

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 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 59 to 60 and 73 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 this Registration Document makes no omission likely to affect its import.

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 4 to 7 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 (as amended))

Registration Document

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

**Manager
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 AIFM Rules, has notified the FCA of its intention to market the New Shares in the UK.

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. 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 are being offered only to (i) US Persons who are reasonably believed to be QIBs and QPs and who deliver to the Company and Jefferies an Investor Representation Letter 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.

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 25 May 2022

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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 Group's 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

The Company is to a large extent reliant on the Gresham House Group and other third-party service providers (including 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*".

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 is 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.

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 depends, 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 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 in order to enable the Company to meet its investment objective. In accordance with the AIFM Agreement, Gresham House is 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. Gresham House provides management services to the Company's SPVs pursuant to Management Services Agreements, Gresham House O&M Services Limited provides operations and maintenance services to certain ESS Projects of the Group and Devco enters into sale and purchase agreements with underlying developers to generate deal flow to the Company and undertakes deal origination and development activities in order to source Ready to Build Projects and Operational Projects. Consequently, the Group is 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. 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 is 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, or to the exclusive and non-exclusive pipeline of projects which are the subject of various agreements between members of the Gresham House Group and third party developers. 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 takes 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. 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 in; or (ii) for its own account invest in, ESS Projects in Great Britain and the Overseas Jurisdictions, 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 and the Overseas Jurisdictions, 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) Supply chain constraints, inflation and the ongoing COVID-19 pandemic

Increases in electric vehicle manufacture and battery storage deployment globally, coupled with the ongoing COVID-19 pandemic, continue to exacerbate supply chain constraints which can drive up inflation and costs for raw materials and component parts. Whilst this does not currently have a material impact, it could in the future materially adversely impact the construction of ESS Projects,

and therefore could adversely affect the ability of the Company to deliver income and capital returns to Shareholders in the following ways:

- Global and/or regional travel restrictions may delay the commissioning of ESS Projects and may constrain supply chains. Ongoing local lockdowns in China may result in delays in shipping of key components to the Company's ESS Projects.
- The ESS 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.
- As supply chains are further constrained and the demand for component parts increases, costs for the Company's batteries, transformers, inverters and other large equipment items may be inflated. The Company is pursuing arrangements with key suppliers to ensure timely delivery and fixed pricing, but there can be no guarantee that ESS Projects will be constructed on time or on budget and therefore, the ability to construct or commission ESS Projects may be adversely impacted.
- The energy markets into which ESS Projects are currently operating have seen some disruption due to major global events including the Russian invasion of the Ukraine and the ongoing COVID-19 pandemic, as well as the fallout effects of Brexit. Dysfunctional markets could adversely impact the trading operations of the ESS Project Companies. The Manager monitors these markets to ensure the assets are trading as expected.

(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 intermittent renewable energy technologies 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), or if the intermittency on the system is reduced (for example, due to new baseload renewable technologies increasing in prevalence, or increased number of generation stations with their own storage solutions incorporated) this will have an adverse impact on the Company's prospects and performance.

(c) Other new non-storage technologies

While the Company currently considers lithium-ion battery technology to be the most competitive provider in its target markets (e.g., 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.

(d) Energy market regulations in the UK

The revenue generated by each of the ESS Project Companies and its associated costs will be dependent on various energy market codes and regulations. Currently, the operational Portfolio is solely located in Great Britain. In the UK, 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 within the UK, as well as those ESS Projects already acquired by the Company in the UK under current electricity market/grid regulations.

(e) 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.

(f) 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 ESS 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).

(g) Environmental, Social and Governance

The Company seeks to ensure that the activities of the ESS 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.

(h) 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 ESS Project Companies assets and, therefore, the Company's investment returns.

(i) 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 closely monitors 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, ESS 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.

Operational risks

(j) Borrowing risk

The Group has the ability to raise debt. In addition, it may, from time to time use its borrowing for short-term liquidity purposes, 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.

Midco has access to readily available facilities totalling £180 million made up of £150 million capex and acquisition term facility and an additional £30 million working capital facility (the “**Facilities**”). Midco may draw down a further “incremental” facility of up to £200 million (the “**Incremental Facility**”). The Facilities and the Incremental Facility are available for drawdown until 8 October 2024 in respect of the capex and acquisition facilities, and 8 September 2026 in respect of the working capital facility under the terms of the Facilities Agreement and may be used by the Group to: (i) finance up to 70 per cent. of the purchase price of ESS Project Companies acquired by the Group; (ii) make downstream loans or letters of credit to ESS Project Companies to finance the design, construction (including civil works), testing, installation or commissioning of ESS Projects; (iii) refinance existing financial indebtedness of the Group; (iii) and/or (iv) fund general corporate and working capital purposes of the Group. In the case of (i) and (ii) loans under the Facilities may only be applied for the financing of any acquisition targets and assets located in the United Kingdom or the Republic of Ireland.

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.

It is possible that the Group may not be able to refinance borrowing which becomes repayable during the life of the Group, in which case the performance of the Group may be adversely affected as the Group may be required to seek alternative sources of financing which may be unavailable or may not be on as favourable terms. If alternative sources of financing are unavailable, then the Group would be required to dispose of assets in order to make such repayments and the Group may not be able to realise the same value as if it were not a forced seller and the performance of the Group may be adversely affected in such circumstances. These future borrowings of the Group may be secured on the assets of the Group and a failure to fulfil obligations under any related financing documents may permit lenders to demand early repayment of the loan and to realise their security. In such circumstances, lenders may be entitled to take ownership or dispose of the Group’s assets to the extent of outstanding liabilities of the Group. This may 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 in the UK on expiry and relationship with the National Grid

The revenues generated by the Portfolio in the UK will depend, in part, on the price each SPV 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 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 SPVs 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 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 ESS 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 the market continues to develop for such services, there is no certainty that DSOs will continue to require frequency response services or other material services for ESS Projects or at the levels projected. Therefore, a loss of an FFR contract or breakdown in relations with National Grid would have material adverse impact on UK 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.

(I) 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 an SPV'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 SPVs, 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. In certain circumstances, the asset optimiser holds revenues in their accounts before passing them through to the SPVs and in such cases the SPVs 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) 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 the Overseas Jurisdictions. 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.

(n) 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, Midco and/or the relevant SPV 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.

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

The SPVs rely on third-party professionals and independent contractors and other service providers (including the Gresham House Group), 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 SPVs 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.

(p) 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 or other suite of construction contracts. 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 SPV 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 SPV through a tender process, but it is the SPV 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 or other suite of construction contracts, the SPV 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 an SPV 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 SPVs 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.

(q) Changes in procurement of balancing services in the UK

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.

Changes in the specification of services (for example, response time or duration of delivery) may require the SPVs 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.

(r) 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 SPVs 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.

(s) 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.

(t) 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 ESS Project Companies may be lower than expected.

(u) 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. Alternatively, vendors may stand behind the warranties given in a sale and purchase agreement. There will be limitations on these warranties and/or on any insurance obtained, including, for example, 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 SPVs 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.

(v) 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 SPVs to control operating costs may adversely affect the Company's NAV and revenues and returns to Shareholders.

(w) Capacity market contracts and pricing

Some revenues generated by the Portfolio will be dependent on the price the SPVs are able to secure for providing capacity through Capacity Market auctions. The Group generally seeks to acquire ESS Project Companies with 15 year fixed price capacity market contracts in place. If the Group is unable to acquire ESS 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.

(x) Ofgem charging reviews

Ofgem is currently consulting on or implementing its ongoing reviews of various aspects of network charging arrangements (each a "**Significant Code Review**" or "**SCR**"), including:

- Targeted Charging Review ("**TCR**");
- Electricity Network Access and Forward-Looking Charges SCR ("**Access SCR**"); and
- Distribution Use of System SCR ("**DUoS SCR**").

The purpose of these work streams is to review how network costs, including TNUoS (transmission), DUoS (distribution) and BSUoS (balancing) charges, are levied directly or indirectly on electricity suppliers and (ultimately) on consumers, and to review how network access rights and

distribution connection charges are levied on users requesting new connections. The SCRs are being carried out with a view to ultimately ensuring the right pricing signals are driving the right behaviours and investment decisions for a more efficient and flexible grid and ensuring that network costs are spread fairly amongst various users.

As part of the TCR, Ofgem decided to approve a modification to move liability for BSUoS charges to final demand customers only, rather than both suppliers and generators under the existing arrangements. The modification will be implemented with effect from 1 April 2023. This is, in the Manager's view, positive in that it reduces import connection charges for the Company. NG ESO also proposed a number of code modifications to implement other aspects of Ofgem's TCR decision (for example, to ensure that residual charges are levied on a fixed basis for final demand customers only). The code modification process is still ongoing and Ofgem published its decision to delay the implementation of the proposed changes to TNUoS until 1 April 2023, however certain DUoS changes will still be implemented from April 2022.

In relation to the ongoing Access SCR, Ofgem put forward some new proposals in early 2022 which built upon its previous proposals in respect of connection charges. Ofgem is proposing to reduce the contribution to reinforcement within the upfront connection charge for generation (making it "shallower") and to remove it completely for demand (making it "fully shallow"). If Ofgem does decide to make a change to the connection charging arrangements, it will be from 1 April 2023. In relation to storage specifically, Ofgem considered that storage should be treated as generation for the purpose of reinforcement contributions. The intention of this is to prevent the miscalculation of storage connection costs, or the unintended creation of distortive locational incentives specifically for storage. A final decision in relation to these proposals is still awaited from Ofgem, and it is not certain yet whether this review will result in significant changes, nor the exact timeline for implementation.

In relation to the DUoS SCR, the original scope of the Access SCR will now be delivered via a phased approach: Phase 1 – connection boundary and access rights (2023 implementation) and Phase 2 – wide ranging review of DUoS (post-2023 implementation), the latter of which will be done under this DUoS SCR.

Ofgem is also undertaking a holistic review of TNUoS charges and, after conducting a call for evidence in late 2021, Ofgem has published a "next steps" document, in which it has confirmed that it considers there is a longer-term question as to the function of TNUoS in a less centralised, more flexible energy system. Accordingly, Ofgem has confirmed that it will (1) ask NG ESO to launch and lead task forces under the charging futures arrangements to consider the root causes of unpredictability in TNUoS charges and how they might be addressed, as well as an examination of the input data into the current model used to calculate the location element of TNUoS, to ensure that charges remain cost-reflective; and (2) undertake a significant programme of work to look at the longer-term purpose and structure of transmission charges, to consider in particular the trade-offs between market signals, network planning and network charging signals to foster a flexible, net zero energy system.

The area of network charging is still constantly evolving and subject to ongoing significant consultations. The reforms are subject to the significant code review, meaning Ofgem can require the changes to be taken forward under industry code modification procedures (as to which refer to the risk factor entitled "*Risks relating to the Portfolio and investment strategy – Macro risks – (a) Supply chain constraints, inflation and ongoing COVID-19 pandemic*"). But Ofgem have shown that they are willing to alter charging in sometimes fundamental ways, without grandfathering, and change course during and as a result of the review and consultation. Whilst network charges are ultimately something that the Company will seek to have optimised (as to which refer to the risk factor entitled "*Risks relating to the Portfolio and investment strategy – Operational risks – (I) Volatility of electricity prices affecting asset optimisation opportunities*"), the Company cannot guarantee that TNUoS, BNUoS or DUoS tariffs or their charging mechanisms will remain at levels or structured in a manner which will allow the Company to maintain projected revenue levels or rates of return on the ESS Projects within the Portfolio. Any changes to the charging arrangements could favourably or adversely impact returns from SPVs and therefore could have an adverse effect on the Company's NAV and revenues and returns to Shareholders.

(y) 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.* The current rules around the DS3 programme are set to change under the “System Services Future Arrangements (SSFA)” project, which is currently being developed by the SEM Committee. When implemented it will make a number of changes to the way DS3 services are governed and procured, including the holding of daily auctions for system services, formalising the rules around DS3 into a code and changing the qualification process for projects whereby they can apply to qualify anytime. It is intended that the SSFA will establish a stable DS3 regulatory framework in the interests of providing “clarity for investors and transparency for stakeholders.” It is expected that SSFA will apply from 1 May 2024.

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.

(z) 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.

(aa) Overseas Jurisdictions

The Company has historically focused on investment in energy storage infrastructure in the UK and the Republic of Ireland and is 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 ESS 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.

(bb) 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

* The TSOs extended the term of the standard contract to 30 April 2024 under Decision Paper 1 of the Future Arrangements on 30 March 2021 (SEM-21-021).

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 in the UK) 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 (e.g., by having a related contract with the optimisers nominated licensed supplier). Depending on the contractual framework for the optimisation services, some SPVs 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 may contain price stabilising mechanisms, such as fixed prices or price floors. SPVs 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, or they may have sub-metering arrangement in place which would enable them to have separate licensed suppliers for imports/exports.

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. 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.

(cc) 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 is (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.

(dd) 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.

(ee) 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-Located Solar increases the Company's exposure to a new set of risks associated with a different technology, as well as co-location risk. In particular, the amount of revenue generated from Solar PV depends on actual weather conditions affecting the relevant Energy Storage Systems. Solar irradiation may fluctuate resulting in lower than expected long-term average rates with a corresponding effect on the amount of electricity generated. In addition, less or more solar irradiation in different regions may occur due to local and global climate changes. Furthermore, increased extreme weather conditions could also lead to a solar irradiation which may negatively affect output of an ESS Project Company. Levels of sunlight may also be affected by man-made or natural obstructions in the vicinity of an Energy Storage System, including nearby buildings. If such risks materialise, the performance of an ESS Project Company may be adversely affected and as a result this may have a material adverse effect on the Company's profitability, Net Asset Value and the price of the Shares.

