RNS Number : 5181P
Gresham House Energy Storage Fund
03 July 2025

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3 July 2025

Gresham House Energy Storage Fund plc
("**GRID**" or the "**Company**")

Long-term floor agreements on 789MW of projects

Gresham House Energy Storage Fund plc (LSE: GRID), the UK's largest fund investing in utility-scale battery energy storage systems (BESS), is pleased to announce that it has signed long-term floor-pricing agreements ("**Floor Agreements**") with two counterparties. The first of these is with Statkraft Markets GmbH ("**Statkraft**"), part of Statkraft Group, the renewable energy business; the second is with Markel Bermuda Limited ("**Markel**"), whose ultimate owner is Markel Group Inc., a listed US insurance group, in an agreement originated and managed by Markel's affiliate Nephila ("**Nephila**"). Both Floor Agreements have counterparties whose corporate groups have investment-grade status.

These Floor Agreements, which supplement GRID's existing two-year tolling agreements with Octopus Energy over 568MW of capacity ("**Tolling Agreements**")[1], will significantly increase GRID's long-term contracted revenues over the next ten years.

Once all the Floor Agreements are in force and the Tolling Agreements have expired, 789MW (74%) of GRID's 1072MW[2] portfolio will secure minimum annual contracted revenues of £35mn, while still providing exposure to the upside merchant trading opportunity above the contracted floors. The portfolio's Capacity Market contracted revenues are not included in the figure above and are expected to represent an additional c.£11mn of contracted revenues in 2026.

GRID anticipates signing additional contracts on operational projects with a further investment-grade counterparty ahead of concluding the refinancing of its operational portfolio, as well as contracting a significant portion of the pipeline detailed in the Company's Three-year Plan.

Strategic rationale

This is a key milestone for GRID. These Floor Agreements significantly improve the Company's risk-adjusted return characteristics by protecting against low merchant revenue conditions below agreed floor levels, while maintaining exposure to upside merchant revenues that are expected to out-turn above those floor levels. They are key to unlocking advantageous terms for GRID's previously announced new debt facility, which is due to refinance existing debt facilities shortly, with the aim that future debt servicing (interest and principal repayments) will be fully covered from cashflow derived from contracted revenues.

Gresham House Asset Management Limited (the "**Manager**") estimates that c.50%[3] of the 1072MW portfolio's total revenues will be contracted once the Tolling Agreements roll off and all Floor Agreements are in force, including the agreement with a further counterparty mentioned above.

The refinancing unlocked by these Floor Agreements is key to progressing our growth agenda via operational project augmentations. The refinancing of the current debt will also enable the board to announce a revised dividend policy. The Floor Agreements also support new pipeline construction (the latter also being dependent on closing of SPV-level project financing). These are detailed in the Company's Three-year Plan, which is targeting £150mn in aggregate annual EBITDA once concluded.

In summary, 115MW of assets are expected to be subject to Floor Agreements in 2025, to deliver an incremental c. £2.9mn of contracted revenue in addition to the 568MW of assets on Tolling Agreements. In 2026, a further 231MW of assets are expected to benefit from Floor Agreements and generate c.£10.5mn of contracted revenue. These figures exclude Capacity Market revenues as mentioned above.

Floor Agreement details

The Nephila Agreements

The agreements with Markel, originated by Nephila, are on 377MW of operational capacity and are structured as an International Swaps and Derivatives Association (ISDA) agreement. The agreements will come into force upon the completion of GRID's refinancing, at which time a premium will be paid to guarantee a floor of £52,000 per MW per annum for over seven years, subject to the performance of the assets. Three agreements, two in respect of Melksham (100MW) and one in respect of Elland (50MW), will come into effect once the premium has been paid; a fourth, with York (50MW) once this project has been augmented; and another three, Shilton Lane (40MW) and two for West Bradford (87MW), are aligned to the expiry of their current counterparty agreements. Finally, an agreement with Thurcroft (50MW) is aligned to the expiry of its current counterparty agreement and following augmentation to a greater than 2-hour duration.

The Statkraft Agreements

Statkraft and certain SPVs of GRID have entered into agreements for a portfolio of 412MW of existing BESS assets. The agreements will commence between 2025 and 2027, following an augmentation programme for some of the assets, to at least a 2-hour duration. Statkraft will underwrite a minimum income of approximately £135mn through September 2035.

In more detail, two agreements, for Nevendon (15MW) and Cleator (10MW), start immediately. Agreements for Arbroath (35MW), Bloxwich (41MW), Byers Brae (30MW), Coupar Angus (40MW), Grendon (50MW), Red Scar (49MW), Roundponds (20MW), Rufford (7MW), Stairfoot (40MW), Tynemouth (25MW) and Wickham (50MW) will have floors come into force either from the end of their current counterparty agreement and/or from the completion of an augmentation.

