

GRESHAM HOUSE ENERGY STORAGE FUND PLC

LSE TICKER: GRID

Important Information: This is not a prospectus but an advertisement. Investors should not subscribe for any transferable securities referred to in this advertisement, except on the basis of information in the prospectus, which is available at <http://newenergy.greshamhouse.com/esfplc/>. This document is a financial promotion and has been issued and approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (FSMA) by Gresham House Asset Management Limited (GHAM), which is authorised and regulated by the Financial Conduct Authority (FCA), of 5 New Street Square, London, United Kingdom, EC4A 3TW, under firm number 682776. It relates to the placing of ordinary shares in an Alternative Investment Fund (AIF). The Fund is not approved or regulated by the FCA. GHAM is the Alternative Investment Fund Manager of the Fund. Certain information contained in this document has been obtained from published sources or provided by other parties. GHAM have taken reasonable care to ensure that the information contained in this document is fair, clear and not misleading. The value of any interest or income arising from it may go down as well as up and you may not recoup the amount subscribed.

EXECUTIVE SUMMARY

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'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 Energy Storage Systems (ESS) located in Great Britain, which primarily use batteries to import and export power, accessing multiple revenue sources available in the power market.

The Fund targets a Net Asset Value (NAV) total return of 8.0%+ per annum, once the Fund is fully invested, before leverage and net of Fund expenses, and a minimum target dividend of 7.0p per Ordinary Share^{1,2}. Returns are not correlated to the absolute level of wholesale power prices and are not dependent on any subsidies.

The Fund is managed by Gresham House Asset Management (GHAM), the operational business of Gresham House plc which has £2.5 billion in assets under management.³ GHAM has a proven track record in developing and operating energy storage and other renewables assets. GHAM is authorised and regulated by the Financial Conduct Authority.

FUND OBJECTIVE & FEATURES

The Fund aims to offer investors an attractive and sustainable dividend over the long term, by investing in a diversified portfolio of utility-scale ESS, located in GB, which utilise batteries and sometimes engines.

- Operational 75MW portfolio, with 154MW exclusive pipeline
- Each ESS project can generate multiple revenue streams
- Returns are not correlated to the absolute level of wholesale power prices and are not dependant on renewable subsidies
- The Gresham House New Energy team formed 10 years ago and has developed or invested in 28 solar projects (290MW) and 6 ESS projects (75MW) to date
- Meaningful investment in Fund by management team
- Dividend of 1.4p per share paid in June 2019 and 1.1p per share in September 2019
- Fund is currently placing c.36m shares at 103.0p per share

Ticker:	GRID
Share price:	104.0p ³
NAV per Share:	100.7p ³ (98.0p at IPO)
Market capitalisation:	£155.2m ³
Proposed leverage:	Up to 50% NAV (at a project level)
Net assets:	£150.3m ³
Mgt Fee:	1.0% net assets <£250m 0.9% net assets from £250m-£500m 0.8% net assets >£500m
2019 target dividend per Share:	4.5p (7.0p: 2020)
Shares in issue:	149,228,000 ³
Listing:	LSE UK Specialist Fund Segment
SEDOL:	BFX3K77
Discount control	Buyback and 5-year continuation vote

Energy generation in the UK is undergoing fundamental change. Older coal-fired stations are being decommissioned, renewable energy is increasing its share of the energy mix. The intermittency of renewables puts pressure on the network to match supply and demand in real-time. Gresham House believes energy storage is an optimal solution to this problem.

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. This target return 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 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 before deciding whether to invest in the Fund. Net Asset Value (NAV) total return of 8.0%+ per annum assumes the Fund is fully invested

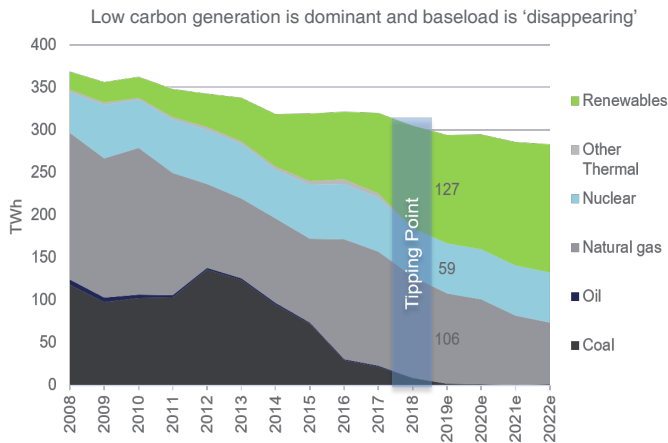
2. 4.5p+ per Ordinary Share in the first year

