



Gresham House
Specialist asset management

**A specialist partner for
sustainable growth**

Gresham House plc Annual Results 2022

Notice to recipients

This presentation (the Presentation) is issued on a confidential basis by Gresham House for information purposes only. This Presentation, its contents and any information provided or discussed in connection with it are strictly private and confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose, without the consent of Gresham House (provided that you may disclose this Presentation on a confidential basis to your legal, tax or investment advisers (if any) for the purposes of obtaining advice).

Your acceptance of delivery of any part of the Presentation constitutes unconditional acceptance of the terms and conditions of this notice.

This Presentation does not itself constitute an offer to subscribe for or purchase any limited partnership interests or other securities. This Presentation is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. It is provided for information purposes only. Any investment is subject to various risks, none of which are outlined herein. All such risks should be carefully considered by prospective investors before they make any investment decision.

You are not entitled to rely on this Presentation and no responsibility is accepted by Gresham House or any of its directors, officers, partners, members, agents or advisers or any other person for any action taken on the basis of the content of this Presentation. Gresham House does not undertake to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies therein which may become apparent.

No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of Gresham House or any of its respective directors, officers, partners, members, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this Presentation and no responsibility or liability is accepted by any of them for any such information or opinions.

Past performance is not indicative of future results. The value of investments may fall as well as rise and investors may not get back the amount invested. Changes in rates of foreign exchange may cause the value of investments to go up or down.

No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided.

The internal rates of return or IRRs presented on a “gross” basis do not reflect any management fees, carried interest, taxes and allocable expenses of the kind that will be borne by investors in a fund, which in the aggregate may be substantial.

Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Gresham House. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon.

In addition, this Presentation contains “forward-looking statements.” Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

Certain economic and market information contained herein has been obtained from published sources prepared by third parties and in certain cases has not been updated through the date hereof. While such sources are believed to be reliable, neither Gresham House nor any of its directors, partners, members, officers or employees assumes any responsibility for the accuracy or completeness of such information.

No person, especially those who do not have professional experience in matters relating to investments, must rely on the contents of this Presentation. If you are in any doubt as to the matters contained in this Presentation you should seek independent advice where necessary. This Presentation has not been submitted to or approved by the securities regulatory authority of any state or jurisdiction.

For the Attention of United Kingdom Investors

This Presentation is intended for distribution in the United Kingdom only to persons who: (i) have professional experience in matters relating to investments, who are investment professionals, high net worth companies, high net worth unincorporated associations or partnerships or trustees of high value trusts, and investment personnel of any of the foregoing (each within the meaning of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005).

Presentation team



Tony Dalwood

Chief Executive

- 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
- Previously CEO at SVG Advisers (formerly Schroder Ventures (London) Limited) and Director of 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

A large array of solar panels is shown from a low angle, extending towards the horizon. The panels are dark blue with a grid pattern. The sky in the background is a mix of blue, purple, and orange, suggesting a sunset or sunrise. The text is overlaid on the left side of the image.

2022 Annual Results and 2023 priorities

Tony Dalwood

Highlights

- AUM growth of **+20%** to **£7.8bn**
- **+34%** growth in adjusted operating profit to **£27.1mn**
- ROCE increased to **19.3%**, in line with target
- Adjusted diluted EPS of **55.2p**
+12%
- Final dividend proposed of **16.0p**
+60%

Past performance is not necessarily a guide to future performance.
Capital at risk.

Adjusted operating profit and Return on Capital Employed (ROCE) as defined in the Gresham House plc Annual Report 31 December 2022



Assets under management

at 31 December 2022

| | |
|------|--------|
| 2020 | £4.0bn |
| 2021 | £6.5bn |
| 2022 | £7.8bn |

£7.8bn +20%



Adjusted operating profitability

for the year to 31 December 2022

| | |
|------|---------|
| 2020 | £12.1mn |
| 2021 | £20.2mn |
| 2022 | £27.1mn |

£27.1mn +34%

Highlights

7.8bn +20%

Assets under management
(as at 31 December 2022)

+34%

Growth in adjusted operating profit to £27.1mn
(year to 31 December 2022)

