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Gresham House

Specialist asset management

Gresham House Energy Storage Fund plc (GRID or Company)

Interim Results Presentation for the half-year ending 30 June 2022

27 September 2022



***Powering the Renewable
Energy transition***

PRESENTATION TEAM



Ben Guest

Managing Director, Gresham House New Energy &
Fund Manager, Gresham House Energy Storage Fund plc

Founded Hazel Capital (now Gresham House New Energy) in 2007.

28 years' experience in asset management.
Previously, co-founder and fund manager at
Cantillon Capital Management and fund manager at
Lazard Asset Management.



Rupert Robinson

Managing Director, Gresham House

Over 30 years' experience in asset management
and wealth management.

Previously CEO and CIO of Schroders (UK) Private
Bank and head of private clients at Rothschild.

H1 2022 PERFORMANCE HIGHLIGHTS

- Net Asset Value (NAV) up **53.5%** to £785.4mn (FY21: £511.7mn)
- NAV per share up **24.2%** to 145.11p (FY21: 116.86p) and NAV total return of **27.2%**
- Underlying Operational Portfolio Revenue rose **20.6%** to £30.1mn (H1 21: £24.9mn) and EBITDA stood at **£22.7mn** (H1 21: £22.4mn)
- Revenue generation and EBITDA significantly **above budget in H1 2022** supported by elevated pricing in Frequency Response and a strong Trading backdrop.
- Dividend target of **7.0p** for 2022 reaffirmed, with Full Operational Dividend Cover¹ of **3.5p** achieved in H1 2022
- Share price total return of **23.3%** vs. FTSE All-Share Index total return of -4.6% and **86.9%** vs. 15.82% since IPO
- Weighted average discount rate (WADR) of **10.79%** (FY21: 10.77%)

Past performance is not necessarily a guide to future performance. Capital at risk.

Source: Gresham House Asset Management, GRID Interim Results for six-months ending 30 June 2022

1. Operational dividend cover is a measure to demonstrate the Company's ability to pay dividends from the earnings of its underlying investments, including interest earned on construction capital deployed to non-operational SPVs, and after accounting for external interest costs and administrative costs of the Company, but excluding transaction costs and debt arrangement fees.



H1 2022 DEPLOYMENT & FUNDRAISING

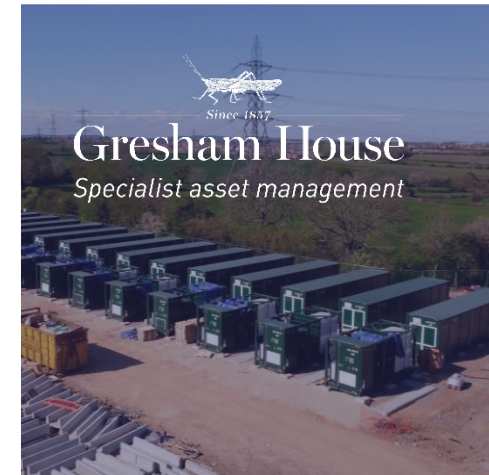
- GRID remains GB market leader with a market share of **c.30%**¹
- Operational capacity remained unchanged at **425MW** as at 30 June 2022
- Operational capacity rose to **500MW** in August 2022 as Arbroath (**35MW**) and Stairfoot (**40MW**) projects were commissioned
- Commissioning of **50MW** Enderby and **40MW** Coupar Angus projects expected in the coming days
- Total operational capacity expected to reach **690MW** by the end of 2022 as West Didsbury (**50MW**) and Penwortham (**50MW**) expected to become operational
- Significant additional pipeline in progress in GB and Overseas following recent Investment Policy changes
- Timely commissioning of projects is our key focus by resolving industrywide connection bottlenecks
- Gross equity funds raised of **£150mn** in May 2022 fundraising, in oversubscribed round
- **£10mn** of the £150mn capex facility² has been drawn and is expected to be fully drawn before the end of Q1 2023
- Efforts underway to secure **£200mn** accordion facility; close expected in Q4 2022

Past performance is not necessarily a guide to future performance. Capital at risk.

