



Gresham House
Specialist investment

Powering the renewable energy transition

Gresham House Energy Storage Fund plc (GRID)

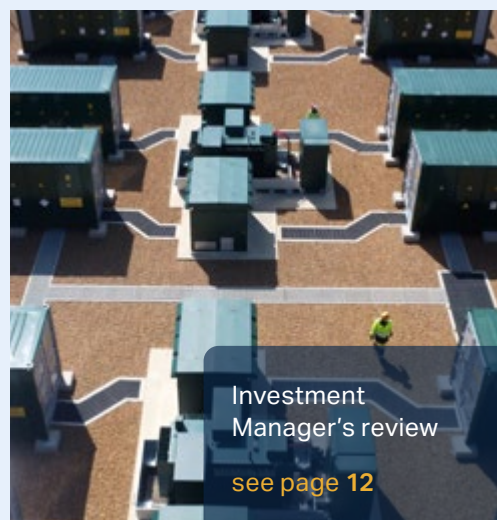
Annual Report and Financial Statements for the year ended 31 December 2024

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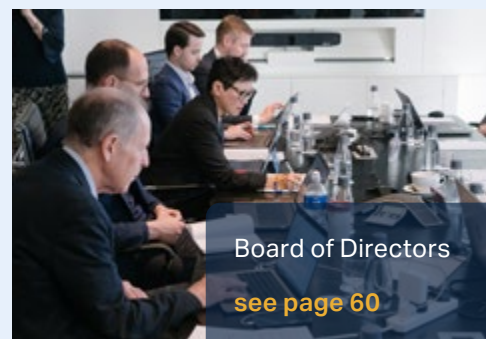


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Overview

Highlights

NAV per share

109.35p

-15.3%



Revenues of underlying investment portfolio¹

£46.5mn

+20.1%

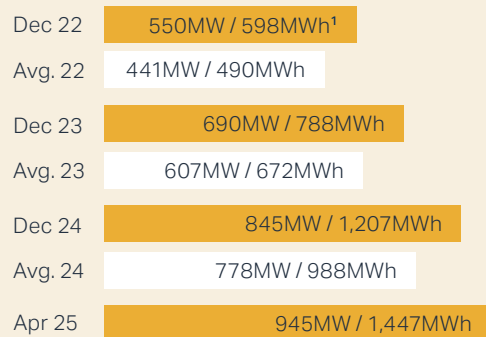


1. Unaudited. Refers to revenues generated by the assets in the portfolio. Alternative Performance Measures are defined and calculated on [pages 121 to 124](#)

Operational portfolio size²

945MW

+37.0%



NAV

£622.2mn

-15.9%

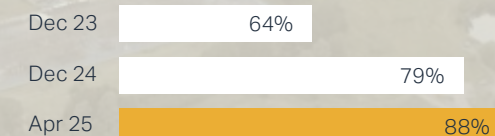


2. Unaudited. Operational MW and MWh here are the monthly-weighted average capacities over the year



Progress with completion of 1,072MW portfolio

+88%





Underlying investment portfolio revenues per operational MW and MWh³

59,800 / 47,100

£ per MW per annum / £ per MWh per annum

Dec 23	63,800 / 57,600
Dec 24	59,800 / 47,100

Portfolio combined balance sheet metrics⁴

Debt

Dec 23	£110mn
Dec 24	£150mn

Cash

Dec 23	£43.7mn
Dec 24	£39.5mn

Net debt

Dec 23	£66.3mn
Dec 24	£110.5mn

Net debt to NAV

2023	9%
2024	18%

3. Alternative Performance Measures are defined and calculated on [pages 121 to 124](#)

EBITDA of underlying investment portfolio³

£29.1mn

+12.7%

2023	£25.8mn
2024	£29.1mn

Assets under tolling arrangement MW under tolling arrangements, out of the total 568MW contracted under the two-year tolling arrangement with Octopus Energy

360MW

Dec 23	0MW
Dec 24	310MW
Apr 25	360MW

4. Sum of debt and cash at the Company and its investments excluding shareholder loans, unaudited. Debt excludes shareholder loans

Operational highlights (as of 31 December 2024)

Net Asset Value (NAV)

NAV declined 15.9% to £622.2mn compared with a year ago (31 December 2023: £740.1mn).

NAV per share declined 15.3% to 109.35p compared with a year ago (31 December 2023: 129.07p).

The decline was primarily driven by lower third-party forecast revenue curves.

NAV per share declined a little less than NAV due to share buybacks in H1 2024. The Financial review section provides a full analysis.

Grid connection capacity in megawatts (MW)⁵

MW rose 22% to 845MW year over year (31 December 2023: 690MW) with the following projects energising during the year:

- York (50MW) in January
- Penwortham (50MW) in May
- Nevendon extension (5MW) in October
- Elland (50MW) in November

Energy storage capacity in megawatt-hours (MWh)⁶

MWh increased 53% to 1,207MWh (31 December 2023: 788MWh): 226MWh via new projects and 193MWh via duration extensions at five of our existing projects.

Operational portfolio average battery duration (the ratio of portfolio MWh to portfolio MW)

Duration rose 25.1% to 1.43h from 1.14h.

Underlying portfolio revenues⁷

increased 20.1% to £46.5mn (2023: £38.7mn), despite being down at the half-year stage, as second half revenues rose 58.1% year over year to £28.6mn (H2 2023: £18.1mn), more than offsetting the decline in H1.

Underlying portfolio EBITDA⁷

increased 12.4% to £29.1mn, (2023: £25.8mn) resulting in an EBITDA margin of 62%.

Buybacks: 4,380,555 shares repurchased (0.8% of shares outstanding) at an average price of 45.6p.

6. Megawatt-hours (MWh) are a measure of energy and in this context are a measure of the energy that can be stored in the Company's portfolio of battery energy storage systems (BESS)

7. Alternative Performance Measures, including Operational Dividend Cover, are defined and calculated on [pages 121 to 124](#)

BESS utilisation in NESO's Balancing Mechanism (BM) in H1 2024:

In Q1 2024, the BESS sector saw very low utilisation of roughly 6.7%⁸ in the BM operated by NESO's⁹ control room. This trough contributed to unexpectedly low revenues.

BESS utilisation in NESO's BM in H2 2024:

The improvement in revenues in the second half of 2024 reflected higher utilisation in the BM as well as increased electricity demand, higher renewable penetration, less baseload supply (decommissioning of last coal plant) and NESO's launch of other BESS-centric services such as Quick Reserve in December.

Borrowings:

As of 31 December 2024, total portfolio external borrowings were £150mn and cash in the Company and the portfolio stood at £39.5mn¹⁰, leaving overall net debt of £110.5mn (31 December 2023: £66.3mn). Net debt to GAV was 14% and net debt to NAV was 18%, also remaining below the investment policy restriction to keep total external debt below 50% of NAV. Our total available facilities were £195mn, down from £335mn as of 31 December 2023, following the cancellation of £140mn of the facilities during the year.

8. [Balancing Mechanism: How to calculate in-merit dispatch rates for BESS – Research | Modo Energy](#)

9. NESO is the National Electricity System Operator, responsible for ensuring the supply of electricity in Great Britain matches demand. It was previously National Grid ESO but is now government owned

10. Unaudited

Tolling arrangement with Octopus Energy:

The Company chose to reduce down-side merchant exposure due to the low revenue environment caused by high skip rates in NESO's BM, leading to our landmark tolling arrangement with Octopus Energy which closed in June 2024 and contracted 568MW of capacity for two years. 310MW had started their tolling agreements as of 31 December 2024.

Asset disposals:

The Manager has engaged with a number of counterparties to progress a transaction to validate NAV and to improve liquidity. This activity is ongoing; a deal with initial terms agreed is in the late stages of due diligence.

Manager's fee:

Renegotiation of fees began in 2024 and concluded in Q1 2025, changing the basis of the fee calculation to an average of NAV and Market Cap, from NAV and reducing fees by 28%¹¹.

Capital Markets Day and Three-year Plan announcement:

In November, we hosted a Capital Markets Day and announced a Three-year Plan which targets a £150mn annual EBITDA run-rate by the end of 2027. It involves adding 1,500MWh of battery capacity to existing projects, five new two-hour projects totalling 694MW in grid capacity, and the sourcing of additional alternative revenues. Progress is reported on in the Three-year Plan section.

11. Using the closing share price on 31 January 2025 of 41.05p and current NAV per share of 109.35p

5. Megawatts (MW) are a measure of the rate of energy flow through a point of connection



Market highlights

- Progress on skip rates in NESO's BM.** In a breakthrough for the BESS sector, NESO released a statement in October committing to improve BESS utilisation in the BM¹². It also admitted, via a report it commissioned¹³, that BM skip rates¹⁴ are far too high.
- Change of government in 2024 is positive for BESS:** The current Labour government is committed to decarbonising the UK's electricity by 2030. It coined the term Clean Power 2030 or CP30 and released a CP30 Action Plan¹⁵ report detailing its ambitions. A key change to prior policy is in the date: 2030 and not 2050. Whilst renewable generation deployment was already on track to meet CP30, the flexible technology to address the intermittency associated with renewable generation was not. The focus on 2030 means less mature technologies¹⁶ are no longer the priority and a political realism about the commercial viability of alternatives to BESS in the near term underscores Li-Ion BESS as the preferred technology solution.

12. neso.energy/news/our-commitment-improve-battery-dispatch-rates-balancing-mechanism

13. LCP Delta report prepared for NESO: [BM Skip Rates Phase 2 Report](#)

14. The skip rate is known as 1 - utilisation rate

15. CP30 Action Plan is available at: gov.uk/government/publications/clean-power-2030-action-plan

16. Alternatives included unproven, expensive and/or slow-to-build technologies that could at best emerge in the later 2030s, including nuclear small modular reactors, hydrogen storage, gas-fired generation with carbon capture utilisation and storage, and even other forms of storage such as compressed or liquefied air and pumped storage hydro

- Falling battery prices further improve cost effectiveness and capital efficiency:** Battery pack prices fell c.20% in 2024 according to BNEF¹⁷ with innovation expected to drive further falls. Coupled with the CP30 Action Plan, this most likely cements batteries as the most cost-effective and appropriate technology for both short and long-duration flexibility.
- Batteries are the optimal technology for Long-Duration Energy Storage (LDES) in GB:** LDES provides energy when there is insufficient renewable electricity generation for longer periods, with the government targeting 4GW to 6GW of LDES by 2030. The Manager and other GB battery project owners commissioned LCP Delta to report on the suitability of BESS for LDES. LCP Delta published its report¹⁸ in April 2025, highlighting BESS of durations up to 12 hours as the most cost-effective solution when compared with alternative technologies such as pumped storage, Liquid Air Energy Storage (LAES) or Compressed Air Energy Storage (CAES).
- GRID is the largest owner and operator of BESS in GB,** with the operational portfolio representing 17% of the market by MW. The next largest owner holds 8% of operational projects¹⁹.

17. BNEF article is available at: about.bnef.com/blog/lithium-ion-battery-pack-prices-see-largest-drop-since-2017-falling-to-115-per-kilowatt-hour-bloombergnef/

18. LCP Delta report on BESS suitability for LDES available here: <https://greshamhouse.com/wp-content/uploads/2025/04/Value-of-long-duration-BESS.pdf>

19. As of the end of Q4 2024 according to Modo Energy

Fund summary

Investment objective

Our Investment objectives aim to generate:

- Income from an attractive and sustainable dividend over the long term, from projects located in Great Britain, and overseas.
- Capital growth through the re-investment of net cash generated in excess of dividends paid.

Investment Manager (the “Manager”)

Gresham House Asset Management Limited (GHAM) is the Manager and is wholly owned by Gresham House Limited (formerly Gresham House plc), a specialist alternative asset manager focused on sustainability ([GHAM website](#)).

The Company’s assets are consistently amongst the top-performing BESS. The Manager has achieved this by working to ensure the portfolio is first mover to all emerging revenue opportunities to drive wider earnings opportunities for the Company’s assets.

In addition to running our business, the Manager engages with regulators, leading sector participants and the media to promote the sector and its vital importance for energy security, resilience and net zero targets.

Summary of portfolio today

Our Investment Portfolio and Pipeline consists of 35 BESS projects across GB, of which 27 are operational today. The portfolio’s current operational capacity is 945MW / 1,447MWh and is set to reach 1,072MW / 1,701MWh after the release of this report, with the final completion of West Bradford (87MW / 174MWh) and Shilton Lane (40MW / 80MWh) expected in Q2 2025.

As part of the Three-year Plan we are planning to drive further capacity growth with duration extensions on existing assets alongside the build-out of new pipeline assets through 2025-2027. The further construction plans are subject to the completion of the ongoing debt refinancing. Please see the [Investment Portfolio](#) for full details on the Investment Portfolio and Pipeline.



Chair's statement

On behalf of the Board, I am pleased to present the Annual Report and Accounts of Gresham House Energy Storage Fund plc ("GRID", the "Fund" or the "Company") for the year ended 31 December 2024.

A challenging year with an improving strategic context

This was a particularly challenging year for the Company, shareholders and the wider GB BESS sector. The continued share price discount to NAV has been particularly difficult for investors and we are thankful for the continued support of and belief in the long-term strategy. Despite the challenges in the year, we benefitted from an improving trend from the second quarter and closed the year at a high, posting over 50% growth in operational battery capacity (MWh) in 2024 and enjoying revenues in December which, if annualised, would set a record for the portfolio.

We have articulated an income and growth strategy since the Company's IPO which we delivered on through 2023. Unfortunately, events in the first quarter of 2024 meant that the Board had to suspend its dividend policy to navigate a low revenue environment.

This allowed us to preserve capital to manage our debt obligations, complete construction on projects in progress and complete the upgrade of some existing sites to accelerate near-term revenues.

While we have consistently achieved strong growth in operational capacity, revenues per unit of installed capacity have been much more volatile than anticipated. In the last four years, we have achieved compound operational capacity growth of 39% p.a., rising from an average of 207MW in 2020 to 778MW in 2024. We expect further growth of 25-30% in 2025, as capacity heads above 1,000MW.

In contrast, revenues per MW (or per MWh) have seen significant variability, with highs and lows in 2024 of £91k/MW/yr (December) and £34k/MW/yr (February) respectively in terms of revenues per MW expressed on an annualised basis. In reality, our revenues were impacted by counterparty concentration risks arising from our principal off-taker, NESO, failing to move quickly enough with the modernisation programme of its control room to be able to properly utilise batteries in its BM.

The tolling arrangement with Octopus Energy announced during the year provides greater earnings diversity, away from NESO, and downside protection should a low revenue period return in future.

We have spoken on several occasions about the regulatory risk that has manifested, which relates to the national control room owned and operated by NESO, whose task is to balance supply and demand in real time via the BM.

NESO did not, and seemingly could not, utilise batteries properly due to a lack of appropriate systems and technical infrastructure, leading to the very low utilisation (or "skipping") of batteries. The Board and the Manager have had to work very hard to get this issue noticed and addressed, working with peers and trade associations, NESO, government policy makers, Ofgem and the media, as this issue was not well understood beyond the BESS industry.

It is therefore encouraging to revisit things now, at the start of 2025, in the context of an improving revenue backdrop and greater government and regulatory support for our sector. Labour's current focus on Clean Power by 2030 (CP30) has woken everyone up to the fact that batteries are the only near-term available and economically viable form of storage with the flexibility and fast response time to balance renewable supply with demand.

In parallel, we are encouraged that the subject of skip rates is now recognised as a problem at the highest levels of government and that NESO has publicly admitted skip rates have been too high, committed to improving its performance and proactively engaged with BESS sector leaders.

Our work is not done, however. The pace of change in the grid control room and underpinning systems remains very slow and the Board and Manager will continue to highlight the skip rate issue until it is fully resolved. Nonetheless, it is encouraging to see a positive trend during 2024 and evidence of real progress.

Lower forecast revenue curves impacted asset valuations

The Company's NAV and NAV per share fell to £622.2mn and 109.35p per share respectively, from £740.1mn and 129.07p at the end of 2023.

The movement in the valuation was driven by a downward revision to forecast revenue curves provided by the independent consultants. This impact was increased by the replacement of one of the forecasters used at the start of 2024 with a consultant with a more conservative set of forecasts at the half-year stage.

The resulting reduction in NAV therefore reflects significantly more conservative revenue assumptions, including a shaving of forecasts over the next three to five years to better reflect the skip rate issues that have become apparent in the BM, and their expected resolution over time. Valuations are discussed in more detail in the Investment Manager's report.

Existing discount rates for merchant revenues and Capacity Market revenues were unchanged in 2024 and a discount rate of 8.5% was applied to the newly introduced tolling revenues. This has had a relatively modest effect on the weighted average discount rate, reducing it to 10.73% from 10.87% as of 31 December 2023.

As we announced with our interim results, we now share additional valuation metrics such as enterprise value²⁰ (EV) to sales, EV to EBITDA and EV to MW, alongside NAV and NAV per share, to help investors value our shares in more traditional ways. These metrics are presented in the Financial review section.

The Board is encouraged that the transaction announced on 25 March 2025 under which Drax Power plc intend to purchase HEIT for £199.9mn, and the subsequent higher offer by Foresight Group LLP, demonstrates the underlying value of BESS. Factoring their higher proportion of debt and slightly different durations of the portfolios, this transaction strongly supports the valuations in the Company's accounts for 31 December 2024.

Increased contracted revenues will fundamentally reposition the business

Our focus on increasing contracted revenues will allow us to fundamentally reposition the business, supporting our financing and allowing a return to sustainable dividends which remains a key priority for the Board. Refinancing our debt facilities during Q2 2025 will be the catalyst for this.

20. Enterprise value is the sum of the market capitalisation and total net debt

The Company's repositioning is being achieved by securing long-term contracted revenues with investment grade counterparties on a significant portion of the Company's operational capacity. This creates a floor to revenues if, as it did earlier in the year, the trading backdrop weakens. The contracts reduce the risk profile of the Company's revenue base whilst still ensuring some merchant upside.

Improving portfolio performance through the year

Our portfolio of assets generated net revenue of £46.5mn and £29.1mn of EBITDA in 2024. Throughout 2024, each quarter outperformed those preceding it, culminating in December 2024 being the best month in two years for the whole sector. The revenue mix has increasingly shifted to trading, as the long-expected saturation of the Frequency Response market began at the end of 2022. While revenues were under pressure for large parts of the year, the portfolio has meaningfully and consistently outperformed the rest of the market, as discussed in the Financial review section.

A Three-year Plan to drive significant accretive value

The revenue contracting and refinancing mentioned above will, once concluded, unlock our Three-year Plan.

At our Capital Markets Day on 27 November 2024, the Manager presented our plans for the three years from 2025 to 2027. The plan has three elements. Two of these reflect opportunities to grow operational capacity: additional project augmentations and new pipeline. These represent the majority of the targeted increase in EBITDA from c.£50mn in 2025 to the £150mn run-rate target announced for the end of 2027, without the need for further equity. The third element reflects opportunities which the Manager has identified to generate additional revenues and EBITDA. Full details of the key elements of the plan are provided in the Three-year Plan section on [pages 15 to 16](#).

To make the Three-year Plan possible, we are in the process of sourcing debt capital through a refinancing programme. The refinancing is expected to replace our existing debt and provide additional capital for augmentations and the new pipeline. Allocation of incremental capital to extend the duration of our existing portfolio is highly accretive to both earnings and NAV per share.

As mentioned above, long-term revenue contracts are integral to unlocking long-term project finance to kick off this new investment. This debt is expected to be at lower margins than existing debt which, combined with substantially lower battery prices, makes our new investments highly accretive to shareholder returns.

Capital allocation post-refinancing

Our refinancing, when successful, will allow us once again to use free cash flow from operations for distributions.

Post completion of the refinancing we expect to have meaningful and growing levels of free cash flow to allocate to dividends and/or share buybacks as the Three-year Plan unfolds. The Board looks forward to announcing the details once the refinancing is completed.

Increasing the Manager's alignment with shareholders

To improve alignment between the Manager, the Company and investors, the Board initiated a full review of the Manager's fee, being cognisant of the need to protect short, medium and long-term value for investors. Those discussions were concluded in early Q1 2025 and will realise savings of 28% p.a. from the management fee.²¹

21. Assumes the closing share price of 41.05p on 31 January 2025 and the current NAV per share of 109.35p

Delivering our plan has positive implications for shareholders

In the last year, investors across the BESS and renewables sectors have been through a torrid time. We have taken steps to address our downside revenue vulnerabilities while working on a refinancing on better terms than currently contracted to be able to continue to grow. This should unlock growth in distributable income and in our NAV. The Board and Manager are wholly focused on delivering the Three-year Plan, with very positive implications for shareholders.

We look forward to reporting progress on the Three-year Plan and on further improvements in battery utilisation in the BM as promised by NESO.

The Board, the Manager and policy makers are clear that the BESS agenda is key to the UK's critical national infrastructure and is becoming an accepted cornerstone of the UK energy transition ecosystem, and GRID retains its position as leader in the BESS sector.


John Leggate CBE, FREng

Chair

22 April 2025



Investment Manager's review

2024 was a year of significant activity, as we continued to grow capacity and worked to set the Company up for success as the market recovered following an especially weak first quarter.

We added 155MW and 419MWh of connection and battery capacity respectively during the year, through a combination of new project connections and battery duration extensions and took operational battery capacity to over 1GWh (i.e. 1,000MWh) for the first time. Further project completions have followed since the year end. The Company now has an operational portfolio of 945MW / 1,447MWh today, representing 84% growth in operational battery capacity (expressed in MWh) since the end of 2023. Further details on the portfolio, including case studies, can be found in other sections of this report.

The start of the year presented a challenging revenue backdrop, with BESS remaining significantly under-utilised in the BM, which is operated by NESO's²² control room. The 2023 Annual Report (published in April 2024) outlined the Company's strategic plan, which highlighted our focus on efficient capacity growth by carrying out more duration extensions instead of only new project connections, as this minimised capital requirements and mitigated delays, at a time that new project connections were proving challenging due to construction programme extensions often caused by network operators.

In parallel, we amended the Company's debt facilities in April 2024 to provide greater protection against any further worsening of the revenue backdrop which, in the outturn, troughed in Q1 2024. The Board also took the difficult but prudent decision to suspend dividends. The combination of these actions has enabled us to progress the completion of the current construction programme at lower leverage levels.

22. NESO is the National Energy System Operator (ex. National Grid ESO prior to being nationalised during 2024)

To address the revenue challenges faced at the start of the year, we agreed a landmark tolling arrangement with Octopus Energy, which was signed in June 2024 and priced above prevailing market levels. The tolling arrangement was the first of its kind and has provided investors with more visibility, while diversifying the Company's revenues away from sole reliance on the national wholesale market and the BM.

The tolling agreement with Octopus contracted 568MW / 920MWh of our capacity, representing a little over half of the Company's portfolio, to maintain a balance between contracted and merchant revenues and allow us to also participate in a market recovery. We were therefore pleased to see improvements in merchant revenues as the year progressed. Improving merchant revenues could also underpin better terms in any further tolling arrangements, so this recovery is also encouraging for future contracting opportunities.

Revenues for the year from the underlying portfolio were £46.5mn, driving year-on-year underlying portfolio EBITDA growth of 12.7% to £29.1mn (2023: £25.8mn)²³, with the fall in first-half revenues being offset by growth in second-half revenues. This growth was also supported by the increase in operational capacity mentioned above.

23. Alternative Performance Measures, including Operational Dividend Cover, are defined and calculated on [page 121](#) to [124](#)

In the Company's interim results announcement on 30 September 2024, we indicated that annualised operational portfolio EBITDA could reach c.£45mn, once all projects under construction had been commissioned²⁴. We based this calculation on merchant revenues of £45,000 per MW per annum from uncontracted assets (i.e. those not under tolling agreements). The better trading conditions in fact resulted in annualised operational portfolio revenues per MW exceeding £66,000 per MW in the second half of 2024.

While rising installed capacity supported growth, improved operational portfolio revenues and EBITDA have also been driven by a recovery in the wholesale market backdrop and better dispatching of batteries in the BM, with December being the strongest month of 2024. This improved trading has continued so far into 2025. If this is sustained, GRID is likely to be well placed to exceed the £45mn EBITDA referred to above.

24. As referenced most recently in the 29 November 2024 announcement, revenues will be two-thirds contracted once all tolling agreements are in place and assuming a merchant revenue rate on 504MW of uncontracted assets of £45k/MW/yr

Three-year Plan to drive shareholder returns through portfolio growth and economies of scale

At the Capital Markets Day on 27 November 2024, we unveiled the Company's new Three-year Plan, and this is described in depth in the Three-year Plan section. The work done during the year has put the Company on a surer footing going into 2025, so we can capture the opportunity as the market improves. This new plan sets out our aims for the next three years and how we aim to achieve them.

So far in 2025, our team has focused on securing additional contracted revenues to support leverage while working to conclude a refinancing of the Company's debt facilities. Both elements have progressed well and we expect to make an announcement shortly about this cornerstone of the Three-year Plan.

The team continues to make progress on the next phase of the pipeline. Subject to completing the proposed refinancing, we are expecting to begin works on further duration extensions on existing assets and to build out new two-hour projects, the full details of which will be provided at the time of the refinancing.

Progressing a transaction to underpin NAV

In the course of 2024, we engaged with a number of counterparties to progress a transaction to validate NAV and improve liquidity, including project-level equity injection at NAV or a disposal at NAV. The potential transaction announced during the Capital Markets Day presentation relating to the raising of new equity into the Glassenbury project company to augment the project's duration, at the valuation at which this project is held in the books, continues to progress and, if successful, should underpin the valuation that the projects are held at. We note that recent industry transactions, such as the offers by Drax and Foresight to acquire HEIT, provide further third-party support for the value of BESS and our current investment valuations.

Outlook: the investment case remains strong and market fundamentals are promising

The investment case for BESS remains strong, with rapidly rising renewable energy penetration continuing. As renewable electricity generation tends to range from 0% to 200% (i.e. twice the level) of demand, this is causing increasing challenges for NESO's control room to balance supply and demand via its BM framework, which BESS are very well placed to address and earn from.

Electricity prices can turn negative during periods of excess renewables generation, as curtailment of generation is needed to reduce supply to the level of demand if it cannot be effectively stored. The prevalence of negative prices increased significantly in 2024, day-ahead wholesale prices²⁵ turning negative for 176 hours and intraday system prices being negative for 536 hours, representing a 25% year-on-year increase (2023: 427.5 hours of negative system prices).

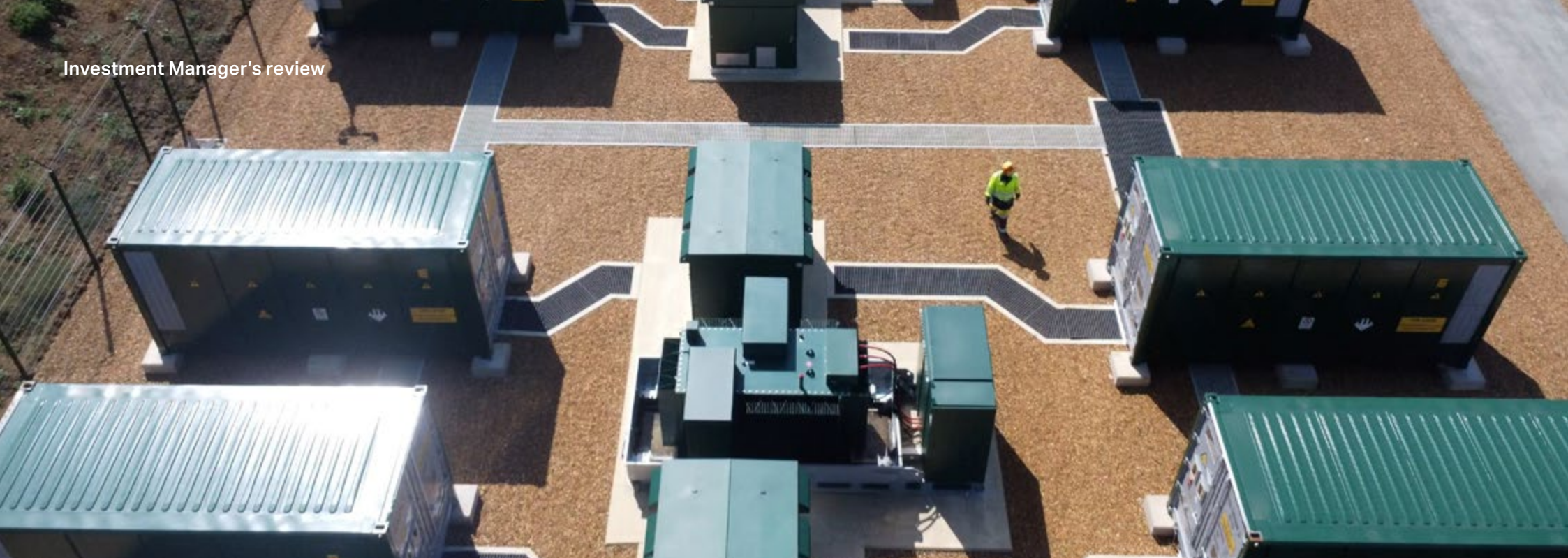
This BESS opportunity will only increase with greater renewable penetration. Indeed, the consultancy Modo Energy is forecasting up to 1,000 hours a year in 2027²⁶.

The volume of storage needed on the system just to catch up with the increase in renewable generation is therefore significant.

25. <https://modoenergy.com/research/gb-battery-energy-storage-markets-2024-year-in-review-great-britain-wholesale-balancing-mechanism-frequency-response-reserve>

26. [Negative Prices – why do they happen and why will they continue to grow Research | Modo Energy](#)





It is very encouraging to see the Department for Energy Security and Net Zero (DESNZ), under a Labour government, calling for 22GW of BESS by 2030, compared with 5GW today, as it focuses on the execution of Labour's Clean Power 2030 (CP30) Action Plan. CP30 has fundamentally shifted attitudes in favour of batteries, putting them centre stage. The previous administration's focus on 2050 put too much store in as-yet unproven technologies (such as hydrogen) to address renewable intermittency, and overlooked the immediate potential of BESS.

In the Manager's view, this has pushed up costs to consumers, as this country has maintained a large fleet of gas-fired power stations to back up renewable generation. Thus, the CP30 plan will allow Great Britain to shift away from, and allow the decommissioning of, a substantial portion of the gas fleet and reduce costs. Indeed, DESNZ has recently publicly reconfirmed that a zero carbon system would achieve £10bn in savings to consumers in real 2012 terms²⁷, which is only achievable with significant amounts of BESS. Given the entire electricity market today is worth c.£75bn (wholesale and non-commodity costs combined) this is a huge benefit that is set to be unlocked.

27. assets.publishing.service.gov.uk/media/60f575cd8fa8f50c7f08aecd/smart-systems-and-flexibility-plan-2021.pdf

From a regulatory perspective, reducing the under-utilisation of batteries in the BM operated by NESO remains a top priority and must also be for DESNZ if the £10bn in savings mentioned above are to be realised. In this context, our dialogue with NESO has improved. NESO's leadership team now holds a quarterly roundtable with BESS industry leaders and is committed to improving utilisation of BESS.

Under the CP30 Action Plan, DESNZ is also targeting the installation of between 4GW and 6GW of Long Duration Energy Storage (LDES) to address longer lulls in renewable generation – defined as having the ability to discharge for at least eight hours. While several technologies compete in this area, Li-Ion BESS represents the most cost-effective balancing solution to fulfil requirements of twelve hours in duration and potentially longer.

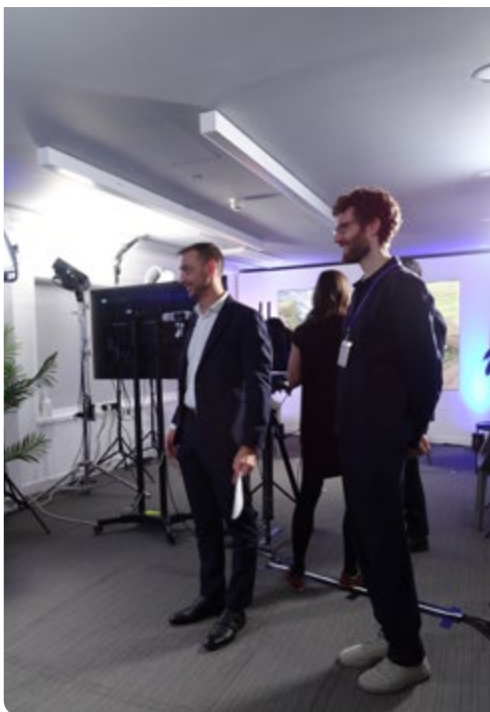
This is highlighted in a recent report published by LCP Delta, a leading technical consultancy. BESS, up to at least a 12-hour duration, have the lowest upfront capital and running costs, lowest environmental impact, are most technologically mature and are deliverable by 2030. This presents new opportunities for our existing BESS fleet and our pipeline.

Our immediate focus is on delivering the Three-year Plan, with a refinancing that unlocks the capital expected to conclude in Q2 2025.

We are excited by the Company's next phase of growth which we expect to be significantly accretive to cash flow and NAV per share and the move to a more longer-term contracted revenue base.

Three-year Plan

At the Capital Markets Day (CMD) on 27 November 2024, the Manager unveiled a Three-year Plan to the market, outlining our aims for continued growth in our GB portfolio and improving returns for shareholders through three key prongs, with each contributing to the growth in EBITDA up to £150mn p.a.



1 Teeing up the Three-year Plan

Prior to the start of the three elements of Three-year Plan, the Manager will complete the current construction programme, which will take operational grid capacity to 1,072MW and installed battery capacity to 1,701MWh. As of 31 December 2024, operational capacity had reached 845MW and 1,207MWh. Since the year end, Melksham (100MW / 200MWh) has become fully operational and the augmentation of Coupar Angus to a two-hour duration has also been completed. Therefore, only the 40MW / 80MWh Shilton Lane project and the 87MW / 174MWh West Bradford project are outstanding and we expect them to come online in Q2 2025.

Once the 1,072MW / 1,701MWh portfolio is operational it could achieve c.£59.4mn in annualised EBITDA during the tolling arrangement, assuming non-contracted assets perform at the recent merchant net revenue levels of £75,000 per MW (based on the Modo BESS index from December 2024 to February 2025)²⁸.

28. Calculation of possible EBITDA under revenue scenarios as part of the alternate valuation tables on [pages 35 to 37](#)

2 Unlocking contracted revenues to underpin current and future debt arrangements

The tolling arrangements secured with Octopus are working effectively to support current debt financing. As of 31 December 2024, we had onboarded 310MW / 455MWh to tolling. We are onboarding the remaining capacity through Q1 and Q2 2025, with total capacity onboarded expected to now be 568MW / 920MWh by the end of Q2 2025.

We have learned a lot from the tolling arrangements and the Manager is leveraging this to unlock additional multi-year contracted revenues, to support existing and incremental debt capital being sought to execute the Three-year Plan, as described below.

3 Refinancing and new financing

Since November 2024, the Manager has been working with an expert independent debt adviser on refinancing the existing facilities and adding incremental debt. We expect to conclude the process in Q2 2025 and will announce full details at that time. The new facilities are expected to provide a longer term and reduced margins compared to our existing facilities; these new facilities are expected to unlock additional duration extensions on existing sites as well as financing additional pipeline.

Subject to securing the financing, the Manager will proceed with the main stages of the Three-year Plan, as described on the following pages.

4

Augmentation of the existing portfolio

During the Capital Markets Day, we identified an additional 1.5GWh of potential duration increases across the portfolio, to extend assets to durations of at least two hours. This was in addition to the 330MWh of duration increases we added through 2024 and the start of 2025.

As the refinancing progresses, we have been identifying an initial list of augmentations to add battery capacity to our operational fleet. The higher revenues anticipated from these augmentations have not been included in the NAV; they will flow through once the financing has been concluded. Further augmentations, described in our Three-year Plan presentation at our Capital Markets Day in November 2024 (which would take total augmentation of the current portfolio to c.1,500MWh) will be decided in the future, with the decision being taken as a function of the prevailing battery technology and battery prices, among other factors.

5

New investment pipeline

The Manager has shortlisted 694MW of projects for construction. The projects described at our Capital Markets Day have not changed, however Monet’s Garden and Lister Drive are now in at 57MW each, instead of 50MW.

The final list of projects to be built is expected to be announced at the time of the refinancing; it is possible the pipeline listed below may be amended, for example if other opportunities arise. We expect to begin works on the pipeline in the second half of 2025.

Pipeline projects	Location	Grid connection capacity (MW)	Battery capacity (MWh)	Battery duration (c. hours)
Cockenzie A	Scotland	240	480	2
Monet’s Garden	North Yorkshire	57	114	2
Lister Drive	Merseyside	57	114	2
Elland 2	West Yorkshire	100	200	2
Ocker Hill	Midlands	240	480	2
Total pipeline		694	1,388	2



6

Additional revenues – an increased revenue stack

In addition to the established sources of revenue: CM, Frequency Response, trading (through the BM and wholesale) and now tolling, the Manager continues to work on additional revenue opportunities. Due to commercial sensitivity we are not providing further details today but the Manager remains confident in achieving the EBITDA growth levels set out during the Capital Markets Day.

Summary: a plan to deliver significant growth and catalyse increasing shareholder value

The Three-year Plan aims to deliver significant growth in operational capacity and EBITDA. We aim to further increase operational capacity over the next three years and increase average duration to around two hours. This growth is set to be funded by well-priced debt, supported by contracted revenues. Successful execution of the plan is expected generate a significant equity return for shareholders.



