Depositary dated 17 October 2018, the Depositary is appointed as the Company's depositary for the purposes of the AIFM Rules.

The Depositary Agreement provides for the Depositary to be indemnified by the Company against any liability or loss suffered or incurred by an indemnified person as a result of or in connection with the proper provision of the Depositary services and any costs and expenses reasonably incurred in defending any proceedings relating to the Depositary services whether civil or criminal, in which judgment is given in favour of the Depositary or it is acquitted, in each case, other than as a result of the fraud, wilful default or negligence on the part of an indemnified person.

In accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFM Directive, the Depositary delegates its safe-keeping functions in relation to financial instruments and other assets of the Company. The liability of the Depositary shall in principle not be affected by any delegation of its F function and the Depositary shall be liable to the Company or its investors for the loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments has been delegated. Under AIFMD the Depositary will not be liable for the loss of a financial instrument in the event it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary may discharge its responsibility in case of a loss of a financial instrument: (i) where it has contractually discharged its responsibility in compliance with article 21(13) of the AIFM Directive; or (ii) in compliance with the conditions set out under article 21(14) of the AIFM Directive where the laws of a third country require that certain financial instruments be held by a local entity and there are no local entities that satisfy the delegation requirements of article 21(11) of the AIFM Directive. Save as aforesaid, the Depositary shall be liable to the Company for any loss or liability incurred by the Company as a consequence of the Depositary's fraud, wilful default or negligence in failing to properly fulfil its obligations pursuant to the AIFM Directive. In the absence of the Depositary's fraud, wilful default or negligence in failing to properly fulfil its obligations pursuant to the AIFM Directive, the Depositary shall not be liable to the Company or any other person with respect to any act or omission in connection with the services provided under the Depositary Agreement. Indirect and/or consequential damages are excluded.

The Depositary Agreement is terminable by the Company, the Manager (as AIFM) or the Depositary giving to the other parties not less than three months' written notice. In accordance with the AIFM Rules, the Depositary's notice of retirement shall not take effect except upon the appointment of a successor depositary taking effect.

6.4 Issue Agreement

In connection with the Share Issuance Programme, the Company, the Manager and Jefferies entered into the Issue Agreement on 10 November 2020. The Issue Agreement is conditional on, among other things, Initial Admission taking place on 27 November 2020 or such later date (not being later than 8.00 a.m. on 31 December 2020) as the Company and Jefferies may agree.

The principal terms of the Issue Agreement are as follows:

- (a) Jefferies has agreed, as agent of the Company, to use its reasonable endeavours to procure placees to subscribe for New Shares under the Initial Placing and each Subsequent Placing at the Issue Price set out in the Securities Note. The Share Issuance Programme is not being underwritten;
- (b) Jefferies is entitled to commission in an amount equal to a percentage of the Gross Proceeds (other than Gross Proceeds raised by the Manager and its affiliates);
- (c) the Company has agreed to pay all of the properly incurred costs and expenses of and incidental to the Share Issuance Programme and related arrangements together with any applicable VAT;
- (d) the Company has given certain warranties to Jefferies as to the accuracy of the information in the Prospectus and as to other matters relating to the Company. The Manager has also given certain warranties to Jefferies as to certain information in the Prospectus and as to itself;
- (e) the Company and the Manager have given an indemnity to Jefferies in respect of any losses or liabilities arising out of the proper performance by Jefferies and its affiliates of its duties under the Issue Agreement, provided that the same will not have been finally determined by a court of competent jurisdiction to have arisen out of the gross negligence, wilful default or fraud of any indemnified person or as a result of a material breach (as agreed by Jefferies or finally determined by an appropriate regulatory authority) by any indemnified person of any duties and obligations owed by that indemnified person under the rules of the FCA or to the extent prohibited by the FCA Rules or otherwise to the extent prohibited by law; and
- (f) Jefferies may at any time prior to the date 12 calendar months after the date of the Issue Agreement terminate the Issue Agreement in certain circumstances, including for breach of the warranties referred to above.

6.5 Registrar's Agreement

Under the Registrar's Agreement dated 17 October 2018 between the Company and the Registrar, the Registrar provides registrar services to the Company. The Registrar's Agreement contains certain standard indemnities from the Company in favour of the Registrar and from the Registrar in favour of the Company. The Registrar's liabilities under the Registrar's Agreement are subject to a financial limit.

6.6 Receiving Agent Agreement

Under the Receiving Agent Agreement between the Company and the Receiving Agent dated 28 October 2020 the Receiving Agent has agreed to act as Receiving Agent to the Initial Offer for Subscription and any subsequent Offer for Subscriptions. The Receiving Agent's liability under the agreement is subject to a financial limit.