19.3%

ROCE
(year to 31 December 2022)

55.2p +12%

Adjusted diluted EPS
(as at 31 December 2022)

16.0p +60%

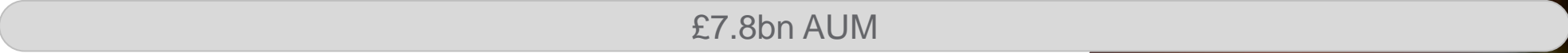
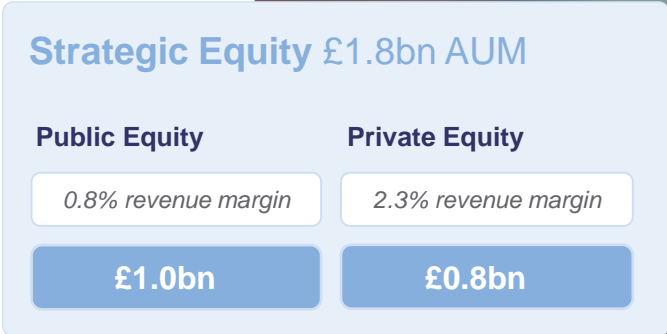
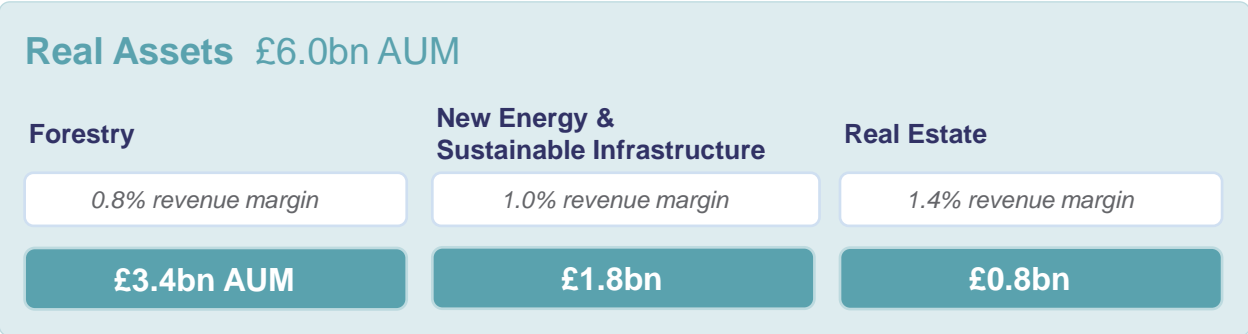
Proposed dividend
(pence)

Past performance is not necessarily a guide to future performance. Capital at risk.
Adjusted operating profit and Return on Capital Employed (ROCE) as defined in the Gresham House plc Annual Report 31 December 2022

Specialists in alternatives

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

- Specialists in five areas of alternative investment
- Growing organically and through acquisition, developing our investment pipeline
- Committed to operating responsibly and sustainably, building long-term value



All data as at 31 December 2022



Well-positioned for growth

- **Long-term revenue stream visibility** from long-term asset classes in long-term vehicles - stable base to grow the business
- Robust balance sheet with **cash of £32mn** and **undrawn RCF of £20mn**
- Use balance sheet to grow AUM through:
 - Warehousing projects/investments to launch funds
 - GP commitments to LP funds: alignment
 - Development projects: battery storage
- Delivering **ROCE in line** with 20% medium-term targets

**Past performance is not necessarily a guide to future performance.
Capital at risk. Pipeline not guaranteed.**

Return on Capital Employed (ROCE) as defined in the Gresham House plc Annual Report 31 December 2022

UK needs **20GW**
battery energy
storage by 2030¹

**Gresham House
capacity**
0.6GW operational
1.4GW pipeline

£1tn+ Sustainable
Infrastructure
investment needed²

**Gresham House
capacity**
£0.5bn committed
£2.0bn pipeline

1. National Grid Future Energy Scenarios paper, July 2022
2. Estimated investible universe across our six target subsectors (Gresham House, March 2023)



2022 Annual Results

Kevin Acton

Highlights

- **+20%** AUM growth to **£7.8bn**
 - Organic growth of £1.1bn **+17%**
- Net core income growth of **+25%** to £77.3mn
- **+34%** adjusted operating profit growth to £27.1mn
- ROCE increased to 19.3% - in line with target
- Adjusted diluted EPS of 55.2p **+12%**
- Final dividend proposed of 16p **+60%**

Past performance is not necessarily a guide to future performance. Capital at risk.