(ff) Acquiring and holding 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.

(gg) 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 is, for example, unable to recover sums owed to it, 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 SPVs and Shareholders. Further, the SPVs 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 SPVs are the counterparty risk of the suppliers and successful project integration.

(hh) 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 Overseas Jurisdictions meaning that funds of the Group may be invested in assets or ESS Projects which are denominated in currencies other than Sterling. 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.

Risks relating to property, planning, consents and environment

(jj) 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 SPVs 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 an SPV 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 ESS 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 ESS Project Companies purchase batteries or EPC contractors for the ESS Project Companies will offer or be able to deliver such options and the ESS 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.

(kk) 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.

(ll) 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 Overseas Jurisdictions may reduce the number of energy storage plants in the UK or the Overseas Jurisdictions market and consequently reduce the number of investment opportunities available to the Group.

(mm) 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

(nn) 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.

(oo) 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 ESS Project Company (as applicable). Notwithstanding that such due diligence is undertaken, not all material risks affecting the ESS Project or ESS Project Company (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.

(pp) Some ESS 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. 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.

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

Although the Group typically seeks 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. This may hamper the Group's ability to control such assets and may also reduce the future returns to the Company.

(rr) 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

(ss) 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 energy storage system acquired by the Group. The data prepared by the Manager typically includes forecasts on a number of categories of operating expenses for each SPV 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.

(tt) Construction risk

The Company may provide loan finance to ESS Project Companies before they hold Operational Projects so that the ESS Project Companies can acquire equipment or make payments in connection with relevant ESS Projects' 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.

(uu) 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.

(vv) Delay in deployment of the proceeds

Whilst the Manager expects to have substantially invested or contractually committed the proceeds of the Initial Tranche 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 an Overseas Jurisdiction, the Group may be subject to taxation under the tax rules of the relevant Overseas Jurisdiction, 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.

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 in this Registration Document 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 59 to 60 and 73 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 this Registration Document makes no omission likely to affect its import.

Except to the extent stated in paragraph 8 of Part 9 (*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. 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 are being offered only to (i) US Persons who are reasonably believed to be QIBs and QPs and who deliver to the Company and Jefferies an Investor Representation Letter 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.

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. 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 of FSMA and the Prospectus Regulation. No arrangement has, however, been made with the competent authority in 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.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EEA: In relation to each EEA Member State, no New Shares have been offered or will be offered pursuant to the Share Issuance Programme to the public in that EEA Member State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that EEA Member State, or, where appropriate, approved in another EEA Member State and notified to the competent authority in that EEA Member State, all in accordance with the EU Prospectus Regulation, except that offers of New Shares to the public may be made at any time with the prior consent of Jefferies, under the following exemptions under the EU Prospectus Regulation, if they are effective in that EEA Member State: (a) to any legal entity which is a qualified investor as defined in Article 2 of the EU Prospectus Regulation; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such EEA Member State; or (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation with the prior consent of Jefferies, provided that no such offer of New Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(l) of the EU Prospectus Regulation in a EEA Member State.

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

Notwithstanding any other statement in the Prospectus, the Prospectus should not be made available to any investor domiciled in any EEA Member State unless: (i) the AIFM has confirmed that the AIFM has made the relevant notification or applications in that EEA Member State and is lawfully able to market New Shares into that EEA Member State; or (ii) such investors have received the Prospectus on the basis of an enquiry made at the investor’s own initiative. At the date of the Prospectus, the AIFM has registered the Company to enable the marketing of New Shares to professional investors in the following jurisdictions under Article 42 of the EU AIFM Directive: **The Republic of Ireland and the Netherlands.**

The New Shares may not be marketed to retail investors (as this term is defined in the EU AIFM Directive as transposed in the relevant EEA Member State) in any EEA Member State unless the New Shares have been qualified for marketing to retail investors in that EEA Member State in accordance with applicable local laws. At the date of the Prospectus, the New Shares are not eligible to be marketed to retail investors in any EEA Member State. Accordingly, the New Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such New Shares may be distributed or made available to retail investors in any EEA Member State.

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

The Prospectus and any other offering material relating to the New Shares will not be distributed or caused to be distributed directly or indirectly to private investors in the Bailiwick of Guernsey and 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, 2020 (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 Commission, afford adequate protection to investors and (B) meet the criteria specified in section 44(1)(c) of the POI Law; or (iii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 2020, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2020 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 Commission, afford adequate protection to investors and (B) meet the criteria specified in section 44(1)(d) of the POI Law; or (iv) as otherwise permitted by the Commission. 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 they are a Sophisticated Investor and a Qualified Client, that they are 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 New Shares 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 New Shares to satisfy themselves 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 Tranche 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, 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 US Tax 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 Commodity Exchange Act of 1974, would subject the Manager to registration under that Act 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. 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.

6. No incorporation of website

The contents of the Company’s website at www.greshamhouse.com/gresham-house-energy-storage-fund-plc (other than the 2021 Annual Report located at www.greshamhouse.com/gresham-house-energy-storage-fund-plc) does 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.

7. 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.

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

8. 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 Prospectus.

9. 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.

10. Information to distributors

Solely for the purposes of the product governance requirements contained within PROD 3 of the FCA's Product Intervention and Product Governance Sourcebook (the "**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 Shares have been subject to a product approval process, which has determined that the 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 COBS 3.5 and 3.6 of the FCA’s Conduct of Business Sourcebook, respectively; 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 the Product Governance Requirements (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 the FCA’s Conduct of Business Sourcebook; 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”.

11. 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.

12. Further Issues under the Share Issuance Programme

In addition to the Initial Placing (and any Subsequent Placings) 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.

13. 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 and include statements regarding the Company’s intentions, beliefs or current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to future events and circumstances that may or may not occur. A number of factors could cause actual results and developments to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in Part 1 (*Risk Factors*) 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 24 May 2022.

Definitions

A list of defined terms used in this Registration Document is set out on pages 86 to 94 of this Registration Document.

14. 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 425MW across 17 ESS Projects, which is expected to rise, through the completion of the acquisition of the ESS Projects described as forming the part of the Portfolio that is in in-construction in Part 5 (*Portfolio, Pipeline and Valuations*) of this Registration Document, to approximately 850MW across 24 ESS Projects by the end of Q1 2023.

Shareholders approved that up to 400 million New Shares may be issued by the Company on a non-pre-emptive basis at the May General Meeting in order to facilitate future equity issues.

New Ordinary Shares are available to investors through the Initial Placing at 145 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 fund segment of the 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 energy storage systems, which utilise batteries, located in Great Britain, and the Overseas Jurisdictions. 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 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 (AIFM). 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. Ben Guest is the lead fund manager supported by a team including Gareth Owen and Bozkurt Aydinoglu, each having over 20 years of relevant industry experience. The ongoing management of the assets is led by Fernando Casas Garcia who manages a team of approximately ten asset management and operations individuals. Gresham House's finance team, produces management accounts, leads the annual audit function and performs various risk assessments, and is led by Stephen Beck and Nick Vest. The role of the Manager includes the sourcing of pipeline opportunities, due diligence and transaction of these opportunities, fundraising, oversight of all operations and financial management, the placing and management 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 other 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 7 (*Directors, Management and Administration*) of this Registration Document. A summary of the terms of the AIFM Agreement is provided in paragraph 6.1 of Part 9 (*Additional Information*) of this Registration Document. A summary of the Portfolio and the ESS Projects the Company currently expects to acquire 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 (i) an unlevered Net Asset Value total return of 8 per cent. per annum; and (ii) 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.

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 2022 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

Conditional on completion of the Initial Placing, the Company intends to build on its leading market share and significantly increase the size of the Portfolio by acquiring an Existing Pipeline of 747MW 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 1,597MW 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.

* These 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".

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 current ESS Projects in the UK. How these apply to the Portfolio is summarised in the table below.

Source of Revenue		% of revenues		What makes up GRID's revenues?	
		2021	FY 2022e		
Trading	- Balancing Mechanism	Intraday and Day Ahead markets	12%	30-50%	+ National Grid ESO* uses the Balancing Mechanism to balance supply and demand which GRID's ESS projects participate in + GRID's ESS projects also trade in the Wholesale Market. + Market size: Market ranges from 20 to 45GW depending on demand
	- Wholesale Market				
Frequency Response	- Dynamic Containment (DC)	4-hourly contracts weekly, monthly contracts	82%	30-50%	+ National Grid ESO uses Frequency Response to maintain electrical stability in real time by responding to deviations in the frequency flowing over the network. + Market size: c. 1-2GW today.
	- Firm Frequency Response (FFR)				
Capacity Mechanism	- Capacity Market (CM)	15 year, index-linked contracts	6%	5-10%	+ Annual Capacity Market auctions allow ESS projects to bid for a 15-year CPI-linked contract starting 4 years after projects register for the auction. + All CM contracts start in October

*The NG ESO is to be nationalised and will be renamed the Future System Operator ("FSO").

Capacity Market income is contracted over the long term and is earned irrespective of all other activities undertaken/carried out at a given site.

Particularly as a result of innovations at the ESO over the last two years, ESS Projects can also be contracted in frequency response and trade at the same time, allowing them to maximise revenues, by participating in several revenue generating activities at the same time – known in the industry as "revenue stacking".

It is, and has been, the Manager's view since IPO that the Portfolio will earn most of its income from trading over the longer term. This is because the requirement for frequency response is much less than the need for trading (to balance supply and demand) being limited to 1 to 2GW in total. However, so far in 2022, Dynamic Containment and Firm Frequency Response have remained a meaningful source of revenue but less significant than in 2021.

Revenue stacking is technically possible because:

- each ESS Project is designed and set up to be able to switch between trading and frequency response both intra-day and also proportionally (e.g., a 50:50 MW split for the entire day); and
- frequency response services are procured increasingly close to real time allowing the ESS Project the ability to alternate between services as the Manager thinks fit. For example, Dynamic Containment, is currently procured for the day ahead only, and broken down into 6x 4-hourly blocks.

5.2.2 A fundamentally profitable business model

While the business of an ESS Project is largely merchant, it is a fundamentally profitable business model, in the Manager's view. This is because the contracts are only tendered for at levels which are profitable to the relevant ESS Project (whether, this involves trying to capture FFR or DC contracts or attractive prices in any "Day-Ahead" auctions) and if a contracted position is not achieved for the next day for whatever reason, the ESS Project can trade in the intra-day wholesale market or offer capacity to the ESO in the Balancing Mechanism (where power prices are often more volatile than in the wholesale market) at prices the Manager is willing to accept.

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

5.3 Description of the Existing Pipeline and the New Pipeline

5.3.1 Existing Pipeline

The Existing Pipeline is tabled below. This pipeline (other than Shilton Lane) is exclusive to the Company and represents an attractive incremental addition to the Portfolio, which is diversified by asset and location, including the Republic of Ireland.

The Existing Pipeline, which will be acquired subject to completion of satisfactory legal, technical and financial due diligence and documentation, which may include, without limitation, entering into and completion of, sale and purchase agreements, comprises the following projects:

Project	Location	Capacity (MW)	Battery duration (hours)	Target commissioning date
Stairfoot	North Yorkshire	40	1.0	Q2 2022
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		747	1.6	

Over the last almost two years, the Company has taken advantage where possible of recent changes in UK planning legislation, which now allows ESS Projects larger than 50MW to have planning permissions granted and determined by local planning authorities. Before this change, which was announced 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 Company anticipates that the Net Issue Proceeds from the Initial Placing and drawings from the Company's available debt facilities will fund the majority of the Existing Pipeline.

5.3.2 New Pipeline

In addition to the Existing Pipeline, the Manager is assembling a New Pipeline both in the UK and Overseas Jurisdictions. The most significant initiatives are:

In Great Britain:

- Incremental pipeline projects to be acquired directly by the Company following the recent permission change for a total of just under 1GW.
- A development agreement struck with an experienced energy industry executive to develop at least 3GW for delivery between 2025 and 2030.

Overseas:

- In Ireland, in a transaction previously announced in a press release, the Manager has a mutually exclusive agreement with Strategic Power Projects (“SPP”) targeting development of at least 1GW in Ireland. The Monvalet project in the Existing Pipeline is the first project emerging from this relationship, signed in early 2021.
- In Spain, the Manager has reached an exclusive agreement with an experienced international developer, two members of which the Manager has known for over a decade, and in respect of which certain employees of the Gresham House Group have worked with before, targeting development of at least 1,500MW.
- In Australia, the Manager is in discussions with several international developers in the context of the acquisition of several hundred megawatts (MW) of capacity.

Net Issue Proceeds from Subsequent Issues of New Shares under the Share Issuance Programme will be applied to the New Pipeline, alongside drawings from the Company’s debt facilities, together with any incremental investment required for the Existing Pipeline.

The acquisition of ESS Projects forming part of the Existing Pipeline and the New Pipeline is subject to completion of satisfactory legal, technical and financial due diligence and documentation, which may include, without limitation, entering into and completion of, sale and purchase agreements. 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*”.

