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Centrica plc

14 August 2025

Investment in Grain LNG

Centrica plc (the "Company", "Centrica") is pleased to announce the acquisition of the Isle of Grain liquified natural gas terminal ("Grain LNG") in partnership¹ with Energy Capital Partners LLP ("ECP") from National Grid group ("National Grid") for an enterprise value of £1.5 billion. After taking into account approximately £1.1 billion of new non-recourse project finance debt, Centrica's 50% share of the equity investment is approximately £200 million.

Key highlights

- Grain LNG delivers vital energy security for the UK, providing critical LNG import/export, regasification and rapid response gas storage capacity to balance the energy system
- Aligned with Centrica's strategy of investing in regulated and contracted assets supporting the energy transition, delivering predictable long-term, inflation-linked cash flows, with 100% of capacity contracted until 2029, >70% until 2038 and >50% until 2045
- Opportunities for efficiencies to create additional near-term value, and future development options including a combined heat and power plant, bunkering, hydrogen and ammonia
- Highly efficient funding structure, with Centrica's equity investment of approximately £200 million alongside non-recourse project financing
- Strong life of asset returns aligned with Centrica's financial framework, with an expected unlevered IRR² of around 9% and an equity IRR² of around 14%+
- Underpins delivery of £1.6 billion end-2028 EBITDA target³ – Centrica's share of EBITDA expected to be approximately £100 million per annum and cash distributions expected to be around £20 million on average per annum for 2026-2028, representing an attractive yield on Centrica's equity investment
- Partnership with ECP (part of Bridgepoint Group plc), one of the largest private owners of natural gas generation and infrastructure assets in the U.S. with direct experience in supporting grid reliability

Chris O'Shea, Group Chief Executive, Centrica plc, said:

"The Isle of Grain terminal is a strategic asset that will support the UK's energy security for many decades to come, keeping energy flowing reliably and affordably to households and businesses across the country as we transition to net zero. That's why we are so pleased to be investing, continuing Centrica's pivot towards long-term, predictable infrastructure cash flows, underpinning our medium-term guidance and creating valuable future options.

“We are delighted to be partnering with ECP, a highly experienced investor in energy infrastructure around the world. We look forward to working with them and Grain LNG’s management team to deliver on the full potential of this unique asset for customers and the country.

“Our decision to commit £3bn of capital in both Sizewell C and the Isle of Grain demonstrates the attractiveness of the UK as an investment location underpinned by supportive government investment policies.”

Tyler Reeder, President and Managing Partner, ECP, said:

“As one of the largest private owners of natural gas generation and infrastructure assets in the U.S., ECP has long understood that natural gas is indispensable to keeping grids resilient and advancing the transition to a lower-carbon future. With the emergence of the U.S. as the global leader in low-cost LNG supply and the growing need for reliable natural gas supply across the UK and Europe, we believe Grain LNG will increasingly be relied upon as critical infrastructure to deliver dependable energy to local markets.

“We are thrilled to be partnering with Centrica, who bring a wealth of knowledge and experience in the UK energy markets, as we execute our joint vision to optimise this world class asset and set up Grain LNG for success for decades to come.”

Transaction background

National Grid and Garden Bidco Limited (“Bidco”), which is ultimately owned 50% by each of Centrica and ECP¹, have entered into a sale and purchase agreement pursuant to which National Grid has agreed to sell and Bidco has agreed to acquire the entire issued share capital of National Grid Grain LNG Limited and Thamesport Interchange Limited which together comprise National Grid’s liquified natural gas terminal business at Isle of Grain. Centrica and ECP will hold the investment in Grain LNG through a jointly controlled entity with customary governance provisions, including reserved matters.

Completion is expected to occur in Q4 this calendar year, conditional upon certain regulatory approvals being received, including approval under the National Security and Investment Act and certain mandatory anti-trust approvals.

Supporting Centrica's strategy and financial framework

Grain LNG supports Centrica’s strategy of investing in critical energy infrastructure assets, aligned to the energy transition that deliver attractive returns, regulated or contracted cash flows, and create future options across the Company’s broader portfolio.

LNG is expected to play an increasingly important role in the UK energy mix over the long term, projected to meet c.60%⁴ of the UK’s gas demand by 2050 compared to c.15%⁴ in 2024. Centrica already plays a central role in the UK’s gas value chain, supplying energy to around a quarter of the UK’s households, and operating the Morecambe gas field (including the planned Morecambe Net Zero carbon storage project), the UK’s largest natural gas storage facility at Rough and the associated Barrow and Easington processing terminals. This investment, alongside the recent investment in Sizewell C, is a further demonstration of Centrica’s commitment to promoting energy security for the households and businesses we serve, today and into the future.

Grain LNG's cash flows are underpinned by long-term, inflation-linked capacity contracts, with primarily investment grade customers. The terminal is 100% contracted until 2029, >70% contracted until 2038 and >50% contracted to 2045, resulting in highly visible long-term earnings and cash flow, supporting a life of asset expected unlevered IRR² of around 9% and an equity IRR² of around 14%+ underpinned by approximately £1.1 billion of new non-recourse project finance debt.

