

Since 1857

Gresham House
Specialist asset management

Capturing the **growth opportunity**

Interim Report and Accounts for the half-year ended 30 June 2023

The specialist alternative asset manager

Our purpose

To deliver effective and alternative investment solutions to help clients achieve their financial objectives while contributing towards the transition to a more sustainable economy.

About us

Gresham House is a specialist alternative asset manager. We provide investors with a range of investment products across Real Assets, Public Equity and Private Equity. Our investment solutions aim to meet investors' long-term objectives whilst also positively contributing to society and our environment.

We are creating an asset to covet for shareholders, clients and our employees, delivering value both through financial returns and our focus on sustainability.



For more information visit
www.greshamhouse.com





Contents

Strategic Report

Highlights	2
Chairman's statement	4
Chief Executive's report	6
Sustainability overview	10
Financial review	12

Financial Statements

Unaudited condensed group statement of comprehensive income	16
Unaudited condensed group statements of changes in equity	17
Unaudited condensed group statement of financial position	19
Unaudited condensed group statement of cash flows	20
Notes to the accounts	21
Corporate information	30

Highlights

£8.3bn +5%

Assets under management

(as at 30 June 2023)

£41.6mn +12%

Total net core income

(for the six months to 30 June 2023)

£14.2mn +8%

Adjusted operating profit¹

(for the six months to 30 June 2023)

1. Adjusted operating profit is defined as the net trading profit of the Group after charging interest but before depreciation, amortisation, share-based payments and remuneration relating to acquisitions, profits and losses on disposal of tangible fixed assets, net performance fees, net development gains, exceptional items and non-core activities

19.0%

Return on capital employed (ROCE)²

(for the six months to 30 June 2023)

2. Return on capital employed is defined as adjusted operating profit, plus net performance fees, net realised gains on development activity and fair value movements in investments, less fair value movement in contingent consideration, divided by opening net assets, adjusted for shares issued in the year

Financial highlights

- Assets under management (AUM) organic growth of 5% (£0.5 billion) in H1 to £8.3 billion
- Net core income up 12% to £41.6 million (H1 2022: £37.2 million)
- Adjusted operating profit up 8% to £14.2 million (H1 2022: £13.2 million)
- Adjusted operating margin of 34% (H1 2022: 35%)

- Return on capital employed (ROCE) of 19.0% on an annualised basis in H1 in line with 20.0% medium-term target (H1 2022: 15.5%)
- Balance sheet cash used to continue to invest in and develop projects to grow long-term AUM and plans to cornerstone new funds



Strategic delivery with long-term focus alongside our asset classes and funds





£4.5mn +107%

Total comprehensive net income

(for the six months to 30 June 2023)

34%

Adjusted operating margin

(for the six months to 30 June 2023)

£64.8mn

Cash and liquid assets³

(as at 30 June 2023)

³. Cash and liquid assets includes cash and investments in tangible and realisable assets

Strategic highlights

- Continued outperform of targets for the majority of funds
- Continued progress with international expansion including the Irish Strategic Forestry Fund and the development of international products
- Greater recognition of the Gresham House brand across the industry, winning and nominated for prestigious industry awards and establishing the business as a “go to” for alternative investments aligned with clients’ sustainability objectives

Sustainability highlights

- Gresham House partnered with Pensions for Purpose to produce a timely Impact Lens report on Natural Capital and Biodiversity – leading the debate in this critical area
- Winner of Environmental Finance Sustainable Investment Awards for TCFD Report of the Year
- Continued progress against our Corporate Sustainability Strategy and stated goal of becoming a leader in ESG investing by 2025

A compelling growth story since the management buy-in

I am writing to update you on the interim results for the first half of 2023, a period of continued activity and progress for Gresham House.

As shareholders are aware, on 17 July 2023 the Boards of Gresham House plc and Seed Bidco Limited ("Bidco"), a newly incorporated entity formed by funds advised by Searchlight Capital Partners L.P. and its affiliates ("Searchlight") for the purposes of making an offer for Gresham House, announced that they had reached agreement on the terms of a recommended final¹ cash offer pursuant to which Bidco would acquire the entire issued and to be issued share capital of Gresham House (the "Acquisition"). At Gresham House's General Meeting ("GM") on 30 August 2023, shareholders approved the Acquisition (subject to regulatory approvals and final Court sanction).

Incorporated back in 1857, our business has enjoyed many successful chapters over the years, the most recent of which began with the management buy-in, late in 2014 and the start of becoming a regulated alternative asset management business. From managing approximately £250 million on behalf of its clients in December 2015, Gresham House today actively manages approximately £8.3 billion of assets, across a footprint that spans the UK, Ireland, Australia and New Zealand, on behalf of institutions, charities and endowments, family offices, private individuals and their advisers. Gresham House's growth trajectory is testament to its successful investment in its people and platforms, which has delivered a sustainable long-term investment business, with a clear focus on making a positive impact on its clients who are increasingly looking for financial returns alongside positive ESG outcomes.

Over the past eight years under this management team, the Company has worked tirelessly to drive financial returns and to achieve our clients' investment goals. We have successfully established leading positions within specialist sustainability-focused areas of the growing alternative assets market and, as we wait for the Acquisition to complete in late 2023 or early 2024, Gresham House continues to operate as normal. Our teams remain committed to providing the same high-quality service to our clients, with the same rigorous processes, the same intensity and the same alignment.

1. The financial terms of the Acquisition are final and will not be increased, except that Bidco reserves the right to increase the acquisition price where: (i) there is an announcement of a possible offer or a firm intention to make an offer for Gresham House by any third party; or (ii) the Panel otherwise provides its consent.

Anthony Townsend

Chairman



The result of this hard work and completion of the Acquisition would deliver a total return to shareholders of over 300% since December 2014, significantly outperforming the 55% total return for the FTSE All Share index over the same period.

Gresham House plc – Share price since management buy-in



The people within Gresham House have been remarkable and, through their efforts, we have made strong strategic progress against our GH25 objectives, our five-year plan. Our teams have successfully balanced investment in future growth with achieving sustained profitability and growth targets. We have also made significant strides in international expansion, making satisfactory progress against our 2023 targets with further plans for inorganic activity in the second half of the year.

Financial Results

During the first half of 2023, we achieved 5% growth in AUM to £8.3 billion, all through organic inflows. Thanks to our team's dedication and the attractiveness of our asset classes to institutional, wholesale and retail investors, every division experienced net positive inflows and funds were raised across various strategies including battery storage, forestry, shared ownership housing, our UK equity funds, and VCTs. The Company ends the six-month period to 30 June 2023 with a strong balance sheet position, with £32.5 million in cash and no borrowings.

Our financial results for H1 2023 showcase our continued growth and strength. Net core income increased by 12% to £41.6 million, compared to £37.2 million in H1 2022. Similarly, our adjusted operating profit rose by 8% to £14.2 million, showing steady progress. Fundraising in 2023 is weighted towards H2, which means that the relevant funds will then be deployed appropriately, thereby having a positive impact on management fee revenues and transaction fees in H2 2023. As a result, performance for the full year remains in line with management expectations.

