
Gore Street Energy Storage Fund plc Annual Results presentation

For the year ended 31 March 2023



Gore Street
Energy Storage Fund

Presentation Team: Investment Manager



Alex O'Connell
Chief Executive Officer

Before founding GSC, Alex was Head of Europe for Paladin Capital, a Senior Advisor to Kleinwort Benson Bank. He was previously Head of Investments for Masdar, Abu Dhabi's USD15 Billion SWF.

Alex is a trustee of the London Irish Centre, a UNICEF Advisor, a visiting researcher to the Energy Policy Group, a Fellow of the Royal Geographical Society, and an Honorary Fellow of Imperial College.



Sumi Arima
Chief Investment Officer

Sumi led Renewable Energy transactions as Managing Director of Kleinwort Benson.

Previously, he was MD of RHJ International SA / Ripplewood in Tokyo (parent company of Kleinwort Benson) responsible for PE investment management for over \$1B of AuM.

He has also worked in Debt Capital Markets at JP Morgan and prior to that, at McKinsey & Company.



Paula Travesso
Principal

Paula's expertise is in merger and acquisitions with her previous job at the Arab Banking Corporation (ABC).

Before her ABC role, Paula worked for Ernst & Young in the Transaction Advisory Service department.

Paula has an MBA from London Business School and BS in Business Management from Ibmecc Business School.

Investment Objective and Policy Summary

INVESTMENT OBJECTIVE

Invest in a diversified portfolio of utility-scale energy storage projects for a sustainable and attractive dividend



INVESTMENT POLICY

Geographical Diversification

- Geographical targets include UK, ROI, North America, Western Europe, Australia, Japan & South Korea
- Cap on overseas investment (outside the UK & ROI): up to 60% of GAV¹

Gearing

- Sub 5% gearing ratio - up to 30%² of GAV permitted

Revenue Diversification and Stacking

- Achieved through the “stacking” a number of different income streams with different counterparties, contract lengths, and return profiles through one project

Hedging Arrangements

- The Company enters into hedging arrangements as appropriate to manage its exposure to various investment risks, such as foreign currency risks³

Asset Diversification and Stacking

- Intend to cap any single project from exceeding 20% of GAV, with flexibly to increase to 25% in exceptional cases¹

1. Calculated at the time of investment

2. Calculated based on aggregated group debt, including portfolio SPV's external borrowings

3. The company will not enter into derivative transactions for speculative purposes. The other risk that can be managed through hedging transaction includes (but not limited to) interest rate risk and power price risk

Financial Highlights

NAV PER SHARE

115.6p

(2022: 109.1p)

OPERATIONAL EBITDA

£27.8m

(2022: £23.3m)

DIVIDEND YIELD

6.9%

(2022: 6.2%)

12 MONTH NAV TOTAL RETURN

12.3%

(2022: 13.1%)

OPERATIONAL CAPACITY

291.6MW

(2022: 231.7MW)

TOTAL CAPACITY

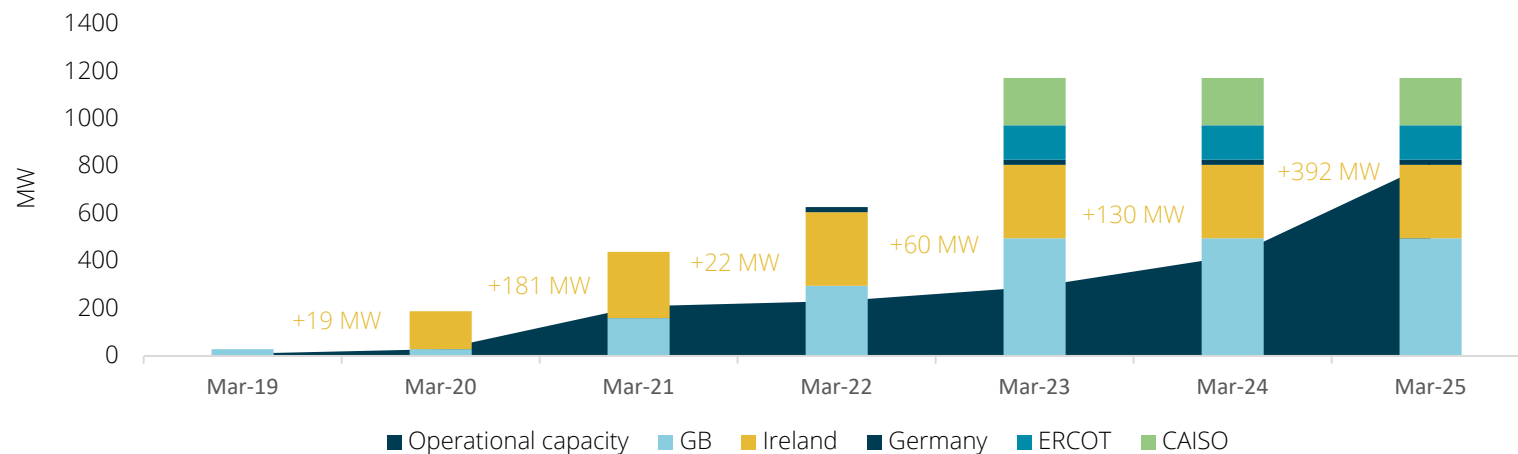
1.17GW

(2022: 628.5MW)