6.7 Acquisition Agreements

The Group entered into the following sale and purchase agreements in respect of the acquisition of the Portfolio or ESS Project Companies to be added to the Portfolio upon completion:

- 6.7.1 the related party acquisition agreements (the "**Related Party Acquisition Agreements**") comprising:

- (a) sale and purchase agreement between HC ESS1 Limited, Noriker, GHE, Gresham House (Nominees) Limited, Benjamin Guest, Bozkurt Aydinoglu, Gareth Owen and the Company, dated 16 October 2018 in respect of the sale and purchase of the entire issued share capital of Noriker Staunch Ltd, HC ESS2 Holdco Limited and HC ESS3 Limited, as novated to Holdings on 9 October 2020;
- (b) sale and purchase agreement between Devco, the Company and Noriker, dated 15 August 2019 in respect of the sale and purchase of the entire issued share capital of West Midlands Grid Storage Two Limited, as amended and novated to Holdings on 9 October 2020;
- (c) sale and purchase agreement between Devco, the Company and Noriker, dated 18 October 2019 in respect of the sale and purchase of the entire issued share capital of HC ESS4 Limited, as amended and novated to Holdings on 9 October 2020;
- (d) sale and purchase agreement between Devco, the Company, Noriker and the Manager, dated 19 March 2020 in respect of the sale and purchase of the entire issued share capital of HC ESS6 Limited, as amended and novated to Holdings on 9 October 2020; and
- (e) sale and purchase agreement between Devco, the Company, Noriker and the Manager, dated 13 April 2020 in respect of the conditional sale and purchase of the entire issued share capital of HC ESS7 Limited, as amended and novated to Holdings on 9 October 2020, of which completion is expected in November 2020; and

6.7.2 the third party acquisition agreements (the “**Third Party Acquisition Agreements**”) comprising:

- (a) sale and purchase agreement between VLC Energy Limited and the Company, dated 13 December 2019 in respect of the sale and purchase of the entire issued share capital of Cleator Battery Storage Limited and Glassenbury Battery Storage Limited, the benefit of which was assigned to Holdings on 9 October 2020; and
- (b) sale and purchase agreement between Arenko Cleantech Limited, L.C.P. Energy Limited, Salem Investment Limited, Leathbond Limited, Mr James Spilsbury, Mr Christopher Stedman, L.C.P. Commercial Limited and the Company dated 3 July 2020 in respect of the sale and purchase of the entire issued share capital of Arenko Desert Sensation Limited, the benefit of which was assigned to Holdings on 9 October 2020.

Under all Related Party Acquisition Agreements and Third Party Acquisition Agreements, sellers have given various warranties and undertakings in respect of, inter alia, the business, assets and accounts of the targets as at the date of the Acquisition Agreements and as at completion. All of the transactions involve or, in the case of Wickham Market, are expected to involve, warranty and indemnity insurance. The liability of the sellers under Acquisition Agreements is limited as to quantum and time.

6.8 Bond Offering and BSIF Bond

On 14 October 2020, Holdings entered into a framework agreement, a series 1 bond instrument, arrangement fee letter, security trust deed, security over account and share charge in relation to the Bond Offering and also entered into a bond instrument, security over account and share charge with BSIF Infrastructure in relation to the BSIF Bond. A deed of priority was executed on 14 October 2020 as between the Security Trustee and BSIF Infrastructure in relation to the security over account. On 12 October 2020, Holdings entered into a Registrar Services Agreement with JTC Registrars (UK) Limited and a Receiving Agent letter agreement with JTC Registrars Limited. On 18 June 2020, JTC Registrars (UK) Limited agreed to provide administration services in relation to the Bond Offering to Holdings.

On 14 October, Holdings issued the first series of GRID Power Bonds with an aggregate principal amount of £8 million and issued a bond to BSIF Infrastructure in a principal amount of £7 million. The GRID Power Bonds are five year fixed secured bonds and the BSIF Bond has a maturity date of 30 November 2021. The proceeds of the Bonds are to be used for investment purposes and for refinancing existing loans.

The Bond Offering provides for up to £40 million of GRID Power Bonds issued in series with a 5 per cent. per annum fixed coupon. Semi-annual interest payments will be made on 31 March and 30 September each year, with the first payment to be made on 31 March 2021 for interest accruing from 7 August 2020. The bond framework agreement governs each series of bonds and constitutes a wrapper. It appends the form of bond instrument and provides that the bond will be secured by the security granted pursuant to the security trust deed and subject to the terms thereof. The bond instrument contains the terms of the bonds, which are issued from time to time as either (i) separate non-fungible series and on consistent terms other than as to maturity date, and/or (ii) separate but fungible tranches and on consistent terms including as to maturity date. Appended to the bond instrument is the form of bond certificate which is issued to each bondholder in relation to each series of bonds. The Bond Registrar will maintain a register of bondholders and coordinate any transfers or redemptions.

