

Gresham House Energy Storage Fund plc

31 December 2024



Fund manager

Ben Guest

Managing Director, Energy Transition



Assistant fund manager

James Bustin

Associate Director, Energy Transition

Overview

Gresham House Energy Storage Fund plc (GRID or the Fund) seeks to capitalise on the growing intraday supply and demand imbalances caused by the ever-increasing reliance on renewable energy using utility-scale Battery Energy Storage Systems (BESS). BESS sends power to and from transmission grids, earning revenues from multiple sources.

The Fund aims to provide investors with an attractive and sustainable dividend by investing in BESS in, and in future beyond, Great Britain.

The Fund targets an unlevered Net Asset Value (NAV) total return of 8.0%+ per annum¹ and levered NAV total return of 15% per annum net of Fund expenses. Returns are not correlated to the absolute level of wholesale power prices and are not dependent on any government subsidies.

Fund information

Ticker GRID

Listing LSE Specialist Fund Segment

ISIN GB00BFX3K770

Year end 31 December

Key facts as at 31 December 2024

Share price (closing price) 45.9p

NAV per share 109.35p

Market Capitalisation £261.2mn

Net assets £622.2mn

Mgt. fee equal weight Net Asset Value and Market Capitalisation

1.0% <£250mn

0.9% £250mn-£500mn

0.8% >£500mn

Ongoing charges¹ 1.29%

Ordinary Shares in issue 569,064,139

Total return as at 31 December 2024

	YTD	1 yr to date	3 yr to date	Since inception (Nov 2018)
Share price total return	-57.89%	-57.89%	-61.06%	-41.00%
NAV total return	-15.48%	-15.48%	3.19%	44.92%

Financial highlights

- 109.35p NAV per share as of 31 December 2024, down 15.3% year-over-year (31 December 2023: 129.07p), primarily driven by lower third-party forecast revenue curves
- Operational assets are valued at an average of £684k/MW as of 31 December 2024, with discounted cashflows representing £670k/MW of the total while working capital represented the remainder
- Operational Capacity increased to 845MW / 1,207MWh as of 31 December 2024, up from 690MW / 788MWh as of 31 December 2023. By April 2025 operational capacity has increased further to 945MW / 1,447MWh
- EBITDA of the underlying portfolio of £29.1mn (31 December 2023: £25.8mn), up 12.7% year-over-year, resulting in an EBITDA margin of 62.5%
- Underlying portfolio revenues up 20.1% to £46.5mn (2023: £38.7mn), as second half revenues rose 58.1% year-over-year to £28.6mn (H2 2023: £18.1mn), more than offsetting the decline in H1

- Landmark tolling arrangement completed with Octopus Energy in June 2024
 - Contracting 568MW of capacity for two years to reduce down-side merchant exposure arising from the low revenue environment
 - As at 31 December 2024, tolling agreements had commenced on 310MW of capacity. By April 2025 this was 360MW
- Debt drawn was £150mn (31 December 2023: £110mn) while cash on hand was £39.5mn (31 December 2023: £43.7mn) resulting in net debt of £110.5mn
- Net debt to GAV stood at 14% and net debt to NAV at 18%, well below the investment policy limit of 50% of NAV

1. As at 31 December 2024 updated annually

Capital at risk. Past performance is not a reliable indicator of future performance.



