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

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

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Gresham House Energy Storage Fund PLC

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

Circular to Shareholders and Notice of General Meeting relating to the recommended proposals to make certain amendments to the Company's investment policy and to disapply pre-emption rights

Notice of a General Meeting of the Company to be held at 3 p.m. on Friday, 13 May 2022 which will be held at 18th Floor, The Scalpel, 52 Lime Street, London, EC3M 7AF. The proposals described in this document are conditional upon Shareholder approval of the Resolutions at the General Meeting. Shareholders are requested to complete and return their Form(s) of Proxy.

To be valid, Forms of Proxy for use at the General Meeting must be completed and returned in accordance with the instructions printed thereon to the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event so as to arrive by not later than 3 p.m. on Wednesday, 11 May 2022.

DEFINITIONS

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

Act	the Companies Act 2006, as amended;
Articles of Association	the articles of association of the Company in force from time to time;
Board	the board of Directors of the Company or any duly constituted committee thereof;
Business Day	any day on which banks are open for business in London (excluding Saturdays and Sundays);
Co-Location Arrangements	the co-location of solar installations sharing a grid connection with the ESS Projects of the Group, provided that any such solar installations that are the subject of such co-location do not or will not have a generational capacity exceeding the export capacity of the relevant host ESS Project;
Company	Gresham House Energy Storage Fund PLC, together (as applicable) with its Subsidiaries from time to time or any one or more of them, as the context may require;
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001;
C Share	a C Share of £0.01 in the capital of the Company;
Developer	an undertaking whose business includes the development of ESS Projects and which has an established commercial relationship with the Gresham House Group;
Directors	the directors of the Company or any duly constituted committee thereof;
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000;
EEA Member Country	any member state of the European Union, Iceland, Liechtenstein and Norway;
EPC	engineering, procurement and construction;
EPCm	EPC management;
ESS Project	a utility scale energy storage system, which utilises batteries;
ESS Project Company	a company or other legal person that owns an ESS Project, in which the Company will invest;
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST;
Existing Pipeline	ESS Projects exclusive to the Company totalling 707MW, not yet owned or conditionally acquired by the Company and not fully funded;
Form of Proxy	the form of proxy provided with this document for use in connection with the General Meeting;

GAV or Gross Asset Value	an amount equal to the total assets of the Company plus the amount of external debt drawn down by Midco calculated in accordance with the Company's normal reporting policies from time to time;
General Meeting	the general meeting of the Company convened for 3 p.m. on Friday, 13 May 2022 or any adjournment thereof;
GHE	Gresham House plc;
Gresham House Group	GHE and its Subsidiaries, including the Manager;
Group	the Company and its Subsidiaries from time to time;
Group Company	any member of the Group;
IRR	internal rate of return;
Latest Practicable Date	21 April 2022, being the latest practicable date prior to the publication of this document;
Manager	Gresham House Asset Management Limited;
Midco	Gresham House Energy Storage Holdings Plc;
Net Asset Value or NAV	in relation to an Ordinary Share, its net asset value, in relation to Ordinary Shares the net asset value per Ordinary Share multiplied by the number of shares of that class in issue (excluding, for the avoidance of doubt, any Ordinary Shares held in treasury), in relation to a C Share, its net asset value, in relation to C Shares the net asset value per C Share multiplied by the number of shares of that class in issue (excluding for the avoidance of doubt, any C Shares held in treasury) and in relation to the Company, the net asset value of the Company as a whole, in each case calculated in accordance with the Company's normal reporting policies from time to time;_
New C Shares	new C Shares issued by the Company;
New Ordinary Shares	new Ordinary Shares issued by the Company or arising upon conversion of any C Shares issued by the Company;
New Pipeline	potential future direct and indirect investments that may be made by the Company in accordance with the Company's investment policy which are neither the Stairfoot project nor part of the Existing Pipeline;
New Shares	New Ordinary Shares and/or New C Shares as the context requires;
Notice of General Meeting or Notice	the notice of the General Meeting as set out at the end of this document;
Ordinary Share	an ordinary share of £0.01 in the capital of the Company;
Overseas Jurisdictions	the United States, Canada, Australia, Northern Ireland and any EEA Member Country (including Republic of Ireland);
Portfolio	the Company's portfolio of ESS Project Companies;
Proposals	the proposals set out in this document;
Ready-to-Build Projects	"shovel ready" or ready to build sites that as a minimum have in place: i) sufficient land rights either held by a freehold interest or substantially similar interest in the Overseas Jurisdictions or a completed lease, lease option, or agreement

for lease, on satisfactory terms in relation to the land where that ESS Project is intended to be situated, ii) full planning permission enabling the construction of a suitable ESS Project on that land, iii) a grid connection offer or rights to import or export from the relevant network as are market standard prior to connection works being completed;

Resolutions

the ordinary resolutions and the special resolution as detailed in the Notice of General Meeting;

RIS

a regulatory information service that is on the list of regulatory information services maintained by the FCA;

Shares

Ordinary Shares and/or C Shares;

Shareholder

a holder of Shares;

Subsidiaries

a Subsidiary Undertaking from time to time ("Subsidiary Undertaking" having the meaning set out in section 1162 of the Act);

Tranche

a tranche of New Shares issued under a new share issuance programme; and

UK

the United Kingdom of Great Britain and Northern Ireland.