5.4 Design and Operation of the New Pipeline ESS Projects

As is to be expected, designs of projects are evolving as the industry matures. This is driving down cost and improving the reliability, durability and safety of projects. Such changes are incremental and the Manager does not foresee any breakthrough technologies in the battery sector – these are rare in the 200+ year history of the battery industry and would be visible years in advance thanks to patent filings and the time required to go from initial development to production.

Of the 850MW in ESS Projects, which are expected to be owned and operational by the end of Q1 2023, all use Lithium Ion battery technology. Three projects have generators installed, however only one project, Staunch, uses 14MW gas generators regularly. At the other two sites generators are only there to meet Capacity Market requirements and have therefore been, and are expected to be, used very rarely.

Progressively, the Manager intends to install longer duration batteries and to build larger projects.

As such, ESS Projects under construction, listed in Part 5 (*Portfolio, Pipeline and Valuations*), will be extendible to at least 2-hour durations. The majority are to be commissioned at a 1-hour duration which reflects the fact that designs for these sites were locked in before longer-durations could be considered in a first phase. However, all of the projects are extendible to 2-hours or more.

Meanwhile, the Existing Pipeline above, which comprises ESS Projects which average c.75MW will have an average duration of 1.6 hours.

Any yet to be announced New Pipeline will also comprise large scale ESS Projects which are symmetrical where possible, battery-only projects with at least a 1-hour duration and which, if located in an Overseas Jurisdiction may comprise Co-Location Arrangements, so long as the total exposure to expenditure on solar panels on such Co-Location Arrangements remains less than 20% of all investments in Overseas Jurisdictions.

6. Investment Policy

The Company invests in a diversified portfolio of utility scale energy storage systems, which utilise batteries. The ESS Projects comprising the Portfolio will be located in diverse locations across Great Britain and the Overseas Jurisdictions.

Individual 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. 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.

6.1 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.

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 and the Overseas Jurisdictions, provided that no more than 30 per cent. of Gross Asset Value (calculated at the time of investment) may be invested in 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 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.

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).

Fourth, the Company aims to achieve diversification 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.

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.

6.2 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 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, a 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 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.

The Company may provide loan finance to ESS Project Companies before they hold Operational Projects so that the ESS Project Companies can acquire equipment or make payments in connection with the ESS Projects’ 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.

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.

6.3 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.

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

6.5 Leverage and derivatives

The Company may raise debt and 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) 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 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 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.

6.6 Efficient portfolio management

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

6.7 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.

7. Share 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 437,842,078 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 to be admitted to trading on the Specialist Fund Segment.

8. Dividend policy

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 2022 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 this target 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 Board recently reaffirmed its target dividend of 7.0p for 2022 and expects full Operational Dividend Cover from underlying earnings in the Portfolio. Operational Dividend Cover for the year ended 31 December 2021 improved to 1.32x (31 December 2020: 0.77x).*

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

On 28 April 2021 the Board declared an interim dividend of 1.75p per Ordinary Share which was paid on 4 June 2021 to those Shareholders on the register of members at close of business on 14 May 2021. On 1 July 2021 the Board declared an interim dividend of 1.75p per Ordinary Share which was paid on 30 July 2021 to those Shareholders on the register of members at close of business on 9 July 2021. On 15 November 2021 the Board declared an interim dividend of 1.75p per Ordinary Share which was paid on 17 December 2021 to those Shareholders on the register of members at close of business on 26 November 2021. On 14 February 2022 the Board declared an interim dividend of 1.75p per Ordinary Share which was paid on 25 March 2022 to those Shareholders on the register of members at close of business on 4 March 2022. On 3 May 2022 the Board declared an interim dividend of 1.75p per Ordinary Share which is to be paid on 27 May 2022 to those Shareholders on the register of members at close of business on 13 May 2022.

In the period ended 31 December 2021, the Company paid aggregate dividends of 7p 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 52,248,599 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

* Operational Dividend Cover refers to a calculation for the ratio between net earnings of Portfolio in the review period and dividends paid in respect of the same review period. This measure aims to add clarity on the Company's ability to pay dividends from the earnings and cash generation of its underlying investments after deducting Company costs. This measure includes the EBITDA of underlying group companies less Company and holding company costs (excluding capital related costs and debt arrangement fees but including external interest expenses).

published quarterly by the Manager in the form of a factsheet made available on the Company's Website. As at 31 March 2022, being the last valuation date of the Company, the Company's NAV was £577.5 million, or 131.89p per Ordinary Share. The Manager currently expects NAV per share to be at the upper end of the 140p-145p range by 30 June 2022.*

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.

Valuations are determined using discounted cash flow methodology, whereby the estimated future cash flows relating to the Company's equity investment in each ESS Project are discounted, using discount rates reflecting the risks associated with investment in each ESS Project and the time value of money. Valuations are based on the expected future cash flows, using reasonable assumptions and forecasts for revenues, operating costs, macro-level factors and an appropriate discount rate.

New operational ESS Projects acquired are initially held at cost, which is deemed to be fair value, and are revalued once the performance of the assets has been verified. The valuation of these assets, after the initial period, is performed on the same basis as the remainder of the Portfolio. Assets in the course of construction are also held initially at cost, but are revalued, with a construction risk premium of 0.5 per cent., once certain criteria are met including the timescale to expected commercial operations and the signing of certain contracts.

The determination of the discount rate applicable to each individual investment in an ESS Project considers various factors, including, but not limited to, the stage reached by each ESS Project, the period of operation, the historical track record, the terms of the ESS Project agreements and the market conditions in which the ESS Project operates.

The Manager exercises its judgement in assessing the expected future cash flows from each investment. The Manager produces detailed financial models for each ESS Project. The Manager 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 market forecasters;
- (c) changes in the economic, legal, taxation or regulatory environment, including changes in retail price index expectations;
- (d) technical performance 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).

Valuation assumptions include consideration of climate related matters such as expected levels of renewable energy entering the grid system, demand patterns and current regulatory policy. These are factored into the pricing assumptions which are prepared by an independent consultancy.

* This range is intended to allow for minor changes in commissioning schedules, fluctuations in revenue assumptions provided by third party consultants as well as potential changes to the consumer price index and the retail price index assumptions not yet included in valuation models following the recent surge in inflation.

The Board reviews the operating and financial assumptions, including the discount rates, used in the valuation of the Portfolio and approves them taking into account the recommendation of the Manager.

Another key assumption in the valuation models is the volatility of power prices. Due to the asset optimisation strategy, the investments are able to benefit from a range of revenue streams including arbitrage on power price volatility or FFR and other similar income streams. Due to the nature of the assets owned by the investments, should one revenue stream be impacted the asset is able to switch to alternative sources of revenue to seek to maintain total revenue targets.

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 growing role for electricity in global energy markets

The UK and global energy markets are going through a multi-decade transformation in respect of which energy storage is expected to play a critical part.

For over a century, global energy consumption in industrialised economies has been largely fossil fuel based with petroleum used for most forms of transportation and natural gas and coal used for heating, power generation and industrial processes.

Underpinning this transformation, which is often called the “energy transition”, are three key factors:

- most countries (most recently following the COP 25 (Paris) and COP 26 (Glasgow) Climate Change summits) have committed to significant reductions in CO² emissions, albeit to differing degrees of legal commitment, but which nonetheless support decarbonisation and the transition to renewable energy with mandates, laws, subsidies and other arrangements;
- Solar PV and wind turbines are, or are rapidly becoming (depending on the natural weather resource in a country) the lowest cost technology for electricity generation and that therefore, all key technologies are in place to complete the transition to renewables; and
- energy security, or even independence, which has, particularly in Europe, moved up the political agenda in many countries following recent geopolitical events.

Driven by these trends, the future of the energy market promises to look very different as oil, gas and coal become much smaller elements of the overall energy mix, replaced by electricity generated by renewables, and, incrementally, most of this being driven by solar and wind technology.

Crucially for the Company and its investment focus, solar and wind power are only made possible once intermittency has been addressed. This is addressed with flexible generation – technology which can generate energy (and in the case of batteries, import) at very short notice. Historically this has been provided by pumped storage, installations of which total c.300GW globally. However, in the opinion of the Manager the imbalances created by intermittent renewables can and will for the foreseeable future, be most competitively addressed with battery energy storage systems (“BESS”). The Manager does acknowledge other sources of flexible generation including hydro, pumped storage, gas peaking generation etc. However, none of these are as effective from most key perspectives: cost, round-trip efficiency, responsiveness, compactness, reliability and emissions, where relevant.

As stated above, what provides the Manager with the greatest hope is that this transition will continue to its conclusion – and therefore a long investment horizon for energy storage – irrespective of policy or political agenda, is that all the technologies required to complete it are already in place and could be deployed with no further government support (other than the avoidance or removal of any purposely obstructive regulations or market mechanisms). There are namely:

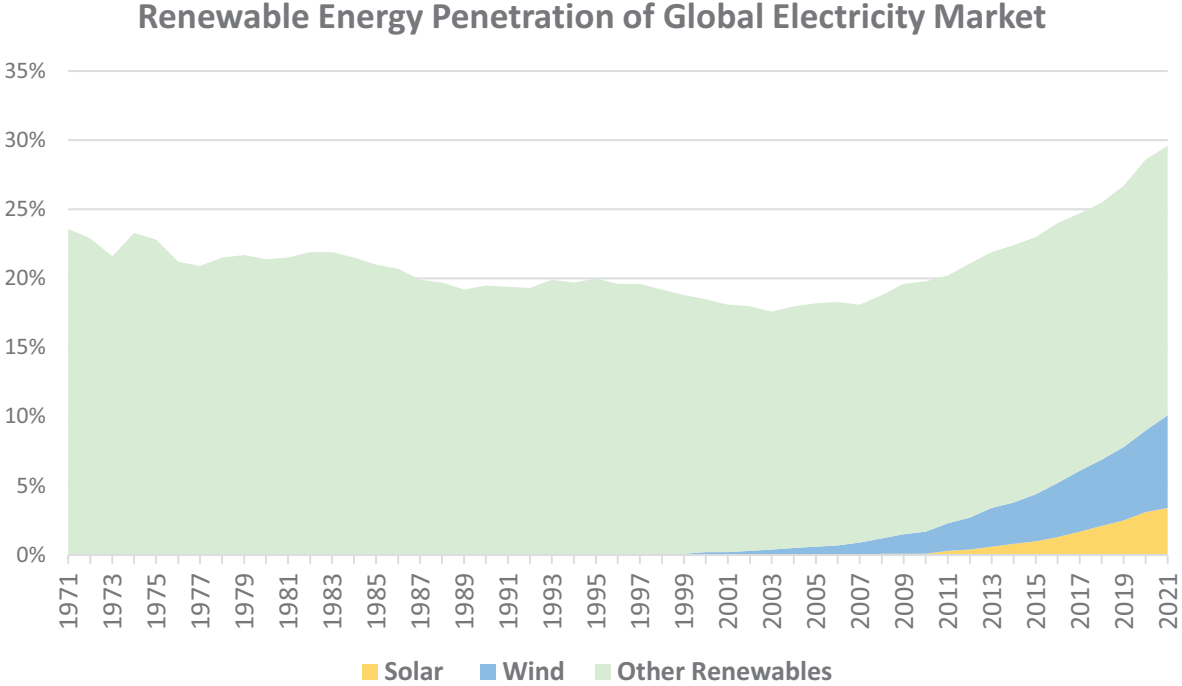
- Solar PV
- Wind turbines
- BESS (Lithium Ion, in particular)
- Gas-fired generation, with carbon capture where possible, to supply power during protracted uncommon weather events (e.g., prolonged low wind generation) and where energy storage is unable to provide the necessary flexibility. This solution addresses situations that Long Duration Energy Storage (“LDES”) technology companies are trying to solve for (including hydrogen solutions). However, the Manager currently believes that gas-fired generation is likely to prevail as the answer in the absence of any competitive LDES solutions emerging; and
- Interconnectors and national and local network systems.

Other power generation technologies such as nuclear, hydro and biomass are also likely to make up an important part of the energy mix in certain countries but are less critical, in the Manager's view.

After around two decades of growing investment, renewables make up about 30% of global electricity generation. It is worth adding that:

- While only one third of this is in solar and wind with the remainder almost all being hydro power, generation (which has been in place for decades), as shown in the chart below, the rate of deployment of renewables is accelerating and it therefore seems reasonable to assume that renewables will grow by at least 1% or more going forward, reaching at least 45% over the next ten years. This would represent a 150% increase in solar and wind installed capacity assuming that the vast majority of incremental renewables investment is in these technologies.