The terms of the bonds issued to BSIF Infrastructure are consistent with those issued to the GRID Power Bond holders other than as follows: (i) the BSIF Bond has a 5 per cent. per annum coupon from date of issue until the first anniversary with a step up to 8 per cent. per annum from the first anniversary (14 October 2021) through to final maturity (30 November 2021); (ii) the maximum principal amount is £7 million, (iii) the final maturity date is 30 November 2021; (iv) an amount equal to 3 per cent. of the principal amount of the BSIF Bond's outstanding on the last day of the first anniversary will be added to the amounts outstanding to BSIF Infrastructure and will be payable to BSIF Infrastructure on the final repayment date together with interest accrued on such amount; and (v) there is an undertaking by Holdings not to dispose of any Project Companies in the Portfolio unless Group NAV exceeded £140 million in the most recently published financial report.

6.9 Security Trustee, Bond Administrator, Bond Registrar and Bond Receiving Agent in relation to the Bond Offering

In connection with the Bond Offering, Holdings entered into a letter of engagement with JTC Registrars (UK) Limited dated 12 June 2020, a Registrar Services Agreement with JTC Registrars (UK) Limited dated 12 October 2020 (with an effective date of 5 October 2020), a Receiving Agent Letter Agreement with JTC Registrars Limited dated 12 October 2020, a Security Trust Deed with JTC Trustees (UK) Limited dated 14 October 2020, and on 18 June 2020, JTC Registrars (UK) Limited agreed to provide administration services in relation to the Bond Offering to Holdings.

6.10 Management Services Agreement

GHNE has entered into separate Management Services Agreements with each Project Company under which it provides operational, management and administrative services. The minimum term of each Management Services Agreement is at least eighteen years. GHNE receives a nominal sum each quarter as a fee for management services for each Project Company.

GHNE's liability under each Management Services Agreement, subject to certain carve-outs, is limited to the higher of (i) a monetary amount calculated by reference to the fees payable under the agreement or, where only a nominal fee is payable, a fixed monetary amount; and (ii) the revenues which (in the absence of any breach or non-performance by GHNE) would have been expected to accrue to the relevant Project Company in the three month period immediately following the event giving rise to GHNE's liability.

GHNE indemnifies the relevant Project Company in respect of:

- (a) injury or death caused or contributed to by the breach of the Management Services Agreement and/or a negligent act and/or omission and/or a wilful act and/or breach of statutory duty of GHNE or arising from GHNE's operations;
- (b) damage to or loss of any property, real or personal, caused by or contributed to by breach of the Management Services Agreement and/or a negligent act and/or omission and/or a wilful act and/or breach of statutory duty of GHNE or arising from GHNE'S operations;
- (c) regulatory penalties or fines imposed by any governmental authority arising from GHNE's violation of any applicable laws (including TUPE regulations); and

- (d) invalid or impaired intellectual property assigned or licenced to the Project Company by GHNE and third party claims for intellectual property infringement arising out of the Project Company's use of any intellectual property assigned or licenced to it by GHNE.

The indemnities (except for the indemnity in respect of property damage) are not subject to GHNE's cap on liability.

Each Project Company can request that GHNE is required to carry out and perform any variation to the services including any change, addition, omission or substitution to the services or an alteration to the standard of the services (for an agreed fee).

GHNE is entitled to subcontract part but not all of the services under the Management Services Agreement.

6.11 Framework Agreement

The Manager is party to the Framework Agreement with Noriker. The purpose behind the Framework Agreement is to ensure that each project developed by Noriker or the Gresham House Group is transferred into a new ESS Project Company. The shareholders of the new ESS Project Company are a Gresham House Group entity and Noriker and the proportions depend on the party that has initially developed the project.

The terms of the Framework Agreement provide that Noriker gives the Manager an exclusive right of first refusal ("**Gresham ROFR**") on all projects developed by Noriker on or before 2 September 2022. Noriker is prohibited from selling any projects or assets to any other party without offering them to the Manager under the Gresham ROFR; and if the Manager notifies Noriker that it wishes to invest in that project, then an ESS Project Company is set up and all assets and contracts are transferred to that ESS Project Company (if the ESS Project Company is not already existing and holding all relevant assets and contracts). At that time, the Manager takes a 60 per cent. stake and Noriker a 40 per cent. stake in the ESS Project Company and the parties shall enter into a shareholders' agreement which contains market standard terms and conditions.

The Manager or the ESS Project Company is required to repay the development costs of Noriker to the date of transfer into the ESS Project Company or those costs remain outstanding as a debt with an interest rate at 15 per cent. At that time, the Manager is to put in place a development loan (which may be secured) from which the ESS Project Company can borrow in order to repay the development costs. Following the ESS Project Company being set up, Noriker has obligations to take the project to ready to build status.