3. As at 30 June 2019

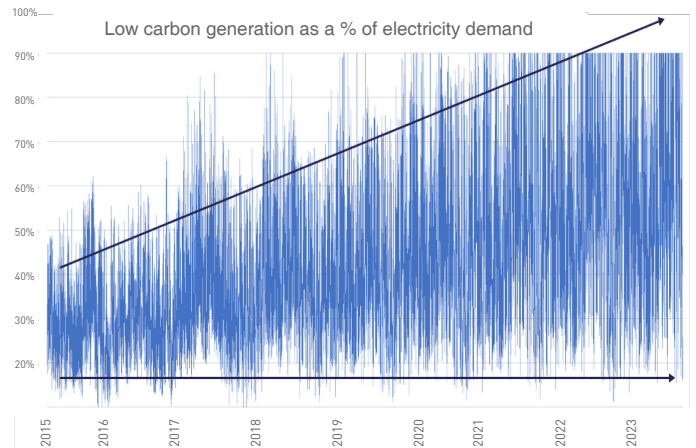
Past performance is not reliably indicative of future performance and therefore cannot be relied on as an indicator of the performance of the Fund

MARKET OPPORTUNITY

The UK electricity market will reach a tipping point once low carbon generation becomes dominant, setting the scene for consistently high volatility of both electricity supply and power prices. ESS provide essential infrastructure, supporting the government to meet its long-term carbon targets.



Source: BEIS Reference Scenario 2018



Source: Elexon, National Grid

- Low carbon electricity generation includes solar, wind, nuclear and biomass
- Low carbon generation is now dominant and expected to represent c.62% of total generation in 2019
- This also means baseload generation is disappearing
- Renewable generation is observed to vary from as little as c.0% to c.200% of mean generation
- Oversupply, if not stored, is wasted (6% of wind so far in 2019 - turbines are switched off). Wasted energy indicates the need for batteries

MULTIPLE REVENUE STREAMS

Multiple revenue sources within the UK power market today are available to the Fund. The seed assets are focused on Firm Frequency Response (FFR). Key elements of the revenue stack are described below:

FIRM FREQUENCY RESPONSE (FFR)

The firm provision to the National Grid of a dynamic (i.e. proportionate) response based on changes in the UK grid's electrical frequency, by either rapidly importing or exporting power to help maintain a steady 50Hz frequency.

ASSET OPTIMISATION

Projects 'optimised' to maximise income from wholesale (half-hourly) market and Balancing Mechanism through which National Grid balances supply and demand within each half hour, i.e. buying power at times of excess supply and selling power during periods of high demand.

CAPACITY MARKET (CM)

Introduced as part of the UK Government's Electricity Market Reform (EMR) in 2014. It pays generators a fixed fee for every hour they are available to deliver power when called to do so.

GRID PAYMENTS AT TIMES OF PEAK DEMAND

"Triads" are paid by National Grid to generators during the 3 half hours of highest annual demand. Payments are decreasing through 2021 as regulations change, however, several locations will continue to earn attractive income from Triads. Other grid payments can also be earned for generating during daily peaks. Amounts are specific to each project.

PORTFOLIO & PIPELINE

Operational projects	Location	MW	Site type	Commissioning
Staunch	Staffordshire	20	Battery and generators, net export	2017
Rufford	Nottinghamshire	7	Battery and generators, symmetrical	2017
Lockleaze	Bristol	15	Battery, symmetrical	2017
Littlebrook	Kent	8	Battery, symmetrical	2017
Roundponds	Wiltshire	20	Battery and generators, 10MW import	2018
Wolverhampton	West Midlands	5	Battery, symmetrical	2019
Total		75		
Pipeline projects ⁶	Location	MW	Site type	Target Commissioning ⁷
Wickham Market	Suffolk	50	Battery, 40MW import	Q1 2020
Littlebrook Extension ⁸	Kent	5	Battery, symmetrical	Expected Q1 2020
Red Scar	Lancashire	49	Battery, symmetrical	Expected Q4 19/Q1 20
Thurcroft	South Yorkshire	50	Battery and generators, symmetrical	Expected Q4 19/Q1 20
Total		154		

6. Exclusive Pipeline is set to be built by end Q1 2020. Projects are all owned by Gresham House Group and exclusivity has been granted in favour of the Fund

7. Expected commissioning dates are indicative only and based on most recent conversations with relevant Distribution Network Operators (DNOs)

8. Remains subject to planning consent and execution of a lease option

GRESHAM HOUSE COMPETITIVE ADVANTAGE

This Fund offers a compelling opportunity to invest in a fast-growing sector delivered by an experienced team. GHAM's combined skillsets, deep industry knowledge of the energy storage market and proven ability to deliver energy storage projects,⁹ create a sustainable edge and drive barriers to entry.¹⁰ The target NAV total return of 8.0%+ p.a.¹¹ is underpinned by the opportunity in asset optimisation; the base case leaves attractive upside potential to return 15.0%+ p.a. with leverage¹² and asset management and revenue improvements as illustrated in the table below.

Key assumptions	Base case	Potential upside	Impact of potential upside on Fund NAV total return	Notes on upside potential
Optimisation Income	Base case	10% increase	1.0%	Base case known as 'Central' case and has been provided by a third-party adviser
O&M Cost	Base case	20% reduction	0.2%	Significant reductions vs Base Case at target scale
Lease	No extension	10 year extension	0.8%	Landlords expected to be amenable to lease extensions
Grid Capacity	No increase	40% increase	1.6%	After capex
Leverage	0%	50%	c.4.0%	Leverage achieved on most forms of generation assets
Fund Net IRR	8.0%+	c.12.0% excl. leverage		

These forecasts are not a reliable indicator of future performance

The Fund seeks to provide shareholders with an attractive and sustainable dividend over the long term, alongside the prospect of upside capital growth.

Gresham House is a London Stock Exchange quoted specialist alternative asset manager offering funds, direct investment and tailored investment solutions, including co-investment, in a range of differentiated alternative investment strategies. Our expertise includes forestry, renewable energy, housing and infrastructure, strategic public and private equity.

Gresham House is committed to operating responsibly and sustainably and believes taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of our market positioning.

EXPERIENCED INVESTMENT TEAM



BEN GUEST
Lead Fund Manager
Founded Hazel Capital, now Gresham House New Energy in 2007.
Previously Fund Manager at Cantillon Capital and Lazard Asset Management



GARETH OWEN
Investment Director
Joined Hazel Capital, now Gresham House New Energy in 2011.
Previously at Barclays Capital and Deutsche Bank



BOZKURT AYDINOGLU
Investment Director
Joined Hazel Capital, now Gresham House New Energy in 2008.
Previously at Nomura, Salomon Brothers, Bowman Capital and Deloitte

STRATEGIC PARTNER - NORIKER POWER LIMITED

Noriker Power Limited (Noriker Power) is a specialist designer of control systems that are used by the Fund's investments. Noriker Power provides oversight of ESS projects and is responsible for managing and enhancing the control system software for the Fund's investments.

Gresham House is a 28% shareholder in Noriker Power. The Gresham House New Energy team has nearly three years of commercial relationship, having collaborated with Noriker Power since 2016.

CONTACT INFORMATION

GENERAL ENQUIRIES

Gresham House Asset Mgt Ltd
E: info@greshamhouse.com
T: 020 3837 6270
Catriona Buckley
Institutional Business Development Director
E: c.buckley@greshamhouse.com
T: 020 3903 0573

PROFESSIONAL INVESTORS

Richard Harris,
Managing Director, Head of Investment Company Sales at Cantor Fitzgerald
T: 0207 894 8229
E: richard.harris@cantor.com

REGISTRAR ENQUIRIES

Computershare Investor Services plc
T: 0370 703 0157
W: www.investorcentre.co.uk

ADMINISTRATOR & COMPANY SECRETARY

JTC (UK) limited, 7th Floor, 9 Berkeley Street, London, W1J 8DW

⁹The Gresham House New Energy team formed 10 years ago and has developed or invested in 28 solar projects (290MW) and 6 Energy Storage System (ESS) projects (75MW) to date

¹⁰Past performance is not a guarantee of future performance and cannot be relied on as an indicator of the performance of the Fund
¹¹This 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. This target return 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

¹²This 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

RISK FACTORS

Investors in the Fund must consider the potential risks of an investment in ordinary shares in the capital of the Fund, which include, but are not limited to the following:

NON-PERFORMANCE

Failure by GHAM to execute the proposed strategy may lead to disappointing results. The total return and dividend targets should not be taken as guaranteed, as is made clear in the disclaimer. Further, events outside of GHAM's and the Board's control may negatively impact upon returns achieved, some of which are expanded upon below.

