



Since 1857

Gresham House

Specialist asset management

GRESHAM HOUSE PLC
ANNUAL GENERAL MEETING

17 MAY 2018



AGENDA

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GRESHAM HOUSE PLC – 2017 PERFORMANCE



THE SPECIALIST ALTERNATIVE ASSET MANAGER

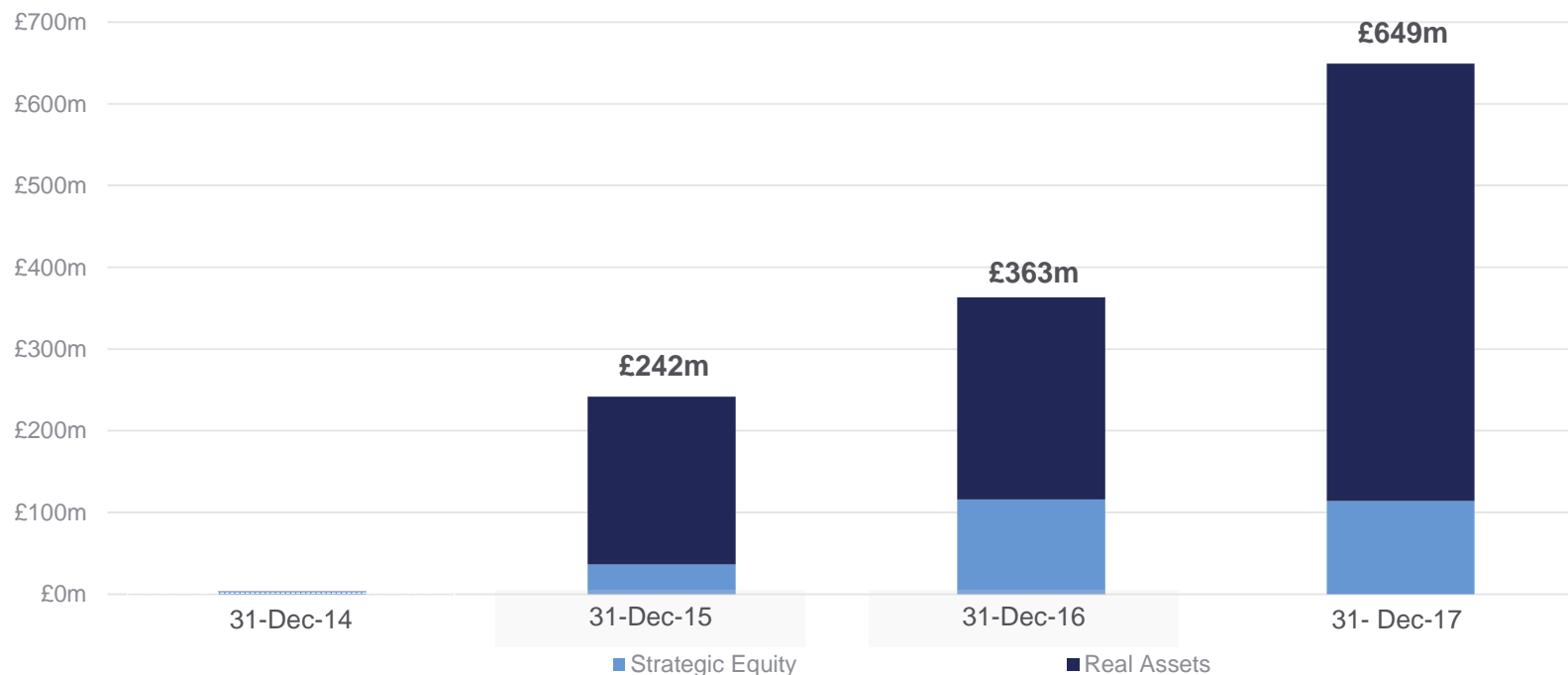
- Gresham House now manages £649 million of third-party AUM, giving the business significant scale and a strong platform for further growth.
- The business has two core divisions:
 1. Real Assets; and
 2. Strategic Equity.
- Under these, the various divisions and funds have grown both organically and through acquisition.

