

# Gresham House Energy Storage Fund plc

## Q3 Factsheet - 30 September 2020



Gresham House  
Specialist asset management

### 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 target dividend of 7.0p per Ordinary Share<sup>1</sup>. Returns are not correlated to the absolute level of wholesale power prices and are not dependent on any subsidies.

### Financial highlights

Since inception, the Fund has delivered a share price total return of 21.2% of which 9.1% has come in the nine-month period ending 30 September 2020. The attribution of returns since inception to capital is 12.5% and to income is 8.7%.

For the quarter ended 30 September 2020, the Fund's NAV was £236.07m or 100.77p per share, an increase of 2.61p per share.

As highlighted in the recent Interim Results, the Board has undertaken an independent review of the discount rates used by the Fund to value its portfolio which has resulted in a modest reduction in the weighted average discount rate from 11.1% to 10.75% contributing 1.58p to the change in NAV in the quarter.

The Company has today separately announced a Q3 2020 dividend of 1.75p per Ordinary Share, resulting in dividends of 5.25p per share relating to the first three quarters of 2020. The Board has also reaffirmed expectations of 7.0p in dividends for 2020.

Finally, as recently announced, the Fund has raised approximately £15m in debt during the quarter through the issue of short term and medium term secured 'Power bonds'.

### Portfolio activity & market outlook

The third quarter of 2020 has been another very active period. Bloxwich was acquired on 3 July while Thurcroft and Wickham, totalling 100MW, are expected to be acquired shortly since both are commissioned and operational. The 10MW extension of the Glassenbury project is also expected to be operational by mid-November. Finally, the acquisition of Project River is also expected to reach completion in the near future.

The Manager believes that COVID-19 has created an inflection point for energy storage. The low demand for power and high renewables supply environment seen during the lockdown created a backdrop in which it was challenging to balance supply and demand for the National Grid, resulting in heavy use of gas-fired generation as the main source of flexible generation. This, combined with curtailment of renewables, proved very expensive for National Grid while also creating higher carbon emissions. It was a necessity during a difficult time but highlighted the need for batteries as this backdrop will only become more common as renewable energy penetration increases.

This has highlighted the need for batteries, reinforced by a series of trials conducted by National Grid since the summer allowing energy storage to compete head-on with gas-fired generation in providing National Grid with flexible generation. Energy storage has proved to be highly competitive, according to trial data, while reducing emissions. In the Manager's opinion, these trials are likely to convert into a permanent arrangement and would unlock a sustained increase in demand for energy storage.

In conclusion, The Manager believes, that with 48.5GW of renewables in GB, expected to rise by at least 10GW within four years, and only c.1.2GW of energy storage, that the energy storage market is significantly under penetrated in GB. The Manager intends to grow the Fund to capitalise on the opportunity that lies ahead and, to that end, has been working on a significant new pipeline for which it is currently seeking authority from the Company's shareholders to raise capital to deliver the pipeline (overleaf). Of the 515MW listed, 30MW Byers Brae project has been referred to before while the remaining 485MW are new pipeline projects.

### Key facts as at 30 September 2020

Share price (closing price):	112.50p
NAV per share:	100.77p
Market capitalisation:	£263.6m
Net assets:	£236.1m
Mgt. fee:	1.0% net assets <£250m 0.9% net assets from £250m-£500m 0.8% net assets >£500m
Ongoing Charges:	1.24%
2020 target dividend per share <sup>1</sup> :	7.0p
Ordinary Shares in issue:	234,270,650

	Q3 2020	YTD	Since inception
Share price total return	4.8%	9.1%	21.2%
NAV total return	4.4%	4.4%	11.2%

### Key information

Ticker:	GRID
Listing:	LSE Specialist Fund Segment
ISIN:	GB00BFX3K770
Dividend frequency:	Quarterly
Year end:	31 December

### Fund Manager

#### Gresham House Asset Management Ltd (GHAM)

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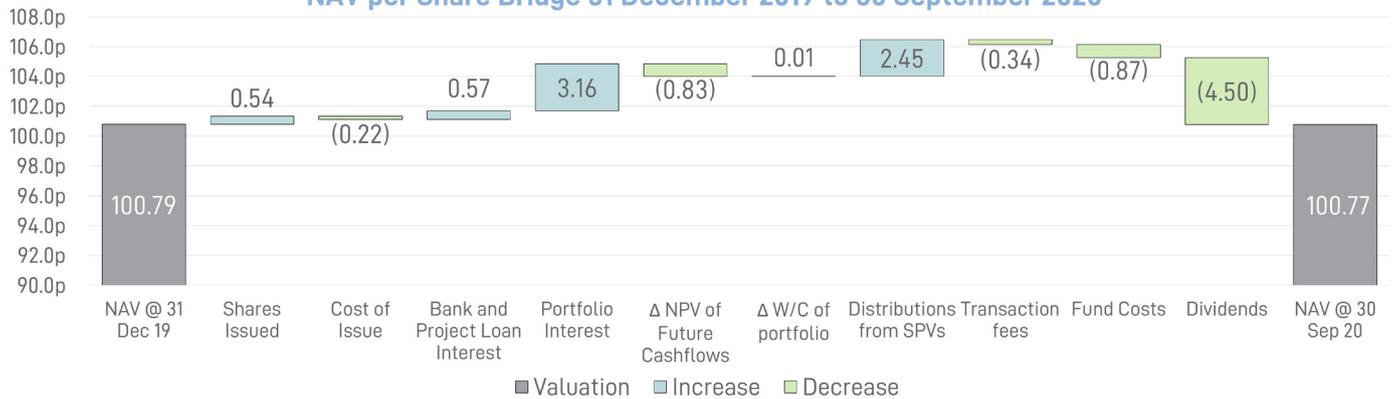
[GRID website >>](#)