Source: Gresham House Asset Management, GRID Interim Results as at 30 June 2022

1. Source: Gresham House New Energy & Modo Energy as at 1 Sept 2022

2. Facility is contracted with GRID's wholly owned subsidiary, Gresham House Energy Storage Holdings plc

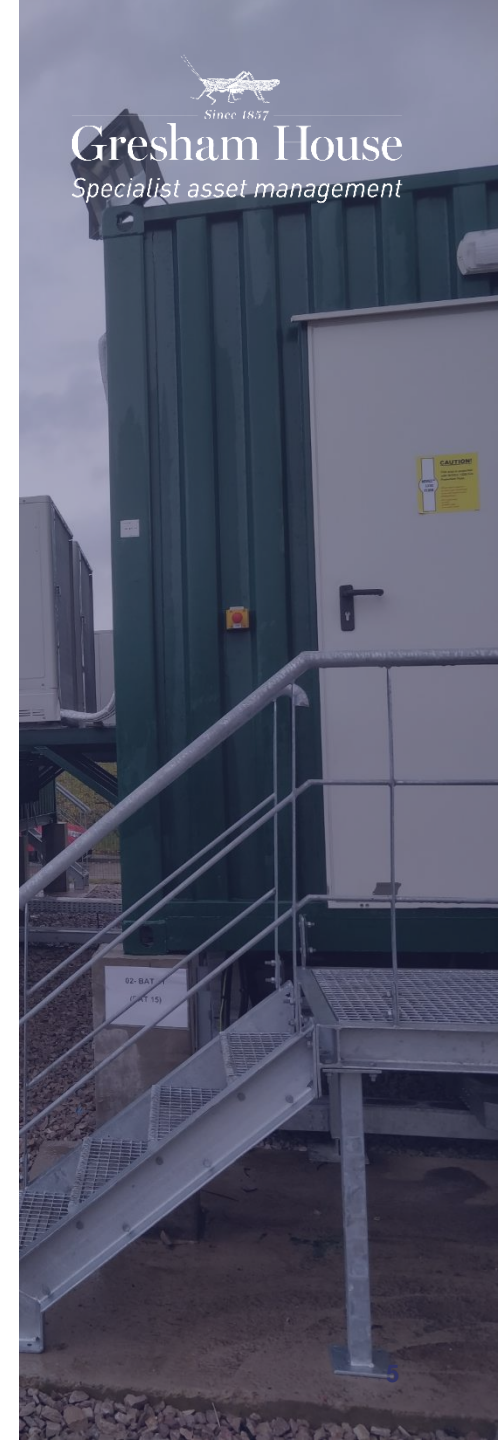


H1 2022 OTHER HIGHLIGHTS

- UK renewable penetration reached a record **45.5%** in Q1 22 driven by offshore wind
- **11GW** of renewable capacity contracted in latest Contracts for Difference (CfD) subsidy auctions could drive renewable penetration **above 65% within 5 years** underpinning the need for Battery Energy Storage Systems (BESS)
- Power price volatility **primarily being driven by renewables** as well as shortfalls in generation capacity and gas supply constraints in Europe in the near term
- NAV per share increase in H1 2022 assisted by **upward revaluations of projects** as they go from being valued at cost to a fair value using a net present value basis, reflecting the attractive underlying internal rates of return (IRRs) of our projects at the time they are acquired
- Discount rate assumptions have remained unchanged during the period
- Very recent UK Government announcement of the cancellation Corporation Tax increase to 25% from April 2023 expected to contribute positively to Q3 2023 NAV
- Ongoing evaluation of current FOREX environment
- Investment Week Best Sustainable Specialist Fund Award **win for second year in succession**

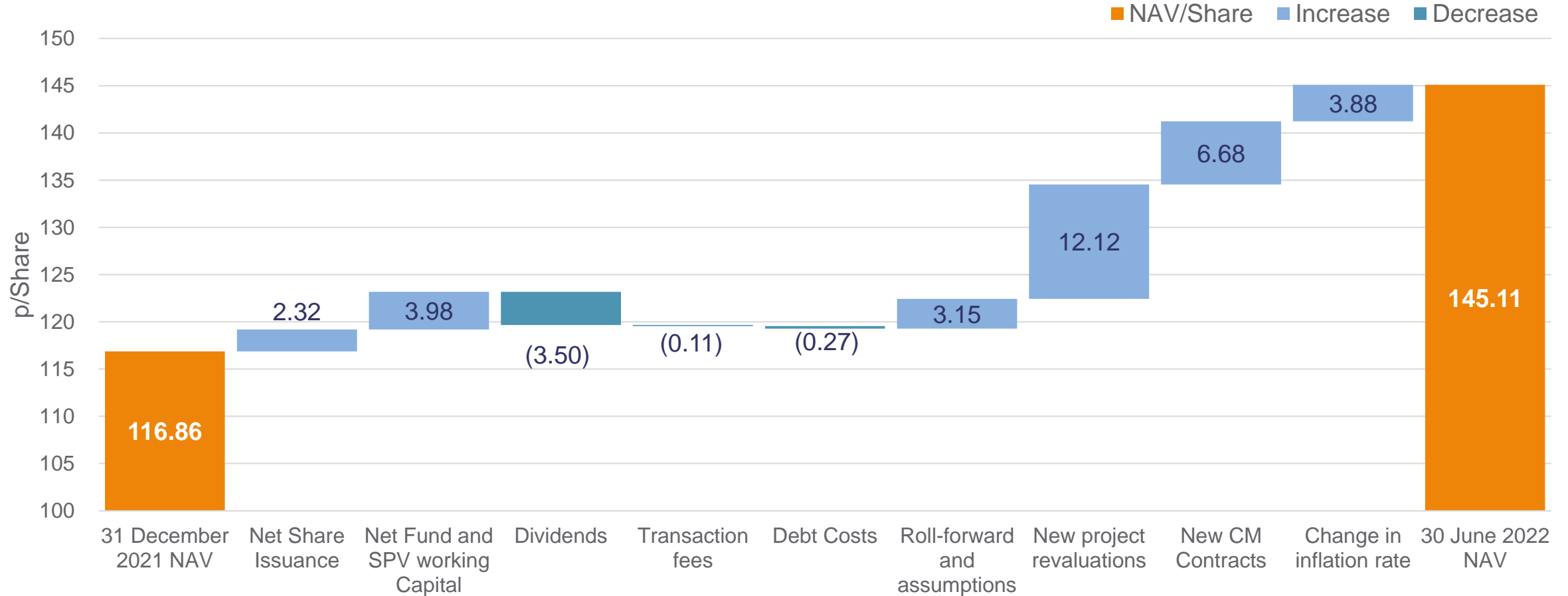
Past performance is not necessarily a guide to future performance. Capital at risk.

