



Since 1857

Gresham House

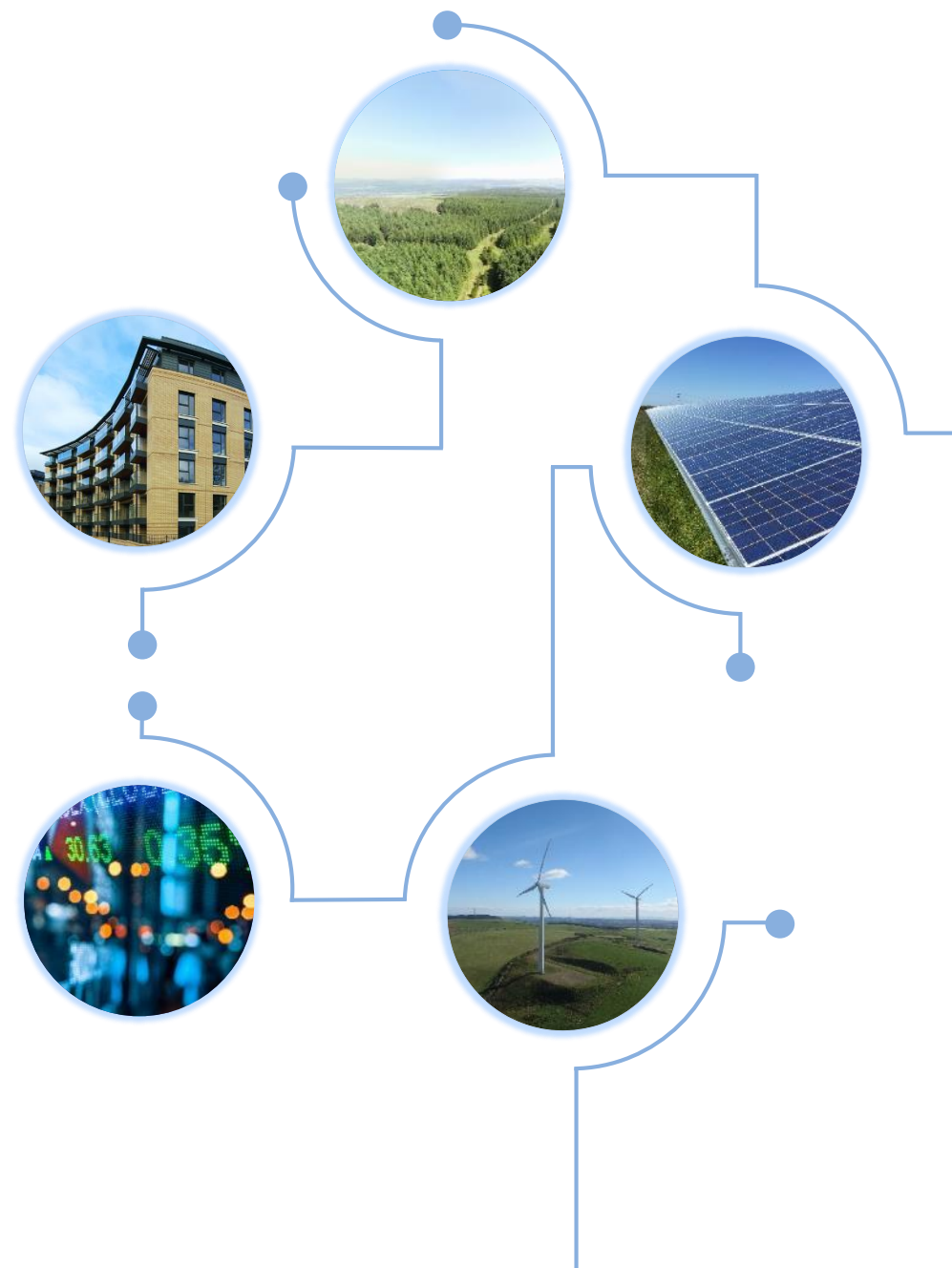
Specialist asset management

Specialists in sustainable alternatives

Gresham House plc

Interim Results Presentation

to 30 June 2020



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PRESENTATION TEAM



Tony Dalwood
Chief Executive Officer

- Leads the Group and is Chairman of the Investment Committee, overseeing balance sheet capital allocation
- Background in fund management (public and private equity) and building asset management businesses
- Formerly CEO at Schroder Ventures in London (SVG), PDFM (UBS Global Asset Management)