Gresham House Energy Storage Fund PLC

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

Directors:

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

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

22 April 2022

Dear Shareholder

Introduction

The Company seeks to provide Shareholders with an attractive and sustainable dividend over the long term by investing in a diversified portfolio of utility scale energy storage systems, which utilise batteries, currently located in Great Britain and the Republic of Ireland. The Company also seeks to provide Shareholders with the prospect of capital growth through the re-investment of net cash generated in excess of the Company's target dividend of 7.0p per Ordinary Share in each financial year*. The Company targets a Net Asset Value total return in the range of 8 – 15 per cent. per annum. On 6 April 2022, the Company confirmed that NAV growth from revaluations is expected to be at least 15 per cent. in the year to 31 December 2022*. In addition, capital growth may also arise as a result of yield compression, where the yield on comparable investment opportunities narrows relative to current levels.

As at the Latest Practicable Date, the total capacity of operational utility scale energy storage projects in the Company's Portfolio is 425MW across 17 projects, and this is expected to rise to approximately 850MW across 25 projects by the end of 2022.

Furthermore, the Company intends to build on its leading market share and significantly increase the size of the Portfolio by acquiring an Existing Pipeline of 707MW of ESS Projects in the UK and Ireland over the coming months for which due diligence is well under way for 647MW of this capacity. Included in the Existing Pipeline is the Company's first Irish project, a 180MW ESS project in County Louth which is expected to become the largest ESS project in the Republic of Ireland. Once, and assuming, the Existing Pipeline is fully deployed, the Portfolio will grow to 1597MW by mid-2024.

In addition, the Manager is continuing to source a New Pipeline made up of incremental pipeline project opportunities both in Great Britain and in Overseas Jurisdictions, the latter subject to proposed changes to the Company's investment policy being implemented as described below.

The Company will seek to finance its Existing Pipeline and New Pipeline through its existing debt facility of £180 million (with an additional £200 million accordion facility available) and potential future equity issues. To help facilitate future equity issues, it is proposed that pre-emption rights over 400 million New Shares be disapplied. The issue of any such shares will be subject to the publication of a new prospectus by the Company in due course. Any such New Ordinary Shares will be issued at a price determined by the Board and representing a premium to the last reported Net Asset Value per Ordinary Share and any publicly announced NAV guidance at the time of the relevant allotment.

* These are targets only and 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 target returns should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the number of New Shares issued pursuant to any share issuance programme under which the Company issues New Shares, the Company's net income and the Company's ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in or increase their investment in the Company. See further "Risk Factors" in Part II.

In order to facilitate the acquisition of the New Pipeline, it is also proposed that the Company's investment policy be amended to enable the Company, subject to certain restrictions calculated as a proportion of the GAV, to:

- invest in Ready-to-Build Projects,
- invest in ESS Projects in Overseas Jurisdictions with or without Co-Location Arrangements,
- acquire land in connection with ESS Projects, and
- make various administrative amendments such as combining the restrictions on construction and equipment loans into one limit, as well as tidy-up changes to remove out of date references.

The Company has therefore convened the General Meeting in order to seek authority for the Directors to issue the New Shares for cash on a non pre-emptive basis alongside the investment policy changes (together the "**Proposals**").

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

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

Background to the Proposals

Since launch, the Company has delivered the following returns for Shareholders:

- **NAV Total Return as at 31 December 2021**

Total return: 38.9%

Annualised return: 11.0%

- **NAV Total Return as at 31 March 2022***

Total return: 49.3%

Annualised return: 12.6%

**assuming guidance of 124p/share provided for the Q1 2022 NAV per share*

- **Share Price Total Return as at 31 March 2022**

Total return: 64.1%

Annualised return: 15.8%

A strong pipeline of investment opportunities

The Existing Pipeline (other than Shilton Lane) is exclusive to the Company in that it is either 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 Existing Pipeline represents an attractive incremental addition to the portfolio which is diversified by asset and location, including the Republic of Ireland. If the Proposals are approved, further geographic diversification will be possible through investments in the Overseas Jurisdictions.