SHARE OF LOW-CARBON SOURCES AND COAL IN WORLD ELECTRICITY GENERATION, 1971-2021



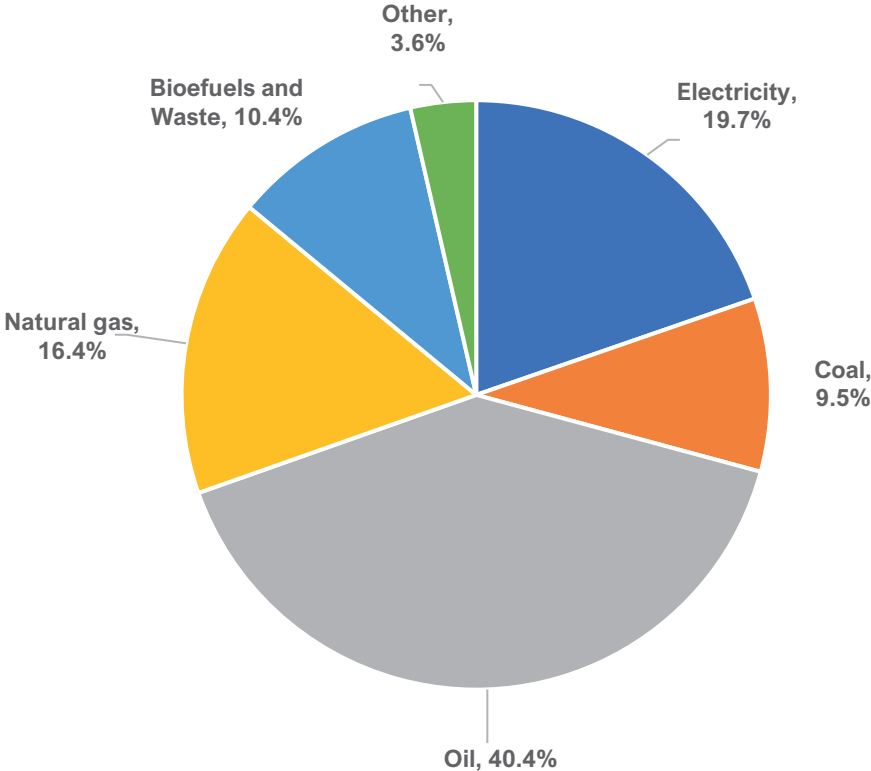
Source: IEA

- Electricity represents just c.20% of global energy consumption. However, the Manager expects that, upwards of 70% (over 80% in the UK) of energy consumption will be in the form of electricity by 2050. This combined with the growing share of renewables within the electricity mix, shows how far there is to go and highlights the extraordinary growth potential of renewables and energy storage as, in essence, only c.6% of total energy consumed is sourced renewable electricity generation.

The growing share of electricity is being driven by the electrification of cars and of heating. The electricity needed to power electric cars is far less than the energy in the oil used to power IC engine cars (which are much less than 50% efficient) and similarly electric heat pumps are at least twice as efficient as gas-fired boilers. As such the renewable energy transition need only see a two or three-fold increase in electricity consumption, excluding economic growth.

SHARE OF WORLD TOTAL FINAL CONSUMPTION BY SOURCE, 2019

World Total Final Energy Consumption by Source 2019, 418 EJ



Source: IEA

As energy storage addresses the intermittency of this renewable electricity generation, if renewables installation growth is accelerating, in the Manager’s view, the need for energy storage is also accelerating. The growth in BESS installation is also likely to be much stronger than that for renewables generation as the installed base of BESS is much lower than that of renewables.

Specifically in the UK and Irish markets, including Great Britain, where the Company has the leading market share and where it will continue to focus, deployment of energy storage has happened more quickly than elsewhere as these countries are leaders in the global adoption of renewables.

The Manager now sees similar opportunities emerging in the Overseas Jurisdictions, specifically countries which are also seeing strong renewable deployment as well as representing places where geopolitical and currency risks are acceptable and where, in a similar way to the UK and Ireland, a wholesale market mechanism exists. This means that ESS projects can be deployed in markets knowing there is a reliable trading opportunity to exploit. The Manager is generating investable opportunities in these markets by forging bi-lateral arrangements with developers, some of which the Manager already has an existing relationship with in the UK, as well as via advisory channels. The Manager is also working to access these markets with both existing service providers (such as lawyers, asset optimisers and technical consultants) from the UK which have an international presence and new advisers with whom the Manager is establishing relationships. The Manager will target regions where the early stage of a market and other features will mean returns will be expected to exceed those achievable in the UK.

In the UK specifically, the transition was first catalysed by the ratification of the Climate Change Act 2008 through which carbon targets (including net zero by 2050) are set following recommendations from the Climate Change Committee. This, together with a significant commitment to subsidy regimes, have catalysed strong investment in renewable energy in the UK.

The greatest beneficiary of the UK government’s subsidy support has been offshore wind via the contract for difference mechanism. Indeed, as the cost of the electricity produced by offshore wind

turbines has fallen, CfD auctions (which operate as reverse auctions) have cleared at much lower power prices than originally expected by the UK government, unlocking more contracted capacity at each subsequent auction as the cost of subsidising new capacity has collapsed (so much so that it is possible that under certain scenarios the Government may achieve a net benefit).

TABLE: CFD Auction results (clearing prices are expressed as 2012 prices)

<u>Auction Round</u>	<u>Delivery Year</u>	<u>Clearing Price (£/MWh)</u>	<u>Capacity awarded contracts (MW)</u>
1 (2015)	2017/18	119.89	750
1 (2015)	2018/19	114.39	750
2 (2017)	2021/22	74.75	860
2 (2017)	2022/23	57.50	2,336
3 (2019)	2023/24	39.65	2,612
3 (2019)	2024/25	41.611	2,854
4 (2021)	2025/26/27	TBC	12,000 estimate*

*BEIS publicly stated expectation
Source: Low Carbon Contracts Co.

This very significant acceleration in renewable energy generation will drive an even stronger need for energy storage in UK.

In addition to subsidised capacity, the falling cost of producing renewable energy from solar and wind technologies has also increased the number of unsubsidised projects to be built out, which typically rely on long term power purchase agreements with wholesalers or large corporations.

Renewable electricity supply in the UK has risen significantly from 9.6% of total electricity generation in 2011 to 39.3% in 2021* (which is less than in 2020, however, this mostly reflects a combination of lower demand during the lockdowns of 2020 and windy conditions driving up load factors on the wind fleet). As renewable electricity penetration rises, its carbon intensity has decreased, justifying the ongoing electrification of other forms of energy consumption and heating and transportation.

This increasing reliance on renewable energy, which is intermittent in nature, however, increases the effort required to keep supply and demand in balance at all times, and has increased intra-day power price volatility as the National GRID ESO (to be nationalised and renamed the Future System Operator (FSO)) transacts with the marginal capacity required to balance the market. This results in prices being set by curtailed renewables (often resulting in negative prices), by gas-fired generation (resulting in middling prices) or flexible generation (resulting in the highest power prices) more frequently. These trades are carried out via a forum, that it operates, called the Balancing Mechanism (“BM”) and is managed from the National Grid’s control rooms.

BESS 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, and today are the only technology providing this service. BESS are also a competitive source of flexible generation in the BM and it is therefore expected that BESS will make significant inroads here as well, as the installed capacity of BESS increases, taking share from gas fired generation in particular.

Therefore, ESS Projects can derive revenue (i) from availability payments earned from frequency response contracts with the National Grid, (ii) by offering import and export capacity, at prices set by the projects’ traders in the BM, (iii) by exploiting the intra-day volatility in electricity prices in the wholesale market, and (iv) capturing Capacity Market contracts which are available to all forms of

* Source: BEIS

dispatchable generation. These distinct activities, combined with other potential income from related business activities, provide 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.

2. The importance of carbon targets including “Net Zero”, in the Renewable Energy transition

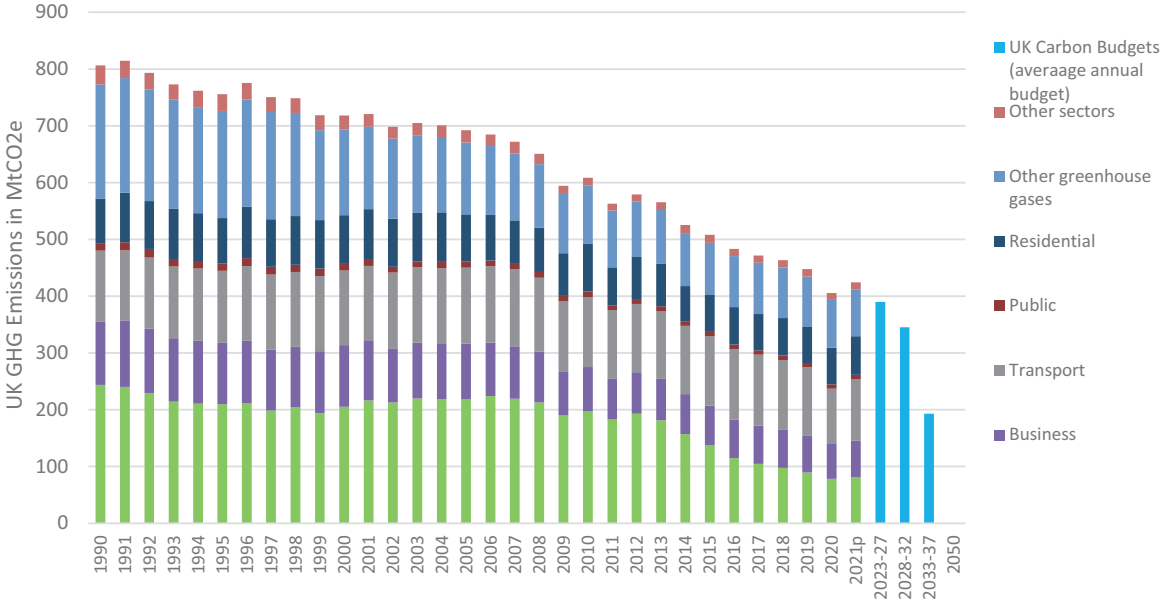
The Glasgow Climate Pact agreed at the conclusion of COP26 in Glasgow in 2021 was signed by 197 countries of which 140 have now pledged to reach net zero emissions, representing over 90 per cent. of all current emissions generation. This is one of the key factors, combined with the cost effectiveness of renewables in particular providing the Manager with the investment visibility that the renewable energy transition will go all the way to net zero – and therefore supporting the case for energy storage.

Focusing on the example in the UK, the Company’s core focus, 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 electricity sector in particular, through the reduction in fossil-fuelled power and increase in renewable power generation.

The most significant piece of legislation is the Climate Change Act 2008, which requires the UK Government to achieve a 100 per cent. reduction, in total greenhouse gas emissions across all sectors (not just the electricity market) by 2050 following the adoption of the Climate Change Committee’s (“CCC”) net zero recommendation in its 2019 report (the previous target had been an 80 per cent. reduction).

The UK Government has set six five-yearly carbon budgets, all recommended by the CCC, which run to 2037. The UK succeeded in not exceeding the first three budgets running between 2008 and 2022, inclusive. The next three budgets get progressively more challenging concluding with net zero in 2050.

The UK’s greenhouse gas emissions track record broken down into emissions from different segments of the UK economy are shown below with the forward-looking next carbon budgets and net zero also shown.



Source: BEIS, Climate Change Committee

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

- the UK climate change levy (adopted in 2001), which is a tax on electricity generators (who pay the “carbon price support rate”) and non-domestic users of electricity and gas in the UK (who pay the “main rate”) to provide an incentive to increase energy efficiency and to reduce carbon emissions;
- subsidies for renewable energy production, primarily driven by the CfD regime going forward;
- requirement that coal-fired generation be retired by 1 October 2024 (brought forward one year from the original target set in 2021);
- adoption of the EU ETS carbon pricing scheme which has in effect remained in place as the UK ETS scheme following the UK’s exit from the EU which combined with the carbon price support levy described above, significantly increases the cost of fossil fuel based electricity generation; and
- the general aim of electrifying most forms of energy consumption while decarbonising electricity generation (through the use of renewables).

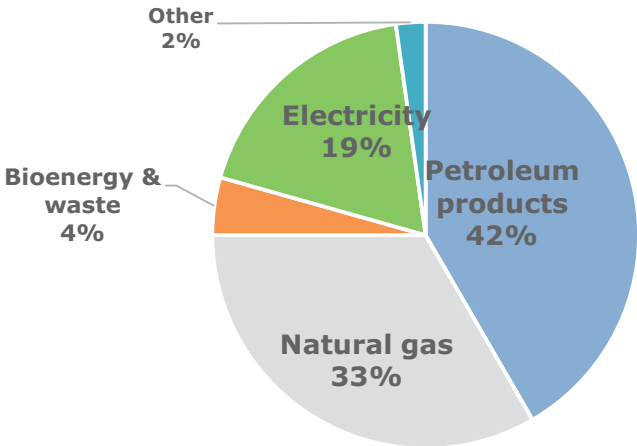
It is clear from the chart above, that lower emissions from electricity supply have contributed significantly to the reduction in UK emissions, particularly in the last 10 years. This is a function of the near-elimination of coal fired generation from our power generation (since its peak share in 2012) and the sharp increase in renewable generation.

The next phase will see:

- A further significant increase in renewables generation.
- A steady decline in gas-fired generation.
- Electrification of transportation, which is already well underway in the UK.
- Electrification of heating.

