



Gresham House

Specialist asset management

Gresham House Energy Storage Holdings plc GRID Power Bonds

5.0% per annum fixed-rate interest

Gresham House Energy Storage Holdings plc (the Issuer), a wholly-owned subsidiary of Gresham House Energy Storage Fund plc (the Fund), the largest utility scale energy storage fund in the UK, is raising up to £40m through an issue of secured bonds (GRID Power Bonds) in series (each a Series). This private offer will be used to finance the acquisition of new battery storage projects, to refinance existing loans advanced by the Fund and to make new loans to be advanced by the Issuer from time to time.

Each Series of GRID Power Bonds will consist of 5.0% p.a. fixed-rate bonds, with a term of five years from the date of issue of that Series. GRID Power Bond holders (Investors) will lend money to Gresham House Energy Storage Holdings plc, as Issuer, which is wholly owned by the Fund. The Fund currently owns a portfolio (Portfolio) of ten operational utility scale energy storage system (ESS) projects and intends to grow that significantly. The holding of the Portfolio will be restructured, such that it will be held by the Issuer. Each Series of GRID Power Bonds will have the benefit of security over the bank account of the Issuer and through which any cash generated by the Portfolio will flow (please see the funding structure on page 2).

GRID Power Bonds may be issued in Series over the 12 months following 6 July 2020. Interest shall be paid semi-annually on 31 March and 30 September each year on each outstanding Series, irrespective of when such Series was issued. Interest for a part period will be calculated on a simple daily basis.

Help the UK reach its target of 'net zero carbon by 2050', whilst receiving a fixed return of 5.0% p.a. over five years

The case for battery storage

The UK's approach to electricity generation is undergoing fundamental change, shifting from coal and gas-fired power stations towards an energy mix that is now dominated by renewable energy. Energy storage is a cost-effective solution to the intermittency of renewable energy, helping to address supply-demand imbalances on the National Grid, in real time.



Cleator (c)2017 NEC Energy Solutions, Inc. - Image used with permission - 10MW project, located in Cumbria

The projects funded by the GRID Power Bonds will supply a range of back-up supply services to National Grid.

Investment information

Maximum issuance	£40m of GRID Power Bonds
Interest	5.0% per annum
Issue date	Offer issued in Series July 2020 to July 2021
Payment of Interest	Semi-Annual (31 March & 30 September) First Interest payment - 31 March 2021
Term to maturity	Five years from the issue date of each Series
Minimum Period	Two years from the issue date in respect of each Series
Repayment	Bullet repayment at Maturity
Early Redemption Payment ¹	Prior to the Minimum Period, equivalent of 2 years' interest over the holding period (see page 2)
Security	Over the bank account of the Issuer, Gresham House Energy Storage Holdings plc
Minimum Investment	£105,000, above which investments are offered in multiples of £5,000
Placement Fee	1.0%, one-off upfront fee ² Payable in addition to the value of the GRID Power Bonds subscribed
Arrangement Fee	0.95%, one-off upfront fee ³

1. Paid to Investor by the Issuer

2. Charged to Investor by Gresham House Asset Management Ltd (GHAM) on the principal amount of each Series of GRID Power Bonds issued (Principal)

3. Of the Principal, paid by the Issuer to GHAM

About Gresham House Energy Storage Fund plc (the Fund)

The Fund is an Investment Trust which was listed on 13 November 2018 and has become the largest fund in the UK focused on utility-scale energy storage, having raised £237.9m in equity since IPO. The Fund's stock trades on the Main Market of the London Stock Exchange, within the Specialist Fund Segment, under the ticker GRID.L. The Fund seeks to capitalise on the substantial intraday supply and demand imbalances caused by the UK and Republic of Ireland's ever-increasing reliance on renewable energy. The Fund aims to provide equity investors with an attractive and sustainable dividend by investing in a portfolio of utility-scale ESS projects located in the UK and Republic of Ireland, which primarily use batteries to import and export power, accessing the multiple revenue sources available in the power market.

Illustrative repayment profile for a £105,000 GRID Power Bond Investor³

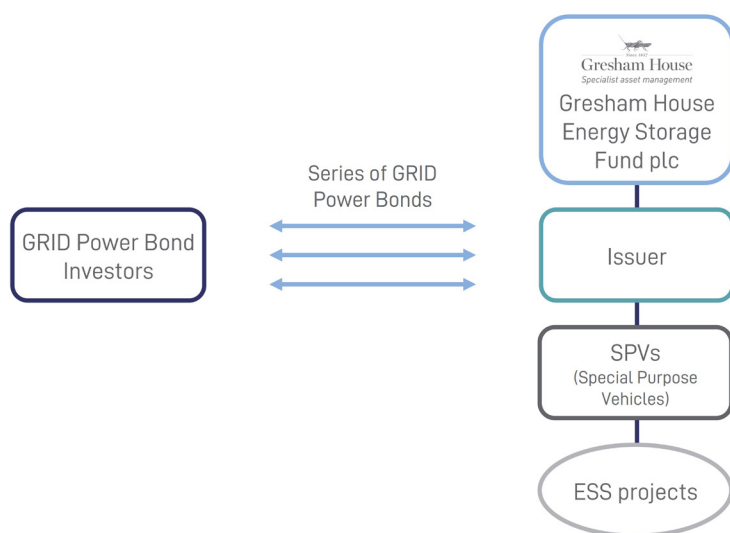
The following table illustrates potential cash flows and returns for an Investor who subscribes for a Principal amount of £105,000 in GRID Power Bonds on 20 July 2020, for three indicative holding periods of: (i) 5 years, (ii) 2 years and (iii) 18 months respectively:

Period ending	5 years	2 years	18 months
GRID Power Bond	(£105,000)	(£105,000)	(£105,000)
Placement Fee	(£1,050)	(£1,050)	(£1,050)
Total Investment	(£106,050)	(£106,050)	(£106,050)
Redemption of Principal	£105,000	£105,000	£105,000
Interest	£26,264	£10,500	£7,897
Early Redemption Payment (paid by Issuer)	£0	£0	£2,603
Net cash (in addition to Principal)	£25,214	£9,450	£9,450
Investor IRR (after Placement Fee)	4.83%	4.52%	5.97%
Investor IRR (before Placement Fee)	5.06%	5.06%	6.69%
Impact on Returns of Placement Fee	0.23%	0.54%	0.72%

3. Illustration and not a target, forecast or guarantee

Funding structure

The lending structure for the GRID Power Bonds is shown in the diagram below. Each Series of GRID Power Bonds will have the benefit of security over the bank account of the Issuer, Gresham House Energy Storage Holdings plc.



Battery storage is key to the future of green energy

Early Redemption Payment

Prior to the Minimum Period, Investors will receive, in addition to their redeemed Principal amount, accrued interest to the date of redemption, plus the interest that would have been paid to them, if the redeemed GRID Power Bonds were outstanding for the full 2 years.

Early Redemption Payment = (redeemed amount x Minimum Period x interest rate) less interest paid from issuance to date of redemption.

Get in touch



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Risk factors

Investors must consider the potential risks of an investment in GRID Power Bonds, which include, but are not limited to the following:

Your money is at risk

Capital is at risk and returns are not guaranteed.

GRID Power Bonds may be redeemed early

The Issuer has the option to repay the GRID Power Bonds early, provided that Investors will receive the Early Redemption Payment if the GRID Power Bonds are redeemed within 2 years of their issue.

Gearing and counterparty risk

The Issuer's activities expose it to a range of financial risks. Firstly, the Issuer may borrow up to 50% of NAV which introduces borrowing risk to the Issuer's portfolio of assets. 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.

Technology

There is the risk that new technologies develop that are either cheaper than those currently used by the ESS projects or that have another technological advantage. The Issuer and GHAM continue to monitor technologies to ensure latest developments are built into the strategy of the Issuer and its portfolio of assets.

Third party

The Issuer is reliant on third party service

providers and has no employees. A range of third party providers will be used.

Regulatory

The energy storage market is already regulated. The risk of non-compliance with these regulations lies with the operational SPVs, in which the Issuer invests. However the Issuer will work to ensure the SPVs comply with these regulatory requirements. The performance and value of the GRID Power Bonds will be dependent on there being no material adverse change in applicable laws (including tax laws) or regulations (or their interpretation) that affects the Investors, the Issuer and/or the Portfolio.

Taxation

The Issuer and GHAM do not provide tax advice and investors should be aware that the tax treatment of the GRID Power Bonds could change in the future. 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 GRID Power Bonds and returns to Investors. Investors should seek their own advice on the taxation consequences of an investment in the GRID Power Bonds.

GRID Power Bonds are illiquid assets

There is no expectation that any secondary market for the GRID Power Bonds will develop. Consequently, in the event of a material adverse

event occurring in relation to the Issuer or any of the ESS projects owned by it, the ability of Investors to realise their investment and prevent the possibility of further losses could, therefore, be limited by their restricted ability to realise their investment in the Issuer (which is very likely to be dependent on the ability of the Issuer to realise the ESS projects held by it). This delay could materially affect the value of the GRID Power Bonds, which may adversely affect the Issuer's business, business prospects, financial condition and returns to Investors, the availability of a purchaser for the GRID Power Bonds and/or the resale price of the GRID Power Bonds.

Key persons

The teams at GHAM and, Noriker Power Ltd, form a key part of the Issuer's proposed investment strategy. Should their services be lost, this could have a material adverse effect on the performance of the Issuer's NAV, revenues and returns to Investors.

Track record

The Issuer 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 Issuer's ability to achieve its investment objective.

The opportunity described in this document may not be suitable for all recipients. The GRID Power Bonds are designed to be long-term investments. They are not designed as a short-term opportunity. Any prospective Investor who has any doubt about the suitability of the GRID Power Bonds should consult an independent financial adviser regarding all aspects of the GRID Power Bonds, including taxation matters, prior to committing to invest in the GRID Power Bonds.

IMPORTANT NOTICE

Any investment in the GRID Power Bonds shall be made solely on the basis of the final versions of the offering memorandum and bond instrument in respect of such GRID Power Bonds together with each Investor's respective associated application form (together, and as amended from time to time, the Offering Documents). The entirety of this document is qualified by the provisions of the Offering Documents which shall prevail over this document and any other documents, discussions, understandings, agreements or correspondence relating to the GRID Power Bonds or otherwise.

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Capital at risk



Gresham House
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