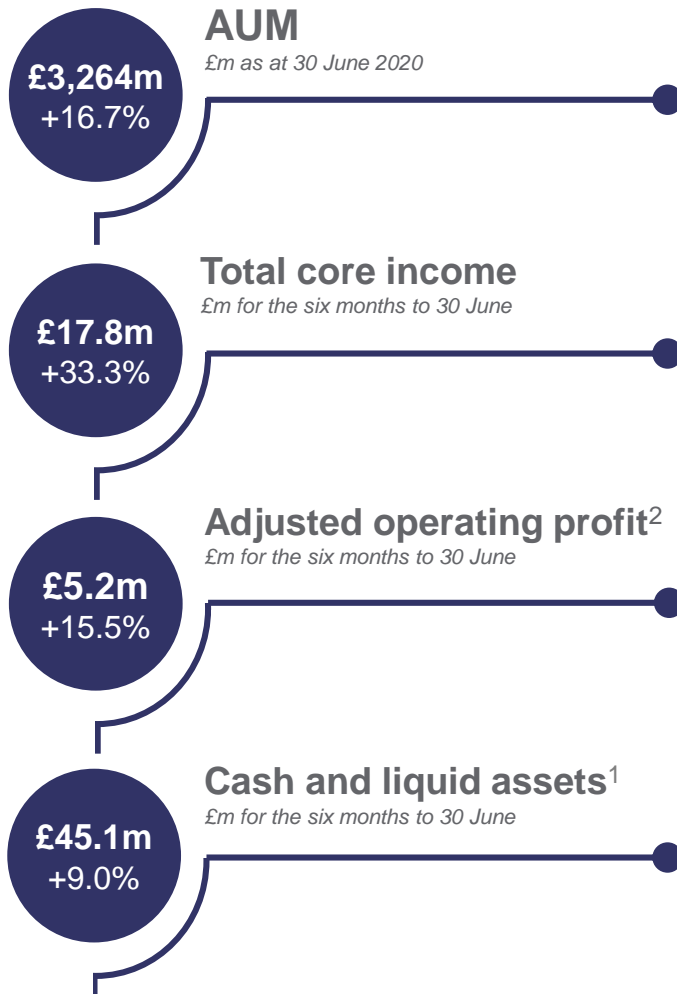
Kevin Acton
Chief Financial Officer

- Oversees the Group finance function for Gresham House plc, including divisional entities
- Chartered accountant with background in finance and operations within private equity and debt opportunity funds
- Formerly at Oaktree Capital, 3i Group, Deloitte

AGENDA

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SUMMARY - SIX MONTHS TO 30 JUNE



Financial highlights

- AUM up 17% in H1 to £3.3 billion: +10% organic growth
- Core income up 33% to £17.8 million (H1 19: £13.4million)
- Adjusted operating profit up 15% to £5.2 million (H1 19: £4.5 million)
- Strong balance sheet with cash and liquid assets of £45.1m and zero debt

Strategic highlights

- COVID-19 resilience, no use of furlough or CBILs
- Acquired TradeRisks, enhancing strength of Housing team and increasing AUM by £184m
- Final Close of the British Strategic Investment Fund at £300m

Sustainable investing highlights

- Achieved top Principles for Responsible Investment scores
- Awarded Green Economy Mark by the London Stock Exchange

1. Cash and liquid assets includes cash and investments in tangible and realisable assets

2. Adjusted operating profit is defined as the net trading profit of the Group after charging interest but before depreciation, amortisation, share-based payments relating to acquisitions, profits and losses on disposal of tangible fixed assets, net performance fees, net development gains and exceptional items



AN INTRODUCTION

SPECIALISTS IN ALTERNATIVES

Gresham House is a London Stock Exchange-quoted specialist alternative asset management group (GHE.LN), providing funds, direct investments and tailored investment solutions, including co-investment.

Strategic Equity



Public
Equity



Private
Equity

£0.5bn

£0.3bn

£0.8bn

Real Assets



Forestry

£1.4bn



New Energy &
Sustainable
Infrastructure

£0.8bn



Housing

£0.3bn

£2.5bn

£3.3bn¹

CREATING SHAREHOLDER VALUE

Continuing to develop through acquisition and organic growth

Successful delivery of our business model creates long-term sustainable management fees and carried interest, creating value for clients and shareholders.