Adjusted operating profit and Return on Capital Employed (ROCE) as defined in the Gresham House plc Annual Report 31 December 2022



Assets under management

at 31 December 2022

| | |
|------|--------|
| 2020 | £4.0bn |
| 2021 | £6.5bn |
| 2022 | £7.8bn |

£7.8bn +20%



Adjusted operating profitability

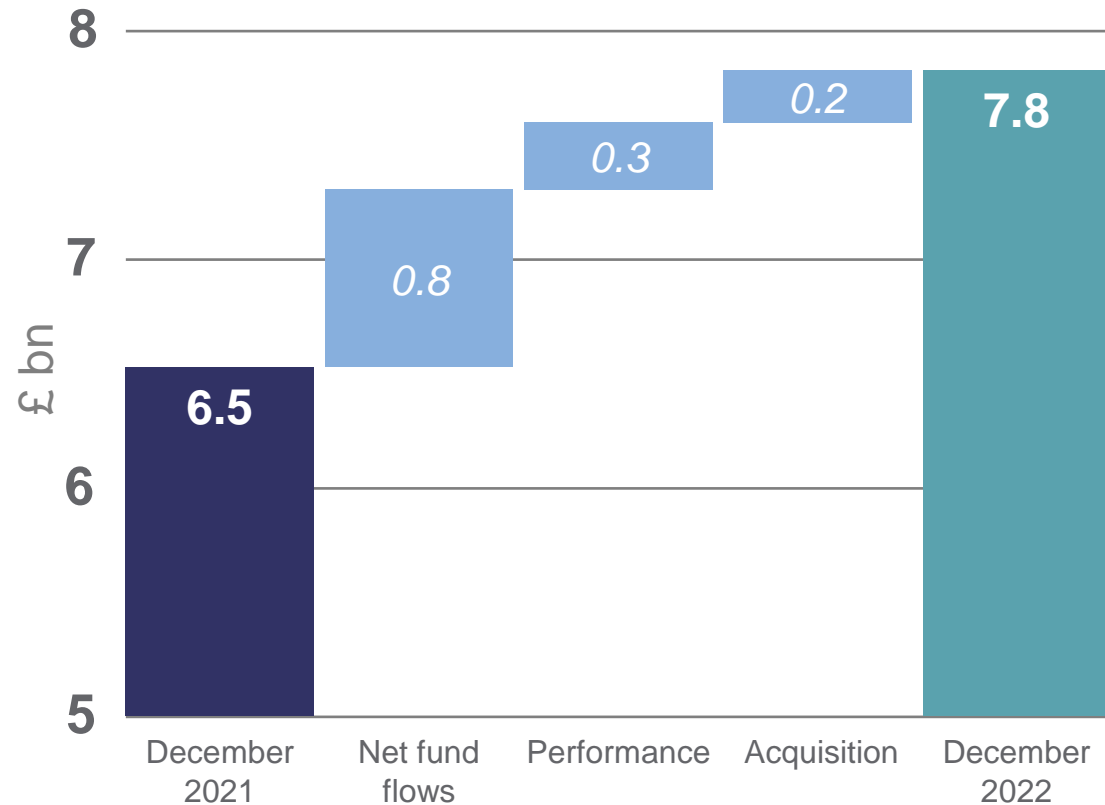
for the year to 31 December 2022

| | |
|------|---------|
| 2020 | £12.1mn |
| 2021 | £20.2mn |
| 2022 | £27.1mn |

£27.1mn +34%

2022 AUM progression

Growth in the year: **+£1.3bn (+20%)**



Figures from 31 December 2021 to 31 December 2022

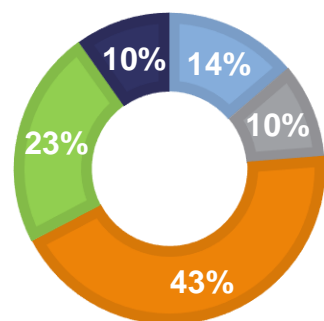
Past performance is not necessarily a guide to future performance. Capital at risk.