Portfolio performance and market update

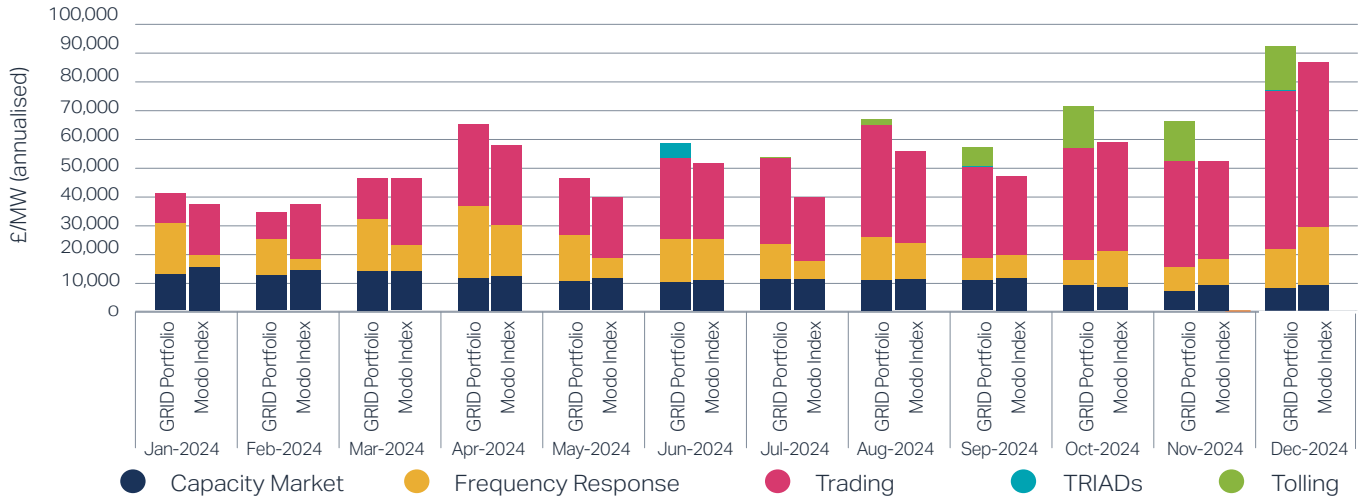
On the back of merchant revenue challenges at the start of 2024 the Company responded by signing a landmark tolling arrangement with Octopus Energy in June 2024. The tolling arrangement provides greater revenue certainty for the business by contracting half of the portfolio for two years at higher than merchant levels at the time. As at 31 December 2024, two-year tolling agreements had commenced on 310MW of capacity out of the total 568MW contracted.

Since the challenges at the start of 2024, we have seen improving revenue performance each month through the year, culminating in a record revenue month for the portfolio in December 2024, reflecting higher operational capacity and the highest revenue per MW run rate of the year of £91,000/MW.

BESS revenues further improved in January 2025 across the GB BESS fleet whilst Q1 2025 revenues remain consistent with Q4 2024. GRID remains the GB market leader with a market share of around 17%; our portfolio also continues to outperform market indices in 2025 having outperformed consistently in 2024.

Progress is being made on BM skip rates¹ with NESO committing to improve BESS utilisation in the BM² while also admitting that BM skip rates are far too high³. Whilst we have taken steps to secure our revenue base in the short term through tolling, to reduce the impact of merchant volatility on our portfolio whilst the necessary improvements are attained, the positive trajectory supports longer-term improvements in revenues for BESS assets.

GRID portfolio versus market index



Valuations

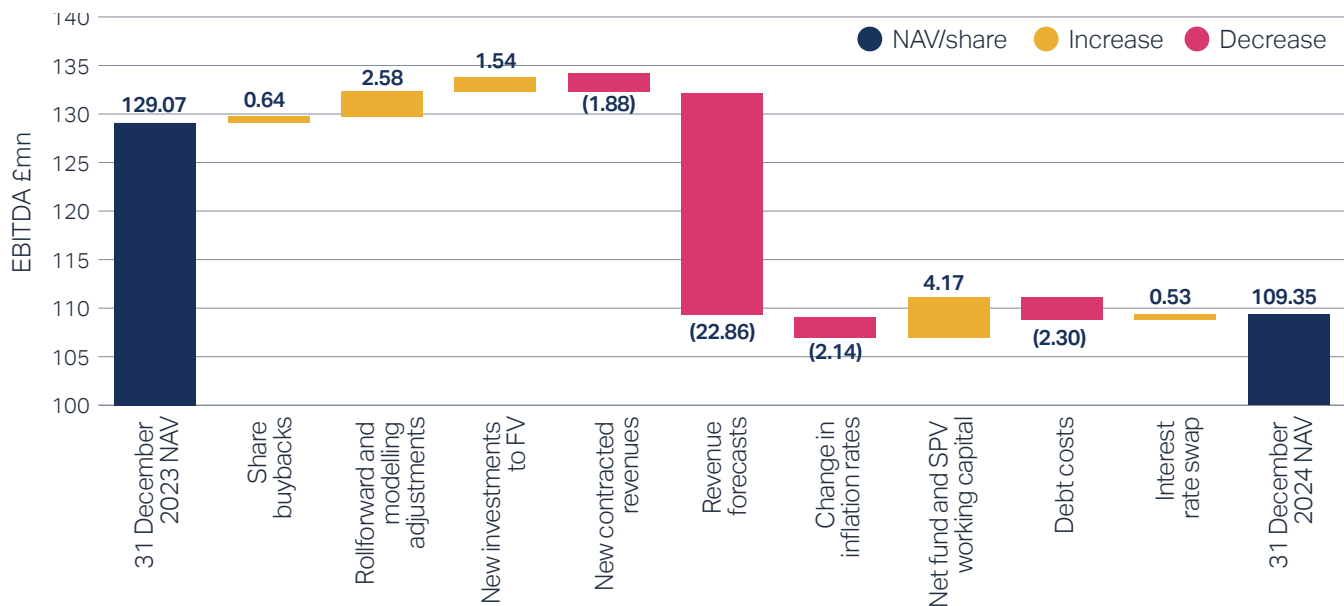
The Company's NAV per share for 31 December 2024 is 109.35p, a 15.3% drop since 31 December 2023 (129.07p).