### Capital at risk.

*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.*

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.

## NAV per Share Bridge 31 December 2019 to 30 September 2020



## Portfolio & pipeline

### Existing projects

Project	Location	MW	Acquisition date
a. Staunch	Staffordshire	20	November 2018
b. Rufford	Nottinghamshire	7	November 2018
c. Littlebrook	Kent	8	November 2018
d. Lockleaze	Bristol	15	November 2018
e. Roundponds	Wiltshire	20	November 2018
f. Wolverhampton	West Midlands	5	August 2019
g. Glassenbury	Kent	40	December 2019
h. Cleator	Cumbria	10	December 2019
i. Red Scar	Lancashire	49	December 2019
j. Bloxwich	West Midlands	41	July 2020
k. Project River <sup>1</sup>	North	25	Q4 2020
l. Wickham Market <sup>2</sup>	Suffolk	50	Q4 2020
m. Thurcroft <sup>2</sup>	South Yorkshire	50	Q4 2020
n. Glassenbury Extension <sup>3</sup>	Kent	10	Q4 2020
<b>Total existing projects</b>		<b>350</b>	

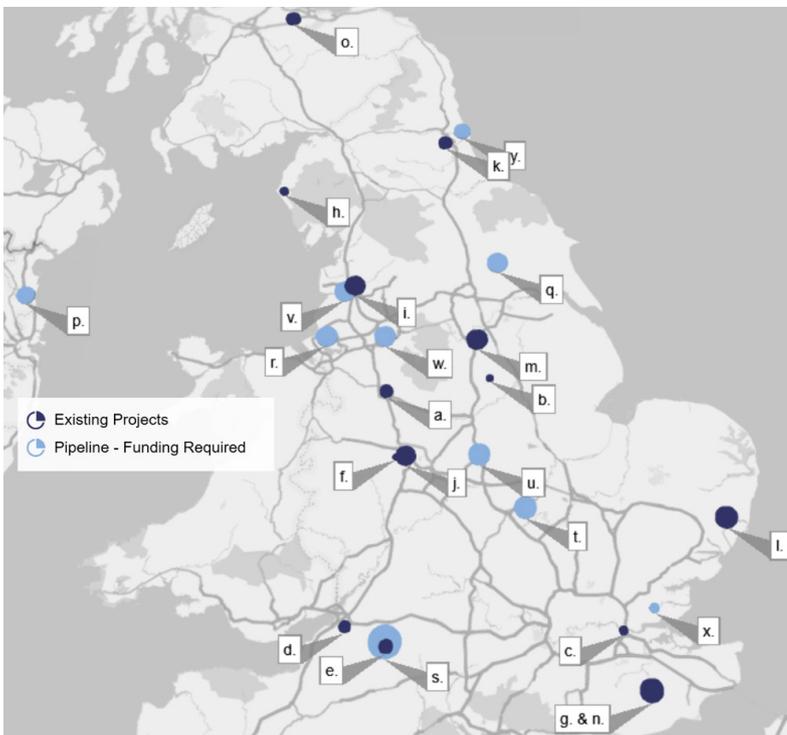
### Pipeline

Project	Location	MW	Commissioning
o. Byers Brae	Scotland	30	Q1 2021
p. Project Emerald	Republic of Ireland	c.40	Operational, Q4 2021
q. Monet's Garden	North Yorkshire	50	Q1 2022
r. Lister Drive	Merseyside	50	Q1 2022
s. Project M	Swindon	100	Q4 2021
t. Project G	Northampton	50	Q2 2021
u. Project E	Leicester	50	Q2 2021
v. Project P	Preston	50	Q2 2021
w. Project D	Manchester	50	Q1 2022
x. Project N	Nr. Chelmsford	10	Operational, Q1 2021
y. Project T	Newcastle	35	Operational, Q1 2021
<b>Total pipeline</b>		<b>c.515</b>	

1. In final stages of due diligence

2. Sale and purchase agreement in place, acquisition expected early Q4 2020

3. Extension of existing portfolio project



## Contact information

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