Source: Gresham House Asset Management, GRID Interim Results as at 30 June 2022



NAV PER SHARE BRIDGE

NAV (p/Share) bridge from 31 Dec 21 to 30 Jun 22

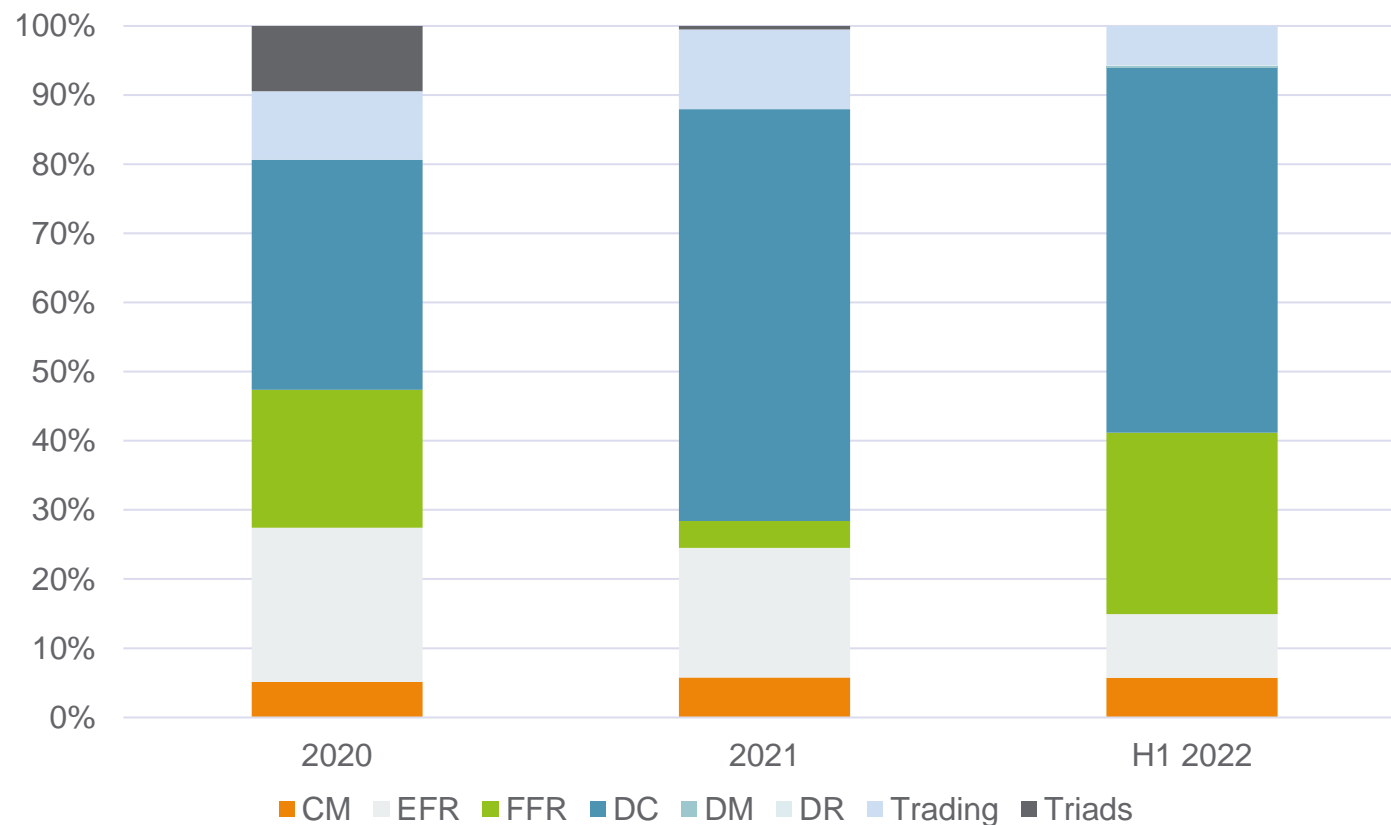


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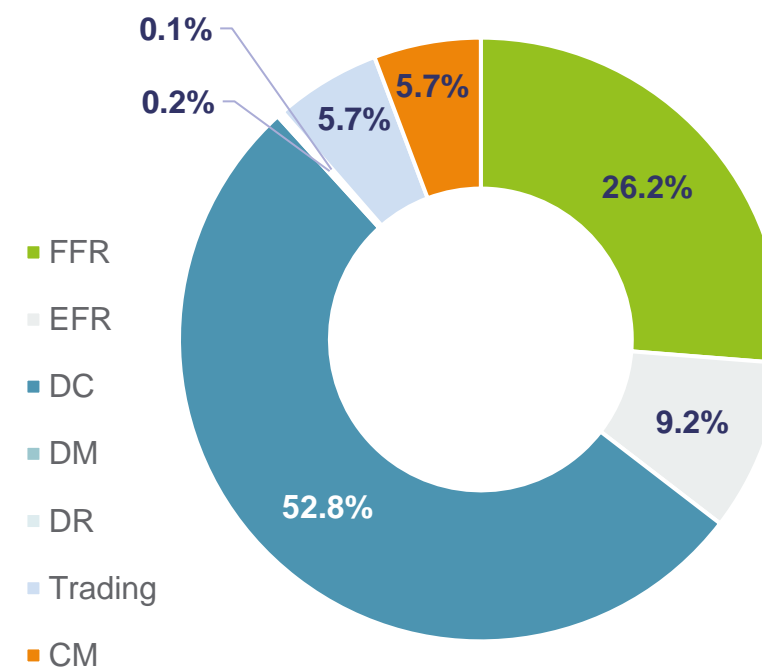
Source: Gresham House Asset Management, GRID Interim Results as at 30 June 2022