STRATEGIC EQUITY		REAL ASSETS		
Public Equity	Private Assets	Forestry	Housing & Infrastructure	New Energy
Gresham House Strategic Plc Gresham House Strategic Public Equity LP	LMS Capital Plc	Gresham House Forestry LP Forestry Partnership LLP Managed Accounts	British Strategic Investment Fund LP	Hazel Capital Renewable Energy VCT 1 Hazel Capital Renewable Energy VCT 2
£115m		£534m		
£649m				

AUM as at 31 December 2017

GROWTH IN ASSETS UNDER MANAGEMENT

- AUM of £649 million as at 31 December 2017, 79% growth in year (2016: £363 million).
- Strong balance sheet (net cash and realisable assets) and supportive long-term shareholder base.
- Healthy pipeline for growth:
 - Organic through structural growth of alternative asset allocation;
 - Acquisitions alongside management value-add in terms of distribution, central functions and product development.



GRESHAM HOUSE PLC - CHRONOLOGY



2017 ANNUAL RESULTS - KEY POINTS

2017 Results

- **AUM increased c.79% since beginning of year to £649 million** (2016: £363 million);
- **Asset management revenue +85%** to £6.5 million (2016: £3.5 million);
- **Run rate profitability on AUM as at 31 December 2017;**
- **Adjusted Operating loss** – reduced to £0.7 million (2016: £2.4 million loss).

2017 Activity

- **Acquisition of Hazel Capital LLP**, the renewables and infrastructure group, which manages VCTs, plus additional EIS and energy storage systems asset management vehicles;
- **Legacy Property disposed, Southern Gateway** – largest inherited legacy property asset sold for £7.25 million (gross);
- Now qualify for 100% IHT business property relief;
- **Repayment of Kleinwort Benson loan** of £4.4 million;
- **Strong balance sheet;**
- **Client portal launched.**



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FIM ACQUISITION

ACQUISITION OF FIM SERVICES LTD

- Gresham House is paying £21.0 million on completion, plus a deferred consideration up to £4.0 million based on the company achieving certain performance targets over two years, to acquire 100% of FIM Services Limited (FIM), a specialist manager of UK sustainable real assets investments
- FIM manages AUM of £893 million¹ in forestry (£635 million) and renewable energy (£258 million) assets on behalf of clients including unlisted funds, institutions, family offices and private individuals
- Gresham House is paying 6.2x FIM's September 2017 financial year EBITDA, increasing to 7.4x, based on the full consideration of £25.0 million
 - Strategic rationale includes Forestry & Renewables market positions plus synergies
- The Group's ROIC hurdle of 15% achieved over the medium term plus immediate earnings enhancement
- AUM of the combined Gresham House Group will increase to more than £1.5 billion across five specialist alternative investment strategies
- Placing of £15 million to acquire FIM Services Ltd
- The consideration will be financed through a mix of c.£11m cash and £10m Gresham House shares (61%/39%)

¹ Fee earning AUM as at 31 December 2017

SHAREHOLDER VALUE CREATION

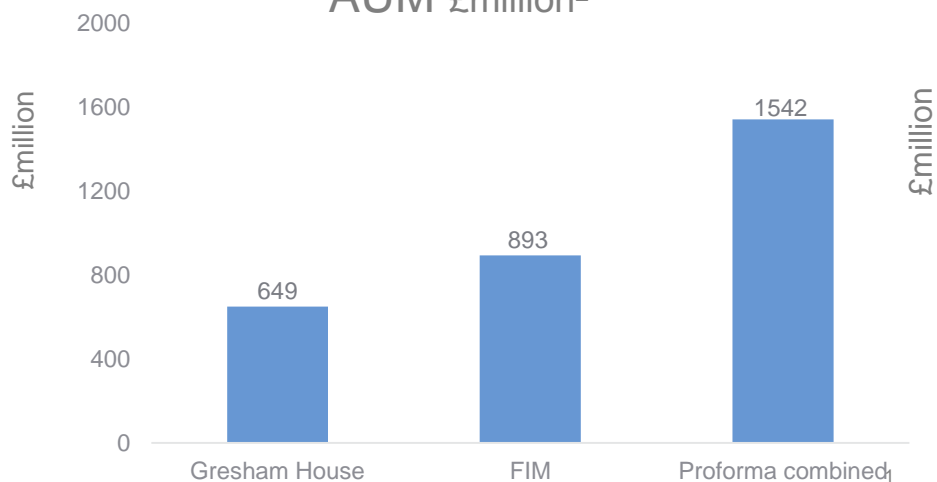
- Synergies - increased economies of scale particularly in forestry and new energy
- Increase in AUM to more than £1.5 billion
- Accelerated path to profitability and increased potential to pay dividends
- A UK forestry asset manager, with more than 100,000 hectares of high grade commercial UK forestry. Provides a platform for international expansion
- Enhances investment expertise in renewables particularly in onshore wind and solar to complement energy storage systems
- FIM client base will diversify client mix across institutions, family offices and private investors
- We believe the shareholder value is further enhanced through exceeding the ROIC hurdle of 15% plus earnings enhancement



