**Symphony International Holdings Limited ("Symphony" or the "Company")**

8 October 2021

**Letter to shareholders**

Dear Shareholders,

We are writing to you following our last letter to shareholders dated 13 August 2021. Since then, we understand that AVI has publicised another letter that makes more inaccurate and misleading comments regarding the Company. As Mr. Thadani stated in our 13 August letter, thus far, the Investment Manager has been focussed on developing the Company's portfolio of investments. The Investment Management team has also been actively exploring other ways to address the share price discount to NAV. Our priorities have not changed.

Nevertheless, in the past months, members of the Investment Management team have engaged directly with many of you on AVI's activist campaign.

This misguided campaign has distracted the Investment Manager's time and proved to be a drain on resources. To prevent continued harmful distortion of the Company's narrative in the public domain and further destruction of shareholder value, we would like, once and for all, to set the record straight on each of AVI's deliberately misleading and inaccurate assertions. We hope that such a detailed response will provide all shareholders with a true and accurate picture of the Company.

**Response to the assertions in AVI's 9 September 2021 letter**

AVI's latest letter centres on two main assertions – a misguided criticism of the board's independence, and the false accusation that the Investment Manager's fees and share options have put shareholders at a disadvantage.

Board Independence

Like most private equity funds, SIHL was set up with a robust Investment Management Agreement that delegates investment decisions and actions to the Investment Manager. These terms were clearly summarised in SIHL's IPO and follow-on offering prospectuses. From the outset, all shareholders, including AVI, were therefore made aware of this feature of the Company's governance structure, especially as to how it relates to the Company's listing status. The Board of Directors of the Company comprise a majority of independent directors, each of whom are very experienced professionals in their respective fields of business. They have added considerable value to Symphony in connecting the Company to opportunities, expertise, and capital, which was a critical consideration when nominating them.

AVI has repeatedly insinuated that the mere fact that the Company's Independent Directors have certain perceived connections with other executives in Symphony, or that they have served on the boards of other companies together or have simply been in office for a prolonged period somehow causes them to lose independence. That is misconceived. Put simply, the Company's Independent Directors are not involved in the day-to-day management of the Company or the Investment Manager and none of them have any financial interest in the Company or the Investment Manager save for publicly disclosed shareholdings in the Company. AVI's complaints in this regard also underscores its limited understanding of the private equity market in Asia, where long-term relationships, trust, and continuity are critical to conducting a long-term program of risk-mitigated investment.

Each of the Independent Directors has reviewed this letter. They each consider that they have conducted themselves to the highest standards of probity, professionalism, and integrity. To suggest any malign influence or intent on their part is both deeply offensive and wrong.

Fees

The Company is an investment vehicle that focuses on long-term private-equity type investments that benefit from rapidly expanding consumer-driven markets in Asia. What sets the Company apart from traditional private equity funds is that it is not bound by the restrictive time horizons that may lead to forced or premature exits. The other distinguishing characteristic is that the Investment Manager does not charge carried interest on investment gains, but instead received share options, which allowed participation in the shareholding of the Company at the same price paid by Symphony shareholders at the time the options were granted. These characteristics of Symphony's value proposition appear to have been entirely, perhaps deliberately, ignored by AVI.

The Company rejects the basis for the complaints regarding fees paid to the Investment Manager. Firstly, the 2.25% management fee is now the sum total of what is paid to the Investment Manager and was consistent with market practice as advised by the Company's professional advisors at the time of the IPO. The management fee charged is transparent, straightforward, and clearly documented. Furthermore, tying the fee to a percentage of Net Asset Value (NAV) creates a direct incentive for the Investment Manager to grow the Company's NAV over the long term.

