

Gresham House Energy Storage Fund plc

30 September 2022



Fund manager

Ben Guest

Managing Director, New Energy

Overview

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 and Ireland'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 Battery Energy Storage Systems (BESS) located in Great Britain and Ireland, which primarily use batteries to import and export power, accessing the multiple revenue sources available in the power market.

The Fund targets a Net Asset Value (NAV) total return of 8.0%+ per annum, before leverage and net of Fund expenses, and a target dividend of 7.0p per annum per Ordinary Share.¹ Returns are not correlated to the absolute level of wholesale power prices and are not dependent on any government subsidies.

Fund information

Ticker GRID

Listing LSE Specialist Fund Segment

ISIN GB00BFX3K770

Dividend frequency Quarterly

Year end 31 December

Key facts as at 30 September 2022

Share price (closing price) 168.50p

NAV per share 151.18p

Market Capitalisation £912.07mn

Net assets £818mn

Mgt. fee 1.0% net assets <£250mn

0.9% net assets from £250mn-£500mn

0.8% net assets >£500mn

Ongoing charges² 1.16%

2022 target dividend per share 7.0p

Ordinary Shares in issue 437,842,078

Total return

	YTD	2021	Since inception (Nov 2018)
Share price total return	32.36%	23.04%	100.54%
NAV total return	32.55%	20.32%	84.12%

Financial highlights

- NAV has increased to £818mn, or 151.18p per share, up 6.07p per share. No dividends were paid in the quarter as the dividend in respect of the quarter ended 30 June 2022 was paid in October 2022. **After deducting the Q2 dividend, the adjusted ex-dividend NAV is 149.43p per share representing a like-for-like increase of 2.98% compared to the Q2 2022 NAV**
- From the IPO in November 2018 to the end of September 2022, GRID has delivered a share price total return of 100.54% compared with 11.83% for the FTSE All Share and an NAV total return of 84.12%
- Exceptional first half performance continued through Q3 2022 with revenue and EBITDA significantly ahead of budget. The backdrop for BESS remains positive, underpinned by structural shifts as more renewables come online and challenges in the French nuclear fleet turned Great Britain into a net exporter of power to France for the first time in at least a decade
- Dividends were more than 1.3x covered³ in Q3 2022 and expected to be fully covered in 2022
- 550MW of operational assets as at 30 September 2022
- During the quarter, the most significant changes to NAV per share included:
 - +4.63p from higher third-party revenue forecasts
 - +2.56p from cash flow generation of underlying assets
 - +1.99p from increasing the RPI inflation assumption for 2022 to 9.0%
 - 0.89p from roll forward of NPV from operational projects

- 1.78p due to a combination of cost increases primarily caused by a weaker sterling, and slightly later projections for COD⁴ on a couple of new projects and operational projects whose batteries are being augmented
- In Q3 2022, there have been no changes to NAV from:
 - new projects being valued on a Discounted Cash Flow (DCF) basis (having been valued at cost). Arbroath will be revalued at year end and other projects are expected to follow in Q1 2023
 - changes to inflation assumptions beyond 2022 which remain at 4.5%, 3.5% and 2.5% for 2023, 2024 and 2025 & thereafter, respectively. Assumptions remain lower than implied by UK gilt yield curves
 - changes in underlying discount rate assumptions. As such the blended weighted average discount rate was 10.8% based on the mix of operational and construction-stage projects
- The Manager and Board are actively reviewing inflation and discount rate assumptions and any changes will be incorporated in the end-of-year valuations

- 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
- As at 30 June 2022
- Operational Dividend Cover as defined in the 2022 Interim report and accounts
- Commencement of Operations date

Portfolio activity & market outlook

Portfolio activity has been positive in Q3 2022. Arbroath and Stairfoot are now operational, while Enderby and Coupar Angus are in the process of becoming fully operational and several other projects will follow, as previously announced.

As we mentioned in our Interim Results, the timing of connections remains challenging. Other issues have been largely resolved, such as Covid-era supply-chain bottlenecks and shipping costs, which have declined sharply, while the time to connect new projects to local and national grid networks has increased.