Sustainability

At Gresham House, we understand the importance of sustainability and our responsibility towards the environment and society. We remain committed to providing solutions to clients looking for exposure to these themes as they seek to generate financial returns. We have been focused recently on more clearly defining our Natural Capital platform and product offering and continue to make good progress against our corporate sustainability strategy. This is positively driving ESG developments through enhanced reporting, new policies, and monitoring. Our TCFD reporting has been recognised with awards for best practice, and we have partnered with Pensions for Purpose and commissioned their Impact Lens report on Natural Capital and Biodiversity.

Shareholders

The shareholder vote at the GM on 30 August 2023 in relation to the Acquisition represents a positive step and we will keep shareholders updated as we progress through the process, in compliance with the regulations to which Gresham House is subject.

Outlook

Looking ahead, the Group's management have started to plan for the long term through an updated 10-year strategy ambition and we remain confident in our ability to grow and lead in our specialist long-term asset classes. Our commitment to delivering excellent investment performance to our clients remains our top priority. While we recognise the challenges presented by macroeconomic headwinds, such as rising interest rates, high inflation and market volatility, we are well-positioned to navigate turbulence in the markets in which we operate, supported by the resilience of our private real asset classes and the strong performance of our strategic equity division. We understand that as a result of wider external factors, institutional investors are taking more time to commit. Nonetheless, we firmly believe in the attractiveness of our long-term investment strategies and in our role helping clients address major global trends including the energy transition, climate change and the pathway to Net Zero.

Our success is a result of the hard work of our team and their desire to grow the business while achieving attractive outcomes for our clients, shareholders and broader stakeholders. We have an exciting pipeline of clients eager to invest in our funds and look forward to continuing to deliver and outperform against their financial objectives and to meeting their sustainability ambitions.

There is much more to come in the next chapter for Gresham House, as the team remains dedicated to delivering on our strategic goals in GH25 and beyond into the next decade. I am pleased Searchlight recognise the opportunity set for Gresham House and are supporting the management team on executing Gresham House's long term strategic ambitions including continuing to generate superior investment returns for clients.

Anthony Townsend, Chairman

13 September 2023



For more information visit
www.greshamhouse.com

Focusing on continued growth for the next decade

Proposed acquisition by Searchlight Capital Partners

On 17 July 2023, the Boards of Gresham House plc and Seed Bidco Limited ("Bidco"), a newly incorporated entity formed by funds advised by Searchlight Capital Partners L.P. and its affiliates ("Searchlight") for the purposes of making an offer for Gresham House, announced that they had reached agreement on the terms of a recommended final¹ cash offer pursuant to which Bidco would acquire the entire issued and to be issued share capital of Gresham House (the "Acquisition") for £11.05 per share. This offer, which was unanimously recommended by our Board, was approved by shareholders at our General Meeting on 30 August 2023, subject to regulatory approvals and final Court sanction. As a result, the Group expects to de-list and execute its existing strategy with its management team as a private group.

Since the management buy-in of Gresham House in late 2014, the Group has been transformed from a loss-making investment trust into a profitable, leading specialist alternative asset manager focused on sustainable investments across a range of strategies, with expertise covering forestry, real estate, sustainable infrastructure, renewable energy, battery storage and public and private equity. Today, Gresham House actively manages £8.3 billion of assets, across a footprint that spans the UK, Ireland, Australia, and New Zealand, on behalf of institutions, charities and endowments, family offices, private individuals, and their advisers.

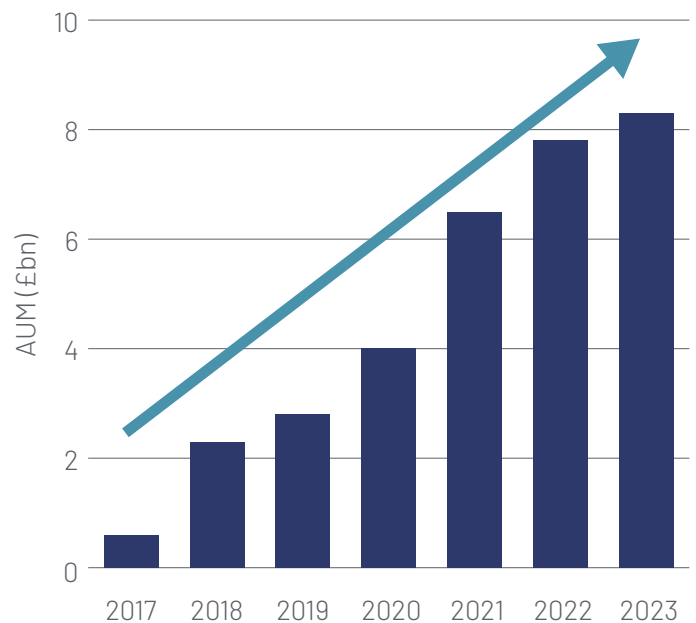
We set out our strategy to grow AUM, margins and deliver returns on capital employed through our strategic targets. Looking back over the last eight years we can see that we've made great progress from a standing start. This has been delivered through a combination of organic growth and acquiring eight businesses in a disciplined manner to deliver returns on investment in excess of 15%.

1. The financial terms of the Acquisition are final and will not be increased, except that Bidco reserves the right to increase the acquisition price where: (i) there is an announcement of a possible offer or a firm intention to make an offer for Gresham House by any third party; or (ii) the Panel otherwise provides its consent.

Tony Dalwood
Chief Executive



Gresham House plc – AUM growth



+33 times

AUM growth from 2017-2023



+61 times

Income increase from 2017-2023

We have also improved operating margins, reflecting the improvement in the quality of the earnings of the business from -11% in 2017 to 35% at the end of December 2022.

Searchlight highly values the current structure, strategy and management of Gresham House and believes that Gresham House has a strong team of talented employees who will be key to Gresham House's success going forward. The team has strategic ambitions for the next ten years and are therefore excited about Gresham House's prospects. Crucially, we look forward to continuing to provide exceptional service and targeting investment outperformance for our clients for the next chapter of growth under new and supportive ownership.

Overview of H1 2023

Moving on to our performance in the first half of 2023, Gresham House has delivered robust results across the Group, in the face of continued market volatility, rising inflation and interest rates.

Our diversified and innovative portfolio of asset classes continued to deliver returns, with the majority of investment products outperforming relative to either their comparator benchmarks or stated target returns, and with a number of our real assets strategies additionally offering resilience against rising inflation and interest rates.

In our Real Assets division, Forestry LP returns on long-established funds have delivered an average 13.7% IRR since inception to 30 June 2023, and for clients with exposure to battery storage via Gresham House Energy Storage Fund plc (GRID) the annualised NAV total return since IPO is 14.9% versus the stated fund target of 8%.

In our Strategic Equity division, the performance of our open-ended equity funds has been strong despite the challenging environment, and this has been reflected by positive net inflows in the first half of the year. The LF UK Multi Cap Income Fund remains the top performing fund in its sector since inception in 2017, having delivered 58% since launch and 3% YTD (versus 16.5% and 0.1% respectively for the IA UK Equity Income Index). Strategic Equity Capital plc (SEC plc) has also continued to deliver very good returns relative to its peers and the wider sector since Gresham House's public equity team led by Ken Wotton took over the management of the company. SEC plc has delivered 17.1% NAV Total Return for the year to 30 June 2023, versus 0.7% for the FTSE Small Cap Total Return ex IT Index.

Meeting, and in many instances exceeding, performance targets for clients has enabled us to report steady growth, supported by the continued shift in portfolio allocations to alternatives and real assets.

