

# Secure Income from Renewable Energy and Storage

*Harnessing the power of collocated renewable energy and battery energy storage assets*

## An investment opportunity capitalising on the need for new UK renewable generation capacity and battery energy storage

- The UK needs to triple renewable capacity to hit net-zero commitments<sup>1</sup>
- Solar and wind are the proven renewable technologies needed to deliver this additional capacity
- Collocated energy storage can provide additional revenue streams and cashflow diversification by addressing the intermittency of renewable generation
- Long-term contracts underpin revenues, delivering secure and inflation-linked<sup>2</sup> cash flows

### Potential for secure income delivered via contracted revenue model

The strategy intends to secure three distinct types of long-term contract:

**Renewable energy generation:** contracts with utilities and blue-chip corporations for energy generated by solar and wind assets - *Power Purchase Agreements*

**Standby capacity:** contracts with the UK National Grid to guarantee delivery of electricity from batteries in times of stress - *Capacity Mechanism Contracts*

**Tradable capacity:** contracts with utility companies for battery capacity to enable them to trade based on power price volatility - *Asset Optimisation Contracts*

### Investment team

Experienced team supported by 13 professionals across investment, technical and asset management.



#### Peter Bolton, Fund Manager

13 years' renewable energy experience. Previously at Foresight Group, Gazprom, PwC, and co-manager of listed solar fund. Funded c.1GW of development-stage assets.



#### Ben Guest, Fund CIO

26 years' investment experience. Head of Gresham House New Energy; Fund Manager, Gresham House Energy Storage Fund plc (GRID.L). Previously Managing Partner, Hazel Capital.



#### Wayne Cranstone, Investment Director

26 years' energy experience. Previously at RWE and Npower Renewables. Delivered c.£230m of wind and solar projects at Gresham House.

### Strategy differentiators

- Collocation of batteries alongside solar and wind assets is a key competitive advantage, securing additional uncorrelated premium revenue streams at a lower marginal cost
- Gresham House is the market leader in battery energy storage<sup>3</sup>, with deep understanding of power markets
- Secure income focus, targeting 5.0% IRR<sup>4</sup> and cash yield of 4.0%+<sup>5</sup>
- Measurable sustainability benefits and CO<sub>2</sub> savings through funding new capacity
- Investment team are origination experts with a strong market reputation working with project developers

### Investment team amongst first movers in:

Renewables  
**2010**

Battery Energy Storage  
**2017**

Unsubsidised renewables  
**2020**

**IRR figures outlined are targets only and not guaranteed. Capital at risk.**

1. UK Government Energy White Paper; Energy Trends, 2021

2. Targeting contracted revenues for first 10 years of asset life, with c.50% linked to inflation

3. Gresham House analysis, January 2022, based on size of operating portfolio under management by a Europe-based investment trust

4. Net of fees and unlevered, based on 30-40 year asset life (detail overleaf)

5. Net of fees and unlevered, based on 10-year period following strategy deployment

## The strategy

|                |   |
|----------------|---|
| Target size    | £500m <sup>1</sup>  |
| Geography      | UK (plus up to 20% in Eurozone)                                     |
| Technology     | Solar & wind, with collocated battery energy storage where possible |
| Asset maturity | Greenfield focus (fully consented)                                  |
| IRR target     | 5.0% <sup>2</sup>   |
| Yield target   | 4.0%+ <sup>3</sup>  |
| Target close   | Q2 2022   |
| Term           | Ten years from Final Close (closed ended)                           |
| AMC            | 0.60% p.a.  |
| Other fees     | 1% deployment (one off)   |

1. Final Close target of over £500m, with First Close target of min. £100m
2. Net of fees and unlevered, based on 30-40 year asset life (this is to demonstrate that the IRR is calculated based on the underlying assets, not inflated using an exit valuation assumption in year 10)
3. Net of fees and unlevered, based on 10-year period following deployment

*IRR figures outlined are targets only and not guaranteed. Capital at risk.*

## Get in touch



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## About Gresham House

Founded in 1857, Gresham House is one of the oldest companies in London. Since 2014, the business had been transformed, with a new ethos, team and investment mandate. The company's culture of empowerment encourages individual flair and entrepreneurial thinking, and this has ensured a steady stream of new talent. Gresham House has continued to go from strength to strength, through acquisition and organic growth, with assets under management of £6bn+<sup>1</sup> providing a strong and scalable platform from which we can continue to grow.



1. As at 9 December 2021 Gresham House plc Trading Statement

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