In addition, the Framework Agreement also gives Noriker an exclusive ROFR "Noriker ROFR" on all ready to build projects developed by the Manager on or before 2 September 2022. The Manager is prohibited from selling any ready to build projects or assets to any other party without offering them to Noriker under the Noriker ROFR. If Noriker notifies the Manager that it wishes to invest in that project, then an ESS Project Company is set up and all assets and contracts are transferred to that ESS Project Company (if the ESS Project Company is not already existing and holding all relevant assets and contracts). At that time, the Manager takes a 70 per cent. stake and Noriker takes a 30 per cent. stake and the parties shall enter into a shareholders' agreement which contains market standard terms and conditions. Once any project has reached ready to build status, Noriker shall provide certain services to the ESS Project Company including revenue contracting, site and construction readiness design, procurement and EPC appointment, use and future licensing of certain intellectual property rights by the ESS Project Company, identifying other site specific revenue opportunities, undertaking project delivery, servicing of control systems and undertaking O&M oversight. Once any project has reached ready to build status, the Manager is exclusively mandated to seek external funding.

The Framework Agreement can only be terminated on a party's failure to pay, a material breach or insolvency. The Gresham ROFR and Noriker ROFR confer exclusive rights on the other party until 2 September 2022; and after that date the Manager and Noriker have the option of offering an ESS Project to the other party, but are not required to do so. The Company has consented to the amendment of this exclusive position on the basis that there are significantly more opportunities in the secondary market for acquisitions from third parties, and it no longer needs to rely on a development pipeline from its Manager and Noriker for deal flow.

7. Litigation

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this Registration Document, which may have, or have had, in the recent past, significant effects on the Company or the Company's financial position or profitability.

8. Third party information and consents

The Manager has given and not withdrawn its written consent to the inclusion in this Registration Document of references to its name. The Manager accepts responsibility for Part 4 (*Market Background*) for the purposes of Prospectus Regulation Rule 5.3.2(2)(f). To the best of the knowledge of the Manager, Part 4 (*Market Background*) is in accordance with the facts and makes no omission likely to affect its import.

Jefferies, as sole global co-ordinator, bookrunner and financial adviser, has given and not withdrawn its written consent to the inclusion in this Registration Document of references to its name.

Certain information contained in this Registration Document has been sourced from third parties and where such third party information has been referenced in the Registration Document, the source of that information has been disclosed. Such information has been accurately reproduced and, as far as the Company and Gresham House are able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

9. Voluntary compliance with the Listing Rules

The Ordinary Shares are admitted to trading on the Specialist Fund Segment. Applications will be made to the London Stock Exchange for all of the New Shares to be issued pursuant to the Share Issuance Programme to be admitted to trading on the Specialist Fund Segment. The Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the FCA do not apply to the Company.

The Company is subject to the admission and disclosure standards of the London Stock Exchange whilst the Shares are admitted to trading on the Specialist Fund Segment. The Company is also subject to the Disclosure Guidance and Transparency Rules. In addition, the Directors have resolved that, as a matter of good corporate governance, the Company will voluntarily comply with the all of the provisions of the Listing Rules while the Shares are be admitted to trading on the Specialist Fund Segment, other than those relating to related party transactions, including, without limitation the following:

- (a) The Company is not required to comply with the Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, it is the intention of the Company to comply with these Listing Principles while the Shares are be admitted to trading on the Specialist Fund Segment.
- (b) The Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. The Company will consult with a financial adviser to guide it in understanding and meeting its responsibilities in connection with Admission, the Share Issuance Programme and also for compliance with Chapter 10 of the Listing Rules (as and when applicable) relating to significant transactions, with which the Company intends to voluntarily comply.
- (c) The Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company intends however to comply with all of the provisions of Chapter 9 of the Listing Rules while the Shares are admitted to trading on the Specialist Fund Segment.
- (d) The Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. Nonetheless, in circumstances where the Company, would, if it were complying with Chapter 11 of the Listing Rules, require shareholder consent in respect of any such transaction, the Company will comply with the following related party policy (in relation to which the Company will consult its financial adviser in order to guide the Company). The policy shall apply to any transaction which it may enter into with:

- (i) any "substantial shareholder" (as defined in Listing Rule 11.1.4A) (other than: (a) related party transactions with "substantial shareholders" under Listing Rule 11.1.5(2) regarding co-investments or joint provision of finance); or (b) issues of new securities in, or a sale of treasury shares of, the Company to "substantial shareholders" on terms which are more widely available, for example as part of an offer to the public or a placing to institutional investors);
- (ii) any Director;
- (iii) the Manager and any other member of the Gresham House Group; and
- (iv) any affiliates of such persons,

where (in each case) such transaction would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules. In accordance with its related party policy, the Company shall deal with such related party transactions in accordance with Chapter 11 of the Listing Rules with appropriate modifications in relation to Chapter 11 requirements to provide information, confirmation and undertakings to the FCA. In circumstances where the Company wishes to acquire energy storage systems that have been operated or developed by the Gresham House Group or are owned by persons who are managed or advised by the Gresham House Group, the protocol agreed between Gresham House and the Board, as more particularly described in paragraph 3.3 of Part 8 (*Directors, Management and Administration*) of this Registration Document, will be followed prior to any acquisition by the Company of such energy storage system. For the avoidance of doubt, the Company will not comply with the provisions of Chapter 11 of the Listing Rules that would require it to seek the approval by independent Shareholders of such acquisition.