In H1 2023, we also continued to invest in strategic growth areas while maintaining our focus on operating margins over the medium term. AUM for the Group rose 5% to reach £8.3 billion as at 30 June 2023. This growth, notably wholly organic, has lifted the total AUM figure above the upgraded £8 billion target set in our GH25 five-year strategy.

Additional fundraising activity since 30 June 2023 has further boosted AUM by over £60 million at time of writing. This includes the £50 million first close of Gresham House's initial LP as part of the Group's Private Equity platform to support growth capital investment in the UK & Ireland, which, will seek to leverage the competitive advantage of the Gresham House VCT platform to provide access to high-potential growth companies. The Group also raised a further £13 million from private clients for forestry funds.

ROCE for the first half of 2023 was 19.0% (FY 2022: 19.3%), in line with our GH25 target of 20.0% over the medium term.

Progress on 2023 priorities – Financial

AUM

In H1 2023, we made continued progress towards achieving our GH25 financial objectives, exceeding our target of £8 billion AUM.

AUM grew 5% to £8.3 billion (2022: £7.8 billion), with net inflows totalling £0.3 billion. Overall performance added £0.1 billion, with the Forestry and New Energy divisions offsetting the market driven decline in Real Estate in the first half of the year. More detail on the movement in AUM by division, by net fund flows and performance can be found in the financial review.

Our Sustainable Infrastructure strategy, BSIF II, secured a total of £80 million in commitments from Bedfordshire Pension Fund and Staffordshire Pension Fund in the first half and help to support and accelerate the deployment of profitable, real asset-based solutions to key environmental and societal challenges facing the UK.

In New Energy, Centrica committed a £65 million investment to the new Gresham House Secure Income Renewable Energy & Storage LP (SIREs) at the end of March.

Gresham House Energy Storage Fund plc (GRID) raised a further £50 million in May to support its first international acquisition of 160 MW of solar with collocated four-hour battery energy storage system projects in California.

Whilst the investor retreat from UK equities continued into 2023, due to concerns around rising energy prices, growing inflation and high interest rates, our Public Equity investment funds saw net inflows of £36 million, as we continued to capture market share based on our strong track record in this asset class.

Chief Executive's report

Our Private Equity funds also remained robust, and the Baronsmead VCTs announced a successful £50 million fundraise at the end of March 2023. The funds raised will be used to target new investment opportunities in the short to medium term and to continue to support the capital requirements of existing portfolio companies and this crucially important area of growth company investment.

Fundraising into H2 2023

Across the Group, positive momentum has continued into the second half of the year, with over £60 million raised since 30 June 2023, and several fund closes expected as we move further into the second half of the year.

In Forestry, the Irish Strategic Forestry Fund is targeting another close in H2 2023, with our expanded international investor base helping to deliver growth and access to the Irish forestry market.

Other fundraising activity in Forestry includes further closes of Gresham House Forest Fund VI LP and Gresham House Forest Growth & Sustainability LP in the UK whilst further international activity is also ongoing.

The final close of BSIF II and co-invest vehicles in Sustainable Infrastructure is scheduled for the end of H2 2023, targeting a total fundraise of £450 million. In Real Estate, we expect a further close for our shared ownership housing fund Gresham House Residential Secure Income LP (ReSI) in H2.

EBITDA margin

In H1 2023, we delivered an operating profit margin in the period of 34%, compared to 35% at the end of 2022. Investment in senior talent and systems to strengthen our operational capabilities and to support the long-term growth of the business has been a strategic priority, alongside maintaining our focus in H1 2023 on productivity and efficiency.

ROCE

In H1 2023, we continued to effectively utilise the balance sheet and invest strategically to grow AUM and delivered a ROCE of 19.0% in line with our medium-term target of 20.0% ROCE.

Progress on 2023 priorities – Strategic

Our strategic objectives fall within the following categories: investment performance and market share, sustainability, international expansion, market positioning, and client diversification and depth.

Investment performance and market share

Our performance in H1 2023 continued robustly with a number of funds delivering in line with, or ahead of, our internal targets.

We continue to maintain leading market shares in specialist areas. Gresham House is a significant player in battery energy storage as outlined above and Gresham House Energy Storage Fund plc (GRID) is the largest battery storage investment trust in the UK and Europe.

We have also maintained our position as the UK's largest forestry asset manager and we are the seventh largest globally when measured by AUM. Currently active in the UK, Australia, New Zealand, and Ireland, in H2 2023 the Forestry division is progressing talks to raise an international fund, along with plans to conclude a further close for the Irish Strategic Forestry Fund.

In Private Equity, Gresham House is the second largest VCT manager in the UK, as manager and adviser of the two Baronsmead and four Mobeus VCTs, respectively.

Leaders in sustainable investing

In sustainability, we have continued to make progress against the pillars of our Corporate Sustainability Strategy and the priority topics identified for H1 2023.

As a sustainable investor we are committed to the belief that our clients should not need to compromise their primary objectives of strong financial returns in order to meet their sustainability goals. Alongside a keen sustainability focus within all the Group's investment strategies, we are setting ourselves at the forefront of the more nascent conversation about Natural Capital. Our platform offers a suite of investment solutions predicated on the Group's expertise and experience in sustainable forestry as well as emerging asset classes within our sustainable infrastructure strategy, such as habitat banks and vertical farming.

In H1 2023, Gresham House partnered with Pensions for Purpose to produce a timely Impact Lens report on Natural Capital and Biodiversity, which provides a review of these asset classes and points to potential growth in investor appetite for investment solutions in these areas.

In addition, the Task Force on Climate-Related Financial Disclosures (TCFD) report we published in March 2023 alongside our Sustainable Investment Report 2022 was recognised at the Environmental Finance Sustainable Investment Awards as TCFD Report of the Year. This is a strong endorsement of our best practice approach to this increasingly important method of reporting.

International

Our international ambitions are making steady progress, with the planned further close of the Irish Strategic Forestry Fund scheduled for Q3 2023. Fundraising is underway for our International Forestry Fund, and we are working on international segregated mandates, which builds on our existing presence in Australia, New Zealand and Ireland.

Brand and client diversification and depth

The Gresham House brand has consistently gained in strength and profile, driven by our market leading and innovative investment strategies, expertise, and experience, combined with recognition of the value that we deliver to our stakeholders across our asset classes. This is generating significant client diversification and depth, with many new fund launches attracting new institutional and long-term clients. The various wins we outline in the Awards section below are testament to the reputation Gresham House has achieved for best-in-class delivery in all areas of the business.

Awards

Since the start of 2023, we have achieved industry recognition by winning a range of awards, both in relation to our overall strategy and to the performance of certain specific funds.

- Wealth Briefing European Awards: Specialist Investment Manager with AUM over £5 billion – Gresham House
- ESG Investing awards: Best ESG Investment Fund, Infrastructure (Private Markets) – BSIF
- Refinitiv Lipper Fund Awards: Equity UK Small & Mid Cap – Gresham House UK Smaller Companies
- Citywire UK Awards: UK Equity Income – Gresham House
- Environmental Finance Sustainable Investment Awards: Renewables Fund of the Year – GRID
- Environmental Finance Sustainable Investment Awards: TCFD Report of the Year – Gresham House

People

I am proud of our entrepreneurial team and culture which remains a key differentiator for the business. Whilst cognisant of the need to deliver operational efficiencies, we have continued to strengthen our operational effectiveness with the strategic recruitment of leading talent in specific areas of growth.

In February, our Real Estate division welcomed Mike Adams and Burak Varisli to lead the division and drive our progress in Build-to-Rent, Shared Ownership, and age-appropriate housing for older people. We also enhanced our distribution capabilities with the addition of Alastair Leather and Claire Glennon over the summer. All have brought deep sector expertise and experience to Gresham House and are making a notable contribution to the success of the business.

Outlook

The Board and management team anticipate continued momentum into H2 2023 and beyond, with a clear path to growth across all our asset classes. We are developing further breadth and depth in our client base as we demonstrate our international credentials. We have a pipeline of investors into funds targeting H2 2023 closes, despite the impact of the current challenging macroeconomic environment on decision-making timeframes.

Our strong balance sheet ensures that we remain well-positioned to invest in enhancing our offer to all our stakeholders. We remain buoyant at the opportunity set and confident that Gresham House will continue to drive the delivery of its financial and strategic goals, and maintain its leading market position as Gresham House moves towards the next phase of its growth.

By late 2023 or early 2024, we anticipate that the Gresham House journey will continue as an exciting new chapter commences under private ownership. As we grow our client base in the UK, Ireland, and internationally, the same talented and dedicated teams will continue to serve our clients, supporting them with the delivery of strong financial and non-financial returns to meet their objectives. Over the next decade, our investment solutions will be delivered with an unwavering focus on investment performance combined with sustainability to align with our clients' ambitions.

Tony Dalwood, Chief Executive
13 September 2023



Sustainability overview

Progress on our Corporate Sustainability Strategy

Our Corporate Sustainability Strategy communicates the objectives we have set to meet our GH25 ambition to be a leader in sustainable investment. Here we detail our progress against its three core pillars:



Gresham House as a sustainable investor



Gresham House as a sustainable employer and business



Gresham House as a sustainable corporate citizen



Gresham House as a sustainable investor

For us, sustainable investment means delivering value for investors by adopting a long-term approach that considers environmental, social and governance outcomes in our investment decision making and actions. We believe that sustainable investments drive returns because they are good for people and the planet.

In this context, we are proud of the progress we have made against our priority topics during the first half of 2023:

Climate change and pollution

- Improved carbon emissions data and quality associated with our investments, including a first iteration of a lifecycle carbon analysis (LCA) for our operational forestry activities
- Reported in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), a year ahead of the mandatory deadline, providing our key stakeholders with a better understanding of our exposure to climate-related risks and the climate-related opportunities that we are pursuing

Natural capital

- Published an impact research paper in collaboration with Pensions for Purpose to support investors' understanding of how UK assets owners are addressing natural capital and biodiversity in their investment activities
- Presented an educational session on natural capital to an audience of pension schemes and their advisers
- Responded to the Taskforce on Nature-related Financial Disclosures (TNFD) consultation on its Nature-Related Risk & Opportunity Management and Disclosure Framework v0.4



Risk and compliance

- Published our third annual Sustainable Investment Report
- Mapped modern slavery risks across the supply chains of our Real Assets division
- Achieved SFDR Article 8 alignment for our Irish Forestry strategy
- Created a Group-wide process to support the implementation of SFDR for new funds
- Submitted our 2023 Stewardship Code Report to the Financial Reporting Council
- Published our proprietary Impact Framework for our Sustainable Infrastructure strategies, in line with the recommendations of the Impact Frontiers (formerly Impact Management Project)

Marketplace responsibility

- Completed an annual audit of our internal ESG processes, policies and ESG Decision Tools used by investment teams, and ESG content included in Investment Committee papers
- Finalised the integration of an ESG data provider into the Public Equity investment process

Supply chain sustainability

- Joined the Solar Energy UK Responsible Sourcing Steering Group to better understand how peers are addressing supply chain risks and opportunities and to drive progress in the industry

Moving forward, we are focused on several core priorities including:

- Potentially registering our international forestry fund as our first SFDR article 9 aligned fund
- Formalising and communicating our Net-Zero strategy
- Expanding our natural capital solutions for investors
- Mapping the modern slavery risks across our Real Assets and improve relevant supply chain policies and processes in response to findings
- Improving our ESG data collation systems

Gresham House as a sustainable employer and business, and sustainable corporate citizen

The other two pillars of our Corporate Sustainability Strategy focus on driving shareholder value by having a positive influence on the environment and societies our business and our people are a part of, as well as recognising and honouring our legal, moral, and economic responsibilities to the communities in which we operate.

Our achievements over the first half of 2023 include:

Commitment to sustainability

- Established an internal Sustainability Working Group to enhance Gresham House's operational sustainability by improving operational efficiencies at each office location
- Delivered two internal ESG Lunch & Learn sessions: 'The Future of Food' and 'How ESG creates value'

Climate change and pollution

- Developed an internal data collation system to improve data accuracy of our carbon footprint
- Introduced a travel policy with the objective of reducing our work-related travel emissions

Employment, health, safety and wellbeing

- Offering employees the opportunity to have an annual health check

Community care and engagement

Initiated new charity partnerships for the next two years

- UK:
 - Royal Society for Blind Children
 - Campaign Against Living Miserably
- Ireland:
 - Peter McVerry Trust
 - Jack & Jill Children's Foundation

Enhanced profitability driven by strong AUM growth

Over the course of the first six-month period in 2023, the Group has demonstrated the resilience in its asset classes with growth in AUM of £0.5 billion from £7.8 billion at the beginning of the year to £8.3 billion, a 5% increase and exceeded our GH25 AUM target of £8.0 billion. This growth has been delivered with net inflows across all divisions, underlining the performance of our funds and the structural growth in long-term asset classes that remain attractive to clients.

The Group's net core income in the six-month period increased by 12% to £41.6 million (H1 2022: £37.2 million), with adjusted operating profit increasing by 8% to £14.2 million compared to £13.2 million for the first half of 2022.

The Group has continued to focus on investing in the business, people and systems to support the Group's growth trajectory and build on our operational capabilities. Our operating profit margin for this period stands at 34%, a marginal adjustment from the 35% in H1 2022, which is attributed to the timing of fundraising activities and deployment being weighted towards H2 in 2023.

Kevin Acton

Chief Financial Officer



The Group's total comprehensive income grew to £4.5 million compared with £2.2 million in H1 2022, an increase of 107%. The main drivers of this improvement were the relative stronger performance of fair value movements on the balance sheet and the reduction in the tax charge due to movements in the deferred tax liability.

We have continued to use the Group balance sheet to invest in areas which will lead to increasing AUM and the generation of long-term management fees.

Assets under management

AUM grew organically by 5% in the first six-month period to £8.3 billion (December 2022: £7.8 billion).

£ millions	AUM December 2022	Net fund flows ¹	Performance	Funds acquired/ won	AUM June 2023	Total growth
Strategic Equity						
Public Equity	1,066	36	15	-	1,117	5%
Private Equity	791	27	(13)	-	805	2%
Subtotal	1,857	63	2	-	1,922	4%
Real Assets						
Forestry	3,418	20	72	-	3,510	3%
New Energy & Sustainable Infrastructure	1,778	213	80	-	2,071	16%
Real Estate	794	10	(45)	-	759	(4%)
Subtotal	5,990	243	107	-	6,340	6%
Total AUM	7,847	306	109	-	8,262	5%

1. Including funds raised, redemptions and distributions.

Against a backdrop of market volatility, rising inflation and interest rates, the Group demonstrated the resilience of the asset classes that it operates in with net fund inflows totalling £306 million across all divisions and a net improvement in performance of £109 million, delivering the 5% increase in AUM in the period. The Chief Executive's review provides further detail on the fundraising activity by fund in the first half of the year.

Real Assets remained resilient and highlighted the diversity in our asset classes with overall growth in AUM of 6% to £6.3 billion.

Sustainable Infrastructure and New Energy had notable fundraising of £213 million as we continued to raise capital for battery storage (including collocated battery storage) and sustainable infrastructure funds, which, alongside increases in the underlying Net Asset Values of the funds of £80 million, grew AUM by 16% in the period to £2.1 billion.

Forestry fundraising for 2023 is weighted towards H2. With £20 million raised in H1 2023 from institutional investment in the Gresham House Forestry Growth and Sustainability Fund, combined with increases in the valuation of part of the forestry portfolio of £72 million, AUM increased by 3% to £3.5 billion.

Real Estate added £10 million through our Irish Real Estate funds, which was offset by a reduction in performance across the division of £45 million, reflecting general market movements in the Real Estate sector. H1 2023 AUM stands at £759 million, down 4% in the period.

Strategic Equity AUM grew by 4% with AUM at £1.9 billion, reflecting the strong track record of the team, raising capital for the VCTs as well as continuing to deliver net inflows into Public Equity, against significant headwinds for UK equity markets.

The Public Equity division generated £36 million net inflows, whereas the UK smaller company equity market has continued to witness significant outflows. Performance of £15 million in the first half reflected the net improvement in value across the underlying portfolio.

In Private Equity, the Baronsmead VCTs successfully raised £50 million, which drove a net inflow, after distributions of £27 million. There was some negative movement in fair valuing the portfolio with a £13 million reduction overall.



Adjusted operating profit

The adjusted operating profit for the Group grew in the first six-month period of 2023 by 8% to £14.2 million (H1 2022: £13.2 million). We use the non-GAAP measure of adjusted operating profit as a key performance indicator for Gresham House as an alternative asset manager and have separated out net performance fees and net gains on investments. As set out in the 2022 Annual Report, the 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 and share-based payments and remuneration relating to acquisitions.

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000
Gross core income	43,125	38,526
Rebates, distribution costs and fundraising costs	(1,563)	(1,345)
Net core income	41,562	37,181
Administration overheads (excluding amortisation, depreciation, exceptional items and acquisition related share-based payments and remuneration)	(27,107)	(23,751)
Finance costs*	(286)	(278)
Adjusted operating profit	14,169	13,152
Adjusted operating margin	34.1%	35.4%
Realised gains on development projects	954	-
Variable compensation attributable to realised gains	(260)	-
Development project costs	(746)	(225)
Expenses included in administration expenses	(55)	(35)
Net Development losses	(107)	(260)
Non-core operating revenues	1,699	1,100
Costs relating to non-core operating revenues	(1,592)	(1,064)
Net non-core operating activity	107	36
Adjusted operating profit including net realised losses on development projects and non-core activities	14,169	12,928
Amortisation and depreciation	(6,227)	(6,092)
Acquisition related share-based payments charges	(159)	(217)
Acquisition related remuneration	(224)	(1,243)
Acquisition and restructuring related costs*	(1,990)	(1,278)
Net (losses)/gains on investments and other fair value movements	(964)	(673)
Tax	(56)	(1,257)
Operating profit after tax	4,549	2,168
Loss from discontinued operations	(58)	(3)
Total comprehensive net income	4,491	2,165

* Finance costs per the IFRS statement of Comprehensive Income included £0.6 million relating to the unwind of the discount from contingent consideration. This has been reclassified as acquisition and restructuring related costs in the above disclosure as it is acquisition related.

Income

Net core income in the period increased by 12% to £41.6 million (H1 2022: £37.2 million). This increase reflects the organic growth in AUM across the business.

The long-term nature of the Group's Real Asset management contracts highlight the stable revenue streams for the business with over £2.8 billion of AUM in Limited Partnership management contracts, with a weighted average contract length of 13.5 years. The underlying assets within these funds of forests, infrastructure, renewable energy and housing continue to provide a stable platform to grow the business.

Administration expenses

Administration expenses (excluding amortisation, depreciation, share-based payments relating to acquisitions, acquisition and restructuring related costs) have increased in the period by 14% to £27.1 million (H1 2022: £23.8 million). Cost management and the focus on margins in a challenging environment, with increasing inflation and cost of living pressures, are a critical part of how we manage the business. We continue to manage costs diligently while ensuring we maintain investment in the business to capture growth opportunities across all key areas.

The Group's full time equivalent headcount is 216 at the end of June 2023 (H1 2022: 205 and December 2022: 223).

Development projects

We continue to use the Group's balance sheet to develop battery storage and other New Energy projects to grow the Group's AUM. The Group sold one battery energy storage project in the period and gross gains for the first six-months of the year for the Group were £1.0 million. The variable compensation relating to this gain was £0.3 million. There are a number of projects which are expected to become operational in late 2023 and early 2024 and we shall update shareholders as this takes place. Other costs associated with battery storage development projects were £0.8 million in the period (H1 2022: £0.3 million), reflecting the investment in developing the pipeline of projects for the funds managed by the Group.

Acquisition related remuneration

Acquisition related remuneration decreased to £0.2 million from £1.2 million, reflecting the earn-out payments in the last 12 months for the Mobeus VCT business acquisition.

Acquisition and restructuring related costs

These costs relate to acquisitions and restructuring of the business post-acquisition as well as one-off costs.

Acquisition and restructuring related costs for the first six-months of the year were £2.0 million compared to £1.3 million for the same time last year, this increase reflects costs predominately relating to the Searchlight transaction, while the remaining increase is due to restructuring costs from prior acquisitions. There were no acquisition costs in the first half of 2023.

Net losses on investments and other fair value movements

Net losses on investments and other fair value movements reduced to a loss of £1.0 million, this is due to losses on investments in the period of £0.1 million which were the result of mark to market valuations on the Group's listed investments, a reduction of £0.4 million, or 25% of associate's losses for Environmental Bank Limited, and the remaining movement due to foreign exchange translation loss on subsidiaries and fair value movement in contingent consideration.

Financial position

The Group balance sheet remains strong with cash at end of the period of £32.5 million, an improvement of £0.3 million from the beginning of the year, with the £20 million Revolving Credit Facility (RCF) remaining undrawn in the period. The Group continues to use its balance sheet to grow the business and invests in, or alongside, funds that it manages. Investments at the period end were at £32.3 million, down from £37.9 million at the beginning of the year.

On top of generating £12.5 million in cash from operating activities, the Group invested £3.3 million into funds managed by the Group and other growth opportunities alongside a further £9.4 million into Devco projects. The Group also received £14.4 million on the sale of Devco projects in the period.

Outlook

The increase in inflation, the cost of living and interest rates continues to dominate the minds of investors, clients and staff. We continue to focus on how we can provide solutions for clients in asset classes that continue to exhibit structural growth. Following the anticipated change in ownership as a result of the Acquisition by Bidco in late 2023 or early 2024, we will continue to operate with the same teams focussed on delivering the same level of service and returns for clients.

We have a strong pipeline of new clients looking to invest in our funds in the second half of the year and will continue to work hard to deliver increased commitments to funds, grow AUM and deliver returns for clients throughout the remainder of 2023 and into 2024.

Kevin Acton, Chief Financial Officer
13 September 2023

Unaudited condensed group statement of comprehensive income

	Notes	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Income				
Asset management income		41,847	38,285	79,287
Dividend and interest income		1,278	241	531
Other operating income		1,699	1,100	2,523
Performance fees and carried interest		-	-	1,015
Total income	5	44,824	39,626	83,356
Operating costs		(39,367)	(34,467)	(73,232)
Administrative overheads		(37,933)	(33,972)	(71,662)
Acquisition and restructuring related costs	7	(1,434)	(495)	(1,570)
Net operating profit		5,457	5,159	10,124
Finance costs		(842)	(1,061)	(2,300)
Net operating profit after finance costs		4,615	4,098	7,824
Gains and losses on investments				
Share of associates' (losses)/profits		(389)	(203)	1,052
Profit on disposal of associate		-	295	(101)
Gains/(losses) on investments held at fair value		1,097	(945)	1,488
Movement in fair value of contingent consideration		(108)	(57)	3,514
Operating profit before taxation		5,215	3,188	13,777
Taxation		(56)	(1,257)	(2,874)
Operating profit from continuing operations		5,159	1,931	10,903
Loss from discontinued operations		(58)	(3)	(177)
Profit for the period		5,101	1,928	10,726
Other comprehensive income				
Foreign exchange (losses)/gains on translation of a foreign subsidiary		(610)	237	638
Profit and total comprehensive income		4,491	2,165	11,364
Attributable to:				
Equity holders of the parent		4,477	2,153	11,344
Non-controlling interest		14	12	20
		4,491	2,165	11,364
Basic profit per ordinary share (pence)	8	11.9	5.7	29.8
Diluted profit per ordinary share (pence)*	8	11.6	5.3	28.6
Basic adjusted profit per ordinary share (pence)	8	28.2	28.5	57.7
Diluted adjusted profit per ordinary share (pence)*	8	27.6	26.9	55.2

*Diluted number of shares are on a net basis after deduction of income tax and national insurance

Unaudited condensed group statements of changes in equity

Six months ended 30 June 2023 (unaudited)

	Ordinary share capital £'000	Share premium £'000	Merger reserve £'000	Treasury shares £'000	Retained reserves £'000	Foreign exchange reserve £'000	Equity attributable to equity shareholders of the Parent Company £'000	Non- controlling interest £'000	Total equity £'000
Balance at 31 December 2022	9,568	39,328	25,419	(1,092)	76,340	480	150,043	1,095	151,138
Profit and total comprehensive income for the period	-	-	-	-	5,087	(610)	4,477	14	4,491
Contributions by and distributions to owners									
Share-based payments	-	-	-	-	1,317	-	1,317	-	1,317
Issue of shares	-	-	-	(3,285)	-	-	(3,285)	-	(3,285)
Dividends paid	-	-	-	-	(6,054)	-	(6,054)	-	(6,054)
Total contributions by and distributions to owners	-	-	-	(3,285)	350	(610)	(3,545)	14	(3,531)
Balance at 30 June 2023	9,568	39,328	25,419	(4,377)	76,690	(130)	146,498	1,109	147,607

Six months ended 30 June 2022 (unaudited)

	Ordinary share capital £'000	Share premium £'000	Merger reserve £'000	Treasury shares £'000	Retained reserves £'000	Foreign exchange reserve £'000	Equity attributable to equity shareholders of the Parent Company £'000	Non- controlling interest £'000	Total equity £'000
Balance at 31 December 2021	9,500	39,328	24,811	(51)	73,032	(158)	146,462	1,075	147,537
Profit and total comprehensive income for the period	-	-	-	-	1,916	237	2,153	12	2,165
Contributions by and distributions to owners									
Share-based payments	-	-	-	84	(2,194)	-	(2,110)	-	(2,110)
Issue of shares	68	-	608	(50)	-	-	626	-	626
Dividends paid	-	-	-	-	(3,814)	-	(3,814)	-	(3,814)
Total contributions by and distributions to owners	68	-	608	34	(4,092)	237	(3,145)	12	(3,133)
Balance at 30 June 2022	9,568	39,328	25,419	(17)	68,940	79	143,317	1,087	144,404

Unaudited condensed group statements of changes in equity

Year ended 31 December 2022 (audited)

	Ordinary share capital £'000	Share premium £'000	Merger reserve £'000	Treasury shares £'000	Retained reserves £'000	Foreign exchange reserve £'000	Equity attributable to equity shareholders of the Parent Company £'000	Non- controlling interest £'000	Total equity £'000
Balance at 31 December 2021	9,500	39,328	24,811	(51)	73,032	(158)	146,462	1,075	147,537
Profit and total comprehensive income for the year	-	-	-	-	10,706	638	11,344	20	11,364
Contributions by and distributions to owners									
Share-based payments	-	-	-	-	(3,583)	-	(3,583)	-	(3,583)
Issue of shares	68	-	608	(1,041)	-	-	(365)	-	(365)
Dividends paid	-	-	-	-	(3,815)	-	(3,815)	-	(3,815)
Total contributions by and distributions to owners	68	-	608	(1,041)	3,308	638	3,581	20	3,601
Balance at 31 December 2022	9,568	39,328	25,419	(1,092)	76,340	480	150,043	1,095	151,138

Unaudited condensed group statement of financial position

	Notes	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
Assets				
Non-current assets				
Investments	10	22,961	15,859	19,912
Property, plant and equipment		2,311	2,577	2,127
Investment in associates		39	293	428
Intangible assets		81,766	92,891	87,335
Long-term receivables		492	492	1,330
Deferred tax		1,776	2,198	1,802
		109,345	114,310	112,934
Current assets				
Trade receivables		16,711	11,560	11,216
Accrued income and prepaid expenses		21,357	18,061	30,839
Other current assets	10	2,596	7,604	3,036
Cash and cash equivalents		32,462	28,062	32,205
Non-current assets held for sale				
Assets of a disposal group held for sale		19,252	29,831	22,907
Total current & non-current assets held for sale		92,378	95,118	100,203
Total assets		201,723	209,428	213,137
Current liabilities				
Trade and other payables		29,647	32,606	40,290
Short-term borrowings		-	-	-
Liabilities of a disposal group held for sale				
Liabilities of a disposal group held for sale		11,413	10,866	7,307
Total liabilities and liabilities of a disposal group held for sale		41,060	43,472	47,597
Total assets less current liabilities		160,663	165,956	165,540
Non-current liabilities				
Deferred taxation		7,901	9,996	9,155
Long-term borrowings		-	-	-
Other creditors		5,155	11,556	5,247
		13,056	21,552	14,402
Net assets		147,607	144,404	151,138
Capital and reserves				
Ordinary share capital	11	9,568	9,568	9,568
Share premium		39,328	39,328	39,328
Merger reserve		25,419	25,419	25,419
Treasury shares		(4,377)	(17)	(1,092)
Retained reserves		76,690	68,940	76,340
Foreign exchange reserve		(130)	79	480
Equity attributable to equity shareholders of the Parent Company		146,498	143,317	150,043
Non-controlling interest		1,109	1,087	1,095
Total equity		147,607	144,404	151,138
Basic net asset value per ordinary share (pence)	12	388.1	375.1	394.0
Diluted net asset value per ordinary share (pence)	12	380.8	354.3	377.1