Continued AUM progression

- **Fundraising of +£0.8bn** across all divisions and distribution channels
 - Strategic Equity division **+£0.2bn**
 - Real Assets division **+£0.6bn**
- **Net performance growth of +£0.3bn**
 - Equity market-driven downward movements **-£0.2bn**, offset by
 - Real asset performance of **+£0.5bn**
- Acquisition of Burlington RE Property Management Limited in March 2022 added **£0.2bn** to AUM and expanded international footprint

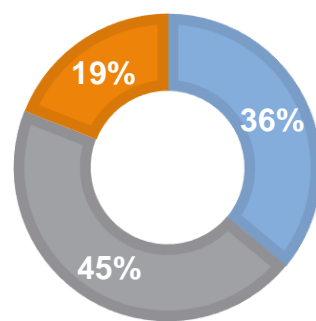
Quality and diversification of AUM

AUM by strategy



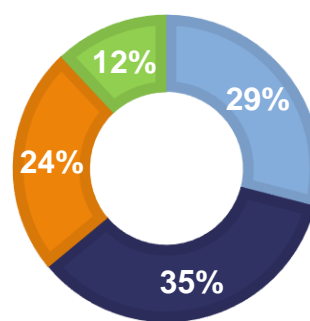
- Public Equity
- Private Equity
- Forestry
- New Energy & Sustainable Infrastructure
- Real Estate/UK Housing

AUM by client



- Wholesale/retail
- Institutional/LGPS/Charity
- HNW/Family Office

AUM by fund



- Listed
- Limited Partnership
- Segregated mandate
- Open-ended

- Operate in specialist markets with average gross revenue margin of c.1%
- Asset classes less correlated to equity market movements
- Long-term lock up funds
 - 14-year weighted average LP fund life
- c.90% AUM in closed-ended/listed vehicles

Income statement

Resilient growth in a challenging environment

- Net core income +25% to £77.3mn
- Long-term revenue streams - weighted average length of management contract of 14 years on £2.5bn of AUM
- Adjusted operating profit up 34% to £27.1mn
- Adjusted operating margin improved to 35%
- Comprehensive net income of £11.4mn -6%
- Adjusted diluted EPS +12% to 55.2p
- Proposed dividend +60% to 16p, 3.5x cover

Past performance is not necessarily an indicator of future performance. Capital at risk.

Net core income

£77.3mn +25%

Adjusted operating margin

35%

Proposed dividend

16.0p +60%

Balance sheet

A strong balance sheet: deployed for growth

- Cash and investments totalling £70.1mn
- Cash of **£32.2mn**
- Undrawn committed RCF of £20.0mn
- Investments in projects and funds to grow the business:
 - Battery storage development projects £19mn
 - GP commitments to LP funds £6mn
 - Warehoused investment to seed funds £2mn
- **ROCE of 19%** - in line with GH25 target of 20% over the medium term

Past performance is not necessarily an indicator of future performance. Capital at risk.



GH25 progress

Our five-year strategic plan



GH25 progress

Financial targets

- **Double** shareholder value
- AUM **£8bn+**
- EBITDA margins **40%+**
- ROCE **15%** increased to **20%¹** over the medium term
- Dividend policy of **3x cover²**

1. Return on Capital Employed (ROCE) as defined in the Gresham House plc Annual Report 31 December 2022

Target is over the medium term by the end of GH25.

2. Target adjusted operating profit cover by the end of GH25.

Targets only and not guaranteed.