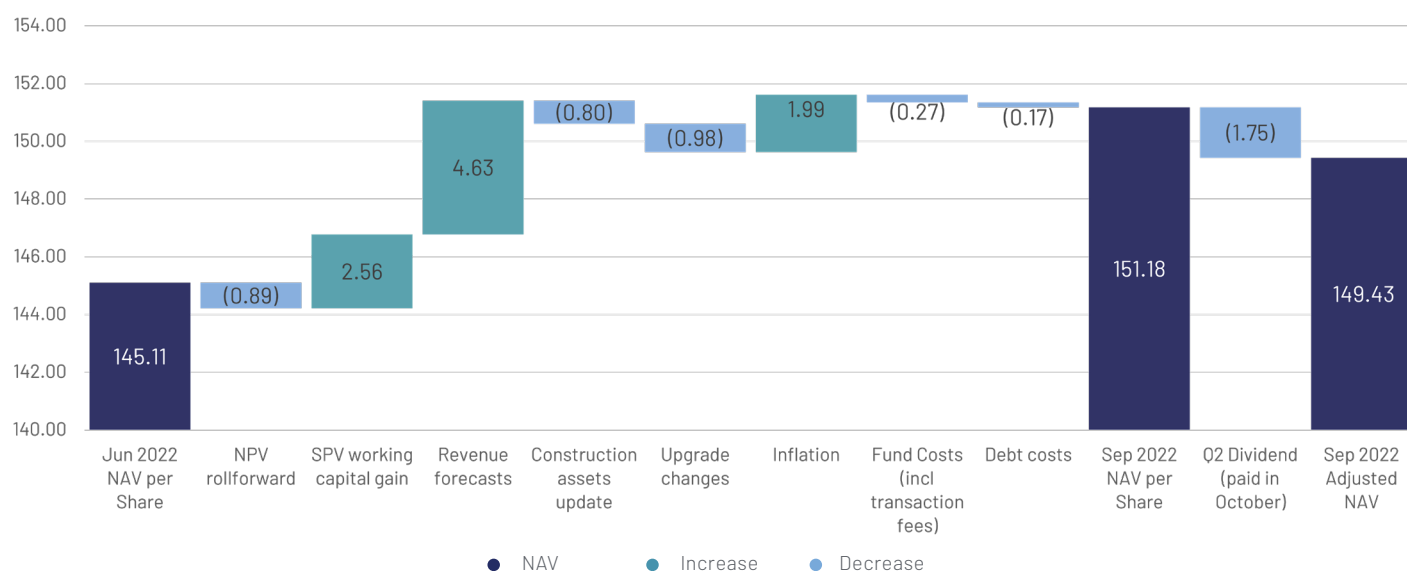
The Manager remains positive about the potential for growth. GRID's publicly announced pipeline remains unchanged this quarter: however, new opportunities are being progressed that are expected to increase pipeline in the future.

There is currently much discussion of possible regulatory or tax changes for the renewables sector. We note that BEIS expressly stated in their recent REMA consultation that it is essential for 'low carbon flexibility' to be prioritised and we are convinced, on both technical and financial grounds, that batteries are the most credible storage technology compared with less proven, more costly, and less efficient alternatives such as hydrogen or "CO₂-abated" gas-fired generation.



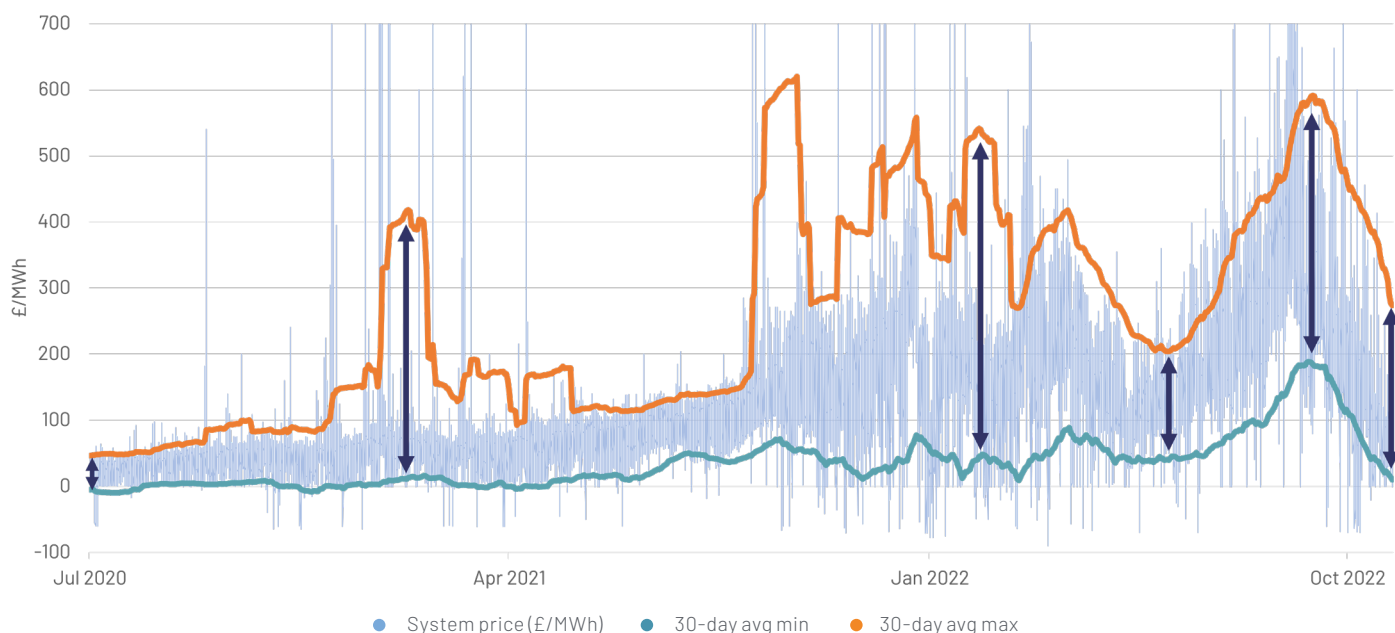
Q3 2022 adjusted NAV bridge (p/Share)