Unaudited condensed group statement of cash flows

	Notes	Six months ended 30 June 2023 (unaudited) £'000	Six months ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
Cash flow from operating activities				
Net cash generated from operations	13	14,083	8,825	17,546
Corporation tax paid		(1,250)	(2,761)	(6,155)
Interest paid on loans		(286)	(150)	(141)
Net cash flow from operating activities		12,547	5,914	11,250
Cash flow from investing activities				
Acquisition of Burlington RE Property Management Limited		-	(626)	(627)
Deferred consideration paid		(6,425)	(6,875)	(10,913)
Sale of associates		-	11,754	12,478
Purchase of investments		(3,333)	(4,069)	(8,334)
Sale of investments		38	1,051	1,659
Investment in DevCo projects		(9,423)	(14,829)	(14,354)
DevCo loans repaid		734	254	2,853
Proceeds received on sale of DevCo projects		13,624	3,740	10,113
Purchase of fixed assets		(222)	(208)	(366)
Sale of fixed assets		60	19	296
Purchase of intangible assets		(402)	(547)	(886)
		(5,349)	(10,336)	(8,081)
Cash flow from financing activities				
Share-based payments settled		(112)	(3,818)	(6,774)
Dividends paid		(6,054)	(3,815)	(3,815)
Capital element of lease payments		(775)	(135)	(627)
		(6,941)	(7,768)	(11,216)
Increase/(decrease) in cash and cash equivalents		257	(12,190)	(8,047)
Cash and cash equivalents at start of period		32,205	40,252	40,252
Cash and cash equivalents at end of period		32,462	28,062	32,205

Notes to the accounts

1 Reporting entity

Gresham House plc (the "Company") is a public limited company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. The unaudited condensed group interim financial statements of the Company as at and for the six months ended 30 June 2023 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 United Kingdom adopted International Accounting Standards ("IAS") with the requirements of the Companies Act 2006. 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 2022 and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 December 2023.

The financial information for the year ended 31 December 2022 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 2022 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 2022 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 2022 and 30 June 2023 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 2022.

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 2022.

5 Income

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Asset management income			
Asset management income	41,847	38,285	79,287
	41,847	38,285	79,287
Income from investments			
Dividend income – Listed UK	106	43	305
Interest receivable – Banks	74	5	28
– Other	1,098	193	198
	1,278	241	531
Other operating income			
Non-core operating income*	1,699	1,100	2,523
	1,699	1,100	2,523
Performance fees			
Performance fees	–	–	1,015
	–	–	1,015
Total income	44,824	39,626	83,356

* Non-core operating income relates to income earned from ReSI Property Management Limited for property services and Gresham House O&M Services Limited for O&M services, which are not considered core asset management services to the Group.

6 Business combinations

There have been no business combinations during the six months to 30 June 2023.

On 15 March 2022, the Group acquired 100% of the issued share capital of Burlington RE Property Management Limited (Burlington), a company registered in Ireland. Burlington is one of Ireland's premier independent commercial property asset and development management companies, and manages or advises assets of €340 million as at 31 December 2021. The acquisition forms part of Gresham House's ongoing international expansion plans, as set out in its five-year strategy (GH25) and is the Group's second acquisition in Ireland, following the completion of the Appian Asset Management transaction in 2021. It consolidates the existing relationship between the two businesses to achieve long-term alignment.

The provisional fair value of the identifiable net assets acquired, and the consideration paid under IFRS 3 are as follows:

	Net book value £'000	Adjustments £'000	Fair value £'000
Tangible fixed assets	2	-	2
Cash	390	-	390
Trade and other receivables	267	-	267
Trade and other payables	(328)	-	(328)
Management contracts	-	1,511	1,511
Goodwill	-	742	742
Deferred tax liability	-	(189)	(189)
Total identifiable net assets	331	2,064	2,395

Under the terms of the acquisition agreement, the fair value of the consideration paid to the vendors of Burlington was:

	£'000
Cash	1,027
Shares – 73,177 shares in Gresham House plc valued at 855.0 pence per share on 15 March 2022	626
Total initial consideration	1,653
Contingent consideration	742
Total consideration	2,395

The consideration shares were admitted to trading on AIM on 21 March 2022.

Contingent consideration

Contingent consideration with an expected fair value of €1.0 million will be payable to the sellers within 20 business days of publication of the accounts for the year ending 31 December 2024. This is calculated as 40% of 6.5 times the average EBITDA in three years ending 31 December 2024.

The fair value of the contingent consideration has been estimated at the date of acquisition using estimated outcomes, the probability of those outcomes and discounting this at 8.0%. Up to 50% of the contingent consideration may be settled in Gresham House plc shares at the Company's discretion. As such this will be recognised as a liability on the balance sheet and the fair value assessed each reporting period. The fair value at the time of acquisition was calculated as £742k.

Revenue and profits of Burlington

Burlington was acquired on 15 March 2022. The Group has recognised the following revenues and costs in respect of Burlington for the period ended 30 June 2022:

	€'000
Revenue	543
Profit before tax	119

The results for the most recent audited reporting period prior to acquisition were to 31 December 2021. Had Burlington been part of the Group for the entire reporting period to 31 December 2022 the following sums would have been consolidated:

	€'000
Revenue	2,071
Profit before tax	280

Goodwill

Goodwill arises due to the excess of the fair value of the consideration payable over the fair value of the net assets acquired. It is mainly attributable to the skills of the team acquired, the synergies expected to be achieved from the acquisition and the business development potential. Goodwill arising on the Burlington acquisition is not deductible for tax purposes.

Fair value

The fair value of the management contracts have been estimated using a discounted cash flow model. The estimated cash flows have been valued at a discount of 8.0%.

7 Acquisition and restructuring related costs

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Acquisition costs			
Burlington RE Property Management Limited	–	174	174
Mobeus VCT Business	–	4	4
Bidco acquisition related costs	445	–	–
Other acquisition costs	80	219	60
	525	397	238
Restructuring costs			
DevCo acquisition and disposal costs	909	98	872
	–	–	460
	1,434	495	1,570

Acquisition and restructuring related costs are expenses that are incurred as part of a business combinations and asset acquisitions, as well as restructuring of the business post-acquisition. The Group discloses acquisition and restructuring costs separately on the face of the Consolidated Statement of Comprehensive income in accordance with IAS 1, in order to disclose material items separately by nature.

8 Earnings per share

(a) Basic and diluted profit per share

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Total net profit attributable to equity holders of the parent (£'000)	4,477	2,153	11,342
Weighted average number of ordinary shares in issue during the period	38,273,996	38,075,964	38,212,553
Number of shares held by the Gresham House Employee Benefit Trust	(526,707)	(69,542)	(191,781)
Weighted average basic shares in issue during the period	37,747,289	38,006,422	38,020,772
Dilutive shares*	727,885	2,244,067	1,705,923
Weighted average dilutive shares in issue during the period	38,475,174	40,250,489	39,726,695
Basic profit per share to equity holders of the parent (pence)	11.9	5.7	29.8
Diluted profit per share to equity holders of the parent (pence)	11.6	5.3	28.6

* Dilutive shares were deemed to have been issued at nil consideration and, as a result, shares which could be issued under the bonus share matching plan, long-term incentive plans and acquisition related share-based payments are based on the closing share price of 680p as at 30 June 2023. The dilutive share number is the net number of shares which would be issued, with the Group settling the income tax and national insurance liability in cash. The gross number of dilutive shares that would have been issued was 1,326,502 as at 30 June 2023.