The Existing Pipeline, subject to completion of due diligence comprises the following projects*:

Project	Location	Capacity (MW)	Battery duration (hours)	Target commissioning date
York	North Yorkshire	50	1.0	Q4 2022
Bradford West	West Yorkshire	87	2.0	Q1 2023
Elland 1	West Yorkshire	50	2.0	Q1 2023
Elland 2	West Yorkshire	100	2.0	Q3 2023
Monet's Garden	North Yorkshire	50	2.0	Q2 2023
Lister Drive	Merseyside	50	2.0	Q2 2023
Bradford West 2	West Yorkshire	100	2.0	H2 2023
Monvalet	Rep. of Ireland	180	1.0	H1 2024
Shilton Lane	Scotland	40	1.0	H1 2024
Total / Average		707	1.7	

The Company's existing debt facility, the accordion facility, and the potential issue of New Shares, is conservatively expected to make possible deployment into all of the Existing Pipeline and a New Pipeline of at least a further 600MW assuming the accordion is secured in full and most new projects are built to a two-hour duration.

Deployment of the Existing Pipeline and any New Pipeline is expected to drive meaningful income and capital growth as i) incremental IRRs continue to exceed the Weighted Average Discount Rate used to value the Company's ESS Projects ii) the total number of MWs being deployed represents a significant increase to the installed base of projects and iii) the ability to partially fund incremental projects with debt at an attractive margin reduces the equity required, increasing returns to shareholders.

The Existing Pipeline comprises ESS Projects which are intentionally designed as large-scale symmetrical, battery-only projects with, at least, a one-hour duration. This approach is designed to increase operational efficiency and minimise the impact on carbon emissions and the environment. If the Proposals are approved, the Company may invest in Co-Location Arrangements on ESS projects in Overseas Jurisdictions, but only if the export capacity of the solar installations is less than the export capacity of the battery storage at the ESS Project and also, so long as investments in solar panels forming part of the Co-Location Arrangements represents less than 6% of GAV in total (calculated at the time of investment). The primary reasons for this will be either to make the investments possible, or to optimize their design.

Benefits of the future issuance of New Shares

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

- The additional capital raised will enable the Company to take advantage of current and future investment opportunities thereby further diversifying its Portfolio;
- Acquiring ESS Projects forming the Existing Pipeline is accretive to the Company's cashflow per share based on base case revenue assumptions;
- An increase in the market capitalisation of the Company will help to make the Company more attractive to a wider investor base;

*The 40MW Stairfoot project, named in the pipeline listed in the 2021 Annual Report is not included in the Existing Pipeline as due diligence and transaction documents for its acquisition by the Company are at an advanced stage and this is fully funded from existing funds. However, the overall pipeline has not changed in size as the Company is now in the final stages of acquisition negotiations for a new project also of 40MW called Shilton Lane, in Scotland.

- It is expected that the secondary market liquidity in the Ordinary Shares will be further enhanced as a result of a larger and more diversified shareholder base;
- The Company's fixed running costs will be spread across a wider shareholder base, thereby reducing the ongoing costs ratio; and
- Any issuance of New Shares will be undertaken at a premium to NAV (including any publicly announced NAV guidance) which will enhance the NAV per existing Ordinary Share.

Proposed amendments to the Company's investment policy

The following key changes to the investment policy are proposed:

Investment in Ready to Build Projects

The existing investment policy only allows the Company to invest in 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 acquisition structure necessary to comply with the existing investment policy is challenging for third party sellers who expect to receive more than nominal consideration upfront, and therefore the Company has not acquired any Ready to Build Projects from third parties to date and instead, has only made such acquisitions of Ready to Build Projects from the Gresham House Group.

Due to the nascency of the Energy Storage market, there have been and continue to be very few Operational Projects available for acquisition in the secondary market. Therefore the Company has focused on Ready to Build Projects which it can develop into Operational Projects in order to achieve its growth.

Since its IPO, the Company has taken ten projects through construction and into operation. The Manager is of the view that as a result of this track record, the risks surrounding Ready to Build Project acquisitions are both well understood and limited. The Company therefore wishes to amend the investment policy to allow it to acquire Ready to Build Projects, provided such acquisitions do not exceed 10% of Gross Asset Value (calculated at the time consideration is paid for such acquisition). The Company wishes to retain its ability to acquire other Ready to Build Projects in excess of this restriction, provided that they meet the acquisition criteria outlined in the existing investment policy in respect of nominal upfront consideration and a put option in certain circumstances.

The Company has determined that this change will both decrease the total cost of acquisitions by 5-10%, and accelerate growth of Ready to Build Projects by unlocking the Company's ability to negotiate and acquire Ready to Build Projects directly from third parties. It will also remove or materially decrease the number of related party transactions with the Gresham House Group. This will also be potentially helpful in facilitating a migration to the premium segment of the London Stock Exchange in due course.

