

## LETTER FROM THE CHIEF EXECUTIVE

13 April 2022

Dear Shareholder,

Over the past year I have been extremely proud of how all those within Gresham House have adapted to the changing work environment. Despite the pandemic and increasing macroeconomic and geopolitical challenges, we have maintained momentum in the business. We have emerged from the COVID-19 lockdowns in robust form and are well-positioned to capture the opportunities that arise as we continue our growth trajectory from providing specialist asset management solutions to investors.

Our diversified business model puts us in a strong position to capitalise on demand for long-term assets, as well as growth in private and public markets. However, the Russian invasion of Ukraine has reintroduced volatility to global financial markets alongside the structural concerns an inflationary environment may present. The Group's exposure to this volatility is low with its public equity division representing c.10% of Group AUM. Our hearts and minds are with the people of Ukraine at this tragic time. I am proud to say that Gresham House and our employees have supported, both financially and with time commitments, a number of relief efforts.

In March, we announced our financial results for the year ending 31 December 2021. This strong set of results showed the continued success of our strategy and signified that we may be at an inflection point in our growth. The progress made towards GH25 - our five-year plan targeting a doubling of shareholder value through AUM growth - has led us to revise several of our targets upwards.

In 2021, our Assets Under Management (AUM) reached £6.5 billion, growing by 65% over the year, and we have subsequently upgraded our AUM target to over £8 billion. We have also made strong progress across all other material financial indicators, including a 51% increase in net core income to £61.6 million and growth of 67% in adjusted operating profit to £20.2 million.

Recognising the importance of income and the growth of the business, the Board is pleased to propose an increase of 67% in the annual dividend to 10.0 pence for the year ended 31 December 2021.

Since the end of the year, the Group has completed several successful fundraises from across its divisions, cumulatively raising over £300 million in Q1 of 2022. This is testament to the strength of demand for alternative assets despite a volatile start to 2022 for the investment markets. Our strategy for growth has continued, with acquisitions completed which complement our existing activities and accelerate progress in key areas. As part of our GH25 strategy, we are committed to developing the business internationally and we acquired both Appian Asset Management and Burlington Real Estate in Ireland, alongside organic plans including completing a significant international forestry mandate in Australia.

In Strategic Equity, we have significantly increased the scale and scope of the Gresham House VCT business through the acquisition of the Mobeus VCT business. Together with the Baronsmead VCTs, this brought the AUM for the Gresham House VCT platform to £887 million as at 31 December, confirming our position as the second largest VCT manager in the UK by AUM. Together the Mobeus and Baronsmead VCTs, have raised £70 million in new funds in Q1 2022. In 2021, we also delivered a very strong performance from our open-ended equity funds, which nearly doubled in size, with growth driven by our substantially enhanced distribution capabilities.

Real assets remained resilient, supported by their long-term investment characteristics. For example, forestry continues to see robust pricing, with the long-term demand for timber clearly sustained by the need for new housing. New energy remains critical to the future of our energy security and the UK's path towards 'net zero'. We

remain the UK's largest asset manager investing in utility-scale battery energy storage systems and continue to scale our investments in solar and wind.

ESG and sustainability, as themes, have been accelerated by the pandemic and the war in Ukraine. We continue with our aim to be a leader in sustainability, and we are committed to embedding sustainability throughout the business to underpin the ESG focus of our investment approach. While this area continues to evolve, we established the Sustainability Committee as a sub-committee of the Board, chaired by Gareth Davis, to provide leadership for the implementation of this commitment with objectives across Gresham House.

We are focused on investments that target both financial returns for investors in our funds, whilst delivering positive social and environmental gains including in areas such as battery storage, forestry, and affordable housing. We have set out a new Corporate Sustainability Strategy, with our ambitions built on three key pillars: Gresham House as a sustainable business and employer; a sustainable corporate citizen; and a sustainable investor. Momentum in sustainable investing will continue to increase over the long term and we are well-placed to capture this structural shift with a diverse range of products that contribute to a more sustainable way of life.

At the time of writing, there looks to be no swift resolution to the war in Ukraine. Global bond markets are seeing increasing yields, and this will create further volatility in capital markets. The long run of uninterrupted economic expansion may be challenged in the near term. However, the structural demand for capital investment into the areas and asset classes managed by our capable investment teams is clear. There will be opportunities arising from dislocations driven by market uncertainty and we will look to allocate capital to generate long-term shareholder value accordingly. The management team and Board have a well-defined process which allows us to continue to execute on the ambitions of this great company.

After two years of COVID-19 restrictions, we can now at last revert to holding our Annual General Meetings in person again. We therefore look forward to welcoming shareholders to our 2022 AGM at Eversheds Sutherland (International) LLP, 1 Wood Street, London, EC2V 7WS, on Thursday 12 May 2022, further details of which are set out in the Notice of AGM enclosed.

The AGM will be an opportunity to ask questions about GH25 and our plans for the year ahead, as well as our strategy and operations, and about the progress we have made in growing both organically and integrating acquisitions over the past year.

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,

**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.