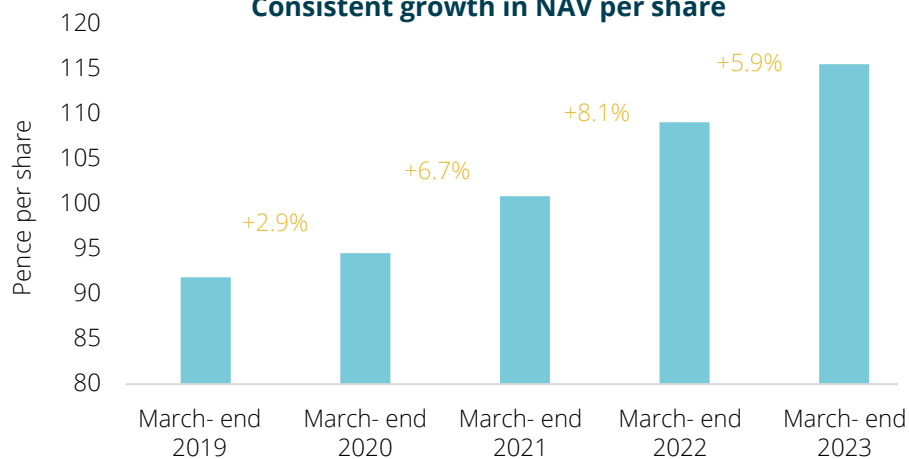
- Net asset value (NAV) up 47.8% to £556.3 (FY22: £376.5m)
- NAV per share up 5.9% to 115.6p (FY22: 109.1p) and NAV total return of 12.3%
- Operational revenues up 34% to £39.3 m (FY 2022: £29.28)
- Dividends declared 7.5p. Dividends paid of 7.0p per share
- Operational dividend cover of 0.9x, dividend cover for the fund of 0.54x

Strong Track Record

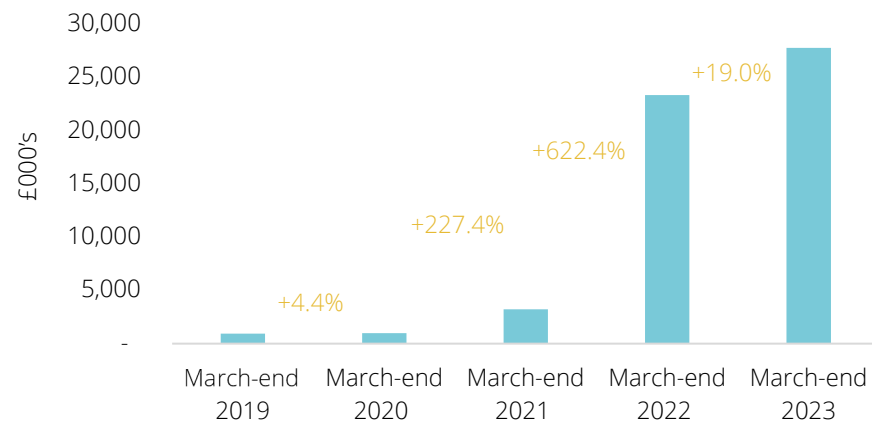
Total and Operational Portfolio Growth



Consistent growth in NAV per share



Total EBITDA



Consistent Delivery Against Strategy



Growth

- ✓ Operational capacity increased by 26%, reaching 291.6 MW
- ✓ Portfolio size increased by 86% to 1.17 GW
- ✓ The Company entered two new grids, ERCOT & CAISO
- ✓ Fully funded for constructing the 522 MW of capacity targeting energisation by Dec-24, including milestone payments for assets with energisation targets beyond this 18-month period.
- ✓ £150 m raised in an oversubscribed raise
- ✓ Post reporting period, the Company's existing debt facility was increased to £50m



Best in class Diversification

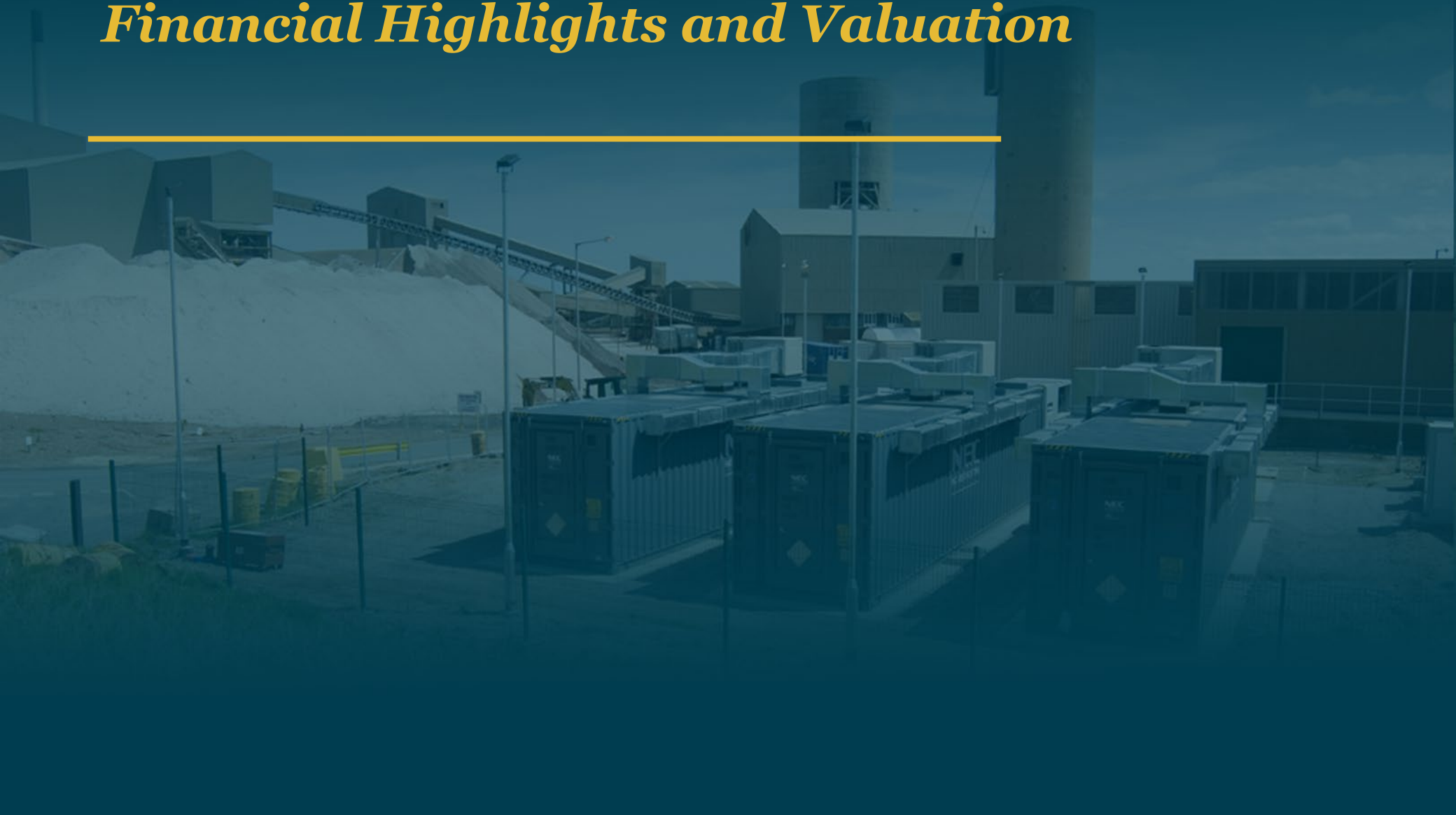
- ✓ Assets located across five uncorrelated markets
- ✓ Access to 19 revenue streams, resulting in industry-leading revenue generation per MW
- ✓ Only LSE listed Pure Play energy storage fund with operational 2-hour and 1-hour duration systems
- ✓ Working with multiple route to market providers across multiple markets
- ✓ Working with multiple EPC and O&M providers
- ✓ The Company continuously evaluates its portfolio composition, ensuring it remains aligned with its strategic objectives. With oversight of multiple markets, the Company is able to leverage its experience as an international owner/operator to select favourable markets