REVENUE BREAKDOWN

Revenue breakdown is evolving



H1 2022 revenue split

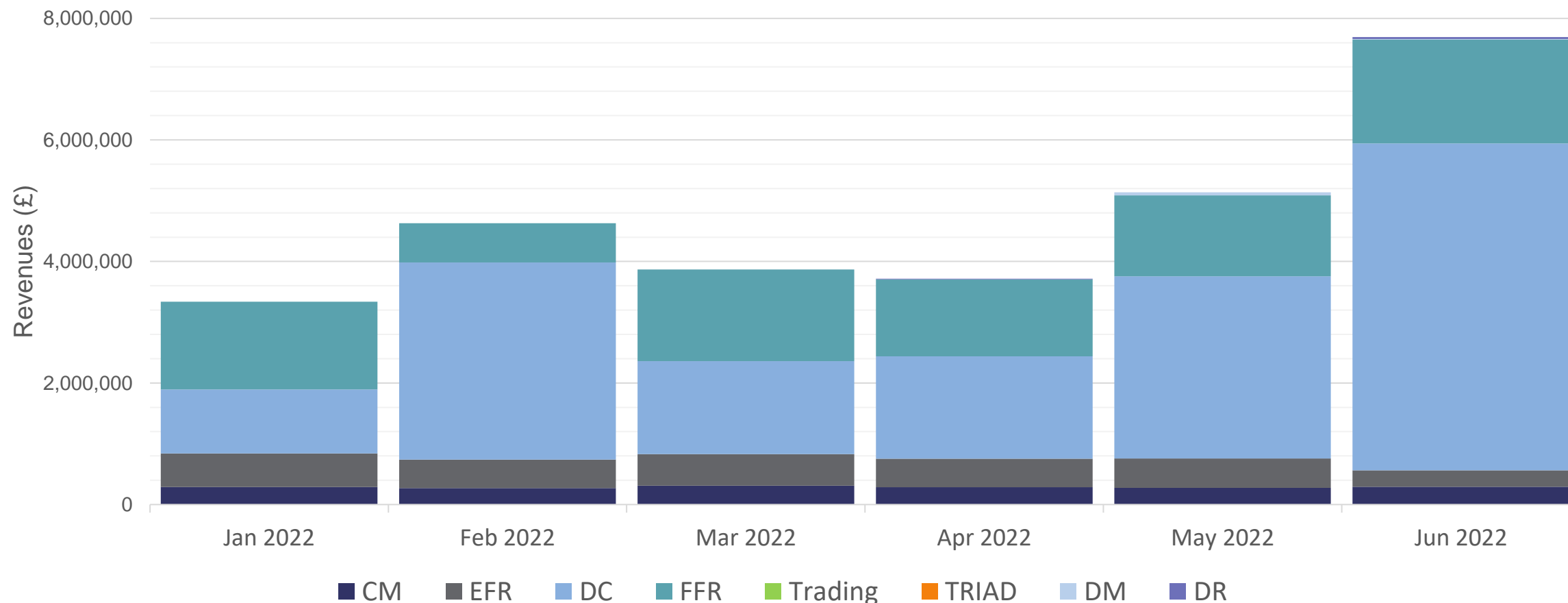


Past performance is not necessarily a guide to future performance. Capital at risk.

Source: Gresham House Asset Management, GRID Interim Results as at 30 June 2022

PORTFOLIO REVENUE BY MONTH

Portfolio revenue split by month



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Source: Gresham House Asset Management, GRID Interim Results as at 30 June 2022

PORTFOLIO & PIPELINE SUMMARY

Project	Location	Capacity (MW)	Battery size (MWh)	Operational status
1. Staunch	Staffordshire	20	2.9	Operational
2. Rufford	Nottinghamshire	7	9.5	Operational
3. Lockleaze	Bristol	15	22.1	Operational
4. Littlebrook	Kent	8	6.3	Operational
5. Roundponds	Wiltshire	20	25.8	Operational
6. Wolverhampton	West Midlands	5	7.8	Operational
7. Glassenbury	Kent	40	28.2 ¹	Operational
8. Cleator	Cumbria	10	7.1 ¹	Operational
9. Red Scar	Lancashire	49	74.3	Operational
10. Bloxwich	West Midlands	41	46.6	Operational
11. Thurcroft	South Yorkshire	50	75.0	Operational
12. Wickham Market	Suffolk	50	74.0	Operational
13. Tynemouth	Tyne and Wear	25	17.4 ¹	Operational
14. Glassenbury Extension	Kent	10	10.1	Operational
15. Nevendon	Basildon	10 ¹	7.1 ¹	Operational
16. Port of Tyne	Tyne and Wear	35	28.0 ¹	Operational
17. Byers Brae	West Lothian	30	30.5	Operational
Total operational portfolio		425	473	

Total portfolio owned by GRID
Capacity 1,077MW
Battery size 1,387MWh

Total portfolio and pipeline
Capacity 1,597MW
Battery size 2,107MWh

Project	Location	Capacity (MW)	Battery size (MWh)	Operational status	Revalued (DCF)
18. Enderby	Leicestershire	50	50.0	Target COD: Q3 2022	Yes
19. West Didsbury	Manchester	50	50.0	Target COD: Q3 2022	Yes
20. Melksham	Wiltshire	100	100.0	Target COD: Q1 2023	Yes
21. Couper Angus ²	Scotland	40	40.0	Target COD: Q3 2022	No
22. Arbroath ²	Scotland	35	35.0	Target COD: Q3 2022	No
23. Penwortham	Preston	50	50.0	Target COD: Q4 2022	Yes
24. Grendon ³	Northampton	100	200.0	Target COD: Q1 2023 ³	Yes ³
25. York	York	50	75.0	Target COD: Q1 2023	Yes
26. Bradford West	W Yorkshire	87	174.0	Target COD: Q1 2023	Yes
27. Elland	W Yorkshire	50	100.0	Target COD: Q1 2023	Yes
28. Stairfoot ²	N Yorkshire	40	40.0	Target COD: Q3 2022	No
Total non-operational portfolio		652	914		

