Gresham House Renewable Energy VCT1 and VCT2

AGM Questions

Question from Shareholders for AGM
Proposed Sale of Underlying Assets

Shareholder 1:

1. Is the Board still in discussion with third parties with a view to selling the underlying assets?

   Yes, as noted in the Annual Report, the Board is confident that significant progress can be made over the coming months. An RNS released on the morning of the AGM informed shareholders of a significant development through the sale of 1,600 commercial and residential solar installations representing 20% by value of the VCTs' combined portfolios.

2. If the answer to the above is Yes then:

   1. Has the Board set a timescale for the conclusion of these discussions and, if so, what is it?

      Whilst no timescale has been set, the Board has made every endeavour to progress and conclude discussions as quickly as possible however the Board is mindful to protect shareholders' interests at all times and ensure a satisfactory return for shareholders. The energy sector has been volatile over the last 18 months, and this has extended the sales process.

   2. Can the Board undertake to provide regular updates at reasonable intervals. The past communications have been irregular and infrequent.

      Outside of the regular financial reporting timetable, the Board updates shareholders as an when any developments occur. As is the nature with these transactions, events occur at irregular times. The Board are also mindful that any statements made are public and therefore needs to ensure they do not undermine commercial discussions taking place.

3. If the answer to the above is No then what is the intended future strategy of the Board and, in particular, will the Board return to the previous levels of dividend distribution?

   Given that the remaining assets are benefitting from higher energy prices the Boards expect that the companies will be able to pay an attractive level of dividend at year end however, this will to a large extent be determined by when the remaining assets are sold.

Gresham House
Specialist asset management

Investments in non-renewable energy

These investments have clearly performed very poorly losing collectively circa £1.5mn.

The risk profile of these investments is very different to the renewable assets such that the risk of failure is much higher, but the potential for reward was commensurately higher.

1. Who performed the due diligence on these companies prior to investing?

   Wilson Partners

2. What representations were made by the management teams of the companies in terms of forecasts/budgets?

   A full review of the company's financial position was undertaken, however as is the nature with growth capital investing, some investments are not successful.

3. Does the Board have any expectation that the investments will recover - what is the post September 2022 trading position for these companies?

   Unfortunately, trading has continued to deteriorate in both companies and a full write down is expected. Furthermore, bio-bean entered administration on 14.03.2023.

Shareholder 2:

1. Given the new 45% tax and assumption it is paid by a potential buyer. 1) is there a possibility of selling to someone who is going to remain below the threshold, or some sort of special purpose vehicle for someone looking for the cash flows?

Yes. The recent sale as outlined in the RNS was to a purchaser not subject to the Electricity Generator Levy. All avenues for a purchaser will continue to be explored by the Board.

2. Given such a material change in the cash value and potential disposal value would it not make sense to review whether or not we should sell the business. Has there not been a material change - the cashflows are more valuable while the tax makes a sale less attractive. Could you remind me of how the cash flows / dividends look in the coming years as a standalone company and the NPV of the cash flows as a standalone company.

Following the continuation vote in July 2021, the Boards have been tasked by shareholders to realise the companies' assets in as timely a manner as possible, as well as generating as much value for shareholders as possible. The increase in power prices as well as increases in interest rates have increased the return on the portfolio which shareholders will benefit from during the wind-down process. It remains the view of the Board that a realisation of the Companies' assets is the most beneficial option to shareholders.