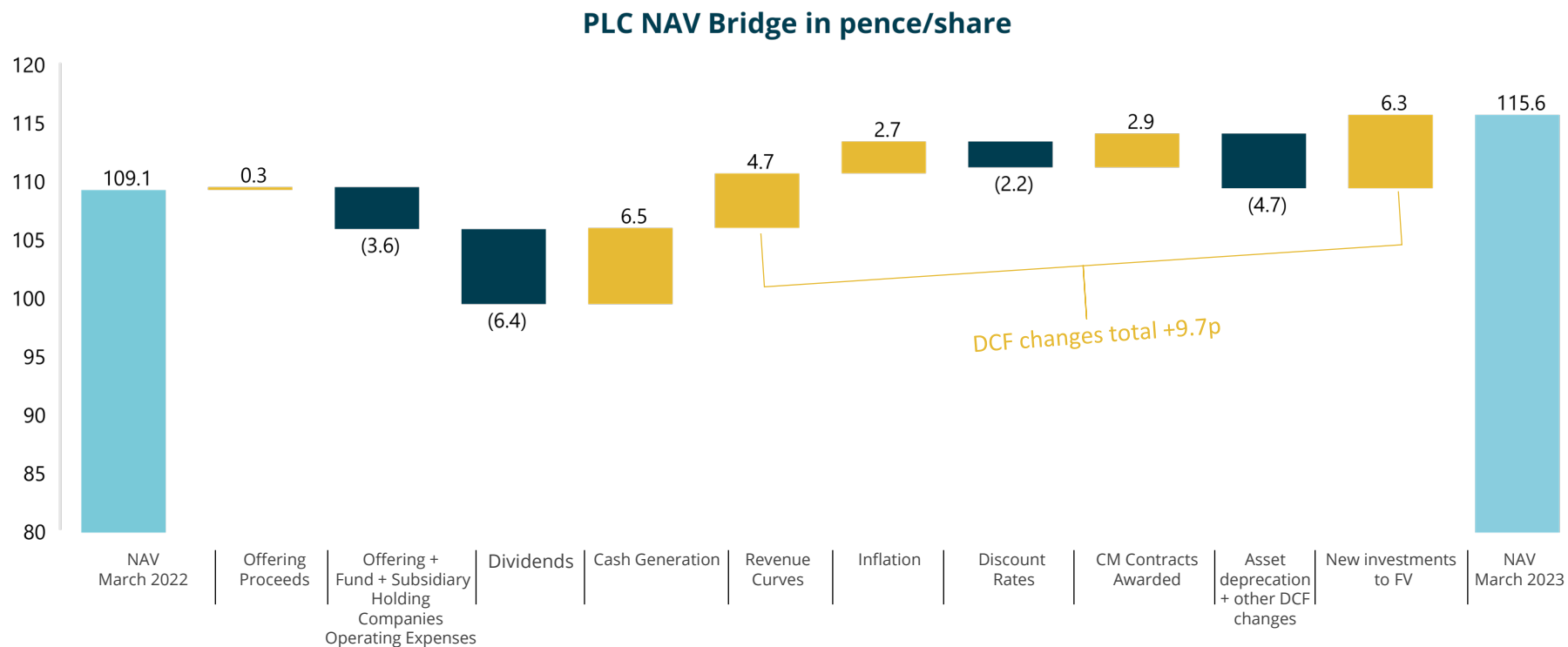
Industry-leading portfolio performance

- ✓ Average revenue of £135,000 per MW/yr, resulting in portfolio revenue of £39.3m
- ✓ Capacity Market contracts secured for 6 GB Assets, generating over £45m in revenue over 15 years
- ✓ 19.0% YoY increase in operational EBITDA
- ✓ 63.5% of EBITDA secured outside GB
- ✓ 6.9% dividend yield with 0.9x operational dividend cover

