

LETTER FROM THE CHIEF EXECUTIVE

14 April 2023

Dear Shareholder,

I'm pleased to share with you our Annual Report and Accounts for the year ending 31 December 2022 together with the Notice of AGM and proxy voting form.

Last year we delivered another year of strong returns in the face of ongoing economic uncertainty driven by the war in Ukraine, higher energy prices, rising inflation and a cost-of-living crisis. The strength of the Group's financial and operational performance is testament to the quality of our people and the resilience of our investment strategies. We have made pleasing progress on the delivery our GH25 five-year strategy with our focus on delivering investments which meet the ESG criteria of our investor base whilst also delivering on their primary remit to achieve capital and income growth.

Gresham House is now widely recognised as an investor that leads the way with innovation in specialist asset classes that offer high-growth potential. Our financial results for 2022 demonstrate the continued success of this strategy.

Although the macroeconomic environment was challenging, the Group delivered a 20% rise in AUM to £7.8 billion. Net core income was 25% higher, while adjusted operating profit rose 34% at £27.1 million. Total comprehensive net income for the year was £11.4 million, whilst our Return on Capital Employed (ROCE) of 19.3% is an achievement of which we are particularly proud. We are also well funded, with £32 million of cash and substantial development and investment assets which, alongside our £20 million Revolving Credit Facility, positions us well for the coming year.

We are committed to shareholder returns and the Board has therefore proposed a 60% increase in the dividend to 16.0 pence. This represents a 256% increase over three years and is 3.5x covered by adjusted diluted earnings per share.

Our Strategic Equity division is playing a crucial role in facilitating economic growth through the support it provides to growth companies. We are proud of the contribution we are making to drive future prosperity through innovation and entrepreneurialism and pleased to see positive net inflows to our Strategic Equity funds despite the downbeat market sentiment that characterised 2022.

Across the Real Assets division, we provide a range of nature-based solutions including afforestation, carbon credits, biodiversity net gain habitat banks and vertical farming. Natural capital is an area of increasing focus for clients, and we continue to provide investment products to meet these specific needs. Our funds focused on Forestry, New Energy, Sustainable Infrastructure and Real Estate delivered strong progress both in terms of fundraising and importantly in the deployment of those funds.

In 2022, we also built further on our GH25 pledge to expand our international presence and we now have real estate and forestry investments in Ireland, Australia and New Zealand. At the end of the year, we launched the Irish Strategic Forestry Fund, which will make a contribution to Ireland's Climate Action Plan. We are committed to further international expansion in 2023 as we look to expand our battery energy storage capabilities into overseas markets in Europe and the US.

It has been eight years since I was privileged to lead the management buy-in to re-energise Gresham House as a specialist alternative asset manager and the business is now as a recognised leader in sustainable investment and governance, delivering superior returns on the funds we manage. We have leading strategic positions in our specialist areas and we are developing the business internationally. I'd like to thank you for your support as we continue to drive our ambition to unlock the long-term potential to scale Gresham House.

We will be holding our 2023 Annual General Meeting at Eversheds Sutherland (International) LLP, One Wood Street, London, EC2V 7WS, at 2.00pm on Thursday 11 May 2023, further details of which are set out in the Notice of AGM enclosed.

Our senior management team is available at any stage should you have any questions, and I would encourage you to look at our website for additional information and updates on the Group.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'A Dalwood', written in a cursive style.

Tony Dalwood
CEO, Gresham House plc

Forward-looking statements

This document contains forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding Gresham House plc's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies, and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of this document and Gresham House plc does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document.