Portfolio

Investment Portfolio

Portfolio

Our Investment Portfolio and Pipeline consist of 35 BESS projects across GB, of which 27 are operational today. Current operational capacity is 945MW / 1,447MWh and is set to reach 1,072MW / 1,701MWh shortly after the release of this report, with the final completion of Shilton Lane (40MW / 80MWh) and West Bradford (87MW / 174MWh) expected in Q2 2025.

As part of the Three-year Plan, we are targeting the construction of further duration extensions on existing assets, alongside new two-hour projects through 2026 and 2027. The pipeline of available projects extends beyond these but is subject to securing further funding and capital allocation considerations. The final funded pipeline will be announced alongside the announcement of the refinancing expected in Q2 2025.

Portfolio and pipeline construction updates

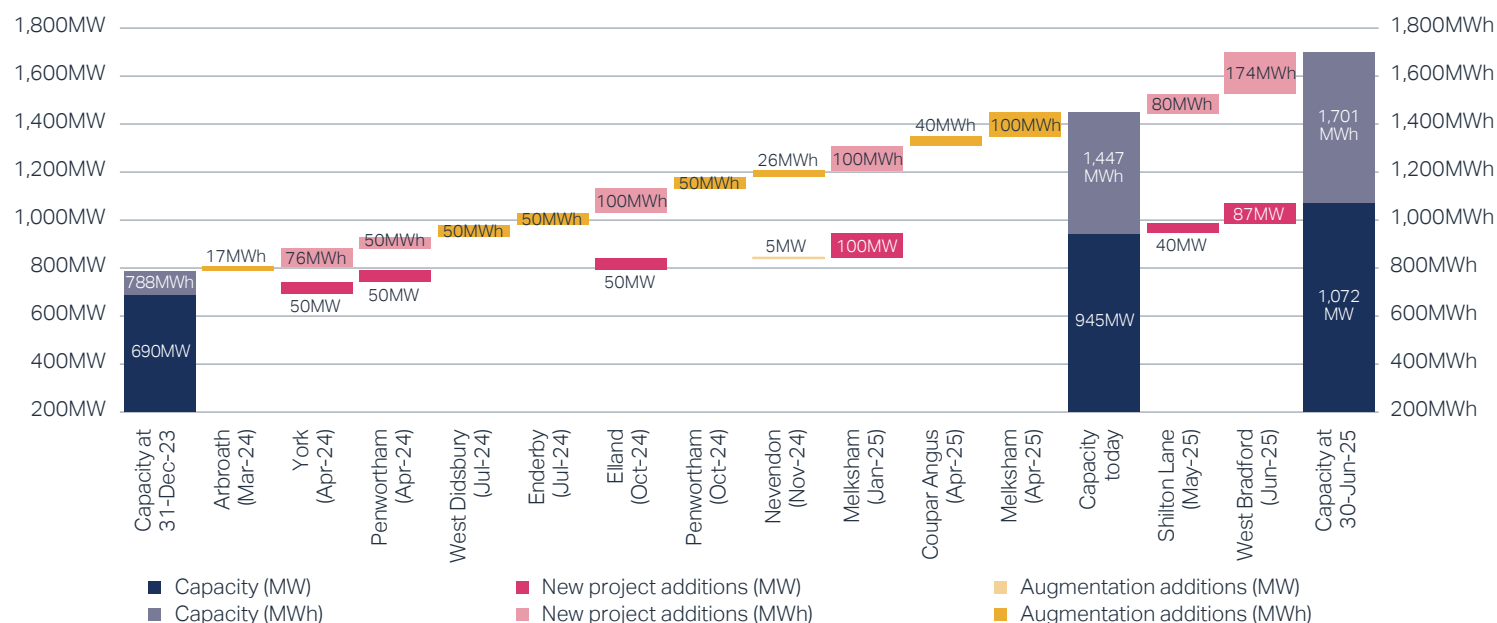
The chart below summarises the increases in capacity through 2024 in terms of both MW and MWh. The duration of a BESS is the ratio of MWh to MW.

In the year, we commissioned three new projects (York, Penwortham and Elland) totalling 150MW / 226MWh of capacity and completed augmentations to extend the durations on five projects (Arbroath, West Didsbury, Enderby, Nevendon and Penwortham), adding a further 5MW / 193MWh.

Post year end, we completed Melksham (100MW / 100MWh) in January before completing the duration extensions at Melksham (100MWh) and Coupar Angus (40MWh).

In total, we have added 330MWh to our operational capacity since the start of 2024, by augmenting existing sites. The Manager will apply the expertise developed through these projects to future augmentations and to site design of new projects, as part of the next phase of construction.

GRID portfolio growth since December 2023 (MW/MWh)



Augmentations case study

Rapid, low-risk duration extensions increase operational battery capacity, and earnings potential

Through 2024 and into the start of 2025 we have prioritised augmenting existing sites over building new capacity. Extending the duration of existing assets is an efficient use of capital and a faster way to increase the portfolio's earnings capacity, since we have typically completed augmentations in around three months, whereas new projects can take multiple years from project acquisition to completion.

Enderby

Enderby was one of the sites we augmented in 2024 and was the location for our investor site visit in October 2024. Enderby was built in 2023 at 50MW / 50MWh and was designed with augmentation in mind, with foundation works put in place during the original build. This enabled us to add capacity relatively quickly in July 2024, once we had decided to increase duration.

The works consisted of doubling up existing containers behind inverters, to free up half of the inverter capacity at the site. We then placed new containers next to the free inverters and connected them to the site. This approach required no changes to grid connection equipment and no new inverters, and the cost was therefore limited to the new batteries and some electrical works.

The images show the site before augmentation (top) and after (bottom). The new containers in grey have been added alongside existing inverters, while half the existing battery containers (green) have been moved to new positions alongside other existing containers. Using different battery technologies on one site can present challenges. The approach we took at Enderby avoids these challenges by effectively dividing the site in two. The controller system then runs over both technology types, balancing to the inverter level.

The Enderby site has more land available for further duration increases, giving us flexibility to maximise its revenue opportunities.





Penwortham pre augmentation – 50MW / 50MWh



Penwortham post augmentation – 50MW / 100MWh

Penwortham

At Penwortham, we left the containers in place and instead moved half of the inverters to the available space on the site. The top image shows the original green containers pre-upgrade, with the bottom image showing the new white battery containers we added during the augmentation, with the green inverter boxes moved into their new positions.

This is effectively the same approach as at Enderby, where containers are paired together behind inverters and the site is subdivided by battery type. As with Enderby, Penwortham was planned for a duration increase at the time of the original build, allowing us to quickly deliver the augmentation once the initial site was connected in 2024.

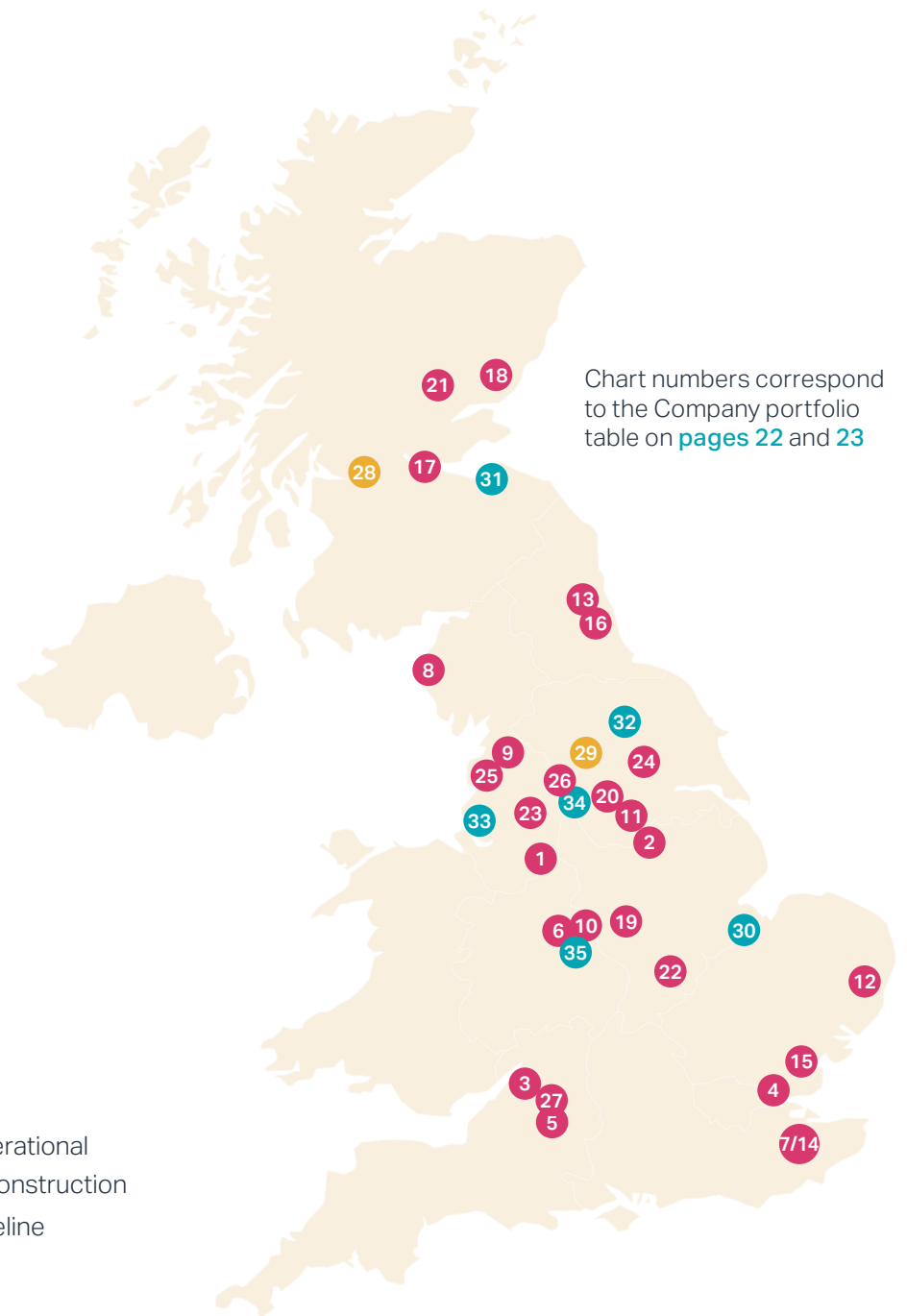
As battery prices fall, the duration a site can go to and still hit our return targets increases. We are now seeing the opportunity to hit our return targets in some instances at a four-hour duration, whilst two-hour durations remain the focus we are monitoring for opportunities to install longer duration assets.



Next phase of construction under the Three-year Plan

The refinancing of our debt arrangements presents an opportunity to increase capacity cost effectively, by pairing leverage with more contracted earnings. This should enable us to build out duration increases at existing assets and also build new projects across GB in an initial next phase. The likely projects are listed in the Three-year Plan section but are subject to change up to closing of the refinancing.

Map



Company portfolio (operational, in-construction and pre-construction projects) and exclusive pipeline

Existing assets	Location	Capacity (MW)*	Battery size (MWh)*	Battery duration (c. hours)	Operational status at 31 Dec 2024
1. Staunch	Staffordshire	20	3	0.20	Operational
2. Rufford	Nottinghamshire	7	9	1.35	Operational
3. Lockleaze	Bristol	15	22	1.45	Operational
4. Littlebrook	Kent	8	6	0.80	Operational
5. Roundponds	Wiltshire	20	26	1.30	Operational
6. Wolves	West Midlands	5	8	1.55	Operational
7. Glassenbury	Kent	40	28	0.70	Operational
8. Cleator	Cumbria	10	7	0.70	Operational
9. Red Scar	Lancashire	49	74	1.50	Operational
10. Bloxwich	West Midlands	41	47	1.15	Operational
11. Thurcroft	South Yorkshire	50	75	1.50	Operational
12. Wickham	Suffolk	50	74	1.50	Operational
13. Tynemouth	Tyne and Wear	25	17	0.70	Operational
14. Glassenbury Extension	Kent	10	10	1.00	Operational
15. Nevendon	Basildon	15	33	2.20	Operational Augmentation: Completed
16. South Shields	Tyne and Wear	35	28	0.80	Operational
17. Byers Brae	West Lothian	30	30	1.00	Operational
18. Arbroath	Scotland	35	52	1.49	Operational Augmentation: Completed
19. Enderby	Leicester	50	100	2.00	Operational Augmentation: Completed
20. Stairfoot	North Yorkshire	40	40	1.00	Operational
21. Coupar Angus	Scotland	40	80	2.00	Operational Augmentation: Completed Apr 25
22. Grendon 1	Northampton	50	100	2.00	Operational
23. West Didsbury	Manchester	50	100	2.00	Operational Augmentation: Completed

* Rounded to nearest MW/MWh

Investment Portfolio

Existing assets	Location	Capacity (MW)*	Battery size (MWh)*	Battery duration (c. hours)	Operational status at 31 Dec 2024
24. York	York	50	76	1.50	Operational
25. Penwortham	Preston	50	100	1.00	Operational Augmentation: Completed
26. Elland 1	West Yorkshire	50	100	2.00	Energised: Nov 2024
27. Melksham	Wiltshire	100	200	2.00	Energised: Jan 2025 Augmentation: Completed Apr 25
Total operational		945	1,447	1.53	
28. Shilton Lane	Scotland	40	80	2.00	Target energisation: May 2025
29. Bradford West	West Yorkshire	87	174	2.00	Target energisation: Jun 2025
Total operational or under construction		1,072	1,701	1.59	
30. Walpole	Cambridgeshire	100	200	2.00	
Total portfolio owned by the Company		1,172	1,901	1.62	

Please note the table above does not include the new augmentations planned under the proposed refinancing.

Pipeline projects	Location	Capacity (MW)	Battery size (MWh)
31. Cockenzie	Scotland	240	480
32. Monet's Garden	North Yorkshire	57	114
33. Lister Drive	Merseyside	57	114
34. Elland 2	West Yorkshire	100	200
35. Ocker Hill	Midlands	240	480
Total pipeline not owned by the Company		694	1,388
Total portfolio and pipeline		1,866	3,289

Site information



1. Staunch
20MW / 3MWh
Operational IPO
Part of the initial seed portfolio at IPO



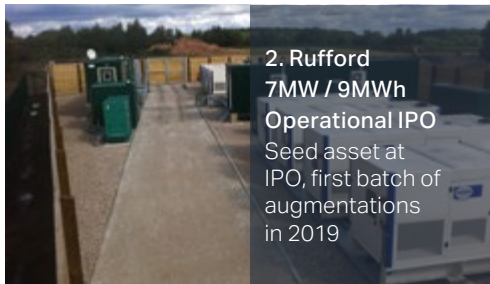
5. Roundponds
20MW / 26MWh
Operational IPO
Seed asset at IPO, first batch of augmentations in 2019



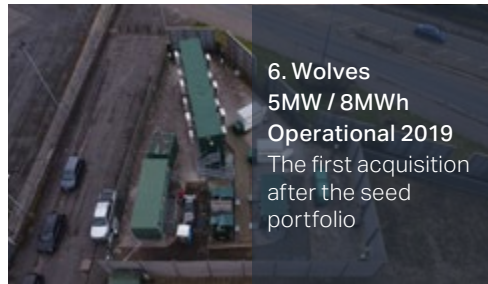
9. Red Scar
49MW / 74MWh
Operational 2019
First c.50MW project and largest in the portfolio when acquired



13. Tynemouth
25MW / 17MWh
Acquired in 2020
One of the original EFR assets acquired



2. Rufford
7MW / 9MWh
Operational IPO
Seed asset at IPO, first batch of augmentations in 2019



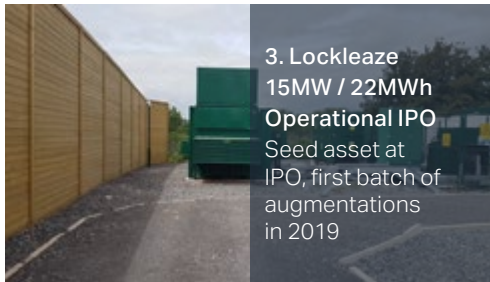
6. Wolves
5MW / 8MWh
Operational 2019
The first acquisition after the seed portfolio



10. Bloxwich
41MW / 47MWh
Acquired in 2020
Our only site situated inside a warehouse building



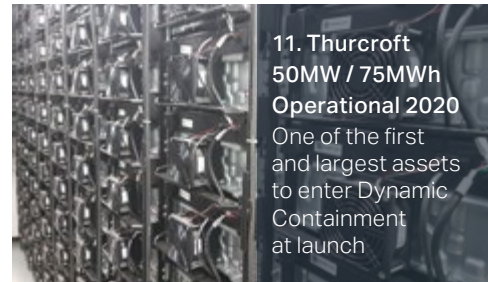
15. Nevendon
15MW / 33MWh
Acquired in 2020
Acquired as an EFR asset - has been through a major upgrade in 2024



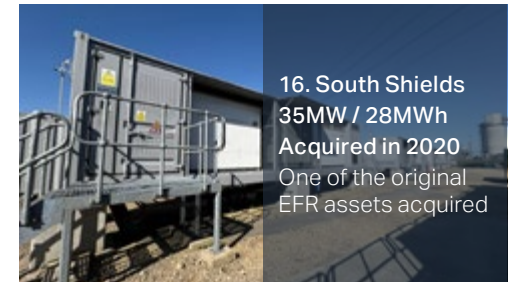
3. Lockleaze
15MW / 22MWh
Operational IPO
Seed asset at IPO, first batch of augmentations in 2019



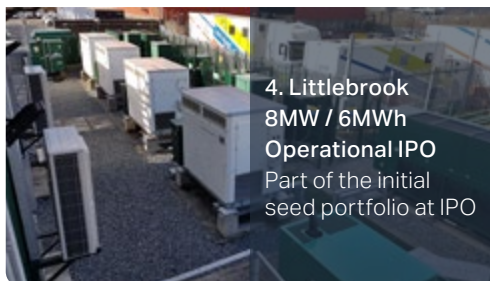
7/14. Glassenbury including extension
50MW / 38MWh
Acquired in 2019
One of the original EFR assets acquired, was extended by 10MW in 2020



11. Thurcroft
50MW / 75MWh
Operational 2020
One of the first and largest assets to enter Dynamic Containment at launch



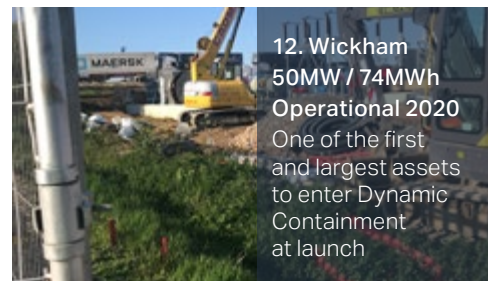
16. South Shields
35MW / 28MWh
Acquired in 2020
One of the original EFR assets acquired



4. Littlebrook
8MW / 6MWh
Operational IPO
Part of the initial seed portfolio at IPO



8. Cleator
10MW / 7MWh
Acquired in 2019
One of the original EFR assets acquired




12. Wickham
50MW / 74MWh
Operational 2020
One of the first and largest assets to enter Dynamic Containment at launch



17. Byers Brae
30MW / 30MWh
Operational 2021
First asset in Scotland

Investment Portfolio



18. Arbroath
35MW / 52MWh
Operational 2022
 Scottish asset which benefits from constraint management at the border




21. Coupar Angus
40MW / 80MWh
Operational 2023
 Site built at one hour and extended to two hours in 2025



24. York
50MW / 76MWh
Operational 2024
 Initially built at 1.5 hours with space for extra duration in future




27. Melksham
100MW / 200MWh
Operational 2025
 Largest project in the portfolio, split into two 50MW sites initially built to one hour and extended to two hours



19. Enderby
50MW / 100MWh
Operational 2023
 First site to be augmented to two hours



22. Grendon 1
50MW / 100MWh
Operational 2023
 First two-hour site



25. Penwortham
50MW / 100MWh
Operational 2024
 Site extended from one hour to two hours in 2024




28. Shilton Lane
40MW / 80MWh
Operational 2025
 Two-hour project situated in Scotland connecting in 2025



20. Stairfoot
40MW / 40MWh
Operational 2022
 Site originally built to one hour with plans to extend in future



23. West Didsbury
50MW / 100MWh
Operational 2024
 Site extended from one hour to two hours in 2024



26. Elland 1
50MW / 100MWh
Operational 2024
 Built as a two-hour project



29. Bradford West
87MW / 174MWh
Operational 2025
 Largest single site in the portfolio, due to complete in 2025



Market and financial review

Market overview 2024

Improving revenue outlook

The revenue environment for BESS assets in GB evolved throughout 2024.

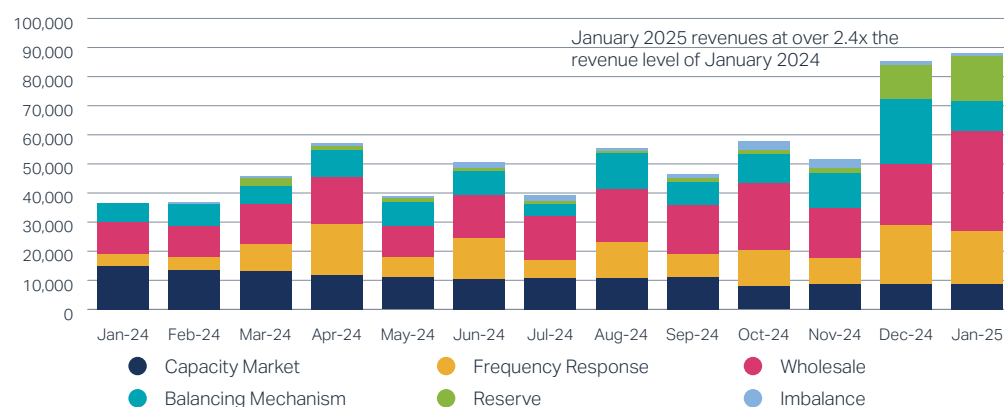
The year started with BESS assets being severely under-utilised at the national level, resulting in exceptionally low revenues in January and February 2024. Since then, various improvements to reduce skip rates in the BM, the launch of additional services which BESS can compete in and the continued rollout of renewable generation have all improved the revenue picture for GB BESS assets, such that BESS revenues reached their highest level in two years during December 2024, according to Modo Energy.

Revenues increased further in January 2025, as days when renewable generation was low drove greater upside volatility. Increased reserve energy procurement after the launch of Quick Reserve in November has given BESS assets a further opportunity for utilisation. Quick Reserve is a faster response time reserve product designed with BESS in mind.

While our portfolio has followed the national trend, we have consistently outperformed the market, as discussed further in the Financial review.

The following sections break down some of the key drivers and trends impacting current market conditions.

Modo Index – Revenues £/MW/Yr including Capacity Market



Source: Modo Energy GB BESS Index

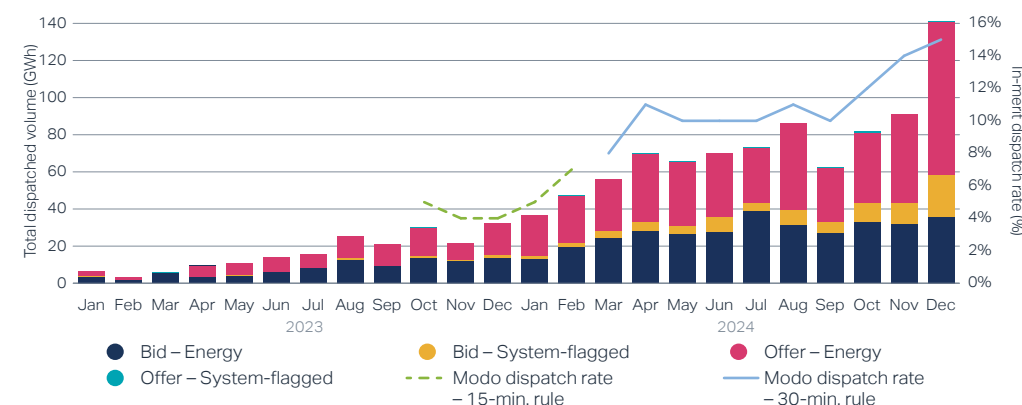
Dispatch rates of BESS in NESO's BM are increasing

An improvement in the dispatching of BESS has contributed to increased revenues.

Modo Energy's modelling of the in-merit dispatch rate²⁹ shows it has risen to 16% in December 2024, up from low single digits at the start of 2024.

This still implies a very high skip rate of 84%, however the trajectory and recent improvements on the back of dispatch algorithm improvements and the inclusion of BESS in reserve services are encouraging, as are ongoing comments from NESO about further improvements planned during 2025.

Evolution of the Modos dispatch rate of batteries in the BM



Source: Modo Energy

29. The in-merit dispatch rate is a measure of battery utilisation in the Balancing Mechanism. It is the total dispatched battery volume divided by battery availability that was priced cheaper than the most expensive balancing action in that half-hour

The key milestones for improvements through the year were the:

- Launch of the Bulk Dispatch Optimiser (BDO) in January 2024. The BDO enables the control room to aggregate BESS units and dispatch them simultaneously. While the launch resulted in limited improvement at the time, BDO will allow for automated instructions across a large portfolio of assets in future.
- Switch from a 15-minute rule to a 30-minute “rule” (read maximum dispatch duration) in March 2024. Most instructions by the control room are now for 30 minutes and increasing the duration for which batteries can be dispatched increases their revenue potential.
- Launch of Balancing Reserve (BR) in April 2024. Reserve services contract BESS to ensure they are available when needed during the typical one-day contract period. Although limited volumes of BESS were procured initially, growth in services such as these ensures more volume is procured in advance and should improve BESS utilisation rates.
- Quarterly BESS sector CEO roundtables first held in October 2024 (and since, in December 2024 and April 2025) allow BESS sector leaders to monitor progress against commitments made at each session.
- Launch of Quick Reserve in December 2024 is driving additional reserve revenue opportunities for the BESS fleet.

In addition to these changes, there is a positive background with Labour’s CP30 Action Plan moving the focus on mature technologies such as BESS and the inclusion of BESS in the LDES cap and floor scheme. In the near term, NESO is working on calculating and releasing a cost analysis of BM skips. The fact that NESO is reviewing skip decisions more transparently is encouraging for the sector.

Crucially in 2025 we should see a grid code update, to allow BESS assets to show the length of time they can be run for, rather than assuming an arbitrary 30 minutes. This should provide the control room with the ability to use BESS to their full potential.

BESS revenues are increasingly correlated with rising renewable generation

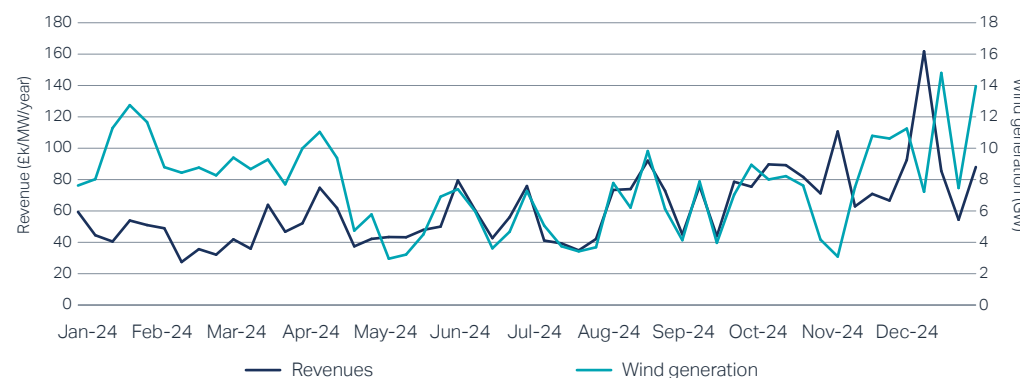
The investment thesis for BESS has always been underpinned by the rollout of renewable generation. As an electricity system relies increasingly on renewables, its storage requirements also increase. This is because storage is needed to avoid costly curtailment of generation during periods when excess renewable power is being produced, and to avoid expensive alternative generation in times of low renewable power.

Recently, there has been a misconception that BESS revenues are linked only to gas prices, because of the high trading opportunities that coincided with high gas prices during 2020–2022. However, the correlation between BESS revenues and high gas prices is actually the result of the system being inefficiently operated, with gas being used for the majority of flexibility. The system should not be relying on thermal assets for flexibility because it results in additional costs to the system and therefore to consumers. This is made worse by several arrangements for pre-contracting thermal assets, which result in a large proportion of the cost of running those assets, such as reserving and start up, being excluded from the final system price. This has resulted in a stronger correlation to the gas price in recent years.

In a more efficient system we should see significantly less gas being procured and much greater use of storage. This would lead to more gas actions moving to real time in the BM, rather than being started up ahead of time. As a result, the full cost of gas assets would be included in the system price calculation, including the cost of start-up and minimum non-zero times. Shifting away from gas will also move the system back towards relying on renewable generation where it is available, leading to excess renewables driving low or negative prices and a shortfall of renewable generation driving high prices for starting up marginal units.

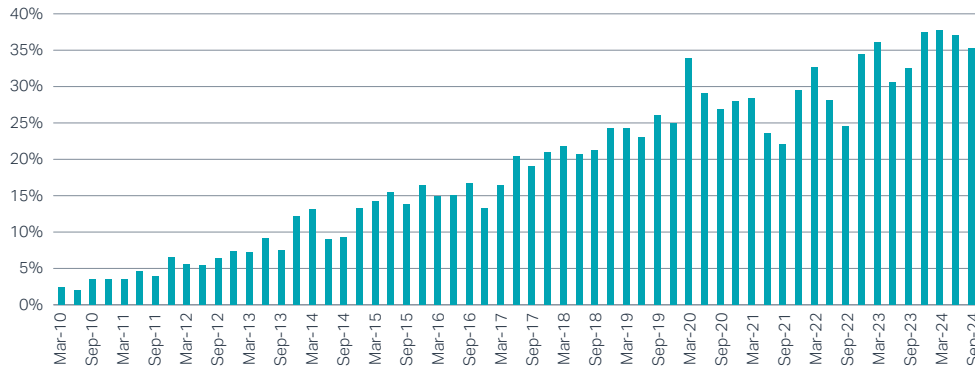
It is pleasing that as BESS utilisation has improved during the year and renewable penetration continues to rise, we have started to see the correlation of BESS revenues to renewable generation as predicted. The chart below from Modo Energy shows the correlation between wind generation and BESS revenues in the year.

Battery revenues and wind generation trends in 2024



Source: Modo Energy

Solar and wind as percentage of total UK electricity generation

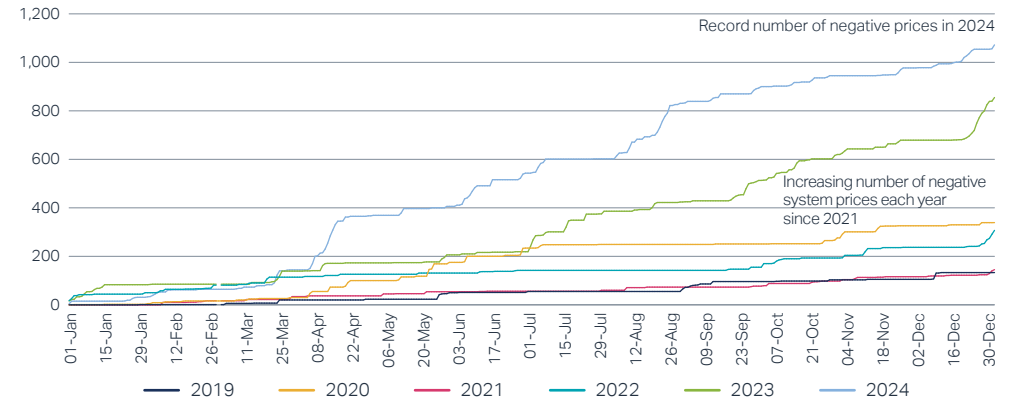


Source: UK Government data

Prior to April 2024, we saw almost no utilisation of BESS at the national level and limited correlation with wind output. However, after the 30-minute rule was implemented in March, followed by the launch of the Balancing Reserve and dispatch algorithm changes from April, we see a pattern emerging.

Summer months where demand was lower and solar output was higher saw more frequent excess renewable generation and hence more regular negative prices. BESS was able to capture the negative prices and enhance earnings, driving a direct correlation. In the winter the correlation flipped, as demand was higher and trading opportunities emerged during periods of low renewable generation, with fewer hours of negative prices during this time. This leads to higher revenue opportunities during low renewable generation in the winter.

Quantity of negative half hour system prices by year



Source: Elevation

The greater reliance on renewable generation in the electricity system creates larger peaks and troughs in power relative to demand. This means we should see more negative price periods and more high price periods, as renewable penetration grows. Above, we can see the ongoing growth in renewable penetration in the UK, with this level of penetration already providing challenges to the system and opportunities to BESS assets.

In 2024, there were a record number of negative day-ahead wholesale prices (176 hours³⁰) and negative half hourly system prices (1,072 half hours, see above), reflecting this increased reliance on renewable generation. Modo Energy forecasts 200 hours of negative day-ahead wholesale prices in 2025²⁹ and for further growth beyond that.

We should see the trend of BESS revenues being driven by renewable generation continue, as BESS are better utilised in the BM and able to compete against thermal generation in areas such as Reserve services. Summers are likely to be dominated by negative prices and the need to remove excess renewable power, while winter revenues will be driven by lulls in renewable generation needing to be covered by stored energy, with the opportunity to discharge for large prices. These imbalances will become much greater as renewable generation builds out and may drive greater spikes in pricing for BESS to capture. This is now the investment thesis beginning to play out in the trading markets.

30. modoenergy.com/research/gb-battery-energy-storage-markets-2024-year-in-review-great-britain-wholesale-balancing-mechanism-frequency-response-reserve



Our scale and expertise put us at the forefront of the market

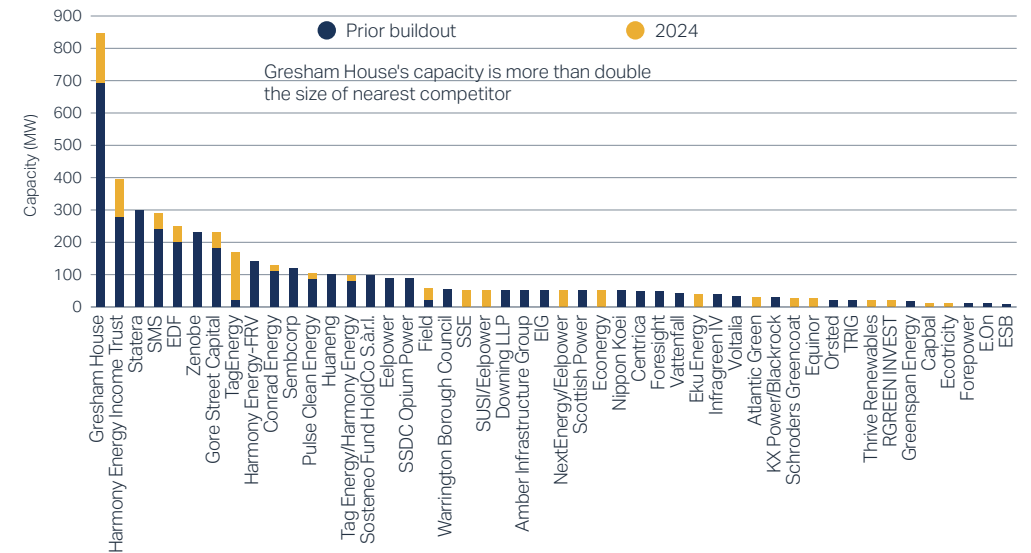
As we see signs of improvement in GB and the trading story beginning to take shape as we had anticipated, it is worth noting that we remain the largest player in this space by some distance. The Company and the Manager have vital expertise and continue to drive the market forward.

The announcement of our landmark tolling arrangement with Octopus Energy was another example of moving the sector forward, bringing in a new contractual alternative to trading revenues and securing the portfolio against market headwinds.

In addition, during 2024 we have implemented duration extensions across several portfolio assets, positioning our portfolio to capture the revenue opportunity available in the most efficient manner. These actions, alongside accomplished trading and asset management, have enabled us to continue to outperform versus industry benchmarks and remain the leader in the space.

We are well positioned to capitalise on the improving revenue environment and able to leverage our scale to drive further capacity growth in a cost-effective manner, through greater buying power, expertise and support from financing partners.