The primary driver for reduction in valuations came from lower independent third-party revenue forecasts, responding to the weakening of merchant revenues at the start of 2024. Gresham House Asset Management cautiously expects that, should trading conditions improve, an uptick in revenue forecasts may also materialise.

In December 2024, the portfolio achieved an annualised revenue rate of £91,000 per MW per year from an average 1.4h duration, which was well above the third-party forecast revenue curves for 2025. Performance in Q1 2025 has continued at similar levels to Q4 2024 and is supportive of a better than forecast revenue environment.

Discount rates were unchanged except for the inclusion of an 8.5% discount rate for tolling revenues during each two-year tolling contract reflecting the contracted nature of the earnings. This, combined with more assets moving from in construction to operational, led to a slight reduction in weighted average discount rate to 10.73%, from 10.87% at 31 December 2023.

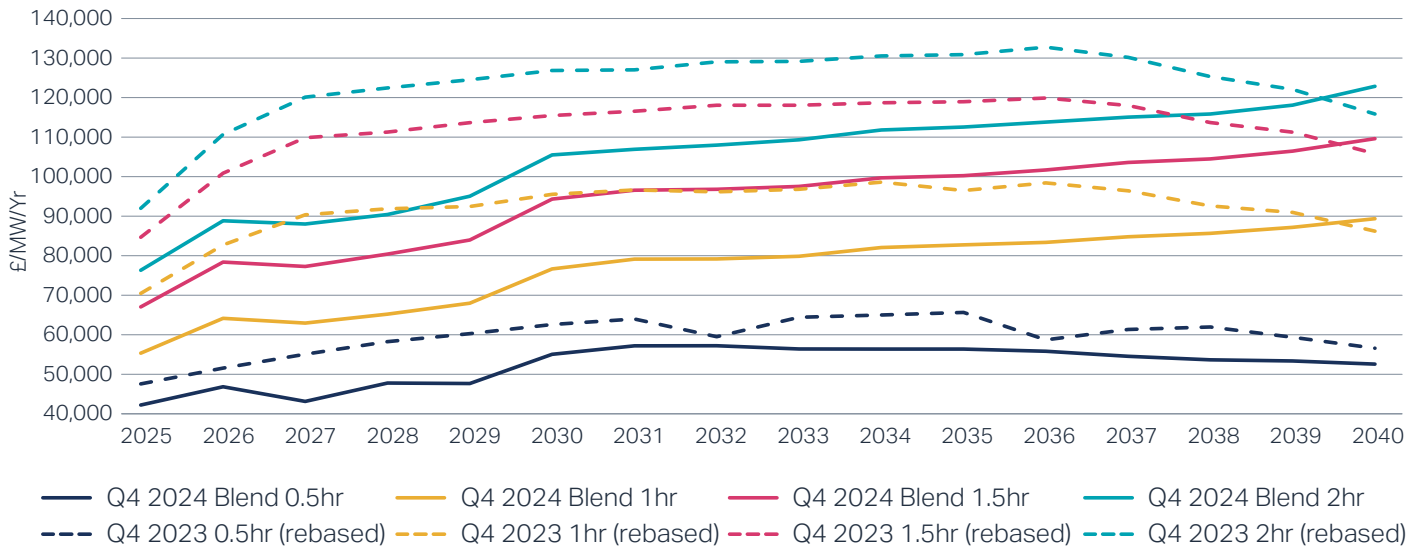
NAV (p/share) bridge from 31 December 2023 to 31 December 2024



Source: Gresham House Energy Transition, 31 December 2024

Targets may or may not materialise. Capital at risk. Past performance is not a reliable indicator of future performance.