- **Partnership with clients**
- **Long-term alignment**
- **Sustainable investment outperformance**
- **Attracting and retaining top talent**

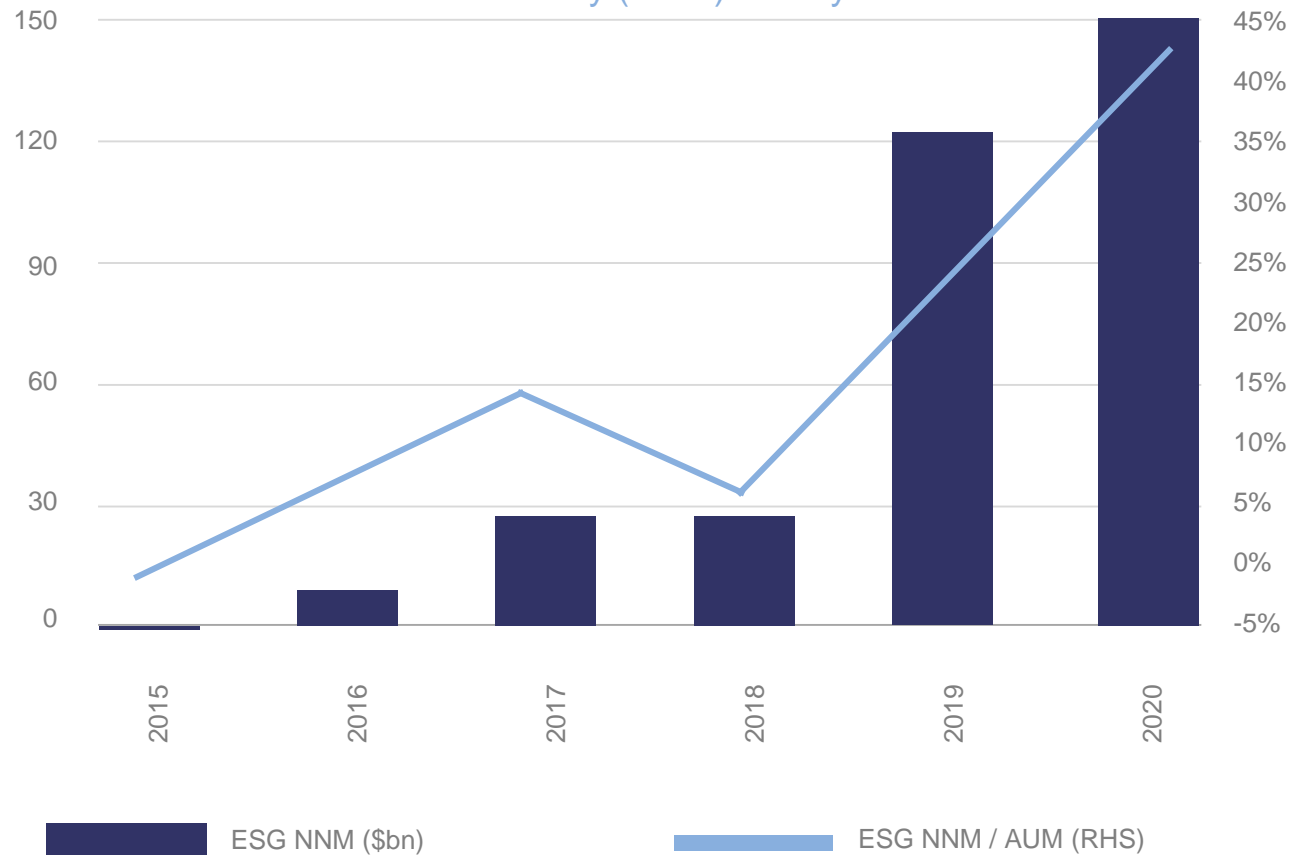
Focused on

- Profit growth
- Multiple expansion
- Cash generation and balance sheet



SUPPORTED BY STRONG MARKET TRENDS

Global ESG flows accelerating
Net New Money (NNM) to May 2020¹



- Interest in and active involvement with Sustainable Investment set to increase further
- Gresham House well positioned at both product and group levels
- ESG funds have shown resilience in face of global crisis
- Record global inflows recorded between April and June²

1. Source: Jefferies - ESG's Increasing Global Impact Across Asset Management, 10 June 2020

2. Financial Times, Morningstar research, August 2020

A blurred, high-angle view of a modern office interior. The space is bright and airy, with large windows in the background. Several people are seen walking through the office, their figures softened by motion blur. The floor is light-colored, and the overall atmosphere is professional and dynamic.

