

Gresham House Energy Storage Fund plc

30 September 2022



Fund manager

Ben Guest

Managing Director, New Energy

Overview

Gresham House Energy Storage Fund plc (GRID or the Fund) seeks to capitalise on the growing intraday supply and demand imbalances caused by Great Britain and Ireland's ever-increasing reliance on renewable energy.

The Fund aims to provide investors with an attractive and sustainable dividend by investing in a portfolio of utility-scale Battery Energy Storage Systems (BESS) located in Great Britain and Ireland, which primarily use batteries to import and export power, accessing the multiple revenue sources available in the power market.

The Fund targets a Net Asset Value (NAV) total return of 8.0%+ per annum, before leverage and net of Fund expenses, and a target dividend of 7.0p per annum per Ordinary Share.¹ Returns are not correlated to the absolute level of wholesale power prices and are not dependent on any government subsidies.

Fund information

Ticker GRID

Listing LSE Specialist Fund Segment

ISIN GB00BFX3K770

Dividend frequency Quarterly

Year end 31 December

Key facts as at 30 September 2022

Share price (closing price) 168.50p

NAV per share 151.18p

Market Capitalisation £912.07mn

Net assets £818mn

Mgt. fee 1.0% net assets <£250mn
0.9% net assets from £250mn-£500mn
0.8% net assets >£500mn

Ongoing charges² 1.16%

2022 target dividend per share 7.0p

Ordinary Shares in issue² 541,290,353

Total return

| | YTD | 2021 | Since inception (Nov 2018) |
|--------------------------|--------|--------|----------------------------|
| Share price total return | 32.36% | 23.04% | 100.54% |
| NAV total return | 32.55% | 20.32% | 84.12% |

Financial highlights

- NAV has increased to £818mn, or 151.18p per share, up 6.07p per share. No dividends were paid in the quarter as the dividend in respect of the quarter ended 30 June 2022 was paid in October 2022. **After deducting the Q2 dividend, the adjusted ex-dividend NAV is 149.43p per share representing a like-for-like increase of 2.98% compared to the Q2 2022 NAV**
- From the IPO in November 2018 to the end of September 2022, GRID has delivered a share price total return of 100.54% compared with 11.83% for the FTSE All Share and an NAV total return of 84.12%
- Exceptional first half performance continued through Q3 2022 with revenue and EBITDA significantly ahead of budget. The backdrop for BESS remains positive, underpinned by structural shifts as more renewables come online and challenges in the French nuclear fleet turned Great Britain into a net exporter of power to France for the first time in at least a decade
- Dividends were more than 1.3x covered³ in Q3 2022 and expected to be fully covered in 2022
- 550MW of operational assets as at 30 September 2022
- During the quarter, the most significant changes to NAV per share included:
 - +4.63p from higher third-party revenue forecasts
 - +2.56p from cash flow generation of underlying assets
 - +1.99p from increasing the RPI inflation assumption for 2022 to 9.0%
 - 0.89p from roll forward of NPV from operational projects

- 1.78p due to a combination of cost increases primarily caused by a weaker sterling, and slightly later projections for COD⁴ on a couple of new projects and operational projects whose batteries are being augmented
- In Q3 2022, there have been no changes to NAV from:
 - new projects being valued on a Discounted Cash Flow (DCF) basis (having been valued at cost). Arbroath will be revalued at year end and other projects are expected to follow in Q1 2023
 - changes to inflation assumptions beyond 2022 which remain at 4.5%, 3.5% and 2.5% for 2023, 2024 and 2025 & thereafter, respectively. Assumptions remain lower than implied by UK gilt yield curves
 - changes in underlying discount rate assumptions. As such the blended weighted average discount rate was 10.8% based on the mix of operational and construction-stage projects
- The Manager and Board are actively reviewing inflation and discount rate assumptions and any changes will be incorporated in the end-of-year valuations

1. This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Fund will make any distributions at all

2. As at 30 June 2022

3. Operational Dividend Cover as defined in the 2022 Interim report and accounts

4. Commencement of Operations date

Portfolio activity & market outlook

Portfolio activity has been positive in Q3 2022. Arbroath and Stairfoot are now operational, while Enderby and Coupar Angus are in the process of becoming fully operational and several other projects will follow, as previously announced.