Q4 2023 vs Q4 2024 curve comparison

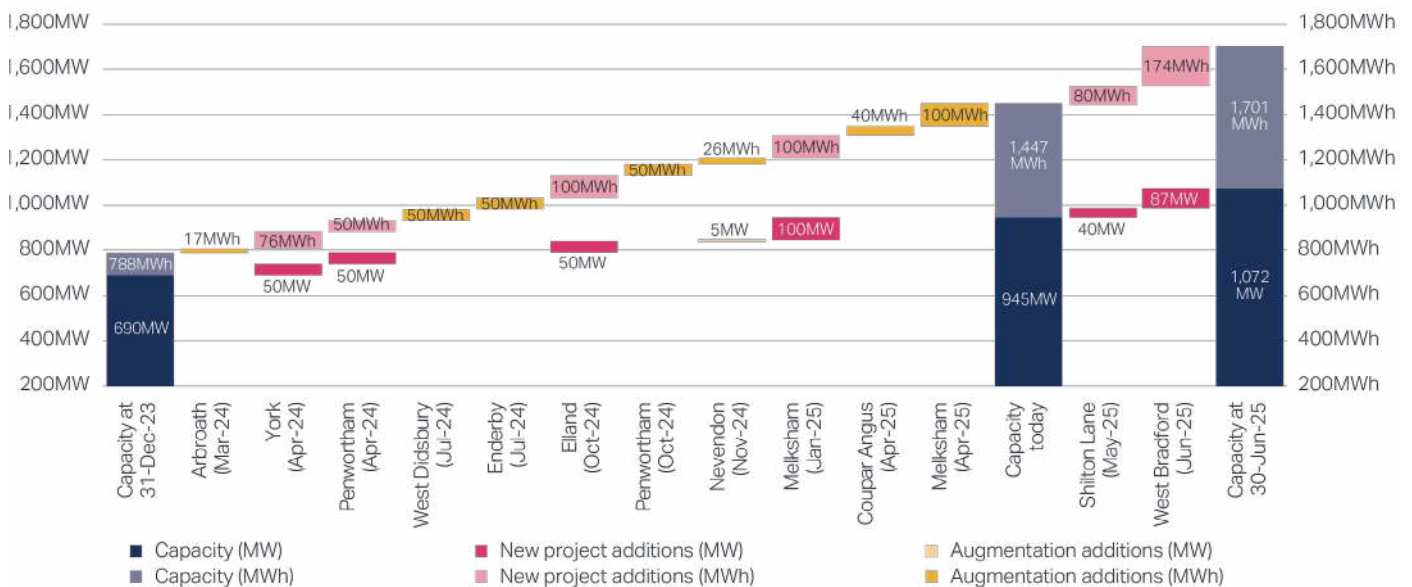


Construction and pipeline update

During the year 155MW / 419MWh of new capacity was added to the operational portfolio. The new sites of York, Penwortham, and Elland were all energised and augmentations were completed on Arbroath, Enderby, West Didsbury, Penwortham, and Nevendon. In April 2025 the augmentations of Coupar Angus and Melksham were both completed taking the operational capacity of the portfolio to 945MW / 1447MWh. Shilton Lane (40MW / 80MWh) and West Bradford (87MW / 174MWh) are the only remaining projects in construction with both expected to be operational in Q2 2025.

A refinancing process of existing facilities began in November 2024 and is expected to conclude in Q2 2025. Once the refinancing is completed and funding is secured, the Three-year Plan will launch in earnest. Augmentations and new projects are anticipated to get underway in 2025. As previously outlined at the Capital Markets Day, a new pipeline of up to 694MW and further augmentations of up to 1.5GWh have been identified subject to funding. The final list of funded projects will be announced at the time of the refinancing.