STRATEGIC PRIORITIES

GRESHAM HOUSE 5 YEAR PLAN - GH25

Financial targets

- Double shareholder value
- AUM £6bn+
- EBITDA margins 40%+
- ROCE 15%+

Strategic targets

- Leaders in ESG and sustainable investing
- Majority investment products outperforming
- Significant market share in specialist products
- Build on international presence
- Enhance brand value
- Client diversification and depth

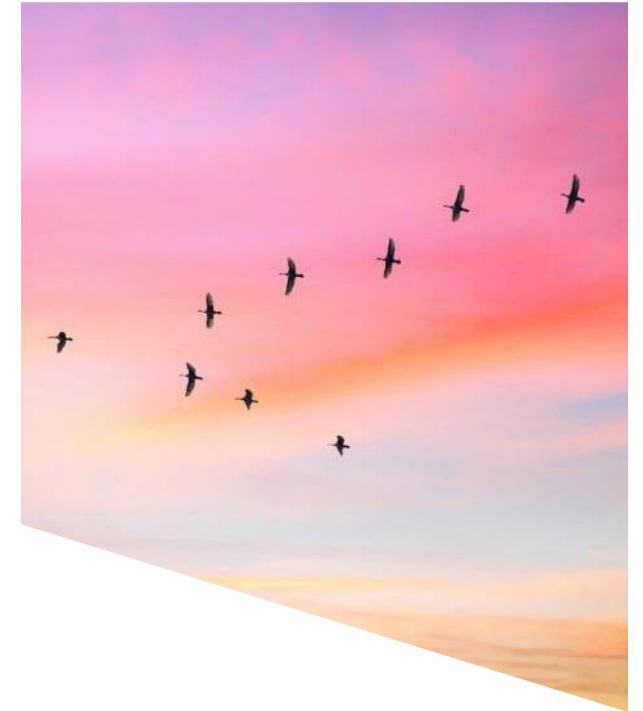
2020 PRIORITIES - UPDATE



MANAGING THE IMPACT OF COVID-19

Areas of real resilience in our asset base and a philosophy based on long term investment horizons

- Prioritising the health and safety of our team and stakeholders
- No employees furloughed
- Robust IT infrastructure has enabled 'business as usual' while remote working, ensuring full client service and investment functions
- Structured return to work programme instigated, including desk booking app and flexible timings to suit different teams
- Supporting NHS Charities Together and The Trussell Trust with a donation of £100,000 from the Management Team, Board and Company
 - This is alongside a Give as You Earn (GAYE) scheme, providing employee-matching donations



**WE WILL
CREATE A UK
WITHOUT THE
NEED FOR
FOOD BANKS**



**NHS CHARITIES
TOGETHER**

An aerial photograph of a dense green forest, possibly a mangrove or coastal forest, surrounded by shallow, brownish water. The trees are arranged in several distinct clusters of varying sizes. Long, dark shadows are cast by the trees onto the water, indicating a low sun position. A vertical blue line is positioned on the left side of the image, partially overlapping the text.

SUSTAINABLE INVESTING HIGHLIGHTS

SUSTAINABLE INVESTING

We define sustainable investment as “*Investment that proactively manages a full range of risks and seeks to make a positive social, economic or environmental impact whilst delivering strong financial returns.*”

- Adopted a company-wide policy outlining our commitments to sustainable investing and a corresponding investment framework that applies to all investment divisions
- As a signatory to the Principles for Responsible Investment (PRI), we are committed to operating responsibly and sustainably, aligning ourselves closely with the UN Sustainable Development Goals
- An acre of land at our first vertical farm investment will produce the same yield as 250 acres of field-grown crops
- Solar and wind projects generated enough energy to power over 117,000 homes¹
- Our housing fund provides 2,224 retirement homes and 289 homes to local authorities, housing people who are otherwise homeless
- Developed a new Strategic Equity engagement and voting policy

2020 so far

- ⊙ PRI scores of **A+** for Strategy & Governance, **A+** for Infrastructure and **A** for Public & Private Equity
- ⊙ Awarded Green Economy Mark by the London Stock Exchange
- ⊙ Sustainable Investing Committee established
- ⊙ Planted **8.4m trees**, equivalent to the area of **4,600+ football pitches**²