Project	Location	Capacity (MW)	Battery size (MWh)	Commissioning status
29. Elland 2	West Yorkshire	100	200.0	Target COD: Q3 2023
30. Monet's Garden	North Yorkshire	50	50.0	Target COD: Q4 2023
31. Lister Drive	Merseyside	50	50.0	Target COD: Q4 2023
32. Bradford West 2	West Yorkshire	100	200.0	Target COD: H2 2023
33. Monvalet	Rep. of Ireland	180	180.0	Target COD: H1 2024
34. Shilton Lane	Scotland	40	40.0	Target COD: H1 2024
Total pipeline not owned by GRID		520	720	

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1. Current size prior to increases expected from the planned upgrades
2. Acquired subject to satisfaction of conditions
3. Grendon 1 (50MW) expected Q1 2023 and is revalued at 30 June 2022, Grendon 2 (50MW) is expected in H2 2023 and is not yet valued.

VOLATILITY HAS REMAINED HIGH SUPPORTING TRADING REVENUES

- Volatility is expected to remain high as renewables market share continues to rise contributing to intermittent electricity supply and as the market share of baseload continues to fall
- High gas and carbon prices are also contributing to volatility

Half Hourly Power Prices and average spread since July 2020

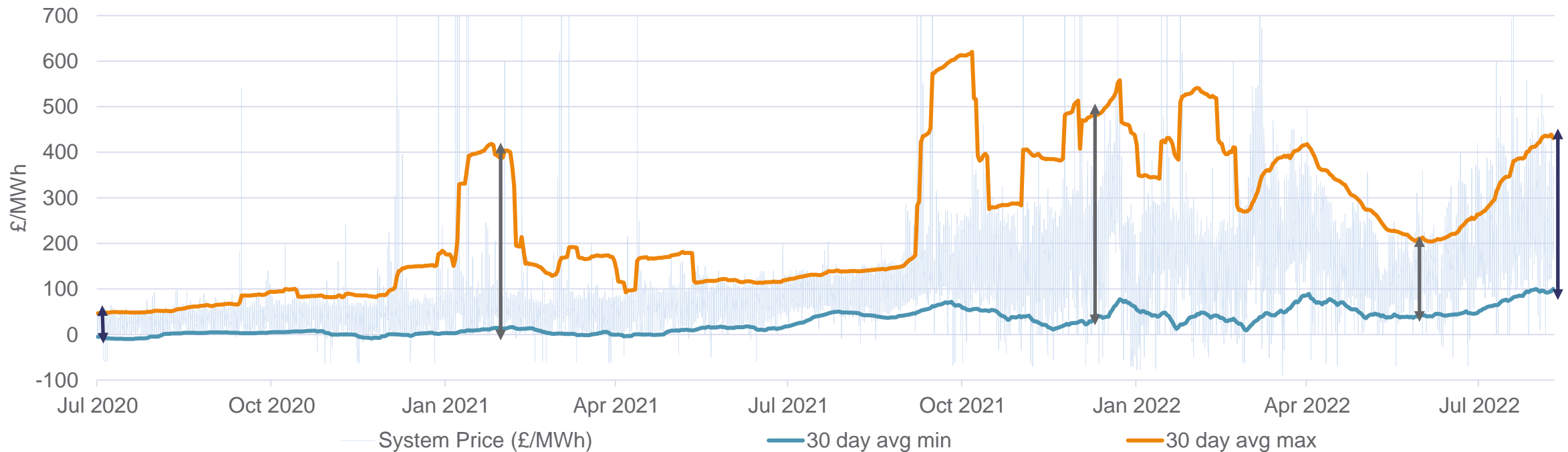


Chart source: Elexon

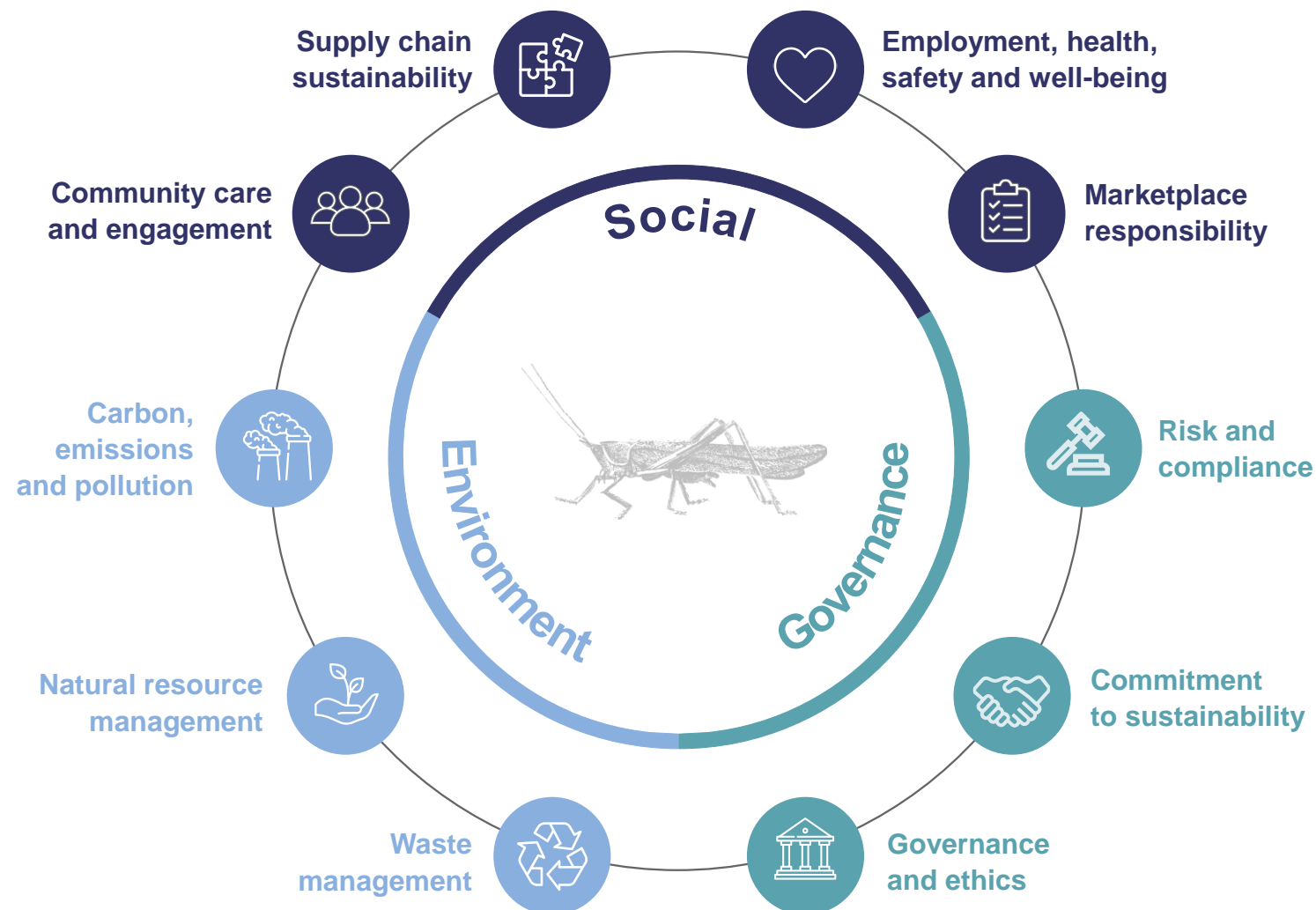
SUSTAINABLE INVESTMENT FRAMEWORK (SIF)

Five ESG factors considered most material to GRID operations and investments:

- ✓ Carbon emissions and pollution
- ✓ Natural resource management
- ✓ Waste management
- ✓ Employment, health, safety and well-being
- ✓ Governance and ethics

Key objectives include:

1. Growth to drive decarbonisation
2. Adherence with key standards
3. Supply chain review and audit
4. Recycling/end of life evaluation
