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Gresham House Energy Storage Fund Plc ("the Fund")

London, 4 October 2018 - Gresham House plc ("Gresham House") (AIM: GHE) announces its intention to float a fund that will provide utility-scale Energy Storage Systems ("ESS") to the National Grid.

ESS are the enabling infrastructure that will support the continued growth of renewable energy sources such as wind and solar, essential to the UK's stated target to reduce carbon emissions.

Gresham House today announces its intention to launch Gresham House Energy Storage Fund plc.

The Fund will invest in utility-scale ESS in Great Britain that provides services to the National Grid to support grid stability as well as delivering the essential infrastructure required to enable Great Britain's increasing reliance on intermittent sources of renewable energy such as wind and solar.

ESS will offer infrastructure and renewables investors a diversified and robust source of income, independent of renewables subsidies or the absolute level of power prices.

The UK already operates over 40GW of renewable energy which represented over 30% of total electricity generation in Q1 2018. This is set to grow to 50% by 2023.

This forecast growth in intermittent renewables increases the variability of power supply on the National Grid. ESS address this challenge very effectively by absorbing or releasing power. The transition to renewables can only continue with the support of effective ESS.

Rupert Robinson, Managing Director of Gresham House Asset Management, said: *“We are excited to bring this opportunity to invest in energy storage systems to institutional and high net worth investors. What will set the Fund apart is the proven expertise of the management team in this highly specialist sector and the cornerstone investment of more than £30 million, from the management team and institutional investors. The seed portfolio comprises 70 megawatts (MW) across five fully operational sites. We are confident that we can deploy up to £200 million in a tangible pipeline within 12 months of IPO.”*

“Initial investor targeting has been encouraging, and a formal roadshow has commenced”.

The IPO and admission to trading on the Main Market of the London Stock Exchange, within the Specialist Fund Segment, is planned to complete in early November 2018. The Fund is seeking to raise gross proceeds of up to £200 million from the IPO and the subsequent placing programme. The Fund will offer investors the benefit of an attractive and sustainable yield of 7.0% with significant potential for capital growthⁱ. The Fund also offers infrastructure investors a useful source of diversified income with a robust income stream, not dependent on renewable subsidies (see below).

The Fund will be managed by the New Energy division of Gresham House Asset Management, the specialist renewable and storage asset manager owned by Gresham House.

Ben Guest, Head of Gresham House New Energy, said: *“A change is coming in the nature of power in this country. We are determined to be part of this revolution that will contribute significantly towards a low carbon economy. The rise of renewables points to a major source of imbalance that requires an immediate solution - ESS are the answer. Curtailment is necessary today as the electricity grid currently has no means to store the excess electricity generated and this is ultimately an additional bill that the consumer is forced to pay. With consumers facing rising electricity bills, it is in everyone’s interests that none of this green energy is wasted”.*

“The UK energy storage market is set for significant growth. However, the total potential of energy storage is currently limited by a lack of experienced operators, and this problem will only intensify, with demand for storage rapidly increasing as the deployment of renewable energy installations continues apace and the traditional coal and gas fired generation is retired. We believe energy storage has significant potential from an institutional investment standpoint and is the key to a renewable energy future in the UK.”

Key highlights

- *Attractive and sustainable dividend with potential for capital growth. Target dividend payment of 7.0p (4.5p in first year)ⁱⁱⁱ;*
- *Target NAV total return of 8.0%+ p.a. (net of all Fund expenses)^{iv}. Once gross proceeds have been fully deployed, the manager expects to introduce leverage up to a maximum of 50%. Gearing, coupled with the expected asset management and revenue improvements, will increase the NAV total return target to 15.0% p.a.^v calculated net of the Fund’s costs and expenses;*
- *Effective structure with long-term, viable approach to fundraising. London Stock Exchange (LSE) listed closed-end fund investing in a diversified portfolio of utility-scale operational ESS projects in Great Britain, which operate to allow the National Grid to*

maintain the quality of power on the grid. Targeting gross proceeds of up to £200 million from the IPO and the subsequent placing programme;

- *An experienced independent board has been established under the Chairmanship of John Leggate CBE, FREng, an energy sector expert;*
- *Identified seed portfolio and pipeline.* Proceeds from the IPO are expected to be deployed in a seed portfolio comprising 70MW across five fully operational sites. Furthermore, the Fund will have exclusivity over an additional 132MW ready to build projects^{vi}. A further pipeline project of 80MW is currently in an advanced stage of negotiation^{vii} ^{viii}, and an additional pipeline of >50MW^{ix}, giving the ability to deploy 200MW+ within 12 months of IPO;
- *Compelling investment opportunity in fast growing sector.* Multiple revenue streams that are not dependent on renewable subsidies and are uncorrelated with the absolute level of power prices, with a combination of short and long-term revenue streams for each asset. The intermittent nature of renewable energy places pressure on the National Grid to match supply and demand on a real-time basis, particularly as traditional coal and gas-fired generation is being withdrawn. ESS solve this problem by providing services to the National Grid to maintain grid stability as ESS can absorb as well as release energy as required in real time;
- *Investment manager with proven expertise in developing and operating ESS.* Gresham House New Energy has an experienced management team who have worked together for over 10 years, with strong renewable and energy storage experience. To date, the team has successfully worked on 28 solar projects with a total capacity of 290MW and five energy storage projects with 70MW of capacity. Gresham House New Energy and Noriker Power have collaborated since 2016 to develop 70MW of operational ESS projects which will form the seed portfolio in the Fund. Noriker Power is 28% owned by Gresham House and is a specialist in the design of battery control systems. It provides the technical underpinning and oversight of operational ESS projects. Gresham House New Energy was formed in November 2017 after Gresham House, the specialist alternative asset manager, acquired Hazel Capital LLP; and
- Admission to the Specialist Fund Segment of the LSE is expected in early November 2018.

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ⁱ 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 Fund will make any distributions at all. This target should not be taken as an indication of the Fund's expected or actual current or future results. The Fund's actual return will depend upon a number of factors, including but not limited to the size of the Issue, the Fund's net income and the Fund's ongoing charges figure. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in the Fund.

ⁱⁱ Source: Imperial College and Carbon Trust - Energy storage could result in savings of around £2.4 billion per year in 2030 for the UK electricity system. If 50% of this saving was passed on to domestic customers, the average electricity bill per household could be reduced by around £50 per year

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^v This target assumes leverage is introduced once gross proceeds have been fully invested and certain further asset management activities are completed in respect of the ESS projects. All references to leverage refer to the ratio of borrowings to Net Assets.

^{vi} Pipeline projects do not have EPC contracts in place.

^{vii} Pipeline projects do not have EPC contracts in place.

^{viii} Gresham House Group has exclusivity in place and is in advanced stages of negotiations to acquire this project. This site has a full suite of project rights

^{ix} Additional pipeline includes one project of 50MW in which members of the Gresham House New Energy management team have an interest and which has a full suite of project rights as well as several other projects at various stages of development.

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