ENERGY MARKET

The energy storage and balancing market is not a new market, and both the Fund and GHAM are flexible in their approach to generating revenues from assets deployed. Nonetheless, the market for the proposed hybrid ESS solution is relatively new and subject to evolution, some examples being as National Grid refines and adjusts their product suite, and as Ofgem reviews the charging methodology for use of the public grid, which are both currently active and developing areas. To that end, significant developments from the broad market perspective may impact upon the Fund's results and ability to meet investor expectations. These may include increased competition beyond GHAM's stress case, or other factors that result in materially lower contract pricing or revenue streams across the proposed investment strategy. Further, the energy storage market may not grow or evolve as predicted by the Fund, GHAM, or third party independent research providers. This may impact upon the Fund's ability to successfully deploy initial capital raised, and any surplus cash flow that is subsequently earmarked for reinvestment.

GEARING

The Fund's activities expose it to a range of financial risks. Firstly, the Fund is proposing to borrow up to 50% of NAV which potential introduces borrowing risk to the portfolio. Further, counterparty credit risk features in the contracts that will be entered into with third parties, the key example being National Grid for capacity market and frequency response services amongst others. Finally, expenses incurred by the Fund may be greater than estimations, resulting in a weaker financial position than projected.

TECHNOLOGY

Although the Fund and GHAM are adaptable as to the technology used, there is the risk that a new technology emerges that competes with or renders the proposed hybrid ESS solution redundant. Whilst future projects will likely incorporate up-to-date technology solutions, the existing operational portfolio at that point in time may be negatively impacted.

Although new technology has historically had a long lead time from discovery to commercialisation, this cannot be relied upon in the future, particularly over the multi-year time horizon the Fund's proposed investment strategy spans. Further, battery prices may decline at a faster rate than the Fund, GHAM and third party independent research providers estimate, reducing the start-up costs for competitors and potentially depressing contract pricing or other revenue streams available to the Fund.

THIRD PARTY

The Fund is reliant on third party service providers and has no employees. A range of third party providers will be used, including for EPC and O&M contracts. GHAM has established relationships and operational experience in working with suppliers of each of the services required for the proposed hybrid ESS strategy. Nonetheless, operational failures or delays may still occur and have negative impact upon the Fund's results. Further, the Fund will be sourcing assets developed by GHAM which, despite conflict management procedures being in place, may present risks to the Fund's efficient deployment of capital and future results achieved.

MARK TO MARKET

There can be no guarantee that the market price for the Fund's Ordinary shares will track the published NAV. As such the ordinary shares in the capital of the Fund may trade at a price detached from the published NAV (a premium or discount) which can amplify returns experienced by investors. Whilst the Fund has proposed discount control measures, there can be no guarantee that these will be effective.

REGULATORY

The energy and electricity markets are already regulated, as are batteries (i.e. regarding content, labelling and waste management). However, future regulations introduced, changed or revoked, may negatively impact the Fund and its capacity to meet targeted returns and dividends. Further, changes to the Fund's status as an investment company, or other legislation – for example tax laws or land permit restrictions – may adversely impact results.

TAXATION

Gresham House does not provide tax advice and investors should be aware that the tax treatment of the Fund and/or its investments could change in the future. Information regarding taxation is based upon current UK taxation legislation and published HM Revenue and Customs (HMRC) practices. Tax law and practice is subject to change.

Any changes in the level and basis of taxation, in tax reliefs, or in HMRC practices, may affect the value of an investment in the Fund and returns to investors. Investors should seek their own advice on the taxation consequences of investment in the Fund.

LIQUIDITY

The Fund will be established as a closed-ended vehicle. Accordingly, there is no right or entitlement for investors to redeem their investment. In addition, it is possible that there may not be a liquid market in the shares of the Fund and therefore investors may not be able to sell their investment. The level of any planned distribution may vary or may not be paid at all. Any target returns or target dividend is based on estimates and assumptions and the actual return to investors may be materially lower.

FORCE MAJEURE

Although the Fund will insure the assets against standard insurable risks, damage or loss could be caused by events outside the cover, which could affect the value of the Fund's portfolio, or the profits/losses from the Fund.

FORECASTS & RETURNS

Power prices may fall or not increase to the extent expected, or the industry forecast used by GHAM may prove to be inaccurate, reducing the return to investors below the target. There is thus no certainty that the target returns will be achieved.

Power production may fall below the forecast levels due to equipment failure or adverse weather conditions. There is thus no certainty that the target returns will be achieved. Any target returns, or target dividend is based on estimates and assumptions and the actual return to investors may be materially lower.

KEY MAN

The teams at GHAM and, to a lesser extent Noriker Power, form a key part of the Fund's proposed investment strategy. Should their services be lost, given the early stages of the hybrid ESS market, it cannot be guaranteed that suitable replacements would be found in a time frame short enough to facilitate a smooth transition without impacting the Fund's performance. A forced change in the management of the Fund, or any of its assets, could adversely impact on the service provided to the Fund and the implementation of its business plan.