5. Calculate and assess the carbon footprint
6. Bio-diversity
7. Excellence in Health and Safety



SUMMARY & OUTLOOK

Summary

- **Importance of BESS increasing** as renewable installations accelerate
- Energy security and inflation concerns at the top of the national agenda
- Eventful first half for GRID: **successful fundraising**, significant **advances in project construction**, important **Investment Policy changes**
- Two projects commissioned following half-year end and several more expected

Outlook

- **Big data platform development** creating significant efficiencies
- Key focus on **timely project delivery** and on **mitigation of inflation** and **FOREX effects** on new projects
- **487MW** of portfolio project capacity has been revalued on a DCF basis at our WADR
- Further revaluations expected to **drive NAV growth** in Q4 2022 and 2023
- Securing of accordion debt facility a key milestone for Q4 2022
- Reform of Electricity Market Arrangements (REMA) consultation submission due 10 October 2022
- **Operational Dividend Cover¹ expected to increase** as new projects commission
- Significant focus on additional GB and Overseas pipeline expected to **drive incremental pipeline announcements** in due course

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1. Operational Dividend Cover is: The ratio between net earnings of the underlying investment portfolio less ongoing costs and interest in both the Company and Gresham House Energy Storage Holdings plc (the MidCo) in the year and dividends paid by the Company in respect of the same year. Full details are on page 91 of the Annual Report in the Alternative Performance Measures Note