Financial Highlights and Valuation



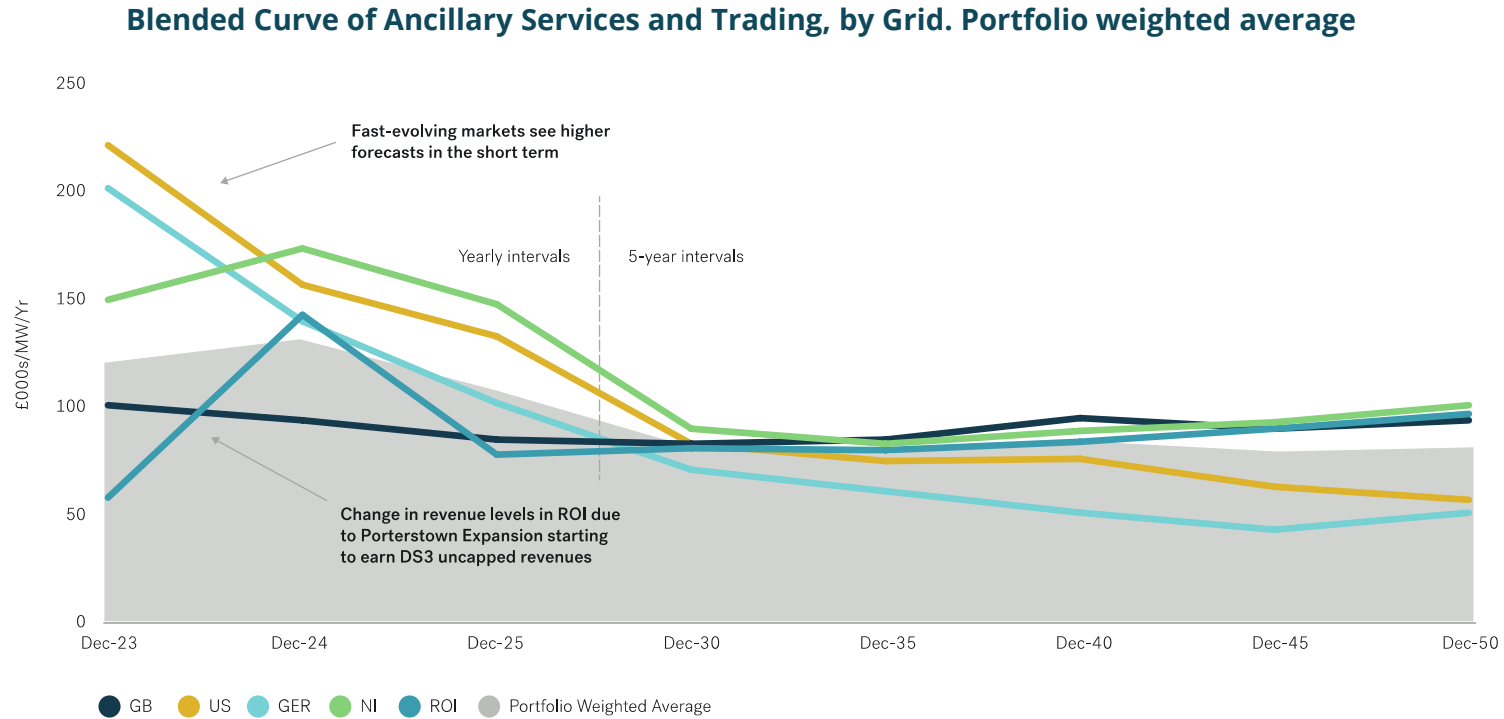
NAV Bridge



- Fund operating expenses and holding Company expenses: -3.6p
- Dividends paid during the period: -6.4p
- Cash generation from 291.6 MW of operational capacity and interest income: +6.5p

- CPI has been revised per third-party forecast, with an updated long-term target of 2.5%: +2.7p
- Weighted average discount rate across the portfolio increased to 10.1% (FY 2022:8.3%): -2.2p
- Capacity Market: contracts achieved for GB and Irish assets: +2.9p

Key Assumptions

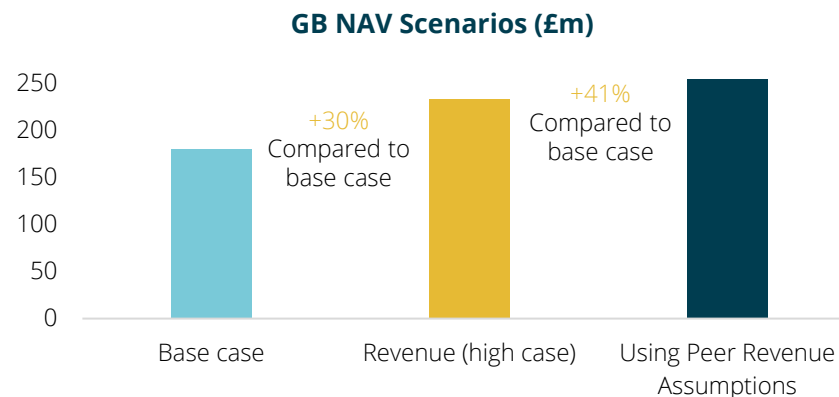


Revenue curves (+4.7p)

- Central case revenue curves are sourced from independent third parties
- Portfolio revenue curves across geographies have been revised based on updated third-party inputs
- Fast-evolving markets see higher forecasts over the short term

Assumptions Continued & Sensitivities

❖ The GB NAV Scenarios graph illustrates the effect on the Company's GB NAV when taking the high-case curve from third-party specialists and the impact of applying curves published by peers



- ❖ Applying an operational discount rate to construction assets results in an £81.8m uplift in NAV
- ❖ Weighted average discount rate was increased to 10.1% (FY 2022 8.3%)
- ❖ CPI has been revised per third-party forecasts, with an updated long-term target of 2.5% from 2025 onwards. Changes to inflation rates have impacted forecasted revenues and operational expenses

Discount Rate Matrix:

	Ready to Build	Construction	Operational
Contracted income	10.35-10.75%	9.0-10.0%	7.0-9.0%
Uncontracted income	10.35-10.75%	9.0-10.0%	8.5-9.0%
MW	694.8	186.8	291.6

Portfolio Operational Performance



Operational capacity

GSF's operational portfolio stands at

291.6 MW

The Company has a portfolio capacity including construction assets of **1.17 GW**

GB & Northern Ireland (GBP)

1. Boulby	6.0 MW 6.0 MWh	9. Larport	19.5 MW 19.5 MWh
2. Cenin	4.0 MW 4.8 MWh	10. Ancala	11.2 MW 11.2 MWh
3. POTL	9.0 MW 4.5 MWh	11. Breach	10.0 MW 10.0 MWh
4. Lower Road	10.0 MW 5.0 MWh		
5. Mullavilly	50.0 MW 21.3 MWh		
6. Drumkee	50.0 MW 21.3 MWh		
7. Hulley	20.0 MW 20.0 MWh		
8. Lascar	20.0 MW 20.0 MWh		

Republic of Ireland & Germany (EUR)