As we mentioned in our Interim Results, the timing of connections remains challenging. Other issues have been largely resolved, such as Covid-era supply-chain bottlenecks and shipping costs, which have declined sharply, while the time to connect new projects to local and national grid networks has increased.

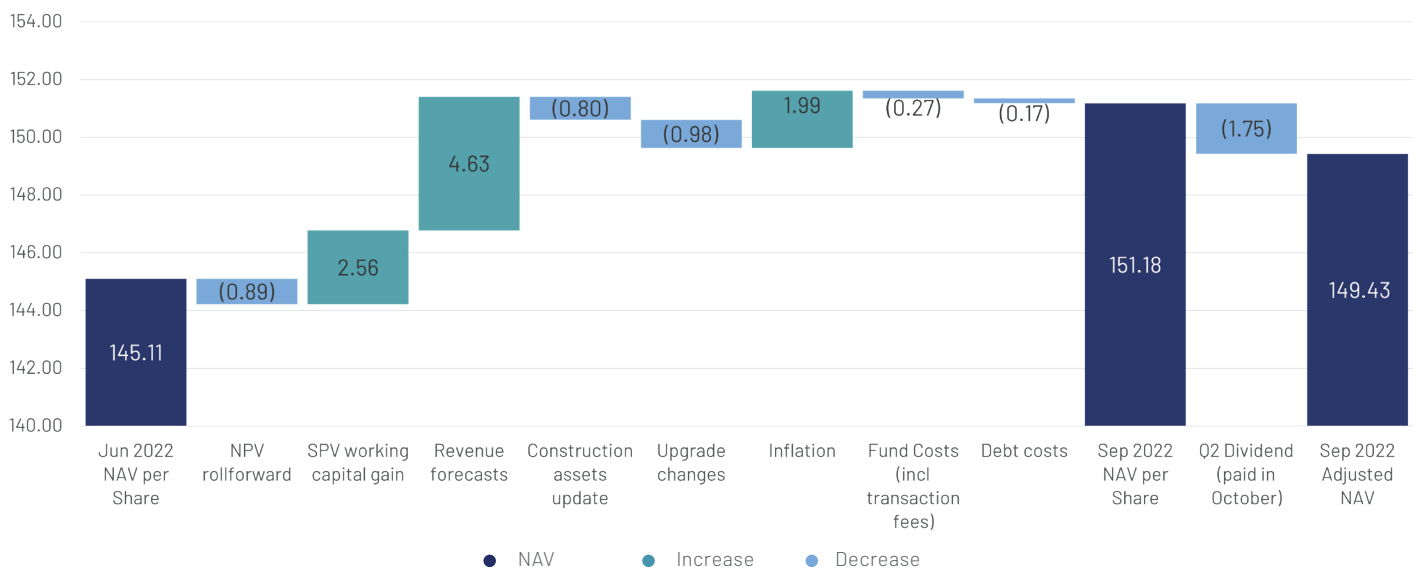
The Manager remains positive about the potential for growth. GRID's publicly announced pipeline remains unchanged this quarter: however, new opportunities are being progressed that are expected to increase pipeline in the future.

There is currently much discussion of possible regulatory or tax changes for the renewables sector. We note that BEIS expressly stated in their recent REMA consultation that it is essential for 'low carbon flexibility' to be prioritised and we are convinced, on both technical and financial grounds, that batteries are the most credible storage technology compared with less proven, more costly, and less efficient alternatives such as hydrogen or "CO2-abated" gas-fired generation.