In addition:

- (a) The Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2, as more particularly described in the section headed "Share buybacks" in paragraph 9.1 of Part 3 (*The Company*) of this Registration Document.
- (b) The Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company intends however to comply with the following provisions of Chapter 13 of the Listing Rules from Admission: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.4 (Class 1 circulars); (iii) Listing Rule 13.5 (Financial information in Class 1 circulars); (iv) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (v) Listing Rule 13.8 (Other circulars).
- (c) The Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: Premium listing). Nonetheless, the Company intends to comply with the following provisions of Chapter 15 of the Listing Rules while the Shares are admitted to trading on the Specialist Fund Segment: Listing Rules 15.4.1A to Listing Rule 15.4.11 (Continuing obligations).

It should be noted that the FCA will not have the authority to monitor the Company's voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the FCA nor will it impose sanctions in respect of any breach of such requirements by the Company.

PART 11: DEFINITIONS

2019 Annual Report	has the meaning given to it in paragraph 2 of Part 7 (<i>Financial Information</i>) of this Registration Document;
2020 Interim Report	has the meaning given to it in paragraph 2 of Part 7 (<i>Financial Information</i>) of this Registration Document;
Acquisition Agreements	the acquisition agreements of the Group, a summary of which is set out in paragraph 6.7.1 of Part 10 (<i>Additional Information</i>) of this Registration Document;
Act	Companies Act 2006, as amended from time to time;
Administrator and Company Secretary	JTC (UK) Limited;
Administration Agreement	the administration agreement between the Company and the Administrator and Company Secretary, a summary of which is set out in paragraph 6.2 of Part 10 (<i>Additional Information</i>) of this Registration Document;
Admission	admission of any New Shares to trading on the Specialist Fund Segment;
AGM	an annual general meeting of the Company;
AIC	the Association of Investment Companies;
AIC Code	the Association of Investment Companies' Code of Corporate Governance, as amended from time to time;
AIC SORP	the Statement of Recommended Practice for Financial Statements of Investment Trust Companies issued by the Association of Investment Trust Companies, as amended from time to time;
AIF	alternative investment fund, as defined in the AIFM Rules;
AIFM	alternative investment fund manager, as defined in the AIFM Rules;
AIFM Agreement	the management agreement between the Company and the Gresham House, a summary of which is set out in paragraph 6.1 of Part 10 (<i>Additional Information</i>) of this Registration Document;
AIFM Directive or AIFMD	The Alternative Investment Fund Managers Directive (2011/61/EU);
AIFM Regulations	The Alternative Investment Fund Managers Regulations 2013 (SI) 2013/1773), as amended;
AIFM Rules	the AIFM Directive, the EU Regulation and all applicable rules and regulations implementing the AIFM Directive in the UK, including without limitation the AIFM Regulations and all relevant provisions of the FCA Rules;
Articles or Articles of Association	the articles of association of the Company, as amended from time to time;

Audit Committee	the audit committee of the of the Company as described in paragraph 2.3 of Part 8 (<i>Directors, Management and Administration</i>) of this Registration Document;
Auditor or BDO	BDO UK LLP;
behind-the-meter	ESS interconnected behind a commercial or residential customer’s utility meter;
BEIS	The Department for Business, Energy & Industrial Strategy;
BM or Balancing Mechanism	ESO’s forum for trading the necessary amounts of electrical energy to balance supply and demand for each half-hourly period
BM Reserve	the National Grid in the Balancing Mechanism currently used for the procurement of gas fired generation hours in advance and trialling the use of ESS utilising batteries;
Board or Directors	the directors of the Company whose names are set out in paragraph 1 of Part 8 (<i>Directors, Management and Administration</i>) of the Registration Document or, as the context requires, the directors of the Company from time to time;
Bond Administrator	JTC Registrars (UK) Limited;
Bond Receiving Agent	JTC Registrars Limited;
Bond Registrar	JTC Registrars (UK) Limited;
Bonds	the GRID Power Bonds and the BSIF Bond;
Bond Offering	has the meaning given to it in paragraph 3 of Part 1 (<i>Risk Factors</i>) of this Registration Document;
Brexit	the referendum held by the UK on 23 June 2016 in which a majority of voters voted to exit the European Union;
BSIF	Gresham House British Strategic Investment Fund, an investment fund which is managed by Gresham House;
BSIF Bond	has the meaning given to it in paragraph 3 of Part 1 (<i>Risk Factors</i>) of this Registration Document;
BSIF Infrastructure	Gresham House BSI Infrastructure LP, a sub-fund of BSIF;
BSUoS	National Grid’s Balancing Use of System, which recovers costs associated with balancing energy flows on the transmission system through charges levied on electricity generators and suppliers and results in a small additional benefit for embedded generators (including approved ESS Projects);
Business Days	any day on which the London Stock Exchange is open for business and banks are open for business in London (excluding Saturdays and Sundays);