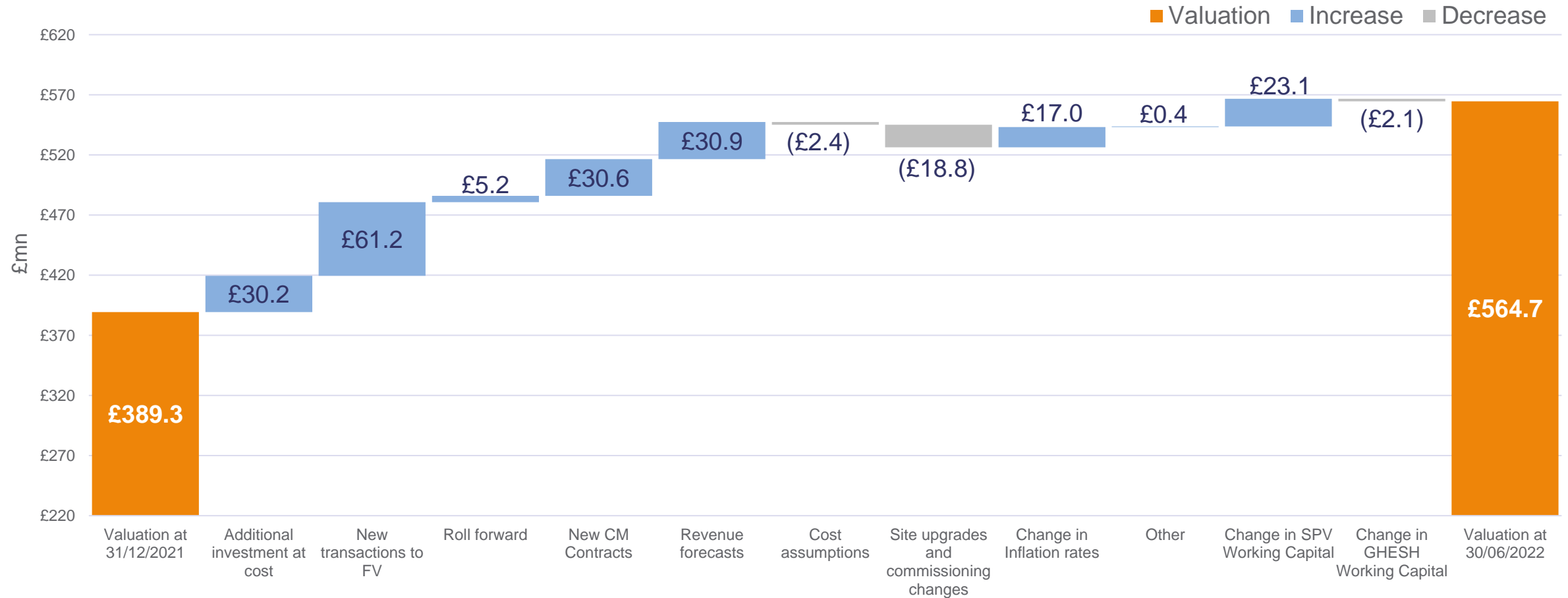




APPENDIX SLIDES

INVESTMENT VALUATION BRIDGE

Change in investment value from 31 Dec 2021 to 30 Jun 2022



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Source: Gresham House Asset Management, GRID Interim Results as at 30 June 2022

DRIVING PROFITABILITY & COMPETITIVENESS

The Investment Manager is focused on creating value by maximising the spread between the cost of capital and profitability of projects to make GRID the most competitive operator of BESS

Lowering the cost of capital

- Debt fundraising demonstrates ability to attract low cost debt funding @300bp over SONIA

Increasing returns on capital

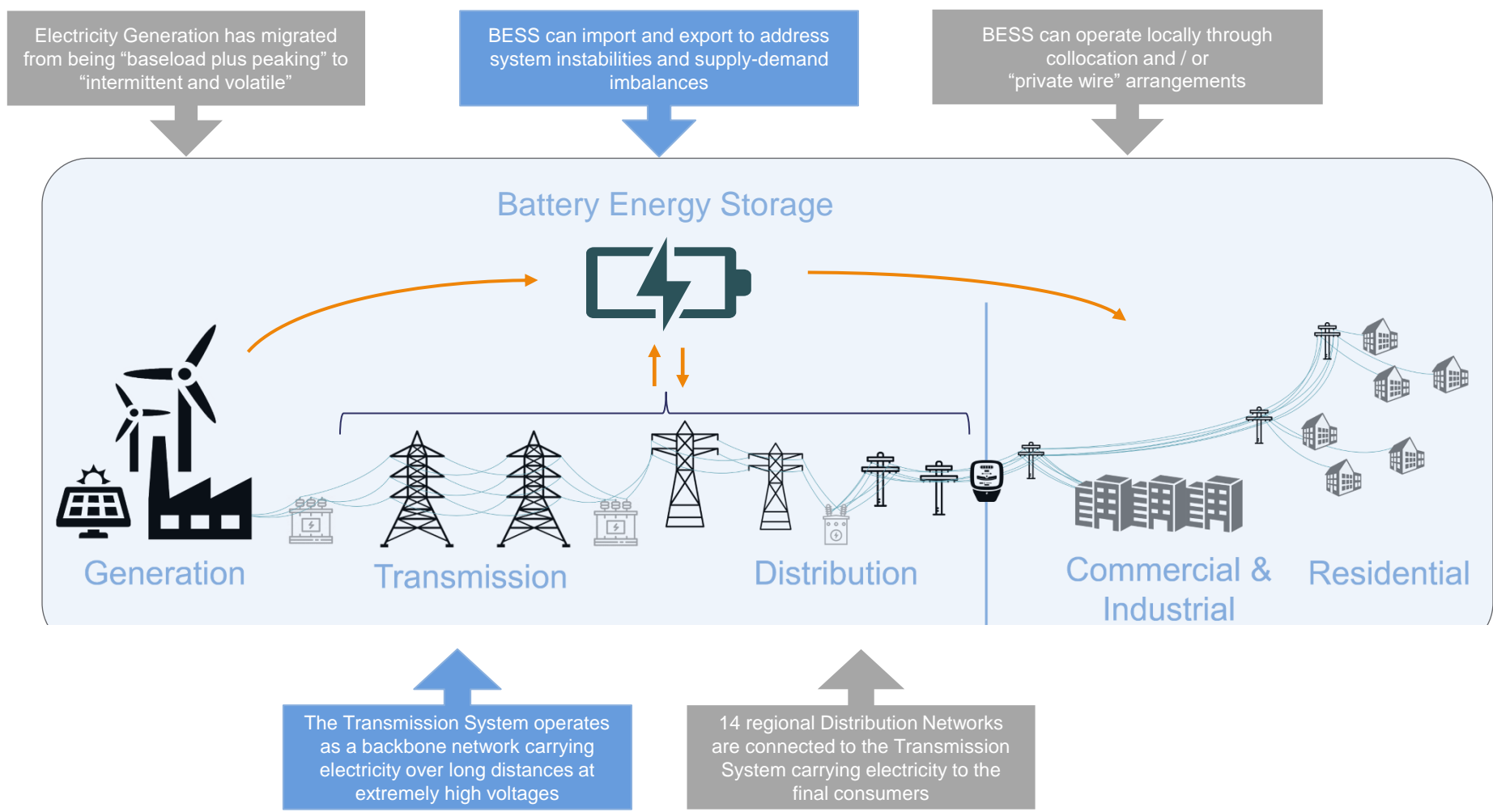
- Lower costs on new projects are driving up IRRs and are having a positive mix effect on the portfolio
- Across the portfolio we are driving value over the short and medium term through:
 - Best-in-class Optimisation
 - Maximising Uptime
 - Lowest cost-driven mentality
 - State of the art asset management systems (e.g. big data analytics)
 - Augmentation for optimal duration