1. In 12 months to June 2020

2. Based on 1,100 trees per hectare for broadleaves, 2,700 for conifer

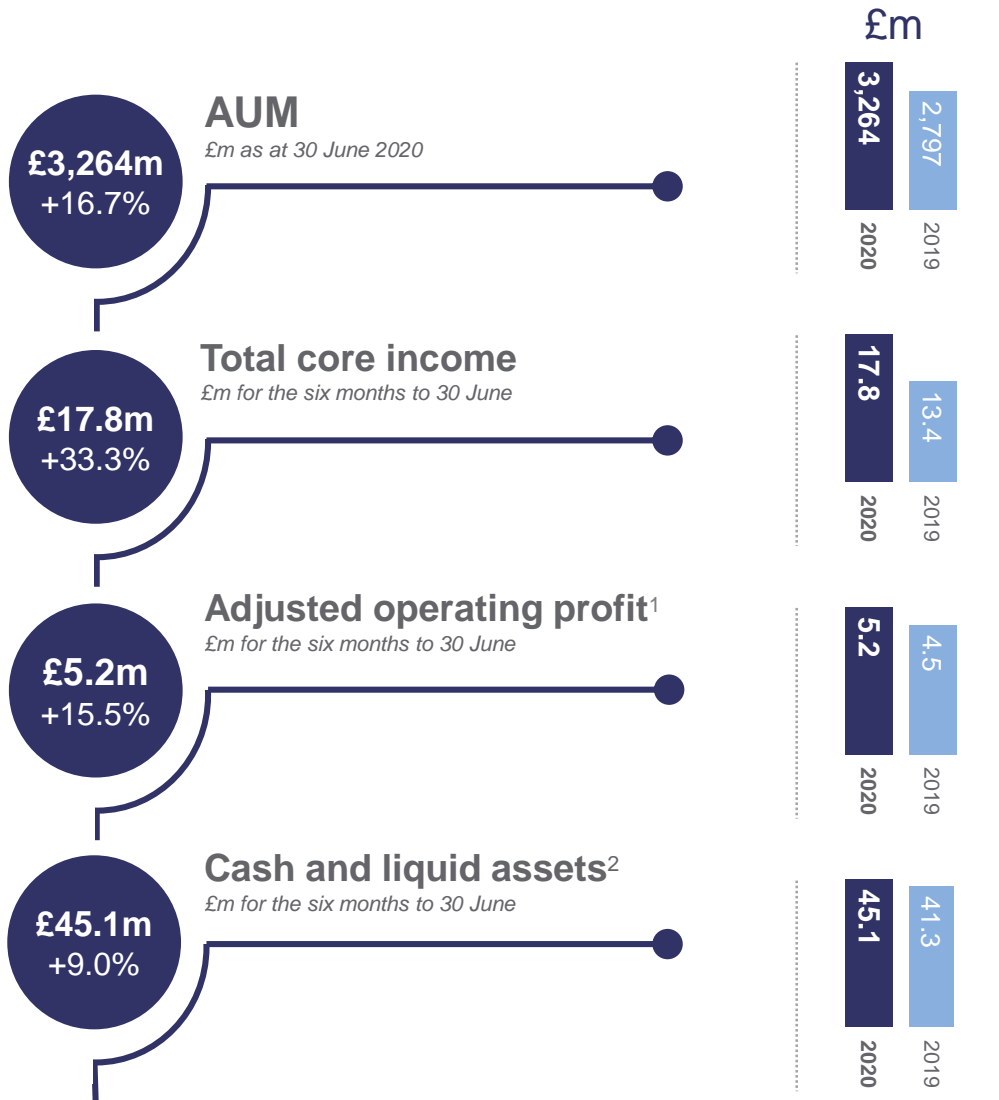
Signatory of:





FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS



- AUM growth of 17% driven by both organic and acquisition
- Resulting increase in core income from asset management
- Investing in the business to grow in key areas with senior hires in Sustainable Investment, Infrastructure and Forestry
- Adjusted operating profit up 15% on H1 2019
- Built on a strong and conservatively managed balance sheet with cash of £22m and realisable or liquid assets of £23m at 30 June 2020
- Zero debt