Capacity Market	contracts to provide back-up capacity power to the Electricity Market Reform delivery body via 1 year and 15 year capacity market contracts;
CfDs	contracts for difference;
Circular	the circular to Shareholders published by the Company on 27 October 2020;
Climate Change Act	the Climate Change Act 2008;
Climate Change Committee	an independent statutory body established under the Climate Change Act to advise the UK and devolved governments on emissions targets;
Company or GRID	Gresham House Energy Storage Fund PLC;
Continuation Resolution	an ordinary resolution that the Company continues its business as an investment trust for a further period of five years, put to the Shareholders, in accordance with the Articles, at the AGM to be held in 2023 and at every fifth AGM thereafter;
Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time to time;
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755);
C Shares	C Shares of £0.01 each in the capital of the Company having the rights and restrictions set out in the Articles;
CTA	Corporation Tax Act 2010, as amended;
Depository	INDOS Financial Limited;
Depository Agreement	the depository agreement between the Company, the Manager and the Depository, a summary of which is set out in paragraph 6.3 of Part 10 (<i>Additional Information</i>) of this Registration Document;
Devco	Gresham House Devco Limited;
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;
Disclosure Guidance and Transparency Rules	and the Disclosure Guidance and Transparency Rules made by the FCA under section 72 of FSMA;
Distribution Network Owners or DNOs	the owners of the low voltage networks in the UK (typically 132kV and lower);

DS3	the multi-year regime started by EirGrid plc and its subsidiaries titled "Delivering a Secure, Sustainable Electricity System";
DSOs	Distribution System Operators;
DUoS	Distribution Use of System;
EEA or European Economic Area	the European Union, Iceland, Norway and Liechtenstein;
EFR	enhanced frequency response;
EPC	engineering, procurement and construction;
EPCm	EPC management;
ERISA	the United States Employee Retirement Income Security Act of 1974, as amended;
ESO	electricity system operator;
ESS	energy storage system;
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 or European Union	the European Union first established by the treaty made at Maastricht on 7 February 1992;
EU Regulation	the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFM Directive, with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
Euroclear	Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST);
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;
Framework Agreement	the framework agreement as amended and restated on 2 September 2020 between the Manager and Noriker;
front of meter	ESS interconnected to a Transmission Grid;
FSMA	Financial Services and Markets Act 2000, as amended;

Further Investments	potential future direct and indirect investments that may be made by the Group in accordance with the Investment Policy;
Future Securities Note	securities note that may be issued in the future by the Company in respect of future issues that includes an offer for subscription or open offer component, if any, of New Shares under the Share Issuance Programme (other than pursuant to the Initial Tranche) made pursuant to the Prospectus and subject to separate approval by the FCA;
Future Summary	securities note that may be issued in the future by the Company in respect of future issues that includes an offer for subscription or open offer component, if any, of New Shares under the Share Issuance Programme (other than pursuant to the Initial Tranche) made pursuant to the Prospectus and subject to separate approval by the FCA;
G99 Certificate	a certificate provided in relation to an ESS Project confirming completion of commissioning tests;
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;
GRID Power Bonds	has the meaning given to it in paragraph 3 of Part 1 (<i>Risk Factors</i>) of this Registration Document;
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;
Gross Proceeds	the sum of the number of Ordinary Shares and C Shares multiplied by the relevant Issue Price set out in the Securities Note per Ordinary Share or C Share (as applicable);
Group	the Company and its subsidiaries from time to time or any one or more of them, as the context may require;
GW	GW electrical output measured in Gigawatt;
HMRC	Her Majesty's Revenue and Customs;
Holdings	Gresham House Energy Storage Holdings plc;
IFRS	International Financial Reporting Standards;
Initial Admission	Admission of the Ordinary Shares issued pursuant to the Initial Placing and the Initial Offer for Subscription;
Initial Offer for Subscription	the first offer for subscription of New Shares pursuant to the Share Issuance Programme (and forming part of