Alpha generation

- Key goals are to:
 - Maximise spread between cost of capital and return on capital of the Underlying Projects
 - Minimise breakeven levels
 - Minimise the level of EBITDA per MW at which the Company achieves Dividend Cover

DEPICTION OF GB ELECTRICITY SYSTEM

Battery energy storage is a “relief valve” for system instabilities and, increasingly, for the growing supply-demand imbalances caused by the growth in renewable generation



RENEWABLES GROWTH & FOSSIL FUEL DECLINE TRENDS CONTINUE

- Intermittent renewable generation creates the need for energy storage
- Visibility in renewable deployment with latest CfD auction slated to deliver c.12GW in contracts in addition to 5.5GW from last auction
- Growth in renewable generation is at the expense of gas-fired generation

GB Electricity generation by technology

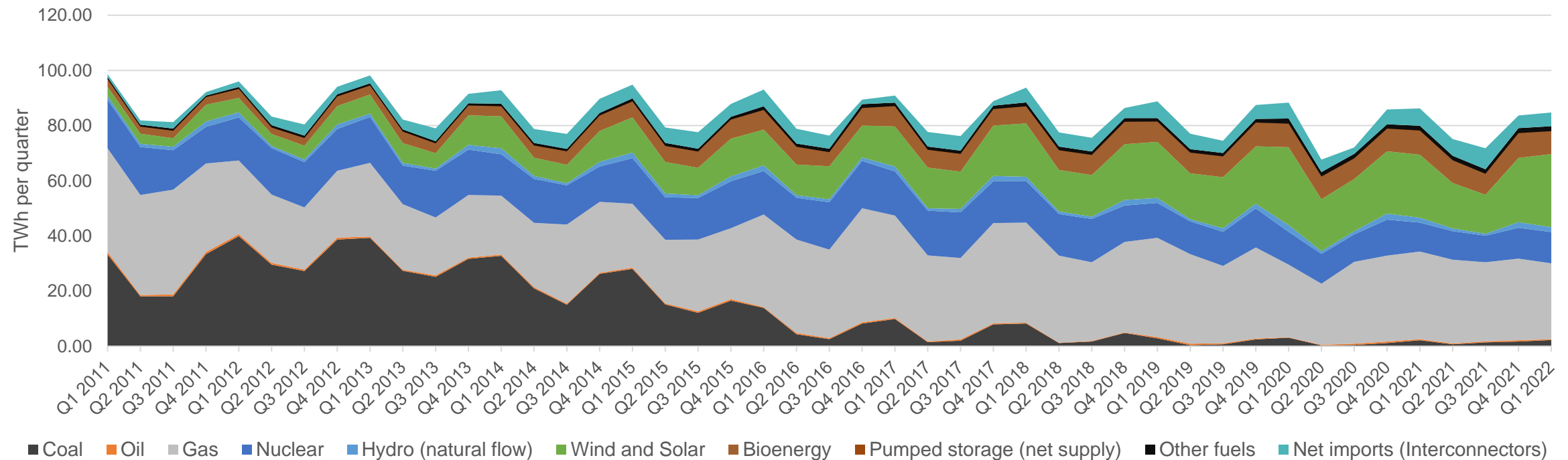


Chart source: BEIS, 2022

REVENUE MODEL

- Two key uses for Battery Energy Storage Systems - trading and frequency response
- Trading algorithms continually assess whether more can be earned from trading or frequency response
- Trading and frequency response are inherently profitable on account of GRID's asset-backed business model

Revenue Sources	Description of revenues and GRID's participation	In the context of GRID:
Trading - Merchant income	Routes to market: <ul style="list-style-type: none"> National Grid's Balancing Mechanism - capacity is tendered Wholesale Market - intraday and day-ahead trading Market size <ul style="list-style-type: none"> Ranges from 20-50GW depending on demand 	<ul style="list-style-type: none"> GRID uses four Asset Optimisers Asset optimisers use algorithms to continually assess whether more can be earned from trading or frequency response. Increasingly, both can be carried out simultaneously Trading is inherently profitable due to fundamental market volatility
	Frequency Response services procured by National Grid: <ul style="list-style-type: none"> Dynamic Containment (DC) - 4-hourly contracts Firm Frequency Response (FFR) - monthly contracts Enhanced Frequency Response (EFR) - 4-year contracts (exp. 2022) Market size <ul style="list-style-type: none"> c.1500MW today, varying seasonally 	<ul style="list-style-type: none"> Most of GRID's projects were in EFR (120MW) or DC in 2020 National Grid uses frequency response to eliminate instantaneous, minor imbalances in supply and demand
Capacity Mechanism - Long-term contracts	Contract types: T-4 contracts are awarded via auction c.4 years ahead Durations are: <ul style="list-style-type: none"> 15-year, index-linked contract if awarded prior to commissioning 1-year for all other contracts T-1 contracts are awarded via auction c.1 year ahead	<ul style="list-style-type: none"> GRID has 15-year contracts starting in October 2019, 2020, 2021 and 2023 and is tendering for additional contracts for both existing and pipeline assets

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