



Gresham House
Specialist asset management

GRESHAM HOUSE ENERGY STORAGE FUND PLC FACTSHEET AS AT 30 SEPTEMBER 2019

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.

FINANCIAL HIGHLIGHTS

The Fund completed further placings during July (£15.3m) and October (£41.6m), adding significant firepower for the pipeline acquisitions, and the Fund has reached its IPO milestone of issuing at least 200m new shares. The NAV is slightly down on a total return basis for the quarter. This has been impacted by operational downtime while planned project upgrade works were underway. The upgrades are expected to deliver higher future revenues from trading and asset optimisation activities and are expected to be largely complete by year end.

There has been some very important news with the announcement of the reinstatement of EU State Aid approval for the UK Capacity Market regime on 24 October 2019. This was suspended in November 2018 following a successful judicial review claim in the European Court of Justice. The State Aid approval process has now been fully completed. This has obvious implications for the Fund, namely reducing the uncertainty associated with the valuation of our projects and securing long-term contracted revenues associated with these contracts. Our 15-year Capacity Market contracts have start dates between October 2019 and October 2021. Back payments should be made on existing contracts. The UK Government is expected to formalise this - the exact timescale is not known exactly.

KEY FACTS AS AT 30 SEPTEMBER 2019

Ticker:	GRID
Share price (mid-market):	104.5p
NAV per share:	99.19p
Market capitalisation:	£169.8m
Net assets:	£162.5m
Mgt. fee:	1.0% net assets <£250m
	0.9% net assets from £250m-£500m
	0.8% net assets >£500m
2019 target dividend per share¹:	4.5p (7.0p: 2020)
Shares in issue:	162,513,068

KEY INFORMATION

Listing:	LSE UK Specialist Fund Segment
SEDOL:	BFX3K77
ISIN:	GB00BFX3K770
Registration:	UK
Dividend frequency:	Quarterly
Year end:	31 December

newenergy.greshamhouse.com/funds/esf

PORTFOLIO ACTIVITY & MARKET OUTLOOK

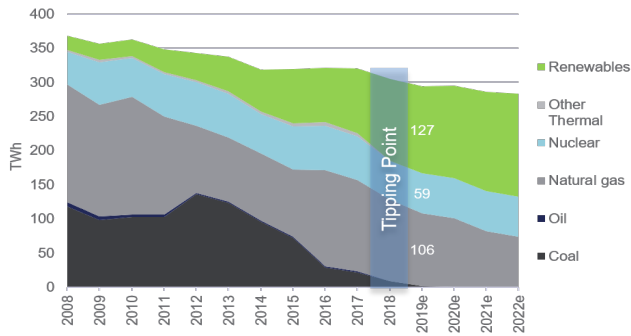
Our focus is rapidly turning to 2020 when we are targeting a higher dividend of 7p per share and rising thereafter. Contributing to our ability to meet this level of dividend is the timely deployment of the funds we have raised. The 49MW Red Scar project (acquisition announced 21 October 2019) is well progressed, and pipeline projects Wickham and Thurcroft (each 50MW) should begin pre-construction phases in the coming days, with the Fund expecting to enter into sale and purchase agreements in the near future.

A crucial factor that supports the case for, at one end, reducing downside risk and at the other creating the potential for outperformance, is the ability to acquire additional pipeline (including the projects named above) at improving valuations. We have, so far, acquired projects at an IRR of c.12%. However, looking forward, the scale of the Fund combined with fundamentals in the battery market is leading to falling project costs. This is leading to higher yielding projects which should also benefit from an NPV uplift if the Fund's projects' valuations are driven by a 12% discount rate.

Finally, as this is a merchant business model, we are pleased that the backdrop for energy storage continues to improve. We are increasingly confident in the ability of several parties to deliver improving trading returns, and the black-out of August 2019 appears to have led to a bottoming out of the FFR price which has now increased significantly since the lows seen earlier this year.

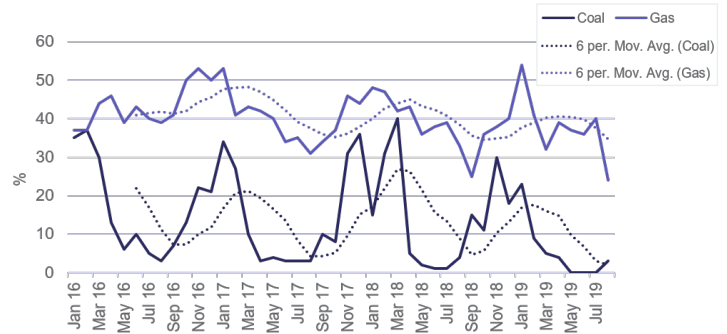
1. This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Fund will make any distributions at all. This target return should not be taken as an indication of the Fund's expected or actual current or future results. The Fund's actual return 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 in deciding whether to invest in the Fund
2. 4.5p+ per Ordinary Share in the first year

UK ELECTRICITY GENERATION BY FUEL TYPE



Source: BEIS: Reference Scenario in Annex J, 2018 Updated Energy & Emissions Projections

FALLING LOAD FACTORS OF COAL AND GAS-FIRED GENERATION



Source: Aurora Energy Research

The charts above illustrate the rising market penetration of renewables at the expense of baseload coal and gas generation and the impact this is having on load factors for baseload generation. These trends point to rising instability and power volatility, which is beneficial for battery energy storage systems.

CURRENT PORTFOLIO

Project	Location	MW	Site type	Commissioning
Staunch	Staffordshire	20	Battery and generators, 0.5MW import	Operational
Rufford	Nottinghamshire	7	Battery and generators, symmetrical	Operational
Lockleaze	Bristol	15	Battery, symmetrical	Operational
Littlebrook	Kent	8	Battery, symmetrical	Operational
Roundponds	Wiltshire	20	Battery and generators, 10MW import	Operational
Wolverhampton	West Midlands	5	Battery, symmetrical	Operational
Total		75		

PIPELINE

Project ¹	Location	MW	Site type	Commissioning ²
Wickham Market	Suffolk	50	Battery, 40MW import	Expected Q1 2020
Red Scar ³	Lancashire	49	Battery, symmetrical	Expected Q4 2019
Littlebrook 2 (extension) ⁴	Kent	5	Battery, symmetrical	Expected Q1 2020
Thurcroft	South Yorkshire	50	Battery, symmetrical	Expected Q1 2020
Total		154		

In addition to the above, the Manager has identified over 250MW of additional pipeline.

1. All Pipeline projects are owned by Gresham House Group and exclusivity over the projects has been granted in favour of the Fund
2. Expected commissioning dates are indicative and based on most recent conversations with relevant Distribution Network Operators (DNOs)
3. Red Scar will be acquired once commissioned/operational.
4. Remains subject to planning consent

FUND MANAGER

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