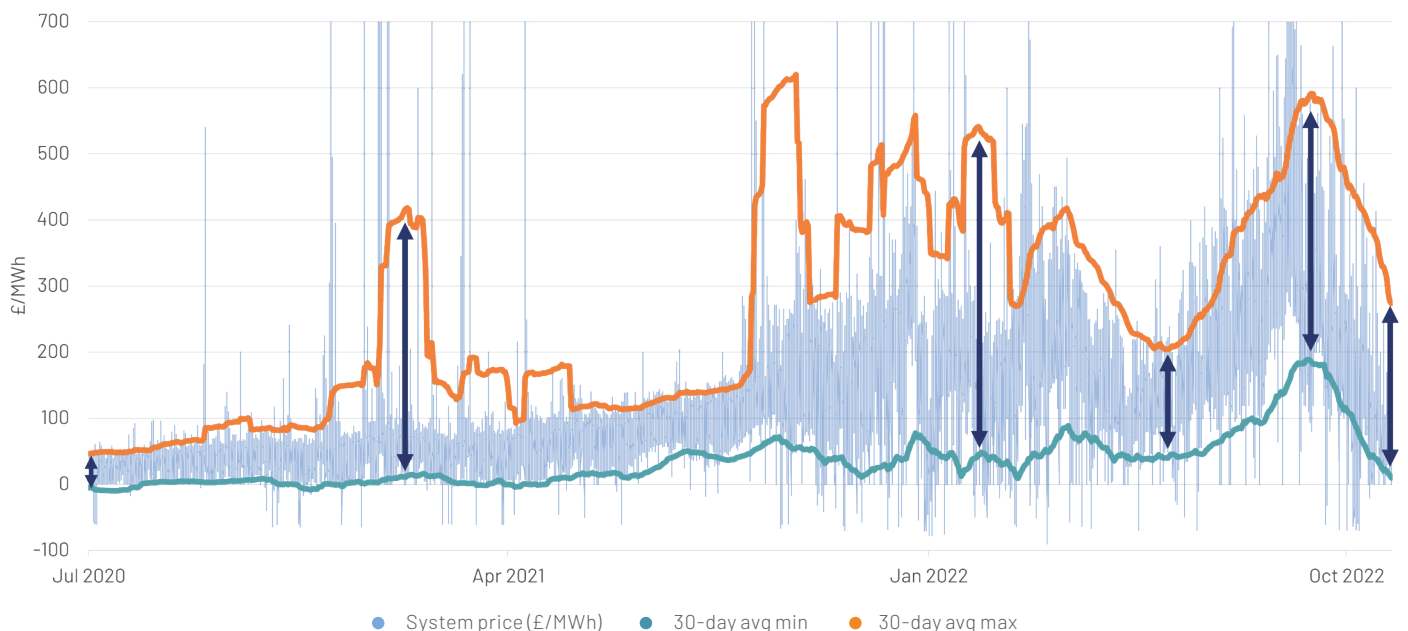
Q3 2022 adjusted NAV bridge (p/Share)

Source: Gresham House New Energy, 30 September 2022



Half hourly power prices and average spread since July 2020

Source: Elexon



Portfolio & pipeline

| Project | Location | MW | Status |
|---------------------------|-----------------|------------|-------------|
| 1. Staunch | Staffordshire | 20 | Operational |
| 2. Rufford | Nottinghamshire | 7 | Operational |
| 3. Lockleaze | Bristol | 15 | Operational |
| 4. Littlebrook | Kent | 8 | Operational |
| 5. Roundponds | Wiltshire | 20 | Operational |
| 6. Wolverhampton | West Midlands | 5 | Operational |
| 7. Glassenbury | Kent | 40 | Operational |
| 8. Cleator | Cumbria | 10 | Operational |
| 9. Red Scar | Lancashire | 49 | Operational |
| 10. Bloxwich | West Midlands | 41 | Operational |
| 11. Thurcroft | South Yorkshire | 50 | Operational |
| 12. Wickham Market | Suffolk | 50 | Operational |
| 13. Tynemouth | North Tyneside | 25 | Operational |
| 14. Glassenbury Extension | Kent | 10 | Operational |
| 15. Nevendon | Essex | 10 | Operational |
| 16. Port of Tyne | Tyneside | 35 | Operational |
| 17. Byers Brae | West Lothian | 30 | Operational |
| 18. Enderby ⁵ | Leicester | 50 | Operational |
| 19. Arbroath | Scotland | 35 | Operational |
| 20. Stairfoot | North Yorkshire | 40 | Operational |
| Total operational | | 550 | |