3. The electrification of new market segments

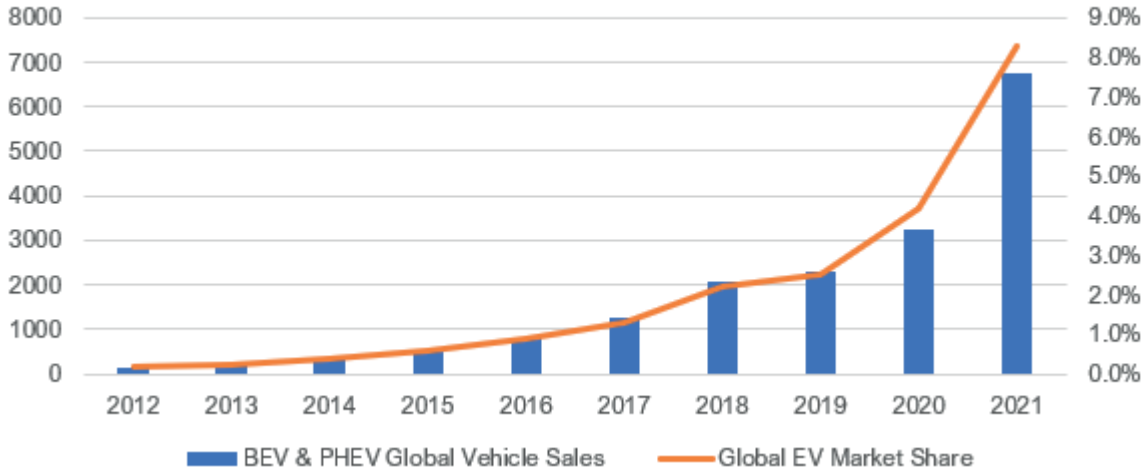
As stated above, a further driver for growth in renewables is the electrification of the other segments of the energy markets, which will result in renewable electricity dominating energy consumption over the longer term.



Source: BEIS – Digest of United Kingdom Energy Statistics (DUKES) 2021

Over the last few years, the electrification of vehicle transportation has gathered pace. This is driven by limited subsidies, the fact that the range of electric cars is growing and that electric cars are getting better and/or better value for money and are cheaper to run and maintain the internal combustion engine cars.

Global BEV & PHEV Sales ('000s)



Source: EV-volumes – The Electric Vehicle World Sales Database

Similarly, it is being increasingly recognised that heat pumps or other forms of non-fossil fuel driven heating (as well as insulation) is the more cost effective approach to heating while acknowledging that the upfront cost of these alternative is significant and is likely to require significant government support to enable these heating solutions are implemented in practice.

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

As stated above, 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 in the UK (and similarly for equivalent organisations operating wholesale market systems overseas) 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.

4.1 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 assets 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
<p>Mandatory frequency response (“MFR”)</p>	<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> <ul style="list-style-type: none"> (a) Primary response: Response provided within 10 seconds of an event, which can be sustained for a further 20 seconds. (b) Secondary response: Response provided within 30 seconds of an event, which can be sustained for a further 30 minutes. (c) High frequency response: Response provided within 10 seconds of an event, which can be sustained indefinitely. <p>Depending on its size and location, a power station may be obliged to have the capability to provide MFR.</p>
<p>Enhanced frequency response (“EFR”)</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. FFR can provide both dynamic and non-dynamic response to changes in frequency:</p> <ul style="list-style-type: none"> (a) Dynamic frequency response is a continuously provided service used to manage the normal second-by-second changes on the system. (b) Non-dynamic frequency response is typically a discrete service triggered at a defined frequency deviation. <p>Similar to MFR, providers can offer a combination of primary, secondary or high frequency response.</p>

Service	Description
	FFR also includes the weekly auction products Dynamic Low High (“DLH”) and Low Frequency Static (“LFS”).
Dynamic Containment (“DC”)	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. 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 30 minutes for FFR) and the product has been introduced with a state of energy methodology to facilitate limited duration storage assets to participate.
Dynamic Moderation (“DM”)	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 a requirement for a sub second response to full power but within a much tighter frequency band.
Dynamic Regulation (“DR”)	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.

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.

4.2 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.

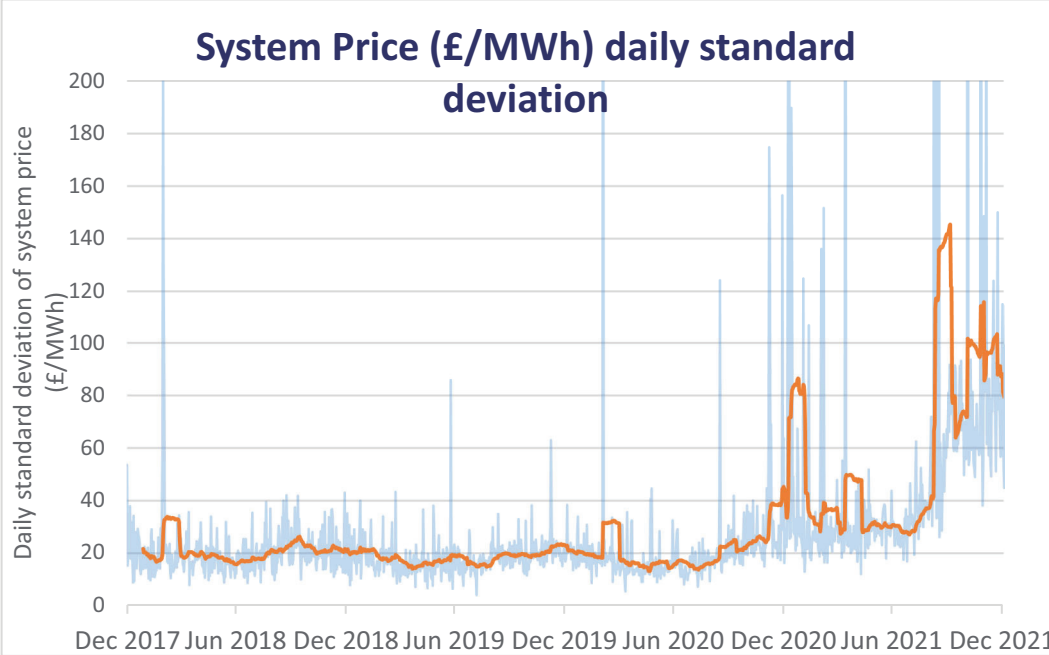
4.3 The challenges of matching supply and demand which create price volatility

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.

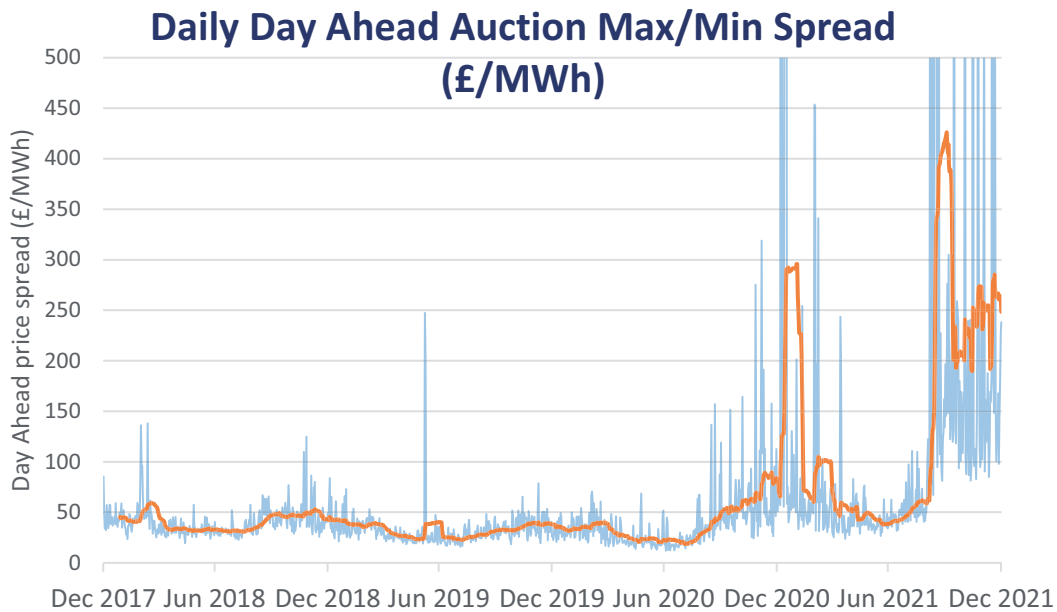
As a half hourly period approaches, it is the responsibility of the ESO to ensure that any imbalance in supply and demand is eliminated. This is achieved through the Balancing Mechanism; the system operator trades capacity made available to it in the hour leading to the half hourly period in question 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.

As a result, increasing renewable generation has increased power price volatility in terms of higher average spreads between the intra-day peaks and troughs, as shown in the charts below.



Source: Elexon



Source: Elexon

5. 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 (or BM).
- (d) BM Reserve (subject to the ESO launching a product to allow BESS to offer this).
- (e) Other services based on National Grid's Stability Pathfinders.

6. 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 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.

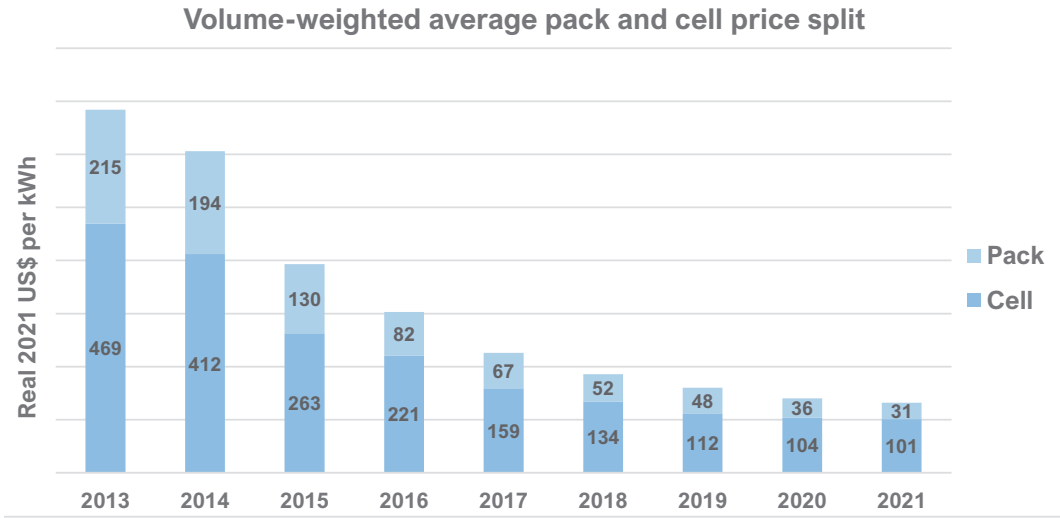
Batteries provide direct current which is converted to alternating current by inverters before being fed to the National Grid.

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

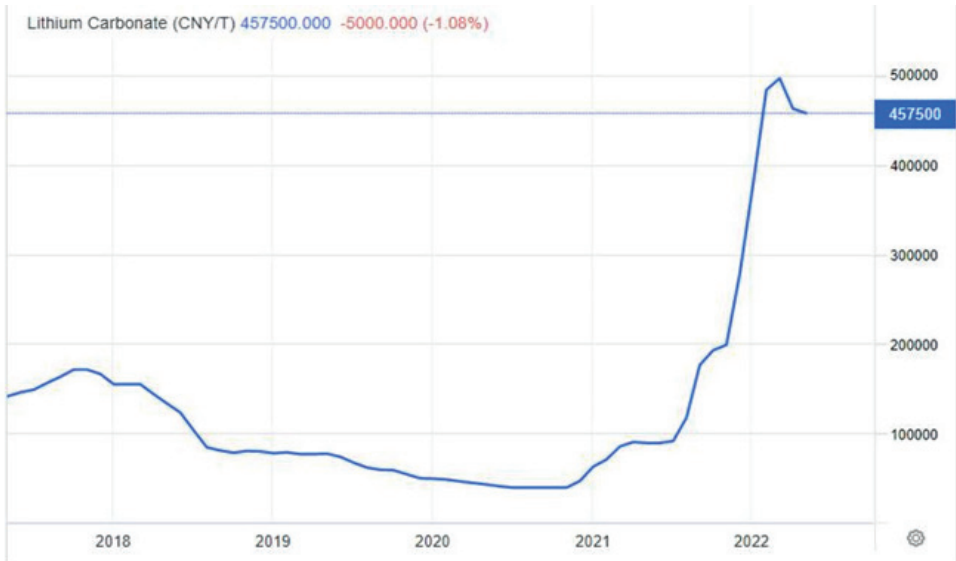


Source: Bloomberg New Energy Finance

The Manager estimates that the cost of battery cells will represent c.30% for a 1-hour duration ESS Project or c.50% for a 2-hour duration ESS Project, 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.

In the short term, the effects of the pandemic, including recent lockdowns in Shanghai and elsewhere in China, combined with the extraordinary growth in demand for batteries have created tightness in the manufacturing supply chain for batteries. The greatest tightness has been in the lithium raw material, which following over-investment in 2017, led to a price collapse from 2018 to 2020 and under-investment in the context of the boom that followed. The Manager is confident that the effects of this tightness will eventually work their way through the value chain. In the meantime, manufacturers are addressing this (as shown in the chart below) and other challenges. It is worth adding that most manufacturers either own some mining capacity or have long term arrangements and so are not exposed to the full effects of the increase shown below.



Source: TradingEconomics.com

PART 5: PORTFOLIO, PIPELINE AND VALUATIONS

1. Portfolio Overview

The current Portfolio can be divided in to operating and in-construction projects, which are shown together in the table below.