	the Initial Tranche) which is expected to close on or around 24 November 2020;
Initial Placing	the first placing of New Shares pursuant to the Share Issuance Programme (and forming part of the Initial Tranche) which is expected to close on or around 24 November 2020;
Initial Tranche	together, the Initial Placing and the Initial Offer for Subscription;
IPO	the placing and offer for subscription of 100 million Ordinary Shares and admission of those Shares to trading on the Specialist Fund Segment with effect from 18 November 2018;
Investment Policy	the investment policy of the Company from time to time, the current version of which is set out in paragraph 6 of Part 3 (<i>The Company</i>) of this Registration Document;
IRR	internal rate of return;
Issue Agreement	the conditional issue agreement between the Company, Gresham House and Jefferies, details of which are set out in paragraph 6.4 of Part 10 (<i>Additional Information</i>) of this Registration Document;
IT Regulations	Investment Trust (Approved Company) (Tax) Regulations 2011, as amended;
Jefferies	Jefferies International Limited;
Key Information Document or KID	the key information document dated on or around the date of this Registration Document relating to the Company produced pursuant to the PRIIPs Regulation, as amended from time to time;
London Stock Exchange	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721);
Main Market	the main market of the London Stock Exchange for securities admitted to trading;
Management Engagement Committee	the management engagement committee of the Company as described in paragraph 2.4 of Part 8 (<i>Directors, Management and Administration</i>) of this Registration Document;
Management Services Agreements	the management services agreements entered into by each Project Company (or its subsidiary) and GHNE, details of which are set out in paragraph 6.9 of Part 10 (<i>Additional Information</i>) of this Registration Document;
Market Abuse Regulation	the Market Abuse Regulation (EU) No. 596/2014;
MFR	mandatory frequency response;
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (" MiFID ") and Regulation (EU) No 600/2014 of the European Parliament and the

Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (“**MiFIR**”, and together with MiFID, “**MiFID II**”);

MiFID II Product Governance Requirements	the meaning given in <i>Important Information</i> on page 28 of this Registration Document;
MW	MW electrical output measured in Megawatt;
National Grid	National Grid plc, owner and operator of the high-voltage electricity transmission network in England and Wales, or its subsidiaries (including NGET or NG ESO) as applicable;
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 either audited or unaudited (as the context may require) and calculated in accordance with the Company’s normal reporting policies from time to time;
New C Shares	new C Shares issued pursuant to the Share Issuance Programme;
New Ordinary Shares	new Ordinary Shares issued pursuant to the Share Issuance Programme or arising upon conversion of any C Shares issued pursuant to the Share Issuance Programme;
New Pipeline	potential future direct and indirect investments that may be made by the Company in accordance with the Investment Policy and as more particularly described in paragraph 5.3 of Part 3 (<i>The Company</i>) of this Registration Document;
New Shares	New Ordinary Shares and/or New C Shares as the context requires;
NG ESO	National Grid Electricity System Operator Limited;
NGET	National Grid Electricity Transmission PLC;
Nomination Committee	the nomination committee of the of the Company as described in paragraph 2.5 of Part 8 (<i>Directors, Management and Administration</i>) of this Registration Document;
Noriker	Noriker Power Ltd;
November General Meeting	the general meeting of the Company to consider the Resolutions, convened pursuant to the Circular for Thursday, 19 November 2020 at 10 a.m., or any adjournment thereof;

O&M	operation and maintenance;
Official List	the Official List maintained by the FCA pursuant to Part VI of FSMA;
Ofgem	Office of Gas and Electricity Markets;
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company;
PDMR	has the meaning given to it in the Market Abuse Regulation;
Portfolio	the Group's portfolio of Project Companies;
PPAs	power purchase agreements;
PRIIPs Regulation	Regulation EU No. 1286/2014 on Key information documents for packaged retail and insurance-based products;
Project Companies	SPVs in which the Group has an interest from time to time which hold ESS Projects;
Prospectus	the Prospectus published by the Company in respect of the Share Issuance Programme comprising the Securities Note, this Registration Document and the Summary;
Prospectus Regulation	EU Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
Prospectus Regulation Rules	the Prospectus Regulation Rules made by FCA under section 73A of FSMA;
QIB	a qualified institutional buyer as defined in Rule 144 under the US Securities Act;
QP	a qualified purchaser as defined in Section 2(a)(51) of the US Investment Company Act;
Ready to Build Projects	has the meaning given to it in paragraph 6.1 of Part 3 (<i>The Company</i>) of this Registration Document;
Receiving Agent	Computershare Investor Services PLC;
Receiving Agent's Agreement	the receiving agent's agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 6.6 of Part 10 (<i>Additional Information</i>) of this Registration Document;
Registrar	Computershare Investor Services PLC;
Registrar's Agreement	the registrar's agreement between the Company and the Registrar, a summary of which is set out in paragraph 6.5 of Part 10 (<i>Additional Information</i>) of this Registration Document;
Registration Document	this document;