Progress

AUM

2020 £4.0bn

2021 £6.5bn

2022 **£7.8bn**

Operating margin

2020 29.6%

2021 32.7%

2022 **35.0%**

ROCE

2020 16.0%

2021 34.1%

2022 **19.3%**

Dividend cover

2020 7.3x

2021 4.9x

2022 **3.5x**

GH25 progress

Strategic targets

- **Leaders** in ESG and sustainable investing
- **Majority** of investment products outperforming
- **Significant** market share in specialist products
- **International** presence established
- Client **diversification** and depth
- Gresham House **brand** and goodwill recognition

Detail correct as at 29 March 2023 and is subject to change.

Progress

- TCFD reporting, Stewardship Code, Best Sustainable Assets Fund at Sustainable Investment Awards 2022
- Continued outperformance
- Largest battery storage fund in Europe and UK forestry asset manager, second largest VCT manager
- Ireland, Australia and New Zealand
- Now partnering with 16 LGPS

Creating shareholder value

Continuing to develop through organic and acquisition 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



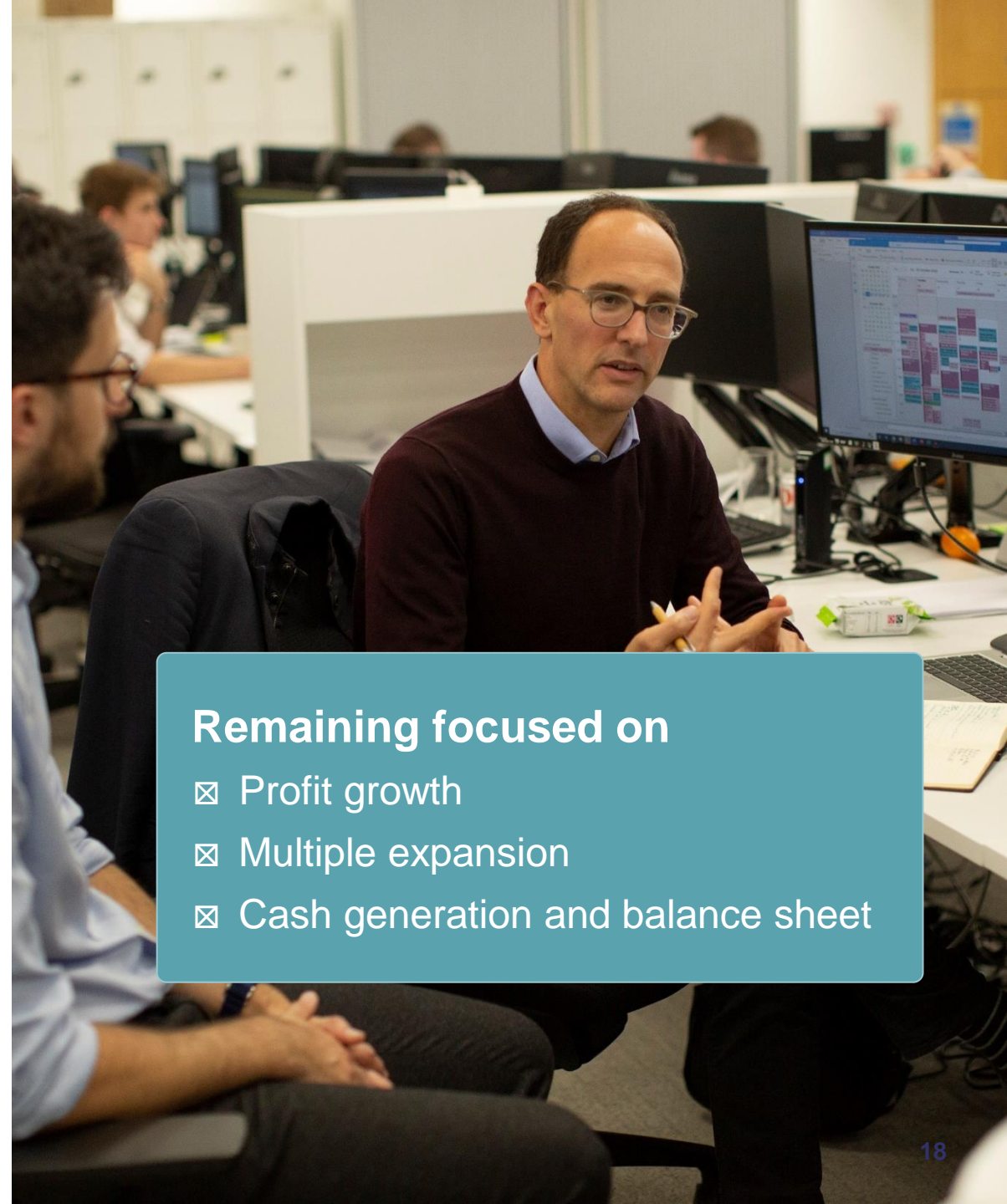
Long-term alignment



Sustainable investment outperformance



Attracting and retaining top talent



Remaining focused on

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

Spotting growth opportunities

Track record of seeing the growth opportunities in niche alternative assets

2022 saw us continuing to invest in:



Battery energy storage



International forestry



Natural capital solutions

We've also identified products to suit client needs...

Regional co-investment funds - Levelling up

Private equity growth capital - investing alongside VCTs



Investment case and 2023 priorities

Why invest?

Quality of earnings and long-term revenue visibility

LP funds average contract life: **14 years**

c.90% of AUM in closed-ended / listed vehicles

High gross revenue margins: **1%**

Delivering our strategic goals

Organic growth **17%** in **2022**

Sustainability **leadership in ESG**

International expansion
Ireland, Australia, New Zealand

Past performance is not necessarily an indicator of future performance. Capital at risk.



Why invest?

Proven acquisition and investment track record