5. In the process of commissioning

| Project | Location | MW | Status |
|------------------------------|----------------|------------|---------------------|
| 21. West Didsbury | Manchester | 50 | Target COD: Q4 2022 |
| 22. Melksham | Wiltshire | 100 | Target COD: Q2 2023 |
| 23. Coupar Angus | Scotland | 40 | Target COD: Q4 2022 |
| 24. Penwortham | Preston | 50 | Target COD: Q4 2022 |
| 25. Grendon ⁶ | Northampton | 100 | Target COD: Q3 2023 |
| 26. York | York | 50 | Target COD: Q1 2023 |
| 27. Bradford West | West Yorkshire | 87 | Target COD: Q1 2023 |
| 28. Eiland | West Yorkshire | 50 | Target COD: Q3 2023 |
| Total non-operational | | 527 | |

6. The commissioning date reflects the 50MW Grendon 1 project, a further 50MW known as Grendon 2 is expected to begin construction shortly with a commissioning date in H2 2023. Only 50 MW for Grendon 1 is included in valuations at this stage.

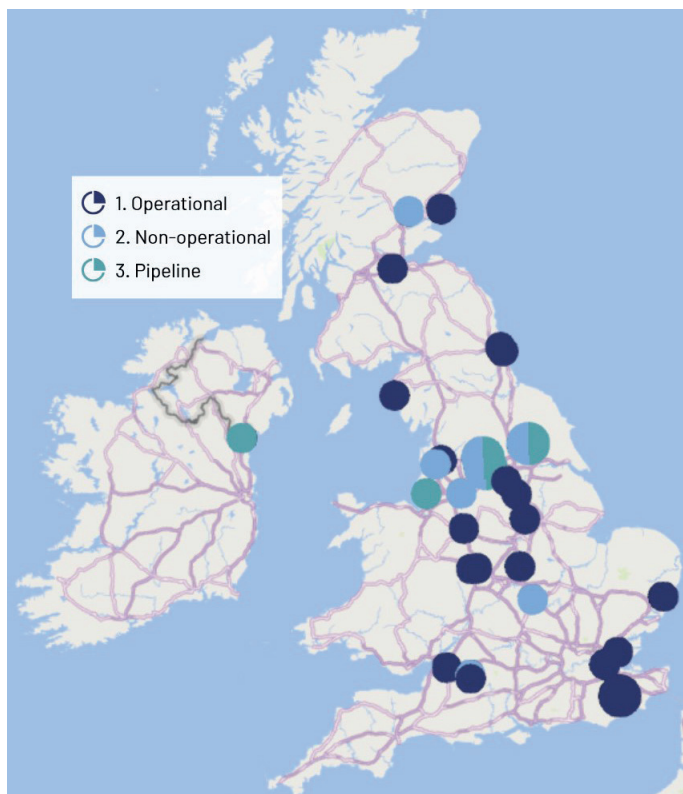
Portfolio manager

Gresham House Asset Management Ltd (GHAM)

As the operating business of Gresham House plc, GHAM manages and advises funds and co-investments across a range of differentiated alternative investment strategies for third-party clients. Gresham House plc (ticker: LON:GHE) is a London Stock Exchange quoted specialist asset manager and adviser with c.£7.5bn.

Source: Gresham House plc as at 30 September 2022

| Project | Location | MW | Status |
|-----------------------|-----------------|------------|---------------------|
| 30. Eiland 2 | West Yorkshire | 100 | Target COD: Q4 2024 |
| 30. Monet's Garden | North Yorkshire | 50 | Target COD: Q2 2024 |
| 31. Lister Drive | Merseyside | 50 | Target COD: Q2 2024 |
| 32. Bradford West 2 | West Yorkshire | 100 | Target COD: Q3 2024 |
| 33. Monvalet | Rep. of Ireland | 180 | Target COD: H1 2024 |
| 34. Shilton Lane | Scotland | 40 | Target COD: H1 2024 |
| Total pipeline | | 520 | |



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