Operational capacity by owner



Source: Modo Energy

Financial review

Company metrics table

	31 December 2024	31 December 2023
Company metrics		
NAV	£622.2mn	£740.1mn
Underlying portfolio asset valuation	£758.0mn	£840.2mn
NAV per share	109.35p	129.07p
Cash in the Company and subsidiaries ³¹	£39.5mn	£43.7mn
Total external debt drawn at Company and subsidiaries	£150.0mn	£110.0mn
Resulting net debt ³²	£110.5mn	£66.3mn
Underlying portfolio performance		
Revenues ³³	£46.5mn	£38.7mn
EBITDA ³⁴	£29.1mn	£25.8mn
EBITDA margin	62.5%	66.7%
MW	845	690
MW weighted average	778	607
MWh	1,207	788
MWh weighted average	998	672
Revenue per weighted average MW	£59,800	£63,800
Revenue per weighted average MWh	£47,100	£57,600

31. Unaudited

32. Unaudited

33. Unaudited

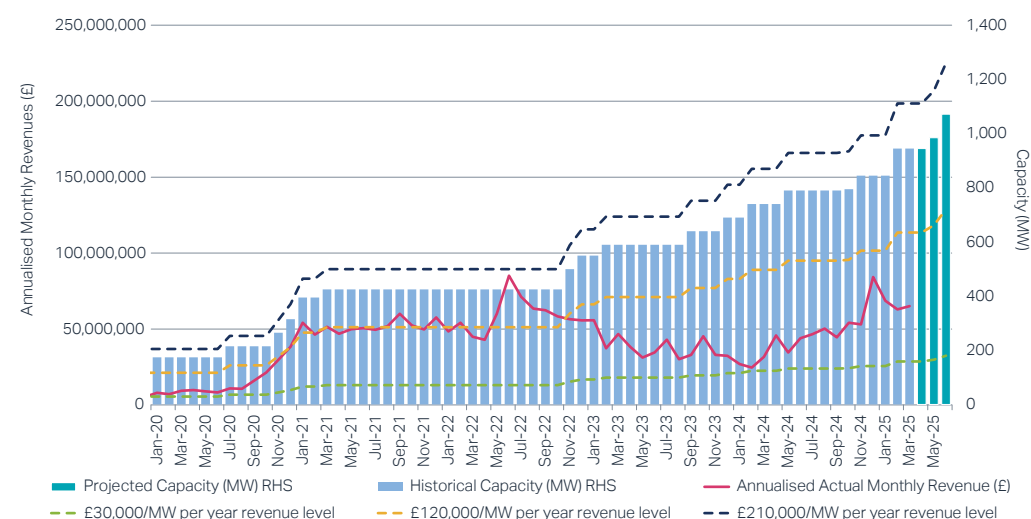
34. Unaudited

Fund performance

NAV per share fell by 15.3% from 129.07p on 31 December 2023 to 109.35p on 31 December 2024, primarily driven by a decline in third-party revenue forecast assumptions, which is discussed in the Valuation section below.

Despite the difficult start to 2024, performance of the portfolio revenues and EBITDA improved compared with 2023. Revenues were up 20.1% from £38.7mn in 2023 to £46.5mn in 2024. This translates to an annualised £/MW figure of £59.8k/MW in 2024. Likewise, EBITDA grew 12.4% from £25.8mn in 2023 to £29.1mn in 2024.

The graph below illustrates the expansion in portfolio operational capacity and improvement in revenues per MW achieved on the underlying portfolio through the year, which have resulted in the overall increase in revenues. The Market Overview section on [pages 27 to 30](#) discusses the market backdrop in more detail.



This improved revenue environment may signal that third-party forecasts may stabilise or improve. Indeed, in December 2024 the portfolio achieved an average annualised revenue rate of £91k per MW which, with a portfolio average duration of 1.4 hours, was well above the third-party revenue forecast for 2025. The third-party forecasts are an important element of the NAV calculation, as they are a key input to the discounted cash flows used to assess each project’s net present value.

Financing

The Company has a £195mn debt facility via its wholly owned subsidiary, Gresham House Energy Storage Holdings Limited (the “MidCo”). It was first entered into in September 2021 (with committed lines of £180mn), amended and restated in November 2022 (to a level of £335mn) and April 2024 (back down to the current level of £195mn, reflecting the challenging revenue backdrop). £150mn was drawn as of 31 December 2024 and total gross debt drawn under this facility is expected to peak at £175mn.

In Q4 2024 the Manager started a process to refinance the existing facility which is well progressed and expected to conclude in Q2 2025. In addition to repaying the existing debt, the refinancing is expected to provide additional capital for augmentations of the current portfolio and for the acquisition and build of the new pipeline, thereby unlocking significant growth as described in the Three-year Plan section and elsewhere in this report.

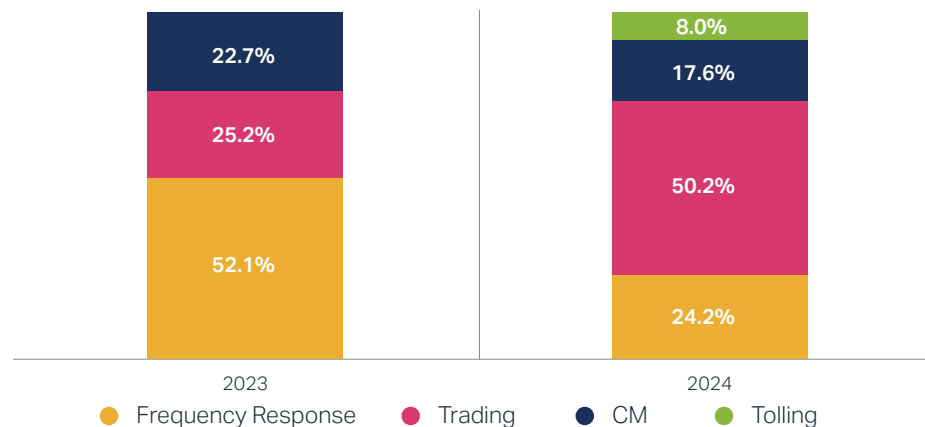
Underlying portfolio earnings

The revenue mix evolved over the course of 2024. Trading grew in significance and tolling emerged as a new revenue stream. Frequency Response markets continued to saturate and the opportunities available in the trading market expanded, with the BM reforms improving market efficiency.

Trading, including a small amount of TRIAD³⁵ income, generated the largest share of portfolio revenues at 50.2%, up from 25.2% in 2023 as the market continued to shift away from ancillary services. Frequency Response remained substantial with 24.2% of revenues (2023: 52.1%), while Capacity Market revenues decreased to 17.6% (2023: 22.7%), as these contracts are fixed price and the remainder of the portfolio revenues increased. Tolling revenues amounted to 8.0% of the mix. We expect this to increase as we onboard the remaining assets and benefit from a full year of the tolling agreement in 2025.

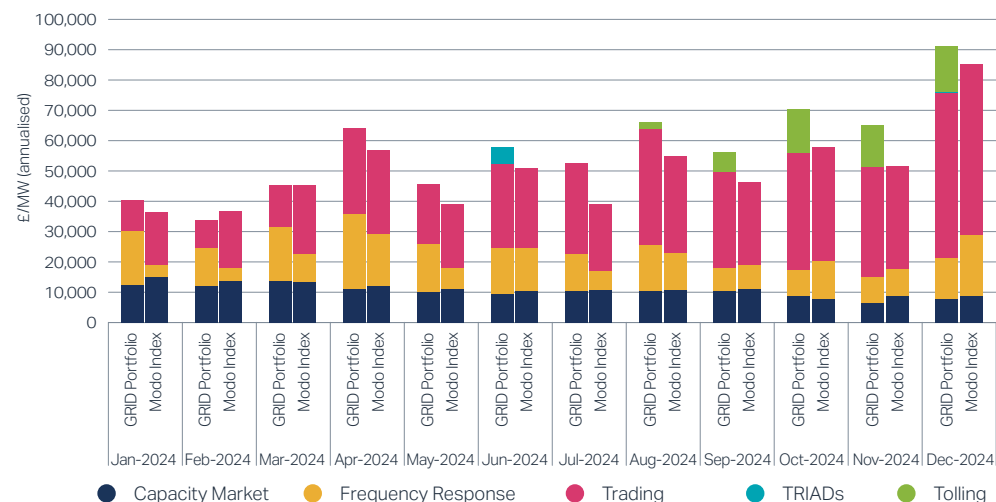
35. TRIADs are the three half-hour settlement periods of highest demand on the GB electricity transmission system between November and February each year, separated by at least ten clear days, and are part of a charge-setting process

Revenue mix FY 2024 versus FY 2023



The portfolio has also performed well relative to the peer group and consistently outperformed the Modco Energy BESS Index, as shown in the chart below. This was despite the average duration of the Modco BESS Index throughout the year being higher (1.36hr) than the GRID portfolio (1.26hr).

Grid portfolio versus market index



Source: Modco Energy

Valuation

NAV bridge

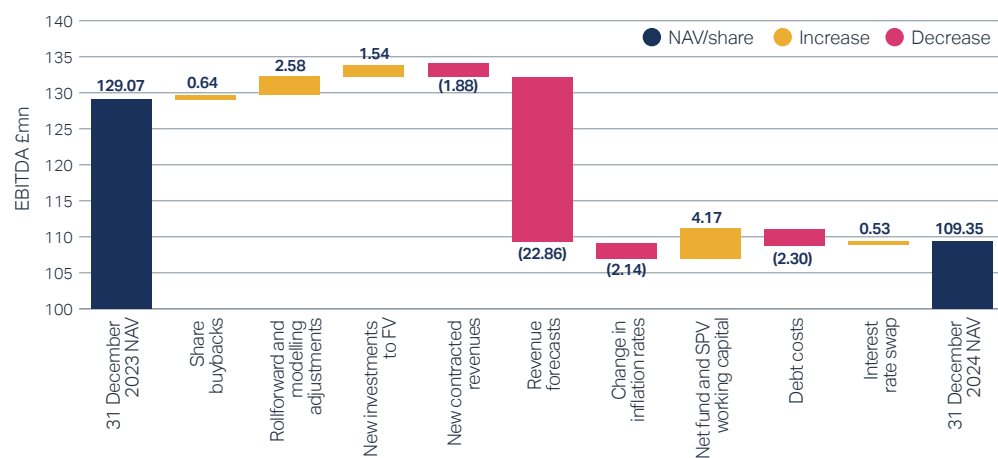
As of 31 December 2024, NAV per share was 109.35p, down 15.3% from 129.07p as of 31 December 2023. The change to the NAV per share resulted from the following:

- 22.86p impact from changes to revenue forecasts from independent third-party forecasters;
- 2.30p due to debt costs;
- 2.14p due to the reduction in assumed inflation rates in 2024;
- 1.88p impact from contracted revenues, which is explained below;
- +0.53p increase from a favourable move in interest rate swaps;

- +0.64p gain resulting from the impact of share buybacks made during the first half of 2024;
- +1.54p from valuation gains on new investments, as they moved from being classified as construction assets to in-commissioning or operational assets, resulting in a lower discount rate being applied;
- +2.58p from model roll forward and modelling adjustments; and
- +4.17p increase in NAV from the portfolio cash flow generation, net of fund costs.

Further information on the changes in the year and assumptions used are provided in the portfolio asset valuations section below.

NAV (p/share) bridge from 31 December 2023 to 31 December 2024



Portfolio asset valuations

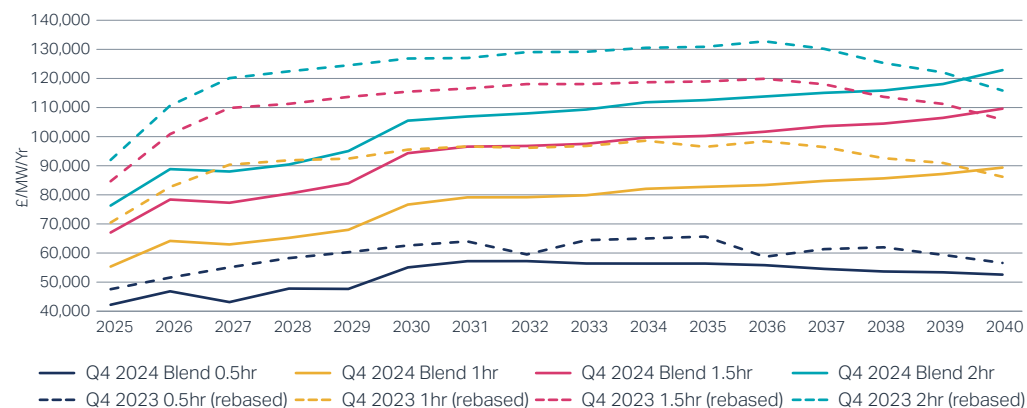
Revenue forecasts

The end of 2023 and start of 2024 saw some of the lowest revenue periods for GB BESS since batteries were first deployed on the UK grid. This was a dramatic change given that just 18 months prior, the second half of 2022, saw the highest £/MW revenue achieved by the Fund. This backdrop meant that by mid-2023, BESS revenue forecasts were at their peak and did not reflect the upcoming decline in market revenues. At year end 2023, the Company applied its own short-term reduction in revenue forecasts, to reflect the market inefficiency experienced by the industry. Over time, the independent forecasters followed suit and lowered their long-term outlooks for BESS assets.

During 2024, the Company also changed one of its curve providers from Cornwall Insight to Modo Energy, as it recognised that Modo Energy were seen to provide more prudent curves which better reflected current market conditions.

The graph below shows the results of these changes on the blend of the curves from the two providers, illustrating the precipitous drop in independent forecasts which resulted in a -22.86p reduction in our NAV over the year. If trading conditions continue to improve the Manager expects to see an uptick in revenue forecasts.

Q4 2023 vs Q4 2024 curve comparison



Contracted revenues

Two areas of contracted revenues were included in the valuations this year: Capacity Market (CM) contracts and tolling revenues. Updated CM contracts were added in Q1, reflecting the new T-1 CM contracts awarded in February 2024. These T-1 contracts are for delivery for one year from October 2024.

Tolling revenues from the Octopus agreement were included at the interims stage. A discount rate of 8.5% is used for these revenues, set at 200 basis points above the rate used for CM revenues and at the top of the range guided by the Company's independent valuer. Whilst tolled rates are in line with the valuation model revenue curves in 2025, they are lower than the merchant revenues forecast for 2026. Whilst the contracting of revenues may limit upside on part of the portfolio, this provides helpful protection against weaker revenue environments should they return.

The net impact of these two changes was to reduce NAV by -1.88p. Despite the negative NAV impact of the tolling agreement, this was an important step for the fund to take to secure a base level of revenues for the portfolio during a time of extreme revenue uncertainty.

New investments to fair value

West Didsbury, York and Penwortham are now all operational and passed a 30-day proving period by the year end. As such, the 0.75% discount rate premium during construction was removed during the period. Elland was in commissioning at the year end and the discount rate premium was reduced from 0.75% to 0.5% to reflect this. The result of these changes is a total NAV increase of 1.54p per share.

Inflation rates

The inflation rates for 2024 were reduced from 4.5% to 2.75% for RPI and from 4% to 2.5% for CPI, to reflect the lower inflation than expected in 2024. This is in line with others in the market. The impact of this change is a -2.14p reduction to NAV. Only the 2024 assumption has been changed from the prior year. The long-term inflation levels of 2.5% for RPI and 2.25% for CPI have not been changed. These apply from 2026 onwards.

Discount rates

The Manager has made no changes to the discount rates used, except for the introduction of the new 8.5% rate used for tolling revenues, as discussed above.

The weighted average discount rate for the portfolio is 10.73%, which is the highest amongst our industry peers. This is a small decrease from the weighted average discount rate as at 31 December 2023 of 10.87%, reflecting the lower rate applied for tolling revenues and on those projects moving from construction to operations.

The tolling discount rate does not have a material impact on the weighted average discount rate, due to the short duration of the tolling period (two years) versus the merchant revenues over the remaining asset life, and because only half of the assets are included in the tolling agreement during that period.

Valuation basis	Discount rate approach applied:	MW (31 December 2024)	MW (31 December 2023)
Operational DCF	Contracted cash flows e.g. CM contract revenues: 6.5% discount rate (6.5% at FY2023) Merchant/uncontracted revenues: 10.85% (FY2023: 10.85%) Tolling revenues: 8.5% (FY2023: n/a)	795	640
Commissioning DCF (energised)	Cash flows of projects in a 30-day proving period following energisation: we apply a 50bps premium to Operational discount rates (50bps at FY2023)	50	–
Construction DCF (energised)	Cash flows of projects in construction phase – energised project but not achieved Provisional Acceptance (PAC) at valuation date: 75bps construction premium to Operational discount rates (75bps at FY2023)	–	50
Total MW in operational portfolio		845	690
Construction DCF	Cash flows of projects in construction phase: 75bps construction premium to Operational discount rates (75bps at FY2023)	227	377
Cost incurred to date	Assets held at cost as valuation thresholds not met	100	100
Total portfolio MW included in valuations		1,172	1,167

Financial review

Operational assets were valued at £684k/MW as of 31 December 2024. Adjusting for working capital, which means the valuation only includes the NPV of future cash flows, the valuation stood at £670k/MW. Working capital includes cash, batteries and other equipment held for upgrades across the portfolio.

None of the new pipeline assets proposed under the Three-year Plan are currently included in the valuation.

Alternative valuation metrics

As discussed in the Fund performance section, we believe the alternative valuation metrics below provide useful additional information for shareholders showing valuations as a function of actual financial performance and aligns with typical valuation metrics used for companies. These are provided in addition to the Alternative Performance Measures set out on [pages 121 to 124](#).

Valuations based on historical performance

The table below shows valuation metrics based on the operational portfolio's financial results from 2022 to 2024 first using the NAV prevailing at each year end and then using the current share price at the date of writing: 45.9p per share. These valuation metrics therefore do not take into account the increase in operational capacity so far in 2025.

Company valuation	FY2022	FY2023	FY2024
<i>All figures are in £mn unless otherwise stated.</i>			
Shares in issue (no. shares) ³⁶	541	573	569
Market capitalisation at 45.9p share price ³⁷	248	263	261
NAV per share at each year end (pence/share)	156	129	109
NAV prevailing at each year end	842	740	622

36. Shares outstanding net of shares held in treasury by the Company

37. Share price assumed to be 45.90p reflecting the closing price on 14 March 2025 (being the time of writing)

Financial information	FY2022	FY2023	FY2024
<i>All figures are in £mn unless otherwise stated.</i>			
Underlying portfolio revenue in each year ³⁸	62.7	38.7	46.5
Underlying portfolio EBITDA in each year ³⁹	48.8	25.8	29.1
Total portfolio external debt at each year end	60.0	110.0	150.0
Total cash ⁴⁰ at each year end	78.9	43.7	39.5
Operational capacity at each year end (MW)	550	690	845

Historic valuation metrics	FY2022	FY2023	FY2024
Enterprise value (EV)⁴¹ based on:			
Market capitalisation at 45.9p share price ⁴²	229.6	329.5	371.7
Using NAV prevailing at each year end	822.8	806.4	732.8
EV per operational MW (£k/MW)⁴³ based on:			
Market capitalisation at 45.9p share price	417.4	477.6	439.9
Using NAV prevailing at each year end	1,496.1	1,168.8	867.2
EV to EBITDA⁴⁴ based on:			
Market capitalisation at 45.9p share price	4.7	12.8	12.8
Using NAV prevailing at each year end	16.9	31.3	25.2
EV to sales⁴⁵ based on:			
Market capitalisation at 45.9p share price	3.7	8.5	8.0
Using NAV prevailing at each year end	13.1	20.8	15.8
Market capitalisation as a percentage of NAV:			
Using a 45.9p share price	30%	36%	42%

38. Unaudited

39. Unaudited

40. Total cash includes cash in the Company and in the underlying operational portfolio

41. Market capitalisation or NAV minus cash plus total external debt

42. Share price assumed to be 45.90p reflecting the closing price on 14 March 2025 (being the time of writing)

43. EV/total operational capacity in MWs

44. EV/total underlying portfolio EBITDA

45. EV/total underlying portfolio revenues

Financial review

Given the portfolio's increased capacity since the start of 2024 and the changing revenue mix, the above numbers reflect a much smaller earnings base than we expect looking forward.

Valuation metrics based on a range of revenue projections

We have therefore provided a forward-looking valuation metrics based on potential near-term future earnings, under different merchant scenarios for uncontracted assets and contracted revenues for those assets under tolling arrangements. We have assumed up to £175mn of debt and used the closing share price as of 14 March 2025 (being the time of writing).

2024 Company valuation used for forward valuations on 1,072MW capacity

All figures are in £mn unless otherwise stated.

Shares (millions)	569
Market capitalisation at 45.9p share price ⁴⁶	261
NAV per share at 31 December 2024 (pence / share)	109
NAV as of 31 December 2024	622
Assumed future peak external debt	175
Assumed minimum future cash	10
Assumed operational capacity (MW)	1,072
Enterprise value (EV)⁴⁷ (£mn) based on:	
Market capitalisation at 45.9p share price	426.2
NAV as of 31 December 2024	787.3
EV per operational MW⁴⁸ (£k / MW) based on:	
Market capitalisation at 45.9p share price	397.6
NAV as of 31 December 2024	734.4

46. Share price assumed to be 45.9p reflecting the closing price on 14 March 2025 (being the time of writing)

47. Market capitalisation or NAV minus cash plus total external debt

48. EV/total operational capacity in MW

Forward valuation metrics based on different merchant revenue assumptions on 1,072MW capacity

	Merchant net revenue assumptions (£k / MW / Yr)		
	60,000	75,000	90,000
<i>All figures are in £mn unless otherwise stated.</i>			
Assumed merchant revenue on merchant portfolio	30.2	37.8	45.4
Average contracted revenue during tolling	43.0	43.0	43.0
Assumed underlying portfolio revenue	73.2	80.8	88.4
Potential underlying portfolio EBITDA	51.8	59.4	66.9
EV to EBITDA⁴⁹ based on:			
Market capitalisation at 45.9p share price	8.2	7.2	6.4
NAV at 31 December 2024	15.2	13.3	11.8
EV to sales⁵⁰ based on:			
Market capitalisation at 45.9p share price	5.8	5.3	4.8
NAV at 31 December 2024	10.8	9.7	8.9

49. EV/total underlying portfolio EBITDA

50. EV/total underlying portfolio revenues

Financial review

It is worth noting that the EV per operational MW implied by a 45.9p share price is below the estimated build cost of an equivalent portfolio, as per Modo Energy⁵¹.

£75k/MW/Yr⁵² of net merchant revenues reflects the Modo BESS index level for the three months up to writing of this report (December 2024 – February 2025). Alongside this we have shown a sensitivity of £15k/MW/Yr up and down on merchant revenues, to illustrate the volatility in earnings driven by merchant revenues.

The portfolio continues to perform at those levels today and we remain confident in the long-term revenue outlook. At these levels, the enterprise value of the Company should look attractive to investors as we see a substantially larger portfolio contributing to earnings in 2025 versus 2024.

51. Modo Energy, GB BESS Outlook Q3: Battery business case and investment outlook

52. Disclaimer: Revenue rates on the merchant portion of the portfolio may vary significantly upwards or downwards from the figure mentioned; the information given here does not and should not be treated as indicating any likely level of any profits for the current financial period or any subsequent financial period or as otherwise constituting a profit forecast



Sustainability



Sustainability report

This section describes the sustainability aspects of our business and how we integrate and enhance sustainability in our investment processes and asset operations.

Introduction

The Company's business is investing in BESS. BESS contributes to and benefits from the decarbonisation of energy systems. The growing proportion of energy supply by wind and solar presents system operators with challenges in ensuring stable supply due to the intermittent nature of renewable energy generation. By storing energy from the electricity grid during periods of high supply/low demand and releasing energy during periods of low supply/high demand, BESS plays a critical role enabling the use of renewable energy.

As sustainability is inherent in our business, in discussing sustainability we look at the operations, opportunities and risks of our business, as well as the specifics of how we conduct our business.

We are committed to transparency and accountability in our sustainability efforts. Although the Company is not obliged to report under the Sustainable Finance Disclosure Regulation (SFDR) and the Task Force on Climate-related Financial Disclosures (TCFD) the Board has voluntarily provided appropriate disclosures.

We are proud to hold the Green Economy Mark from the London Stock Exchange, recognising our contribution to the green economy. This demonstrates our dedication to integrating environmental, social and governance (ESG) considerations into our investment processes. Below, we present updates on our work and performance during 2024.

Environmental

The Manager's Energy Transition Sustainability Committee, overseen by Gresham House's Sustainable Investment team with representatives from various sectors of the Manager's team, such as construction, operations and fund management, was established to identify and address emerging sustainability issues and facilitate knowledge sharing.

A priority identified by the Committee for 2024 was establishing industry standard methodologies for carbon metrics such as avoided emissions. Gresham House engaged with the Energy Storage Network in September 2024, proposing an industry-wide collaboration to produce a unified avoided emissions methodology across the BESS market participants. Gresham House has since led the project to refine a methodology which all participants will then use going forward in their reporting. As at the publication of this report, the working group are in the process of finalising the methodology and will seek third-party accreditation by an independent body to improve the credibility of the approach.

Social

The operational portfolio's increased capacity provides NESO with the flexibility needed to ensure lower cost power availability on demand. As we continue to expand our operational capacity, we aim to enhance our impact on electricity consumers by providing tools for better management of the National Grid, ensuring robust demand and supply responses, and reducing overall consumer costs.

Connecting new projects to the National Grid has become increasingly difficult due to the growing number of projects bidding to be connected; according to Ofgem, the connection queue was 700GW in March 2024 and was estimated to be over 800GW by the end of 2024.

As a result, the Investment Manager revisited its growth plans to avoid these potential connection delays and continue to deliver operational capacity growth by investing in duration extensions of existing sites. In 2024, upgrades were completed at eight of our operational projects, increasing most project durations to two hours, adding over 300MWh to the portfolio in a cost and time-effective manner. Many of our existing sites and pipeline could go beyond two hours if the economics are favourable.

The Manager continues to monitor processes to ensure full adoption of the Supply Chain Policy across its activities and suppliers. In 2024, the Manager updated the firm's modern slavery statement, and these changes have been incorporated in our activities. Health and safety remains a priority, with all construction projects requiring dedicated Health and Safety oversight.

Governance

The GHAM Sustainability Committee meets regularly and remains focused on achieving our sustainability objectives. The Board meets at least quarterly, regularly discussing our approach to ESG considerations and risks as part of the agenda.

We remain committed to reporting against SFDR and TCFD, despite these being non-compulsory for the Company. During the year, the Manager worked to meet the requirements of the UK Sustainability Disclosure Regulation (SDR), applying a Focus label to the Fund to further highlight its sustainability credentials and role in the transition to net zero.

The Board and Manager are monitoring industry standards and best practice to ensure continued transparency in our reporting of performance against our sustainability goals.

Task Force on Climate-related Financial Disclosures (TCFD)



The recommendations of the Task Force on Climate-related Financial Disclosures provide a reporting framework based on a set of consistent disclosure recommendations.

This framework provides a level of comparability and transparency around climate-related risk exposures and approaches.

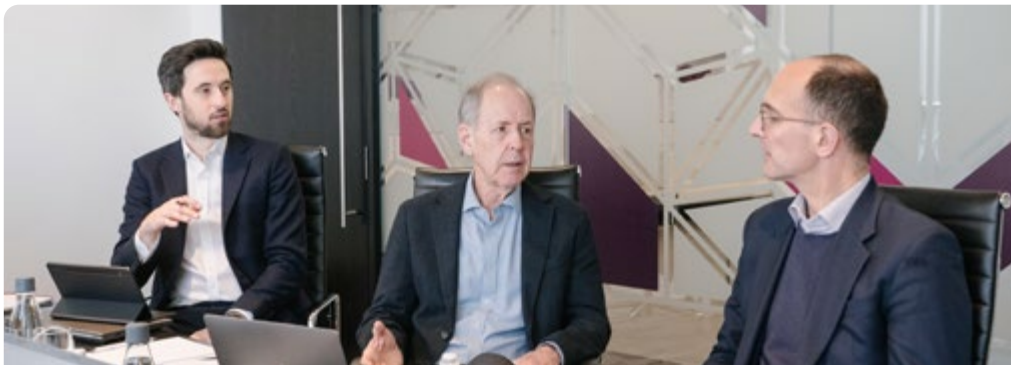
Whilst the Company is not required to comply with TCFD, the Company supports the disclosure recommendations and has therefore voluntarily provided TCFD disclosures.

The Company began reporting against the TCFD recommendations in its 2021 Annual Report and has added to those disclosures in subsequent periods. In this 2024 Annual Report, the Company continues to provide climate-related financial disclosures which aim to be consistent with the TCFD recommendations and recommended disclosures.

The Company's business is investing in BESS. BESS contributes to and benefits from the decarbonisation of energy systems. Renewable energy generation through wind and solar is inherently intermittent. The growing proportion of energy supply by wind and solar presents energy system operators (ESOs) with challenges in ensuring stable supply.

By storing energy from the electricity grid during periods of high supply/low demand and releasing energy during periods of low supply/high demand, BESS plays a critical role enabling the use of renewable energy.

BESS also replaces fossil fuel sources that are otherwise used as a backup to intermittent sources, as in GB. Because sustainability is inherent in our business, in discussing sustainability we look at the operations, opportunities and risks of our business, as well as the specifics of how we conduct our business.



Governance

1 Describe the Board's oversight of climate-related risks and opportunities

The Board has overall responsibility for the Company's risks, opportunities and compliance. The Board considers the Company's approach to ESG considerations and risks, which include the potential impact of the physical consequences of climate change and changes to the business outlook for BESS as a result of governmental policy and the increased penetration of renewables.

Climate change risks are captured by the Company's risk management framework via the risk register which is maintained and updated by the Investment Manager and the subject of consideration and debate at the Board's quarterly meetings.

Climate-related risks and opportunities are reflected in the Company's strategy, including the intention to continue to expand the portfolio to capture opportunities arising from the decarbonisation of energy use and the increased penetration of renewable energy in GB and overseas.

The Company follows the Gresham House Energy Transition Sustainable Investment Policy which is available on the Gresham House website: [here](#). Climate change and environmental pollution is a key topic within the Sustainable Investment Framework which is used to structure analysis, monitoring and reporting of ESG issues and opportunities within the lifecycle of our investments.

The Board reviews all aspects of the Investment Manager's performance annually, including adherence to the Company policies, and the Board's Audit Committee considers the Company's climate-related disclosures.

2 Describe management's role in assessing and managing climate-related risks and opportunities

The day-to-day management of ESG and climate matters is delegated to the Investment Manager, which applies considerations outlined in the Gresham House Energy Transition Sustainable Investment Policy when making new investments and in the running of the Company's existing investments. The Manager also ensures that climate change-related risks are considered for individual investment projects.

The Investment Manager monitors climate-related risks through the risk register, utilising knowledge gained by its experience in operating the investment portfolio, from information gathered through due diligence processes and by engaging with third parties as appropriate.

The Investment Manager has also engaged with the Company's largest shareholders to better understand the investor community's perspective on sustainability-related issues, including climate-related strategy, disclosure and metrics.

The Investment Manager's Sustainable Investment team monitors the evolving climate-related government policy and participates in industry forums and discussions to influence sustainable investment-related policy developments that may include climate change mitigation and adaptation.

In April 2024, Gresham House released its fourth Sustainable Investment Report highlighting the Investment Manager's focus on investments that are well placed to provide long-term solutions to the issue of climate change as part of its 2025 Corporate Sustainability Strategy (CSS) and which included updates on climate-related activities across the Gresham House group. This is available on the Gresham House website at <https://greshamhouse.com/sustainable-investing/>.

The Investment Manager's CSS and Sustainable Investment Policy inform the application of the Company's strategy and its assessment of risks. This is complemented by sustainable investment objectives that have been established for the Energy Transition division and align to the Investment Manager's CSS.

The Energy Transition division's sustainable investment objectives include Climate Change & Pollution as a priority topic with an objective by 2025 to "Demonstrate the role of new energy in the energy transition and understand the carbon footprint of the full lifecycle of assets with the intention of reducing it". In 2025, progress towards the objectives of the CSS and specific Energy Transition objectives will be reviewed and a new sustainability strategy will be developed to further evolve our approach to sustainable investment and align with Gresham House's overarching 2030 strategy; this will include Group and divisional-level net zero strategies.

Strategy

3 Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

The Company is committed to investing in and developing Battery Energy Storage Systems (BESS) to contribute to, and benefit from, the decarbonisation of energy systems.

Whilst the Company has ambitions to develop internationally, the portfolio is currently geographically limited to Great Britain and therefore the Company's climate-related risks and opportunities are currently focused on Great Britain.

The Company's investments in BESS are well positioned to benefit from climate-related opportunities over the short, medium and long term by participating in the opportunities arising from the decarbonisation of energy usage and the increased penetration of renewable energy and the corresponding increase in energy storage requirements.

These climate-related factors, which are applicable over the lifecycle of the Company's investments, are incorporated into third-party revenue curves which are used within the Company's financial modelling.

The Board and Investment Manager also recognise that there are certain climate-related risks that could have an impact on the Company in relation to changes in the business environment and physical risks caused by extreme weather events.

The Board and Investment Manager have identified what they consider to be the principal risks facing the Company, including climate-related risks, and these are captured within the risk register.

The Company's investments are designed to operate over time horizons of 25 years or more. The table below sets out the key climate-related risks and opportunities identified by the Board and Investment Manager over the short term (<12 months), medium term (one to five years) and long term (5-25 years) and include their potential impact on the financial performance of the Company.

Timeframe	Opportunity	Risks
Short term	<ul style="list-style-type: none"> The continuing rollout of renewable generation increases demand for BESS to balance the energy system and may increase the volatility in the prevailing and forecast power price, providing wholesale trading opportunities 	<ul style="list-style-type: none"> Lower power prices due to over-deployment of renewables may affect ability to earn revenues from wholesale trading activities Saturated market for ancillary services depresses pricing for those services Lack of progress in the development of NESO systems and processes continues to restrict the ability of BESS to operate effectively in the BM or other services
Medium term	<ul style="list-style-type: none"> Increased government and public support for decarbonisation increases the volume of sustainable and impact investing Implementation of carbon pricing in new sectors may lead to increased investment in companies that enable renewable deployment Reductions in battery prices and advances in battery technology provide opportunities to augment existing sites and increase the MWh of the portfolio at a lower cost of ownership and in a relatively short timescale 	<ul style="list-style-type: none"> Increased competition for investment opportunities will increase project costs and lead to a reduction in financial returns Increased focus on BESS as a key enabler of renewable deployment may lead to greater regulation and associated costs Co-located batteries on renewable generation sites may reduce the need for standalone BESS
Long term	<ul style="list-style-type: none"> As economies continue to move away from fossil fuels, demand for electricity will increase and could increase power prices and power price volatility Advances in battery technology may lower cost of ownership and provide new opportunities to increase participation in energy markets 	<ul style="list-style-type: none"> Physical risks arising from extreme weather events including flooding and storm damage Extreme temperatures can affect the performance of battery technologies Development of alternative energy storage systems to support the rollout of renewable power generation may lead to early obsolescence of BESS, causing asset write downs

4 Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Investment portfolio

Opportunities

The Company's operational BESS investments participate in the market opportunities identified above and benefit from governmental and societal support for deployment of renewable technologies. BESS benefits from high levels of power price volatility driven by increased renewables penetration and a relative lack of BESS capacity.

The Company has also developed a significant future portfolio by investing in projects which have been constructing BESS assets. Large parts of this pipeline have recently been commissioned or are expected to be commissioned shortly.

Risks

The Company's portfolio is focused exclusively on BESS within GB, and as such is exposed to the physical, technological and market risks identified above. However, the investment portfolio is geographically spread in GB, and given the nature of BESS technology, is not generally adversely affected by weather patterns. Consideration is given to potential physical risks such as flooding during the planning phase and the geographic spread provides resilience against local issues.

Strategy

Opportunities

Increasing awareness and attention to climate change has spurred increased deployment of renewable energy worldwide, providing significant opportunities for BESS in the short, medium and long term. The Company is a leading provider of BESS in GB and has a significant future pipeline of investments in different stages of development.

Risks

Development of BESS capacity in GB has led to the saturation of the market for BESS ancillary services in GB and greater reliance on the wholesale trading market, resulting in greater volatility of returns.

Financial planning

Opportunities

Despite a poor revenue environment in 2024, the medium and long-term outlook for BESS remains strong and this is anticipated to provide access to investor capital in the future.

The development of new, contracted, revenue sources for BESS, such as tolling revenues, may also open up access to further sources of debt funding, further enabling the Company to grow its portfolio.

Volatility of wholesale power prices, driven by volatility in the availability of renewable energy generation, may provide significant opportunities for trading energy as renewables become an increasing proportion of the energy mix. As high energy prices are typically driven by fossil fuel generation and low prices driven by high renewable generation, any increase in carbon pricing is likely to extend spreads with fossil fuel generation having to increase pricing to cover the cost of running. This means there is an opportunity for increased revenues resulting from increasing carbon prices.

The Company uses the services of third-party experts to estimate revenue opportunities for BESS over the short, medium and long term, taking into account the large number of potential variables, and the financial outputs generated by the third-party experts are used within the Company's financial modelling.

Risks

As noted above, future cash flows of the portfolio investments are likely to be significantly affected by wholesale power prices which are outside of the control of the Company or its investments.

Increased input prices linked to carbon-related raw material costs may increase construction costs of pipeline assets and therefore reduce returns available to the Company.

The emergence of new energy storage technologies may require the Company to invest in research and development, thereby impacting on returns.

5 Describe the resilience of the organisation’s strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario

Physical risks

In 2024, preliminary climate scenario analysis was conducted across the Company’s assets to build an understanding of exposure to changing climate conditions. The scenarios used for this analysis were:

- SSP1-2.6 which represents a low GHG emission scenario, resulting in a below 2°C end-of-century temperature rise

- SSP2-4.5 which represents a likely, middle-of-the-road climate scenario with an end-of-century temperature rise of around 2.7°C
- SSP3-7.0 which represents a high GHG scenario with an end-of-century temperature rise of 3.6°C
- SSP5-8.5 which represents a worst-case, fossil fuelled development scenario with a 4.4°C temperature rise

The percentage of the portfolio’s assets expected to face increasing water stress, increased average daily precipitation and increased average daily temperature by 2050 is displayed in the table below.