John Leggate CBE, Chair of Gresham House Energy Storage Fund plc, commented:

"The Floor Agreements announced today with Statkraft, Europe's largest renewable generator, and with Markel, a leading specialty insurer respectively, represent delivery against key milestones of our Three-year Plan.

"Being able to demonstrate to lenders that GRID has de-risked revenue streams is key to unlocking more favourable and longer-term financing terms with less onerous covenants. Along with a third agreement, which we expect to conclude soon with a separate counterparty, this revenue floor model will deliver contracted minimum revenues on the majority of our assets, meeting our needs to cover debt servicing obligations whilst retaining opportunities to access upside revenues.

"Now secured, these future revenues underpin the refinancing we will undertake in the coming weeks and unlock the Company's Three-year Plan as set out at the Capital Markets Day in November 2024, as well as providing the Board with the opportunity to refresh our Dividend Policy.

"These actions collectively are designed to deliver tangible long-term value to our shareholders."

Ben Guest, Fund Manager of Gresham House Energy Storage Fund plc & Managing Director of Gresham House Energy Transition, said:

"Since announcing our tolling agreement with Octopus Energy in 2024, we have been working hard to maximise merchant revenues on the uncontracted portion of the portfolio while also looking to limit the impact of downside revenue scenarios across the portfolio over the longer term.

"The floors announced today achieve the latter and are the culmination of months of work. I would like to thank my team and our advisors for their hard work on this and on other preparatory work being undertaken to allow the Three-year Plan to unfold as smoothly as possible once the refinancing is completed.

"These Floor Agreements fundamentally reposition GRID as a business with significant minimum contracted revenue while retaining merchant upside exposure, which we believe significantly improves our risk profile.

"Floor agreements are relatively new to the BESS industry but are common contractual arrangements in the world of renewable energy infrastructure, to support project financing of assets. Had attractive floors today been available sooner, we would have financed GRID in line with the renewables infrastructure sector sooner.

"We can now proceed to finalise our refinancing on improved terms, and unlock the capital required for augmentations and much of the equity capital required for our pipeline, taking us a key step further along on the journey of executing on GRID's growth plan.

"As well as aiming for significantly higher EBITDA, the Three-year Plan will naturally also drive GRID's NAV significantly once the funds are in place and construction is under way on new projects and augmentations.

"We look forward to announcing further milestones, starting with a further floor agreement and our refinancing."

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For further information, please contact:

Gresham House Energy Transition Ben Guest James Bustin Harry Hutchinson	+44 (0) 20 3837 6270
Jefferies International Limited Stuart Klein Gaudi Le Roux Harry Randall	+44 (0) 20 7029 8000
Peel Hunt Luke Simpson Huw Jeremy	+44 (0) 20 7418 8900
KL Communications	gh@kl-communications.com

Charles Gorman Charlotte Francis	+44 (0) 20 3882 6644
JTC (UK) Limited as Company Secretary Christopher Gibbons	GHEnergyStorageCoSec@jtcgroup.com +44 (0) 20 7409 0181

LEI: 213800MSJXKH25C23D82

About the Company and the Manager
Gresham House Energy Storage Fund plc seeks to provide investors with an attractive and sustainable dividend over the long term by investing in a diversified portfolio of utility-scale battery energy storage systems (known as BESS) located in Great Britain and internationally. In addition, the Company seeks to provide investors with the prospect of capital growth through the re-investment of net cash generated in excess of the target dividend in accordance with the Company's investment policy.

The Company targets an unlevered Net Asset Value total return of 8% per annum and a levered Net Asset Value total return of 15% per annum, in each case calculated net of the Company's costs and expenses.

Gresham House Asset Management Ltd is the FCA authorised operating business of Gresham House Ltd, a specialist alternative asset manager. Gresham House is committed to operating responsibly and sustainably, taking the long view in delivering sustainable investment solutions.

www.greshamhouse.com

Definition of utility-scale battery energy storage systems (BESS)
Utility-scale battery energy storage systems (BESS) are the enabling infrastructure that will support the continued growth of renewable energy sources such as wind and solar, essential to the UK's stated target to reduce carbon emissions. They store excess energy generated by renewable energy sources and then release that stored energy back into the grid during peak hours when there is increased demand.

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No representation or warranty is given to the achievement or reasonableness of future projections, management targets, estimates, prospects, earnings or returns, if any. Any views contained in this announcement are based on financial, economic, market and other conditions prevailing as at the date of this announcement.

[1] As announced in July 2024, the Tolling Agreements are two-year agreements over 14 projects with 568MW of capacity and start dates in 2025 and 2026.

[2] Including Shilton Lane and West Bradford, which are expected to be energised shortly.

[3] This figure assumes total revenues of £100,000 per MW per year (which is above current levels but at a level reflected in longer term forecasts).

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