Investment in Overseas Jurisdictions, including investment in Co-Location Arrangements

The Company's existing investment policy allows the Company to invest in ESS Projects in Great Britain, Northern Ireland and the Republic of Ireland, so long as investments in Northern Ireland and the Republic of Ireland do not exceed 10% of Gross Asset Value (calculated at the time of the investment).

The Company wishes to amend its investment policy in order to invest in ESS Projects located in Overseas Jurisdictions, provided that such investments do not exceed 30% of Gross Asset Value (calculated at the time of investment) and to permit investment in Co-Location Arrangements in the Overseas Jurisdictions, provided the acquisition or purchase of solar panels shall not exceed 20% of the total investment exposure in Overseas Jurisdictions (equivalent to up to 6% of GAV calculated at the time of such acquisitions or purchases).

The Company considers itself strongly positioned to take a powerful lead in energy storage internationally and increase EBITDA and NAV growth over time by leveraging its track record, reputation, scale and expertise. The Overseas Jurisdictions have been selected because they benefit from a wholesale market structure, a significant penetration of renewables and further anticipated rapid growth in renewables, similar to the market in Great Britain. In certain Overseas Jurisdictions, network infrastructure challenges create opportunities to generate stronger revenues. Investment

opportunities in the Overseas Jurisdictions will allow the Company to continue diversifying its Portfolio and exposure to a diverse range of revenues and counterparties.

The Company plans to invest in ESS Projects with Co-Location Arrangements. Several pipeline project opportunities come with Co-Location Arrangements designed in. Solar PV is a tried and tested technology and therefore the Company's view is that it will not increase the risk profile associated with the Company's ESS Projects. The Manager has significant experience building and managing solar PV projects.

Acquisition of land associated with ESS Projects

In the existing investment policy, the Company may only invest in ESS Projects which have a completed lease, a lease option, or agreement for lease, on satisfactory terms in relation to the land where the relevant ESS Project is situated. The Company wishes to be able to invest in ESS Projects where the Company may also own the land associated with the ESS Projects, whether by way of a freehold interest in Great Britain, or land rights of a substantially similar nature in Overseas Jurisdictions.

The Company expects that investing in land will increase investment duration as well as IRRs for ESS Projects. Owning a freehold interest or substantially similar land rights, rather than being granted a leasehold interest, can be beneficial to a project owner in a number of aspects, for example: a) the ability for a landlord to forfeit the lease (i.e. in the event of a tenant breach) is removed; b) the market-standard extensive set of obligations owed to a landlord (i.e. the obligation to maintain restoration security) will also be removed (save for any covenants which are afforded to the seller of the freehold in the event of a sale/acquisition of part); and c) a project owner has complete flexibility (subject to compliance with relevant laws, including planning laws) to do as it wishes with the land (i.e. it is not limited to using the land for the "permitted use"). The Company expects that these benefits outweigh the potential disadvantages associated with acquiring land rather than being granted a lease, in particular: a) the project owner will be left with the freehold interest at the end of the project lifecycle (which may or may not have appreciated in value); b) more capital expenditure is required at the outset; and c) it is more difficult to ensure the seller remains liable for ground contamination which existed prior to the project.

Administrative amendments, including simplifying loans for construction and equipment into one restriction

In the existing investment policy, the Company may provide loan finance to ESS Project Companies so that they may acquire equipment prior to construction ("**Equipment Loans**") and may make payments under the EPC Contract or EPCm contract suite which cannot be classed as being for equipment ("**Construction Loans**"). The existing investment policy provides that Equipment Loans may not constitute more than 15 per cent. of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations) and Construction Loans may not constitute more than 10 per cent. of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations).

The Company wishes to simplify its investment policy so that it may provide loans to ESS Project Companies before they hold Operational Projects to finance (i) acquisitions of equipment or (ii) make payments in connection with the ESS Project's construction or delivery provided that no more than 25 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. Combining the two restrictions into a single restriction will reduce the administrative burden on the Manager and its employees monitoring such restrictions on behalf of the Company.

In addition to the amendments set out above, minor amendments to the Company's investment policy are also being proposed in order to simplify and clarify the policy and to remove out-of-date references. References to ESS Projects which also use generators have been removed as the Portfolio includes only one ESS Project which regularly operates gas generators and the Company does not expect to invest in any further such hybrid ESS Projects.

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

The proposed amendments, which collectively constitute a material change of the Company's investment policy, require the approval of the Shareholders at the General Meeting. The proposed amendments will not become effective until consent has been obtained under the Facilities Agreement dated 17 September 2021 to which the Company, Midco and a syndicate of banks including Commonwealth Bank of Australia, Lloyds Bank, NatWest and Santander are parties.

In order to approve the proposed amendments to the Company's investment policy, the Board has proposed resolution 2 as an ordinary resolution at the forthcoming General Meeting which will, if passed, approve the adoption of the new investment policy set out in Part I of this document.