Hazard	Below 2°C	Business-as-usual	Worst case
Water stress ⁵³	16%	8%	10%
Precipitation ⁵⁴	0%	6%	0%
Daily maximum near-surface air temperature ⁵⁵	59%	94%	100%

53. Calculated using data from [Aqueduct Water Risk Atlas](#). SSP1-2.6 is below 2°C scenario. SSP3-7.0 is considered business-as-usual scenario. SSP5-8.5 is considered pessimistic scenario. For the analysis, increased risk is moving into a higher category of water stress i.e. from low-medium (10-20%) to medium-high (20-40%)

54. Calculated using CMIP6 climate projections from [Copernicus Climate Data Store](#). SSP1-2.6 is below 2°C scenario. SSP2-4.5 is considered business-as-usual scenario. SSP5-8.5 is considered worst-case scenario. For the analysis, increased risk is an increase of >5% in average daily precipitation

55. Calculated using CMIP6 climate projections from [Copernicus Climate Data Store](#). SSP1-2.6 is below 2°C scenario. SSP2-4.5 is considered business-as-usual scenario. SSP5-8.5 is considered worst-case scenario. For the analysis, increased risk is an increase of >0.5°C in daily average temperature

This scenario analysis has been used to identify which assets are likely to experience a change in climate conditions as a first step in identifying and quantifying the Investment Manager’s exposure to physical climate risks. Changing climate conditions do not mean the risk is material and given the geographic spread of the Company’s investment portfolio within GB and the nature of BESS technologies, the Board and Investment Manager do not consider that there are likely to be significant physical risks to the current investment portfolio.

To build on this assessment, next steps will involve assessing the materiality of the risks identified, increasing the number of hazards analysed and reviewing the design and management plans of at-risk assets to ensure material risks can be sufficiently mitigated.

Currently, physical risks are considered as part of design specifications and increased infrastructure costs to cope with potential physical risks are not anticipated to be material. Flood defences are already considered in the investment portfolio with a number of projects having key equipment elevated above the ground to reduce risk of damage in the event of a flood. Increased infrastructure and insurance costs to cope with potential physical risks are not anticipated to be material.

Transition risks

It is likely that wholesale energy markets, which provide the majority of the investment portfolio’s revenues, will be significantly impacted by a number of climate-related factors. Some of the most important factors include:

- government policy (including carbon cost regimes and mandated plant closure);
- penetration of renewables and the ability of NESO to develop appropriate systems to manage variable energy supply;
- development in future technologies designed to deal with and adapt to climate-related matters; and
- changing patterns of demand (including the impact of electric vehicles, heat pumps and increased use of air conditioning).

The Company uses the services of third-party experts to estimate the impact of those factors in energy prices over the short, medium and long term to create low, high and central case scenarios. These scenarios, which factor in Government commitments, a view on the likelihood of their implementation, and expected carbon prices, are then embedded within financial modelling. Although the scenarios are used within the Company’s financial modelling, the precise effect on power price of any of the identified factors, and their timing, is highly uncertain.

The ability of BESS to participate flexibly within the wholesale market, or to provide ancillary services, provides revenue opportunities even in low case scenarios.

Risk management

6 Describe the organisation's processes for identifying and assessing climate-related risk

Climate-related risks which may affect the Company or its investment portfolio are identified and assessed by the Investment Manager as part of the risk management process. Identified risks are included in the risk register and quantified with consideration given to likelihood and impact and ranked accordingly.

Potential risks may also be identified as part of the due diligence process that is carried out prior to acquiring new portfolio companies by the Investment Manager and independent experts. The Investment Manager has created a detailed ESG decision tool which is completed prior to making acquisitions of portfolio companies.

This decision tool includes consideration of numerous ESG and climate factors including environmental assessment, potential flooding/drainage and the suitability of construction contractors to adequately deal with environmental or climate-related mitigation actions. During investment appraisal, consideration is given to available climate mitigation and any the costs of putting this in place are factored into the investment proposal.

Principal and emerging risks, which may include climate-related risks, are disclosed within the Company's Annual Report.

The Company will continue to refine its climate risk assessment approach in line with the evolving nature of climate factors and emergence of climate-related tools and data.

7 Describe the organisation's processes for managing climate-related risks

The Board and the Investment Manager are focused on the most significant risks facing the Company, as determined and quantified in the risk register.

Physical risks

Potential physical risk factors that are identified as part of the initial acquisition process, or identified subsequently via design reviews, site inspections or during routine maintenance, may be mitigated via design changes such as raising containers on plinths to reduce flood risks. Flood risk assessments are undertaken to determine a probabilistic analysis of flooding including effects of climate change. BESS assets have temperature management (such as air conditioning or liquid cooling) and further mitigations of physical risks are considered at the planning stage and are often required to be considered as part of planning approval.

Transition risk

The anticipated growth of renewable energy generation, which is likely to lead to increased volatility of wholesale power prices, is considered to be an opportunity for the investment portfolio rather than a risk. However, shifts in power demand or supply, and their effect on power market pricing, impact the ability of the portfolio companies to generate revenue. The Investment Manager regularly updates the portfolio cash flow model to reflect future net revenue yield curves.

The Investment Manager keeps abreast of developments in battery and storage technologies which may affect the Company's market opportunities in the future. In 2024, the Manager engaged sustainability consultants Sancroft to produce a memorandum on the state of the BESS industry, current market issues, and recommendations to fix the market inequalities entitled "The Case for Urgent Action to Increase the Role of Battery Storage in the UK's Balancing Mechanism". Sancroft then engaged with Ofgem, DESNZ, NESO, politicians, universities and other key industry participants to promote BESS as key to net zero in the UK.

8 Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

As noted above, climate-related risks are integrated into the Company's risk management framework through the investment process and through the regular review of the Company's risks carried out by the Investment Manager and are included in the risk register which is reviewed quarterly by the Board.

Metrics

9 Disclose the metrics used by the organisation to assess climate-related risks and opportunities

Renewable energy generation through wind and solar is inherently intermittent and the increased proportion of the energy generated by renewables therefore increases the challenges facing energy system operators to ensure a stable supply of energy. The Company's investments in BESS play an important role in facilitating the use of renewables by providing ancillary services that support the transmission network balancing system and by storing energy from the electricity grid during periods of high supply/low demand and releasing energy during periods of low supply/high demand.

To date, the rollout of BESS has lagged behind the deployment of renewable energy. The Company has been targeting growth of its investments in BESS to support renewable generating capacity and thereby reduce dependency on fossil fuels.

The Board and Investment Manager consider that the most important climate-related metrics for the Company relate to the scale, availability and efficiency of the Company's BESS investments, measured as:

- Total operational BESS capacity at the year end (MW and MWh)
- Weighted average BESS capacity for the year (MW)
- Carbon emissions avoided (tCO₂e)

In addition, the Investment Manager will monitor carbon emissions and carbon intensity metrics in line with TCFD recommendations for the financial industry including:

- GHG emissions – Scope 1, 2 and 3 carbon emissions (tCO₂e)
- Weighted average carbon intensity (WACI) (Scope 1 and 2 emissions / £mn revenue)

The methodology used to calculate the average carbon intensity and carbon emissions is documented in sections 10 and 11 of this report respectively.

10 Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks

The Company reports emissions using the Greenhouse Gas (GHG) Protocol which is the most widely used framework for reporting on carbon emissions and this framework separates emissions into the following categories:

- Scope 1: Direct emissions from owned or controlled sources
- Scope 2: Indirect emissions from the generation of purchased energy
- Scope 3: Indirect emissions that occur in the value chain

- The Company has calculated Scope 1, Scope 2 and Scope 3 (transmission and distribution losses and well to tank emissions) CO₂ emissions for the year ended 31 December 2024. The calculations were supported with input from third-party carbon consultants and apply the Partnership for Carbon Accounting Financials' (PCAF) "The Global GHG Accounting & Reporting Standard for the Financial Industry" (December 2022). UK Government conversion factors and environmentally extended input-output (EEIO) emissions factors have been utilised to facilitate the calculations.

Metric	31 December 2024	31 December 2023
Scope 1 emissions (tCO ₂ e)	2,598	7,541
Scope 2 emissions (tCO ₂ e)	1,607	5,228
Scope 3 (emissions (tCO ₂ e)	1,752	1,876
WACI (tCO ₂ e / £mn revenue in portfolio, Scope 1 and 2 emissions)	90	297

Carbon emissions methodology

All carbon emissions are calculated in line with PCAF guidance for project finance. Scope 1, 2 and 3 emissions are calculated using the following formula:

$$Financial\ Emissions = \sum \frac{Outstanding\ Amount_c}{Total\ Equity\ and\ Debt_c} \times Company\ Emissions_c$$

Task Force on Climate-related Financial Disclosures (TCFD)

Emissions reported currently encompass only operational assets and do not yet account for assets under construction. The Company intends to expand reporting to cover construction assets in future periods.

More information on Scope 1, 2 and 3 emissions

Scope 1 emissions for the Company reflect diesel and gas fuel consumed by certain assets. Only one of the Company's portfolio companies uses significant amounts of gas or diesel, with the bulk of generation coming from gas at that site. Further, one other asset used a small amount of diesel for testing under its Capacity Market contract obligations and did not represent a material trading return.

Scope 2 emissions reflect greenhouse gas emissions released from indirect consumption of energy.

For battery assets, the presumed energy consumption of an asset is calculated by deducting energy exported from energy imported (kWh) by the asset. Half-hourly UK electricity grid carbon emissions factors are then applied to estimate the carbon footprint associated with this energy consumption.

Scope 3 emissions in this reporting include Transmission & Distribution (T&D) losses. T&D losses reflect emissions associated with loss during transmission and distribution of energy consumed by the BESS assets. The Scope 3 emissions also include the estimated well to tank emissions associated with natural gas consumption. In future, the Investment Manager will look for ways to include Scope 3 emission calculations for construction activity, as well as identifying opportunities to engage with suppliers to take action to reduce such emissions.

Weighted-average carbon intensity methodology and metric

The Company's weighted average carbon intensity reflects a portfolio's exposure to carbon-intensive assets, expressed in tCO₂e / £mn revenue. It is calculated, as per TCFD guidance for Financial Institutions, using the following formula:

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$$

Note that "issuer" in the case of the Company refers to its battery assets.

11 Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

BESS capacity

BESS capacity underpins multiples of renewable generation capacity and therefore incremental BESS deployment is a key measure. The Company has continued to grow its portfolio of operational BESS capacity despite industry-wide challenges. The operational capacity reported by the Company, measured in MW and MWh capacity, has grown as shown below.

GHG emissions avoided

As BESS generally store energy during periods of high renewable energy generation/low demand and release energy during periods of low renewable energy generation/high demand, there is an inherent carbon benefit to using BESS within the electricity grid (on the assumption that BESS exports would otherwise be met by fossil generation).

However, BESS will also displace fossil fuel-based energy generation operating as a backup system (which is often kept "warm" in advance of use) and it therefore enables the avoidance of emissions greatly in excess of the differential between the carbon associated with the energy imports and exports.

The current BESS avoided emissions methodology utilised by the fund was developed in partnership with the Carbon Trust in 2022. As at February 2025, the Energy Storage Network working group are in the process of finalising the new, industry standard methodology. As this methodology is in the final stages of development, the previous year's methodology has been used for this report. More detail on the methodology applied for this is set out below.

It should be noted that at this stage the carbon avoided methodology does not account for lifecycle carbon impact, i.e. carbon emissions associated with the supply chain and construction of the assets.

	Operational capacity (MW)	Operational capacity (MWh)
31 December 2020	315MW	380MWh
31 December 2021	425MW	473MWh
31 December 2022	550MW	598MWh
31 December 2023	690MW	788MWh
31 December 2024	845MW	1,207MWh

On this measure, the carbon avoided by the Company’s BESS investments is calculated as follows:

YE 31 December 2022	510,291 tCO ₂
YE 31 December 2023	677,775 tCO ₂
YE 31 December 2024	596,764 tCO ₂

Carbon emissions avoided methodology

Scope 2 emissions show the net carbon emissions impact of assets’ operations through energy consumption. This methodology for BESS assets is such that the net metering, i.e. import and export of energy by each battery, is assumed to be consumed/avoided at the average intensity of the national grid for each half hour.

This calculation demonstrates the operational carbon emissions of the assets but does not reflect the important role of BESS assets when it comes to broader grid carbon emissions and their role in supporting increased penetration of renewables and decreased use of carbon-intensive energy generation.

The Scope 2 methodology omits two key aspects of the broader role of BESS that should be factored into carbon avoidance methodologies:

- 1 no value is attributed to BESS services offered such as Frequency Response and the renewable generation this allows on the system; and
- 2 whilst trading, the battery exports would replace the next marginal asset that would otherwise be called upon, which would be a higher carbon intensity technology such as gas, than the average intensity on the grid. Therefore, the emissions avoided should reflect the marginal unit carbon cost and not the average intensity.

As shown in the chart on the previous page, imports are typically carried out during half-hourly periods when carbon intensity is lower, whilst exports are typically delivered during higher carbon intensity periods on the grid.

Low prices are typically driven by high output from renewables, leading to lower grid carbon intensity, whilst high prices are typically driven by periods of lower renewables output when power is delivered by higher carbon-intensive and more expensive power technologies such as gas.

The average carbon intensity of the grid is relatively stable due to a general high prevalence of gas and, therefore, the difference between high and low carbon intensity is often relatively small on any given day. BESS will typically result in net consumption of energy as a result of round-trip losses, i.e. it imports a greater volume of energy than exported with a resulting “carbon consumption”. Unless consideration is given to the wider carbon emission benefits that BESS assets enable, i.e. Frequency Response enabling greater reliance on renewables, the carbon emissions impact of these assets will be overstated.

Therefore, we have worked with third-party data providers to factor in the benefit from assets providing Frequency Response services. The avoided emissions are calculated by comparing calculated emissions against a baseline emission should these BESS assets not be available to the electricity grid operators.

In the case of a BESS asset performing Frequency Response services, the baseline is assumed to be a plant at the operating margin. For the purposes of the estimation, it is assumed that a BESS asset would maintain a state of charge of 50% in order to provide headroom in the battery to deliver upwards and downwards actions and therefore when comparing against the baseline it is assumed that only half of the nominal battery capacity is used. This is multiplied by the number of hours in which the BESS asset was operational in the service and then multiplied against the average operational margin grid carbon intensity. The baseline calculation is therefore summarised as:

Grid stability baseline emissions = 50% BESS capacity x No. hours in service x grid operational margin

This baseline is then compared to the calculated emissions to estimate the emissions avoided. The approach taken is likely to result in a conservative estimation of the avoided emissions as it only factors in the emissions avoided during periods of Frequency Response services and not emissions avoided through trading. The calculation also uses average carbon intensity rather than marginal asset intensity.

Under the current methodology the estimated carbon emissions avoided from our portfolio for 2024 was 596,764 tCO₂ (2023: 677,775 tCO₂).

Target for GHG emissions avoided

The Investment Manager is in the process of developing a group-wide net zero strategy, which will look to include asset specific decarbonisation plans, net zero targets and engagement strategies, and will follow industry-specific guidance including the Science Based Targets initiative. The Investment Manager intends to publish this by the end of 2025.



Ham House
Specialist investment

Risk and S.172 reporting

Principal risks and uncertainties

Risk management approach

The Company recognises that active risk management is critical to enable it to meet its strategic objectives. The Company has a clear framework for identifying and managing risk, at both an operational and strategic level, through a detailed risk register and quarterly risk reviews. Risk identification and mitigation processes have been designed to respond to the changing environment in which the Company operates. The impact of emerging risks on the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of the Company's strategy. The table below captures those risks that would have the most significant adverse impact on the Company (and the underlying investments), based on their impact and/or likelihood.

Existing risks in detail

Risk area	Gross impact	Mitigation	Net impact
<p>Operational and performance risk in the underlying investments leading to loss of value.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: High (reducing) 2023 FY: High 2022 FY: Low 	<p>The BESS investments do not perform in the manner expected or are not optimised in the best commercial manner to capture revenue streams which could lead to reduction in valuations.</p> <p>Performance within the SPVs may not meet planning or safety requirements and result in curtailment of operations and loss of investment value.</p> <p>The portfolio relies on contracts with suppliers to maintain certain key equipment: these suppliers may fail to provide adequate support.</p> <p>Poor market conditions create lower volatility and ancillary services saturation creates lower revenue streams.</p>	<p>The Company has ensured that assets are designed in a flexible manner. Battery duration for new investments is considered to ensure flexibility for future operation.</p> <p>Each investment is subject to commissioning testing to ensure all relevant planning and HSE conditions are met. Fire risk is carefully assessed and sites are designed and operated to ensure this risk is as low as practicable.</p> <p>Cyber security risk is managed via secure systems used by optimisation partners.</p> <p>The portfolio has a number of alternative suppliers and optimisers to manage risk.</p> <p>The portfolio relies on multiple income streams to ensure diversification.</p> <p>The Investment Manager works with industry groups and engages with NESO to ensure BESS opportunities are maximised.</p>	<p>The Investment Manager has substantial experience managing BESS assets and works with leading asset optimisers to ensure assets are designed and operated as expected.</p> <p>Health and safety performance is rigorously tested and reviewed.</p> <p>Performance of the Company's BESS investments has been impacted by market issues. A key focus of the Company is to improve utilisation of BESS and the economic performance of these assets.</p> <p>Tolling agreements have been implemented on a large portion of the portfolio. These reduce financial risk but asset availability risk remains with the Company.</p> <p>In 2025 the Company is continuing contractual discussions to both capture upside and provide a firm base of contractual revenues.</p>

Principal risks and uncertainties

Risk area	Gross impact	Mitigation	Net impact
<p>Dividend policy is not in accordance with shareholders' expectations.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: High (stable) 2023 FY: High (new risk) 2022 FY: n/a 	<p>Uncertainty in the level of dividend distributions undermines shareholder confidence and therefore undermines share price and ability to access capital.</p>	<p>The banking covenants have been amended and restated and a new dividend policy is planned to be announced in 2025.</p> <p>Two key elements are required to achieve this: a refocus of merchant revenues into contractual revenues and a corresponding relaxation of banking covenants.</p> <p>The dividend will be dependent on revenue performance but is expected to benefit from a lower risk profile.</p>	<p>Shareholder reaction and feedback is continually reviewed.</p> <p>The Company remains fully asset backed. Revenues are expected to recover with improvements to NESO systems and development of other contractual revenue opportunities.</p> <p>This will allow dividends to resume in due course. It is expected that at a minimum the Company will make a distribution to meet Investment Trust Company regulations.</p>
<p>Financing risk of existing investments and availability of future growth capital.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Medium (reducing) 2023 FY: High 2022 FY: Medium 	<p>Equity financing is not available to expand pipeline due to poor short-term revenue forecasts and substantial NAV discount preventing equity fund raises.</p> <p>Debt financing covenant tests create risk of non-payment of dividends and default.</p> <p>The Company's investments are subject to banking covenants which have been amended and restated in early 2024.</p>	<p>The Company does not have any unfunded commitments. The debt facility has been amended and restated to enable the completion of the current pipeline projects and planned extensions.</p> <p>The banking covenants have been carefully modelled by the Manager to ensure they are achievable within the amended and restated debt facility agreement. These are monitored regularly.</p>	<p>As debt is drawn the Company enters into interest rate hedging instruments to manage this risk.</p> <p>The revenue environment has stabilised and the risk in relation to the debt covenants is low.</p> <p>However, the Company aspires to continue to grow additional BESS capacity and has been seeking contractual revenue systems to reduce financing risks to low levels.</p>
<p>Performance and availability of grid connections and their impact on future project commissioning dates causing delay to investment revenues and earnings.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Low (stable) 2023 FY: High 2022 FY: High 	<p>Grid connection performance affects project commissioning timescales.</p> <p>This affects the ability of the Company's portfolio to generate project revenues to deliver earnings to pay dividends on the timescales expected by the markets.</p> <p>New for 2025 is the risk of grid connections queue reform. This has already "paused" new applications since 29 January 2025 and has the potential to disrupt existing pipeline projects.</p>	<p>The existing construction pipeline has grid connection certainty.</p>	<p>This risk has decreased to low on a forward-looking basis.</p> <p>Whilst there has been an ongoing impact of delays in 2024 which has meant additional capacity has been delayed, the programme is now almost complete and therefore the impact on the remaining grid connections is low.</p> <p>The Company agrees that grid connections queue reform needs to take place to cleanse grid capacity and provide a better landscape for developers. However, this needs to be a robust and quick process to avoid disruption.</p>

Principal risks and uncertainties

Risk area	Gross impact	Mitigation	Net impact
<p>Great Britain assets are based on a business model which relies on certain revenue streams sourced from National Grid mechanisms and resulting from overall rollout of intermittent renewables.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Medium (stable) 2023 FY: High 2022 FY: Medium 	<p>Adverse changes by NESO in relation to services contracted, caused by either:</p> <ul style="list-style-type: none"> a) NESO moving away from their “Net Zero” ambition (e.g. utilising thermal plant rather than BESS) may reduce the size/scope of income-earning opportunities to the Company’s investments and have potential impact on valuation; or b) NESO not utilising available assets efficiently in their management of the electricity market; or c) HM Government’s Energy Strategy moves away from intermittent renewable assets which create revenue opportunities for BESS and instead move to other strategies which impact on BESS future growth. <p>Any of the above may impact on the revenues available to BESS on Great Britain’s grid.</p>	<p>The Company’s investments enjoy several different income streams ranging from BM, Capacity Payments, TRIADs and DC as contracted services to National Grid; the Company’s investments are able to select which services to provide on any given time period: this is continuously monitored by the Investment Manager and optimisation partners.</p> <p>NESO has been slow to utilise BESS capacity and this has created revenue streams for legacy fossil assets at the expense of BESS. However, NESO began to make progressive changes in early 2024 to ensure BESS will form an integral part of transforming the electricity sector in the UK.</p> <p>The Investment Manager works with industry groups and engages with NESO to ensure BESS opportunities are maximised.</p> <p>Tolling agreements have been entered into: this allows a certain level of income to be locked in – this is a major mitigant.</p>	<p>BESS projects are versatile assets and can perform a variety of roles to manage risk.</p> <p>Projects have the potential to “revenue stack” and gain multiple revenue streams from different services.</p> <p>The income stream opportunities and usage of BESS are expected to evolve over time.</p> <p>However, NESO’s progress is being carefully monitored and managed; restoring appropriate usage of BESS by NESO is a key management focus with encouraging results in H2 2024.</p> <p>The ability to enter into further tolling arrangements and other contractual revenue streams allows the Company to lock in revenue streams and mitigate risk.</p>
<p>Geographic risk.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: High (stable) 2023 FY: Medium 2022 FY: Low 	<p>GB assets dominate the portfolio at present: there is a concentration risk and over-reliance on the GB market.</p>	<p>Over time, the international exposure of the Company will be increased and the portfolio become diversified: a number of strategic relationships and opportunities are in place.</p>	<p>In the short term the portfolio will remain GB dominated. As GB is currently experiencing low revenues, this risk has increased.</p> <p>Overseas expansion plans are available but no investments will take place in the short term. This risk therefore remains high.</p>

Principal risks and uncertainties

Risk area	Gross impact	Mitigation	Net impact
<p>Valuation risk.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Medium (stable) 2023 FY: Medium 2022 FY: Low 	<p>The Company's investments are valued using discounted cash flows and assessment of future income streams driven by third-party power curves. These valuations may be materially incorrect or not held at fair value.</p> <p>The Company's investments are impaired if income streams are not as profitable as expected or costs are higher than expected. Volatile inflation and interest rates may impact upon these valuations.</p>	<p>Risk-adjusted discount rates drive valuation along with the external pricing curves.</p> <p>The Company utilises a modelling methodology which discounts income streams using discount rates appropriate to the perceived risks.</p> <p>The weighted average discount rates are reviewed regularly. A third-party valuer reviews valuations and confirms appropriateness.</p>	<p>Compared to market peers the risk is deemed to be low when the discount rates are considered/compared.</p> <p>The risk remains at medium as third-party revenue curves are reflecting an evolving marketplace but the resulting valuations lack market comparable transactions to validate.</p>
<p>Availability of batteries and other key components.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Low (stable) 2023 FY: Low 2022 FY: High 	<p>Inability of the Company to deploy capital raised into investments due to incomplete or lengthening project timescales.</p> <p>Price increases for components making investments less attractive and impacting on overall returns.</p>	<p>The Company's construction projects and augmentations are being completed in the next six months and are not reliant on the acquisition of additional components.</p>	<p>The Company's portfolio has acquired batteries and key components to build out the existing funded pipeline.</p> <p>The future marketplace is evolving: lower BESS pricing and US import tariffs are expected to make Chinese BESS accessible and provide improving economics.</p>
<p>Reliance on the Investment Manager.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Low (stable) 2023 FY: Low 2022 FY: Low 	<p>The Company relies on the Investment Manager and "key persons" as a mission critical supplier.</p>	<p>The Company has long-term contractual arrangements in place with the Investment Manager which has confirmed that the growth of the Company is one of its key focus areas.</p>	<p>The Investment Manager remains incentivised to continue to grow the Company and drive value through the changes to the Investment Manager fee arrangements.</p> <p>The Investment Manager has built out a large team of experts which reduces "key people" risks.</p>
<p>Tax compliance.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Low (stable) 2023 FY: Low 2022 FY: Low 	<p>The Company is registered as an Investment Trust and must comply with certain tests.</p>	<p>The Investment Manager undertakes the relevant tests each quarter and the Company's tax advisors review this regularly.</p>	<p>In order to ensure continued compliance in a low revenue environment the Company capitalised the loan with MidCo on 15 March 2024.</p> <p>It is expected that at a minimum the Company will make a distribution to meet ITC regulatory requirements.</p>

Principal risks and uncertainties

Risk area	Gross impact	Mitigation	Net impact
<p>Environmental, Social and Governance: production and recycling of batteries creates risk.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Low (stable) 2023 FY: Low 2022 FY: Low 	<p>BESS are manufactured, installed and operated with the intention of driving the transformation to a low carbon energy supply in the UK.</p> <p>However, the lifecycle ESG impact of the batteries needs to be considered and minimised.</p>	<p>The supply for battery manufacture relies on high-quality global partners who ensure their supply chain does not involve the use of illegally or unethically sourced “rare earth” materials or inadequate labour standards.</p> <p>The Company undertook a supply chain review in 2022.</p> <p>The recycling of the BESS systems remains subject to constant development and research. The Company is motivated to ensure low environmental impact. This is an industry-wide focus and the residual value of materials remains high and there is likely to be value from recycling of materials in future.</p>	<p>Some aspects of this are still evolving over time, especially the end use/recycling of BESS.</p> <p>The ability of BESS to drive a low-carbon electricity system needs to be considered in comparison to other options when considering the overall ESG impact of BESS. Work will continue to minimise this over time.</p>

Emerging risks

Risk area	Gross impact	Mitigation	Net impact
<p>Emerging technology replaces battery energy storage assets.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Low (stable) 2023 FY: Low 2022 FY: Low 	<p>The Company invests in battery storage projects: a new or disruptive technology might adversely impact on the Company's investments.</p> <p>Future income streams may be reduced if new entrants have significantly lower marginal costs.</p>	<p>The Company utilises proven technologies with associated Tier 1 supplier warranties and performance guarantees.</p> <p>The Company continues to review available technologies. It is currently viewed as unlikely that a completely new reliable and cost-competitive technology will appear during the lifetime of these batteries and impact the lifecycle of these batteries.</p>	<p>The Company will also benefit from lower costs and the valuation model assumes continuing cost reductions for replacement assets over time.</p> <p>Due to lower battery pricing there is increasing opportunity for BESS to compete in longer duration storage opportunities and replace/augment existing technologies.</p>
<p>Geopolitical risk of potential equipment shortages as China is subject to US tariffs.</p> <p>Residual risk:</p> <ul style="list-style-type: none"> 2024 FY: Low (reducing) 2023 FY: Low 2022 FY: Medium 	<p>Disruption of the supply chain of crucial equipment.</p>	<p>The Company has relationships with other non-Chinese suppliers, but they are likely to source components from China.</p> <p>US tariffs will encourage China imports into the UK BESS market.</p>	<p>The Company ensures it is securing key equipment orders in advance.</p> <p>The current funded pipeline has secured appropriate equipment.</p> <p>Future pipeline has opportunities to exploit better economics.</p>

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Shareholders

The Company will require further funding to continue the requirements of the investment strategy and complete construction of the portfolio assets. As such, existing and prospective equity investors are vitally important stakeholders.

Stakeholders' interests	How GRID engages	Stakeholder engagement in practice	Outcomes and actions during 2024
<p>Through our engagement activities, we strive to obtain investor buy-in into our strategic objectives and how they are executed.</p> <p>Since IPO, the Company has issued a significant number of shares to allow the Company to meet the investment strategy of the Company.</p>	<p>The Company engaged with the stakeholder group in the year through the following:</p> <ul style="list-style-type: none"> Interim and full-year accounts. The Company's Corporate Brokers and Investment Manager are in regular communication with shareholders and shareholder views are reported to the Board on at least a quarterly basis. The Company's Corporate Brokers set up direct calls between investors and the Board members. The Chair and the Board members have made themselves available to engage in discussions around issues of governance and overall performance. One-to-one meetings with the Investment Manager. Regular news and quarterly NAV updates. 	<p>The Company has developed a strong and diversified list of shareholders who support the Company in its ambitions notwithstanding the current market difficulties.</p> <p>A share buyback programme commenced in Q1 2024.</p>	<p>The engagement activities of GRID during 2024 included:</p> <ul style="list-style-type: none"> Discussions with shareholders during and since the AGM. Webinars around the Annual Report. Market announcements. Annual and Interim Reports. Site visit (8 October 2024). A webinar/Capital Markets Day (27 November 2024). Following the year end the Company announced the appointment of Peel Hunt LLP as Joint Corporate Broker to the Company, alongside Jefferies International Limited.

Lenders

The Company will require further funding to continue the requirements of the investment strategy and complete construction of the portfolio assets.

Stakeholders' interests	How GRID engages	Stakeholder engagement in practice	Outcomes and actions during 2024
<p>Through constructive engagement, the Company strives to maintain a healthy relationship with lenders.</p>	<p>The Company engaged with the stakeholder group in the year through the following:</p> <ul style="list-style-type: none"> Regular meetings to amend and restate debt covenants to levels reflecting the low revenue environment in Q1 2024. Continued communication to ensure the completion of the construction programme in 2024. 	<p>The Manager, with oversight from the Board, has renegotiated the debt facility held by the Company's wholly owned subsidiary to align covenant levels with current market conditions and resized the debt facility.</p>	<p>The engagement activities of GRID during 2024 included:</p> <ul style="list-style-type: none"> Regular meetings in Q1 2024. Successful negotiations led to revised debt agreement.

Investment Manager

The Investment Manager implements and oversees the investment strategy of the Company including acquisition identification and manages value enhancement in the underlying SPVs. The Investment Manager is crucial for the Company to meet dividend, profit and NAV expectations.

Stakeholders' interests	How GRID engages	Stakeholder engagement in practice	Outcomes and actions during 2024
<p>Constructive engagement with the Investment Manager is important in order to ensure that the expectations of the shareholders are being met, and that the Board is aware of challenges being faced by the Investment Manager.</p>	<p>The Company, supported by its Management Engagement Committee and a board adviser, conducts both ongoing reviews and an annual review of the Investment Manager's performance and the terms of engagement of the Investment Manager.</p> <p>The Board and the Investment Manager maintain an ongoing open dialogue on key issues facing the Company with a view to ensuring that key decisions such as investment decisions, the Investment Manager's capabilities and resourcing, trading partner performance in the SPVs and the Company's strategy are aligned with achieving long-term shareholder value. The Board has also engaged an independent board adviser that acts as an interface between the Board and the Investment Manager to help review, test and challenge the reporting and financial analysis provided by the Investment Manager. The Board discussed the linkage of the management fee to the Company's NAV with the Investment Manager.</p> <p>This open dialogue takes the form of a number of ad hoc Board meetings, as discussed in the Corporate Governance Report, and more informal contact, as appropriate to the subject matter.</p>	<p>The Company and Investment Manager have aligned interests to ensure the future success of the Company.</p> <p>The Investment Manager sees the growth of the Company as both a key element of its strategy and a company which fits well with the ESG strategy of the Investment Manager.</p> <p>The Board and the Investment Manager also discussed and revisited governance and resourcing arrangements going forward as the Company's number of investments grows.</p>	<p>During 2024, the Board held a number of meetings with the Investment Manager to discuss the following:</p> <ul style="list-style-type: none"> ▪ Consideration of pipeline acquisitions/ disposals/augmentation ▪ Debt refinancing ▪ Tolling arrangements ▪ Share buyback programme ▪ Terms and remuneration under the Investment Management Agreement, which led to a revised fee structure effective after the year end aligning the interests of the Manager and shareholders

Business partners and key service providers

The Company has various key service providers who provide management services.

Stakeholders' interests	How GRID engages	Stakeholder engagement in practice	Outcomes and actions during 2024
<p>The intention of the Company is to maintain long-term and high-quality business partnerships to ensure stability while the Company pursues its growth strategy.</p>	<p>The Company, supported by its Management Engagement Committee, reviews all key service providers to the Company and the terms of their engagement. During the year, the Company conducted a review of the terms of all service provider engagements along with their fee levels to ensure appropriate levels of support to the Company during the year.</p> <p>The Company seeks two-way engagement between the Board and key service providers on service delivery expectations and feedback on important issues experienced by service providers during the year. The intention of the Company is to maintain long-term and high-quality business partnerships to ensure stability while the Company pursues its growth strategy.</p>	<p>The Company has ensured that the interests of key service providers are aligned with the Company.</p> <p>The support of the Company's key service providers was also fundamental in the successful completion of the Company's debt refinancing, project acquisition, audit, valuation, share buyback and tolling arrangement.</p>	<p>Through the Management Engagement Committee, the Board conducts annual reviews of the key service providers.</p> <p>As a result, the Board made improvements in the management fee structure and its corporate broking arrangements which took effect shortly after the year end.</p>

Communities

The Company proactively engages with the communities within which it operates.

Stakeholders' interests	How GRID engages	Stakeholder engagement in practice	Outcomes and actions during 2024
<p>To educate the public on the role of BESS in the UK's decarbonisation ambitions.</p>	<p>During construction of investment projects, the Investment Manager ensures all relevant planning and construction conditions are met. In addition, the Investment Manager remains committed to proactively engaging with the communities within which the Company operates. The Investment Manager is part of the Gresham House Limited group and is focused on a sustainability agenda.</p>	<p>The key topic is GRID's role contributing to the UK's target of decarbonising the economy by 2050, through investment and deployment of BESS.</p>	<p>The Board continued to monitor the Investment Manager's adoption of its ESG decision tool, which takes into account the impact of investment decisions on surrounding communities and the importance of engaging with those communities.</p> <p>More direct engagement with communities is recommended, in order to continue to educate the public on the role of BESS in the UK's decarbonisation targets.</p>



Governance

Board of Directors

The Company has a Board of five Independent Non-Executive Directors.



John Leggate
CBE, FREng
(Chair and Independent Non-Executive Director)

John is highly experienced as a global energy sector executive and senior adviser on the energy transition and the commercialisation of advanced technologies. John has significant Board experience and is currently on the Board of cyber security firm Global Integrity in Washington DC, Chair of WizeCap Ltd and is a senior adviser in the energy sector to “blue chip” international consultants and senior adviser to Dial Partners (Dubai). John was appointed to the Board on 24 August 2018.

The Board considers that John’s breadth of board experience brings a positive view of engaging with, and responding to, changing market dynamics. John is highly motivated to deliver value to all stakeholders and thus contributes to the long-term sustainable success of the Company.

Significant interests: John is a director of Global Integrity, Inc (US), Chair of WizeCap Limited and Flamant Technologies Limited.



Isabel Liu
(Chair of the Management Engagement Committee and Independent Non-Executive Director)

Isabel has over 25 years’ global experience investing equity in infrastructure, including the AIG Asian Infrastructure Fund, the ABN AMRO Global Infrastructure Fund and as managing director of the Asia Pacific investment business of John Laing plc. Isabel served as a non-executive director of Pensions Infrastructure Platform, backed by UK pension schemes to invest in UK infrastructure. She has been a board member of Transport Focus, the consumer watchdog for public transport and England’s highways, and Heathrow Airport’s Consumer Challenge Board. Isabel was appointed to the Board on 1 October 2022.

The Board considers that Isabel’s extensive experience in all phases of direct investment in infrastructure including renewable energy in the UK and around the world, as well as her work as Chair of the Management Engagement Committee, enable her to contribute effectively to Board discussions on project resourcing and financing, forecasts, valuations, and governance, and thus to contribute effectively to the Company’s long-term sustainable success.

Significant interests: Isabel is a director of Schroder Oriental Income Fund Limited and Utilico Emerging Markets Trust plc.



Duncan Neale
(Audit Committee Chair and Independent Non-Executive Director)

Duncan is a CFO and Finance Director with over 20 years of commercial experience working for both publicly listed and privately owned companies. Duncan is a Fellow of the Institute of Chartered Accountants and qualified with Price Waterhouse in London. Duncan was appointed to the Board on 24 August 2018.

The Board considers that Duncan’s financial expertise, including his experience working as an FD and CFO in the energy sector, as well as his work as Chair of the Audit Committee, enable him to contribute effectively to Board discussions covering valuation, the performance of the fund and risk, which together aid the long-term success of the Company.

Significant interests: Duncan is a director of DJN Consultancy Limited, and a non-executive director of AFC Energy plc.