12. Cremzow	22.0 MW 29.0 MWh
13. PBSL	30.0 MW 30.0 MWh

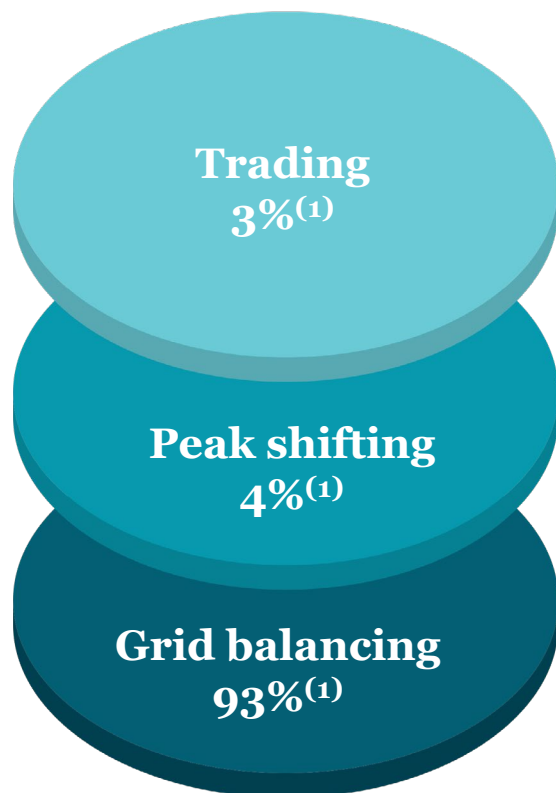
North America (USD)

14. Synder	9.95 MW 19.9 MWh
15. Westover	9.95 MW 19.9 MWh
16. Sweetwater	9.95 MW 19.9 MWh



Market Overview – Available Revenue

3 Types of Service



19 Revenue Streams Available

GB		
Grid Balancing	Peak Shifting	Trading
<ul style="list-style-type: none"> Dynamic Containment Dynamic regulation Dynamic Moderation Firm Frequency Response 	<ul style="list-style-type: none"> Capacity Market Triads 	<ul style="list-style-type: none"> Market Arbitrage Balancing Mechanisms
IRELAND		
Grid Balancing	Peak Shifting	Trading
<ul style="list-style-type: none"> DS3 uncapped DS3 capped 	<ul style="list-style-type: none"> Capacity Market 	<ul style="list-style-type: none"> Market Arbitrage
ERCOT		
Grid Balancing	Peak Shifting	Trading
<ul style="list-style-type: none"> RRS FFR Reg-up/down 		<ul style="list-style-type: none"> Market Arbitrage
GERMANY		
Grid Balancing	Peak Shifting	Trading
<ul style="list-style-type: none"> FCR aFFR 		<ul style="list-style-type: none"> Market Arbitrage

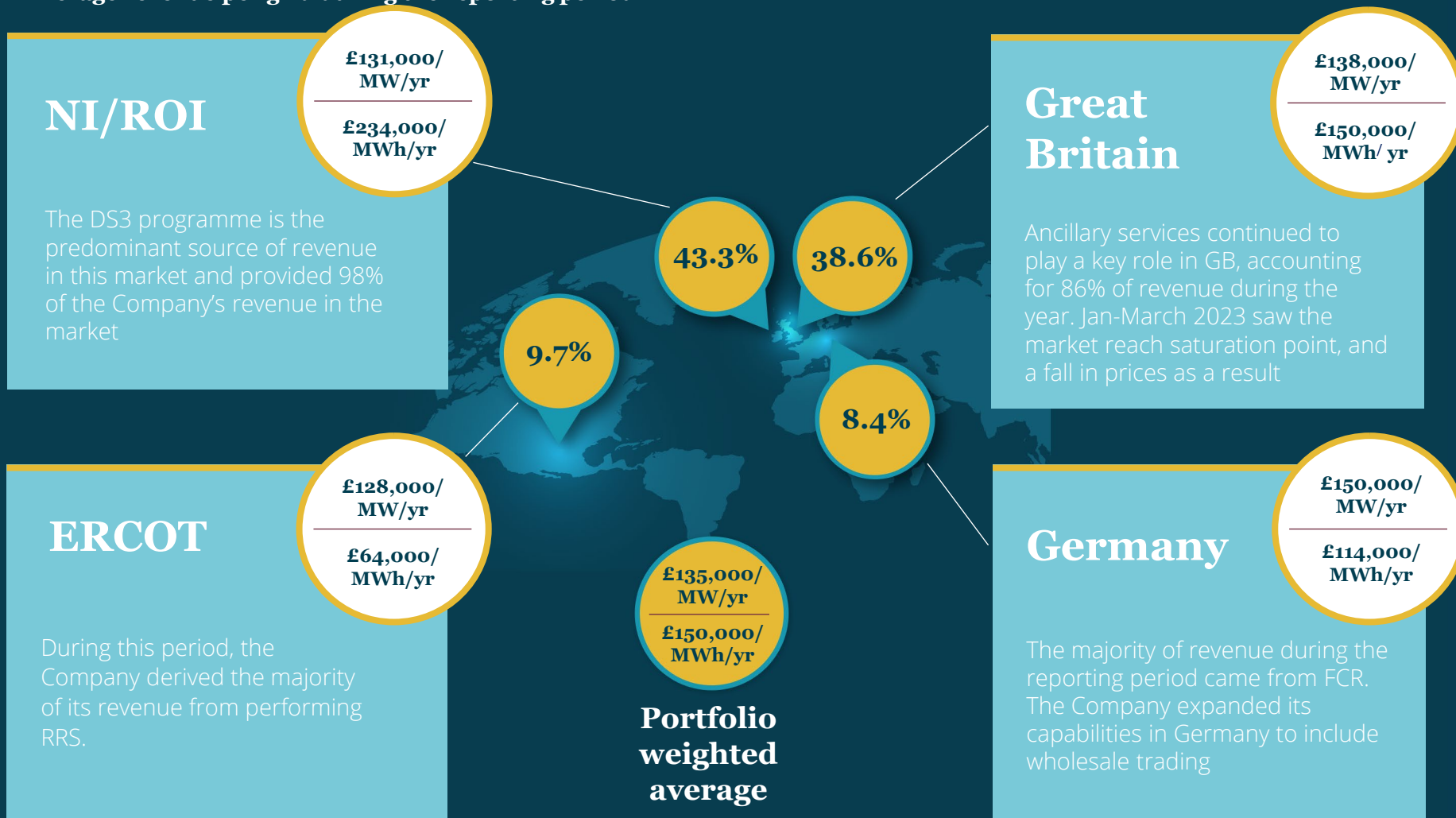
CAISO: expected new revenue streams

- Reg-up/down
- Spin
- Resource adequacy (RA)
- Market Arbitrage

(1) Expressed as a percentage of total revenue earned by the Company during the reporting period