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

The Directors have resolved to convene a general meeting at 3 p.m. on Friday, 13 May 2022 (the "**General Meeting**") in order to seek Shareholder authority to issue further Shares on a non-pre-emptive basis and to amend the Company's investment policy.

Disapplication of pre-emption rights

In order to facilitate the issuance of New Shares in the future, the Board has proposed resolution 1 as an ordinary resolution and resolution 3 as a special resolution in order to seek Shareholder authorities, in addition to the Company's existing authorities, for the allotment on a non-pre-emptive basis of up to 400 million New Ordinary Shares and/or New C Shares in total. Assuming all the New Shares are issued this would represent, approximately 91.36 per cent. of the Company's issued share capital as at the Latest Practicable Date. Any such New Ordinary Shares will be issued at a price determined by the Board and representing a premium to the last reported Net Asset Value per Ordinary Share (including any publicly announced NAV guidance) at the time of the relevant allotment. Any such New C Shares will be issued at a price of £1 per C Share.

The Company intends to publish a prospectus in due course as required for the admission of the New Shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange for listed securities. The authority conferred by resolutions 1 and 3 will lapse on 31 December 2023.

General Meeting

The general meeting will be held at 3 p.m. on Friday, 13 May 2022 at 18th Floor, The Scalpel, 52 Lime Street, London, EC3M 7AF.

Formal business of the General Meeting

Resolution 1 will be proposed as an ordinary resolution to authorise the Company to allot New Shares.

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

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

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

All Shareholders are entitled to attend and vote at the General Meeting. In accordance with the Company's Articles of Association, all Shareholders present in person or by proxy shall upon a poll have one vote. In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative). The formal notice convening the General Meeting is set out on pages 20-23 of this document.

Risk Factors

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

Action to be taken

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

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event by not later than 3 p.m. on Wednesday 11 May 2022.

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

Recommendation

The Directors consider the proposals set out in this document to be in the best interests of Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. The Directors intend to vote in favour of the Resolutions in respect of their holdings of Ordinary Shares amounting to 157,245 Ordinary Shares in aggregate (representing approximately 0.04 per cent. of the issued Ordinary Share capital of the Company as at 21 April 2022, being the Latest Practicable Date).

Yours faithfully

John S Leggate CBE
(Chair)

PART I

Summary of Proposed Changes to the Investment Policy

1. Existing investment policy

The Company's current investment policy is as follows:

The Company 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 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.

1.1 Asset type and diversification

The Company 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 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 Projects Companies on a commercial basis for an arm’s-length fee.
- Asset optimisation – the Company intends to invest in ESS Projects that generate revenues from importing and exporting, or generating and exporting in the case of ESS Projects including generators, power in the wholesale market and the National Grid-administered Balancing Mechanism.
- Capacity market – the Company intends to invest in ESS Projects that generate revenues by access to the benefit of contracts, or through entering into new contracts, to provide back-up capacity power to the Electricity Market Reform delivery body via 1 year and 15 year capacity market contracts.
- Triads and other 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 National Grid-related income including Generator Distribution Use of System, through which benefits are paid by DNOs to suppliers, which are passed through to electricity generators in their power purchase agreements and the National Grid’s Balancing Use of System (“**BSUoS**”), which recovers costs through charges levied on electricity generators and suppliers. In addition, the balancing system produces small half-hourly residual cashflows that are generally negative (a disbenefit to distributed generators) but can be positive (a benefit) and are allocated to suppliers in the same way as BSUoS charges.

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

ESS Projects in which the Company invests may diversify their revenue sources further by collaborating with renewable generators or large users of power in close proximity to an ESS Project, or providing availability based services to restore electric power stations or part 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 project as a whole of the failure of one or more battery modules.

1.2 Other investment restrictions

The Company will generally acquire ESS Projects where construction is substantially complete and where ESS Projects are capable of commercial operations (“**Operational Projects**”). Operational

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 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 provide loan finance to ESS Project Companies so that the ESS Project Companies 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 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.

1.3 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.

1.4 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.

1.5 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 of its subsidiaries, such leverage to be introduced directly or through one or more 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.

1.6 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.

2. Proposed new investment policy

The Board recommends that the Company adopts a new investment policy. The changes to the existing investment policy proposed to be made by Resolution 2 as an ordinary resolution at the General Meeting are shown marked-up to the existing investment policy as follows:

The Company 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~~ and the Overseas Jurisdictions.

Individual ~~projects~~ ESS Projects will be held within special purpose vehicles into which the Company 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.

2.1 Asset type and diversification

The Company 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 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~~ Great Britain and the Overseas Jurisdictions, provided that no more than ~~31~~ 10 per cent. of Gross Asset Value (calculated at the time of investment) may be invested in ~~the Republic of Ireland and Northern Ireland~~ the Overseas Jurisdictions.