Catherine Pitt
(Chair of the Nomination Committee and Independent Non-Executive Director)

Cathy is a legal adviser who has specialised in the investment company and asset management sectors for over 20 years, specialising in governance, regulation and capital markets. Cathy was appointed to the Board on 1 March 2019.

The Board considers that Cathy’s legal expertise, transaction experience and knowledge of the investment trust sector, as well as her work as Chair of the Nomination Committee, enable her to contribute effectively to Board discussions and governance enhancement, both of which are important to the Company’s long-term sustainable success.

Significant interests: Cathy is a non-executive director of Baillie Gifford UK Growth Trust plc and the Association of Investment Companies and a member of the Advisory Council of Sex Matters, a not-for-profit company limited by guarantee.

Board of Directors



David Stevenson

(Chair of the Remuneration Committee and Senior Independent Non-Executive Director)

David is a financial journalist and commentator for a number of leading publications including The Financial Times (the Adventurous Investor), Citywire, and MoneyWeek. He is also the founder of www.etfstream.com, the leading source of ETF analysis in Europe. David was appointed to the Board on 24 August 2018.

The Board considers that David's knowledge of the investment industry, and experience of communicating with the end investor through various marketing and communications channels, as well as his work as Chair of the Remuneration Committee – and his work with other boards – enables him to contribute effectively to Board discussions and to the Company's long-term sustainable success.

Significant interests: David is a director of Castelnau Group Limited, the Secured Income Fund plc, Aurora Investment Trust plc and Workspace plc.



The Manager's team



The Manager's team consists of a Lead Fund Manager and Assistant Fund Manager and three other teams who manage the BESS projects throughout their lifecycle.

These teams are: Investments & Project Development; Construction; and Operations. The Manager employs a total of 24 full-time equivalent employees to work on GRID.

The Investments & Project Development team is working to develop both UK and international projects. A UK Investment Director and an International Investment Director are supported by the wider investment team. The Manager's development capability continues to provide us with a substantial project pipeline on very competitive terms.

The Construction team includes a Head of Construction, an EPC Director and supporting Project Managers. This team focuses on all aspects of constructing new sites and augmenting existing projects and contains significant engineering and electrical connections expertise.

The Operations team is led by the Head of Operations, with the team split between commercial and technical operations, with experienced asset managers in each. The commercial operations team works to maximise revenues and reduce operating costs across the portfolio. This includes looking for new revenue sources and monitoring markets for opportunities to enhance performance. The technical asset managers focus on availability, or uptime, ensuring our assets are delivering their full potential.

The Head of Operations also oversees the data science team, who ensures the Manager has accurate live data readings across all assets and runs predictive modelling and real-world simulations to identify new ways to earn money with our assets.

The Manager's centralised finance function oversees the Company's accounting and the production of underlying portfolio SPV accounts, as well as monitoring regulatory requirements.



Ben Guest
(Managing Director,
Energy Transition)

Ben was the founder and managing partner of Hazel Capital which was acquired by Gresham House in 2017. He has 30 years of investment experience. Ben's expertise spans the investment spectrum, across infrastructure, listed equities and venture capital.

Ben is Managing Director of Gresham House's Energy Transition Division and the Lead Fund Manager of the Company. He is responsible for the origination and execution of investment opportunities and for the overall strategy and ongoing portfolio management of the Company.

Ben started his fund management career in equities at Lazard Asset Management in 1994 before going on to co-found Cantillon Capital and later founded Hazel Capital in 2007, a renewable energy-focused fund management business. Ben currently serves as a director of all of the Company's project companies.



James Bustin
(Associate Director,
Energy Transition)

James has 11 years of experience across investments, finance and accounting and joined the team in 2019 having previously worked on public equities and venture capital in the Gresham House Ventures team. As Assistant Fund Manager for the Company, he covers all elements across fund management including strategy, funding, modelling and new investments.

James joined Gresham House in 2018 as part of the acquisition of Livingbridge VC where he had been working as an analyst since 2016. Prior to Livingbridge, James worked in TMT audit at EY for 3 years, qualifying as a Chartered Accountant.

The Manager's team



Harry Hutchinson

(Investment Associate, Energy Transition)

Harry joined Gresham House in April 2023. Prior to joining Gresham House, Harry worked as an Auditor at Grant Thornton for three years, focusing primarily on technology and media businesses.

Harry holds a first-class Master's degree in Chemistry from the University of Oxford and qualified as a Chartered Accountant in September 2022.



Charlie von Schmeider

(Director of UK and Irish Project Development, Energy Transition)

Charlie has over 20 years of experience having started his career as a solicitor before moving to investment management for the past nine years.

Charlie has extensive experience in the development, funding and asset management of distributed energy infrastructure projects and has worked on a wide range of technologies including solar PV, hydroelectric, anaerobic digestion, thermal heat networks, gas peaking and battery energy storage.

Charlie's current role began in February 2021. He is responsible for executing investments in BESS projects, whether acquired before construction or when already operational.

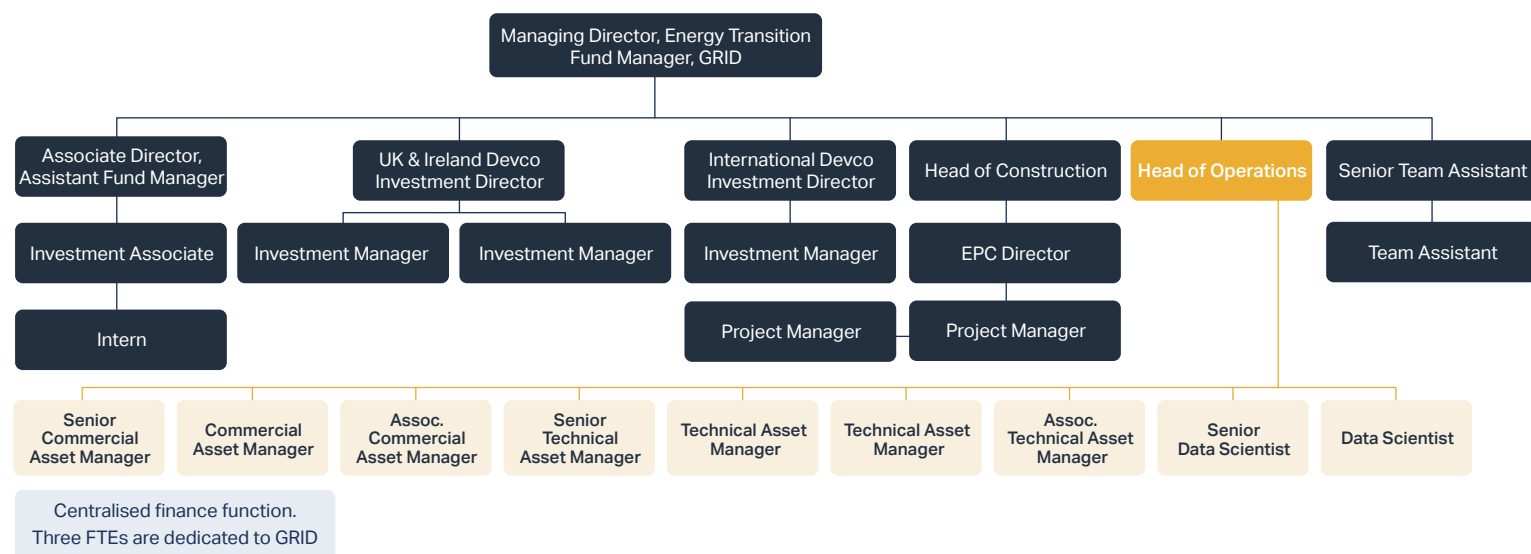


Fernando Casa Garcia

(Head of Operations and Asset Management, Energy Transition)

Fernando has 15 years of experience in the renewable energy sector, mostly in solar PV. Since joining the team in May 2021, Fernando has been focused on the design, development and deployment of processes and procedures that allow the growth in MWs under management and improvement in operational performance.

Prior to Gresham House, Fernando was Global Head of Technical for a 2.2 GW solar PV portfolio at WiseEnergy focused on the operation of their solar PV assets and increasing overall revenues.



The Manager's team



Ana Segizbayeva

(Head of Construction,
Energy Transition)

Ana joined Gresham House in September 2022 and is responsible for implementing the EPCM (Engineering, Procurement and Construction Management) structure and delivering the Energy Transition team's project pipeline.

Ana is a multi-skilled professional with 12 years of experience delivering innovative, award-winning renewable energy projects in the UK.

Previously, Ana helped to establish quality management, project delivery, and commercial project functions at GRIDSERVE Sustainable Energy. She also successfully delivered the UK's first electric forecourt and subsidy-free solar and battery storage hybrid projects with bi-facial panels and tracking technology. Prior to that, Ana was part of the BELECTRIC projects team building utility-scale solar farms.



Paul Carse

(EPC Director,
Energy Transition)

In February 2024, Paul became part of Gresham House, taking on the role of EPC (Engineering, Procurement and Construction) Director in the Energy Transition division.

With 14 years of experience in the HV/ renewable sector, Paul has held key positions such as Head of Project Delivery at a developer and Head of Major Projects at a prominent ICP (Independent Connection Provider). His journey began at National Grid, where he completed an extensive training programme.

Throughout his career, Paul has been involved in various renewable energy projects, spanning BESS, solar, wind and anaerobic digestion. Additionally, he holds a degree in Power System Engineering, furthering his expertise in the field.



Stephen Beck

(Finance Director,
Real Assets)

Stephen joined FIM Services Limited in 2013 and joined Gresham House when FIM Services Limited was acquired in 2018. He has 28 years of industry experience and is a law graduate and Barrister and was called to the Bar in 1996. He is also a Fellow of the Institute of Chartered Accountants of England and Wales and qualified with PricewaterhouseCoopers in 1999.

Stephen leads an in-house finance team managing BESS, Renewables, Forestry and Sustainable Infrastructure sectors.

Prior to this, Stephen worked at E.ON from 2000, where he held a variety of financial and commercial roles, ranging from leading large finance teams, developing power station projects, M&A transactions and working with HM Government delivering low carbon solutions.



Nick Vest

(Finance Director,
Energy Transition)

Nick joined Gresham House in January 2021. He has over 20 years of accounting and finance experience and is a Chartered Accountant and Chartered Tax Adviser.

Prior to Gresham House, Nick worked as Finance Director for an internationally focused property investment group and before that Nick was Associate Director of Tax at Temenos Group SA in Switzerland.



Rupert Robinson

(Managing Director,
Gresham House Asset
Management Limited)

Rupert has been the Managing Director of Gresham House Asset Management Limited since September 2015. Before joining Gresham House, Rupert was CEO and CIO of Schroders (UK) Private Bank for 11 years and prior to that spent 17 years at Rothschild where he was latterly Head of Private Clients at Rothschild Asset Management.

Rupert has a proven track record of delivering significant value to shareholders.

He has over 30 years of experience in asset management and wealth management, focused on product innovation, investment management, business development, banking and wealth structuring. He is a member of the Gresham House Group Management and Investment Committees.



Lefteris Strakosias

(Investment Director,
Energy Transition)

Lefteris joined Gresham House in March 2023 and has over 15 years of experience in infrastructure and energy transition investments including solar PV, onshore and offshore wind, anaerobic digestion and hydroelectric power. He has held principal investment and advisory roles with large institutions such as Columbia Threadneedle Investments, National Pension Service of South Korea Macquarie, and Société Générale, as well as corporate and business development roles with Libra Group and Maple Power.

Lefteris holds a MSc in Finance from Imperial College London and a BSc in Management Science from Athens University of Economics and Business.

Corporate governance report

As Chair of the Board, I am pleased to present the Corporate Governance Report for the year ended 31 December 2024.

The purpose of this report is to summarise our corporate governance framework and to explain how we, as a Board, have taken decisions. Robust and effective corporate governance is fundamental to GRID's operations and to the generation of consistent, long-term value for our shareholders.

Corporate Governance Code

During the year, the Board considered the Principles and Provisions of the AIC Corporate Governance Code (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code") and includes additional Provisions on issues specifically relevant to Gresham House Energy Storage Fund plc.

I believe that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, the Guernsey Financial Services Commission, and supported by the Jersey Financial Services Commission, provides more relevant information to our shareholders.

I affirm that the Company has complied with the Principles and Provisions of the AIC Code. The AIC Code is available on the AIC website (www.theaic.co.uk) and includes an explanation of how it adapts the Principles and Provisions of the UK Code to make them relevant for investment companies.

Board composition

As the Board, we have recognised the importance of diversity as an essential element in maintaining an effective Board. The Board has 40% female representation and one Board member from a minority ethnic background (as defined in the UK Listing Rules). The Chair of the Nomination Committee has considered the composition of the Board in her succession plan, more details of which can be found in the Nomination Committee report on [page 70](#).

The role and operation of the Board

Our role, as the Board, is to lead the Company in promoting its long-term success and generating value for shareholders.

The Board, supported by its Company Secretary, operates under a robust corporate governance framework and ensures that high standards of corporate governance are applied across all of its processes and decision making.

At the Company's quarterly Board meetings, we typically consider the following business:

- Update from the Investment Manager, including:
 - Investment portfolio commentary
 - Trading data and investment performance, by month
 - Analysis of the Company's financial model, including any updates to key assumptions
 - Risk management and risk mitigation, including climate change and ESG risks
 - Review of any recommendations made by the Investment Manager
- Update from the Company's Broker(s), including:
 - Market commentary
 - Share price performance against the Company's peers
 - Sales and trading commentary
- Report from the Company's Depository
- Report from the Administrator and Company Secretary, including:
 - Compliance monitoring
 - Regulatory and governance updates

In addition to our normal quarterly Board meetings, we held 29 ad hoc Board meetings throughout the year to discuss topics such as capital allocation, tolling contracts, dividends and dividend policy, debt refinancing and an indicative three-year business plan. We had focused and effective communication with the Investment Manager and encouraged constructive engagement on key issues throughout the year.

Typically, there was attendance by the full Board at all quarterly Board Meetings and overall attendance was in line with the requirements of the AIC Code.

Further, we, as a Board, periodically reflect on the Company's purpose, values and strategy. The Board, through our committees, assess and monitor the Board and key advisers' culture and behaviours to ensure that these are supportive of and aligned to the Company's purpose, values and strategy.

Purpose

The Board and I see the Company's purpose to deliver performance for investors through investment in BESS. The Board seeks to do this by providing support, constructive challenge and governance in its working relationship with the Investment Manager.

Values

The Board values integrity, transparency, diligence, challenge and collective efforts from a variety of talents in the best interests of the Company.

Strategy

The Company invests in a diversified portfolio of utility-scale battery energy storage systems with the aim of maximising risk-adjusted total returns for investors through income and growth.

Culture

The Board has a culture of openness, engagement and challenge.

How the Board operates

We, as the Board, meet regularly throughout the year, with set responsibilities for myself, as Chair, the Senior Independent Director and Non-Executive Directors.

Responsibilities of the Chair

- Leads the Board and is responsible for its overall effectiveness in directing the Company.
- Leads the Board in its oversight of the Company's purpose, values and culture.

- Leads the Board in setting its agenda, approving strategy, monitoring financial and operational performance and establishing the risk appetite.
- Organises the business of the Board, ensuring the Company's effectiveness, and the maintenance of an effective system of internal controls.

Role of the Senior Independent Director

- To provide a sounding board for the Chair and serves as an intermediary for the other Directors and shareholders.
- To lead the appraisal of the Chair's performance with the other Non-Executive Directors.

Role of the Non-Executive Directors

- Provide constructive challenge, strategic guidance and hold management to account.
- Scrutinise the performance of the Investment Manager.
- Seek assurance on the integrity of the financial information and that financial and non-financial controls and systems of risk management are robust and defensible.
- Ensure they have sufficient time to meet their Board responsibilities.

Matters reserved for the Board

We have a formal schedule of matters specifically reserved for our decisions, which includes, but is not limited to, considering proposals from the Investment Manager, making decisions concerning the acquisition or disposal of investments, and reviewing the terms of engagement of all third-party advisers (including the Investment Manager) and the appointment and removal of the Company Secretary.

We have established procedures whereby any Director, wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense.

All Directors, including myself, have access to the advice and services of the Company Secretary. The Company Secretary provides us with all relevant information requested by the Chair in advance of each Board meeting, advises us on governance matters, and ensures we continue to adhere to our Directors' duties.

There is a clear division of responsibilities between the Board and the Investment Manager. Under the AIFM Agreement, the Investment Manager acts as the discretionary investment manager and AIFM to the Company within the strategic guidelines set out in the Investment Policy, subject to our overall supervision.

The asset management role encompasses the oversight of all operational and financial management, placing and managing all operational contracts, managing all health and safety operational risks, advising us on the monthly and quarterly asset/portfolio performance, managing power price/market exposure, and progress with the asset pipeline. The Investment Manager also reports to us and identifies any circumstances requiring our approval before undertaking transactions.

The Company has a business relationship with Gresham House DevCo Limited, a related party of the Investment Manager, which:

- sources, performs due diligence on, and acquires pipeline projects on a speculative basis exclusively for the Company to ensure our ability to grow in a burgeoning market with few operational projects;
- manages these projects through construction;
- sells projects to the Company; and
- takes development risk on our behalf, where our investment mandate prevents us from taking this risk.

The Management Engagement Committee reviews the Investment Manager's performance annually, along with its adherence to the terms of the AIFM Agreement and any material conflicts of interest. Further details are contained in the Management Engagement Committee report on [page 74](#).

Board committees

The Board has four committees: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Management Engagement Committee. All the Directors of the Company are independent and non-executive and serve on all committees.

	Quarterly Board meetings	Audit Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
	(4 held)	(5 held)	(2 held)	(1 held)	(1 held)
John Leggate	4	5	2	1	1
Duncan Neale	4	5	2	1	1
Catherine Pitt	4	5	2	1	1
David Stevenson	4	5	1	1	1
Isabel Liu	4	4	2	1	1

Remuneration

The Board and I are committed to implementing remuneration policies and practices that support our strategy and promote long-term sustainable success. Details of this policy can be found in the Directors' remuneration report on [pages 76 to 80](#).

Shareholder engagement

During the year, the Board held the Company's Annual General Meeting, Capital Markets Day and a site visit. We were pleased with the engagement we had with shareholders at these events. As the Board, we welcomed the constructive input from shareholders, both institutional and retail, on the Company's future strategy.

Timeline of shareholder engagement

- 2 February 2024 – Announcement of share buyback programme
- 29 April 2024 – Announcement of annual results and presentation webcast
- 5 June 2024 – tolling agreement announcement
- 20 June 2024 – Annual General Meeting
- 9 September 2024 – H1 2024 trading update
- 30 September 2024 – Interim results announcement and presentation webcast
- 8 October 2024 – Enderby Battery Storage site visit
- 27 November 2024 – Capital Markets Day



Substantial interests

I can confirm that as at 31 December 2024, and the date of this report, the Company has been notified of the following beneficial interests exceeding 3% of the issued share capital, being 573,444,694 Ordinary Shares.

Shareholder	Number of Ordinary Shares as at 31 December 2024	Percentage of issued share capital as at 31 December 2024	Shareholder	Number of Ordinary Shares as at 22 April 2025	Percentage of issued share capital as at 22 April 2025
BlackRock Investment Mgt – Index (London)	54,491,070	9.58%	BlackRock Investment Mgt - Index (London)	54,491,070	9.58%
Gresham House (London)	49,586,967	8.71%	Gresham House (London)	49,586,967	8.71%
Schroder Investment Mgt (London)	42,878,852	7.54%	Schroder Investment Mgt (London)	42,878,852	7.54%
Sarasin & Partners (London)	24,823,884	4.36%	UBS Securities (London)	25,391,362	4.46%
Hargreaves Lansdown Asset Mgt (Bristol)	21,955,660	3.86%	Hargreaves Lansdown Asset Mgt (Bristol)	24,754,988	4.35%
Gravis Capital Mgt (London)	21,444,510	3.77%	Sarasin & Partners (London)	22,675,285	3.98%
BlackRock Investment Mgt (London)	17,766,034	3.12%	West Yorkshire Pension Fund (Bradford)	20,717,405	3.64%
			Gravis Capital Mgt (London)	20,660,899	3.63%

The Directors' interests in the Ordinary Share capital of the Company are disclosed in the Directors' remuneration report on [page 78](#).

Board activities and stakeholder considerations

The Board is conscious of its duty to seek out and consider a broad spectrum of stakeholders' views in decision-making. We believe that maintaining the long-term future of the Company is dependent on strong stakeholder relationships, and as the Board, we are committed to nurturing these connections.

The Section 172 report can be found on [pages 56 to 58](#).



Board performance review

In accordance with the AIC Code, the Board conducted an annual assessment of its own performance, that of its committees and the Chair. The Board performance review process operates on a three-year cycle. This year, the performance review was conducted by an independent, external consultant, Trust Associates. Trust Associates conducted the Company's last externally facilitated Board evaluation in 2021.

We considered three proposals from different independent consultants and, following due consideration, determined that Trust Associates possessed the requisite experience to conduct the Board evaluation. It was also advantageous to have Trust Associates reassess the Board after three years to provide its assessment of the Board's effectiveness against its previous findings and recommendations.

Trust Associates conducted a series of in-person meetings to discuss the performance of the Board and the Company with the Non-Executive Directors, apart from David Stevenson, which was conducted via videoconference. In addition, Trust Associates held discussions regarding Board performance with the Investment Manager, Company Secretary, Solicitors, Brokers, the Auditor, Board consultant and key shareholders.

The focus of this external evaluation was to conduct a comprehensive assessment of the following areas:

Topics covered in performance review	Findings from the 2024 review
Strategic oversight by the Board	Over the past 18 months, the Company has faced significant challenges, including a substantial share price discount due to NESO's inefficiencies. Despite positive long-term prospects, short-term opportunities have been limited. The Board and management are taking steps to stabilise revenue and deleverage, such as potential asset sales and a new tolling agreement with Octopus.
Supervision of investment activities	Directors receive high-quality information from management coupled with valuable analysis from independent adviser Charles Conner. The Board and management have a strong and collaborative relationship.
Oversight of risk	The Board has a strong focus on risk assessment and management, with improved risk reporting thanks to a dynamic representation of risk, which has enhanced Board discussions. Despite this, communication can be improved between the investment team and the risk reporting process with suggestions to scrutinise the robustness of risk management systems further, including potentially engaging with the Investment Manager's internal risk team for additional insights.
Shareholder accountability	The Board is focused on ensuring the best outcomes for investors, with the Chair actively engaging shareholders to discuss key topics such as share price and NAV. Some shareholders need clearer communication about the risks and issues facing their investment, including the volatility of the battery market and the Company's valuation assumptions.
Board composition and process	The Board is engaged and dedicated, leveraging a wide range of expertise and advisory input to challenge the Manager constructively. On a forward-looking basis, the Board has reviewed its capability requirement and will take appropriate measures.
Committee structure, composition and effectiveness	The Audit Committee operates effectively and praised for leadership and preparatory work with the Auditor. The Management Engagement Committee requires more time due to delving into strategic issues. The Remuneration Committee has stabilised after aligning pay with inflation. The Nomination Committee functions well and has begun succession planning.
Governance	Directors have a strong governance focus and the ability to independently challenge the Investment Manager, aided by governance updates from the Company Secretary. The Board actively addresses market abuse regulation with legal advice, uses a smooth internal evaluation process for reflection and debate, and maintains a training budget for ongoing development in areas such as sustainability and accountancy.

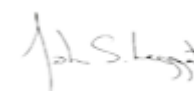
Recommendations arising from the Board performance review included the following:

1 Request that the Investment Manager implements appropriate resources to ensure efficient information flow for effective Board review.

2 Further develop a strong governance framework to enable independent challenge of the Investment Manager and allow for smooth internal processes.

During 2025, the Board and I will monitor our progress against these recommendations and we will report back to shareholders in our next Annual Report.

This Corporate Governance Report is approved on behalf of the Board by:



John Leggate CBE, FEng
Chair of the Board

22 April 2025

Nomination Committee report

As Chair of the Nomination Committee, I am pleased to present my report for the year ended 31 December 2024, which explains the role of the Committee and its work in the period.

The Committee met once during the year and operates within terms of reference aligned with the AIC Code. Meeting attendance by each member can be found on [page 67](#).

Role and purpose of the Committee

The Committee's principal roles are to:

- Lead the appointment process
- Ensure an orderly succession plan is in place for the Board
- Seek to ensure that a diverse range of skills, viewpoints and characteristics is represented on the Board

The Committee also has a responsibility to support the Chair of the Board in an annual review of the effectiveness of the Board, which was externally facilitated this year.

Directors

Directors' biographical details are set out on [pages 60 to 61](#).

I can confirm each Director is independent from the Investment Manager as defined in the AIC Code, and no circumstances have been identified that are likely to impair, or could appear to impair, a Non-Executive Director's independence. Furthermore, all Directors' significant interests have been reviewed, and no conflicts of interest have been identified. The Committee does not consider the other current interests of the Directors to have any significant impact on their ability to discharge their duties to the Company.

Directors' re-election

In accordance with the AIC Code, all Directors are required to retire at the forthcoming AGM, and, being eligible, offer themselves for re-election. The Committee considers the skills, experience and knowledge of the Directors each year. Each Director's biographical details on [pages 60 to 61](#) set out the specific reasons why the Board considers that their contribution is, and continues to be, important to the Company's long-term sustainable success.

Composition

The Board has 40% female representation and has one Board member from minority ethnic background (as defined in the Listing Rules). Although the Board considers chairing of the Board's committees as a senior position on

the Board and both the Nomination Committee and Management Engagement Committee are chaired by female Directors, the Chair of the Board and Senior Independent Director are both male.

Succession

The Committee, with the Chair of the Board, reviews the Board's succession planning, taking into consideration the size and composition of the Board, the skills of each Director, the commitment involved in serving on the Board and the tenure of each Director.

With three members of the Board all appointed on 24 August 2018, the Committee has begun work to ensure an orderly appointment process that minimises disruption to Board performance. It is likely that the size of the Board will fluctuate during the transition period and/or that one or more Directors may remain in office for a term in excess of nine years in order to ensure a smooth succession.

The Committee has reviewed and mapped the skills of each Director alongside the Company's Three-year Plan and begun to implement a succession plan that seeks to replace the skills and expertise of Directors who are due to retire, while also harnessing the growing pool of Board candidates with BESS expertise.

As the Chair of the Nomination Committee, I have sought out proposals from several independent and experienced recruitment agencies to assist the Company in its search for a sixth Non-Executive Director. After a thorough process, the Board formally approved the appointment of Longwater Partners Ltd on 6 February 2025.

Diversity and inclusion

The Committee, along with the Company as a whole, recognises the benefits of having a diverse Board. This is reflected in our adoption of a formal Diversity Policy, which outlines the Company's approach to and commitment to diversity. The Committee reviewed the policy during 2024. In the coming year, the Committee will consider appointments to the Board based on merit, in the context of complementing and expanding the skills, knowledge and experience of the Board as a whole (in accordance with the Equality Act 2010). The current composition of the Board is set out on [pages 60 to 61](#).

This Nomination Committee Report is approved on behalf of the Board by:



Cathy Pitt
Chair of the Nomination Committee

22 April 2025

Audit Committee report

As Chair of the Audit Committee, I am pleased to present the Audit Committee report for the year ended 31 December 2024. My report will explain the role of the Committee and its work this year.

The Committee met five times during the year and operated within terms of reference aligned with the AIC Code. Attendance by each member can be found on [page 67](#).

Role and purpose of the Committee

The Committee's principal roles are:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- reviewing the Company's internal financial controls and internal control and risk management systems, unless expressly addressed by a separate Board Risk Committee composed of independent Non-Executive Directors, or by the Board itself;

- conducting the tender process and making recommendations to the Board about the appointment, reappointment and removal of the external Auditor, and approving the remuneration and terms of engagement of the external Auditor;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process; and
- to develop and implement policy on the engagement of the Auditor to supply non-audit services and considering relevant guidance regarding the provision of non-audit services by the Auditor.

Financial statements

The Committee is tasked with monitoring the integrity of the financial statements of the Company and ensuring that they are fair, balanced and understandable, as required under the AIC Code. Our aim is for the financial statements to provide all necessary information for shareholders to assess the Company's position and performance, business model and strategy.

Throughout the production process of the financial statements, I, alongside the Committee, conducted detailed reviews at various stages to ensure consistency and overall balance. We also scrutinised the significant valuation assumptions related to the Company's assets and liabilities to ensure their appropriateness.

The Committee meticulously reviewed the significant financial reporting issues and the judgements made during the preparation of the Company's financial statements. We considered whether the adopted accounting policies were suitable, given the Company's specific circumstances.

As a result of the Committee's work, the Board is able to conclude that the Annual Report and Financial Statements for the year ended 31 December 2024, taken as a whole, are fair, balanced and understandable. They provide the necessary information for shareholders to properly assess the Company's performance, business model and strategy.

Internal controls and risk management

The Committee and I are responsible for compiling this report on our activities and findings. We review the Company's internal financial controls on an annual basis, with the most recent review conducted in November 2024. We obtained evidence of the internal control frameworks from the Administrator to aid our review, and we also receive quarterly reports from the Company Secretary on any potential internal control failures.

The Committee completed its assessment of the Company's emerging and principal risks, and the details of this assessment are set out in the emerging risks and principal risks, uncertainties assessment, and going concern assessment. Additionally, we review the Company's risk matrix annually, with the Investment Manager providing quarterly risk reports to the Board.

Although the Board retains ultimate responsibility for safeguarding the assets of the Company, it has delegated the day-to-day operation of the Company, including the financial reporting process, to the Investment Manager and the Administrator through written agreements.

Audit Committee report

After evaluating the internal controls and risk management processes, the Committee concluded that there was no current requirement for an internal audit, as these controls and processes were deemed adequate and effective.

External audit

As the Audit Committee, we also make recommendations to the Board regarding the appointment of external Auditor and the maintenance of their independence. We review and comment on the audit strategy paper presented by the Auditor in advance of the audit, which outlines the key risk areas to be addressed during the audit and confirms their independence status.

After considering feedback from the Investment Manager and Administrator regarding the effectiveness of the audit process, the Committee will recommend to the Board either the reappointment or removal of the Auditor immediately before the conclusion of the annual audit.

Auditor independence, objectivity and effectiveness

The Committee and I can confirm that the Auditor has formally affirmed its independence as part of the annual reporting process. The Committee reviewed and agreed that BDO, along with the engagement team and other partners and directors involved in the audit, complied with relevant ethical requirements, including the FRC's Ethical Standard, and were deemed independent of the Company.

The Committee also discussed the effectiveness of BDO as our Auditor and agreed that they adhered to high professional and ethical standards. BDO demonstrated the appropriate skills and knowledge about our business, industry, and environment, as well as the regulatory and legal frameworks in which the Company operates.

Following the rotation of Marc Reinecke, after five years as lead audit partner, Peter Acloque has been appointed as the lead audit partner for the Company.

In line with best practice, the Company will seek a rotation of the audit firm with a tender process every ten years and a mandatory audit firm rotation after twenty years.

FRC review

The Committee was satisfied that the current audit partner has significant experience in the energy sector and is well informed about the findings arising from the FRC review. Peter Acloque and the Committee held a thorough discussion regarding the FRC's review of BDO's audit quality work. Whilst BDO expressed disappointment in the outcome of the review, the Committee was satisfied with the experience and expertise in the GRID audit team and noted BDO's investment in improving its audit quality. Consequently, the Audit Committee concluded that it had no concerns regarding BDO's effectiveness. The Committee recommends that a resolution to reappoint BDO be proposed to shareholders at the next AGM.

Non-audit services

The Committee also reviewed the engagement of the external Auditor on the supply of non-audit services in order to ensure that the independence of the external Auditor is maintained, considering the relevant regulations and ethical guidance in this regard.

The Committee and I can confirm the Company's Auditor did not provide any non-audit services during the year.

Key accounting judgements and estimates

I would like to provide an overview of the key accounting judgements we have reviewed. A significant area of focus for the Committee has been the high level of judgement involved in determining the valuation of the Company's unquoted investments. Our Investment Manager is responsible for preparing these valuations, which are meticulously reviewed by the Committee and subsequently approved by the Board.

Throughout the year, the valuation of the Company's investments has been at the forefront of our discussions and analyses. The Committee, with assistance of the Board consultant, has worked closely with the Investment Manager to gain a comprehensive understanding of the methodologies and processes used in calculating these valuations. This understanding has been thoroughly reported to the Board, ensuring transparency and clarity.

One major decision the Committee made was to change one of the price curve providers we use. This change resulted in a more fair valuation, leading to a reduction in NAV by approximately 10%. This adjustment was driven by key changes to the revenue assumptions, which the Committee reviewed in detail.

To further validate our valuation approach, we sought an external independent valuation assessment from Grant Thornton. Their assessment concluded that the Investment Manager's valuation calculations are fair and reasonable on a fair value basis, providing us with additional confidence in our valuation processes.

After a detailed assessment of our investment valuations, the Committee and the Board are confident in concluding that the Company's investments are valued fairly and reasonably.

Going concern and viability

I also oversaw our review of the going concern statement and viability statement as set out on [pages 84 to 85](#). After thorough evaluation, the Committee was satisfied that the Company remains a going concern. We are confident that the Company is well positioned to continue its operations and meet its liabilities both in the short term and throughout the outlook period.

Whistleblowing

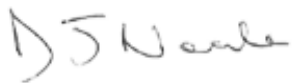
The Committee and I reviewed the arrangements allowing staff of the Investment Manager, Administrator and other service providers to confidentially raise concerns about potential improprieties in financial reporting or other matters. We have confirmed that robust mechanisms are in place for independent and proportionate investigation of such concerns along with appropriate follow-up actions. These protocols are well integrated into the internal policies of both the Investment Manager and the Administrator.

I am pleased to report that there were no instances of whistleblowing during the period.

Financial reporting

I would like to draw your attention to the Directors' responsibilities statement for preparing the accounts, which is detailed in the statutory and corporate governance section on [page 81](#). Additionally, the statement by the Auditor outlining their reporting responsibilities can be found in the Independent auditor's report on [page 93](#).

This Audit Committee Report is approved on behalf of the Board by:



Duncan Neale

Chair of the Audit Committee

22 April 2025

Gresham House



Management Engagement Committee report

As Chair of the Management Engagement Committee, I am pleased to present my report for the year ended 31 December 2024, which explains the role of the Committee and its work in the period.

During the year, the Committee met twice and operated within terms of reference aligned with the AIC Code. The attendance of each member can be found on [page 67](#).

Role and purpose of the Committee

The Committee's principal roles are to:

- review the contractual relationship and performance of the Investment Manager; and
- evaluate key service providers, including the Company Secretary, Broker, Legal Counsel, Depositary, Registrar, and public relations and other advisers.



Investment Manager

We fulfilled our principal responsibility by monitoring and reviewing the Investment Manager's performance. The Committee considered issues including the Investment Manager being taken private by Searchlight Capital Partners, the resources committed to the Company, and the need to shift priorities to debt restructuring and asset monetisations, as well as successful completion and operation of projects in light of challenging market conditions and a declining share price.

We carefully reviewed the structure of the Investment Manager's team, key personnel policies and resources. We raised issues on improving communication both with the Board and to external stakeholders.

The Committee catalysed negotiations to align the annual management fee structure more closely with current market conditions and investor sentiment, culminating in the agreement after the year end to base the fee on market value as well as NAV, with effect from 1 February 2025.

The Committee and I are satisfied that the continued engagement of the Investment Manager is in the best interest of the Company and would support the Company's long-term sustainable success.

Key service providers

The Committee undertook a comprehensive review of all key service providers to the Company, which led, among other decisions, to the appointment after the year end of a Joint Corporate Broker, as announced on 14 February 2025.

We also conducted a thorough discussion regarding the performance of JTC (UK) Limited, which the Company has appointed as both Administrator and Company Secretary. I am pleased to report that we concluded their performance in both roles remains satisfactory. It is important to note that the Company retains the responsibility for appointing or removing the Company Secretary.

This Management Engagement Committee report is approved on behalf of the Board by:

Isabel Liu

Chair of the Management Engagement Committee

22 April 2025

Remuneration Committee report

As Chair of the Remuneration Committee, I am pleased to present my report for the year ended 31 December 2024, which explains the role of the Committee and its work in the period.

During the year, the Committee met once and operated within terms of reference aligned with the AIC Code. You can find the attendance of each member on [page 67](#).

Role and purpose of the Committee

The Committee's principal roles are to:

- in conjunction with the Chair, set the Directors' remuneration levels; and
- consider the need to appoint external remuneration consultants.

Review of Directors' remuneration

Our Remuneration Policy, decided by the Committee in 2021, laid out that Non-Executive Directors are entitled to an annual increase in remuneration, effective from the first date of each financial year, adjusted at the rate of the UK Consumer Price Inflation (CPI) as of December each year.

After due consideration, the Committee agreed that an increase in the Directors' remuneration by 2.5% was appropriate, given the level of work and need to attract and retain talent to the Board. The increase is in line with the Company's Remuneration Policy, approved in 2023, to match the December 2024 CPI – [Consumer price inflation, UK – Office for National Statistics](#).

I believe it is important that our compensation is fair and comparable to that of other non-executive directors of similar companies.

Director	2024 fee	2025 fee
John Leggate	£96,810.55	£99,230.81
Duncan Neale	£75,633.25	£78,280.41
Cathy Pitt	£54,455.94	£55,817.34
David Stevenson	£54,455.94	£55,817.34
Isabel Liu	£54,455.94	£55,817.34



External remuneration consultant

The Committee considered the appointment of an external remuneration consultant and agreed that this was not required for 2025 and will review this requirement each year.