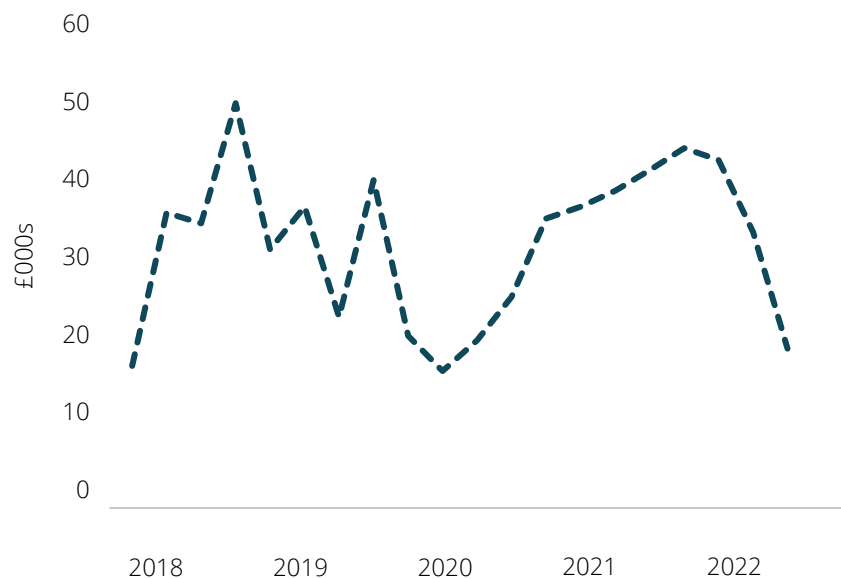
Revenue Breakdown

Average revenue per grid during the reporting period

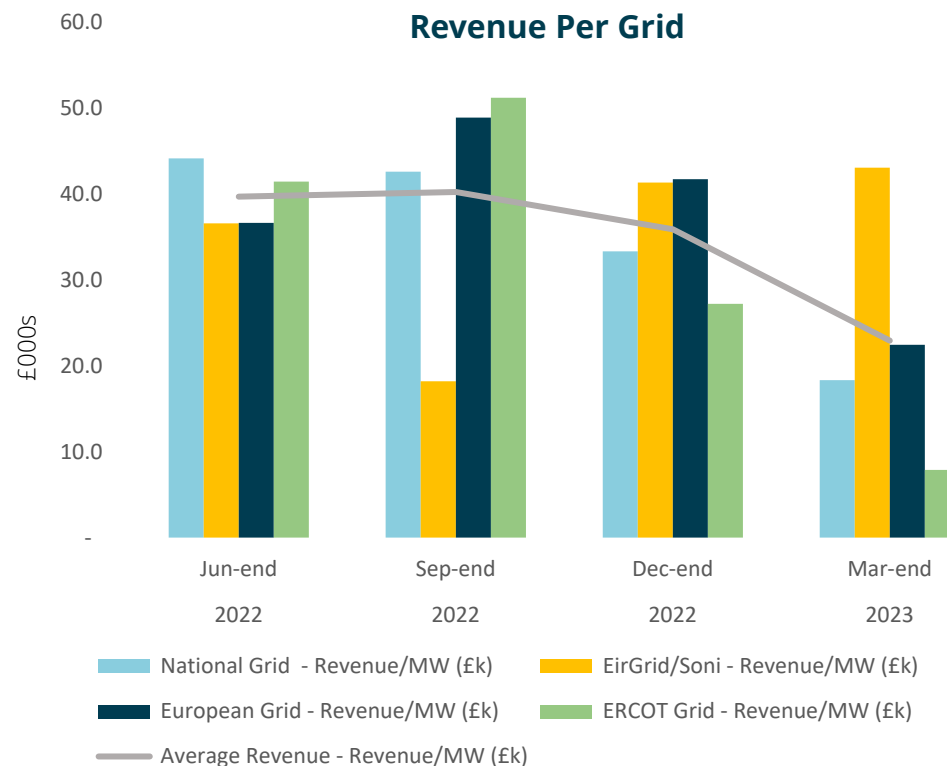


Revenue Split by Grid

Average GB Revenue Per MW

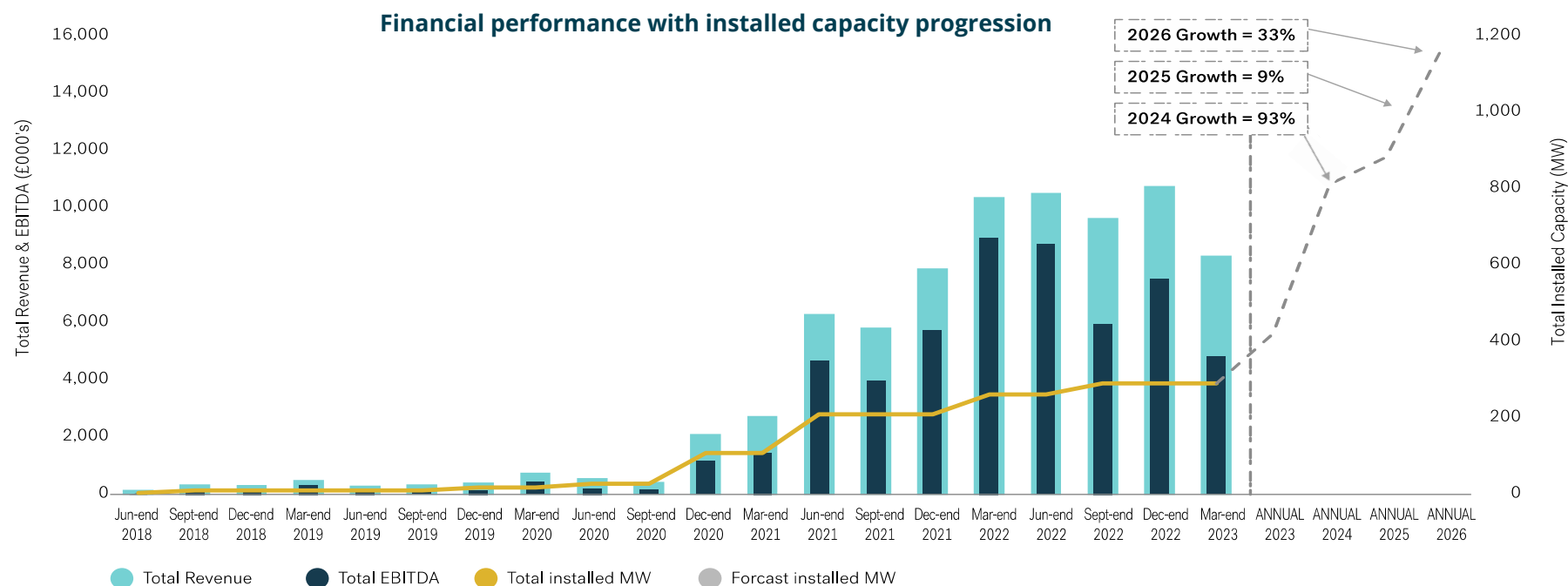


Revenue Per Grid



- The Company has operational assets across four markets
- Due to the uncorrelated nature of these markets, the Company's revenue becomes more stable on a consolidated basis and is not fully exposed to the seasonal variations of one grid

Operational Performance Indicators