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~~ across the Portfolio by investing in ESS Projects which can benefit from a number of different income streams with different contract lengths and return profiles. 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. The Company may invest in changes to its equipment, technical configurations and technology in order to access revenue streams as they become available, noting that revenue streams and revenue stacking continues to evolve not only in Great Britain but also in the Overseas Jurisdictions as the energy storage market matures. ~~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:~~

~~2.2~~ In Great Britain:

~~1. Firm Frequency Response — the Company intends to invest in ESS Projects that generate firm frequency response revenues including from FFR contracts through which the Company and/or its subsidiaries will provide, on a firm basis, dynamic or non-dynamic response services to changes in frequency, to help balance the grid and avoid power outages. It is anticipated that Noriker or third parties may provide electricity trading services to Projects Companies on a commercial basis for an arm's-length fee.~~

~~2. 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.~~

~~3. 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.~~

~~4. Triads and other 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 National Grid related income including Generator Distribution Use of System, through which benefits are paid by DNOs to suppliers, which are passed through to electricity generators in their power purchase agreements and the National Grid's Balancing Use of System ("BSUoS"), which recovers costs through charges levied on electricity generators and suppliers. In addition, the balancing system produces small half-hourly residual cashflows that are generally negative (a disbenefit to distributed generators) but can be positive (a benefit) and are allocated to suppliers in the same way as BSUoS charges.~~

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

~~ESS Projects in which the Company invests may diversify their revenue sources further by collaborating with renewable generators or large users of power in close proximity to an ESS Project, or providing availability based services to restore electric power stations or part of electric grids to operation. The Company may also invest in ESS Projects with Co-Location Arrangements in the Overseas Jurisdictions, and may purchase solar panels for use at such co-located ESS Projects in the Overseas Jurisdictions provided that the proportion of an investment spent on purchases of solar panels does not exceed six per cent. of Gross Asset Value (calculated at the time of such purchase). 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~~ across 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.

3. 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 repaired, upgraded or replaced separately, thereby reducing the impact on the project as a whole of the failure of one or more battery modules.

3.1 Other investment restrictions

The Company will generally acquire ESS Projects where construction is substantially complete and where ESS Projects are capable of commercial operations (“**Operational Projects**”). Operational Projects will need to have in place sufficient land rights, either in the form of a freehold interest or substantially similar interest in the Overseas Jurisdictions or a completed lease on satisfactory terms in relation to the land where that ESS Project is situated, an ~~executed~~ grid connection agreement or grid sharing or such other rights to import or export from the relevant network as are market standard and completion of relevant commissioning tests ~~(in Great Britain, this includes a G59 Certificate or a G99 Certificate confirming commissioning completion).~~

The Company may also acquire ESS Projects or rights to acquire ESS Projects which are considered “shovel ready” that as a minimum have in place sufficient land rights either in the form of a freehold interest or substantially similar interest in the Overseas Jurisdictions or 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, and a grid connection offer or grid sharing or such other rights to import or export from the relevant network as are market standard prior to connection works being completed (“**Ready to Build Projects**”).

The Company may invest in Ready to Build Projects provided that no more than 10 per cent. of Gross Asset Value (calculated at the time consideration is paid for such acquisition) may be exposed in aggregate to such Ready to Build Projects. If the Company wishes to acquire other Ready to Build Projects in excess of the 10 per cent. of Gross Asset Value restriction, it 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.

~~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 provide loan finance to ESS Project Companies before they hold Operational Projects so that the ESS Project Companies can acquire equipment ~~prior to construction~~ or make payments in connection with the ESS Project’s construction or delivery, provided that no more than ~~25~~ 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 loans.~~

Once an Operational Project is acquired, or after a Ready to Build Project becomes an Operational Project, 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 which provides for increased capacity or altered technical parameters, and/or an EPC contract, EPCm contract suite or other construction contracts to undertake construction of the relevant upgrades.

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

3.2 Investment in Developers

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

3.3 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 [European Union](#); and
- any UK "government and public securities" as defined for the purposes of the FCA Rules.

3.4 Leverage and derivatives

The Company ~~does intend to assess its ability to~~ [may](#) raise debt and ~~is expected to~~ introduce leverage (at the Company level and/or the level of one or more of its subsidiaries, such leverage to be introduced directly or through one or more 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 Group~~ 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 Group's~~ assets. The Directors will restrict borrowing to an amount not exceeding 50 per cent. of the Company's Net Asset Value at the time of drawdown. There will be no cross collateralization between the ESS Projects.