This Remuneration Committee Report is approved on behalf of the Board by:

David Stevenson

Chair of the Remuneration Committee

22 April 2025

Directors' remuneration report

I am pleased to present the Directors' remuneration report for the year ended 31 December 2024. The report has been produced in accordance with Section 420 of the Companies Act 2006. Under Section 497 of the Companies Act 2006, the Company's Auditor is required to audit certain disclosures contained in my report. I have indicated where disclosures have been audited. You can find the Auditor's opinion in its report on pages 87 to 94.

The Remuneration Committee Chair has summarised the decisions made on Directors' remuneration in the period in his report on page 75.

Remuneration Policy

The remuneration of Non-Executive Directors should be determined with due regard to the experience of the Board as a whole, the time commitment required and to be fair and comparable to that of other non-executive directors of similar companies. The Company may also periodically choose to benchmark Directors' fees with an independent review, to ensure they remain competitive, fair and reasonable. The Non-Executive Directors are entitled to an annual increase in remuneration, effective from the first date of each financial year, at the rate of the UK Consumer Price Inflation as at December each year.

This Remuneration Policy will be put to shareholders for approval at least every three years and will be tabled for approval at the Company's AGM in 2026.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association, which states that the Directors' remuneration for their services in the office of Director shall, in the aggregate, not exceed £500,000 per annum or such higher figure as the Company, by ordinary resolution, determines.

The Directors are entitled only to their annual fee and to be reimbursed for any expenses properly and reasonably incurred by them respectively in and about the business of the Company or in the discharge of his or her duties as a Director.

Any Director who performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such reasonable additional remuneration to be determined by the Directors or any committee appointed by the Directors and such additional remuneration shall be in addition to any remuneration provided for by way of their annual fee and their reasonable expenses.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company, nor is any such contract proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation.

In order to avoid conflicts of interest, no Director is involved in the setting of their own remuneration, and remuneration is set by the Remuneration Committee, in line with the Remuneration Policy and aggregate remuneration levels are limited under the Company's Articles of Association.

The level of Directors' remuneration is in line with the Company's Remuneration Policy approved by the Company's shareholders at the Company's 2023 GM; this will be put to shareholders at the Company's AGM in 2026.

Director remuneration cap

The Company will propose an ordinary resolution at the next Annual General Meeting to increase the Directors' fee cap to £550,000. This increase is recommended in the context of the Company's succession plan which could result in a temporary expansion in the number of directors on the Board.

Directors' appointments

Director	Appointment date
John Leggate	14 October 2018
Duncan Neale	14 October 2018
David Stevenson	15 October 2018
Catherine Pitt	28 February 2019
Isabel Liu	26 September 2022

The Directors' appointment letters are available for inspection at the Company's registered office and at the AGM. These appointment letters are terminable on three months' notice by either side. The Directors are not entitled to any variable consideration or any other taxable benefits under these agreements.

Annual remuneration report

The Remuneration Committee considers any change in the Directors' Remuneration Policy. The report from the Remuneration Committee is set out on [page 75](#).

Directors' remuneration and interests (audited)

	Fixed salary and fees Period from 01/01/24 to 31/12/24 £	Total variable remuneration Period from 01/01/24 to 31/12/24 £	Total remuneration Period from 01/01/24 to 31/12/24 £
2024			
John Leggate	96,811	–	96,811
Duncan Neale	75,633	–	75,633
Catherine Pitt	54,456	–	54,456
David Stevenson	54,456	–	54,456
Isabel Liu	54,456	–	54,456
Total fixed remuneration	335,812	–	335,812

	Fixed salary and fees Period from 01/01/23 to 31/12/23 £	Total variable remuneration Period from 01/01/23 to 31/12/23 £	Total remuneration Period from 01/01/23 to 31/12/23 £
2023			
John Leggate	92,908	–	92,908
Duncan Neale	72,585	–	72,585
Catherine Pitt	52,261	–	52,261
David Stevenson	52,261	–	52,261
Isabel Liu	52,261	–	52,261
Total fixed remuneration	322,276	–	322,276

	Fixed salary and fees Period from 01/01/22 to 31/12/22 £	Total variable remuneration Period from 01/01/22 to 31/12/22 £	Total remuneration Period from 01/01/22 to 31/12/22 £
2022			
John Leggate	84,080	–	84,080
Duncan Neale	65,687	–	65,687
Catherine Pitt	47,295	–	47,295
David Stevenson	47,295	–	47,295
Isabel Liu	11,824	–	11,824
Total fixed remuneration	256,181	–	256,181

Directors' remuneration report

2021	Fixed salary and fees Period from 01/01/21 to 31/12/21 £	Total variable remuneration Period from 01/01/21 to 31/12/21 £	Total remuneration Period from 01/01/21 to 31/12/21 £
John Leggate	80,000	–	80,000
Duncan Neale	62,500	–	62,500
Catherine Pitt	45,000	–	45,000
David Stevenson	45,000	–	45,000
Total fixed remuneration	232,500	–	232,500

	Percentage increase from 31 December 2020 to 31 December 2021 on salary and annual fees	Percentage increase from 31 December 2021 to 31 December 2022 on salary and annual fees	Percentage increase from 31 December 2022 to 31 December 2023 on salary and annual fees	Percentage increase from 31 December 2023 to 31 December 2024 on salary and annual fees
John Leggate	23.0%	5.1%	10.5%	4.2%
Duncan Neale	38.8%	5.1%	10.5%	4.2%
Catherine Pitt	12.5%	5.1%	10.5%	4.2%
David Stevenson	12.5%	5.1%	10.5%	4.2%
Isabel Liu	n/a	5.1%	10.5%	4.2%

I can confirm no Director received any variable remuneration within the last four reporting periods.

The Directors of the Company had the following beneficial interests in the issued Ordinary Shares as at 31 December 2024 and at the date of this report:

Directors	As at the date of this report 22 April 2025	As at 31 December 2024
John Leggate	191,850	191,850
Duncan Neale	26,432	26,432
Catherine Pitt	40,036	40,036
David Stevenson	30,050	30,050
Isabel Liu*	168,759	168,759

* Isabel Liu holds her shares through her PCA.

The Company does not oblige the Directors to hold shares in the Company, but this is encouraged to ensure the appropriate alignment of interests.

2024/2025 remuneration

Subject to a further review, the remuneration levels for the forthcoming year for the Directors are expected to be at the annual fee level as shown in the table above. In line with the Remuneration Policy described above, the Directors' remuneration increased at the rate of the UK Consumer Price Inflation as at December 2024, which was set at 2.5%. The Board reviews Directors' remuneration at least annually to ensure that it is in line with market rates.

Consideration of shareholders' views

We will put to our shareholders at the Company's 2025 AGM an ordinary resolution to approve the Directors' remuneration report. This will present an opportunity for shareholders to express their views and raise any queries in respect of the Remuneration Policy at this meeting.

Statement of voting at the 2024 Annual General Meeting

The Directors' remuneration report was subject to an advisory vote at the 2024 AGM. The voting outcome is shown in the table below:

Resolution to approve Directors' remuneration report	Votes	%
Votes for*	327,826,626	99.87%
Votes against	426,661	0.13%
Total votes validly cast	328,253,287	
Total votes cast as % of issued share capital		57.68
Votes withheld**	102,213	

* Includes discretionary votes

** A vote withheld is not a vote in law and is not counted in the calculation of the votes for or against a resolution.

No concerns were noted from the shareholders as part of the AGM.

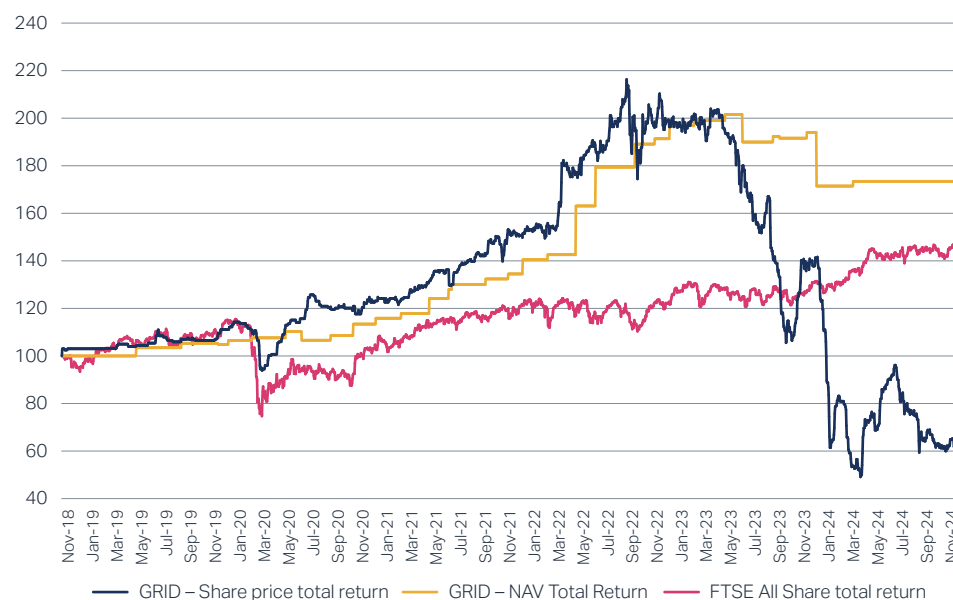
Payments to past Directors or for loss of office

There are no payments to disclose. Under the terms of the Directors' Remuneration Policy there would be no compensation for loss of office.

Performance graph

The graph below represents the Company's performance during the period since the Company's Ordinary Shares were first admitted to trading on the London Stock Exchange on 13 November 2018 and shows Ordinary Share price total return and NAV total return performance on a dividends reinvested basis. Both series are rebased to 13 November 2018, being the date the Company's Ordinary Shares were listed.

GRID vs FTSE All Share total return



This graph has been chosen as a comparison as it is a publicly available broad equity index which focuses on smaller companies and is therefore more relevant than most other publicly available indices.

Relative importance of spend on pay

The difference in actual spend between 31 December 2023 and 31 December 2024 on Directors' remuneration in comparison to distributions (dividends and share buybacks) and other significant spending is set out in the table below.

	Payments made during the year ended 31 December 2024 £	Payments made during the year ended 31 December 2023 £
Remuneration to Directors	335,812	322,276
Dividends paid to shareholders	–	29,955,837
Buy-back of Ordinary Shares	1,999,590	–
Total	2,335,402	30,278,113

This Directors' remuneration report is approved on behalf of the Board by:



David Stevenson

Chair of the Remuneration Committee

22 April 2025



Additional statutory and corporate governance information

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements and have elected to prepare the Company financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with UK adopted international accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

Insurance cover

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

Company performance

The Directors have reviewed the performance of the Company throughout the period. Details of the performance of the portfolio owned by the Company are included in the Investment Manager's Report on [pages 12 to 14](#) and the Chair's Statement on [pages 9 to 11](#).

Financial risk management

Details in relation to the Company's use of financial instruments, financial risk management objectives and policies, including policies for hedging each major type of forecasted transaction for which hedge accounting is used and the Company's exposure to price, credit, liquidity or cash flow risk can be found under Note 18 on [pages 114 to 116](#).

Investment policy

The Company invests in a diversified portfolio of utility scale energy storage systems, which utilise batteries. The ESS Projects comprising the Portfolio will be located in diverse locations across Great Britain and the Overseas Jurisdictions.

Additional statutory and corporate governance information

Individual ESS Projects will be held within special purpose vehicles into which the Company invests through equity and/or debt instruments. It is intended that each ESS Project Company will hold one ESS Project but an ESS Project Company may own more than one ESS Project. The Company will typically seek legal and operational control through direct or indirect stakes of up to 100 per cent. In such ESS Project Companies, but may participate in joint ventures or co-investments, including, without limitation with other investors or entities managed, operated or advised by the Gresham House Group, where this approach enables the Company to gain exposure to assets within the Company's investment policy. In such circumstances the Company will seek to secure its shareholder rights through protective provisions in shareholders' agreements, co-investment agreements and other transactional documents.

Asset type and diversification

The Company invests primarily in ESS Projects using lithium-ion battery technology as such technology is considered by the Company to offer the best risk/return profile. However, the Company is adaptable as to which energy storage technology is used by the projects in which it invests and will monitor projects and may invest in projects with alternative battery technologies such as sodium and zinc derived technologies, or other forms of energy storage technology (such as flow batteries/machines and compressed air technologies), and will consider such investments (including combinations thereof), where they meet the Company's investment objective and policy.

The Company intends to invest with a view to holding assets until the end of their useful life. ESS Projects may also be disposed of, or otherwise realised, where the Manager determines in its discretion that such realisation is in the interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise.

ESS Projects will be selected with a view to achieving appropriate diversification in respect of the Portfolio.

First, diversification will be sought by geographical location of the ESS Projects in which the Company invests across Great Britain and the Overseas Jurisdictions, provided that no more than 30 per cent. of Gross Asset Value (calculated at the time of investment) may be invested in the Overseas Jurisdictions.

Second, it is the Company's intention that at the point at which any new investment is made, no single project (or interest in any project) will have an acquisition price (or, if an additional interest in an existing investment is being acquired, the combined value of the Company's existing investment and the additional interest acquired shall not be) greater than 20 per cent. of Gross Asset Value (calculated at the time of investment). However, in order to retain flexibility, the Company will be permitted to invest in a single project (or interest in a project) that has an acquisition price of up to a maximum of 30 per cent. of Gross Asset Value (calculated at the time of acquisition). The Company will also target a diversified exposure with the aim of holding interests in not less than five separate projects at any one time.

Third, the Company intends to achieve diversification by securing multiple and varied revenue sources across the Portfolio by investing in ESS Projects which can benefit from a number of different income streams with different contract lengths and return profiles. The Company intends that the ESS Projects in which it invests will primarily generate revenue from in front of meter services, but may also provide behind-the-meter services. The Company may invest in changes to its equipment, technical configurations and technology in order to access revenue streams as they become available, noting that revenue streams and revenue stacking continues to evolve not only in Great Britain but also in the Overseas Jurisdictions as the energy storage market matures.

ESS Projects in which the Company invests may diversify their revenue sources further by collaborating with renewable generators or large users of power in close proximity to an ESS Project, or providing availability based services to restore electric power stations or part of electric grids to operation. The Company may also invest in ESS Projects with Co-Location Arrangements in the Overseas Jurisdictions, and may purchase solar panels for use at such co-located ESS Projects in the Overseas Jurisdictions provided that the proportion of an investment spent on purchases of solar panels does not exceed six per cent. of Gross Asset Value (calculated at the time of such purchase).

Fourth, the Company aims to achieve diversification across the Portfolio through the use of a range of third-party providers, insofar as appropriate, in respect of each energy storage project such as developers, EPC contractors, battery manufacturers and landlords.

Finally, each ESS Project internally mitigates operational risk because each ESS Project will contain a battery system with a number of battery modules in each stack, each of which is independent and can be repaired, upgraded or replaced separately, thereby reducing the impact on the project as a whole of the failure of one or more battery modules.

Other investment restrictions

The Company will generally acquire ESS Projects where construction is substantially complete and where ESS Projects are capable of commercial operations ("Operational Projects"). Operational Projects will need to have in place sufficient land rights, either in the form of a freehold interest or substantially similar interest in the Overseas Jurisdictions or a completed lease on satisfactory terms in relation to the land where that ESS Project is situated, a grid connection agreement or grid sharing or such other rights to import or export from the relevant network as are market standard and completion of relevant commissioning tests confirming commissioning completion.

Additional statutory and corporate governance information

The Company may also acquire ESS Projects or rights to acquire ESS Projects which are considered “shovel ready” that as a minimum have in place sufficient land rights either in the form of a freehold interest or substantially similar interest in the Overseas Jurisdictions or a completed lease, lease option, or agreement for lease, on satisfactory terms in relation to the land where that ESS Project is situated, full planning permission enabling the construction of a suitable ESS Project on that land, and a grid connection offer or grid sharing or such other rights to import or export from the relevant network as are market standard prior to connection works being completed (“Ready to Build Projects”).

The Company may invest in Ready to Build Projects provided that no more than 10 per cent. of Gross Asset Value (calculated at the time consideration is paid for such acquisition) may be exposed in aggregate to such Ready to Build Projects. If the Company wishes to acquire other Ready to Build Projects in excess of the 10 per cent. of Gross Asset Value restriction, it may acquire such Ready to Build Projects for a nominal upfront consideration provided that (i) any remaining consideration is paid by the Company only where construction is substantially complete and where such ESS Projects are capable of commercial operations and (ii) the Company has a put option to transfer back the Ready to Build Project to the seller in certain circumstances.

The Company may provide loan finance to ESS Project Companies before they hold Operational Projects so that the ESS Project Companies can acquire equipment or make payments in connection with the ESS Projects’ construction or delivery, provided that no more than 25 per cent. of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations) may be exposed in aggregate to any such loans.

Once an Operational Project is acquired, or after a Ready to Build Project becomes an Operational Project, the Company may invest in upgrades by loans or otherwise and enter into new lease arrangements to increase the size of the site, new planning permissions enabling construction of an increased capacity ESS Project on that land, a new and/or amended grid connection which provides for increased capacity or altered technical parameters, and/or an EPC contract, EPCm contract suite or other construction contracts to undertake construction of the relevant upgrades.

The Company does not intend to invest in listed closed-ended investment funds or in any other investment fund (other than, potentially, in money market funds as cash equivalents) and in any event shall not invest any more than 15 per cent. of its total assets in listed closed-ended investment funds or in any other investment fund.

Investment in Developers

The Company may invest in one or more Developers of ESS Projects through equity issued by the relevant Developer, provided that investment in Developers (calculated at the time of investment) shall be capped at £1mn in aggregate.

Cash management

Uninvested cash or surplus capital may be invested on a temporary basis in:

- cash or cash equivalents, money market instruments, money market funds, bonds, commercial paper or other debt obligations with banks or other counterparties having a “single A” or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the European Union; and
- any UK “government and public securities” as defined for the purposes of the FCA Rules.

Leverage and derivatives

The Company may raise debt and introduce leverage (at the Company level and/or the level of one or more of its subsidiaries, such leverage to be introduced directly or through one or more subsidiaries) to the extent funding is available on acceptable terms. In addition, it may from time to time use borrowing for short-term liquidity purposes which could be achieved through a loan facility or other types of collateralised borrowing instruments. The Group is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Group’s assets. The Directors will restrict borrowing to an amount not exceeding 50 per cent. of the Company’s Net Asset Value at the time of drawdown. There will be no cross-collateralisation between the ESS Projects.

Derivatives may be used for currency, interest rate and power price hedging purposes as set out below and for efficient portfolio management. However, the Directors do not anticipate that extensive use of derivatives will be necessary.

Efficient portfolio management

Efficient portfolio management techniques may be employed by the Group, and this may include (as relevant) currency hedging, interest rate hedging and power price hedging.

Amendment to and compliance with investment policy

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager through a Regulatory Information Service.

Going concern and viability

The Annual Report describes the Company's business activities, together with factors likely to affect its future performance and development and an assessment of the principal risks and uncertainties facing the Company.

The key risks facing the Company include, but are not limited to, the risks mentioned on [pages 51 to 55](#). The Board notes that it is difficult to foresee the viability of any business over the long term given the inherent uncertainty involved and that the risks associated with investments within the infrastructure sector could result in a material adverse effect on the Company's performance.

Going concern

As at 31 December 2024, the Company had net current assets of £4.2mn and net cash balances of £4.0mn (excluding cash balances within investee companies) and no debt. The Company is a guarantor to the £195mn debt facility (£110mn capex facility, £75mn incremental facility and £10mn revolving credit facility) entered into by the MidCo in September 2021 and amended and restated in November 2022 and April 2024 which was £150mn drawn at the year end. The MidCo renegotiated the facility in April 2024 to reset debt covenant levels in line with the lower revenue environment at the time and to reduce the total available facility. There is sufficient headroom in the facility to enable completion of the projects already under construction.

As set out on [page 15](#) the Company is in advanced discussions with a group of lenders to replace the existing debt facility. The new facility is expected to provide the Company with increased funding and flexibility to develop new projects as well as lower debt costs on the current borrowings.

Financial models have been prepared for the going concern period which consider liquidity at the start of the period and key financial assumptions at the Company level as well as at the operational project level. These financial assumptions include expected cash generated by the portfolio companies available to be distributed to the Company.

Financial assumptions also include inflows and outflows in relation to the external debt and interest payments expected within the MidCo, committed expenditure for construction projects, and the ongoing administrative costs of the Company. The upside potential from the debt financing discussions has not been taken into account in the Company's going concern cash flow analysis.

As described in the Chair's statement on [pages 9 to 11](#) and in the Investment Manager's report on [pages 12 to 14](#) the Company's investments experienced a negative trading environment during large parts of 2024 due to under-utilisation of batteries in the BM. Systems changes made by NESO during 2024 to improve the use of batteries have already resulted in a significant improvement to the revenue environment since Q4 2024 which has continued into 2025.

The Directors have applied two scenarios to their going concern assessment:

- i. a base case assessment, based on the blended central case forecasts provided by third-party consultants; and
- ii. a severe but plausible downside case scenario which assumes a reduction in underlying portfolio revenues of 20% to the base case.

Both the base case and the downside case show the Company is expected to have sufficient cash available to meet current obligations and commitments as they fall due and that the debt covenants of MidCo's debt facility, which include interest cover and leverage tests, are expected to be met. The underlying investments have valuable assets which could be sold to generate cash flow if required.

The Directors confirm they have a reasonable expectation that the Company has adequate resources to continue its operations for at least 12 months from the date of signing these financial statements. As such, the Directors have adopted the going concern basis in preparing the Annual Report and financial statements.

Viability statement

The Directors have assessed the prospects of the Company for the period to June 2028. Although the Company maintains cash flow models which extend beyond this period for valuation purposes, there is less certainty over the later cash flows as the profitability of the underlying investment portfolio is driven by future pricing volatility in the electricity market. The next continuation vote is to be held by June 2028. We therefore limit the review to three and a half years to reduce this uncertainty in forecasting and which also reflects the date of the next continuation vote. The MidCo's existing financing facility expires in October 2028, shortly after the end of the viability assessment period.

Additional statutory and corporate governance information

As with the going concern period, financial models have been prepared for the viability period which consider liquidity at the start of the period and key financial assumptions at the Company level as well as at the operational project level. These financial assumptions include expected cash generated and distributed by the portfolio companies, this includes inflows and outflows in relation to the external debt and interest payments expected within the MidCo, committed expenditure for investments and expected dividends as well as the ongoing administrative costs of the Company. Sensitivities in line with those undertaken in the going concern assessment have been applied to the viability period.

As set out elsewhere in this Annual Report, the Company is currently in discussions with financial institutions to put in place new financing facilities to replace the existing facility and provide additional funds to enable the augmentation of certain projects and the acquisition and buildout of new projects. The expected cost of debt and the covenant terms for the replacement facility are expected to be lower than the existing facility, providing the Company with a greater level of flexibility. Alongside this, the Company has been putting in place long-term revenue arrangements to reduce the cash flow risk associated with the projects and debt servicing. The upside potential resulting from the replacement facility has not been taken into account in the Company's cash flow models.

Based on the assessment of the Company's financial position, after assessing the risks and significant assumptions together with cash available to the MidCo and the forecasts of the Company's future performance under the various scenarios, the Board has a reasonable expectation that the Company remains viable and can meet its liabilities as they fall due over the period to June 2028.

During the year the Company converted £613mn of its loan due from MidCo into equity in order to mitigate against Value Added Tax rule changes post Brexit. The conversion of the loan due from MidCo into equity changes the optics of the Company's Income Statement: in future, only dividends paid up to the Company, interest from external parties and valuation gains or losses will appear as income. The Company will ensure the Alternative Performance Measures continue to provide transparency in relation to the performance of the Company and its portfolio.

Share capital

At the year end, the Company had in issue 573,444,694 Ordinary Shares. There are no other share classes in issue. The Company has repurchased 4,380,555 Ordinary Shares in the period.

All shares have voting rights; each Ordinary Share has one vote. 4,380,555 shares were held in treasury as at 31 December 2024.

Post balance sheet events

Post balance sheet events are disclosed in Note 24 of the accounts on [page 120](#).

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on the Company's website.

Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Capital structure and voting rights

Information about the Company's capital structure and voting rights is set out in Note 20 of the financial statements on [pages 118 to 119](#).

The Directors were granted the authority at the 2024 AGM to issue new Ordinary Shares, on a non-pre-emptive basis, of up to an aggregate nominal value of £573,444.69, representing approximately 10% of the issued Ordinary Share capital as at June 2024.

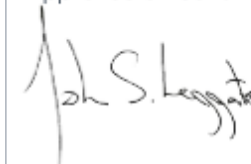
Further, the Directors were also granted the authority to make market purchases of its own Ordinary Shares from time to time of up to 85,302,714 of its Ordinary Shares, or, if less, 14.99% of the Company's issued Ordinary Share capital. No new share issues or market purchases of the Company's own Ordinary Shares were conducted under these authorities.

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies during the year, the Company cancelled its share premium account and merger relief reserve.

Directors' report

For the purposes of the UK Companies Act 2006, the Directors' report for Gresham House Energy Storage Fund plc comprises of [pages 60 to 85](#).

Approved on behalf of the Board by:



John Leggate CBE, FREng

Chair

22 April 2025



Accounts

Independent auditor's report

to the Members of Gresham House Energy Storage Fund plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Gresham House Energy Storage Fund plc (the 'Company') for the year ended 31 December 2024 which comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors in December 2019 to audit the financial statements for the year ended ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is six years, covering the years ended 31 December 2019 to 31 December 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained the Directors' Going Concern paper and associated cash flow forecasts in respect of their assessment of going concern and challenged the key underlying judgements and assumptions. In doing so we compared the forecast revenue to third party prepared price curves, and the forecast operating and capital expenditures to contractual obligations and recent performance trends to assess if they were reasonable.
- We assessed the forecast projected management fees to assess if the charge is in line with the current assets under management levels and the reasonableness of projected changes in management fees for the forecast period were reasonable.
- We verified the opening cash position of the fund and underlying portfolio (as of 31 March 2025) used in the cash flow forecast by agreeing it to bank account balances.

- We performed checks on the arithmetical accuracy of the cash flow forecasts approved by the Directors.
- We formed our own assessment of risks and uncertainties that could impact the Company based on evidence obtained in other audited areas as applicable and our knowledge of the industry.
- We assessed the ability of the Directors' to forecast accurately by comparing the prior year forecasted cashflows to the actual cashflows in 2024 and obtained explanations for variances.
- We obtained the Directors' severe but plausible downside scenario and reviewed if this scenario, which included 20% reduction in underlying portfolio revenues compared to the base case, was reasonable.
- We reviewed the terms and conditions of all financing agreements entered into by the Midco, to which the Company is guarantor, paying specific attention to repayment terms for capital and interest and covenants in place.
- We reviewed the Directors' calculations of forecast covenant compliance and assessed the ability of the Midco to meet these covenants even under the severe but plausible downside case scenario.
- We obtained and reviewed current year covenant compliance certificates to assess if the Company had complied with its covenants.

Independent auditor's report

- We reviewed the financial statement disclosures regarding going concern to satisfy ourselves that the disclosures are appropriate and consistent with the Directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		2024	2023
	Valuation of unquoted investments	✓	✓
Materiality	Company financial statements as a whole £9.3m (2023: £11.1m) based on 1.5% (2022: 1.5%) of Net Assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of unquoted investments

Refer to Note 11 on [page 107](#) and Note 17 on [page 111](#)

As detailed in Note 11, the Company owns an investment portfolio of unquoted equity and loan investments, which as described in the summary of accounting policies are held at fair value in the Company Financial Statements.

The valuations of the investments is a subjective accounting estimate where there is an inherent risk of management override arising from investment valuations being prepared by the Investment Manager, who is remunerated based on the Net Assets Value (NAV) of the Company.

The Company has engaged an independent expert valuer to help mitigate the risk.

The fair value was determined through the use of a discounted cash flow model. The valuation involved significant judgements and estimates from management including, but not limited to discount rates, changes in net revenue yield and changes in energy generation. Changes to the estimates and/or judgements can result, either on an individual or aggregate basis, in a material change to the valuation of unquoted investments and therefore we considered this to be a key audit matter.

How the scope of our audit addressed the key audit matter

Our procedures in relation to management's valuation of the unquoted investments included:

- We assessed the design and implementation of controls around the valuations of investments;
- We evaluated the prior year assumptions through a budget versus actual comparison of the results for each portfolio investment for the year to December 2024 to challenge the assumptions used in the model and critique the variances to determine whether inputs and cash flow assumptions in the current year estimates are appropriate as well as challenge the forward-looking assumptions;
- We conducted research on the battery storage market and challenged the relevant assumptions accordingly;
- We assessed the integrity of the financial model used to calculate the fair value with the assistance of our internal model audit team;
- We assessed the competency, qualification, independence and objectivity of the external valuer engaged by the Company and reviewed the terms of their engagement for any unusual arrangements or limitation on the scope of their work;
- With the assistance of our internal valuation experts, we challenged the appropriateness of the selection and application of key estimates in the discounted cash flow model including discount rate, net revenue yield, annual generation, inflation rate, underlying costs and asset life by benchmarking to available industry data and previous period actual results
- We held discussions with the project managers of the assets to critically challenge Management's assumptions and obtain evidence to support this discussion;
- We critically assessed how management have considered the implications and impact of climate change in the valuation;
- We agreed net energy yield and annual generation used in the discounted cash flow model to separate independent third-party net revenue yield curve reports. We held discussions with them to understand the model assumptions and how the models are produced;
- We compared the revenue yield curve to those disclosed by competitors and assessed the impact on the valuations;
- For tolling revenue, we reviewed key terms of the contract and ensured the revenue inputs were reflected appropriately in the valuation model in line with the tolling agreements;

How the scope of our audit addressed the key audit matter

- For investments where the battery asset is under construction, we challenged the policy applied to fair value these investments through obtaining an understanding of the status of each project and the risks of the projects, through discussions with Management and external tracker logs from third party contractors. For the construction risk premium applied, we benchmarked this against other companies and considered the risks in the projects. With the assistance of our internal valuation experts, we have critically assessed and challenged the discount rate premium used;
- We agreed period end working capital adjustments in determining the fair value of the portfolio companies to the working capital recognised in the management accounts of the portfolio companies as well as bank statements, invoices and VAT returns;
- We agreed the movements in loans provided to the portfolio companies, including verifying interest rates to underlying loan agreements, vouching cash movements to bank statements and re-performing the calculation of interest;
- For forecasted maintenance capital expenditure ('capex'), we have critically challenged management's assessment by benchmarking the assumptions used to market research data and underlying data; and
- For capacity upgrade capex and construction capex, we have agreed the total capex to EPC contracts or other relevant documentation.

Key observations:

Based on the audit procedures performed, we found the estimates and judgements made by the management in relation to the valuation to be within a reasonable range.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2024	2023
Materiality	£9,300,000	£11,100,000
Basis for determining materiality	1.5% Net assets	1.5% Net assets
Rationale for the benchmark applied	As an investment trust, we consider that the net asset value is the key measure of performance for users of the financial statements.	
	£6,510,000	£7,770,000
Basis for determining performance materiality	70% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Specific materiality

In 2023, we determined that for transactions and balances that impact on the Company's return, other than the valuation of the unlisted investment portfolio, could influence the economic decisions of users. As a result, we determined a specific materiality for these items of £1.83m, based on 5% of profit before tax less fair value gains. We further applied a performance materiality level of 70% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

In 2024, we determined that no specific revenue was required given the suspension in dividends and revenue ceasing to be earned in 2024 following the loan with Gresham House Energy Storage Holdings plc being converted to equity.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £186,000 (2023: £222,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> ▪ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 72; and ▪ The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 84 and 85.
Other Code provisions	<ul style="list-style-type: none"> ▪ Directors' statement on fair, balanced and understandable set out on page 81; ▪ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 71; ▪ The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 71; and ▪ The section describing the work of the audit committee set out on page 71.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> ▪ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▪ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> ▪ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or ▪ the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ▪ certain disclosures of Directors' remuneration specified by law are not made; or ▪ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Based on our risk assessment, we considered the areas most susceptible to be valuation of unquoted investments and management override of controls.

Our procedures in respect of the above included:

- The procedures set out in the Key Audit Matters section above;
- We obtained the ISAE 3402 from Deloitte for the 12 months ended 30 September 2024 and bridging letter from Cas van Aardenne (Associate Director – ICS Operations), and we have reviewed and assessed the design and implementation of controls over management override;
- We critically reviewed estimates and judgements applied by Management in the financial statements to assess their appropriateness and the existence of any systematic bias;
- We obtained independent confirmation of bank balances;
- We reviewed unadjusted audit differences for indications of bias or deliberate misstatement;
- We tested journals which met a defined risk criteria by agreeing them to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud; and
- Undertaken interviews with various members of the management and operational team to provide further risk assessment around fraud and the potential for it to occur.

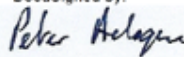
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Peter Acloque (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom

22 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the year ended 31 December 2024

For the year ended 31 December 2024	Note	Revenue (£)	Capital (£)	Total (£)
Net return on investments at fair value through profit and loss	7	9,927,827	(117,960,534)	(108,032,707)
Other income		886,814	–	886,814
Total income		10,814,641	(117,960,534)	(107,145,893)
Administrative and other expenses:				
Legal and professional fees		(671,195)	(99,986)	(771,181)
Other administrative expenses	8	(7,938,537)	(36,000)	(7,974,537)
Total administrative and other expenses		(8,609,732)	(135,986)	(8,745,718)
Profit/(loss) before tax		2,204,909	(118,096,520)	(115,891,611)
Taxation	9	–	–	–
Profit/(loss) and total comprehensive income/(loss) for the year		2,204,909	(118,096,520)	(115,891,611)
Earnings/(loss) per share (basic and diluted) – pence	10	0.39	(20.71)	(20.32)

The total column of this statement is the Statement of Comprehensive Income of the Company prepared in accordance with UK adopted International Accounting Standards (UKIAS). The supplementary revenue return and capital columns have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice (AIC SORP).

All results are derived from continuing operations.

The notes starting on [page 100](#) form an integral part of these financial statements.

For the year ended 31 December 2023	Note	Revenue (£)	Capital (£)	Total (£)
Net return on investments at fair value through profit and loss	7	45,457,656	(146,752,282)	(101,294,626)
Other income		1,191,194	–	1,191,194
Total income		46,648,850	(146,752,282)	(100,103,432)
Administrative and other expenses:				
Legal and professional fees		(787,152)	(92,567)	(879,719)
Other administrative expenses	8	(9,075,204)	(52,545)	(9,127,749)
Total administrative and other expenses		(9,862,356)	(145,112)	(10,007,468)
Profit/(loss) before tax		36,786,494	(146,897,394)	(110,110,900)
Taxation	9	–	–	–
Profit/(loss) and total comprehensive income/(loss) for the year		36,786,494	(146,897,394)	(110,110,900)
Earnings/(loss) per share (basic and diluted) – pence	10	6.57	(26.22)	(19.65)

Statement of Financial Position

As at 31 December 2024

Company number 11535957

	Note	31 December 2024 (£)	31 December 2023 (£)
Non-current assets			
Investments in subsidiaries at fair value through profit or loss	11	618,037,144	727,981,694
Current assets			
Cash and cash equivalents	13	4,044,450	14,073,513
Trade and other receivables	14	777,173	525,310
Total current assets		4,821,623	14,598,823
Total assets		622,858,767	742,580,517
Current liabilities			
Trade and other payables	15	(615,431)	(2,433,017)
Total net assets		622,243,336	740,147,500
Shareholders' equity			
Share capital	20	5,734,447	5,734,447
Treasury shares	20	(2,012,553)	–
Share premium	20	–	543,915,072
Merger relief reserve	20	–	13,299,017
Capital reduction reserve	20	561,106,626	3,892,537
Capital reserves	20	2,256,577	120,353,097
Revenue reserves	20	55,158,239	52,953,330
Total shareholders' equity		622,243,336	740,147,500
Net Asset Value per Ordinary Share (pence)	19	109.35	129.07

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



John Leggate CBE, FREng

Chair

22 April 2025

The notes starting on [page 100](#) form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2024

Note	Share capital (£)	Treasury shares (£)	Share premium (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Capital reserves (£)	Revenue reserves (£)	Total shareholders' equity (£)
Shareholders' equity at 1 January 2024	5,734,447	–	543,915,072	13,299,017	3,892,537	120,353,097	52,953,330	740,147,500
Profit/(loss) for the year	–	–	–	–	–	(118,096,520)	2,204,909	(115,891,611)
Transactions with owners:								
Cancellation of share premium reserve	20	–	(543,915,072)	–	–	–	–	(543,915,072)
Cancellation of merger relief reserve	20	–	–	(13,299,017)	–	–	–	(13,299,017)
Transfer to capital reduction reserve	20	–	–	–	557,214,089	–	–	557,214,089
Issue of class B shares	20	–	–	–	–	–	–	13,299,029
Cancellation of class B shares	20	–	–	–	–	–	–	(13,299,029)
Share buyback	20	(2,012,553)	–	–	–	–	–	(2,012,553)
Shareholders' equity at 31 December 2024	5,734,447	(2,012,553)	–	–	561,106,626	2,256,577	55,158,239	622,243,336

Statement of Changes in Equity

	Note	Share capital (£)	Share premium (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Capital reserves (£)	Revenue reserves (£)	Total shareholders' equity (£)
Shareholders' equity at 1 January 2023		5,412,904	495,230,993	13,299,017	3,892,537	267,250,491	56,659,720	841,745,662
Total comprehensive income for the year:								
Profit/(loss) for the year		–	–	–	–	(146,897,394)	36,786,494	(110,110,900)
Transactions with owners:								
Ordinary Shares issued at a premium during the year	20	321,543	49,678,457	–	–	–	–	50,000,000
Share issue costs	20	–	(994,378)	–	–	–	–	(994,378)
Dividends paid	20	–	–	–	–	–	(40,492,884)	(40,492,884)
Shareholders' equity at 31 December 2023		5,734,447	543,915,072	13,299,017	3,892,537	120,353,097	52,953,330	740,147,500

The total distributable reserves available at 31 December 2024 are £616,264,865 (2023: £56,845,867). Distributable reserves consist of the capital reduction reserve and revenue reserve.