The operational sub-portfolio comprises 425MW of ESS Projects while the in-construction sub-portfolio represents a further 425MW. These in-construction projects are not considered pipeline projects as they are acquired (full or conditionally) as well as their construction being fully funded (from current cash in hand and/or the existing debt facility)*:

Project	Location	Export capacity (MW) ¹	Battery size (MWh)	Commissioning status
1. Staunch	Staffordshire	20	2.9	Operational – 2018
2. Rufford	Nottinghamshire	7	9.5	Operational – 2018
3. Lockleaze	Bristol	15	22.1	Operational – 2018
4. Littlebrook	Kent	8	6.3	Operational – 2018
5. Roundponds	Wiltshire	20	25.8	Operational – 2018
6. Wolverhampton	West Midlands	5	7.8	Operational – Q3 2019
7. Glassenbury	Kent	40	28.2	Operational – Q4 2019
8. Cleator	Cumbria	10	7.1	Operational – Q4 2019
9. Red Scar	Lancashire	49	74.3	Operational – Q4 2019
10. Bloxwich	West Midlands	41	46.6	Operational – Q3 2020
11. Thurcroft	South Yorkshire	50	75.0	Operational – Q4 2020
12. Wickham Market	Suffolk	50	74.0	Operational – Q4 2020
13. Tynemouth	Tyne and Wear	25	17.4	Operational – Q1 2021
14. Glassenbury Extension	Kent	10	10.1	Operational – Q1 2021
15. Nevendon	Basildon	10	7.1	Operational – Q1 2021
16. Port of Tyne	Tyne and Wear	35	28.0	Operational – Q1 2021
17. Byers Brae	West Lothian	30	30.5	Operational – Q2 2021
18. Enderby	Leicester	50	50.0	Target COD: Q2 2022 ²
19. West Didsbury	Manchester	50	50.0	Target COD: Q3 2022 ²
20. Melksham	Wiltshire	100	100.0	Target COD: Q4 2022 ²
21. Coupar Angus	Scotland	40	40.0	Target COD: Q2 2022 ²
22. Arbroath	Scotland	35	35.0	Target COD: Q2 2022 ²
23. Penwortham	Preston	50	50.0	Target COD: Q3 2022 ²
24. Grendon	Northampton	100	200.0	Target COD: Q1 2023 ^{2,3}
Total Portfolio		850	997.7	

1. Import is the same as export unless otherwise stated. Import MW designated in MW_i

2. Under construction

3. Only 50MW under construction at this time

* The capacities listed are rated capacities at the beginning of life of the ESS Project. That operation capacity will vary during the life of the ESS Project. Degradation is dependent on the usage profile and battery size and will vary from site to site.

2. Existing Pipeline

A description of the Existing Pipeline is set out in paragraph 5.3 of Part 3 (*The Company*) of this Registration Document.

3. New Pipeline

A description of the New Pipeline is set out in paragraph 5.3 of Part 3 (*The Company*) of this Registration Document.

4. Valuations and Net Asset Value since IPO

The Company’s assets consist of: shares in Midco 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 paragraph 1 of this Part 5 (*Portfolio, Pipeline and Valuations*) 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.

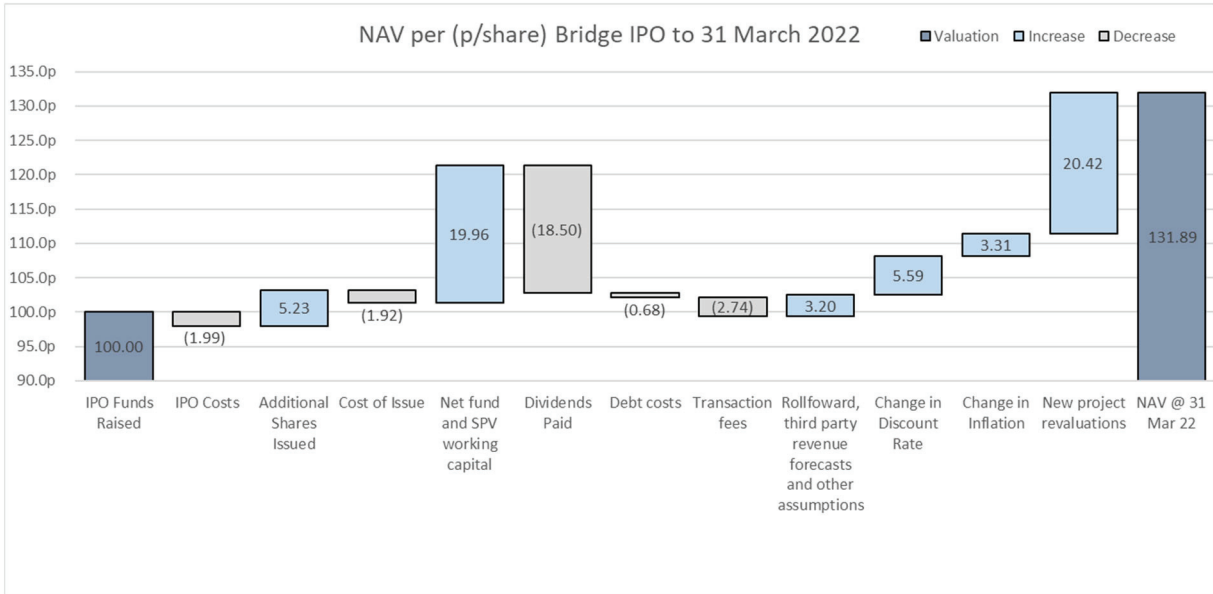
At the end of each quarter, the Manager updates the financial model using a revised set of assumptions and calculates the new value for the Net Asset Value. This is then presented to the Board.

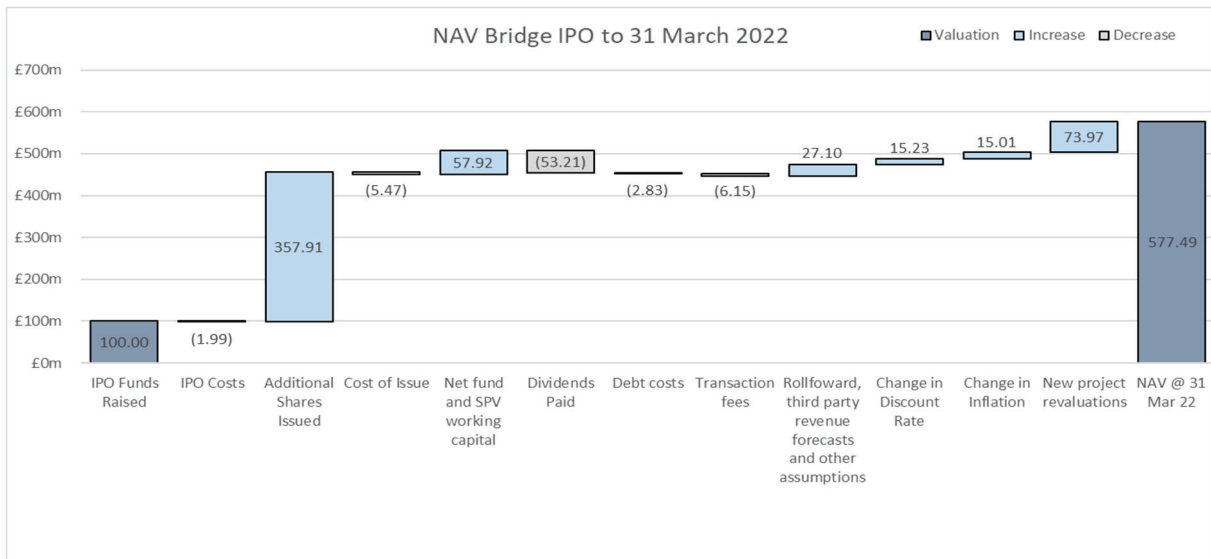
A key variable used to determine the NAV is the weighted average discount rate used to calculate the net present value of the cashflows the assets are expected to produce over their lifetime.

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 10.56% for operational sites and 10.86% for in-construction assets as at 31 March 2022. 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 31 March 2022

Between the completion of the IPO and March 2022, the NAV per Ordinary Share rose from 98.0 pence to 131.89 pence. The bridge between the two valuations, on a price per share and total value basis, is shown in the charts below.





The increase in NAV per Ordinary Share for the quarter ended 31 March 2022 was primarily driven by cash generation in excess of dividends, upward revaluation of projects (acquired and owned for at least 60 days) and by projects acquired pre-construction and expected to commission within nine months. Improving trading forecasts and a reduction in the discount rate for merchant income in September 2021 from 11.1% to 10.85% also contributed to the increase.

PART 6: 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-UK and the AIC SORP. Financial statements prepared by the Company in accordance with IFRS-UK and the AIC SORP will include a statement of comprehensive income, statement of financial position, statement of changes in equity, 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 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 audited financial statements in the annual report and accounts of the Company for the year ended 31 December 2021 (the "**2021 Annual Report**"), containing the audited financial statements of the Company for that period together with the Auditor's 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.

	2021 Annual Report
Statement of comprehensive income	67
Statement of financial position	68
Statement of changes in equity	69
Statement of cash flows	70
Basis of preparation, accounting judgements, estimates and assumptions and accounting policies	71-74
Notes to the financial statements	71-88
Audit report	61-66

The audit opinion provided by the Company's auditor BDO, in respect of the annual financial statements set out in the 2021 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 2021 Annual Report which are not incorporated into and do not form part of this Prospectus 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) increase in NAV to £577.5 million announced on 4 May 2022, which primarily reflects uplifts in revenue assumptions, inflation, the revaluation of projects under construction and recent Capacity Market contract awards, partially offset by the interim dividend of 1.75p per Ordinary Share announced on 14 February 2022 in respect of the 3 month period ending 31 December 2021 and resulting in a cash distribution of £7,622,236.36 paid on 25 March 2022; and (ii) the interim dividend of 1.75p per Ordinary Share announced on 3 May 2022 in respect of the 3 month period ending 31 March 2021 and resulting in an estimated cash distribution of £7,622,236.36 to be paid on 27 May 2022, there has been no significant change in the financial position of the Group since 31 December 2021 being the end of the last financial period for which financial information has been published (such financial information being audited).

PART 7: 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 a “blue chip” global consultant 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). 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 and asset management sectors for over 20 years, specialising in governance, regulation, capital markets and mergers and acquisitions. Cathy is a Consultant and former Partner at CMS Cameron McKenna Nabarro Olswang LLP and is a non-executive director on the board of Baillie Gifford UK Growth Trust plc. 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 – (Senior Independent Director, 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), Citywire and MoneyWeek. 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 Corporate Governance 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.

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 FREng 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 7 (*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 21 June 2021. 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 Catherine Pitt. 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 Catherine 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 policies 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, telephone number is +44 (0)20 3837 6270, website is www.greshamhouse.com and 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 Equity. As at 31 December 2021, the Gresham House Group had assets under management of £6.5bn, of which £1.21bn 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:

Ben Guest, Lead Fund Manager and Managing Director, New Energy

Ben Guest has been Managing Director and Head of the Gresham House New Energy division since November 2017. He is also the Lead Fund Manager of the Company, and was, through 2020, also fund manager for BSIF, which grew assets under management to £350 million under his leadership. Ben started his fund management career at Lazard Asset Management in 1994 and worked there for nine years. He later founded Hazel Capital, a renewable energy fund management company, in April 2007, serving as Managing Partner and Chief Investment Officer and which became Gresham House New Energy on the acquisition of Hazel Capital’s business activities in November 2017. Prior to founding Hazel Capital, he was a co-founder of Cantillon Capital, where he managed a US\$1 billion equity hedge fund focused on global technology, media and telecom. Ben currently serves as a director of over 50, mostly project, companies. He has 27 years of investment experience and holds a BEng in Mechanical Engineering from Imperial College.

Bozkurt Aydinoglu, Investment Director

Bozkurt Aydinoglu joined Hazel Capital (now Gresham House New Energy) 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 27 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.

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 MBA from Imperial College Business School, an MSc in Engineering Project Management and a BEng in Civil Engineering, both from the University of Manchester.

James Bustin, Investment Manager

James joined Gresham House in November 2018 having previously been at Livingbridge. He is an Investment Manager in the Gresham House New Energy team. Prior to this he worked in TMT audit at EY for 3 years, where he qualified as a chartered accountant.

James holds a first-class Master's degree in Mathematics from Durham University.

Charlie von Schmieder, Investment Director

Charlie is an Investment Director in the Gresham House New Energy team. His current role began in February 2021, following a year in the team as a contractor. He is responsible for executing investments in infrastructure projects such as energy storage systems, whether acquired before construction or when already operational. Charlie has extensive experience in the development, funding and asset management of distributed energy infrastructure projects assisting both investment managers and project developers at every stage of bringing their projects to fruition. He has worked on projects in a wide range of technologies including solar PV, hydroelectric power, anaerobic digestion, combined heat and power, thermal heat networks, gas peaking and grid-scale battery storage. He started his career over 20 years ago as a commercial solicitor before transitioning to renewable energy, working with investment management firms for the last nine years.

Charlie studied science of materials at Trinity College Dublin and has an MBA from INSEAD, France.

Fernando Casas Garcia, Head of Operations and Asset Management

Fernando joined Gresham House in May 2021 and is focused on the design, development and deployment of processes and procedures that allow the Gresham House New Energy team to increase MW under management each year. Fernando has 15 years' experience in the renewable energy sector, specifically in the solar PV industry. Prior to Gresham House, he was Global Head of Technical for a 2.2GW solar PV portfolio at WiseEnergy (Next Energy Group company), focused on the operation of their solar PV assets and increasing overall revenues. Fernando holds a BEng in Industrial Engineering from the University of Castilla-La Mancha and an MSc in Energy and Sustainability with Electrical Power Engineering from the University of Southampton. He also holds a Global Executive MBA from IESE Business School, Barcelona.