Secondly, comparing SIHL's fee structure to all closed-end funds on the London Stock Exchange ("LSE") is not a like-for-like comparison given the numerous investment strategies and operating models represented in this broad collection of funds. Every fund is structured and operated in a way that is intended to best suit that fund's strategy. Whilst SIHL has a very specific structure and is not necessarily directly comparable, a possible better point of reference is a narrower group of 17 investment companies listed on the LSE that are categorised by the Association of Investment Companies ("AIC")[1] as operating in the Private Equity sector (including the Company). Due to the complexity of fee and expense arrangements, comparing the ongoing total charges (including management fees and operating expenses but excluding performance fees that are publicly available on the AIC website) is far more appropriate. In this respect, Symphony's ongoing charge is certainly not the highest in its category. It is worth noting again here that the Investment Manager does not charge any carried interest or performance fees, further underscoring the cost-effective nature of investing in SIHL.

AVI's assertions regarding the fee floor and quantum of fees paid over the past 14 years are inherently misleading because they ignore the very significant expenses associated with operating the Investment Manager. Aside from executive salaries, there are also office rent, compliance, regulatory and research costs amongst other operating expenses. Although the fee structure has been fully disclosed, AVI implies disingenuously that all the management fees have benefited the Investment Management team directly, without any regard to operating expenses.

Shareholder options

We explained in our Letter to Shareholders on 13 August 2021 that when establishing Symphony as a permanent capital vehicle, we eliminated the traditional carried interest which typically amounts to a fixed percentage (usually 20%) of the realised profits of the company being paid to the Investment Manager. Instead, the Investment Manager was granted stock options. Given the Company's longer-term investment horizon, the option incentive structure provided for the Investment Manager to increase its participation rather than simply receive a payment upon the realisation of investment gains. The share options granted represented 20% of the issued share capital of the Company, as the intention was for the Investment Manager to achieve an approximate 20% shareholding in the Company upon exercising the options at the same price paid by Symphony shareholders at the time the options were

[1] The Association of Investment Companies (AIC) was founded in 1932 to represent the interests of the investment trust industry – the oldest form of collective investment. Today, the AIC represents a broad range of investment companies, incorporating investment trusts, Venture Capital Trusts, and other closed-end funds.

granted. As we have reported in the past, approximately two thirds of the options expired unexercised and one third were exercised (equal to approximately 8% of the current shares outstanding). These options cannot be reissued and there are no further options outstanding.

Undertaking a dividend program, which AVI supported and advocated for, was not an objective originally considered by the Company. The intention had always been to reinvest gains made by the Company into new opportunities to grow NAV. Any dividend payment would not be consistent with this strategic intention. Moreover, such dividends would also reduce the intrinsic value of the option incentive structure, since it would typically reduce the Company's NAV and potentially its share price. Accordingly, to mitigate the abovementioned issues, the options were structured such that the Investment Manager would be entitled to receive dividends on options. This feature of the share options has been fully disclosed in the Company's prospectus and annual reports and had been clearly known to and discussed with AVI. That AVI now misguidedly points to the treatment of options as evidence for a lack of alignment between Company and Investment Manager is disingenuous at best.

On the contrary, the Investment Manager's interests are very closely aligned to the Company. This is clearly demonstrated by the fact that the Investment Management team has invested amounts in Symphony that far exceed option-related distributions. To date, more than US$80 million has been invested by the Investment Management team variously to subscribe to shares at the time of the IPO, exercise options, take up and oversubscribe to rights during the issue in 2012 and purchase shares on the market. For AVI to state that the Investment Manager's interests are not aligned with shareholders or that it does not bear any risk is demonstrably false.

The Investment Management team's interests are strongly aligned with those of shareholders due to its 29% shareholding in the Company, as well as the management fee structure which rewards the Investment Manager when the Company's NAV grows. Moreover, the current fee structure also presents considerable value to shareholders due to the absence of carried interest at a time when there are no further options outstanding. The fact that the Investment Manager only receives a management fee to run its operations and no incentive fee / carried interest provides an attractive way for investors to gain exposure to private investments in Asia.

AVI has previously raised other, misleading assertions about the Company. Responses to these and relevant details are provided in the Appendix to this letter.

