Prospectus
Gresham House Energy Storage Fund plc




May 2022

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SUMMARY

Section A – Introduction and Warnings

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

Name and ISIN of the securities:	Ordinary Shares of 1p each in the capital of the Company and C Shares of 1p each in the capital of the Company. The ISIN of the Ordinary Shares is GB00BFX3K770 and the SEDOL is BFX3K77.
Identity of issuer:	Gresham House Energy Storage Fund plc, a public limited company incorporated in England and Wales with company registration number 11535957 and whose registered address is at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, LEI: 213800MSJXKH25C23D82.
Identity of offeror of the securities:	Other than the Company, there are no other persons or entities offering to sell new Ordinary Shares or new C Shares in the programme under which the Company intends to issue new Ordinary Shares and/or new C Shares (**"New Shares"**) in tranches (the "**Share Issuance Programme**").
Identity of competent authority approving prospectus:	The Financial Conduct Authority of 12 Endeavour Square, London E20 1JN. Telephone number: +44 20 7066 1000.
Date of approval of Prospectus:	25 May 2022

Section B – Key Information on the Issuer

Who is the issuer of the securities?

The Company is a public limited company incorporated in England and Wales (company number: 11535957, LEI: 213800MSJXKH25C23D82), whose registered address is at The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF, and is a closed-ended investment company with an indefinite life. The Company is registered as an investment company under section 833 of the Companies Act 2006 (as amended) (the "**Act**") and is an investment trust under section 1158 of the Corporations Tax Act 2010 (as amended). The Company is also an alternative investment fund for the purposes of the 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 European Union (Withdrawal) Act 2018, as amended, as further amended by UK legislation from time to time ("**AIFMD**") and subject to the disclosure guidance and transparency rules made by the FCA under Part VI of the Financial Services and Markets Act 2000 ("**FSMA**").

The Company seeks to provide investors with an attractive and sustainable dividend over the long term by investing in a diversified portfolio of utility scale energy storage systems, which utilise batteries and may also utilise generators, located in Great Britain and the Overseas Jurisdictions.

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

As at the close of business on 24 May 2022 (being the latest practicable date prior to the publication of the Prospectus), the following parties were known to be the Company's major Shareholders:

Shareholder	**Number of Ordinary Shares**	**% of issued Ordinary Share Capital**
Sarasin & Partners LLP	42,939,265	9.81
Schroder Investment Management Limited	27,922,680	6.38
Border to Coast Pensions Partnership	27,105,757	6.19
Gresham House plc	26,859,422	6.13
Gravis Capital Management	23,857,210	5.45
Close Asset Management Limited	20,967,340	4.79
CCLA Investment Management Ltd	19,139,455	4.37
Newton Investment Management Limited	17,955,613	4.10
JM Finn & Co	16,515,653	3.77
Mr Benjamin Guest	14,383,826	3.29
Quilter Cheviot Investment Management	13,199,884	3.01

Save as set out in the table immediately above, as at the close of business on 24 May 2022 (being the latest practicable date prior to the publication of the Prospectus), the Company is not aware of any person who, immediately following the initial admission of any New Shares to trading on the Specialist Fund Segment, could, directly or indirectly, jointly or severally, exercise control over the Company or any person who would be directly or indirectly interested in three per cent. or more of the Company's issued share capital.

The statutory auditor for the Company is BDO UK LLP of 55 Baker Street, London W1U 7EU.

What is the key financial information regarding the issuer?

The selected historical financial information set out below, which has been prepared under IFRS-UK, has been extracted without material adjustment from the audited financial statements of the Company for the financial year ended 31 December 2021:

Table 1: Additional information relevant to closed ended funds

Share Class	**Total NAV (£m)***	**NAV per share (p)***	**Historical performance**
Ordinary Shares	511.7	116.86	*Financial year ended 31 December 2021* Growth in total NAV and NAV per share was primarily driven by cash generated 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 from 11.1 per cent. to 10.85 per cent. also contributed to the increase. The underlying investment portfolio generated revenues* of £51.4 million and EBITDA of £42.5 million, an increase of 172 per cent. over 2020. Total dividend of 7 pence for the financial year, as targeted. As at 31 December 2021, the Ordinary Share price had delivered a return of 51.5 per cent. on the IPO issue price of £1. Ordinary Shares have consistently traded on the London Stock Exchange at a premium to the reported NAV per Ordinary Share during 2021.

