EDISON

Gresham House Energy Storage Fund

Debt refinancing unlocks growth potential

Investment companies
Renewable energy infrastructure

21 August 2025

On 18 August 2025, Gresham House Energy Storage Fund (GRID) announced the signing of a new debt facility to refinance existing facilities. This reduces the fund's cost of debt and releases capital for its three-year plan, which aims to significantly increase both revenues and operational capacity while reinstating its dividend, paving the way for a revised capital allocation policy.

The new debt financing will provide a loan of £220m (up from and replacing GRID's £195m in senior debt facilities, of which £160m is currently drawn and matures in September 2028) from a syndicate of five lenders, with a seven-year legal maturity and a 14-year amortisation profile. At maturity, management expects less than 50% of the loan principal to remain outstanding, which it expects to refinance at that time. The new facility is both larger and cheaper, with a margin of 225bp over SONIA compared with 300bp on the current facility. Management stated that net debt to gross asset value is expected to remain below 30% throughout the debt tenor, while gross debt to NAV is anticipated to remain below 40% (well below the 50% limit set out in its investment policy).

GRID has contracted cash flows from the combination of tolls, capacity market contracts and the recently announced long-term floors on 88% of its portfolio, which are expected to fully cover project-level operational costs, interest and debt repayments during the term of the loan. This should offer GRID significantly greater protection from any potential downside revenue scenarios and provide investors with greater confidence. In addition to the £220m loan facility, GRID has put in place a debt service reserve facility of £18.6m and a short-term VAT facility of £1.6m to improve working capital during the construction phase of project augmentations.

GRID's upsized facility, combined with increased operational cash flows, provides additional capital for investments in augmentations. This includes a further 282MW of operational projects set to be augmented to a two-hour duration, adding a net 350MWh to its portfolio and taking GRID's overall portfolio average duration to c two hours. Some capital is also intended to be used to acquire project rights for 694MW of new projects from its exclusive pipeline once due diligence has been completed. GRID's debt refinancing and implementation of recent floor agreements provide the company with a robust capital structure and improved cash flow visibility, enabling it to pursue the growth ambitions underpinning its three-year plan. In addition to prioritising investments that drive NAV and EBITDA growth, the board is now able to consider the use of remaining cash flows, such as implementing a dividend policy or share buybacks. The Board intends to formalise and announce its capital allocation policy before or alongside its interim results (end September 2025).

GRID's pipeline of projects announced at its capital markets day in November 2024 remains unchanged, with all projects fully consented and construction commencing subject to additional subsequent project-level senior debt facilities (in the process of being negotiated) separate from the new £220m loan facility. GRID aims to start construction on as many as five of its new projects by end 2025 and the balance in H126, with all projects designed to a two-hour duration or longer.

Price	**79.00p**
Market cap	**£450m**
Total assets	**£623m**
NAV	109.4p

[1]As at 31 December 2024.

Discount to NAV	29.0%
Shares in issue	569.1m
Code/ISIN	GRID/GB00BFX3K770
Primary exchange	LSE
AIC sector	Renewable Energy Infrastructure
Financial year end	31 December
52-week high/low	82.0p / 40.7p

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.

Analysts

Milosz Papst	+44 (0)20 3077 5700
Joanne Collins	+44 (0)20 3077 5700
Harry Kilby	+44 (0)20 3077 5700
Andrew Keen	+44 (0)20 3077 5700

investmenttrusts@edisongroup.com
Edison profile page

Gresham House Energy Storage Fund is a research client of Edison Investment Research Limited

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom