Since 1857
Gresham House
Specialist asset management

Specialists in alternatives

Gresham House plc
Interim Report and Accounts
as at 30 June 2019

The specialist alternative asset manager

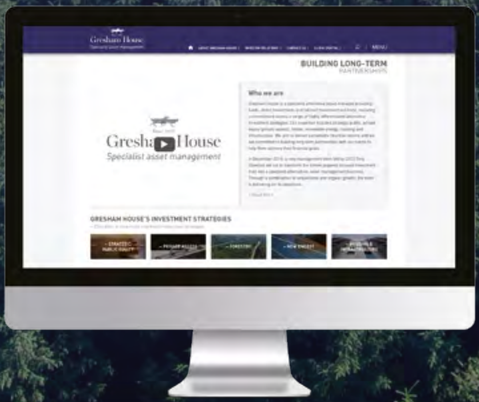
Gresham House plc is a London Stock Exchange quoted specialist alternative asset management group (GHE.LN) that provides funds, direct investments and tailored investment solutions including co-investment. It focuses on five areas of long-term alternative investment within its two divisions of Strategic Equity and Real Assets.

The Group aims to generate superior returns across a range of alternative investment strategies over long-term investment horizons. The investment teams apply their expertise, knowledge and experience to create value for clients and shareholders primarily through strong investment performance alongside growth in assets under management, annual management fees, performance fees, carried interest, profit growth and returns on invested balance sheet capital.

Gresham House currently manages investments and co-investments through its FCA regulated investment management platform (Gresham House Asset Management) on behalf of institutions, family offices, charities and endowments and private individuals.

As a signatory to the UN-supported Principles for Responsible Investment, Gresham House is committed to operating responsibly and sustainably and believes its strategy of taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of its market positioning.

In particular, our real asset classes of renewables, UK strategic infrastructure and forestry have the potential to help deliver resilience as well as global sustainability goals, while proactive management of environmental, social and governance (ESG) considerations across all our investment types will help to both build and protect value in those assets.



For more information visit:
www.greshamhouse.com

OVERVIEW

FINANCIAL STATEMENTS

* Inside Back Cover

HIGHLIGHTS

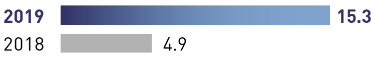
ASSETS UNDER MANAGEMENT
(£M AS AT 30 JUNE)

£2,450M

+8%

REVENUE
(£M FOR THE SIX MONTHS TO 30 JUNE)

£15.3M



+209%

ADJUSTED OPERATING PROFIT*
(£M FOR THE SIX MONTHS TO 30 JUNE)

£4.4M

+1,090%

TOTAL COMPREHENSIVE NET INCOME
(£M FOR THE SIX MONTHS TO 30 JUNE)

£(0.7)M

- AUM increased to £2.5 billion entirely driven by organic growth, enabling a significant increase in income to £15.3 million (H1 2018: £4.9 million) and adjusted operating profit to £4.4 million (H1 2018: £0.4 million)
- Captured annualised acquisition synergies of over £1.0 million
- Adjusted operating margin of 29% (H1 2018: 8%) - strong progress towards the Company's stated target of 40%
- Organic growth in AUM of £183 million includes fundraising of £50 million from Gresham House Energy Storage Fund plc (GRID), £25 million from Baronsmead VCTs and £94 million from Forestry
- Sustained balance sheet strength with cash and liquid assets of £36.3 million - driven by cash generation from the operating business and allowing further investment in people and platform for enhanced long-term growth
- Zero debt - fully repaid £10.0 million debt facility in July 2019 (repaid £7.0 million in period to 30 June 2019)
- Paid maiden dividend under new management team of 3.0p in the period
- Significant Irish forestry mandate awarded by AXA Investment Managers - Real Assets, taking the Group international and highlighting the sustainable investment capabilities of the Group.
- Since 30 June 2019 continued fundraising with an additional £15.0 million for GRID, and we anticipate a further fundraising close for BSIF during the second half of the year

WE ARE AMBITIOUS AND CONTINUE TO GROW THE BUSINESS IN LINE WITH OUR VISION TO BECOME AN "ASSET TO COVET"

TONY DALWOOD
CHIEF EXECUTIVE

* Adjusted operating profit is defined as net trading profit of the Group before deducting amortisation, depreciation and exceptional items relating to the acquisition and restructuring costs and adding back dividend income received from associates

CHAIRMAN'S STATEMENT

A solid platform to develop sustainable and valuable opportunities for investors

ANTHONY TOWNSEND, CHAIRMAN

AFTER A PERIOD OF SUSTAINED ORGANIC AND ACQUISITIVE GROWTH, IT IS PLEASING TO SEE THE BENEFITS OF OUR STRATEGY BEGIN TO FLOW THROUGH IN OUR FINANCIAL PERFORMANCE

During the first half of the fifth year of our plan, since the management-buy-in led by Tony Dalwood, Gresham House is now established as a high-quality, diversified, specialist asset management business. Against a volatile wider market background, we have achieved continued organic growth across the Company's activities and strategically significant investment in our platform. This adds scale to assist us in successfully increasing our Assets Under Management (AUM) which delivers long-term sustainable revenue streams.

ACTIVITY IN THE PERIOD

We have established a solid platform which has enabled us to develop a variety of valuable opportunities for investors. Our strong asset selection track record and disciplined investment approach have enabled us to continue growing, with AUM increasing by 8% to £2.5 billion; this includes a £50 million placement of new equity in the Gresham House Energy Storage Fund plc (GRID) and top-up issues totalling £25 million across our two Baronsmead VCTs.

In Real Assets, we are delighted to have expanded our market-leading forestry operations into Ireland, working with AXA Investment Managers - Real Assets to manage a 4,074 hectare forestry portfolio it acquired from a number of vendors.

Lastly, we expanded our Strategic Public Equity activities through a proposed joint venture with Aberdeen Standard Investments (ASI), announced in March 2019. The programme of work is progressing and development will continue through the year. We are excited by the opportunity to create a valuable diversification route into undervalued public equity opportunities for both Gresham House and ASI's clients. We also welcome ASI as a shareholder in the Group.

Taking the wider pipeline into consideration, post-period end we successfully raised a further £15 million for GRID, which is currently being invested. In addition, we continue to deploy funds in BSIF and, more generally, we have a high-quality pipeline of new opportunities which our growing distribution team is making available to a wider investor audience through funds and co-investment. The anticipated next close for BSIF is also a significant step as additional well-respected investors will become clients of the Group.

RESULTS

After a period of sustained organic and acquisitive growth, it is pleasing to see the benefits of our strategy begin to flow through in our financial performance. Total income for the first half of the year grew by 209% to £15.3 million (H1 2018: £4.9 million) delivering an adjusted operating profit of £4.4 million (H1 2018: £0.4 million). After the deduction of depreciation, amortisation and exceptional items the total comprehensive net loss after tax for the period was £0.7 million (2018: £0.4 million loss).

SHAREHOLDERS

An essential element of our continued success has been the committed support of our strong shareholder base combined with our ability to attract new shareholders and broaden access to our equity. The Board continues to work closely with the Group's growing shareholder base which now includes ASI (taking a 5.0% stake in the business as part of our joint venture together). Management and employees also continue to re-invest bonus payments in the Company, engendering greater alignment of interests and objectives for all.

OUTLOOK

Gresham House aims to continue growing organically, developing new and existing products and engaging with acquisition opportunities where strict criteria are met. The Company was pleased to pay a maiden dividend under the new management team of 3.0p in 2019 for the 2018 year, and we intend to pay a larger final 2019 dividend in 2020. As the Group increases in scale and maturity, we would expect to pay separate interim and final dividends.

The continuing market uncertainty created by geo-political and Brexit issues is not helpful but it does not prevent us from growing, due to the increasing investor demand for alternative assets, superior capital returns and income yield.

The asset classes we are involved in are long term, we therefore have confidence in the future and continue to invest and develop the Group in the interests of long-term shareholder value growth.

ANTHONY TOWNSEND
CHAIRMAN
16 September 2019

OVERVIEW

CHIEF EXECUTIVE'S REPORT

Growing organically, expanding our shareholder base and developing our pipeline of new investment opportunities

TONY DALWOOD, CHIEF EXECUTIVE

I'M DELIGHTED THAT OUR GROWING SCALE AND NEW PRODUCT GENERATION HAVE ENABLED US TO MAKE STRONG PROGRESS AGAINST OUR KPI'S FOR THE BUSINESS

In the first half of the year we have continued to successfully implement our strategy; growing organically, expanding our shareholder base and developing our pipeline of new investment opportunities, whilst focusing on consolidating and capturing synergies across the Group. Importantly, investment performance in some of our vehicles has been impressive and client service achievements have been reflected in industry awards. As a result, we have made strong progress with the priorities set out earlier this year.

We remain ambitious to continue growing the business in line with our vision to become an 'asset to covet', with investment in teams across the Group focused on generating superior investment performance whilst providing excellent client service and developing an enhanced distribution and sales capability for our pipeline.

AUM
(£M AS AT 30 JUNE)

£2.5BN

+8%

REVENUE
(£M FOR THE SIX MONTHS TO 30 JUNE)

£15.3M

+209%

ADJUSTED OPERATING PROFIT
(£M FOR THE SIX MONTHS TO 30 JUNE)

£4.4M

+1,090%

PROGRESS ON 2019 PRIORITIES

I'm delighted that our growing scale and new product generation have enabled us to make strong progress against our KPI's for the business. We have delivered organic AUM growth of 8% in the first half of the year, total income up 209% and a significant increase in adjusted operating profits up 1,090%.

Organic growth in the six-month period has been driven by a number of fundraisings across our Forestry, Baronsmead VCT and GRID businesses. In the case of GRID, we raised £50 million during the period (with a further £15 million after the period end), to deploy in identified utility-scale battery storage system opportunities. GRID is well positioned to commit capital as its targeted assets pass development milestones and we anticipate full deployment of funds raised in early 2020.

The Baronsmead VCTs both undertook top-up fundraisings during the period to invest in new and existing opportunities across their portfolios. Impressively, both offers closed within ten days, demonstrating continued appetite for the team's investment approach. These fundraisings were an encouraging sign of the progress we're making to expand the fundraising capabilities of our Equity Funds team as we aim to continue growing AUM in our micro-cap and multi-cap strategies.

We intend to undertake further top-up fundraisings for the Group's VCT products in addition to fundraisings for forestry and wind power funds.

Elsewhere, Gresham House Strategic plc (GHS) has been a very strong performer against Net Asset Value (NAV) and the four-year track record (since inception of our management) in Strategic Public Equity (SPE) has contributed to a track record over 15 years of substantial outperformance, across three limited partnerships and two listed vehicles. This resulted in the Group receiving a net performance fee of £0.2 million due to growth in NAV since inception exceeding the hurdle rate. GHS has achieved c.42% total NAV returns since inception, with exited investments generating IRR's in excess of the target 15.0%.

CHIEF EXECUTIVE'S REPORT (CONTINUED)

Looking ahead, we are developing the joint venture agreed with ASI and are delighted not only by the potential investment we will be able to direct at undervalued listed equities, but also by ASI's endorsement of what we're doing, evidenced by its desire to form the joint venture and become a shareholder in the Group.

Our forestry operations made significant progress during the period following the appointment by AXA Investment Managers - Real Assets to manage a 4,074 hectare forestry portfolio it acquired from a number of vendors. This mandate brings an important institutional client to our business, attracted by our market-leading position in the UK forestry sector. Notably, it gives the Group a foothold in Ireland from which to develop a variety of other new opportunities and the potential to establish a presence in Europe following Britain's proposed exit from the European Union.

Elsewhere in the Group, BSIF continues to make good progress deploying capital into essential value-added sustainable infrastructure investments that demonstrate strong defensive capabilities alongside potential new investors in advance of a further close soon.

GENERATING SHAREHOLDER VALUE

Making Gresham House an 'asset to covet' through the creation of shareholder value alongside client and employee satisfaction remains at the heart of our strategy.

The Group has achieved significant scale in a relatively short period of time and is benefitting from its operational capacity to continue growing AUM, generating increased momentum which brings us closer to our operating margin and profitability targets. During the period our operating margins improved to 29% from 20% at the 2018 year-end and we can see a path towards the 40%+ target in the medium to long term.

As noted in our last report to shareholders, we have focused on organic growth in 2019, bedding-down the integration of previous acquisitions, capturing synergies and developing new product launches. It is, therefore, pleasing that we have captured over £1.0 million of annualised cost synergies and delivered against our targets to create additional shareholder value.

The strength of the Group's balance sheet has helped both the organic and acquisition growth over the last two years. We have corner-stoned new products, developed energy storage opportunities for GRID and provided reassurance to potential acquisition targets that we have the capital to execute. We have a cash generative business from both operations, as well as the strategic issuance of shares to ASI and the exercise of existing warrants in the period. This is a competitive advantage for Gresham House. We paid down the Santander credit facility in full in July 2019 and will continue to constantly keep the capital structure in mind both from an Investment Committee and Board perspective, as we identify opportunities to further build value. We were also pleased to pay the 3.0p 2018 final dividend in the period and have the intention to split dividend payments between interim and final in the medium term.

As we move ahead into 2020, we expect to see the benefits of our investment in distribution and sales capability come through strongly, helping the Group to maintain momentum. Encouragingly, we expect to have a favourable market position with respect to two continued industry drivers: increased investor allocations towards alternatives and sustainable infrastructure; and the continued drive for investor certainty around environmental, social and governance (ESG) considerations. This combination of factors will help to differentiate Gresham House in sustainable real asset sectors, including forestry, renewables and critical UK strategic infrastructure, as we continue to implement our strategy for the Group.

PEOPLE

Since beginning our journey to build Gresham House, we have always had a strong culture of excellence across the teams. As the business has grown, so has the number of people working within it - whether through acquisition or new hiring - and they bring valuable new ideas, perspectives and ways of working. In this respect, we have needed to invest in our central platform infrastructure and our challenge as a management team is to retain our focus on excellence whilst ensuring that our corporate culture has the flexibility necessary to enable all our people to perform to the best of their abilities.

External recognition of our progress in this regard serves as a useful reference. As such, we were delighted to have won the Professional Pensions UK Pensions Awards 2019 for Best Alternative Asset Manager and Wealth Briefing's Best Alternative Asset Manager 2019 award. It was also great to celebrate the ten-year anniversary of the UK Micro-Cap Fund in the period and for Ken Wotton to be recognised for his achievements as Fund Manager of the Year 2019 in the Grant Thornton Quoted Company Awards. I am grateful to everyone working in the business for what we have achieved so far and their ongoing commitment to the delivery of our future plans.

AS WE MOVE AHEAD INTO 2020, WE EXPECT TO SEE THE BENEFITS OF OUR INVESTMENT IN DISTRIBUTION AND SALES CAPABILITY COME THROUGH STRONGLY

During the period we targeted our investment in new people to drive revenue generation in fund management and distribution, as well as critical support functions such as compliance, legal affairs and finance. We are therefore pleased to welcome Richard Staveley who has recently joined as Managing Director in our Strategic Public Equity team and Catriona Buckley, from Fidelity, joining the distribution team. We have also invested in two new members of the wholesale distribution team who join us in September 2019 to grow the Micro-Cap and Multi-Cap Income Funds. In all cases, the focus of resource deployment remains on supporting our continued development and enabling the investment teams to achieve excellent outcomes for our clients.

OUTLOOK

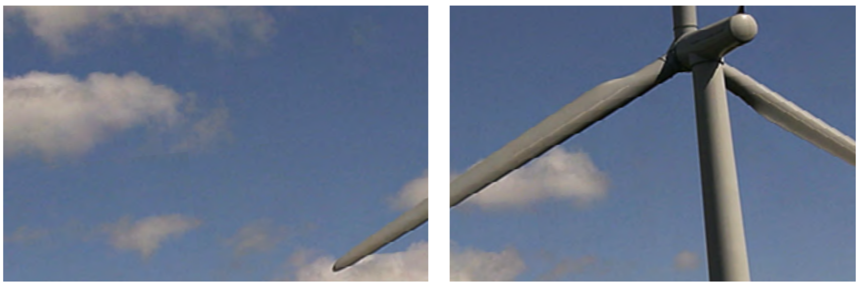
Despite the geopolitical outlook for Britain and Europe remaining difficult, as reflected in the downward pressure seen on sterling, and global bond yield inversion, opportunities are being created and growth in our markets continues. We remain confident in our investment approach. This is a long-term business with clients seeking superior long-term returns through long-term vehicles. To this end, it is worth noting that GHS remains the top-performing small-cap fund in its class this year, and the Gresham House Group balance sheet is being managed to maximise growth opportunities.

The financial performance of the Group in the first half of 2019 was pleasing and in line with expectations with a solid base for growth later in 2020 and beyond. During the second half of the financial year we anticipate a further fundraising close for BSIF and have a pipeline of attractive opportunities where deployment will provide future exciting asset management growth. Similarly, work continues developing opportunities for GRID and on our joint venture with ASI.

Looking ahead to next year and beyond, our medium-term pipeline of new products and developments is progressing well, supplemented by the possible addition of acquisitions that fit with the Group's strategic criteria, goals and values.

We remain confident in the future of the business and implementation of our strategy continues to proceed as planned as we increase the scale of our operations, enabling us to be more efficient, create attractive investment opportunities for clients and value for shareholders.

TONY DALWOOD
CHIEF EXECUTIVE
16 September 2019



FINANCIAL REVIEW

Operating profitability from a long-term revenue base

KEVIN ACTON, FINANCE DIRECTOR

The first half of 2019 was the first full period where we have recognised the benefit of both the FIM Services Limited (FIM) and Livingbridge VC LLP (Livingbridge) acquisitions. Not only have we been able to drive revenues across the Group by 209% since last year, we also continue to see the benefit of the synergies that we're delivering, with over £1.0 million identified and captured since acquisition.

ASSETS UNDER MANAGEMENT

AUM at the end of June 2019 had reached £2.5 billion (31 December 2018: £2.3 billion) as a result of organic growth of £183 million over the period. This reflects the successful fundraising of a further £50 million for GRID, acquisitions by the Forestry business for clients of £94 million as well as the top-up fundraising for the Baronsmead VCTs of £25 million (£20 million AUM impact net of funds returned to investors). Performance of AUM contributed an additional £15 million increase in AUM value.

ADJUSTED OPERATING PROFIT

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000
Income	**15,302**	4,948
Administration overheads (excluding amortisation and depreciation and exceptional items)	**(10,558)**	(4,575)
Finance costs	**(305)**	–
Adjusted operating profit	**4,439**	373
Amortisation and depreciation	**(4,350)**	(847)
Exceptional items	**(757)**	(977)
Net trading loss	**(668)**	(1,451)
(Losses)/gains on investments and fair value movements	**(133)**	1,073
Tax	**144**	–
Operating loss after tax	**(657)**	(378)
(Loss)/profit from discontinued operations	**(2)**	18
Total comprehensive income	**(659)**	(360)

The adjusted operating profit for the Group grew organically in the first half of 2019 by 1,090% to £4.4 million (H1 2018: £0.4 million). We use the non-GAAP measure of adjusted operating profit as a key performance indicator for Gresham House as an alternative asset manager. Adjusted operating profit is defined as the net trading profit of the Group before deducting amortisation, depreciation and exceptional items relating to acquisition and restructuring costs, to show the true performance of the asset management business. Following the widespread adoption of IFRS 16 Leases, we now recognise the Group's leases as an asset on the balance sheet, with the corresponding liability also recognised. As required under IFRS 16, the Group therefore now recognises the reduction in the lease asset as depreciation. Please refer to note 7 of the Financial Statements for further details on IFRS 16 adoption.

INCOME

Total income in the period increased by 209% to £15.3 million, (H1 2018: £4.9 million). The FIM and Livingbridge businesses, which are now fully integrated into the Gresham House Group, have added to the quality of the Group's earnings. The weighted average length of LP management contracts (representing AUM of £839 million) is 16 years, highlighting the long-term and high-quality nature of the Group's income streams. We will see the impact of the fundraising during the first half of 2019 as well as the fundraising that has completed since the 30 June 2019 materialise in the second half of 2019.

We were also pleased to recognise our first gross performance fee of £1.9 million from GHS in the period. This was the result of GHS's net asset value at 31 March 2019 being above the hurdle rate as the underlying portfolio continued to perform well. This has been shared amongst the investment team primarily, with Gresham House also benefitting.

ADMINISTRATION EXPENSES

Administration expenses, (excluding amortisation, depreciation and exceptional items) have increased to £10.6 million, (H1 2018: £4.6 million) in the period, mainly reflecting the FIM and Livingbridge acquisitions as well as our investment in growth areas. The GHS performance fee is an incentive for the individuals working on the GHS management contract and as such £1.7 million has been passed through as part of administration expenses. The average number of employees in the period was 80, (H1 2018: 45) with 25 joining from FIM in May 2018 and 16 from Livingbridge in November 2018. We have focused on the delivery of cost synergies, with the captured annualised synergies increasing to over £1 million from the £0.7 million reported at the end of 2018. We continue to manage costs diligently while ensuring that we invest in critical areas of the business. This includes a focused investment in our distribution and investment teams as a key driver of growth, as well as in critical support functions such as compliance and legal.

The increase in depreciation and amortisation to £4.4 million (H1 2018: £0.8 million), is primarily driven by the amortisation of the management contracts acquired as part of the FIM and Livingbridge acquisitions.

Exceptional items in the first half of the year of £757k (2018: £977k) represent the restructuring costs of combining the FIM and Livingbridge businesses with the existing Group as well as fees paid for the set-up of the joint venture with ASI. These are considered one-off costs and have therefore been classified as exceptional in the period.

FAIR VALUE MOVEMENTS

There was an increase in the valuation of £416k in the period from investments in associates (GHS and Noriker Power Limited) and investment and co-investment in funds managed by the Group (H1 2018: £1,236k). This was offset by the fair value movement in deferred consideration of £549k, representing the discount applied to the expected deferred consideration payable to the sellers of FIM and Livingbridge.

FINANCIAL POSITION

The balance sheet remains strong with cash at the end of the period at £15.8 million, up from £14.0 million at the beginning of the year. The business continues to generate cash from operations alongside the issue of shares to ASI in May 2019 for £6.5 million and the exercise of warrants for £3.0 million during the period.

We have been able to use this cash to repay £7.0 million of the £10.0 million total Santander revolving credit facility and acquisition facility ('the Facility'). This had the impact of accelerating the finance fees in the first half of the year. We repaid and cancelled the entire Facility in July 2019 and although this will accelerate the arrangement fees paid at the set-up of the Facility, it will reduce the interest payments in future periods.

We also continue to use the balance sheet to invest in products and funds that we manage to support the growth of the business. We invested a further £1.5 million in the period in developing a number of battery storage projects, bringing the total investment to £2.8 million as at 30 June 2019. It is anticipated that the projects will be sold to GRID in line with the exclusivity agreement in place in the next 12-18 months.

OUTLOOK

The financial performance of the Group in the first half of 2019 was in line with expectations and has set a solid base for continued growth in the second half of the year and beyond. Profitability will be driven by the fundraising in the period and post-period end. We have invested in the revenue generating elements of the team, which will also help to continue to grow the business in line with expectations.

KEVIN ACTON
FINANCE DIRECTOR
16 September 2019

NOT ONLY HAVE WE BEEN ABLE TO DRIVE REVENUES ACROSS THE GROUP BY 209% SINCE LAST YEAR, WE ALSO CONTINUE TO SEE THE BENEFIT OF THE SYNERGIES THAT WE'RE DELIVERING

UNAUDITED CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 June 2019 (unaudited) £'000**	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Income				
Asset management income		**12,675**	4,760	13,717
Dividend and interest income		**74**	155	47
Other operating income		**609**	33	734
Performance fees and carried interest		**1,944**	–	–
Total income	5	**15,302**	4,948	14,498
Operating costs				
Administrative overheads		**(14,908)**	(5,422)	(14,608)
Net operating profit/(loss) before exceptional items		**394**	(474)	(110)
Finance costs		**(305)**	–	(42)
Exceptional items	6	**(757)**	(977)	(2,001)
Net operating loss after exceptional items		**(668)**	(1,451)	(2,153)
Gains and losses on investments				
Share of associates' profits		**142**	927	1,718
Gains and (losses) on investments held at fair value		**274**	86	(271)
Movement in fair value of contingent consideration		**(549)**	48	(209)
Movement in fair value of deferred receivable		**–**	12	40
Operating loss before taxation		**(801)**	(378)	(875)
Taxation		**144**	–	218
Operating loss from continuing operations		**(657)**	(378)	(657)
(Loss)/profit from discontinued operations		**(2)**	18	11
Total comprehensive income		**(659)**	(360)	(646)
Attributable to:				
Equity holders of the parent		**(664)**	(369)	(699)
Non-controlling interest		**5**	9	53
		(659)	(360)	(646)
Basic and diluted loss per ordinary share (pence)	8	**(2.6)**	(2.6)	(3.9)
Basic adjusted profit per ordinary share (pence)	8	**17.7**	2.6	16.7
Diluted adjusted profit per ordinary share (pence)	8	**16.2**	2.4	14.7

UNAUDITED CONDENSED GROUP STATEMENTS OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

	Ordinary share capital £'000	Share premium £'000	Share warrant reserve £'000	Retained reserves £'000	**Equity attributable to equity share-holders £'000**	Non-controlling interest £'000	**Total equity £'000**
Balance at 31 December 2018	6,218	57,901	58	15,036	**79,213**	527	**79,740**
Adjustments for changes in accounting policy (note 7)	–	–	–	6	**6**	–	**6**
Balance at 31 December 2018 after adjustment	6,218	57,901	58	15,042	**79,219**	527	**79,746**
Comprehensive income for the period							
Loss for the period	–	–	–	(664)	**(664)**	5	**(659)**
Total comprehensive income for the period	–	–	–	(664)	**(664)**	5	**(659)**
Contributions by and distributions to owners							
Share based payments	–	–	–	756	**756**	–	**756**
Issue of shares	592	9,500	(57)	–	**10,035**	–	**10,035**
Dividends paid	–	–	–	(795)	**(795)**	–	**(795)**
Total contributions by and distributions to owners	592	9,500	(57)	(39)	**9,996**	–	**9,996**
Balance at 30 June 2019	6,810	67,401	1	14,339	**88,511**	532	**89,083**

SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

	Ordinary share capital £'000	Share premium £'000	Share warrant reserve £'000	Retained reserves £'000	**Equity attributable to equity share-holders £'000**	Non-controlling interest £'000	**Total equity £'000**
Balance at 31 December 2017	3,134	9,649	319	15,268	**28,370**	477	**28,847**
Comprehensive income for the period							
Loss for the period	–	–	–	(369)	**(369)**	9	**(360)**
Total comprehensive income for the period	–	–	–	(369)	**(369)**	9	**(360)**
Contributions by and distributions to owners							
Transfer of non-controlling interest deficit	–	–	–	6	**6**	(6)	**–**
Share based payments	–	–	–	78	**78**	–	**78**
Issue of shares	2,016	30,872	(261)	–	**32,627**	–	**32,627**
Total contributions by and distributions to owners	2,016	30,872	(261)	84	**32,711**	(6)	**32,705**
Balance at 30 June 2018	5,150	40,521	58	14,983	**60,712**	480	**61,192**

UNAUDITED CONDENSED GROUP STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

YEAR ENDED 31 DECEMBER 2018 (AUDITED)

	Ordinary share capital £'000	Share premium £'000	Share warrant reserve £'000	Retained reserves £'000	**Equity attributable to equity share-holders £'000**	Non-controlling interest £'000	**Total equity £'000**
Balance at 31 December 2017	3,134	9,649	319	15,268	**28,370**	477	**28,847**
Comprehensive income for the year							
Loss for the year	–	–	–	(699)	**(699)**	53	**(646)**
Total comprehensive income for the year	–	–	–	(699)	**(699)**	53	**(646)**
Contributions by and distributions to owners							
Transfer of non-controlling interest deficit	–	–	–	3	**3**	(3)	**–**
Share based payments	–	–	–	464	**464**	–	**464**
Issue of shares	3,084	48,252	(261)	–	**51,075**	–	**51,075**
Total contributions by and distributions to owners	3,084	48,252	(261)	467	**51,542**	(3)	**51,539**
Balance at 31 December 2018	6,218	57,901	58	15,036	**79,213**	527	**79,740**

UNAUDITED CONDENSED GROUP STATEMENT OF FINANCIAL POSITION (AS AT)

	Notes	**30 June 2019 (unaudited) £'000**	30 June 2018 (unaudited) £'000	31 December 2018 (audited) £'000
Assets				
Non-current assets				
Investments - securities	10	**7,791**	4,788	6,834
Tangible fixed assets		**1,132**	388	332
Investment in associates		**10,340**	9,618	10,198
Intangible assets		**62,157**	29,706	65,911
Long-term receivables		**–**	–	78
Total non-current assets		**81,420**	44,500	83,353
Current assets				
Trade and other receivables		**7,405**	1,644	2,628
Accrued income and prepaid expenses		**2,202**	2,016	2,613
Deferred receivable		**–**	2,112	1,033
Other current assets		**3,192**	–	1,471
Cash and cash equivalents		**15,826**	17,418	13,958
Total current assets		**28,625**	23,190	21,703
Total assets		**110,045**	67,690	105,056
Current liabilities				
Trade and other payables		**6,059**	3,335	4,085
Short-term borrowings		**2,000**	–	2,000
		8,059	3,335	6,085
Total assets less current liabilities		**101,986**	64,355	98,971
Non-current liabilities				
Deferred taxation		**2,800**	–	2,944
Long-term borrowings		**947**	–	7,840
Other creditors		**9,156**	3,163	8,447
		12,903	3,163	19,231
Net assets		**89,083**	61,192	79,740
Capital and reserves				
Ordinary share capital	11	**6,810**	5,150	6,218
Share premium		**67,401**	40,521	57,901
Share warrant reserve		**1**	58	58
Retained reserves		**14,339**	14,983	15,036
Equity attributable to equity shareholders		**88,551**	60,712	79,213
Non-controlling interest		**532**	480	527
Total equity		**89,083**	61,192	79,740
Basic net asset value per ordinary share (pence)	13	**325.1**	294.7	318.5
Diluted net asset value per ordinary share (pence)	13	**299.7**	275.5	290.1

UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

	Notes	**Six months ended 30 June 2019 (unaudited) £'000**	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Cash flows from operating activities				
Net cash generated/(utilised) in operations	14	**2,362**	244	1,462
Corporation tax paid		**(171)**	–	(346)
Interest paid on loans (including interest on lease liabilities)		**(222)**	–	–
Net cash flows from operating activities		**1,969**	244	1,116
Cash flows from investing activities				
Acquisition of FIM Services Limited		**–**	(10,828)	(10,828)
Deferred consideration paid		**–**	(1,027)	(1,027)
Investment in associates		**–**	(1,979)	(1,979)
Purchase of management contracts - Livingbridge VC		**–**	–	(23,000)
Purchase of investments		**(2,260)**	(229)	(5,166)
Sale of investments		**27**	16	1,260
Sale of investment properties		**–**	1,985	1,985
Deferred proceeds received on sale of investment properties		**1,033**	1,593	2,700
Purchase of fixed assets		**(139)**	(111)	(165)
Sale of fixed assets		**12**	20	46
Purchase of intangible assets		**(158)**	(123)	(123)
		(1,485)	(10,683)	(36,297)
Cash flows from financing activities				
Repayment of loans		**(7,000)**	–	–
Receipt of loans (net of fees paid)		**–**	–	9,834
Share issue proceeds		**6,496**	15,000	26,727
Share issue costs		**(8)**	(472)	(1,048)
Share warrants exercised		**3,069**	3,544	3,841
Dividends paid		**(795)**	–	–
Capital element of lease payments		**(378)**	–	–
		1,384	18,072	39,354
Increase in cash and cash equivalents		**1,868**	7,633	4,173
Cash and cash equivalents at start of period		**13,958**	9,785	9,785
Cash and cash equivalents at end of period		**15,826**	17,418	13,958

NOTES TO THE ACCOUNTS

1 REPORTING ENTITY

Gresham House plc (the Company) is a company incorporated in England. The unaudited condensed group interim financial statements of the Company as at and for the six months ended 30 June 2019 comprise the Company and its subsidiary undertakings (together referred to as the Group). All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial information presented in these interim results has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union. The principal accounting policies adopted in the preparation of the financial information in these interim results are primarily unchanged from those used in the Company's financial statements for the year ended 31 December 2018 and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 December 2019. The only change has been the adoption of the following new accounting standards, which are effective for periods beginning 1 January 2019:

IFRS 16 Leases - Under IFRS 16 there is no distinction between finance and operating leases, with all leases, subject to options to exclude leases with a duration of less than 12 months and leases of low value assets, included on the balance sheet by recognition of a right of use asset and a lease liability. This impacts the accounting policy for leases and the new policy is shown in note 7. On transition the Group decided to use the option not to restate prior periods, but to recognise a lease liability at the date of initial application, based on discounted future cash flows, along with a right of use asset at a carrying amount as if the Standard had been applied since the commencement date of the lease, but discounted at the incremental borrowing rate at the date of initial application. The financial impacts of this are shown in note 7. Other new accounting standards applicable for the first time in this reporting period have no impact on the Group's results.

Leases

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease a right of use asset and a lease liability are recognised in the financial statements.

The lease liability is initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Subsequently the lease liability decreases by the lease payments made, offset by interest on the liability, and may be remeasured to reflect any reassessment of expected payments or to reflect any lease modifications.

The right of use asset is initially measured at the amount of the initial lease liability plus: any lease payments made on or before the commencement date less incentives received; any incremental costs of obtaining the lease; and, if any, the costs of decommissioning the asset and any restoration work to return the asset to the condition required under the terms of the lease.

Subsequently the right of use asset is valued using the cost model. The asset is amortised on a straight-line basis over the expected term of the lease, adjusted for any remeasurement of the lease liability, and is shown net of the accumulated depreciation and any impairment provisions.

Leases for low value assets and short-term leases are expensed to operating profit on a straight-line basis over the term of the lease.

The financial information for the year ended 31 December 2018 presented in this Interim Report does not constitute the Company's statutory accounts for that period but has been derived from them. The Report and Accounts for the year ended 31 December 2018 were audited and have been filed with the Registrar of Companies. The Independent Auditor's Report on the Report and Accounts for the year ended 31 December 2018 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 June 2018 and 30 June 2019 are unaudited and have not been reviewed by the Company's auditors.

3 ESTIMATES AND MANAGEMENT JUDGEMENTS

The preparation of the unaudited condensed group interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed group interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the group financial statements as at and for the year ended 31 December 2018.

4 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policy are consistent with those disclosed in the group financial statements as at and for the year ended 31 December 2018.

NOTES TO THE ACCOUNTS (CONTINUED)

5 INCOME

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Asset management income			
Asset management income	**12,675**	4,760	13,717
	12,675	4,760	13,717
Income from investments			
Dividend income - Listed UK	**47**	140	9
Interest receivable - Banks	**15**	6	16
- Other	**12**	9	22
	74	155	47
Other operating income			
Consultancy fees receivable	**5**	6	12
Other fees receivable	**604**	27	722
	609	33	734
Performance fees and carried interest			
Performance fees	**1,944**	–	–
	1,944	–	–
Total income	**15,302**	4,948	14,498

6 EXCEPTIONAL ITEMS

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Acquisition costs			
FIM Services Limited	**–**	743	770
Livingbridge VC	**10**	–	866
Hazel Capital LLP	**–**	59	61
Joint Venture establishment	**217**	–	–
	227	802	1,697
Restructuring costs	**376**	175	304
Exceptional legal fees	**154**	–	–
	757	977	2,001

7 IFRS 16 LEASES

IFRS 16 Leases replaces IAS 17 Leases and is effective for annual periods beginning on or after 1 January 2019. The Group has therefore adopted the standard from 1 January 2019.

The only impact on the Group relates to leases for use of office space at various locations. These were earlier classified as operating leases under IAS 17, with lease rentals charged to operating expenses on a straight-line basis over the lease term. As required by IFRS 16, as a lessee the Group has recognised a lease liability representing the present value of the obligation to make lease payments, and a related right of use ("ROU") asset in line with the process explained under the statement of compliance.

Since interest rate for the leases is not evident, the Group has used an incremental rate to discount lease payments and calculate interest expense. We understand that the incremental rate referred to by IFRS 16 signifies the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Given the low value of leases and Group's strong cash position, the Board considers the Group's borrowing rate to be fit for the purpose, i.e. LIBOR + 3.25%. LIBOR rate used was as on the commencement of lease agreement (for example, for a lease commencing on 1 December 2018, LIBOR on that date would be used).

	As at 30 June 2019 £'000	As at 1 January 2019 £'000
ROU asset cost	**1,114**	1,071
ROU asset accumulated depreciation	**(332)**	–
Lease liability	**(729)**	(1,065)
Equity reserve*	**(6)**	(6)

	Six months ended 30 June 2019 £'000
Depreciation expense	**332**
Interest expense	**20**
Cash outflow related to IFRS 16 leases	**378**

* representing net impact of recognising the leases under IFRS 16 as at 1 January 2019 as the Group chose to not restate prior periods as a matter of practical expedience afforded by the standard. We note that the impact on equity reserves was immaterial.

The Group has elected not to apply IFRS 16 to:

(a) Low value leases for various IT equipment leased across the business. The maximum third-party new item price of any excluded equipment is less than £3,000. The total amount of lease commitments for the year ended 31 December 2019 related to these leases is expected to be £15,000; and

(b) An onerous lease expiring in September 2019 (lease expiring in less than 12 months). The total amount of lease commitment for the year ended 31 December 2019 related to this lease is expected to be £27,000.

It is also noted that:

(a) The impact of lease liability and ROU asset on deferred taxes is expected to be immaterial;

(b) There were no material residual value guarantees or contractual dilapidation commitments that impacted the initial recognition value for ROU assets and lease liability;

(c) There were no purchase options for leased assets that was made available to or requested by the Group; and

(d) Lease values do not include any termination penalties as the business intends to use the properties to end of lease terms.

8 EARNINGS PER SHARE

Basic and diluted loss per share

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
Total net loss attributable to equity holders of the parent (£'000)	**(664)**	(369)	(699)
Weighted average number of ordinary shares in issue during the period	**25,089,445**	14,127,220	17,742,370
Basic and diluted loss per share to equity holders of the parent (pence)	**(2.6)**	(2.6)	(3.9)

NOTES TO THE ACCOUNTS (CONTINUED)

8 EARNINGS PER SHARE (CONTINUED)

2,307,168 (30 June 2018: 1,439,875; 31 December 2018: 2,434,245) shares were deemed to have been issued at nil consideration as a result of the shareholder and supporter warrants granted and shares which could be issued under the bonus share matching plan and long-term incentive plans which, as required under IAS 33, Earnings per Share, have not been recognised as they would reduce the loss per share.

Adjusted earnings per share

Adjusted earnings per share is based on adjusted operating profit, which is stated after charging interest but before depreciation, amortisation, profit on disposal of tangible fixed assets and exceptional items, to provide the non-GAAP measure of the performance as an asset manager. This includes dividend and interest income received from investment in associates.

Adjusted profit/(loss) for calculating adjusted earnings per share:

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Net operating loss after exceptional items	**(668)**	(1,451)	(2,153)
Add back:			
Exceptional operating expenses	**757**	977	2,001
Depreciation and amortisation*	**4,325**	866	2,926
Loss/(profit) on disposal of tangible fixed assets	**25**	(19)	(23)
Dividend income received from associates	**–**	–	211
Adjusted operating profit	**4,439**	373	2,962
Adjusted profit per share (pence) - basic	**17.7**	2.6	16.7
Adjusted profit per share (pence) - diluted	**16.2**	2.4	14.7

* Depreciation includes £332,000 of depreciation recognised as a result of the adoption of IFRS 16.

9 DIVIDENDS

The Company paid £795,000 during the period which represents a final dividend for the year ended 31 December 2018. No final or interim dividends were paid in the periods ending 31 December 2018 and 30 June 2018.

10 INVESTMENTS - SECURITIES

Investments have been classified as follows (as at):

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Non-current assets	**7,791**	4,788	6,834
Other debtors due within one year	**2,840**	–	1,290
	10,631	4,788	8,124

A further analysis of total investments is as follows:

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Listed securities - on the London Stock Exchange	**4,389**	302	4,273
Securities dealt in under AIM	**593**	841	288
Securities dealt in under NEX Exchange	**18**	18	26
Unlisted securities	**5,631**	3,627	3,537
Closing value	**10,631**	4,788	8,124
Investments valued at fair value through profit or loss	**7,489**	4,465	6,511
Loans and receivables carried at amortised cost	**3,142**	323	1,613
	10,631	4,788	8,124

Unlisted securities include the Group's investment in the Gresham House Forestry Fund LP (£1.9 million, including non-controlling interests), investment in battery storage projects (£2.8 million) included within other debtors due within one year, and an investment of £0.5 million in LF GH Equity Funds.