TRACK RECORD

The Fund will be a newly formed company incorporated under the laws of England and Wales with no operating history and no revenues, and investors have no basis on which to evaluate the Fund's ability to achieve its investment objective.

The opportunity described in this document may not be suitable for all recipients. The Fund is designed to be a long-term fund. It is not designed as a short-term opportunity. Any prospective investor who has any doubt about the suitability of the Fund should consult an independent financial adviser regarding all aspects of the Fund, including taxation matters, prior to committing to invest in the Fund.

IMPORTANT NOTICE: This document is issued by Gresham House Asset Management Limited ("GHAM"), Investment Manager for Gresham House Energy Storage Fund plc (the "Fund") and FIM Services Limited ("FIM"), promoter for the Fund, for information purposes only. This document, its contents and any information provided or discussed in connection with it are strictly private and confidential and may not be reproduced, redistributed, referenced, or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose, without the consent of GHAM (provided that you may disclose this document on a confidential basis to your legal, tax or investment advisers (if any) for the purposes of obtaining advice). Acceptance of delivery of any part of the document by you constitutes unconditional acceptance of the terms and conditions of this notice. This document does not itself constitute an offer or invitation or any solicitation of any offer to subscribe for or purchase any shares or other securities or recommendation to invest in any shares or other securities. This document is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. It is provided for information purposes only. In particular, this document assumes that certain transactions entered into by Gresham House that have not yet completed, will complete by the date that the shares of the Fund are admitted to trading on the Specialist Fund Segment (the "SFS") of the London Stock Exchange plc ("Admission"). There can be no guarantee that these transactions will have completed prior to Admission. The SFS is a segment of the London Stock Exchange's regulated main market and is designed for highly specialised investment entities that wish to target institutional, highly knowledgeable investors or professionally advised investors only. Any investment is subject to various risks, none of which are outlined herein. All such risks should be carefully considered by prospective investors before they make any investment decision. You are not entitled to rely on this document and no responsibility is accepted by GHAM, FIM or any member of the Gresham House group of companies or any of their directors, officers, partners, members, employees, agents or advisers or any other person for any action taken on the basis of the content of this document. Neither GHAM, FIM or any member of the Gresham House group of companies, nor any other person undertakes to provide the recipient with access to any additional information or to update this document or to correct any inaccuracies therein which may become apparent. No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of GHAM, FIM or any member of the Gresham House group of companies or any of their respective directors, officers, partners, members, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this document and no responsibility or liability is accepted by any of them for any such information or opinions. Past performance is not indicative of future results. The value of investments may fall as well as rise and investors may not get back the amount invested. Changes in rates of foreign exchange may cause the value of investments to go up or down. No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided. Prospective investors should seek their own independent financial, tax, legal and other advice before making a decision to invest. The internal rates of return or IRRs presented on a "gross" basis do not reflect any management fees, carried interest, taxes and allocable expenses of the kind that will be borne by investors in a fund, which in the aggregate may be substantial. Prospective investors are reminded that the actual performance realised will depend on numerous factors and circumstances some of which will be personal to the investor. Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of GHAM. Such statements involve known and unknown risks, uncertainties and other factors, and reliance should not be placed thereon. In addition, this document contains "forward-looking statements." Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Certain economic and market information contained herein has been obtained from published sources prepared by third parties and in certain cases has not been updated to the date hereof. While such sources are believed to be reliable, neither GHAM, FIM or any member of the Gresham House group of companies nor any of their directors, partners, members, advisers, officers, employees, advisers or agents assumes any responsibility for the accuracy or completeness of such information. No person, especially those who do not have professional experience in matters relating to investments, must rely on the contents of this document. If you are in any doubt as to the matters contained in this document, you should seek independent advice where necessary. This document is not an approved prospectus within the meaning of section 85 of FSMA, and no such prospectus has been published. This document has not been submitted to or approved by the securities regulatory authority of any state or jurisdiction. For the Attention of United Kingdom Investors This document is intended for distribution in the United Kingdom only to persons who: (i) have professional experience in matters relating to investments, (ii) who are investment professionals, high net worth companies, high net worth unincorporated associations or partnerships or trustees of high value trusts, and (iii) investment personnel of any of the foregoing (each within the meaning of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005). For the Attention of Investors outside the United Kingdom This document relates to an Alternative Investment Fund within the meaning of the Alternative Investment Fund Managers Directive and the availability of this document will be subject to the requirements of that Directive, as implemented in the relevant EEA Member States. Any dissemination or unauthorised use of this document outside the United Kingdom by any person or entity is strictly prohibited.