Stephen Beck, Divisional Finance Director

Stephen joined Gresham House in May 2018 following the acquisition of FIM Services Ltd, where he had served as Chief Financial Officer and Compliance Officer since 2013. Prior to this, Stephen worked at E.ON, where he held a variety of financial and commercial roles from 2000 onwards, ranging from leading large finance teams, developing power station projects, M&A transactions, and working with HM Government delivering low carbon solutions. His experience includes leading on the commercial aspects of the acquisition of the Staffordshire Street Lighting project and the sale of Horizon Nuclear Power to Hitachi. Stephen began his career at PwC in 1996 and trained as a Chartered Accountant with an emphasis on corporate tax issues. He has 24 years of industry experience and is a law graduate and Barrister, having been called to the Bar in 1996.

Nick Vest, Finance Director

Nick joined Gresham House in January 2021. He has over 20 years' accounting and finance experience, having qualified as a Chartered Accountant in 2000. Prior to Gresham House, Nick worked as Finance Director for an internationally focused property investment group and before that was Associate Director of Tax at Temenos Group SA in Switzerland. Nick holds a BA (Hons) in History with Information Technology from the University of Exeter and is a Chartered Accountant and Chartered Tax Advisor.

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.

Gresham House 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 investment process is summarised below. Most ESS Projects are expected to be acquired prior to construction and therefore this process is prepared with ESS Project rights in mind, but could also apply to operational ESS Projects. The investment process is applied to acquisitions in Great Britain and in Overseas Jurisdictions.

Sourcing – screening

ESS Project rights are sourced by the Manager from third parties and are screened for suitability for the Portfolio by lead fund manager (the “**Fund Manager**”) and the Manager’s Investment Team.

The Manager receives opportunities from various sources:

- (a) existing relationships with developers;
- (b) advisers who act as intermediaries between investors and Developers;
- (c) direct approaches from Developers;
- (d) in-house referrals; and
- (e) reverse-enquiries via the GHE website (including the Company’s webpage).

Non-disclosure agreements (“**NDA**s”) are executed prior to any exchange of information. In most cases the Manager’s mutual NDA template is used. Where a third-party template is used, it is reviewed by internal or external counsel.

Initial ESS Project screening will typically involve an internal assessment of ESS Project specific characteristics; these may include:

- (a) counterparty evaluation;
- (b) technologies proposed, if relevant;
- (c) location;
- (d) capacity and voltage of grid connection offer;
- (e) connection costs (upfront and ongoing);
- (f) connection timing;
- (g) site physical characteristics including expansion potential;
- (h) planning consent and associated conditions;
- (i) third-party consents still required (e.g. land, access, highways);
- (j) land rights (e.g., lease option, agreement for lease, option to buy); and
- (k) ESG Screening.

Pipeline opportunities are discussed at regular scheduled meetings, or specific meetings are arranged on an ad-hoc basis, depending on the circumstances.

Sourcing – negotiations and sales processes

A non-binding offer (“**NBO**”), or equivalent, is shared with the seller to secure a period of exclusivity to undertake appropriate diligence and close the transaction.

The NBO, which is populated with key commercial terms is issued by the Manager and signed by the Fund Manager (who is also a director of the Manager).

Investment summary

Following initial identification and assessment of a potentially viable investment opportunity a short summary will be prepared in the form of an investment memorandum (an “**Investment Summary**” or “**2-Pager**”). The Investment Summary will include relevant high-level details of factors such as the:

- (a) key characteristics of the asset;

- (b) confirmation of screening using the Manager's ESG tool;
- (c) the business/trading strategy and associated revenue streams, if relevant;
- (d) cost profile;
- (e) project acquisition structure; key parameters such as purchase price, conditions and milestones;
- (f) forecast returns;
- (g) proposal for key contractors/equipment suppliers, if known;
- (h) status of current diligence;
- (i) request for pre-funding of any equipment orders, if required (and may follow separately);
- (j) request to authorise non-recoverable costs on the Company's behalf (e.g. due diligence and legal costs);
- (k) disclosure of current ownership interests and any other existing/potential conflicts of interest;
- (l) key risks and mitigants; and
- (m) fit with the existing portfolio.

This Investment Summary is used as an internal document by the Manager.

Investments in ESS Projects in which the Manager or certain of affiliates has an interest

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. 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) 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.

Further information relating to the Manager's policy with regards to conflicts of interest is set out in paragraph 4 of this Part 7 (*Directors, Management and Administration*).

Investment paper and investment committee

An investment paper (the "**Investment Paper**") is written for review by the Manager's investment committee ("**IC**") requesting approval for an investment, subject to completion of due diligence.

The IC meeting will typically result in one of the following:

- (a) further matters highlighted to be resolved, including specific questions requiring further due diligence
- (b) the proposed investment being approved subject to due diligence; or

- (c) the proposed investment being rejected.

Diligence

This is outsourced to professional advisory firms and includes: legal (commercial and property), technical, valuation and ESG evaluation (which is an internal process).

KYC procedures

Prior to entering into binding legal agreements, the key stakeholders (typically the vendor of the project) are subject to KYC review. This will be undertaken under the direction of the Manager's compliance department. The Manager's compliance department confirms acceptability to proceed, or otherwise.

Final proposal

Following initial due diligence, the Manager will update the Investment Paper for any findings/updates that have come to light during the diligence process. In addition, a pack of vendor diligence reports will be made available to the IC via a virtual data room ("VDR") to refer to, as appropriate.

This deliverable will include the items set-out in the checklist plus and further information deemed relevant by the Manager and/or requested by the Board, which may include:

- (a) an updated investment case;
- (b) diligence reports/outputs, including:
 - legal (commercial and property);
 - technical;
 - valuation; and/or
 - ESG evaluation; and/or
- (c) compliance with the Investment Policy and lending limits.

Approval and signing

The IC will consider the proposal at a formal meeting. A positive decision should lead to Board approval being sought in relation to the acquisition of the relevant ESS Project. If Board approval is obtained, the Company should acquire the relevant ESS Project. Completion of the acquisition will usually be subject to the satisfaction of certain further conditions.

All SPVs are currently held, and it is intended that all ESS Project Companies acquired in the future will be acquired by Midco. The directors of Midco have resolved not to 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.

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 8 (*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 7 (*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; 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.

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. 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 in; or (ii) for its own account invest in, ESS Projects in Great Britain and the Overseas Jurisdictions, 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 and the Overseas Jurisdictions, 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 a 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 other members of the Gresham House Group or their clients may act as principal in a transaction with the Company, including, without limitation, by making investments in 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 9 (*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 at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, telephone number is +44 (0)203 876 2218 and website is www.indosgroup.com. The Depositary is authorised and regulated by the FCA with reference number 602528.

5.3 Registrar

Computershare Investor Services PLC has been appointed as the Registrar to the Company under the Registrar's Agreement. A summary of the Registrar's Agreement is set out in paragraph 6.5 of Part 9 (*Additional Information*) of this Registration Document.

PART 8: FEES AND EXPENSES

1. Gresham House Group 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.

Gresham House receives an annual fee of £9,000 per annum for each SPV under each Management Services Agreement. Gresham House O&M Services Limited is currently providing operations and maintenance services to ten ESS Projects in the Group and receiving an aggregate of £127,000 per annum in O&M services fees under these O&M arrangements for an up to five year term.

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. Additional fees are payable by the Company to the Administrator and Company Secretary in respect of certain other services that may be provided by the Administrator and Company Secretary, including, on the issuance of New Shares by the Company, 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 Depositary

The fees payable to the Depositary 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 Depositary.

2.3 Registrar

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.

2.4 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 8 (*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 2021 were £1,439,689, being 0.3 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 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: +44 207 409 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 9 (*Additional Information*) of the Registration Document) and any related transactions set out immediately below, the Company has not since 31 December 2021 entered into any related party transactions except for the following agreements:
- 1.4.1 the management services arrangements between Gresham House Energy Storage Solutions Limited and Gresham House effective from 8 March 2022;
- 1.4.2 the O&M arrangements between each of HC ESS2 Limited, Roundponds Energy Limited, HC ESS4 Limited and West Midlands Grid Storage Two Limited and Gresham House O&M Services Limited effective from 1 April 2022;
- 1.4.3 a share charge granted by Devco over its shares in UK Battery Storage Limited dated 31 March 2022; and
- 1.4.4 a loan agreement between Midco and UK Battery Storage Limited and associated debenture granted by UK Battery Storage Limited dated 31 March 2022 over all its assets and undertakings.
- 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 FREng	Chair and Independent Non-executive Director	24 August 2018
Duncan Neale	Audit Committee Chair and Independent Non-executive Director	24 August 2018
Catherine Pitt	Management Engagement Committee Chair, Nomination Committee Chair and Independent Non-executive Director	1 March 2019
David Stevenson	Senior Independent Director, 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 7 (*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 is as follows:

Name	Number of Ordinary Shares
John S. Leggate CBE FREng	83,375
Duncan Neale	16,925
Catherine Pitt	30,615
David Stevenson	22,330

- 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 their private interests or other obligations owed to third parties on any matter, the relevant Director will disclose their 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; 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	£84,080
Duncan Neale	£65,687.50
Catherine Pitt	£47,295
David Stevenson	£47,295
Total	£244,357.50

During the period ended 31 December 2021, Directors' fees of £232,500 were paid by the Company. Directors' fees increase annually in line with consumer price inflation to ensure that fees remain competitive and in line with inflation.

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:

	Current directorships/ partnerships	Past directorships/ partnerships
John S Leggate CBE FREng	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	Baillie Gifford UK Growth Trust plc	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 The Rocket Science Group Limited (dissolved) Windhorse Aerospace Limited	Coalition Partners Limited Investment Compass Limited Planet Yomp Limited Portfolio Review Limited Vidualise Limited Watering Hole Media Limited Wealthview Limited Wild Wiki Limited

* Voluntarily liquidated companies

5. Major interests

- 5.1 As at the close of business on the Latest Practicable Date, other than as 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
Sarasin & Partners LLP	42,939,265	9.81
Schroder Investment Management Limited	27,922,680	6.38
Border to Coast Pensions Partnership Limited	27,105,757	6.19
Gresham House plc	26,859,422	6.13
Gravis Capital Management Limited	23,857,210	5.45
Close Asset Management Limited	20,967,340	4.79
CCLA Investment Management Limited	19,139,455	4.37
Newton Investment Management Limited	17,955,613	4.10
JM Finn & Co Limited	16,515,653	3.77
Mr Benjamin Guest	14,383,826	3.29
Quilter Cheviot Investment Management Limited	13,199,884	3.01

- 5.2 Save as set out in paragraph 5.1 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.

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 7 (*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 (save 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.

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, 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 in; or (ii) for its own account invest 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.

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 receiver 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.

The Administrator and Company Secretary will generally not be liable for any loss or damages incurred or suffered by the Company, any ESS Project Company, any shareholder of the company or an ESS 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 ESS Project Company, any shareholder of the Company or any ESS 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 safe custody functions 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 25 May 2022. The Issue Agreement is conditional on, among other things, Initial Admission taking place on 31 May 2022 or such later date (not being later than 8.00 a.m. on 30 June 2022) 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 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:

6.6.1 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 Midco 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 Midco 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 Midco 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 Midco on 9 October 2020;
- (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 Midco on 9 October 2020, of which completion is expected in November 2020;
- (f) sale and purchase agreement between Devco, Midco, Noriker and the Manager, dated 24 December 2020 in respect of the conditional sale and purchase of the entire issued share capital of Gridreserve Limited;

- (g) sale and purchase agreement between Devco, Midco and the Manager dated 1 July 2021 in respect of the conditional sale and purchase of the entire issued share capital of Coupar Limited;
- (h) sale and purchase agreement between Devco, Midco and the Manager dated 1 July 2021 in respect of the conditional sale and purchase of the entire issued share capital of Arbroath Limited; and
- (i) sale and purchase agreement between Devco, Midco and the Manager dated 1 July 2021 in respect of the conditional sale and purchase of the entire issued share capital of each of Enderby Storage Limited, West Didsbury Storage Limited, Penwortham Storage Limited, Melksham East Storage Limited, Melksham West Storage Limited and Grendon Storage Limited.

6.6.2 the third party acquisition agreements (the “**Third Party Acquisition Agreements**”) comprising:

- (a) 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 Midco on 9 October 2020;
- (b) sale and purchase agreement between Enel Global Thermal Generation S.R.L. and Midco dated 4 January 2021 in respect of the conditional sale and purchase of the entire issued share capital of Tynemouth Energy Storage Limited; and
- (c) sale and purchase agreement between Blackmead Infrastructure Limited and Midco dated 29 January 2021 in respect of the sale and purchase of the entire issued share capital of Foresight Energy Storage Limited.

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 warranty and indemnity insurance. The liability of the sellers under Acquisition Agreements is limited as to quantum and time.

6.7 Facilities Agreement

Midco (as borrower) is a party to a facilities agreement dated 17 September 2021 together with the Company, certain of the SPVs (with Midco, the Company and certain of the SPVs acting as guarantors) and a syndicate of banks including Commonwealth Bank of Australia, Lloyds Bank, NatWest and Santander (the “**Facilities Agreement**”).

Pursuant to the Facilities Agreement, Midco has access to a readily available facilities totalling £180 million made up of £150million capex and acquisition term facility and an additional £30mn working capital facility (the “**Facilities**”). Midco may draw down a further “incremental” facility of up to £200 million (the “**Incremental Facility**”). The existing lender group has a right of first refusal in determining whether to participate in the Incremental Facility, subject to scale-back provisions in the event of an oversubscription and a wider invitation process in the event of an undersubscription.