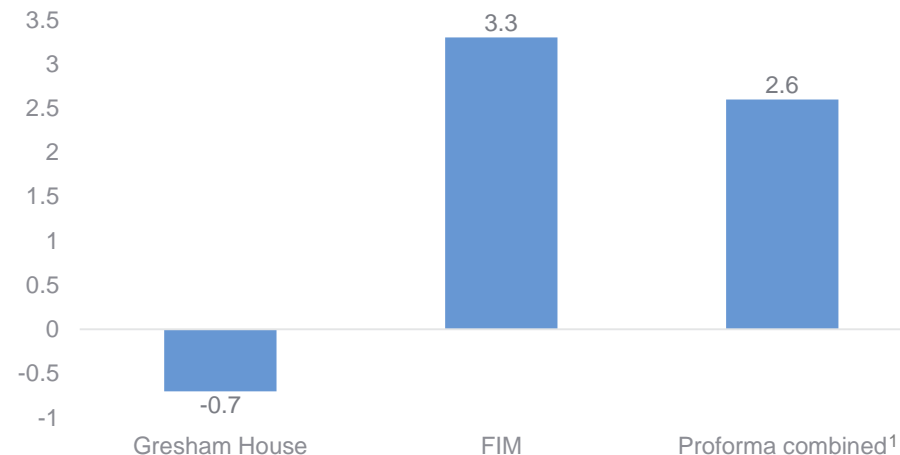
WHY THIS DEAL CREATES VALUE TO SHAREHOLDERS

Proforma analysis – last audited financial year

AUM £million²



Adjusted PBT £million³



	Gresham House Dec 2017	FIM Sept 2017	Proforma Combined 2017 ¹
Turnover	6.5	6.3	12.8
Adjusted PBT	(0.7)	3.3	2.6
Adjusted operating margin	(10.8)%	51.6%	20.2%
AUM ²	£649m	£893m	£1,542m

¹ Proforma Combined includes audited annual Gresham House Plc financials for the year to 31 December 2017 plus FIM audited annual results to 30 September 2017. ² Fee earning assets under management. ³ PBT before depreciation, amortisation and gains and losses on investments

FINANCIAL AND STRATEGIC RATIONALE FOR TRANSACTION

Financial

- ROIC expected to exceed 15% hurdle in medium term
- Significantly enhancing EPS
- Cost synergies identified
- Total combined Gresham House and FIM AUM¹ over £1.5bn, creating scale and potential shareholder value
- Increase in forestry AUM of £635m and £258m in renewables

Strategic

- Acquisition combines two companies engaged in the Forestry management industry, which we believe increases scale (over £900m AUM)
- Provides a platform for international expansion
- Broadening the client base to achieve a diversified mix between institutions, family offices and private individuals
- Retail and High Net Worth distribution channel
- Accelerate growth of GH New Energy division with AUM increasing to £344 million
- Deepen in-house investment resources within forestry and renewables
- Cost synergy potential identified

¹ Proforma Combined includes audited Gresham House Plc financials for the year to 31 December 2017 plus FIM audited annual results to 30 September 2017

EXPECTED TIMETABLE

Event	Timescale
Broker Sales/Research teams plus Investor Roadshow	23-30 April
LSE announcement	2 May
Circular posted	3 May
General meeting	21 May
Transaction Completion	22 May

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