1. Cash and liquid assets includes cash and investments in tangible and realisable assets

2. Adjusted operating profit is defined as the net trading profit of the Group after charging interest but before depreciation, amortisation, share-based payments relating to acquisitions, profits and losses on disposal of tangible fixed assets, net performance fees, net development gains and exceptional items

2020 AUM UPDATE

as at 30 June 2020

£ millions		AUM Dec-19	Net Fund Flows ¹	Performance	Funds Acquired/Won ²	AUM Jun-20	Total Growth
Strategic Equity	Public Equity	283.7	59.0	(26.3)	147.6	464.0	63.6%
	Private Equity	424.5	20.6	(38.0)	(55.2)	351.9	(17.1)%
	Subtotal	708.2	79.6	(64.3)	92.4	815.9	15.2%
Real Assets	Forestry	1,333.3	(8.5)	72.1	-	1,396.9	4.8%
	New Energy & Sustainable Infrastructure	672.8	97.2	(17.9)	-	752.1	11.8%
	Housing	82.5	34.0	(1.2)	184.0	299.3	262.8%
	Subtotal	2,088.6	122.7	53.0	184.0	2,448.3	17.2%
Total AUM		2,796.8	202.3	(11.3)	276.4	3,264.2	16.7%

- Resilient AUM base in difficult conditions grown 17% in the period
- Strong fundraising performance in the period of £202.3m
- Performance through the COVID-19 pandemic was an overall reduction of £11.3m
- Offset by good wins of new contracts (SEC plc) and acquisitions (ReSI plc)

Past performance is not a reliable indicator of future performance. Capital at risk. Unaudited figures from 1 January 2020 to 30 June 2020.

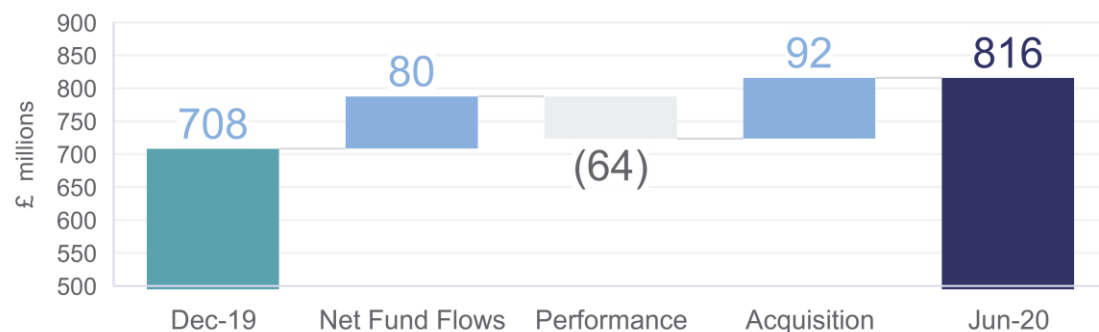
1. Including funds raised, redemptions and distributions.

2. The LMS contract was terminated in January 2020 with a NAV of £55 million and is included in Funds Acquired/Won.

2020 AUM UPDATE

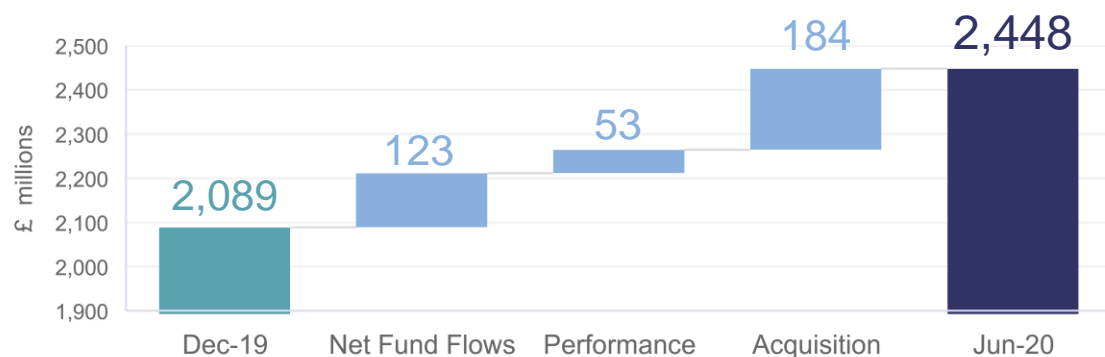
Pro forma AUM progression for the period 31 December 2019 to 30 June 2020

Strategic Equity



- AUM growth of £108m (+15%)
- Robust net fund inflows of £80m from open ended funds and Baronsmead VCTs
- AIM and unquoted portfolio reduced by £64m due to COVID-19 impact
- SEC mandate adds £148m to AUM

Real Assets



- AUM growth of £359m (+17%)
- Solid fundraising with £100m new commitments to BSIF and £31m raised for Gresham House Energy Storage Fund plc (GRID)
- Acquisition of TradeRisks added ReSI plc and £184m to the Housing business

Unaudited figures from 1 January 2020 to 30 June 2020.