The notes starting on [page 100](#) form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2024

	Note	31 December 2024 (£)	31 December 2023 (£)
Cash flows used in operating activities			
Loss for the year		(115,891,611)	(110,110,900)
Net loss on investments at fair value through profit and loss	7	117,960,534	146,752,282
Interest income		(10,295,053)	(46,028,273)
Dividend income		–	(83,591)
Increase in trade and other receivables		(251,861)	(307,612)
(Decrease)/increase in trade and other payables		(1,817,587)	1,861,997
Net cash used in operating activities		(10,295,578)	(7,916,097)
Cash flows used in investing activities			
Loans made to subsidiaries	11	(4,200,000)	(2,004,828)
Loans repaid by subsidiaries	11	6,111,842	7,500,000
Bank interest received		367,226	654,208
Net cash received from investing activities		2,279,068	6,149,380

	Note	31 December 2024 (£)	31 December 2023 (£)
Cash flows used in financing activities			
Proceeds from issue of Ordinary Shares at a premium	20	–	50,000,000
Share issue costs	20	–	(994,378)
Share buyback	20	(2,012,553)	–
Dividends paid	20	–	(40,492,884)
Net cash (outflow)/inflow from financing activities		(2,012,553)	8,512,738
Net (decrease)/increase in cash and cash equivalents for the year		(10,029,063)	6,746,021
Cash and cash equivalents at the beginning of the year		14,073,513	7,327,492
Cash and cash equivalents at the end of the year		4,044,450	14,073,513

The notes starting on [page 100](#) form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

1. General information

Gresham House Energy Storage Fund plc (the "Company") is a company limited by shares and is listed on the special fund segment of the London Stock Exchange. The Company was incorporated in England and Wales on 24 August 2018 with Company number 11535957 as a closed-ended investment company. The Company's business is as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The registered office of the Company is The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF. Its share capital is denominated in Pounds Sterling (GBP or £) and currently consists of Ordinary Shares. Through its subsidiaries, the Company's principal activity is to invest in SPVs which operate a diversified portfolio of operating utility-scale Battery Energy Storage Systems (BESS), which utilise batteries and may also utilise generators. The BESS projects comprising the investment portfolio are located in diverse locations across Great Britain.

These annual financial statements cover the year ended 31 December 2024 with comparatives for the year ended 31 December 2023 and comprise only the results of the Company as all its subsidiaries are measured at fair value.

2. Basis of preparation

Statement of compliance

The Annual Report and financial statements have been prepared in accordance with UK adopted International Accounting Standards (IFRS UK). The accounts have been prepared on a historical cost basis except for financial assets at fair value through profit or loss. All accounting policies have been applied consistently in these financial statements.

Where presentational guidance set out in the Statement of Recommended Practice (the SORP) "Financial Statements of Investment Trust Companies and Venture Capital Trusts", issued by the Association of Investment Companies (AIC) is consistent with the requirements of IFRS UK, the Directors have prepared the annual financial statements on a basis compliant with the recommendations of the SORP. The supplementary information which analyses the Statement of Comprehensive Income between items of revenue and a capital nature is presented in accordance with the SORP.

Functional and presentation currency

The currency of the primary economic environment in which the Company operates (the functional currency) is Pound Sterling (GBP or £) which is also the presentation currency.

Going concern

As at 31 December 2024, the Company had net current assets of £4.2mn including cash balances of £4.0mn (excluding cash balances within investee companies) and no debt.

The Company is a guarantor to the £195mn debt facility (£110mn capex facility, £75mn incremental facility and £10mn revolving credit facility) entered into by the MidCo in September 2021 and amended and restated in November 2022 and April 2024 which was £150mn drawn at the year end. The MidCo renegotiated the facility in April 2024 to reset debt covenant levels in line with the lower revenue environment at the time and to reduce the total available facility. There is sufficient headroom in the facility to enable completion of the projects already under construction.

As set out on [page 15](#) the Company is in advanced discussions with a group of lenders to replace the existing debt facility. The new facility is expected to provide the Company with increased funding and flexibility to develop new projects as well as lower debt costs on the current borrowings.

Financial models have been prepared for the going concern period which consider liquidity at the start of the period and key financial assumptions at the Company level as well as at the operational project level. These financial assumptions include expected cash generated by the portfolio companies available to be distributed to the Company. Financial assumptions also include inflows and outflows in relation to the external debt and interest payments expected within the MidCo, committed expenditure for construction projects, and the ongoing administrative costs of the Company. The upside potential from the debt financing discussions has not been taken into account in the Company's going concern cash flow analysis.

As described in the Chair's statement on [pages 9 to 11](#) and in the Investment Manager's report on [pages 12 to 14](#) the Company's investments experienced a negative trading environment during large parts of 2024 due to under-utilisation of batteries in the BM. Systems changes made by NESO during 2024 to improve the use of batteries have already resulted in a significant improvement to the revenue environment since Q4 2024 which has continued into 2025.

The Directors have applied two scenarios to their going concern assessment:

- a base case assessment, based on the blended central case forecasts provided by third-party consultants; and
- a severe but plausible downside case scenario which assumes a reduction in underlying portfolio revenues of 20% to the base case.

Both the base case and the downside case show the Company is expected to have sufficient cash available to meet current obligations and commitments as they fall due and that the debt covenants of MidCo's debt facility, which include interest cover and leverage tests, are expected to be met. The underlying investments have valuable assets which could be sold to generate cash flow if required.

The Directors confirm they have a reasonable expectation that the Company has adequate resources to continue its operations for at least 12 months from the date of signing these financial statements. As such, the Directors have adopted the going concern basis in preparing the Annual Report and financial statements.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

During the year the Directors considered the following significant judgements:

Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate their subsidiaries unless their subsidiaries provide investment management services to the Company and the subsidiaries are not themselves investment entities. To determine that the Company continues to meet the definition of an investment entity, the Company is required to satisfy the following three criteria:

- a) the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- b) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c) the Company measures and evaluates the performance of its investments on a fair value basis.

The Company meets the criteria as follows:

- the stated strategy of the Company is to deliver stable returns to shareholders through a mix of battery energy storage investments;
- the Company provides investment management services and has several investors who pool their funds to gain access to infrastructure-related investment opportunities that they might not have had access to individually; and
- the Company has elected to measure and evaluate the performance of all of its investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance.

The Company also meets the typical characteristics of an investment entity as it (via the MidCo) holds more than one investment, has more than one investor, has investors that are not related parties of the Company and it has ownership interests in the form of equity or similar interest. Based on the above factors the Directors are of the opinion that the Company meets the characteristics of an investment entity and meets the definition in the standard. The Directors will reassess this conclusion on an annual basis.

Assessment of the MidCo as an investment entity

The MidCo (see Note 11) is not consolidated by the Company as the MidCo is also considered to be an investment entity. The Board of the MidCo has considered the requirements of IFRS 10 as per above and confirms the MidCo meets these criteria. If the MidCo was not considered to meet the definition of an investment entity, then the Company would be required to consolidate the MidCo. The net assets of the MidCo have been set out in Note 11. The impact of consolidating the MidCo would be to increase the investment value to £757,992,640 (2023: £840,178,892) and recognise a reduction in net working capital of £139,955,496 (2023: £112,197,198).

Note 11 includes an overview of the balances within the MidCo and what would be included in the accounts of the Company if the Company were required to consolidate the entity.

Investment Manager not a related party

The AIFM is not disclosed as key management personnel in the financial statements. To meet the key management personnel definition, the AIFM would need to have authority and responsibility for planning, directing and controlling the activities of the entity. The Directors are of the opinion that the AIFM does not meet these criteria as the Board has to approve key decisions. The AIFM is restricted to the delivery of the investment policy.

During the year the Directors considered the following significant estimates:

Valuation of investments in subsidiaries

Significant estimates in the Company's financial statements include the amounts recorded for the fair value of the investments. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the Company's financial statements of changes in estimates in future periods could be significant. See Note 17 for further details.

4. New standards, amendments and interpretations published

New and revised IFRSs in issue that came into effect during the year:

The following standards and interpretations have been issued and are effective for annual reporting periods beginning on or after 1 January 2024 and are not deemed to have had a material impact on the Company's financial statements:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Amendments regarding the disclosure of supplier finance arrangements – Amendments to IAS 7 and IFRS 7
- Amendments to Lease Liability in a Sale and Leaseback – IFRS 16
- General Requirements for Disclosure of Sustainability-related Financial Information – IFRS S1
- Climate-related Disclosures – IFRS S2

New and revised IFRSs in issue but not yet effective:

Certain new accounting standards and amendments to accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 December 2024 and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions hence they have not been presented in detail in these financial statements.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these financial statements are listed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments regarding the definition of accounting estimates – IAS 8 (amended)
- Amendments regarding deferred tax on leases and decommissioning obligations – IAS 12 (amended)
- Amendments regarding significant changes in accounting for insurance contracts – IFRS 17 (amended)
- Amendments to add requirements for an entity to determine whether a currency is exchangeable into another currency and the exchange rate to use when it is not – IAS 21 (amended)

5. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

Segmental information

The Board is of the opinion that the Company is engaged in a single segment business, being the investment in the United Kingdom in battery energy storage assets.

Income and expenses (excluding investments)

Income and expenses are accounted for on an accruals basis. The Company's income and expenses are charged to the Statement of Comprehensive Income. Costs directly relating to the issue of Ordinary Shares are charged to share premium.

In the Statement of Cash Flows, accruals for interest income and dividend income are removed from operating activities in order to be shown separately, in line with IAS 7. Interest income and dividend income received in cash are added under investing activities if they have been capitalised to the underlying interest or are dividend-earning instruments.

Net gain or loss on investments at fair value through profit and loss

The Company recognises movements in the fair value of investments in subsidiaries through profit and loss. In the Statement of Cash Flows, such non-cash unrealised gains or losses are adjusted for within operating activities.

Taxation

The Company is approved as an Investment Trust Company (ITC) under Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 Statutory Instrument 2011/2999 for accounting periods commencing on or after 25 May 2018. The approval is subject to the Company continuing to meet the eligibility conditions of the Corporation Tax Act 2010 and the Statutory Instrument 2011/2999. The Company intends to ensure that it complies with the ITC regulations on an ongoing basis and regularly monitors the conditions required to maintain ITC status.

From 1 April 2015 there was a single corporation tax rate of 19%. This rate has increased to 25% since 1 April 2023. Current tax is the expected tax payable on any taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period. The Company may use taxable losses from within the Group to relieve taxable profits in the Company and also income streams part of the dividends paid into interest payments to achieve tax efficiency for the Company. The increase in the headline rate of corporation tax does impact on the valuation of the Company's investments.

Investment in subsidiaries

Investments in subsidiaries are held at fair value through profit and loss.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary entity and has the ability to affect those returns through its power over the subsidiary entity. In accordance with the exemption under IFRS 10 Consolidated Financial Statements, the Company is an investment entity and only consolidates subsidiaries that provide investment management services and which are not themselves investment entities. As a result, the Company does not consolidate any of its subsidiaries.

Investments in subsidiaries comprise of equity interests and loans but in respect of each subsidiary are treated as a single investment as investment decisions are made considering both instruments. Investments in subsidiaries are treated as financial assets measured at fair value through profit or loss (FVPL), as further explained below.

Financial instruments

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of amortised cost or fair value through profit or loss.

Financial assets

The Company classifies its financial assets at amortised cost or fair value through profit or loss on the basis of both:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables which include cash and cash equivalents and trade and other receivables.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, including short-term payables.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- a) its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding;
- b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- c) it is classified as held for trading (derivative contracts in an asset position).

The Company's investment in subsidiaries (which comprises both debt and equity instruments) is held at fair value through profit or loss under IFRS 9 as the equity portion of the investment does not meet the SPPI test nor will the Company elect to designate the investments at fair value through other comprehensive income. The debt investment forms part of a group of assets that are managed, and the performance evaluated on a fair value basis.

Recognition and derecognition

Financial assets are derecognised on the date on which the Company commits to sell an asset. A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Equity

Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs. Costs not directly attributable to the issue are immediately expensed in the Statement of Comprehensive Income.

Fair value measurement and hierarchy

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market. It is based on the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. A fair value measurement of a non-financial asset considers the best and highest value use for that asset.

The fair value hierarchy to be applied under IFRS 13 is as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are carried at fair value and which will be recorded in the financial information on a recurring basis, the Company will determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

Investments in subsidiaries are treated as Level 3 as the inputs used to determine their fair values are unobservable. Fair value is calculated on a levered discounted cash flow basis in accordance with IFRS 13. Measurement is discussed in further detail in Note 17.

6. Fees and expenses

Accounting, secretarial and Directors

JTC (UK) Limited has been appointed to act as Secretary and Administrator for the Company through the Administration and Company Secretarial Agreement. JTC (UK) Limited is entitled to a £65,280 annual fee for the provision of Company Secretarial services and a £59,840 annual fee for the provision of fund accounting and administration services, based on a Company Net Asset Value of up to £200mn. An ad valorem fee based on total assets of the Company which exceed £200mn will be applied as follows:

- 0.04% on the Net Asset Value of the Company in excess of £200mn

During the year, expenses incurred with JTC (UK) Limited for administrative and secretarial services amounted to £364,149 (2023: £403,910) with £72,762 (2023: £92,978) being outstanding and payable at the year end.

AIFM

The AIFM, Gresham House Asset Management Limited (the Investment Manager), is entitled to receive a fee from the Company in respect of its services provided under the AIFM Agreement. Following the year end, the Company and the Manager agreed to a revised management fee arrangement to apply from 1 February 2025.

Prior to the change, the management fee was solely based on the published NAV:

- 1% on the first £250mn of the NAV of the Company
- 0.9% on the NAV of the Company in excess of £250mn and up to and including £500mn
- 0.8% on the NAV of the Company in excess of £500mn

Under the new arrangements the management fee will be based on an average of the closing daily market capitalisation during the period and the NAV at the beginning of each quarter:

- 1% on the first £250mn of the average of the market capitalisation and NAV of the Company
- 0.9% on the average of the market capitalisation and NAV of the Company in excess of £250mn and up to and including £500mn
- 0.8% on the average of the market capitalisation and NAV of the Company in excess of £500mn

During the year, Investment Manager fees amounted to £6,199,823 (2023: £7,509,803) with no outstanding payables at the year end (2023: £nil).

The AIFM also provides accounting and administration services to the underlying project companies and is entitled to an annual fee of £9,000 per project. During the year, expenses incurred with the AIFM for accounting and administration services amounted to £270,000 (2023: £270,568) with £67,500 (2023: £75,900) being outstanding and payable at the year end.

The Investment Manager is a wholly owned subsidiary of Gresham House Limited, a significant shareholder in the Company, holding 8.71% (2023: 5.53%) of total issued Ordinary Shares. Ben Guest (a Director of the Investment Manager), holds 2.53% (2023: 2.51%) of total issued Ordinary Shares, including direct and indirect holdings.

7. Net return on investments at fair value through the profit and loss

	31 December 2024 (£)	31 December 2023 (£)
Unrealised loss on investments at fair value through the profit and loss	(117,960,534)	(146,752,282)
Interest on loans to subsidiaries	9,927,827	45,457,656
	(108,032,707)	(101,294,626)

8. Administrative and other expenses

	31 December 2024 (£)	31 December 2023 (£)
Administration and secretarial fees	364,149	403,910
Remuneration received by the Company's Auditor for the audit of these financial statements*	393,633	322,252
Depositary fees	98,686	100,298
Directors' remuneration – salary	335,812	322,276
Directors' remuneration – social security contributions and similar taxes	37,724	25,306
Investment Manager fee	6,199,823	7,509,803
Sundry expenses	544,710	443,904
	7,974,537	9,127,749

* Included within the Auditor's remuneration for 2024 is an amount of £77,599 in relation to additional audit fees for the FY2023 audit which were only agreed after signing the 2023 financial statements. In addition to the fee received for the audit of these financial statements, BDO received a fee of £25,607 in relation to the audit of MidCo for FY2024

9. Taxation

The Company is recognised as an Investment Trust Company (ITC) for the accounting period and is taxed at the main rate of 25% (2023: 23.5%).

For the year ended 31 December 2024, the Company may utilise group relief or make interest distributions to reduce taxable profits to £nil. There is no corporation tax charge for the year (2023: £nil).

	31 December 2024 (£)	31 December 2023 (£)
(a) Tax charge in profit or loss		
UK corporation tax	–	–
(b) Reconciliation of the tax charge for the year		
Loss before tax	(115,891,611)	(110,110,900)
Tax at UK main rate of 25% (2023: 23.5%)	(28,972,903)	(25,876,062)
Tax effect of:		
Net loss on investments at fair value through the profit and loss	29,490,134	34,486,786
Non-taxable income	(1,291,689)	–
Non-deductible expenses	33,996	34,126
Subject to group relief/designated as interest distributions	740,462	(8,644,850)
Tax charge for the year	–	–

10. Earnings per Ordinary Share

Earnings per Ordinary Share (EPS) amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period. As there are no dilutive instruments outstanding, basic and diluted EPS are identical.

			31 December 2024 Total
	Revenue	Capital	
Net profit attributable to Ordinary Shareholders (£)	2,204,909	(118,096,520)	(115,891,611)
Weighted average number of Ordinary Shares for the year	570,332,032	570,332,032	570,332,032
Profit per share (basic and diluted) – pence	0.39	(20.71)	(20.32)

			31 December 2023 Total
	Revenue	Capital	
Net profit attributable to Ordinary Shareholders (£)	36,786,494	(146,897,394)	(110,110,900)
Weighted average number of Ordinary Shares for the year	560,318,675	560,318,675	560,318,675
Profit per share (basic and diluted) – pence	6.57	(26.22)	(19.65)

11. Investments in subsidiaries at fair value through profit or loss

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but, rather, recognises them as investments at fair value through profit or loss. The Company is not contractually obligated to provide financial support to the subsidiaries, except as a guarantor to the debt facility entered into by the MidCo, and there are no restrictions in place in passing monies up the structure.

	Immediate parent	Place of business	Registered office	Percentage ownership
Gresham House Energy Storage Holdings Limited (MidCo)	The Company	The Scalpel, 18th Floor, 52 Lime Street, London, EC3M 7AF	Gresham House Asset Management Limited, 5 New Street Square, London, England, EC4A 3TW	100%

Refer to Note 17 for valuation disclosures relating to the investments in subsidiaries.

The Directors evaluate the performance of the portfolio of energy storage investments through its subsidiary companies on a fair value basis. The income approach is used to value investments as it indicates value based on the sum of the economic income that a project, or group of projects, is anticipated to earn in the future.

The Company engaged with Grant Thornton as independent and qualified valuers to assess the fair value of the Company's investments and have provided their opinion on the reasonableness of the valuation of the Company's investment portfolio.

Notes to the Financial Statements

Therefore, the investments in subsidiaries are measured at FVTPL under IFRS 9, as these financial assets are managed and their performance evaluated on a fair value basis.

	31 December 2024 (£)	31 December 2023 (£)
Equity	610,020,974	114,200,507
Loans – interest bearing	3,816,170	613,781,187
Loans – interest free	4,200,000	–
Total equity and loans	618,037,144	727,981,694
	31 December 2024 (£)	31 December 2023 (£)
Reconciliation		
Opening balance	727,981,694	834,771,492
Add: loans advanced	4,200,000	2,004,828
Less: repayment of loan through the issuance of shares (Note 12)	(613,781,000)	–
Less: loan repayments	(6,111,843)	(7,500,000)
Add: accrued interest on loans	9,927,827	45,457,656
Add: purchase of equity interest (Note 12)	613,781,000	–
Total fair value movement through the profit or loss	(117,960,534)	(146,752,282)
Closing balance	618,037,144	727,981,694

The interest-bearing loan of £3,816,170 attracts an interest rate of 8% per annum from the date of advance. Interest compounds on 31 December of each year and the loan is unsecured. During the year, the intercompany loan was capitalised to equity as part of the refinancing negotiations of MidCo's external debt.

Unless otherwise agreed, the loan principal and any interest accrued on the loans shall be repayable on the earlier of (i) written demand from the Company, or (ii) 31 December 2030.

Further analysis

The Company owns 100% of the Ordinary Shares in Gresham House Energy Storage Holdings plc (the MidCo) which itself holds a number of 100% owned subsidiaries. The investment in the MidCo of £618,037,144 (2023: £727,981,694) comprises underlying investments as follows:

	Percentage ownership		Total investment	
	31 December 2024	31 December 2023	31 December 2024 (£)	31 December 2023 (£)
Noriker Staunch Limited	100%	100%	9,991,463	14,424,512
HC ESS2 Limited	100%	100%	13,494,479	19,893,490
HC ESS3 Limited	100%	100%	15,206,290	17,160,576
West Midlands Grid Storage Limited	100%	100%	1,467,353	3,428,295
Cleator Battery Storage Limited	100%	100%	5,169,624	10,597,554
Glassenbury Battery Storage Limited	100%	100%	29,208,602	46,761,803
HC ESS4 Limited	100%	100%	34,982,667	41,173,725
Bloxwich Energy Storage Limited	100%	100%	17,273,600	21,945,511
HC ESS6 Limited	100%	100%	33,041,897	40,552,676
HC ESS7 Limited	100%	100%	36,400,480	42,467,133
Tynemouth Energy Storage Limited	100%	100%	6,467,591	13,227,606
Gridreserve Limited	100%	100%	14,044,116	18,589,464
Nevendon Energy Storage Limited	100%	100%	10,731,805	10,133,433
South Shields Energy Storage Limited	100%	100%	13,540,097	29,953,750
Enderby Storage Limited	100%	100%	44,161,760	33,964,005

Notes to the Financial Statements

	Percentage ownership		Total investment	
	31 December 2024	31 December 2023	31 December 2024 (£)	31 December 2023 (£)
West Didsbury Storage Limited	100%	100%	47,779,392	29,109,414
Penwortham Storage Limited	100%	100%	41,161,144	29,003,841
Grendon Storage Limited	100%	100%	47,174,003	53,267,283
Melksham East Storage Limited and Melksham West Storage Limited	100%	100%	85,496,352	56,125,569
UK Battery Storage Limited	100%	100%	123,458,132	187,812,426
Stairfoot Generation Limited	100%	100%	23,976,915	29,328,616
GreenGridPower1 Limited	100%	100%	33,647,727	18,856,094
Gresham House Energy Storage Solutions Limited	100%	100%	2,075,295	10,565,915
Arbroath Limited	100%	100%	29,367,937	28,945,546
Roc Noir Limited	100%	100%	5,717,192	5,509,220
Coupar Limited	100%	100%	32,956,727	27,381,435
Total investments in subsidiaries			757,992,640	840,178,892
Working capital in MidCo**			(139,955,496)	(112,197,198)
Total investment in MidCo			618,037,144	727,981,694

The place of business for all the investments is 5 New Street Square, London, England, EC4A 3TW.

A summary of impact on the Company's Statement of Financial Position if the MidCo was consolidated is included in Note 3.

	31 December 2024 (£)	31 December 2023 (£)
**Working capital in MidCo		
Cash at bank	22,448,024	20,767,752
Trade and other receivables	123,139	381,450
Loan arrangement fees	2,907,959	5,702,146
Trade and other payables	(14,582,564)	(25,712,253)
Facility loan	(150,000,000)	(110,000,000)
Interest payable on facility loan	(2,487,083)	(1,968,783)
Derivative asset/(liability)	1,635,029	(1,367,510)
	(139,955,496)	(112,197,198)

12. Loans receivable

During the year, £613,781,000 of the principal balance of the loan to the MidCo was repaid through the issuance of new shares. Subsequently, the Company made a £4,200,000 interest-free loan to the MidCo – see Note 11.

13. Cash and cash equivalents

	31 December 2024 (£)	31 December 2023 (£)
Cash at bank	94,550	10,008,138
Investment in liquidity funds*	3,949,900	4,065,375
	4,044,450	14,073,513

* The liquidity fund is a liquid, short-term instrument which can easily be converted into cash

14. Trade and other receivables

	31 December 2024 (£)	31 December 2023 (£)
Prepayments	61,241	77,689
Accrued income	329,640	311,228
VAT receivable	386,292	136,393
	777,173	525,310

15. Trade and other payables

	31 December 2024 (£)	31 December 2023 (£)
Administration and secretarial fees	72,762	92,978
Audit fee accrual	240,740	206,480
Other accruals	301,929	2,133,559
	615,431	2,433,017

16. Categories of financial instruments

	31 December 2024 (£)	31 December 2023 (£)
Financial assets		
<i>Financial assets at amortised cost:</i>		
Cash and cash equivalents	4,044,450	14,073,513
Trade and other receivables*	329,640	311,228
<i>Fair value through profit or loss:</i>		
Investment in subsidiaries	618,037,144	727,981,694
Total financial assets	622,411,234	742,366,435
Financial liabilities		
<i>Financial liabilities at amortised cost:</i>		
Trade and other payables	(615,431)	(2,433,017)
Net financial assets	621,795,803	739,933,418

* Excludes prepayments and VAT

As at 31 December 2024, the Company had an outstanding charge with Santander UK plc in respect of its position as guarantor to MidCo's debt facility, held against all the assets and undertakings of the Company. There are no liabilities recorded in respect of this position.

At the balance sheet date, all financial assets and liabilities were measured at amortised cost except for the investment in subsidiaries which are measured at fair value.

17. Fair value measurement

Valuation approach and methodology

The Company, via the MidCo, used the income approach to value its underlying investments. The income approach indicates value based on the sum of the economic income that an asset, or group of assets, is anticipated to produce in the future. Therefore, the income approach is typically applied to an asset that is expected to generate future economic income, such as a business that is considered a going concern. Free cash flow to total invested capital is typically the appropriate measure of economic income. The income approach is the DCF approach and the method discounts free cash flows using an estimated discount rate.

Valuation process

The Company, via the MidCo, held a portfolio of energy storage investments with a capacity of 845 megawatts (MW) (the "investments") with a further 227MW in construction at 31 December 2024 and 694MW of longer-term pipeline. The wholly owned portfolio comprises 30 projects held in 27 special project vehicles.

All of the investments are based in the UK. The Directors review and approve the valuations of these assets following appropriate challenge and examination. The current portfolio consists of non-market-traded investments, and valuations are analysed using forecasted cash flows of the assets and use the discounted cash flow approach for valuation purposes. The Investment Manager prepares financial models utilising revenue forecasts from external parties, adjusted for contracted revenues from Capacity Market and tolling contracts, to determine the fair value of the Company's investments and the Company engages external, independent, and qualified valuers to verify the valuations. For the year ended 31 December 2024 the revenue forecasts utilised are blended forecasts from two providers. As at 31 December 2024, the fair value of the portfolio of investments has been determined by the Investment Manager and reviewed by Grant Thornton UK LLP.

The valuations have been determined using discounted cash flow methodology, whereby the estimated future cash flows relating to the Company's equity investment in each project have been discounted to 31 December 2024, using discount rates reflecting the risks associated with each investment project and the time value of money. The valuations are based on the expected future cash flows, using reasonable assumptions and forecasts for revenues, operating costs, macro-level factors and an appropriate discount rate.

When acquiring new investments, the Company's valuation approach is based on the status of the projects. If projects are under construction but not expected to be completed within nine months the project will be held at cost. After this date, during construction and once certain key milestones which reduce risk are met, the project will be fair valued. However, a construction premium of 0.75% will be added to the discount rate. When the investment reaches Provisional Acceptance (PAC) a project will be fair valued with a reduced construction premium for 60 days as a proving period. After 60 days the project will be fair valued without a construction premium. Conditional acquisitions, where the price of an acquisition has been agreed but shares have not been transferred, result in the recognition of a derivative at fair value. No value is attributed to pipeline which is not under construction.

The determination of the discount rate applicable to each individual investment project considers various factors, including, but not limited to, the stage reached by each project, the period of operation, the historical track record, the terms of the project agreements and the market conditions in which the project operates.

The Investment Manager exercises its judgement in assessing the expected future cash flows from each investment. The Investment Manager produces detailed financial models for each underlying project. The Investment Manager makes amendments where appropriate to:

- a) discount rates (i) implied in the price at which comparable transactions have been announced or completed in the UK energy storage sector (if available); (ii) publicly disclosed by the Company's peers in the UK energy storage sector (if available); and (iii) applicable for other comparable infrastructure asset classes and regulated energy sectors;
- b) changes in power market forecasts from leading market forecasters and the current revenue environment;
- c) changes in the economic, legal, taxation or regulatory environment, including changes in retail price index expectations;
- d) technical performance based on evidence derived from project performance to date;
- e) the terms of any power purchase agreement arrangements and/or tolling agreements;
- f) accounting policies;
- g) the terms of any debt financing at project level;
- h) claims or other disputes or contractual uncertainties; and
- i) changes to revenue, cost, or other key assumptions (which may include an assessment of future cost trends, as appropriate) including inflation, utilisation, operating and capital expenditure assumptions and asset life.

Notes to the Financial Statements

Valuation assumptions include consideration of climate-related matters such as expected levels of renewable energy entering the grid system, demand patterns and current regulatory policy. These are factored into the pricing assumptions which are prepared by independent consultants. In respect of the valuations at 31 December 2023 the Investment Manager made certain downward adjustments to the revenue curves over the period from 2024 to 2026 to reflect the prevailing market conditions. A corresponding adjustment is not required for the valuations at 31 December 2024 as the revenue curves received take into account the lower revenue environment.

The Board reviews the operating and financial assumptions, including the discount rates, used in the valuation of the Company's underlying portfolio and approves them based on the recommendation of the Investment Manager.

Key valuation input	31 December 2024		31 December 2023	
	Range	Weighted average	Range	Weighted average
WACC/WADR	9.8% – 11.4%	10.7%	9.8% – 11.4%	10.9%
RPI	2.5%	2.5%	2.6% – 2.7%	2.6%

Another key assumption in the valuation models is the volatility of power prices. Due to the Asset Optimisation strategy, the investments are able to benefit from a range of revenue streams including arbitrage on power price volatility or Firm Frequency Response (FFR) and other similar income streams. Due to the nature of the assets owned by the investments, should one revenue stream be impacted the asset is able to switch to alternative sources of revenue to seek to maintain total revenue targets, as mentioned in the Investment Manager's report.

Sensitivity analysis

The following table reflects the range of sensitivities in respect of the fair value movements of the Company's investments, via the MidCo.

The sensitivity analysis does not include an assessment of the fall in the power price as underlying power information is provided on a net revenue basis as the investment portfolio generates value through maximising on the volatility in the market, therefore adjusting revenue as a total is a more relevant measure. We have therefore provided a sensitivity based on percentage changes in revenue overall.

Investment	Project	Valuation technique	Significant inputs description	Sensitivity	Estimated effect on fair value 31 December 2024 (£)	Estimated effect on fair value 31 December 2023 (£)
Noriker Staunch Limited	Staunch	DCF	Discount rate	+1%	(677,509)	(989,754)
				-1%	756,892	1,111,690
			Revenue	+10%	127,095	98,616
				-10%	(127,112)	(99,187)
HC ESS2 Limited	Rufford, Lockleaze, Littlebrook	DCF	Discount rate	+1%	(976,327)	(1,384,337)
				-1%	1,096,488	1,554,621
			Revenue	+10%	2,040,784	2,151,930
				-10%	(2,249,778)	(2,254,280)
HC ESS3 Limited	Roundponds	DCF	Discount rate	+1%	(1,161,663)	(1,263,738)
				-1%	1,333,815	1,445,053
			Revenue	+10%	1,419,403	1,497,622
				-10%	(1,441,585)	(1,534,323)
West Midlands Grid Storage Two Limited	Wolves	DCF	Discount rate	+1%	(146,524)	(246,278)
				-1%	166,150	276,236
			Revenue	+10%	399,540	418,288
				-10%	(399,923)	(457,701)
Cleator Battery Storage Limited	Cleator	DCF	Discount rate	+1%	(312,116)	(383,187)
				-1%	347,978	427,916
			Revenue	+10%	436,278	484,269
				-10%	(437,204)	(485,793)
Glassenbury Battery Storage Limited	Glassenbury A and B	DCF	Discount rate	+1%	(1,689,869)	(2,096,784)
				-1%	1,890,633	2,349,623
			Revenue	+10%	2,319,967	2,608,642
				-10%	(2,325,747)	(2,611,329)
HC ESS4 Limited	Red Scar	DCF	Discount rate	+1%	(3,049,230)	(3,378,646)
				-1%	3,555,687	3,924,386
			Revenue	+10%	3,972,613	4,463,582
				-10%	(3,988,759)	(4,488,432)
Bloxwich Energy Storage Limited	Bloxwich	DCF	Discount rate	+1%	(1,396,081)	(1,596,398)
				-1%	1,580,041	1,792,901
			Revenue	+10%	2,105,026	2,813,160
				-10%	(2,494,163)	(2,883,980)
HC ESS7 Limited	Thurcroft	DCF	Discount rate	+1%	(3,241,479)	(3,455,743)
				-1%	3,778,607	4,000,692
			Revenue	+10%	3,627,409	4,487,571
				-10%	(3,633,332)	(4,507,638)
HC ESS6 Limited	Wickham	DCF	Discount rate	+1%	(2,489,175)	(2,906,428)
				-1%	2,828,238	3,294,299
			Revenue	+10%	3,768,464	4,231,794
				-10%	(3,799,937)	(4,273,310)

Notes to the Financial Statements

Investment	Project	Valuation technique	Significant inputs description	Sensitivity	Estimated effect on fair value 31 December 2024 (£)	Estimated effect on fair value 31 December 2023 (£)
Tynemouth Battery Storage Limited	Tynemouth	DCF	Discount rate	+1%	(562,580)	(785,644)
				-1%	655,857	910,977
			Revenue	+10%	1,205,364	1,289,339
				-10%	(1,223,872)	(1,295,822)
Gridreserve Limited	Byers Brae	DCF	Discount rate	+1%	(1,082,788)	(1,266,615)
				-1%	1,221,510	1,425,018
			Revenue	+10%	1,548,968	2,018,014
				-10%	(1,557,910)	(2,023,244)
Nevedon Energy Storage Limited	Nevedon	DCF	Discount rate	+1%	(696,618)	(777,887)
				-1%	772,403	863,613
			Revenue	+10%	1,013,581	1,123,819
				-10%	(1,125,214)	(1,124,293)
South Shields Energy Storage Limited	South Shields	DCF	Discount rate	+1%	(536,482)	(714,481)
				-1%	575,951	768,923
			Revenue	+10%	1,126,946	1,301,237
				-10%	(1,128,843)	(1,301,461)
Enderby Storage Limited	Enderby	DCF	Discount rate	+1%	(3,640,641)	(3,713,689)
				-1%	4,171,825	4,256,663
			Revenue	+10%	4,581,705	4,991,172
				-10%	(4,629,888)	(5,034,671)
West Didsbury Storage Limited	West Didsbury	DCF	Discount rate	+1%	(3,623,541)	(3,509,794)
				-1%	4,154,441	4,010,765
			Revenue	+10%	3,948,311	4,587,518
				-10%	(3,948,020)	(4,648,492)
Penwortham Storage Limited	Penwortham	DCF	Discount rate	+1%	(3,209,097)	(3,069,697)
				-1%	3,630,138	3,470,007
			Revenue	+10%	3,485,973	4,295,182
				-10%	(3,420,556)	(4,359,672)
Melksham East Storage Limited and Melksham West Storage Limited	Melksham	DCF	Discount rate	+1%	(6,779,377)	(6,893,088)
				-1%	7,754,367	7,902,313
			Revenue	+10%	8,585,144	9,073,680
				-10%	(8,683,823)	(9,142,253)
Arbroath Limited	Arbroath	DCF	Discount rate	+1%	(2,537,155)	(2,640,359)
				-1%	2,943,971	3,047,599
			Revenue	+10%	2,593,530	3,217,043
				-10%	(2,603,341)	(3,245,071)
Grendon Storage Limited	Grendon	DCF	Discount rate	+1%	(3,779,055)	(4,134,740)
				-1%	4,344,298	4,741,802
			Revenue	+10%	4,621,904	5,052,662
				-10%	(4,629,766)	(5,096,692)

Investment	Project	Valuation technique	Significant inputs description	Sensitivity	Estimated effect on fair value 31 December 2024 (£)	Estimated effect on fair value 31 December 2023 (£)
UK Battery Storage Limited	Elland	DCF	Discount rate	+1%	(3,026,521)	(3,128,791)
				-1%	3,418,522	3,520,488
			Revenue	+10%	3,547,625	4,422,703
				-10%	(3,571,134)	(4,471,803)
UK Battery Storage Limited	York	DCF	Discount rate	+1%	(2,662,618)	(2,721,348)
				-1%	3,011,685	3,063,902
			Revenue	+10%	3,768,148	4,070,740
				-10%	(3,797,850)	(4,116,824)
UK Battery Storage Limited	Bradford West	DCF	Discount rate	+1%	(4,853,276)	(5,359,658)
				-1%	5,478,942	6,033,651
			Revenue	+10%	5,843,580	7,702,758
				-10%	(5,879,326)	(7,801,266)
Stairfoot Generation Limited	Stairfoot	DCF	Discount rate	+1%	(2,021,854)	(2,211,726)
				-1%	2,322,627	2,532,851
			Revenue	+10%	2,296,992	2,974,098
				-10%	(2,324,247)	(2,989,066)
Greengridpower1 Limited	Shilton Lane	DCF	Discount rate	+1%	(2,782,011)	(3,003,628)
				-1%	3,194,033	3,455,697
			Revenue	+1%	2,913,181	3,730,729
				-1%	(2,926,420)	(3,770,427)
Coupar Limited	Coupar Angus	DCF	Discount rate	+1%	(2,557,068)	(2,733,868)
				-1%	2,879,950	3,083,283
			Revenue	+10%	2,932,432	3,752,746
				-10%	(2,951,651)	(3,785,451)

All other projects are held at cost.