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

3.5 Efficient portfolio management

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

PART II

Risk Factors

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

1. **Development exposure** - The Company may acquire Ready to Build Projects or the rights to acquire Ready to Build Projects, without the protection of an acquisition structure where almost all the consideration is paid at commissioning and in the interim period the Company would benefit from a put option to return the project to the seller. 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 acquisition of such Ready to Build Projects adversely affected or the Company being unable to commission all or some of the Ready to Build Projects.
2. **Overseas Jurisdictions** - The Company has historically focused on investment in energy storage infrastructure in the UK and the Republic of Ireland and is now actively considering investments in the Overseas Jurisdictions. Neither the Company nor the Manager has a track record of historic performance in relation to investments in the Overseas Jurisdictions and investments in new geographies may not achieve the expected results or returns. The laws and regulations of various jurisdictions in which the Group invests or may invest may impose restrictions that would not exist in Great Britain. Such jurisdictions may have their own legal, economic, political, social, cultural, business, industrial and labour and environmental risks and projects in those jurisdictions may require approvals under corporate, securities, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in Great Britain. In addition, while some suppliers to the energy storage industry are based in the Overseas Jurisdictions, not all Overseas Jurisdictions benefit from a comprehensive or well-known cohort of EPC contractors, O&M providers, or optimisers. As trading revenue is key to the Company's business plan, not having access to an optimiser in the relevant Overseas Jurisdiction would be considered an increased risk of the ESS Project not achieving the expected results or returns.
3. **Solar PV** - Solar PV is a traditional renewable energy technology and substantially de-risked as compared to energy storage; however, it has different risks to storage and the addition of Co-Location Arrangements increases the Company's exposure to a new set of risks associated with a different technology, as well as co-location risk.
4. **Land** - The Company may acquire the land on which ESS Projects are located rather than holding land rights only by way of leases for the life of projects. In clean energy transactions it is not customary for projects to be developed and sold with freehold (or substantially similar) land rights, but rather to develop projects with a lease which has a term equal to the proposed life of the project. The Company's existing ESS Projects with leasehold interests are typically for a period of 25-31 years from the date of grant of the lease, with associated rights to extend the lease in certain circumstances. If the Company holds a freehold interest or substantially similar land rights, it will continue to hold land after the ESS Project has reached the end of its life and been decommissioned. The Company would then need to hold or sell the land separate from an ESS Project and there can be no guarantee that the Company would be able to sell it on market terms. In addition, if the Company wished to sell an ESS Project with associated land, it may attract less interested acquirors as it is not customary in the clean energy sector to develop projects on this basis, and therefore the Company may obtain a lower consideration on a disposal than it would if the project was developed with an associated lease.
5. **Combined restriction on construction and equipment loans** - The primary security protection for the Company's existing or prior Equipment Loans was a physical asset which had a resale value, whereas the primary security protection for the Company's Construction Loans was a pledge of shares of the ESS Project Company. If construction were to cease and fail to complete for some reason, then enforcing security over an ESS Project Company that may be in the early stages of construction is less likely to make the Company whole for its loan than enforcing security over a tangible asset that could either be resold or reused for one of

the Company's other ESS Projects. By splitting the restrictions on Equipment Loan and Construction Loans, the Company was less exposed to potential failure to commission an ESS Project. The Manager considers pure construction risk to be low, based on its track record of constructing ten projects since IPO with a further eight projects in construction during 2022. In addition, the Manager does not intend to use the 25 per cent. of GAV restriction in order to increase the amount of Construction Loans substantially from their existing ten per cent. of GAV amount. Notwithstanding, there can be no assurance that the Company will be repaid its loans or that the security granted in connection with them will be sufficient to repay such debt.

6. 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.

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

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

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

The Company's target dividend and future distribution growth will be affected by the Company's underlying investment portfolio and the availability of distributable reserves. Any change or incorrect assumption in relation to the dividends or interest or other receipts receivable by the Company (including in relation to projected electricity prices, availability and operating performance of equipment used in the operation of ESS Projects within the Portfolio, ability to make distributions to Shareholders (especially where the Company has a minority interest in a particular ESS Project) and tax treatment of distributions to Shareholders) may reduce the level of distributions received by Shareholders. In particular, prospective investors should note the requirement of the Company to continue to be eligible to qualify as an investment trust. In addition, any change in the accounting policies, practices or guidelines relevant to the Company and its investments may reduce or delay the distributions received by investors. To the extent that there are impairments to the value of the Company's investments that are recognised in the Company's income statement, this may affect the profitability of the Company and affect the ability of the Company to pay dividends.

9. There can be no guarantee that a liquid market in the New Shares will exist. Accordingly, Shareholders may be unable to realise their New Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share), or at all. The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the New Shares may affect the ability of Shareholders to realise their investment.
10. The New Shares are designed to be held over the long term and may not be suitable as short term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment.

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

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

PART III

General information

1. Share Capital

The share capital of the Company consists of 437,842,078 Ordinary Shares of £0.01 each. As at the date of this document, the Company has 0 shares held in treasury.