The Grain LNG management team will continue to operate the terminal as an independent company. Supporting the operation, Centrica can leverage deep operational knowledge and experience from its existing Barrow and Easington gas processing terminals, which are both upper tier Control of Major Accident Hazards sites with similar technical and operational characteristics as Grain LNG, helping the team to drive operational and capital efficiencies. In addition Centrica, through its Centrica Energy business, has been one of the largest capacity holders and users of the Grain LNG terminal since 2008, bringing unique customer insight to our position as an owner of the asset. In the longer term, there are attractive options to develop projects in hydrogen and ammonia, and a combined heat and power plant, areas in which Centrica is already active across its broader portfolio.

The approximately £200 million equity investment in Grain LNG brings the total Centrica has committed to assets with regulated or contracted cash flows to around £2 billion, approximately 75% of the capital committed so far as part of our ongoing investment programme.

Results from Grain LNG will be reflected in Centrica's financial statements in the Share of profits/(losses) of joint ventures and associates, net of interest and taxation commensurate with equity accounting. This measure is shown after taking into account interest payments at Bidco. Cash will be received in the form of dividends, and will be reflected in Dividends received from joint ventures and associates.

Centrica also discloses adjusted EBITDA including Centrica's share of EBITDA from joint ventures and associates. Accordingly, as is the case with other joint ventures and associates, Centrica's 50% interest will be included in this adjusted EBITDA measure. Grain LNG generated £176 million EBITDA on a 100% basis in the year ended 31-March-2025⁵. For 2026-2028, Centrica's share of EBITDA is expected to be approximately £100 million per annum, with cash distributions expected to be approximately £20 million per annum, on average. Centrica's share of net income will also reflect incremental depreciation based on the fair value of assets acquired.

Financing

Centrica will fund its share of the equity investment from existing cash resources. As a highly contracted energy infrastructure asset in the UK, Grain LNG can be efficiently financed through non-recourse debt at Bidco. Bidco has secured approximately £1.1 billion of committed financing, which will be drawn at closing, to fund a portion of the enterprise value.

We currently expect that the debt financing associated with the Company's share of Grain LNG, which is non-recourse project finance and does not benefit from shareholder support, will be proportionally consolidated by S&P when calculating Centrica's net cash / debt.

Background to Grain LNG

Grain LNG is Europe's largest LNG regasification terminal and is located at Isle of Grain, to the East of London. The primary service is the provision of LNG storage and regasification capacity to primarily

strong investment-grade customers under long term, inflation-linked capacity contracts. The terminal has annual regasification capacity of 21.7 bcm and tank storage capacity of 1,000,000 m³. Grain is currently undergoing an expansion of 5.3 bcm additional regasification capacity and an additional 200,000 m³ of storage capacity. After completion of the ongoing expansion of the site it will be able to provide up to a third of the UK's gas demand. Grain also offers additional services such as ship reloading, transshipment, and road tanker loading.

Grain's customer base consists of companies including Centrica, Qatar Energy, TotalEnergies, Venture Global, Sonatrach, Shell and Uniper. Grain is 100% contracted until 2029, >70% contracted until 2038 and >50% contracted to 2045. It is envisaged that future capacity auctions will be held on an arm's length basis in accordance with current regulated third-party access requirements.

Grain's location in the South East of the UK means it is strategically located in terms of UK demand and proximity to UK interconnectors and networks. The site has total acreage of 1,500 of which 300 acres are used by Grain.

Background on Energy Capital Partners

Energy Capital Partners (ECP), founded in 2005, is a leading investment firm across energy transition infrastructure, with a focus on investing in electricity and sustainability infrastructure providing reliable, affordable and clean energy. It is one of the largest private owners of power generation and renewables in the U.S. and is among the most active investors in North American and UK energy infrastructure across the energy value chain, including renewables, environmental infrastructure, natural gas marketing, and downstream infrastructure.

In 2024, ECP combined with Bridgepoint Group Plc (LSE: BPT.L) to create a global leader in value added middle-market investing with a combined \$87 billion of assets under management across private equity, credit and infrastructure.

The person responsible for arranging the release of this announcement on behalf of the Company is Raj Roy, Group General Counsel & Company Secretary.

Notes

1. Centrica and ECP each own 50% of Garden Topco Limited ("Topco"). Garden Bidco Limited ("Bidco") is a wholly owned subsidiary of Topco.
2. Nominal, post-tax, assuming life of asset hold period.
3. Adjusted EBITDA including Centrica's share of EBITDA from joint ventures and associates. £1.6 billion is the mid-point of a £1.3 billion - £1.9 billion range.
4. Source: S&P Global Commodity Insights.

5. Grain LNG financial results:

| Year ending | 31 December 2024 |
|---------------------|------------------|
| Revenue | £299m |
| EBITDA | £178m |
| Adjusted net income | £98m |

12 months to 31 December 2024 figures calendarised, EBITDA excludes one-off EU ETS credit income of £12.8 million.

Enquiries:

Centrica

Investors and Analysts:

email: ir@centrica.com

Media:

email: media@centrica.com

tel: +44 (0) 1784 843000

ECP

Media:

email: ECP@fgsglobal.com

**Santander London Branch
(Financial Adviser to Garden Bidco Limited)**

tel: +44 (0) 20 7756 4034

Brian O'Keeffe

Conor Hennebry

Martin Weltman

Slaughter and May is acting as legal adviser to Centrica. Latham & Watkins is acting (i) as legal adviser to ECP; and (ii) as legal adviser to Garden Bidco Limited as purchaser.

This information contains regulated information as per Disclosure Guidance and Transparency Rule (DTR) 6.3.7R.

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Centrica plc is listed on the London Stock Exchange (CNA)
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