(b) Adjusted earnings per share

Adjusted earnings per share is based on adjusted operating profit after tax, which is stated after charging interest but before depreciation, amortisation, share-based payments and remuneration relating to acquisitions, profits and losses on disposal of property, plant and equipment, net performance fees, net non-core activities, net development gains and acquisition related and restructuring costs to provide the non-GAAP measure of the performance as an asset manager. This includes dividend and income received from investments in associates.

Adjusted profit for calculating adjusted earnings per share:

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Net operating profit after finance costs	4,615	4,098	7,824
Add back:			
Acquisition and restructuring related expenses, including finance costs related to the unwind of discount on contingent consideration	1,990	495	3,308
Depreciation and amortisation	6,227	6,100	12,359
Profit on disposal of tangible fixed assets	-	(8)	-
Net performance fees	-	-	-
Variable compensation attributable to realised gains on development projects	260	-	975
Development project costs	801	260	698
Net non-core activity	(107)	(36)	(1)
Share-based payments relating to acquisitions	159	217	317
Acquisition related remuneration	224	1,243	1,600
Adjusted operating profit attributable to equity holders of the parent before tax	14,169	13,152	27,080
Corporation tax attributable to adjusted operating profit	(3,543)	(2,333)	(5,147)
Adjusted operating profit attributable to equity holders of the parent after tax	10,626	10,819	21,933
Adjusted profit per share (pence) – basic	28.2	28.5	57.7
Adjusted profit per share (pence) – diluted	27.6	26.9	55.2

9 Dividends

The Company paid £6.1 million during the period which represents a final dividend for the year ended 31 December 2022 of 16.0 pence per share. A final dividend for the year ended 31 December 2021 of 10.0 pence per share totalling £3.8 million was paid in May 2022.

10 Investments – securities

Investments have been classified as follows:

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Non-current assets	22,961	15,859	19,912
Other debtors due within one year – Investment in development projects	2,596	7,604	3,036
	25,557	23,463	22,948

A further analysis of total investments is as follows:

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Listed securities – on the London Stock Exchange	11,842	7,236	9,275
Securities dealt in under AIM	420	953	435
Securities dealt in under Aquis Stock Exchange	3	4	3
Unlisted securities	13,292	15,270	10,199
Closing value at end of the period	25,557	23,463	19,912
Investments valued at fair value through profit or loss	22,961	15,859	19,912
Loans and receivables carried at FVTPL*	2,596	7,604	3,036
	25,557	23,463	22,948

* Investment in development projects were reclassified to FVTPL in the annual results to 31 December 2022 from amortised cost due to the change in the business model for managing the loan receivables. Fair value is calculated based on expected cash flow from the loan and discounted using the highest risk synthetic credit rating due to the loans inactive market.

11 Share capital

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Allotted: Ordinary – 38,273,996 (30 June 2022: 38,273,996; 31 December 2022: 38,273,996) fully paid shares of 25 pence each	9,568	9,568	9,568

12 Net asset value per share

	30 June 2023	30 June 2022	31 December 2022
Equity attributable to holders of the parent (£'000)	146,498	143,317	150,043
Number of ordinary shares in issue at the end of the period	38,273,996	38,273,996	38,273,996
Number of shares held by the Gresham House Employee Benefit Trust	(526,707)	(69,542)	(191,781)
Basic number of ordinary shares in issue at the end of the period	37,747,289	38,204,454	38,082,215
Dilutive shares*	727,885	2,244,067	1,705,923
Number of ordinary shares in issue during the period post dilutive shares	38,475,174	40,448,521	39,788,138
Basic net asset value (pence)	388.1	375.1	394.0
Diluted net asset value (pence)	380.8	354.3	377.1

* Dilutive shares were deemed to have been issued at nil consideration and, as a result, shares which could be issued under the bonus share matching plan, long-term incentive plans and acquisition related share-based payments are based on the closing share price of 680p as at 30 June 2023. The dilutive share number is the net number of shares which would be issued, with the Group settling the income tax and national insurance liability in cash. The gross number of dilutive shares that would have been issued was 1,326,502 as at 30 June 2023.

13 Reconciliation of net operating profit to operating cash flows

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Net operating profit after exceptional items	4,615	4,881	7,824
Loss from discontinued operations	-	(3)	(177)
Interest payable	842	184	2,300
Depreciation	529	574	1,155
(Profit)/loss on disposal of tangible fixed assets	(25)	(8)	(44)
Amortisation	5,723	5,526	11,248
Share-based payments	1,680	1,708	3,566
Acquisition related remuneration	-	884	1,917
	13,364	13,746	27,789
Decrease/(increase) in long-term receivables	838	-	(838)
Decrease/(increase) in current assets	3,937	3,566	(10,077)
(Decrease)/increase in current liabilities	(4,056)	(8,487)	672
	14,083	8,825	17,546

14 Post balance sheet events

On 30 June 2023, the closing Gresham House share price was 680p. At this price, a number of awards over the Gresham House share schemes were out of the money and the gross number of dilutive shares was 1,326,502. On 17 July 2023, the Boards of Gresham House and Seed Bidco announced that they had reached agreement on the terms of a recommended final* cash offer for the entire issued and to be issued share capital of Gresham House by Seed Bidco (the "Announcement"). At the Acquisition Price of 1,105p per Gresham House share, a number of the share schemes in place would have value, increasing the number of gross dilutive shares to 4,242,172, as disclosed in the Announcement. The Acquisition was approved by Gresham House shareholders on 30 August 2023 and is subject to certain regulatory approvals and final Court Sanction before completion can take place. The Scheme is expected to become Effective in late 2023 or early 2024. Capitalised terms used in this note, unless otherwise defined, shall have the meanings given to them in the Announcement.

* The financial terms of the Acquisition are final and will not be increased, except that Bidco reserves the right to increase the Acquisition Price where: (i) there is an announcement of a possible offer or a firm intention to make an offer for Gresham House by any third party; or (ii) the Panel otherwise provides its consent.

Corporate information

Company Number

871 incorporated in England

Directors

Anthony Townsend, Non-Executive Chairman

Anthony Dalwood, Chief Executive Officer

Kevin Acton, Chief Financial Officer

Rachel Beagles, Non-Executive

Gareth Davis, Non-Executive

Sarah Ing, Non-Executive

Simon Stilwell, 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 & Joint Broker

Canaccord Genuity Limited

88 Wood Street
London EC2V 7QR

Financial Adviser & Joint Broker

Jefferies International Limited

100 Bishopsgate
London EC2N 4JL

Registrars

Neville Registrars Limited

Neville House
Steelpark Road
Halesowen
West Midlands B62 8HD

Solicitors

Eversheds Sutherland (International) LLP

One Wood Street
London EC2V 7WS



Since 1857

Gresham House
Specialist asset management