2. Consent

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

NOTICE OF GENERAL MEETING

Gresham House Energy Storage Fund PLC

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

Notice is hereby given that a General Meeting (the "**Meeting**") of Gresham House Energy Storage Fund PLC (the "**Company**") will be held at 3 p.m. on Friday 13 May 2022 at 18th Floor, The Scalpel, 52 Lime Street, London, EC3M 7AF to consider and, if thought fit, approve resolutions 1 and 2, which will be proposed as ordinary resolutions and resolution 3, which will be proposed as a special resolution (the "**Resolutions**"):

Ordinary Resolutions

1. THAT, in addition to any existing authorities, the directors of the Company (the "**Directors**") be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot new ordinary shares of £0.01 each in the capital of the Company ("**Ordinary Shares**") and new C shares of £0.01 each in the capital of the Company ("**C Shares**") having the rights set out in the Articles of Association of the Company and to grant rights to subscribe for or to convert any security into Ordinary Shares or C Shares up to an aggregate nominal value of £4,000,000 provided that this authority shall expire on 31 December 2023, unless previously renewed, varied or revoked by the Company in a general meeting, except that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry, and the Directors may allot shares and grant rights to subscribe or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
2. THAT, the Directors be authorised to amend the investment policy of the Company as described in the Circular, a copy of which will be signed for the purpose of identification by the Chair of the meeting, and to implement the investment policy, as so amended, in substitution for the existing investment policy.

Special Resolution

3. THAT, in addition to any subsisting powers, the Directors be and are hereby empowered (pursuant to sections 570 and 573 of the Act) to allot equity securities (as defined in section 560 of the Act) and to sell Ordinary Shares held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority conferred by resolution 1 above, as if section 561(1) of the Act did not apply to any such allotment, such power to expire on 31 December 2023, unless previously renewed, varied or revoked by the Company in a general meeting, except that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or treasury shares sold after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or an agreement as if such power had not expired.

BY ORDER OF THE BOARD

JTC (UK) Limited
Company Secretary

Registered Office:

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

Date: 22 April 2022

Notes:

- (i) A member that would be entitled to attend, if attendance were permitted at the Meeting, and that is entitled to vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his/her place. If a shareholder wishes to appoint more than one proxy and so requires additional proxy forms, the shareholder should contact the Company's Registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. A proxy need not be a member of the Company.
- (ii) To appoint a proxy you may photocopy the form of proxy enclosed with this Notice of General Meeting. To be valid the forms of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to the office of the Company's registrar as soon as possible and in any event so as to arrive by not later than 3 p.m. on Wednesday 11 May, 2022.
- (iii) The appointment of a proxy and any voting instructions for the meeting may be registered electronically by logging onto www.eproxyappointment.com. Full details of the procedure are given on that website. The proxy appointment and voting instructions must be received by the Company's Registrars, Computershare Investor Services PLC, not less than 48 hours before the time of the meeting or any adjournment of the meeting. You will need to have this form to hand when you log on, as it has information required in the process.
- (iv) A vote withheld is not a vote in law, which means the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter put before the meeting.
- (v) Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- (vi) If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- (vii) In order to revoke a proxy instruction, members will need to inform the Company, by sending a hard copy notice clearly stating their intention to revoke a proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
- (viii) If a quorum is not present within 15 minutes from the time appointed for the commencement of the Meeting, the Meeting will be adjourned to 3 p.m. on Friday, 20 May 2022;
- (ix) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "**Nominated Person**") should note that the provisions in Notes (i) to (iii) above concerning the appointment of a proxy or proxies to attend the Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the Meeting.
- (x) Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- (xi) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by close of business two days (excluding non-working days) prior to the time fixed for the Meeting shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is close of business two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- (xii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (xiii) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by following the procedures described in the CREST manual

which can be viewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (CREST ID) by not later than 3 p.m. on Wednesday, 11 May 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- (xiv) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
- (xv) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (xvi) If the Chair, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company’s securities already held by the Chair, result in the Chair holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chair will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chair a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xvii) Any question relevant to the business of the Meeting may be asked at the Meeting by anyone permitted to speak at the Meeting. A holder of Ordinary Shares may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company’s registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the Meeting, unless (i) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- (xviii) In accordance with Section 311A of the Companies Act 2006, the contents of this Notice, details of the total number of Ordinary Shares in respect of which Members are entitled to exercise voting rights at the Meeting and, if applicable, any members’ statements, members’ resolution or members’ matters of business received by the Company after the date of this Notice will be available on the Company’s website <http://newenergy.greshamhouse.com/esfplc>.
- (xix) As at 21 April 2022, being the last Business Day prior to the printing of this Notice, the Company’s issued capital consisted of 437,842,078 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 21 April 2022 are 437,842,078. The Company currently holds no Shares in treasury.
- (xx) You may not use the electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.