GRID portfolio growth since December 2023 (MW/MWh)



Source: Gresham House Energy Transition, 31 December 2024

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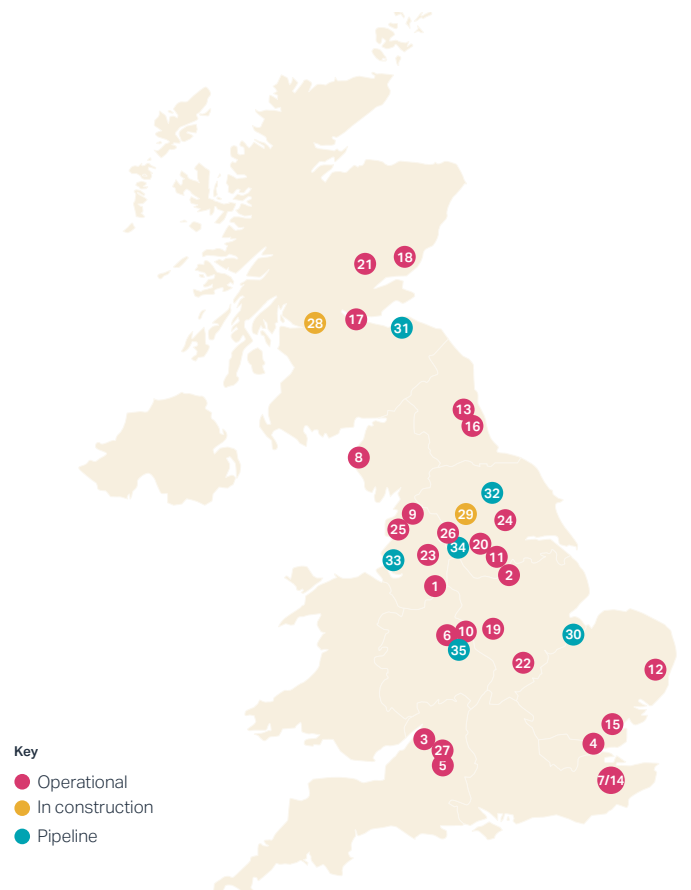


Portfolio & pipeline

Project	Location	MW	Status
1. Staunch	Staffordshire	20	Operational
2. Rufford	Nottinghamshire	7	Operational
3. Lockleaze	Bristol	15	Operational
4. Littlebrook	Kent	8	Operational
5. Roundponds	Wiltshire	20	Operational
6. Wolverhampton	West Midlands	5	Operational
7. Glassenbury	Kent	40	Operational
8. Cleator	Cumbria	10	Operational
9. Red Scar	Lancashire	49	Operational
10. Bloxwich	West Midlands	41	Operational
11. Thurcroft	South Yorkshire	50	Operational
12. Wickham Market	Suffolk	50	Operational
13. Tynemouth	North Tyneside	25	Operational
14. Glassenbury Extension	Kent	10	Operational
15. Nevendon	Essex	15	Operational
16. South Shields	Tyne and Wear	35	Operational
17. Byers Brae	West Lothian	30	Operational
18. Arbroath	Scotland	35	Operational
19. Enderby	Leicester	50	Operational
20. Stairfoot	North Yorkshire	40	Operational
21. Coupar Angus	Scotland	40	Operational
22. Grendon 1	Northampton	50	Operational
23. West Didsbury	Manchester	50	Operational
24. York	York	50	Operational
25. Penwortham	Preston	50	Operational
26. Elland 1	West Yorkshire	50	Operational
27. Melksham	Wiltshire	100	Operational
Total operational		945	
28. Shilton Lane	Scotland	40	Target May 25
29. Bradford West	West Yorkshire	87	Target: Jun 25
Total operational or under construction		1,072	
30. Walpole	Cambridgeshire	100	Target TBC
Total portfolio owned by the company		1,172	

Pipeline project	Location	MW	Status
31. Cockenzie	Scotland	240	Target: TBC
32. Monet's Garden	North Yorkshire	57	Target: TBC
33. Lister Drive	Merseyside	57	Target: TBC
34. Elland 2	West Yorkshire	100	Target: TBC
32. Ocker Hill	Midlands	240	Target: TBC
Total additional pipeline not owned by the Company*		694	
Total portfolio and additional pipeline		1,866	

* Construction of additional pipeline not owned by the Company is not planned at this stage



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Portfolio manager

Gresham House Asset Management Ltd (GHAM)

As the operating business of Gresham House, GHAM manages and advises funds and co-investments across a range of differentiated alternative investment strategies for third-party clients. Gresham House is a specialist asset manager and adviser with c.£8.7bn AUM.

Source: Gresham House as at 31 December 2024.

Important information

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Gresham House is committed to meeting the needs and expectations of all stakeholders and welcomes any suggestions to improve its service delivery.

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