Midco is able to utilise the Facilities by way of loans or letters of credit, and may apply any amounts borrowed to: (i) finance up to 70 per cent. of the purchase price of SPVs acquired by the Group; (ii) make downstream loans or letters of credit to ESS Project Companies to finance the design, construction (including civil works), testing, installation or commissioning of ESS Projects; (iii) refinance existing financial indebtedness of the Group; (iii) and/or (iv) fund general corporate and working capital purposes of the Group. In the case of (i) and (ii) loans under the Facilities may only be applied for the financing of any acquisition targets and assets located in the United Kingdom or the Republic of Ireland.

The interest payable on each loan is 300bps over SONIA (before hedging). Under the Facilities Agreement, Midco must pay customary commitment, arrangement and administration fees to the lenders.

Midco’s obligations under the Facilities are secured by (a) a debenture which provides for (i) fixed charges over the shares in certain of the ESS Project Companies and all monies standing to the credit of Midco’s bank accounts; (ii) a security assignment over intercompany loans made between

Midco and the SPVs; (iii) a general floating charge over all assets of Midco; and (b) a share charge over the Company's shares in Midco and an assignment of the intercompany loans between the Company and Midco.

The Facilities Agreement contains standard gearing and interest cover ratios plus a lock up ratio for dividends and the ratio of total debt to net asset value of the Company must not exceed 50 per cent. Midco is required to test financial covenants on a semi-annual basis, provide half year and full year financial statements and notification of default.

Midco has undertaken to comply with all laws including environmental requirements, ensure that no less than 80 per cent. of the Group's earnings or its gross assets, net assets or turnover are generated and/or attributable to its business activities undertaken in the United Kingdom and/or the Republic of Ireland and the Company has agreed not to amend the Investment Policy (subject to certain carve-outs) without the approval of the majority lenders (representing 66 2/3 per cent. of the total commitments).

The Facilities and the Incremental Facility are available for drawdown until 8 October 2024, in respect of the capex and acquisition facilities, and 8 September 2026, in respect of the working capital facility.

Mandatory prepayment of the loans under the Facilities Agreement may be required in the case of illegality, change of control and in respect of receipt by Midco of insurance proceeds, disposal proceeds and proceeds for claims under reports provided by professional advisers (subject to carve-outs and thresholds). In addition between 50-100 per cent. of excess cashflow must be swept in prepayment of the debt in the final two years of the Facilities Agreement.

The Facilities Agreement includes a non-payment event of default provision which means that failure to pay on the due date any amount in respect of the facilities will constitute an event of default (subject to a remedy period of five business days). Other events of default include (but are not limited to) breach of a covenant and misrepresentation, cross default (subject to a minimum amount of £2 million), insolvency and material adverse change.

The Company, Midco and certain of the SPVs have made representations including (but not limited to) in respect of information provided to the lenders, environmental compliance, security and financial indebtedness and Group structure.

Midco is permitted to make acquisitions and incur financial indebtedness in the performance of the business of the Group, subject to carve outs and thresholds.

6.8 Management Services Agreement

The Manager has entered into separate Management Services Agreements with each SPV under which it provides operational, management and administrative services. The minimum term of each Management Services Agreement is at least eighteen years.

The Manager'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 the Manager) would have been expected to accrue to the relevant SPV in the three month period immediately following the event giving rise to the Manager's liability.

Gresham House indemnifies the relevant SPV 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 Gresham House or arising from Gresham House'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 Gresham House or arising from Gresham House's operations;
- (c) regulatory penalties or fines imposed by any governmental authority arising from Gresham House's violation of any applicable laws (including TUPE regulations); and

- (d) invalid or impaired intellectual property assigned or licenced to the SPV by Gresham House and third-party claims for intellectual property infringement arising out of the SPV's use of any intellectual property assigned or licenced to it by Gresham House.

The indemnities (except for the indemnity in respect of property damage) are not subject to Gresham House's cap on liability.

Each SPV can request that Gresham House 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).

Gresham House is entitled to subcontract part but not all of the services under the Management Services Agreement.

6.9 Receiving Agent Agreement

Under the Receiving Agent Agreement between the Company and Computershare dated 28 October 2020 Computershare agreed to act as receiving agent to the offer for subscriptions pursuant to the 2020 Share Issuance Programme. Computershare's liability under the agreement is subject to a financial limit.

6.10 Bond Offering and BSIF Bond

On 14 October 2020, Midco 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 June 2020, Midco entered into a letter of engagement with JTC Registrars (UK) Limited and on 12 October 2020 (with an effective date of 5 October 2020), Midco 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 Midco.

On 14 October, Midco 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 were used for investment purposes and for refinancing existing loans.

The Bond Offering provided 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 were made on 31 March and 30 September each year, with the first payment made on 31 March 2021 for interest accruing from 7 August 2020. The bond framework agreement governed each series of bonds and constitutes a wrapper. It appended the form of bond instrument and provided 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 contained the terms of the bonds, which could be 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 was the form of bond certificate which was issued to each bondholder in relation to each series of bonds. The Bond Registrar will maintained a register of bondholders and coordinate any transfers or redemptions.

The terms of the bonds issued to BSIF Infrastructure were consistent with those issued to the GRID Power Bond holders other than as follows: (i) the BSIF Bond had 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 was £7 million, (iii) the final maturity date was 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 was added to the amounts outstanding to BSIF Infrastructure and was payable to BSIF Infrastructure on the final repayment date together with interest accrued on such amount; and (v) there was an undertaking by Midco not to dispose of any SPVs in the Portfolio unless Group NAV exceeded £140 million in the most recently published financial report.

The GRID Power Bonds and the BSIF Bond were redeemed on 17 September 2021 and the agreements constituting, servicing and providing security in respect of them ceased to be effective with effect from that date.

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 Group or its 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 7 (*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 10: DEFINITIONS

2020 Prospectus	the prospectus published by the Company on 10 November 2020;
2020 Share Issuance Programme	the share issuance programme more particularly described in the 2020 Prospectus;
2021 Annual Report	has the meaning given to it in paragraph 2 of Part 6 (<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 6.6.1 of Part 9 (<i>Additional Information</i>) of this Registration Document;
Act	Companies Act 2006, as amended;
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 9 (<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;
AIFM	alternative investment fund manager, as defined in the AIFM Rules;
AIFM Agreement	the management agreement between the Company and Gresham House, a summary of which is set out in paragraph 6.1 of Part 9 (<i>Additional Information</i>) of this Registration Document;
AIFM Delegated Regulation	the UK version of 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 as it forms part of the law of England and Wales by virtue of the EUWA as amended by UK legislation from time to time;
AIFM Directive or AIFMD	the UK version of The Alternative Investment Fund Managers Directive (2011/61/EU) as it forms part of the law of England and Wales by virtue of the EUWA, as amended by UK legislation from time to time;
AIFM Regulations	The Alternative Investment Fund Managers Regulations 2013 (SI) 2013/1773, as amended;
AIFM Rules	the AIFM Directive, the AIFM Delegated 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, in force from time to time;

Audit Committee	the audit committee of the of the Company as described in paragraph 2.3 of Part 7 (<i>Directors, Management and Administration</i>) of this Registration Document;
Auditor or BDO	BDO LLP;
behind-the-meter	ESS interconnected behind a commercial or residential customer's utility meter;
BEIS	The Department for Business, Energy & Industrial Strategy;
BESS	battery energy storage systems;
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 7 (<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	the offering of GRID Power Bonds and the BSIF Bond;
BSIF	Gresham House British Strategic Investment Fund, an investment fund which is managed by Gresham House;
BSIF Bond	the bond issued by Midco to BSIF Infrastructure on similar terms to the GRID Power Bonds;
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;
Climate Change Act	the Climate Change Act 2008, as amended;
Climate Change Committee or CCC	an independent statutory body established under the Climate Change Act to advise the UK and devolved governments on emissions targets;
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, except that in the Investment Policy “Company” shall mean 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;
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;
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 9 (<i>Additional Information</i>) of this Registration Document;
Devco	Gresham House Devco Limited;
Developer	an undertaking whose business includes the development of ESS Projects and which has an established commercial relationship with the Gresham House Group;
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules made by the FCA under section 73A of FSMA;
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;
Dynamic Containment or DC	contracts with NG ESO, through which the Company's Subsidiaries will provide dynamic frequency response services (importing or exporting power proportionate to deviation in the grid's frequency from 50Hz) in accordance with the specific terms of this service, in order to help NG ESO maintain the grid's frequency as close to 50 Hz as possible;
EEA	the European Union, Iceland, Norway and Liechtenstein;
EEA Member Country	any member state of the European Union, Iceland, Liechtenstein and Norway;
EFR	enhanced frequency response;
EPC	engineering, procurement and construction;
EPCm	EPC management;
ESO	electricity system operator;
ESS	energy storage system;
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;
EU or European Union	the European Union first established by the treaty made at Maastricht on 7 February 1992;

EU AIFM Directive	the Alternative Investment Fund Managers Directive (2011/61/EU);
EU ETS	the EU Emissions Trading Scheme;
EU 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;
EUWA	European Union (Withdrawal) Act 2018, as amended;
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;
Existing Pipeline	potential future direct and indirect investments that may be made by the Company in accordance with the Investment Policy, which are not part of the New Pipeline and as more particularly described in paragraph 5.3 of Part 3 (<i>The Company</i>) of this Registration Document;
Facilities Agreement	the facilities agreement between, among others, Midco, the Company and a syndicate of banks, a summary of which is set out in paragraph 6.7 of Part 9 (<i>Additional Information</i>) of this Registration Document;
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 further amended on 1 December 2021;
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	summary 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;
GHE	Gresham House plc;
Gresham House or Manager	Gresham House Asset Management Limited;
Gresham House Group	GHE and its Subsidiaries, including Gresham House and Devco;
GRID Power Bonds	the five year fixed term secured bonds that were issued by Midco to certain investors;
Gross Asset Value or GAV	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;
Gross Proceeds	the sum of the number of New Ordinary Shares and New 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;
IEA	the International Energy Agency;
IFRS-UK	UK adopted international accounting standards;
Initial Admission	Admission of the New Ordinary Shares issued pursuant to the Initial Placing;
Initial Placing	the first placing of New Ordinary Shares pursuant to the Share Issuance Programme (and forming part of the Initial Tranche) which is expected to close on or around 26 May 2022;
Initial Tranche	the Initial Placing;
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 9 (<i>Additional Information</i>) of this Registration Document;
IT Regulations	Investment Trust (Approved Company) (Tax) Regulations 2011, as amended;
Jefferies	Jefferies International Limited;
Latest Practicable Date	24 May 2022;
Listing Rules	the Listing Rules made by the FCA under section 73A of FSMA;
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 7 (<i>Directors, Management and Administration</i>) of this Registration Document;
Management Services Agreements	the management services agreements entered into by each SPV and the Manager, details of which are set out in paragraph 6.8 of Part 9 (<i>Additional Information</i>) of this Registration Document;
Market Abuse Regulation	the UK version of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of the law of England and Wales by virtue of the EUWA, as amended by UK legislation from time to time;
May General Meeting	the general meeting of the Company held on 13 May 2022;
Midco	Gresham House Energy Storage Holdings plc;

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;
Net Issue Proceeds	the proceeds of the issue of New Shares pursuant to the relevant Tranche, after deduction 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 Pipeline	potential future direct and indirect investments that may be made by the Company in accordance with the Investment Policy, which are not part of the Existing Pipeline 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 7 (<i>Directors, Management and Administration</i>) of this Registration Document;
Noriker	Noriker Power Ltd;
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;
Operational Project	has the meaning given in paragraph 6.3 of Part 3 (<i>The Company</i>) of this Registration Document;
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company;
Overseas Jurisdictions	the United States, Canada, Australia, Northern Ireland and any EEA Member Country (including the Republic of Ireland);
PDMR	has the meaning given to it in the Market Abuse Regulation;
Portfolio	the Company's portfolio of ESS Projects;
PRIIPs Regulation	the UK version of Regulation EU No. 1286/2014 on Key information documents for packaged retail and insurance-based

	products as it forms part of the law of England and Wales by virtue of the EUWA, as amended by UK legislation from time to time;
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	the UK version of 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 as it forms part of the law of England and Wales by virtue of the EUWA, as amended by UK legislation from time to time;
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	“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;
Registrar or Computershare	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 9 (<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 6.6.2 of Part 9 (<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 7 (<i>Directors, Management and Administration</i>) of this Registration Document;
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 25 May 2022 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;
Solar PV	photovoltaic solar;
Specialist Fund Segment	the specialist fund segment of the Main Market;
SPV	special purpose vehicle;
Statutes	the Act as amended and every other statute for the time being in force concerning companies and affecting the Company;
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;
Subsequent Issue	any placing, open offer and/or offer for subscription of New Shares issued pursuant to the Share Issuance Programme;
Subsidiaries	a Subsidiary Undertaking from time to time (“Subsidiary Undertaking” having the meaning set out in section 1162 of the Act);
Summary	the summary dated 25 May 2022 issued by the Company pursuant to this Registration Document and the Securities Note;
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 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) 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;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UK ETS	the UK Emissions Trading Scheme;
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;
US Tax Code	the US Internal Revenue Code of 1986, as amended
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

* These are targets only and are based on current market conditions as at the date of this Registration Document and are 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”.

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.