Portfolio sensitivity of RPI	Sensitivity	Estimated effect on fair value 31 December 2024 (£)	Estimated effect on fair value 31 December 2023 (£)
Inflation	+0.25%	20,336,539	19,038,472
	-0.25%	(19,677,170)	(18,479,800)

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

The fair value hierarchy of financial instruments measured at fair value is provided below.

	Level 1 (£)	Level 2 (£)	Level 3 (£)
31 December 2024			
Investment in subsidiaries	–	–	618,037,144
	–	–	618,037,144
31 December 2023			
Investment in subsidiaries	–	–	727,981,694
	–	–	727,981,694

Valuation of financial instruments

The investment at fair value through profit or loss is a Level 3 in the fair value hierarchy and the reconciliation in the movement of this Level 3 investment is presented in Note 11. No transfers between levels took place during the period.

18. Financial risk management

The Company is exposed to certain risks through the ordinary course of business and the Company's financial risk management objective is to minimise the effect of these risks. The management of risks is performed by the Directors of the Company and the exposure to each financial risk considered potentially material to the Company, how it arises and the policy for managing it is summarised below:

Counterparty risk

The Company is exposed to third-party credit risk in several instances and the possibility that counterparties with which the Company and its subsidiaries, together the Group, contracts may default by failing to pay for services received from the Company or its subsidiaries or fail to perform their obligations in the manner anticipated by the Group. Such counterparties may include (but are not limited to) manufacturers who have provided warranties in relation to the supply of any equipment or plant, EPC contractors who have constructed the Company's plants, who may then be engaged to operate assets held by the Company, property owners or tenants who are leasing ground space and/or grid connection to the Company for the locating of the assets, contractual counterparties who acquire services from the Company underpinning revenue generated by each project or the energy suppliers, demand aggregators, insurance companies who may provide coverage against various risks applicable to the Company's assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Company. In the event that such credit risk crystallises, in one or more instances, and the Company is, for example, unable to recover sums owed to it, make claims in relation to any contractual agreements or performance of obligations (e.g. warranty claims) or unable to identify alternative counterparties, this may materially adversely impact the investment returns. Management has completed a high-level analysis which considers both historical and forward-looking qualitative and quantitative information, to assess the credit risk of these exposures and has determined that the credit risk as at 31 December 2024 is low due to the financial position of these counterparties.

The projects in which the Company may invest will not always benefit from a turnkey contract with a single contractor and so will be reliant on the performance of several suppliers. Therefore, the key risks during battery installation in connection with such projects are the counterparty risk of the suppliers and successful project integration.

The Investment Manager regularly assesses the creditworthiness of its counterparties and enters into counterparty arrangements which are financially sound and ensures, where necessary, the sourcing of alternative arrangements in the event of changes in the creditworthiness of its present counterparties.

Concentration risk

The Company's investment policy is limited to investments (via MidCo) in battery energy storage infrastructure, which will principally operate in the UK. This means that the Company has a significant concentration risk relating to the UK battery energy storage infrastructure sector. Significant concentration of investments in any one sector may result in greater volatility in the value of the Company's investments, and consequently the NAV, and may materially and adversely affect the performance of the Company and returns to shareholders.

The Fund's BESS projects generate revenues primarily from FFR, Asset Optimisation, Capacity Market (CM) and other grid connection-related revenues, including TRIADs and Dynamic Containment. Revenues from the portfolio's BESS projects were historically skewed to FFR revenues, FFR being the provision to the National Grid of a dynamic response service to maintain the grid's electrical frequency at 50Hz. Since the end of 2022 operations were increasingly targeted towards Asset Optimisation, as this becomes the more profitable business activity. There are several additional revenue opportunities emerging for the portfolio as a series of regulatory changes are implemented.

The Investment Manager is of the view that the UK's exposure to renewable energy generation has increased significantly over the last few years and the pace has not lessened despite the removal of legacy subsidies to onshore wind and solar. This is largely because the development of offshore wind installations has continued apace. NESO systems updates, required to fully utilise the benefit of renewable energy generation, have started to materialise following a weak trading environment for BESS in 2023 and H1 2024.

Credit risk

Cash and other assets that are required to be held in custody will be held at bank. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from the bank's own assets in the event of the insolvency of a custodian. Cash held with the bank will not be treated as client money subject to the rules of the FCA and may be used by the bank in the ordinary course of its own business. The Company will therefore be subject to the creditworthiness of the bank. In the event of the insolvency of the bank, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all.

The Investment Manager regularly assesses its credit exposure and considers the creditworthiness of its customers and counterparties. Cash and bank deposits are held with Barclays Bank plc and HSBC Global Liquidity Funds plc, reputable financial institutions with Moody's credit ratings of A1 and Aaa-mf respectively.

Investments held at fair value through profit or loss are not subject to IFRS 9 impairment requirements.

For interest receivables on cash balances and loans receivable, the Company uses a 12-month expected loss allowance.

The Company has completed some high-level analysis and forward-looking qualitative and quantitative information to determine if the interest and receivables are low credit risk. Based on this analysis the expected credit loss on interest and receivables is not material and therefore no impairment adjustments were accounted for.

Liquidity risk

The objective of liquidity management is to ensure that all commitments made by the Company which are required to be funded can be met out of readily available and secure sources of funding. As noted below, this includes debt funding.

BESS projects have limited liquidity and may not be readily realisable or may only be realisable at a value less than their book value. There may be additional restrictions on divestment in the terms and conditions of any sale agreement in relation to a particular BESS project.

In 2021, the Company assessed its ability to raise debt and the MidCo entered into a debt facility for £180mn, which was subsequently amended and restated in 2022 for a total of £335mn. During 2024, the facility has been resized and total commitments reduced by £140mn to £195mn. The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Company's assets. The Company is a guarantor to the MidCo debt facility – should there be a default by the MidCo the Company may be liable to repay all debt drawn. The Directors will restrict borrowing to an amount not exceeding 50% of the Company's NAV at the time of drawdown. As at 31 December 2024, MidCo had drawn £150mn on the facility. The Company is required to provide semi-annual covenant compliance certificates to the bank. As at year end the MidCo was in compliance with covenant requirements.

The Company's only financial liabilities are trade and other payables. The Company has sufficient cash reserves to cover these in the short to medium term. The Company's cash flow forecasts are monitored regularly to ensure the Company is able to meet its obligations when they fall due.

Notes to the Financial Statements

The following table reflects the maturity analysis of financial assets and liabilities:

As at 31 December 2024	< 1 year (£)	1 to 2 years (£)	2 to 5 years (£)	> 5 years (£)	Total (£)
Financial assets					
Cash and cash equivalents (see Note 13)	4,044,450	–	–	–	4,044,450
Trade and other receivables (see Note 14)*	329,640	–	–	–	329,640
<i>Fair value through profit or loss:</i>					
Investment in subsidiaries	–	–	–	618,037,144	618,037,144
Total financial assets	4,374,090	–	–	618,037,144	622,411,234
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
Trade and other payables (see Note 15)	615,431	–	–	–	615,431
Total financial liabilities	615,431	–	–	–	615,431

As at 31 December 2023	< 1 year (£)	1 to 2 years (£)	2 to 5 years (£)	> 5 years (£)	Total (£)
Financial assets					
Cash and cash equivalents (see Note 13)	14,073,513	–	–	–	14,073,513
Trade and other receivables (see Note 14)*	311,228	–	–	–	311,228
<i>Fair value through profit or loss:</i>					
Investment in subsidiaries	–	–	–	727,981,694	727,981,694
Total financial assets	14,384,741	–	–	727,981,694	742,366,435
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
Trade and other payables (see Note 15)	2,433,017	–	–	–	2,433,017
Total financial liabilities	2,433,017	–	–	–	2,433,017

* Excludes prepayments and VAT

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The objective is to minimise market risk through managing and controlling these risks to acceptable parameters, while optimising returns. The Company uses financial instruments in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks.

Price risk

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 31 December 2024, the valuation basis of the Company's investments was valued at market value. This investment is driven by market factors and is therefore sensitive to movements in the market. The Company relies on market knowledge of the Investment Manager, the valuation expertise of the third-party valuer and the use of third-party market forecast information to provide comfort with regard to fair market values of investments reflected in the financial statements. Refer to Note 17 for trading revenue sensitivities.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to interest rate risk on its cash balances held with counterparties, bank deposits, loans receivable, advances to counterparties and through loans to subsidiaries. Loans to subsidiaries carry a fixed rate of interest until repayment at the earlier of written demand from the lender or 31 December 2030. The Company may be exposed to changes in variable market rates of interest and this could impact the discount rate and therefore the valuation of the projects. The borrowings entered into by MidCo are subject to a floating interest rate dictated by the Sterling Overnight Interbank Interest rate (SONIA) but the majority of these borrowings are also subject to hedging instruments at a fixed rate.

Currency risk

All transactions and investments during the current year were denominated in Pounds Sterling, thus no foreign exchange differences arose. The Company does not hold any financial instruments at year end which are not denominated in Pounds Sterling and is therefore not exposed to any significant currency risk. Subsidiary entities may, from time to time, incur expenditure in currencies other than Pounds Sterling.

Capital risk management

The capital structure of the Company at year end consists of equity attributable to equity holders of the Company, comprising issued capital and reserves. The Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

19. Net Asset Value (NAV) per Ordinary Share

Basic NAV per Ordinary Share is calculated by dividing the Company's net assets as shown in the statement of financial position that are attributable to the ordinary equity holders of the Company by the number of Ordinary Shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic and diluted NAV per Ordinary Share are identical.

	31 December 2024	31 December 2023
Net assets per statement of financial position (£)	622,243,336	740,147,500
Ordinary Shares in issue	569,064,139	573,444,694
NAV per Ordinary Share – basic and diluted (pence)	109.35	129.07

20. Shareholders' equity

	Ordinary Shares number	Treasury shares (£)	Share capital (£)	Share premium (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Total (£)
Allotted and issued share capital							
As at 31 December 2023	573,444,694	–	5,734,447	543,915,072	13,299,017	3,892,537	566,841,073
Issue of Ordinary Shares of £0.01	–	–	–	–	–	–	–
	573,444,694	–	5,734,447	543,915,072	13,299,017	3,892,537	566,841,073
Cancellation of share premium reserve*	–	–	–	(543,915,072)	–	–	(543,915,072)
Cancellation of merger relief reserve*	–	–	–	–	(13,299,017)	–	(13,299,017)
Transfer to capital reduction reserve*	–	–	–	–	–	557,214,089	557,214,089
Issue of class B shares*	569,064,139	–	13,299,017	–	–	–	13,299,017
Cancellation of class B shares*	(569,064,139)	–	(13,299,017)	–	–	–	(13,299,017)
Shares repurchased**	(4,380,555)	(2,012,553)	–	–	–	–	(2,012,553)
As at 31 December 2024	569,064,139	(2,012,553)	5,734,447	–	–	561,106,626	564,828,520

* During the year the Company cancelled the share premium reserve via a court process that concluded on 1 November 2024. As part of this process there was an issue and subsequent cancellation of class B Ordinary Shares to the existing holders of class A Ordinary Shares as a "bonus issue"

** During the year, the Company repurchased 4,380,555 Ordinary Shares for £2,012,553 which are held as treasury shares at the year end

	Ordinary Shares number	Share capital (£)	Share premium (£)	Merger relief reserve (£)	Capital reduction reserve (£)	Total (£)
Allotted and issued share capital						
As at 31 December 2022	541,290,353	5,412,904	495,230,993	13,299,017	3,892,537	517,835,451
Issue of Ordinary Shares of £0.01	32,154,341	321,543	49,678,457	–	–	50,000,000
Share issue costs	–	–	(994,378)	–	–	(994,378)
As at 31 December 2023	573,444,694	5,734,447	543,915,072	13,299,017	3,892,537	566,841,073

Share capital

The Company's capital is represented by the Ordinary Shares.

Treasury shares

Own equity instruments held by the Company classified as treasury shares are treated as a reduction of equity at its cost price and are disclosed as a separate component in the statement of changes in equity. No gain or loss is recognised in the statement of comprehensive income on the purchase of the Company's own equity instruments. Amounts to be received when treasury shares are sold or reissued will be recognised directly in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

No dividends were received on treasury shares during the year.

Treasury shares are treated as a deduction from the weighted average number of shares in issue.

Share premium

The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. The reserve is non-distributable.

During the year the Board approved a resolution to cancel the share premium reserve and transfer the amount into the capital reduction reserve.

Merger relief reserve

The merger relief reserve relates to shares issued for shares to acquire investments. This reserve is not distributable.

During the year the Board approved a resolution to cancel the merger relief reserve and transfer the amount into the capital reduction reserve.

Capital reduction reserve

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies in a prior period, the Company was permitted to perform a capital reduction with the effect of cancelling its share premium and merger reserve account. This was completed on 13 February 2019 by a transfer of the balance of £97,009,475 from the share premium account to the capital reduction reserve.

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies during the year, the Company was permitted to cancel its share premium account and merger relief reserve. This was completed on 16 October 2024 by a transfer of the balance of £543,915,072 from the share premium account and £13,299,017 from the merger relief reserve to the capital reduction reserve.

The capital reduction reserve is classed as a distributable reserve and dividends to be paid by the Company may be offset against this reserve.

Share capital and share premium account and capital reduction reserve account

On incorporation the Company issued 1 Ordinary Share of £0.01 which was fully paid up and 50,000 redeemable preference shares of £1 each which were paid to one quarter of the nominal value. These 50,000 redeemable preference shares were subsequently redeemed.

Revenue reserve

The revenue reserve represents a distributable reserve of cumulative net gains and losses recognised in the revenue account of the Statement of Comprehensive Income.

Capital reserve

The capital reserve represents a non-distributable reserve of cumulative net capital gains and losses recognised in the Statement of Comprehensive Income.

Dividends

For the year ended 31 December 2024

No dividends have been declared or paid for the period ended 31 December 2024.

For the year ended 31 December 2023

Period in relation to which dividend was paid	Announcement date	Ex-dividend date	Payment date	Amount per Ordinary Share	Total amount
1 January to 31 March 2023	5 May 2023	18 May 2023	8 June 2023	1.8375p	£9,946,210
1 April to 30 June 2023	7 September 2023	14 September 2023	29 September 2023	1.8375p	£10,537,046
1 July to 30 September 2023	17 November 2023	7 December 2023	21 December 2023	1.8375p	£10,537,046

Ordinary shareholders are entitled to all dividends declared by the Company and, in a winding up, to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary shareholders have the right to vote at meetings of the Company. All Ordinary Shares carry equal voting rights.

21. Cash and non-cash flow items

The non-cash movements for the year ended 31 December 2024 predominantly relate to repayment of the loan to the MidCo through the issuance of new shares and movement in the investments. These non-cash movements are reconciled and discussed in Note 11.

22. Transactions with related parties and other significant contracts

The Company and the Directors are not aware of any person who, directly or indirectly, jointly, or severally, exercises or could exercise control over the Company. The Company does not have an ultimate controlling party.

Details of related parties are set out below:

Directors

	31 December 2024 (£)	31 December 2023 (£)
Directors' remuneration	335,812	322,276
Employers' NI	37,724	25,306
Total key management personnel	373,536	347,582

All Directors' remuneration is short-term salary.

The remuneration arrangements of Directors are disclosed in the Directors' remuneration report on [page 76](#).

Dividends paid by the Company to the Directors are disclosed in the Directors' remuneration report on [pages 76 to 80](#). No dividend amounts were payable as at 31 December 2024 (2023: none).

The aggregate fees of the Directors will not exceed £500,000 per annum. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for Non-Executive Directors. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Loans to related parties

Loans receivable represent amounts due to the Company from its subsidiary and are disclosed in Note 11.

	31 December 2024 (£)	31 December 2023 (£)
Principal advanced	4,200,000	568,323,528
Interest accrued	3,816,170	45,457,656
Total loans	8,016,170	613,781,184

23. Capital commitments

As at 31 December 2024, there are no significant binding or conditional future capital commitments (2023: none).

24. Post balance sheet events

The Company and the Manager have agreed to a revised management fee arrangement to apply from 1 February 2025. Thereafter, rather than being calculated solely based on the published NAV, the management fee will be based on an average of the closing daily market capitalisation and the NAV.

There were no further events after the reporting date which require disclosure.

Alternative Performance Measures

For the period from 1 January 2024 to 31 December 2024

1. Dividend per Ordinary Share

Dividend per Ordinary Share is a measure to show the distributions made to shareholders during the year.

Dividend period: 12 months to 31 December 2024

No dividends have been declared or paid for the year ended 31 December 2024.

Dividend period: 12 months to 31 December 2023

	Dividend paid per share (£)	Number of shares on dividend payment date	Total dividend paid (£)
Q1 2023 (declared 5 May 2023)	0.018375	541,290,353	9,946,210
Q2 2023 (declared 7 September 2023)	0.018375	573,444,694	10,537,046
Q3 2023 (declared 17 November 2023)	0.018375	573,444,694	10,537,046
	0.0551		31,020,302

2. Ordinary Share price total return

Ordinary Share price total return is a measure of the return that could have been obtained by holding a share since initial public offering.

	31 December 2024 pence	31 December 2023 pence
Share price at end of the year	45.90	109.00
Dividends paid from inception to end of the year	31.02	31.02
Dividend reinvestment impact	(17.92)	0.08
Share price at initial public offering	(100.00)	(100.00)
Ordinary Share price total return since inception	(41.00)	40.10
Ordinary Share price total return since inception %	(41.0%)	40.1%

3. Net asset value (NAV) per Ordinary Share

	31 December 2024	31 December 2023
NAV at end of the year	£622,243,336	£740,147,500
Ordinary Shares in issue	569,064,139	573,444,694
NAV per share (pence) – Basic and diluted	109.35	129.07

4. NAV per Ordinary Share total return for the period

NAV per Ordinary Share total return is a measure of the success of the Investment Manager's strategy to grow the NAV, showing how the NAV has changed over a period of time, considering both capital returns and dividends paid to shareholders.

	31 December 2024 (pence)	31 December 2023 (pence)
NAV per Ordinary Share at end of the year	109.35	129.07
Dividends paid from inception to end of the year	31.02	31.02
Dividend reinvestment impact	1.99	7.93
NAV per Ordinary Share at end of the year including dividend reinvestment	142.36	168.02
NAV per Ordinary Share at beginning of the year including dividend reinvestment	(168.02)	(192.87)
NAV total return for the year	(25.66)	(24.85)
NAV per Ordinary Share total return for the year	(15.27%)	(12.88%)

Dividend reinvestment impact recalculated to compound the dividend reinvestment as at the date of payment, consistent with the Ordinary Share price total return calculation.

5. Gross asset value (GAV)

GAV is a measure of the total value of the Company's assets.

	31 December 2024 (£'000)	31 December 2023 (£'000)
Total assets reported in the Company at end of period	622,859	742,581
Debt held by intermediate holding company (A)	150,000	110,000
GAV (B)	772,859	852,581
Gearing as defined by the Company (A/B)	19%	13%

6. Ongoing charges figure (OCF)

OCF measures the Company's recurring fund management costs incurred during the year expressed as a percentage of the average of the net assets at the end of each quarter during the year.

	31 December 2024 (£'000)	31 December 2023 (£'000)
Fees to Investment Manager	6,200	7,510
Legal and professional fees	771	880
Transaction fees	36	53
Administration fees	301	343
Directors' remuneration	374	348
Audit fees	394	322
Other expenses	670	551
Total expenses	8,746	10,007
Non-recurring expenses not in OCF calculation	(136)	(145)
Total ongoing expenses (A)	8,610	9,862
Average NAV for the year (B)	666,842	830,129
Ongoing charges for the year (A/B)	1.29%	1.19%

7. Operational Dividend Cover

Operational Dividend Cover is a measure to demonstrate the Company's ability to pay dividends from the earnings of its underlying investments after accounting for external interest costs, facility commitment fees and administrative costs of the Company but excluding historic transaction costs and historic debt arrangement fees.

	31 December 2024 (£'000)	31 December 2023 (£'000)
EBITDA of underlying group companies (unaudited)	29,071	25,796
Ongoing costs in the Company	(8,610)	(9,862)
Net earnings before interest	20,461	15,934
Bank interest received in the Company and the MidCo	1,069	1,086
Interest income on construction capital deployed to non-owned SPVs	–	64
Facility commitment fees	(1,312)	(2,428)
External interest costs in the MidCo	(8,349)	(6,908)
Net earnings for dividend cover calculation (A)	11,869	7,748
Interest income on construction capital deployed to owned SPVs	15,600	17,612
Net earnings for dividend cover as previously calculated	27,469	25,360
Dividends declared by the Company in respect of the period (B)	–	31,020
Dividend cover (A/B)	n/a	0.25x

8. Dividend yield

Dividend yield is a measure to show the dividend return received by shareholders for the year.

	31 December 2024	31 December 2023
Dividend per share declared in respect of the period (pence)	–	5.51
Share price at end of period (pence)	45.90	109.00
Dividend yield for the period	0.0%	5.1%

9. Operational capacity of the portfolio

Operational capacity of the portfolio is a measure to show the revenue-generating capacity of the underlying investments.

	31 December 2024	31 December 2023
Operational capacity (MW)	845	690
Operational capacity (MWh)	1,207	788

10. Aggregated financial information

Aggregated financial information provides greater insight into the financial performance of the Company and its portfolio.

	31 December 2024 (£'000)	31 December 2023 (£'000)
Net operating revenue in SPVs (unaudited)	46,522	38,717
Operating SPV administrative and other costs (unaudited)	(17,343)	(12,879)
Ongoing administrative and other costs in the MidCo	(108)	(42)
Portfolio operational earnings before interest, depreciation and amortisation	29,071	25,796
Company administrative and other expenses	(8,610)	(9,862)
Bank interest income	1,069	1,086
Facility interest expense and commitment fees	(9,661)	(9,336)
Other interest	192	(77)
Non-recurring transaction, FX and similar costs	(767)	(1,445)
Non-operational SPV administrative and other costs (unaudited)	(243)	(354)
Depreciation and amortisation (unaudited)	(40,062)	(29,134)
Net aggregated earnings	(29,011)	(23,326)





Other information

Company information

Non-Executive Directors

John Leggate – Chair
Isabel Liu
Duncan Neale
Catherine Pitt
David Stevenson

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Ticker

GRID

Glossary

Asset Optimisation (Trading)

Asset Optimisation involves buying and selling electricity in order to capture a spread between the high and low electricity prices on any given day. This can be done via one or more market mechanisms, hence the expression “Asset Optimisation” and includes trading in the wholesale market and offering the battery to National Grid via the BM.

AUM

Assets under management: the total net assets of the Company.

Balancing Mechanism (BM)

A tool used by the ESO to balance the electricity supply and demand close to real time. The BM is used to balance supply and demand in each half hour trading period of every day.

Where the ESO predicts that there will be a discrepancy between the amount of electricity produced and the level of demand during a certain period, they may accept a “bid” or “offer” to either increase or decrease generation (or even increase consumption in the case of storage assets). Sites must be registered in the BM to receive such actions but once registered they are able to set their own prices for being used.

Balancing services

National Grid procure services to balance demand and supply and to ensure the security and quality of electricity supply across Britain’s transmission system. These include:

- Black start
- Demand side response
- Dynamic Containment (DC)
- Enhanced Frequency Response (EFR)
- Firm Frequency Response (FFR)
- Optional Downward Flexibility Management (ODFM)
- Short-Term Operating Reserve (STOR)

www.nationalgrideso.com/balancing-services

Capacity Market (CM)

The income received by generators to ensure generation capacity is available to meet shortfalls.

Combined Cycle Gas Turbine (CCGT)

Energy generation technology that combines a gas-fired turbine with a steam turbine. The design uses a gas turbine to create electricity and then captures the resulting waste heat to create steam, which in turn drives a steam turbine.

Curtailment

Large wind farms are connected to the UK’s high-voltage network and National Grid balances electricity supply and demand. As demand rises and falls during the day, electricity supply mirrors these peaks and troughs.

National Grid accepts bids and offers from electricity generators to increase or decrease electricity generation as and when required. As such, it may mean that there are times when generators are paid to curtail their output (constraint payments).

www.nationalgrideso.com/news/grounds-constraint

Dividend yield

The annual dividends expressed as a percentage of the current share price.

EBITDA of underlying group companies

EBITDA includes earnings before interest, tax, depreciation and amortisation and includes liquidated damages earned by SPVs. Earnings are calculated on an accruals basis and therefore only SPVs which were owned in the accounting period have their earnings included here. Transactions completing after the period will have locked box income recognised once the transaction is completed.

This is important to measure the underlying performance of the investments and ensure cash earnings are available to payment of costs in the Company and dividends to shareholders.

Engineering, Procurement and Construction (EPC) contract

This relates to a “turnkey” construction project where the EPC contractor takes full responsibility for the delivery of a project.

Engineering, Procurement and Construction Management (EPCM) contract

This is a type of professional engineering services contract where the EPCM contractor is responsible only for the management of the construction project.

Frequency Response services (FR)

A subset of Balancing Services which relates to services performed by batteries to manage the frequency on the electricity system. This includes the following services:

- Dynamic Containment (DC)
- Dynamic Moderation (DM)
- Dynamic Regulation (DR)
- Enhanced Frequency Response (EFR)
- Firm Frequency Response (FFR)
- Optional Downward Flexibility Management (ODFM)

Gross Asset Value (GAV)

Gross Asset Value is the total value of the investments and cash under the management of the Company including debt held by the MidCo.

UK adopted International Accounting Standards (IFRS UK)

UK adopted International Accounting Standards are accounting standards issued by the International Financial Reporting Standards UK Board (IASB) as adopted by the UK and have been applied by the Company in the preparation of the financial statements.

Liquidated damages (LD)

Liquidated damages are presented in certain legal contracts as an estimate of losses to one of the parties. It is a provision that allows for the payment of a specified sum should one of the parties be in breach of contract. Liquidated damages are meant as a fair representation of losses in situations where actual damages are difficult to ascertain.

Liquidated damages are often included in specific contract clauses to cover circumstances where a party faces a loss from an asset. The Company typically uses these in EPC arrangements to protect earnings from an asset in the result of delays to construction but are also common in other contracts such as for O&M arrangements.

Market capitalisation

Market capitalisation is the total value of the publicly traded outstanding shares, calculated by multiplying the current share price by the number of outstanding shares.

National Energy System Operator (NESO)

Refers to National Energy System Operator Limited, which has taken over the electricity system operation from National Grid Electricity System Operator Limited. The NESO is responsible for ensuring Great Britain has the essential energy it needs so that supply meets demand on the electricity system every second of every day.

www.neso.energy

NAV Total Return

A measure showing how the NAV per share has performed over a period of time, considering both capital returns and dividends paid to shareholders.

NAV Total Return is shown as a percentage change from the start of the period. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

NAV Total Return shows performance which is not affected by movements in discounts and premiums (share prices). It also considers the fact that different investment companies pay out different levels of dividends.

Net Asset Value (NAV) per Ordinary Share

The total net assets in the Company divided by the total number of Ordinary Shares in issue. This is an important measure to understand the capital return to shareholders.

Ongoing Charges Figure (OCF)

The Ongoing Charges Figure includes all charges and costs incurred by the Company which relate to the ongoing operation of the Company. This includes management fees, administration fees, audit fees, Directors' remuneration, depositary services costs and other similar costs. It excludes capital costs and costs of raising new capital. The Ongoing Charges are then divided by the weighted average NAV and annualised.

Operational Dividend Cover

Operational Dividend Cover for the purpose of this report refers to a calculation for the ratio between net earnings of the underlying investment portfolio in the review period and dividends paid in respect of the same review period. This measure aims to add clarity on the Company's ability to pay dividends from the earnings and cash generation of its underlying investments after deducting Company costs. This measure includes the EBITDA of underlying group companies less Company and holding company costs (excluding capital-related costs and debt arrangement fees but including external interest expense) and interest income on construction capital deployed to SPVs.

Ordinary Share

Share in the Company with a nominal value of 1p.

Ordinary Share price total return

A measure showing how the share price has performed over a period of time, considering both capital returns and dividends paid to shareholders.

Share price total return is shown as a percentage change from the start of the period. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex-dividend.

Share price total return shows performance which is affected by movements in discounts and premiums. It also considers the fact that different investment companies pay out different levels of dividends.

Proving period

A period of 30 days after a project has achieved PAC. During this time, the project is fair valued subject to a premium added to the base discount rates of 50 bps to capture risk during the commissioning of the project. After this period, the project is fair valued without any additional premium.

Seed assets

The assets acquired at IPO known as Staunch, Littlebrook, Lockleaze, Rufford and Roundponds.

Skip rates

In the BM, a skip is broadly defined as when an action is taken by the control room even though there is a cheaper alternative to achieving the same outcome – so the cheaper action is "skipped".

Site uptime

Calculation for the average level of availability in the portfolio or for an asset in Frequency Response services. This is calculated by taking the average MWs available in each period as a percentage of total capacity contracted.

Symmetrical

A symmetrical grid connection is where the import and export capacities are the same.

System inertia

Inertia works to keep the electricity system running at the right frequency by using the kinetic energy in spinning parts in power plant generator turbines. When needed, the spinning parts in generator turbines can rotate slightly faster or slower to help balance out supply and demand. The more turbines there are, the more energy there is in the system and the greater the system inertia, which helps to stabilise the frequency.

www.nationalgrideso.com/information-about-great-britains-energy-system-and-electricity-system-operator-eso/technical-terms-explained

Tolling

A tolling agreement allows the toller to take operational control of the batteries and operate them, within the technical constraints of the BESS, in return for a fixed periodic fee per MW.

TRIADs

TRIADs are defined as the three half-hours of highest demand on the Great Britain electricity transmission system between November and February each year; the TRIADs are part of a charge-setting process. This identifies peak electricity demand at three points during the winter in order to minimise energy consumption.

However, TRIADs must be at least ten days apart. This is to avoid all three potentially falling in consecutive hours on the same day, for example during a particularly cold spell of weather.

www.nationalgrideso.com/news/triads-why-three-magic-number

Sustainable Finance Disclosure Regulation (SFDR)

Under the EU SFDR, the Company is required to provide periodic disclosure as referenced in Article 8 of Regulation (EU) 2019/2088. The following section provides required disclosures as per Annex IV.

Product name: Gresham House Energy Storage Fund plc

Legal entity identifier: 213800MSJXKH25C23D82

Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

- | | |
|--|---|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> It made sustainable investments with an environmental objective: __% <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: __% <input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments | <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy with a social objective <input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments |
|--|---|

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

● To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental characteristic promoted by the Gresham House Energy Storage Fund plc (the "Company") is its commitment to investing in and increasing Battery Energy Storage System (BESS) capacity to support the decarbonisation and electrification of energy systems. BESS play an essential role in supporting the decarbonisation of energy systems and consequently the broader economy. In this way, the Company aims to contribute positively to climate change mitigation and net zero strategies.

The Company retains its commitment to invest in and increase BESS capacity to support the decarbonisation of energy systems. In the last reporting year, the Fund invested £59mn into BESS assets and successfully completed the development of 155MW of new operational capacity.

The increased adoption of BESS contributes, through enabling increased penetration of renewables, to the decarbonisation of the UK energy system where the Company has historically focused its investment activity.

● How did the sustainability indicators perform?

The Manager uses the following sustainability indicators to assess the adherence of the Company to the environmental characteristics:

- Total operational battery energy storage capacity (megawatts (MW) and megawatt hours (MWh))
- Total battery energy storage capacity under construction (megawatts (MW) and megawatt hours (MWh))

As identified in pre-contractual and website SFDR disclosures, the Company intended to measure, monitor and report on carbon emissions avoided (tCO₂e) as a result of the operation of BESS and increase in BESS capacity. The Manager has determined an interim methodology to estimate the carbon emissions avoided through the increased adoption of BESS in energy systems. This is reported below for 2024.

The table below shows the performance of the Company against its sustainability indicators for 2024 and 2023. The indicators show an increase in the total operational battery energy storage capacity and an increase in capacity under construction. This demonstrates that the Company is continuing to contribute to supporting the decarbonisation of energy systems.

Indicator	2024	2023
Total operational BESS capacity (MW)	845	690
Total operational BESS capacity (MWh)	1,207	788
Total BESS capacity under construction (MW)	227	382
Total BESS capacity under construction (MWh)	454	879
Total carbon emissions avoided from operations (tCO ₂)	596,764	677,775

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **1 January to 31 December 2024**

● **What were the top investments of this financial product?**

Largest investments	Sector	% of portfolio by value at 31 December 2024	Country
Melksham	BESS	11.3%	United Kingdom
West Bradford*	BESS	6.58%	United Kingdom
West Didsbury	BESS	6.30%	United Kingdom
Grendon	BESS	6.22%	United Kingdom
Enderby	BESS	5.83%	United Kingdom
Penwortham	BESS	5.43%	United Kingdom
Thurcroft	BESS	4.80%	United Kingdom
Elland*	BESS	4.66%	United Kingdom
York*	BESS	4.64%	United Kingdom
Red Scar	BESS	4.62%	United Kingdom

* West Bradford, Elland and York are held under one SPV (UK Battery Storage Ltd)

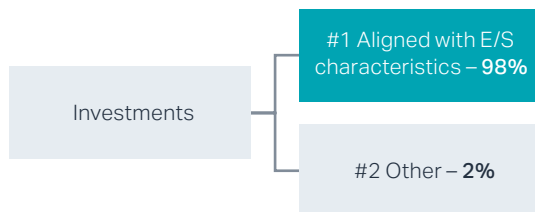
Asset allocation describes the share of investments in specific assets.

● **What was the proportion of sustainability-related investments?**

● **What was the asset allocation?**

All assets invested in by the Company were battery energy storage system assets.

c.98% of the Company’s investments, based on connection capacity (MWs), are aligned with the environmental and/or social characteristics of the Company. The remaining 2% of the Company’s investments qualified as “#2 Other” investments. The Company did not make any sustainable investments.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **In which economic sectors were the investments made?**

All assets invested in by the Company (100%) were in the energy sector, more specifically the investments in the year were into battery energy storage system assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (“capex”) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (“opex”) reflects the green operational activities of investee companies.

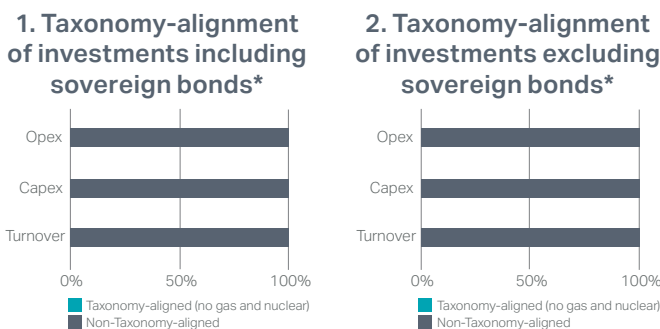
● **To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy*?**

- Yes:
- In fossil gas In nuclear energy
- No

* Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What was the share of investments made in transitional and enabling activities?**

The Company did not make any Taxonomy-aligned investments, including investments in transitional and enabling activities. The share was therefore 0%.

● **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The Company did not make any sustainable investments, including sustainable investments with an environmental objective not aligned with the EU Taxonomy. The share was therefore 0%.

Sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?**

"Other" category investments include a legacy asset that uses mostly gas engine technology to provide power to the grid although it does have a small amount of BESS (used as primary energy source before gas takes over) and a small amount of diesel generator capacity across three sites (primarily used as back up for Capacity Market Obligations) which was disposed in Q4 2024. The Company no longer makes, and is not able to make under its investment policy, new investments in assets using fossil fuels.

● **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

As discussed above, the Company continued to invest in and build out BESS capacity during the period. In addition, the Manager worked to improve carbon emissions data measurement and quality, and to develop a methodology to estimate carbon emissions avoided through the Company's BESS assets.

The Manager continues to work to gather more carbon-related data at construction stage and across the lifecycle of BESS components to understand the lifecycle carbon emissions impact.

In addition, the Manager continues to engage with relevant government and industry stakeholders to drive forward initiatives to support the decarbonisation of energy systems and understanding of the mechanisms required to support greater renewables penetration in the future. A key example of this has been the Manager taking part in the Review of Electricity Market Arrangements (REMA) consultation through 2022 and ongoing through meetings with BEIS and the ESO. As a result of this consultation the Manager has combined with other energy market leaders to form part of an industry study into the possible impact and design of a wholesale market using locational pricing.



Gresham House

Specialist investment