**Taking account of clear inconsistencies in AVI's position**

It is worth noting that several of the claims and accusations AVI has made against the Company are in fact the consequence of action that AVI urged it to take. It is hard to reconcile how the same shareholder now accusing the Company of trying to artificially narrow the share price discount to NAV through buybacks and dividend pay outs in a bid to prevent a so-called wind-up vote, had in fact urged the Company, during the same period, to pursue those courses of action in order to return value to shareholders.

Above all else, the Investment Manager remains determined to focus on its primary goal of investing in quality assets in Asia and realising the value of Symphony's portfolio. As explained in our most recent letter, the Investment Manager is focusing with great energy on pursuing opportunities to grow and realise inherent value in the high-quality assets in our portfolio. The Company also continues to explore and implement steps to return capital to shareholders by way of dividends and share buybacks, as long as these do not prejudice its ability to make investments. The Investment Manager also continues to work on further easing of the management fee burden.

We are grateful for the continued support and backing of our shareholders and their confidence in the value investment program that the Company is pursuing. We look forward to updating you, as in the past, on the progress of a number of very compelling developments in our portfolio.

We remain fully available to answer any further questions or address any concerns that shareholders have.

Yours faithfully,

Anil Thadani
Director

Georges Gagnebin
Chairman

**Addendum**

**Response to other assertions made by AVI**

AVI has made several other specious allegations and presented a number of mistruths related to the following in its original letter from April 2021. We provide a response to these in the following table.

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| 1. NAV and share price performance | It is true that despite our best efforts, the share price discount to NAV has persisted. The Company's share price is market driven and subject to variables not directly controllable by the Company.<br><br>A simple review of the timing of AVI's filings would show that they had more than one opportunity to exit their investment at a profit based on the dividends they have received and the original price they paid for their shares. The reason for these missed opportunities is known only to them.<br><br>While acknowledging that the Company's actions have not reduced the NAV discount to the extent that was hoped, the Company has also, in consultation with AVI among others, embarked on several programs designed to return value to shareholders. While the Company's dividend and share buyback programs had no sustained impact on share price, they had an undeniable impact of reducing NAV and hence the fee payable to the Investment Manager. Notwithstanding this fact, the Investment Manager took further action by reducing the floor of the Management Fee (from US $8 million to US $6 million per annum) to avoid an increase in fee burden, and it continues to seek ways to further reduce the fees paid by SIHL. |
| 2. Performance reporting and non-disclosure | The Company has always been consistent and transparent in how it reports NAV and relative performance. NAV has consistently been the key measure of investment performance since the Company's inception. This has been identified in both the IPO prospectus in 2007 as well as the rights issue prospectus in 2012.<br><br>NAV and relative performance have been reported consistently in quarterly investor updates and annual performance update communications. No concerns have been raised in the past even with respect to relative performance reported with underlying data in the Company's rights issue prospectus, which had been subject to verification procedures by reputable professional advisors. AVI's recent |