Source: Gresham House New Energy, 30 September 2022



Half hourly power prices and average spread since July 2020

Source: Elexon



Portfolio & pipeline

Project	Location	MW	Status
1. Staunch	Staffordshire	20	Operational
2. Rufford	Nottinghamshire	7	Operational
3. Lockleaze	Bristol	15	Operational
4. Littlebrook	Kent	8	Operational
5. Roundponds	Wiltshire	20	Operational
6. Wolverhampton	West Midlands	5	Operational
7. Glassenbury	Kent	40	Operational
8. Cleator	Cumbria	10	Operational
9. Red Scar	Lancashire	49	Operational
10. Bloxwich	West Midlands	41	Operational
11. Thurcroft	South Yorkshire	50	Operational
12. Wickham Market	Suffolk	50	Operational
13. Tynemouth	North Tyneside	25	Operational
14. Glassenbury Extension	Kent	10	Operational
15. Nevendon	Essex	10	Operational
16. Port of Tyne	Tyneside	35	Operational
17. Byers Brae	West Lothian	30	Operational
18. Enderby ⁵	Leicester	50	Operational
19. Arbroath	Scotland	35	Operational
20. Stairfoot	North Yorkshire	40	Operational
Total operational		550	

5. In the process of commissioning

Project	Location	MW	Status
21. West Didsbury	Manchester	50	Target COD: Q4 2022
22. Melksham	Wiltshire	100	Target COD: Q2 2023
23. Coupar Angus	Scotland	40	Target COD: Q4 2022
24. Penwortham	Preston	50	Target COD: Q4 2022
25. Grendon	Northampton	100	Target COD: Q3 2023
26. York	York	50	Target COD: Q1 2023
27. Bradford West	West Yorkshire	87	Target COD: Q1 2023
28. Eiland	West Yorkshire	50	Target COD: Q3 2023
Total non-operational		527	

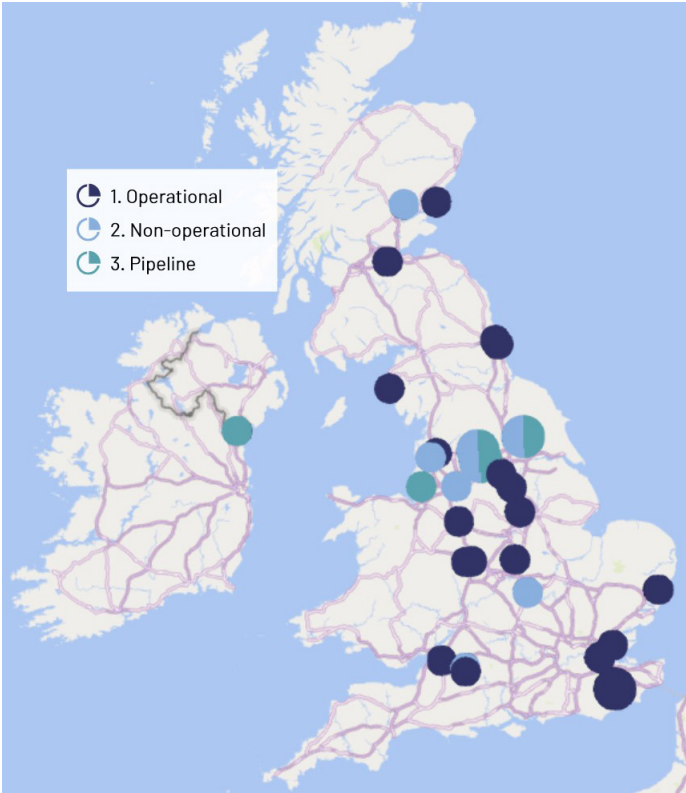
Portfolio manager

Gresham House Asset Management Ltd (GHAM)

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Source: Gresham House plc as at 30 September 2022

Project	Location	MW	Status
30. Eiland 2	West Yorkshire	100	Target COD: Q4 2024
30. Monet’s Garden	North Yorkshire	50	Target COD: Q2 2024
31. Lister Drive	Merseyside	50	Target COD: Q2 2024
32. Bradford West 2	West Yorkshire	100	Target COD: Q3 2024
33. Monvalet	Rep. of Ireland	180	Target COD: H1 2024
34. Shilton Lane	Scotland	40	Target COD: H1 2024
Total pipeline		520	



Contact details

Rupert Robinson
Managing Director, GHAM
020 3829 0770
r.robinson@greshamhouse.com

Ben Guest
Fund Manager, GRID
020 3903 0558
b.guest@greshamhouse.com

Professional investors
Jefferies International Limited
Stuart Klein
Neil Winward
Gaudi le Roux
T: 020 7029 8000

Registrar enquiries

Computershare
Investor Services plc
T: 0370 703 0157
investorcentre.co.uk

Administrator & Company Secretary

JTC (UK) Limited, The Scalpel,
18th Floor, 52 Lime Street,
London EC3M 7AF

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