* This information is accurate as at 31 December 2021

Table 2: Income statement for closed ended funds

	For the year ended 31 Dec 2021 (£'000)	**For the year ended 31 Dec 2020 (£'000)**
Total income	85,828	23,352
Profit/(loss) before tax	80,392	18,710
Performance fee	N/A	N/A
Investment manager fee	4,053	2,400

	For the year ended 31 Dec 2021 p	**For the year ended 31 Dec 2020 p**
Earnings per ordinary share (basic and diluted)	20.59	7.79

* Financial performance of the underlying investment portfolio contributes to the valuation of investments through growth in working capital balances. Earnings greater than forecasted in prior valuations will increase valuations and hence NAV.

Table 3: Balance sheet for closed ended funds

	As at 31 Dec 2021	As at 31 Dec 2020
Total Net Assets (£'000)	511,671	358,890
Leverage ratio (as a percentage of GAV)	—	—

The auditor's report on the Company's financial statements for the year ended to 31 December 2021 incorporated by reference in this Prospectus was unqualified.

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 increase to 140p-145p by 30 June 2022.*

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

The key risk factors relating to the Company are:

- 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. The current strain on supply chains is caused by, among other things (a) global and/or regional travel restrictions and ongoing local lockdowns in China, (b) the Russia invasion of the Ukraine and the ongoing COVID-19 pandemic, as well as the fallout effects of Brexit. Supply chain constraints could in the future materially adversely impact the construction of ESS Project Companies, and therefore could adversely affect the ability of the Company to deliver income and capital returns to Shareholders.
- The Group is reliant on Gresham House and third-party service providers to carry on its business and a failure by one or more service providers may materially disrupt the business of the Company. Furthermore, the Portfolio requires significant management time and resource to be provided by, among others, Gresham House in order to enable the Company to meet its investment objective.
- The use of leverage by the Company may increase the volatility of returns and providers of leverage would rank ahead of investors in the Company in the event of insolvency.
- If the growth of renewable energy does not continue as expected (for example, due to low energy prices, reduced Government support, increased deployment of non-renewable/fossil fuel generating capacity such as gas fired or nuclear power stations, or increased imports from cross-channel interconnectors), 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.
- The Project Companies rely on third-party professionals and independent contractors and other service providers. In the event that such contracted third parties are not able to fulfil their obligations or otherwise fail to perform to standard, the ESS Project Companies may be forced to seek recourse against such parties, provide additional resources to undertake their work, or to engage other companies to undertake their work. This could have a material adverse effect on the Company's NAV and revenues and returns to Shareholders.
- The Company depends on the diligence, skill and judgment of the Gresham House Group's investment professionals and developers. The Company's future success depends on the continued service of these individuals, who are not obliged to remain employed by, or contractually bound to perform services for, the Gresham House Group. In the event of a departure of a key Gresham House Group employee, there is no guarantee that the Gresham House Group would be able to recruit a suitable which could adversely affect the Company's NAV and revenues and returns to Shareholders.
- If non-storage technologies, other than lithium-ion battery technology enters the market with the ability to provide similar services to a lithium-ion battery at a lower cost, this could have a material adverse impact on the financial performance of the Company.
- When FFR contracts expire, the 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.
- The Company cannot guarantee that electricity market price volatility will be at levels or frequency which will allow the Company to generate projected revenue levels or rates of return on the energy storage systems within its Portfolio. A significant drop in volatility of market prices for electricity whilst the Group is pursuing this future revenue stream would have an adverse effect on the Company's NAV and revenues and returns to Shareholders.

* 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 Company's investment policy is limited to investment in energy storage infrastructure, which will principally operate in Great Britain, but may also be located in 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.
- 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.

Section C – Key Information on the Securities

What are the main features of the securities?

Ordinary Shares and C Shares and the rights attaching to them

As at the close of business on 24 May 2022 (being the latest practicable date prior to the publication of the Prospectus), the Company had 437,842,078 Ordinary Shares in issue. The Company has no partly paid Ordinary Shares in issue and no C Shares in issue.

The Share Issuance Programme will comprise up to 400 million New Shares, in aggregate, comprising Ordinary Shares of 1p each in the capital of the Company, having ISIN GB00BFX3K770, and may comprise C Shares of 1p each in the capital of the Company. The ISIN of any tranche of C Shares that may be issued under the Share Issuance Programme is not known at the date of the Prospectus and will be announced by way of RIS Announcement at the appropriate time. The currency of the New Shares is pounds Sterling.