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| | claim of misrepresentation is surprising given that for eight years prior to raising this issue, they have not raised any concerns with the Company's reporting methodology. AVI's claim relates to relative performance measures differing from conventions that AVI expects the Company to adopt. The Company has not misrepresented the way it reports relative performance. Such a claim aims to discredit the Company for AVI's own self-interested reasons. |
| 3. Discount to NAV | The reality is that the share price has fluctuated over the years as has the discount to NAV. For AVI, there have been opportunities to realise value by exiting shares at a price higher than was paid by them and more so after taking into account the attractive dividends paid by the Company since 2014. A significant number of the Company's shareholders continue to support the investment thesis of the Company to grow NAV.<br><br>The accusation that the Company has been unwilling to engage with shareholders on efforts to increase share price is simply untrue. The Company has constructively engaged with AVI (among other shareholders) for example and adopted some of its suggestions regarding steps to reduce the share price discount to NAV. Ultimately, the steps that AVI proposed were unsuccessful, unsustainable or had only marginal impact on share price or discount to NAV (for example, the share buyback program in 2017 that cost over $37 million only temporarily narrowed the discount before increasing again. Upon completion, it amounted to a reduction of the discount of just 0.6%). |
| 4. 2017 wind-up vote | AVI's characterisation of a potential 'wind-up' vote in 2017 as an automatic exit point for shareholders is not only an oversimplification of events, but also hugely misleading. The 2012 rights issue prospectus did provide a contingency for a scenario in which the shareholders could decide to vote in favour of having up to 80% of the assets to be put into an orderly sale process in 2017 if several preconditions were met (the "**Disposal Contingency**"). These pre-conditions are clearly set out in the 2012 Rights Issue prospectus. Simply put, none of these conditions were ever met and therefore the matter never needed to be put to a shareholder vote. In addition, it is inaccurate for AVI to describe the Disposal Contingency as a wind-up vote, given its more limited parameters as described above.<br><br>AVI accuses the Company of taking measures to narrow the share price discount to NAV, in order to avoid the Disposal Contingency. In fact, at that time (2017) and ever since, AVI has advocated for precisely the same measures that it accused the Company of taking, including a sustained share buyback program and dividend distributions in cash or in specie. It is disingenuous of AVI to attack the Company for taking a course of action that it actively encouraged at the time. Indeed, it is curious, if not telling, that AVI has never raised this issue since 2017 and only chose to complain about it when attempting to shore up their spurious activist campaign.<br><br>Regarding AVI's comments concerning the Company's June 2017 write-down of the Christian Liaigre investment, we have previously explained the facts to AVI:<br><br>a) The Company closed its investment in Christian Liaigre in June 2016. The business was subsequently written down at 30 June 2017, which contributed to the reduction in valuation of the Lifestyle/Education sector. |

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| | b) The Company's investment policies and procedures provide that its investments are valued at cost for a period of 12 months following the date of investment, except where market quotations are readily available or if there is a potential diminution in the value of an investment.<br>c) The Investment Manager consulted with the Company's auditors during all periods leading up to the eventual write-down of the investment.<br><br>The write-down was done properly in keeping with the Company's investment policies and procedures and consistent with the deterioration of Christian Liaigre's business at the time. A number of factors contributed to the write-down, notably macro-economic conditions resulting in less showroom footfall. The valuation was scrutinised by the Company's auditors.<br><br>d) In regard to the write-up of the Lifestyle/Education sector as at 31 December 2018, it was only partially attributable to a write-up of the Christian Liaigre business. In any event, the Company considers that such a write-up was properly made in line with sound valuation principles, and in any event following an investment by a third party in the Christian Liaigre business (as described in the Company's 2018 annual report). This valuation change was also scrutinised by the Company's auditors. |
| 5. Sale of Minor International | AVI has tried to present the sale of MINT shares at a discount in 2020 as a risk control and governance issue. It is not. It was an unfortunate deviation from the way Symphony usually handled its investment in MINT aggravated by the disastrous consequences of a global pandemic that all but decimated the global travel industry.<br><br>At the time of the company's investment in Vietnam's ITL Logistics business, MINT shares were performing well and interest rates were low. It made commercial sense at the time to borrow against the MINT shares for the purpose of funding the ITL Logistics investment, rather than to raise the funds required through selling MINT shares.<br><br>Nobody could have predicted the impact of the COVID-19 pandemic on markets in general and in particular on the hospitality industry. The resulting drop in the MINT share price triggered a requirement from the financing bank to repay the loan, leading to an obligation to sell shares at ever decreasing prices.<br><br>Although the sale of MINT shares at a discount was unfortunate, the investment funded by that loan has performed very well despite the impact of COVID-19. The ITL Logistics investment cost was US$42.1 million. It is valued at 30 September 2021 at US$88.4 million, which equates to over 2X cost. |