Regulation S	Regulation S under the US Securities Act;
Regulatory Information Service or RIS	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
Related Party Acquisition Agreements	the related party acquisition agreements of the Group, a summary of which is set out in paragraph 6.7.2 of Part 10 (<i>Additional Information</i>) of this Registration Document;
Remuneration Committee	the remuneration committee of the of the Company as described in paragraph 2.6 of Part 8 (<i>Directors, Management and Administration</i>) of this Registration Document;
Resolutions	the resolutions to be proposed at the November General Meeting in connection with the Share Issuance Programme and the changes to the Investment Policy;
ROCs	renewable obligation certificates;
ROCOF	rate of change of the frequency;
ROI	Republic of Ireland;
Security Trustee	JTC Trustees (UK) Limited, as security trustee in respect of the Bond Offering;
Securities Note	the securities note dated 10 November 2020 issued by the Company in respect of the New Shares;
Shareholder	holder of Shares;
Share Issuance Programme	the programme under which the Company intends to issue New Shares in Tranches;
Shares	Ordinary Shares and/or C Shares as the context requires;
Specialist Fund Segment	the specialist fund segment of the Main Market;
SPV	special purpose vehicle;
SRO	Scottish Renewable Obligation;
Statutes	the Act as amended and every other statute for the time being in force concerning companies and affecting the Company;
Subsequent Issue	any placing, open offer and/or offer for subscription of New Shares issued pursuant to the Share Issuance Programme, on the terms set out in a securities note that may be issued in the future by the Company in respect of future issues, if any;
Subsequent Placing	any placing of New Shares subsequent to the Initial Placing and issued pursuant to the Share Issuance Programme, on the terms set out in a securities note that may be issued in the future by the Company in respect of future issues, if any;

Summary	the summary dated 10 November 2020 issued by the Company pursuant to this Registration Document and the Securities Note;
T-4 contracts	the T4 auctions provide the mechanism of payment for such guarantees and are held four years in advance of when the actual capacity may be required – allowing for new power plants to be built in the interim;
Takeover Code	the City Code on Takeovers and Mergers, as amended from time to time;
Target Dividend	the dividend component of the Target Total Return;
Target Market Assessment	the meaning given in Part 2 (<i>Important Information</i>) on pages 28 to 29 of this Registration Document;
Target Total Return	the targets for Net Asset Value total return adopted by the Company as at the date of this Registration Document, are as follows: (a) an annual dividend of 7.0p per Ordinary Share in each financial year; and (b) capital growth that results in: (i) an unlevered Net Asset Value total return of 8 per cent. per annum; or (ii) once certain further asset management activities are completed and leverage is introduced to the Portfolio, a levered Net Asset Value total return of 15 per cent. per annum, in each case calculated net of the Company's costs and expenses*;
TNUoS	Transmission Network Use of System;
Tranche	a tranche of New Shares issued under the Share Issuance Programme;
Transmission Grid	a network of power stations, transmission lines, and substations;
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;
TSO	Transmission System Operator;
US Investment Company Act	the United States Investment Company Act of 1940, as amended;
US Person	a US person as defined by Regulation S of the US Securities Act;
US Securities Act	the United States Securities Act of 1933, as amended;

* This is a target only and is based on current market conditions as at the date of this Registration Document and is not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target 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 amount raised pursuant to the Share Issuance Programme, the Company's net income and the Company's ongoing charges figure. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in New Shares or assume that the Company will make any distributions at all. Potential investors should decide for themselves whether or not the return is reasonable or achievable in deciding whether to invest in the Company. See further under the section "Risk Factors".

UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
United States or US	the United States of America, its possessions or territories, any State of the United States of America and the district of Columbia or any area subject to its jurisdiction or any political subdivision thereof;
VAT	value added tax; and
Website	www.greshamhouse.com/gresham-house-energy-storage-fund-plc .

In this Registration Document, unless the context otherwise requires, the expressions as set out below shall bear the following meanings:

In this Registration Document, unless specified otherwise, all references to sterling, pounds or £ are to United Kingdom pounds sterling and all references to "p" are to United Kingdom pence sterling.

In this Registration Document any reference to:

- any EU directive, EU regulation, EU decision, EU tertiary legislation or provision of the EEA agreement (an "**EU Matter**") which forms or is to form part of domestic law by application of the European Union (Withdrawal) Act 2018 shall be read on and after the expiry of the transition period as a reference to that EU Matter as it forms (by virtue of the European Union (Withdrawal) Act 2018) part of domestic law and as modified by domestic law from time to time;
- any EU Matter which has effect in domestic law by application of the UK legislation enacting the "**Withdrawal Agreement**" (meaning the agreement between the United Kingdom and the EU under Article 50(2) of the Treaty on the European Union which sets out the arrangements for the United Kingdom's withdrawal from the EU (as that agreement is modified from time to time in accordance with any provision of it)) shall be read during the transition period as a reference to an EU Matter as it has effect in domestic law with any relevant modifications as set out in such legislation; and
- any EU entity shall be read on and after the expiry of the transition period as a reference to the UK institution, authority or body to which its functions were transferred,

and for the purposes of this paragraph, (i) "**domestic law**" shall have the meaning given in the European Union (Withdrawal) Act 2018; (ii) "**transition period**" means the transition or implementation period provided for by Part 4 of the Withdrawal Agreement; and (iii) any other words and expressions shall, unless the context otherwise provides, have the meanings given in the European Union (Withdrawal) Act 2018.



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