Rights attaching to the Ordinary Shares and the C Shares

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

Restrictions on the free transferability of Ordinary Shares

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

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

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

Dividend policy

The Board expects that dividends will constitute the principal element of the return to the holders of Ordinary Shares. On the basis of market conditions as at the date of the Prospectus 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 New Shares will be payable quarterly for the quarters ending in March, June, September and December, all in the form of interim dividends (the Company does not intend to pay any final dividends). The Board reserves the right to retain within a revenue reserve a proportion of the Company's net income in any financial year, such reserve then being available at the Board's absolute discretion for subsequent distribution to Shareholders, subject to the requirements of the IT Regulations.

Where will the securities be traded?

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

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

The key risk factors relating to the New Shares are:

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

Section D – Key Information on the Offer of Securities to the Public and/or the Admission to Trading on a Regulated Market

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

General terms and conditions

The Company intends to issue up to 400 million New Shares in aggregate pursuant to the Share Issuance Programme in Tranches. The size and frequency of each Tranche, and of each placing, offer for subscription and open offer component of each Tranche, will be determined jointly by the Company and Jefferies. The Initial Placing and Subsequent Placings will not be underwritten.

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

(a) the price of the New Shares to be issued in respect of the relevant Tranche being determined by the Directors as described above;

(b) Admission occurring in respect of the relevant Tranche;

(c) the Issue Agreement becoming otherwise unconditional in respect of the relevant Tranche, and not being terminated in accordance with its terms, in each case before Admission of the relevant Tranche of New Shares becomes effective; and

(d) if a supplementary prospectus is required to be published in accordance with FSMA, such supplementary prospectus being approved by the FCA and published by the Company in accordance with the Prospectus Rules.

The Share Issuance Programme was announced on 25 May 2022 and will close on 24 May 2023 (or any earlier date on which it is fully subscribed). Initial Admission and crediting of CREST accounts in respect of the Initial Tranche is expected to take place at 8.00 a.m. on 31 May 2022.

If an existing Shareholder does not subscribe under the relevant Tranche for such number of New Shares as is equal to their proportionate ownership of existing Ordinary Shares, their proportionate ownership and voting interests in the Company will be reduced and the percentage that their existing Ordinary Shares will represent of the total share

* This is a target only and is based on current market conditions as at the date of the Prospectus 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.

capital of the Company will be reduced accordingly. Assuming that all 400 million New Shares available for issue under the Share Issuance Programme are issued in the Initial Tranche, Shareholders who do not participate at all will suffer a dilution of 47.7 per cent. to their interests in the Company.

New Shares issued under the Initial Tranche are to be issued at the issue price of 145 pence each. The New Shares issued under the Initial Tranche will not be entitled to receive the Company's quarterly dividend for the period ended 31 March 2022 (to be payable on 27 May 2022), but will be entitled to the dividend with respect to the quarterly period ended 30 June 2022 which is expected to be declared in August 2022.

The total Net Issue Proceeds of the Share Issuance Programme will depend on the number of New Shares issued throughout the Share Issuance Programme, the issue price of such New Shares and the aggregate costs and commissions for each Tranche. However, by way of illustration, assuming that all 400 million New Shares available for issue under the Share Issuance Programme are issued at an average issue price of 145 pence per Share on average with aggregate costs and commissions of £11.6 million, the total Net Issue Proceeds under the Share Issuance Programme would be £568.4 million.

Why is this Prospectus being produced?

Use and amount of proceeds

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. 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 Directors believe that the Share Issuance Programme will benefit the Company by: (i) enabling it to take advantage of current and future investment opportunities thereby diversifying its Portfolio; (ii) increasing the scope for institutional investment in the Company; (iii) improving the secondary market liquidity of the Ordinary Shares; (iv) reducing the Company's ongoing expense ratio due to the economy of scale of the Company; (v) facilitate the issuance of New Shares at a premium to NAV which is NAV accretive to existing Shareholders; and (vi) respond quickly to market demand which may be advantageous in the current climate. The Initial Placing and Subsequent Placings will not be underwritten.

Material conflicts of interest

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

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

Gresham House and its affiliates may be involved with other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. Under the terms of the AIFM Agreement, Gresham House 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, Northern Ireland and the Republic of Ireland, without first offering the relevant investment opportunity to the Company.