Acquisition performance typically **20%+ ROCE**

Balance sheet capital accelerates AUM growth

Long-term alignment

Senior management and employees own c.10%

LTIP aligned with GH25 delivery and shareholder value creation

Past performance is not necessarily an indicator of future performance. Capital at risk.

The growth opportunity

Gresham House's asset classes demonstrate considerable potential for market growth

| | Current position | Pipeline | Market opportunity |
|---|---|---|---|
| New Energy Battery energy storage | 0.6GW capacity | 1.4GW pipeline in GRID | 20GW by 2030 ¹ |
| Sustainable Infrastructure | £0.5bn capital committed | £2.0bn pipeline | £1tn across six subsectors ² |
| Real Estate Housing | £0.5bn committed 6,000 homes | £2.2bn pipeline 14,000 homes | £26bn per annum UK market ³ |
| Forestry | £0.3bn acquired in 2022 | £0.8bn pipeline | £10bn international acquisition market ⁴ |
| Strategic Equity | £1.1bn AUM Public £0.8bn AUM Private (VCT) | <ul style="list-style-type: none"> ▪ Continued demand for VCTs ▪ Establish (non VCT) Private Equity LP fund | £3.0bn Public Equity strategy UK capacity £2.0bn VCT capacity ⁵ |

1. National Grid Future Energy Scenarios paper July 2022

2. Estimated investible universe across the six target subsectors of Resource Efficiency, Digital inclusion, Regeneration, Waste Solutions, Decarbonisation and Health & Education

3. £6bn of shared ownership housing Savills research. £20bn of build to rent properties per [UK Build to Rent \(BTR\) Report \(jll.co.uk\)](#)

4. Gresham House estimated international forestry acquisition market

5. Gresham House estimated market capacity for small cap funds in the UK of £3.0bn and the UK VCT market capacity of £2.0bn

Fundraising pipeline

Positive momentum in Q1 2023 £200mn+ raised

 New Energy

- GRID in the UK and Internationally
- SIREs

 Forestry

- Forestry LPs and segregated mandates in the UK and internationally

 Sustainable Infrastructure

- BSIF strategy

 Real Estate & Housing

- Build-to-Rent and Shared Ownership

 Public & Private Equity

- Public Equity funds (incl. UK Micro Cap, Multi Cap Income and Smaller Companies)
- VCT fundraising for Baronsmead