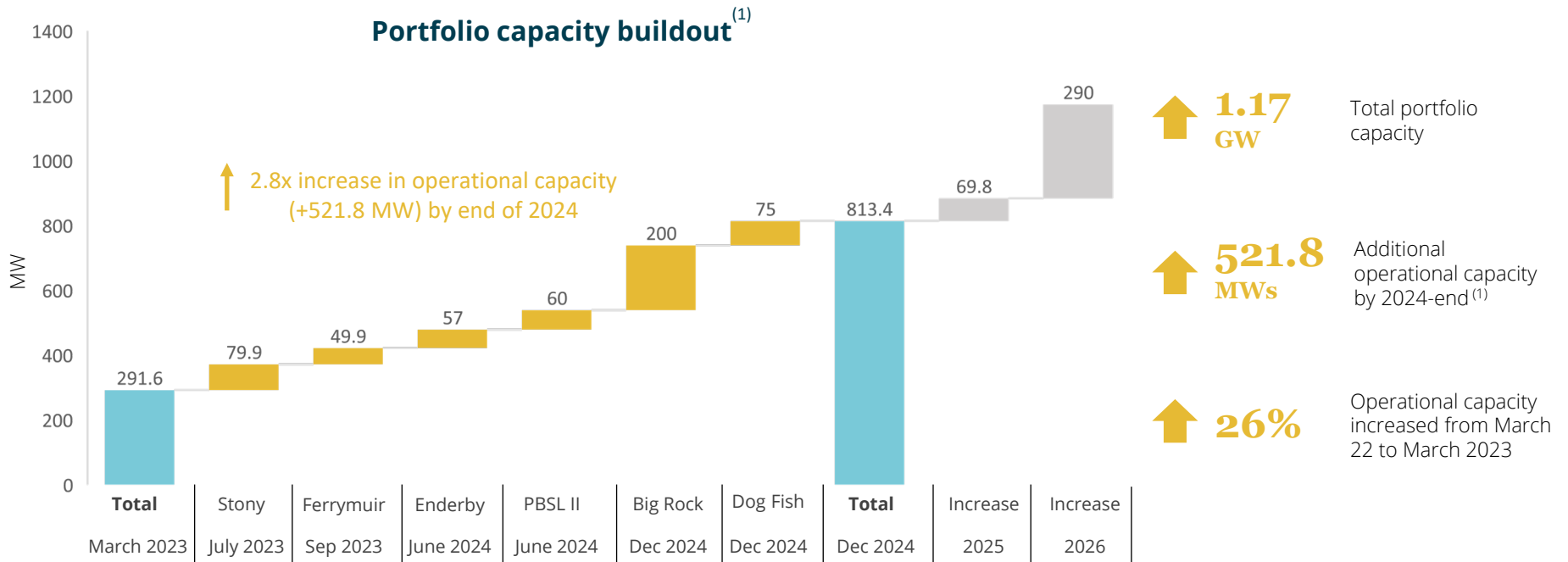
- ❖ The operational portfolio generated a strong cash flow per share of 6p during the reporting period resulting in a cash yield per unit NAV of 4.8%
- ❖ The fund achieved an operational EBITDA of £27.8m and a total fund EBITDA of £16.8m
- ❖ Revenue during the period provided an operational dividend cover of 0.9x the period and dividend cover for the fund of 0.54x

- ❖ EBITDA totalling £27.8m was derived from multiple grids as follows:
 - Ireland: 50%
 - GB: 36%
 - Germany: 9%
 - ERCOT: 5%

