

Gresham House Energy Storage Fund

Proceeding as planned

Gresham House Energy Storage Fund (GRID), the UK's largest listed fund investing in utility-scale battery energy storage systems (BESS), has released a trading update ahead of the publication of its annual results for the year ended 31 December 2024 (expected April 2025). The update confirms that the improvement in the revenue environment for BESS, which began in Q224, continued throughout 2024 and into the first two months of 2025. In addition, all project augmentations and new projects that were underway in 2024 have been completed or are close to completion. The update also confirms that GRID's three-year strategy to increase earnings and operating capacity, and negotiate refinancing based on contracted revenues (announced in [November 2024](#)) is proceeding as planned. This bodes well for the company's commitment to reinstate dividend payments in H225 and sets the scene for some narrowing of GRID's substantial share price discount to NAV.

Despite a difficult start to 2024, GRID saw substantial improvements in revenue and EBITDA generation compared to 2023. Revenue was up 20.1%, from £38.7m in 2023, to £46.5m in 2024. EBITDA also increased, rising 12.4%, from £25.8m in 2023 to £29.1m in 2024. Revenues began to improve from Q224 onwards as the National Energy System Operator increased its use of BESS as part of the system's Balancing Mechanism and as portfolio revenues recovered, thanks in part to GRID's landmark tolling arrangement with Octopus Energy.

GRID's unaudited NAV per share at 31 December 2024 was 109.35p, broadly unchanged from 109.09p for the previous quarter, but 15.3% lower than 31 December 2023. The main reason for the year-on-year NAV decline was lower long-term revenue forecasts from independent third-party consultants. However, improvements in actual trading conditions from Q224 onwards suggest these lower third-party revenue projections may soon reverse, potentially lifting the company's NAV.

In November 2024, GRID announced a three-year plan with three key targets: to augment more operational projects, adding EBITDA of £33m; to build new projects, adding a further £47m to EBITDA and raising total operational capacity by 680MW (capacity currently stands at 945MW, up from 690MW at end 2023); and to use alternative revenues to boost EBITDA by a further £25m. The plan aims to lift annualised operational EBITDA to £150m by end 2027 and significantly increase the proportion of contracted revenues, thus improving revenue visibility.

Negotiations to refinance GRID's current debt facilities via a project finance-style arrangement based on contracted revenues are due to conclude in Q225. Successful refinancing is expected to secure the capital the company requires to implement its expansion plans, as well as reduce its debt costs.

Despite the positive developments seen over 2024, and GRID's plans to further increase capacity and revenues, the company's share price continues to trade at a historically wide discount to NAV. However, we maintain our view that the discount is excessive and likely to narrow significantly as the company makes further progress in realising its ambitious growth plans.

Investment companies
Renewable energy infrastructure

5 March 2025

Price	48.90p
Market cap	£278m
NAV	£622.3
Discount to NAV	55.3%
Shares in issue	569.1m
Code/ISIN	GRID/GB00BFX3K770
Primary exchange	LSE
AIC sector	Renewable Energy Infrastructure
52-week high/low	75.5p 36.9p

Fund objective

Gresham House Energy Storage Fund 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 located in the UK and Ireland. In addition, the company seeks to provide investors with capital growth through the reinvestment of net cash generated in excess of the target dividend.

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