INCOME STATEMENT

Resilience in a challenging market environment

- Long-term revenue streams - weighted average length of management contract of 15 years on £1.0bn of AUM
- Investment in the business to continue to drive growth
 - People
 - Acquisition - pre-synergies
- COVID-19 impacted revenues in H1, but majority of revenue streams remained resilient
- Adjusted operating margin impacted, but remains on track to achieve GH25 target 40% operating margin in the medium term
- Net operating loss after tax of £2.2m reflects:
 - Amortisation of management contracts
 - Exceptional items relating to acquisitions
 - Losses on investments and fair value movements in earn-out payments
 - Tax

Income Statement <i>for the six months to 30 June</i>	2020 £m	2019 £m
Income	17.8	13.3
Dividends from investments in associates	-	-
Administrative overheads <small>(excl. Amortisation, Depreciation and Exceptional items)</small>	(12.6)	(8.5)
Finance costs	-	(0.3)
Adjusted operating profit	5.2	4.5
Performance fees net of costs	-	1.9
Variable compensation attributable to performance fees	-	(1.7)
Adjusted operating profit, performance fees and realised gains net of costs	5.2	4.7
Amortisation, depreciation and profit on disposal of fixed assets	(4.4)	(4.3)
Share based payments related to acquisitions	(0.3)	(0.3)
Exceptional items	(1.2)	(0.8)
Gains/(losses) on investments <small>(incl. associates and other fair value movements)</small>	(0.9)	(0.1)
Tax	(0.6)	0.1
Non-controlling interest	-	-
Net operating loss after tax	(2.2)	(0.7)
Adjusted operating margin	29%	34%

BALANCE SHEET

A strong balance sheet

- Tangible / realisable assets comprise cash and investments totalling £45.1m (2019: £41.3m)
- Cash of £21.9m (2019: £19.4m)
- Zero debt
- Opportunities for balance sheet use in the next 12-24 months
 - Product development (Renewables)
 - Cornerstone new fund products
 - Acquisitions - healthy pipeline

Balance Sheet as at	Jun 2020 £m	Dec 2019 £m
Assets		
Investments ¹	23.2	21.9
Deferred receivables	-	-
Cash	21.9	19.4
Tangible / realisable assets	45.1	41.3
Intangible assets	63.8	58.5
Other assets	14.0	13.6
Total assets	122.8	113.4
Liabilities		
Borrowing	-	-
Contingent consideration	14.2	10.5
Other creditors	12.4	12.7
Total liabilities	26.6	23.2
Net assets	96.2	90.2

1. The above presentation of the Group's balance sheet highlights the Group's direct exposure to those vehicles and entities that it has invested in. We have therefore adjusted the IFRS statement of financial position for the following items which are required to be consolidated under IFRS 10 to present the Group on an investment basis: DevCo Projects - removed the "Assets of a disposal group held for sale" (£12.2m) and "Liabilities of a disposal group classified as held for sale" (£9.7m) and replaced with the investment exposure in "investments in securities" (£3.7m) and "investment in associates" (£0.1m). Gresham House Forestry Friends and Family Fund LP - reduced the value by the non-controlling interest amount (£0.5m) to show the Group's underlying exposure to this fund.

CONCLUSION

- Strong period of AUM growth in challenging conditions - adding £0.5bn to AUM
- Delivered acquisition of TradeRisks adding £184m AUM to our Housing strategy
- Final close on British Strategic Investment Fund with commitments of £300m
- Principles for Responsible Investment - top scores achieved
- Awarded Green Economy Mark by the London Stock Exchange
- Well-positioned to provide Sustainable Investment and make a positive social impact
- Fundraising across all divisions underway to deliver strategic ambitions of GH25



Since 1857

Gresham House
Specialist asset management

Q & A