Portfolio Growth

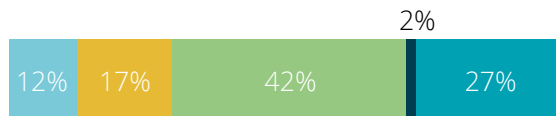


Portfolio Growth



GSF Portfolio

Split by geography



Split by system duration



Split by stage



ERCOT CAISO GB Germ Ireland

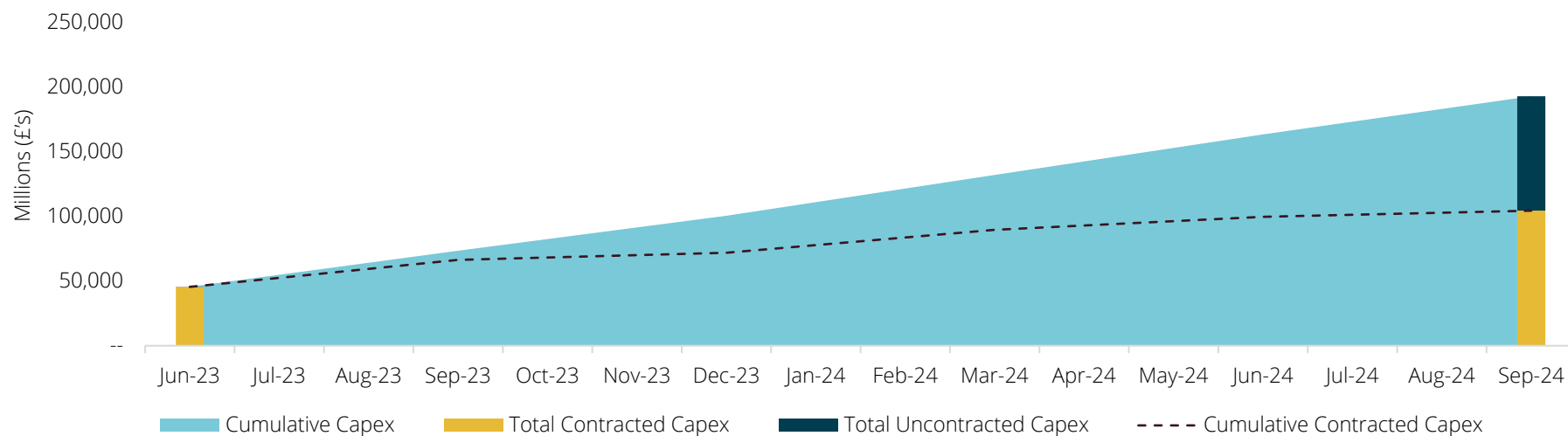
1.5-2 hour duration 1 hour duration < 1 hour duration

Construction Operational

(1) Based on expected Energisation dates and may be subject to change

Fully Committed Portfolio

Capex Deployment schedule ⁽¹⁾



- The Company's cash balance as of 31 March 2023 was £123.7m which is sufficient to meet all existing contractual obligations
- The Company has a £50m revolving credit facility in place. The facility has an accordion option to increase beyond £50m to up to 30% of Gross Asset Value (GAV)
- As of 31 March 2023, none of the Company's revolving credit facility had been drawn down

(1) Expected deployment, subject to change as non-contractual costs may vary

Sustainability



Environmental, Social and Governance

**3,590
tCO₂e**

Net CO₂ emissions avoided

9,055 MWh

Total renewable energy stored

Fair Cobalt
Alliance



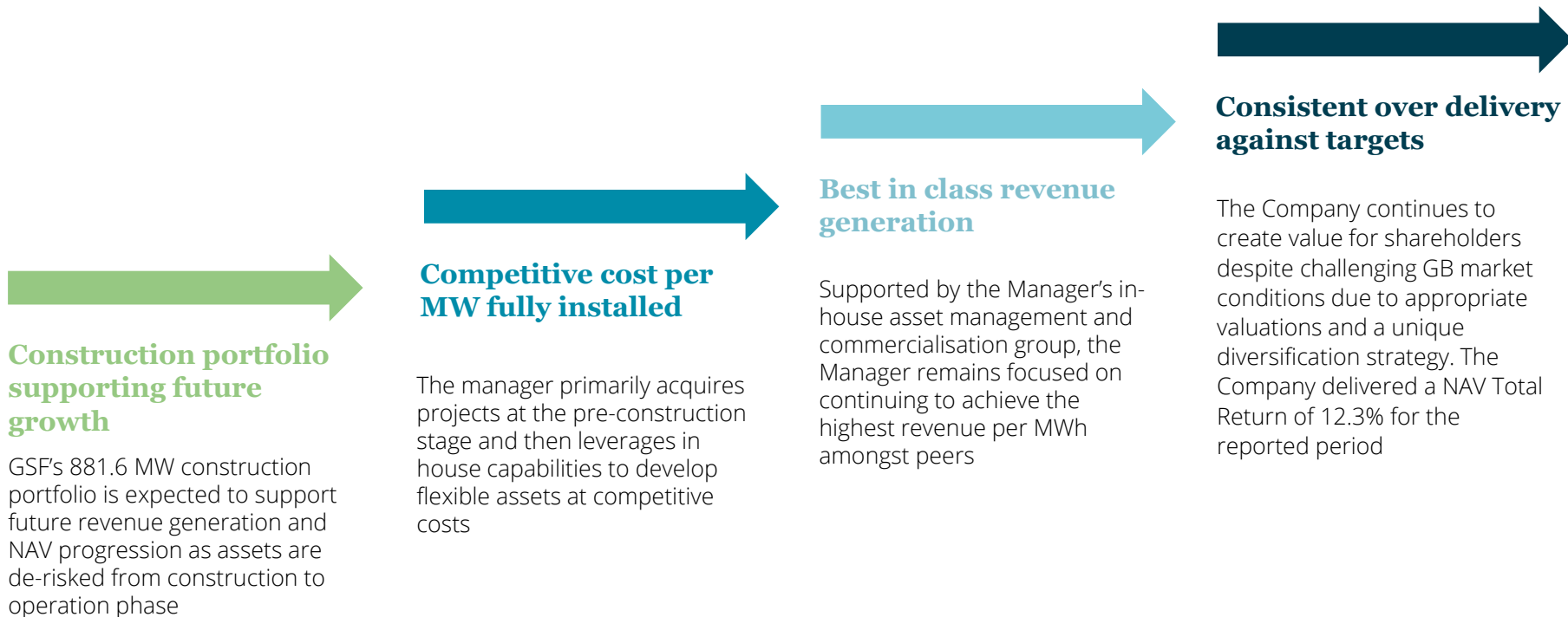
The Sustainable Finance
Disclosure Regulation (SFDR)



Outlook



Conclusion



Past performance is not necessarily a guide to future performance

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