

## Gresham House Strategic plc - Investing policy

### Business characteristics

The Company will seek to use the expertise and experience of its Board and the members of its Investment Committee to invest according to a rigorous strategic public equity process. The Company will have an active investing policy investing in assets that typically have a number of the following characteristics:

Investments that can generate a 15% IRR over the medium to long term principally through capital appreciation; and investments where the manager believes there are value creation opportunities through strategic, management or operational changes.

The Company intends to invest the majority of its capital in a concentrated portfolio of between 10 to 15 smaller UK/European publicly traded companies typically with market capitalisations of less than £250 million and would typically expect a holding period of three to five years. In addition, the Company may also invest in interests in privately held companies, primarily in equity and equity-related instruments and also in preferred equity, convertible and non-convertible debt instruments. The Company will seek to acquire influential block stakes (typically between 10% and 25%) for cash or share consideration.

### Exposure limits

Any investment which represents more than 15% of the Group's gross assets, at the time when the investment is made, in securities issued by any single company will require the Board's approval. An investment will only be made after the Investment Committee believes that the risk/return relationship is acceptable and the target return hurdle is exceeded.

### Gearing

The Company intends to put a bank facility in place but will limit borrowing to no more than 20% of gross assets.

### Returns on investment

The initial intention is to distribute up to 50% of profits on realisations through dividends, share buybacks or other returns of capital. Any material change to the New Investing Policy by the Company will require prior Shareholder approval in accordance with the AIM Rules. Gresham House Strategic plc (the "Company") announced on 17 August 2015 that it intends to report an unaudited NAV statement on a weekly basis.

In respect of listed or publicly quoted investments, the Company will value such investments weekly according to their bid price as at the close of the relevant stock exchange each Friday, or otherwise the last business day of the week, unless a bid price is unavailable in which case the midmarket price on such day will be used. If this too is unavailable the Board of the Company shall be consulted to determine an appropriate basis for valuation of the relevant investment.



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# Gresham House

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To the extent that the Company has invested in unquoted investments, such investments will be valued quarterly by the investment manager as at 5 p.m. London Time, on the last business day of the relevant quarter. The quarterly valuation will be carried forward weekly until the next quarterly valuation is available. The valuation will be done in accordance with the International Private Equity and Venture Capital Guidelines except in such circumstances where the Directors are of the opinion that the International Private Equity and Venture Capital Valuation Guidelines are not appropriate, in which case the Directors, in consultation with the investment manager, shall determine an appropriate alternative valuation method. The calculation of the estimated Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

The NAV will be estimated weekly by the investment manager and published on a weekly basis, based on the most recent valuation of the portfolio and calculated in accordance with the methodology described above through a regulatory information service provider to the London Stock Exchange as soon as practicable after the end of the relevant period. In addition, the Company will publish a NAV per share for each month end, calculated on the last business day of the relevant month.

The NAV per share at the company's year-end will be subject to audit by the Company's auditors, but otherwise will be unaudited.