11 SHARE CAPITAL

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Allotted: Ordinary - 27,239,162 (30 June 2018: 20,600,550; 31 December 2018: 24,872,613) fully paid shares of 25p each	**6,810**	5,150	6,218

During the six months to 30 June 2019 the Company issued the following new ordinary shares:

- 1,309,598 shares on 22 May 2019 at a price of 496p per share to Aberdeen Standard Investments;
- 107,225 shares on 27 March 2019 at a price of 445.33p to management and employees under the Company's bonus share matching plan; and
- Additionally, 949,726 shareholder and supporter warrants were exercised during the period at a price of 323.27p.

12 SHARE WARRANTS

	Shareholder warrants	Supporter warrants	LMS warrants	Total warrants
Balance at 1 January 2018	1,071,812	850,000	909,908	2,831,720
Warrants exercised during the period	(105,392)	(81,000)	(909,908)	(1,096,300)
Balance at 30 June 2018	966,420	769,000	–	1,735,420
Warrants exercised during the period	(91,935)	–	–	(91,935)
Balance at 31 December 2018	874,485	769,000	–	1,643,485
Warrants exercised during the period	(197,726)	(752,000)	–	(949,726)
Balance at 30 June 2019	**676,759**	**17,000**	**–**	**693,759**

Shareholder warrants

On 1 December 2014 the Company issued 1,073,904 shareholder warrants to existing shareholders as at the close of business on 28 November 2014 on a 1:5 basis, such warrants having been admitted to trading on AIM. Shareholder warrants are freely transferable, are exercisable at any time between 1 January 2015 and 31 December 2019 at an exercise price of 323.27p per ordinary share and are subject to the terms of the shareholder warrant instrument dated 7 October 2014.

Supporter warrants

On 1 December 2014 the Company issued 850,000 supporter warrants to the new directors and certain members of the Investment Committee and Advisory Group at a price of 7.5p per warrant. Supporter warrants have the same entitlements as the shareholder warrants save that (i) they are not freely transferable (such supporter warrants only being transferable to certain family members, trusts or companies connected with the relevant warrant holder) and accordingly not quoted on AIM; (ii) are exercisable between 1 December 2015 and 31 December 2019; and (iii) are subject to the terms of the supporter warrant instrument dated 7 October 2014.

LMS warrants

On 14 October 2016 the Company issued 909,908 LMS warrants to LMS Capital plc (LMS). The LMS warrants entitle LMS to exercise one LMS warrant for one ordinary share in the Company from 14 October 2016 to 30 June 2018 at an exercise price of 323.27p per ordinary share. LMS paid a warrant purchase price of 28p per LMS warrant, totalling £255,000. The LMS warrants are not transferable, unless consent of the Board of the Company has been provided and were issued in accordance with the LMS warrant instrument dated 14 October 2016.

During the six months to 30 June 2019 197,726 shareholder warrants and 752,000 supporter warrants were converted into ordinary shares resulting in the issue of 949,726 new ordinary shares (30 June 2018: 1,096,300; year ended 31 December 2018: 1,188,235).

NOTES TO THE ACCOUNTS (CONTINUED)

13 NET ASSET VALUE PER SHARE

Basic

	30 June 2019	30 June 2018	31 December 2018
Equity attributable to holders of the parent (£'000)	**88,551**	60,712	79,213
Number of ordinary shares in issue at the end of the period	**27,239,162**	20,600,550	24,872,613
Basic net asset value (pence)	**325.1**	294.7	318.5

Diluted

	30 June 2019	30 June 2018	31 December 2018
Equity attributable to holders of the parent (£'000)	**88,551**	60,712	79,213
Number of ordinary shares in issue at the end of the period	**29,546,330**	22,040,425	27,384,003
Diluted net asset value (pence)	**299.7**	275.5	290.1

Diluted net asset value per share is based on the number of shares in issue at the period end together with 2,307,168 (30 June 2018: 1,439,875; 31 December 2018: 2,434,245) shares deemed to have been issued at nil consideration as a result of the shareholder and supporter warrants and shares which could be issued under the Bonus Share Matching Plan and long-term incentive plans.

14 RECONCILIATION OF NET OPERATING LOSS TO OPERATING CASH FLOWS

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Net operating loss after exceptional items	**(668)**	(1,451)	(2,153)
(Loss)/profit from discontinued operations	**(2)**	18	11
Dividends received from associates	**–**	–	211
Movement in fair value of investment property	**–**	1	1
Interest payable	**195**	–	35
Depreciation	**413**	62	138
Loss/(profit) on disposal of tangible fixed assets	**25**	(19)	(23)
Amortisation	**3,912**	804	2,788
Share based payments	**756**	78	464
	4,631	(507)	1,472
Decrease/(increase) in long-term receivables	**78**	–	(78)
(Increase)/decrease in current assets	**(4,127)**	354	(1,227)
Increase in current liabilities	**1,780**	397	1,295
	2,362	244	1,462

CORPORATE INFORMATION

COMPANY NUMBER	871 incorporated in England	
DIRECTORS	Anthony Townsend Anthony Dalwood Kevin Acton Richard Chadwick Simon Stilwell Rachel Beagles	Non-Executive Chairman Chief Executive Finance Director Non-Executive Non-Executive Non-Executive
SECRETARY	Samee Khan	
REGISTERED OFFICE	5 New Street Square London EC4A 3TW	
AUDITOR	BDO LLP 55 Baker Street London W1U 7EU	
NOMINATED ADVISER AND JOINT BROKER	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR	
FINANCIAL ADVISER AND JOINT BROKER	Jefferies International Limited 66 Upper Thames Street London EC4V 3BJ	
REGISTRARS	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD	
SOLICITORS	Eversheds Sutherland (International) LLP One Wood Street London EC2V 7WS	