Conclusion

- Strong period of AUM growth in 2022 - AUM increased by 20% to £7.8bn
- Strong adjusted operating profit growth of 34% to £27.1mn
- Increase shareholder value - adjusted diluted EPS +12%, 55.2p
- Proposed dividend +60% to 16p, 3.5x covered
- International expansion through Burlington acquisition and New Zealand carbon credits forestry
- Cash of £32.2mn and RCF of £20.0mn leaves the Group well-positioned for organic and acquisition opportunities in 2023
- Identified platforms to scale in 2023 in areas of structural growth
- Good momentum coming into 2023 with £200mn+ of AUM raised to date

Q&A



Get in touch

Media relations

Houston PR

gh@houston.co.uk

+44 (0)20 4529 0549

Broker support

Canaccord Genuity Limited - Nominated Adviser and Joint Broker

Bobbie Hilliam / Harry Pardoe

+44 (0)20 7523 8000

Jefferies International Limited - Financial Adviser and Joint Broker

Paul Nicholls / James Umbers

+44 (0)20 7029 8000

Income statement

Resilient growth in a challenging environment

- Net core income **+25% to £77.3mn**
- **Long-term revenue streams** - weighted average length of management contract of 14 years on £2.5bn of AUM
- Adjusted operating profit up **34% to £27.1mn**
- Adjusted operating margin **improved to 35%**
- Comprehensive net income of **£11.4mn -6%**
- Adjusted diluted EPS **+12% to 55.2p**
- Proposed dividend **+60% to 16p, 3.5x cover**

Past performance is not necessarily an indicator of future performance. Capital at risk.

Income Statement

for the 12 months to 31 December

| | 2022 £mn | 2021 £mn |
|--|-------------|-------------|
| Net core income | 77.3 | 61.6 |
| Administrative overheads (excl. Amortisation, Depreciation and Exceptional items) | (49.6) | (41.1) |
| Finance costs | (0.6) | (0.3) |
| Adjusted operating profit | 27.1 | 20.2 |
| Performance fees net of costs | - | 1.7 |
| Realised gains of development projects net of costs | 0.6 | 1.8 |
| Adjusted operating profit, performance fees and realised gains net of costs | 27.7 | 23.7 |
| Amortisation, depreciation and profit on disposal of fixed assets | (12.4) | (9.5) |
| Acquisition and restructuring related costs | (3.3) | (3.2) |
| Share based payments and remuneration related to acquisitions | (1.9) | (1.1) |
| Gains/(losses) on investments (incl. associates and other fair value movements) | 4.3 | 6.2 |
| Tax | (2.9) | (4.1) |
| Net operating profit after tax | 11.5 | 12.1 |
| Loss from discontinued operations | (0.1) | (0.0) |
| Net comprehensive income | 11.4 | 12.1 |
| Adjusted operating margin | 35% | 33% |

Balance sheet

A strong balance sheet: deployed for growth

- Cash and investments totalling £70.2mn
- **Cash of £32.2mn**
- Undrawn RCF of £20.0mn
- Investments in projects and funds to grow the business:
 - Battery storage development projects £20mn
 - GP commitments to LP funds £6mn
 - Warehoused investment to seed funds £2mn
- **ROCE of 19%** - in line with GH25 target

| Balance Sheet as at | Dec 2022 £mn | Dec 2021 £mn |
|-------------------------------------|-----------------|-----------------|
| Assets | | |
| Investments ¹ | 38.0 | 38.0 |
| Cash | 32.2 | 40.3 |
| Tangible / realisable assets | 70.2 | 78.3 |
| Intangible assets | 87.3 | 95.0 |
| Other assets | 47.3 | 36.2 |
| Total assets | 204.7 | 209.5 |
| Liabilities | | |
| Borrowing | - | - |
| Contingent consideration | 13.9 | 22.7 |
| Other creditors | 40.8 | 40.4 |
| Total liabilities | 54.7 | 63.1 |
| Net assets | 150.0 | 146.4 |

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 - included the "Assets of a disposal group held for sale" (£22.9m) and "Liabilities of a disposal group classified as held for sale" (£7.3m); Gresham House Forestry Friends and Family Fund LP - reduced the value by the non-controlling interest amount (£1.1mn) to show the Group's underlying exposure to this fund. **Past performance is not necessarily an indicator of future performance. Capital at risk.**