Since 1857
Gresham House
Specialist asset management

A specialist partner for

sustainable growth

Annual Report and Audited Financial Statements for the year ended 31 December 2022

Registered in England with number 871

Purpose & values

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 while 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.

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Highlights

£7.8bn +20%
Assets under management
(as at 31 December 2022)

£77.3mn +25%
Net core income
(for the year to 31 December 2022)

£27.1 mn +34%
Adjusted operating profit[1]
(for the year to 31 December 2022)

£11.4mn -6%
Total comprehensive net income
(for the year to 31 December 2022)

Financial highlights

- Significant AUM growth of 20% to £7.8 billion (2021: £6.5 billion), with organic growth of £1.1 billion (17%) driven by strong fundraising and investment performance in challenging market conditions
- Strong net core income growth of 25% to £77.3 million (2021: £61.6 million)
- Growth in adjusted operating profit of 34% to £27.1 million (2021: £20.2 million)[1]
- Continued improvement in adjusted operating margin to 35%, at the end of 2022, up from 33% at the end of 2021

1. Adjusted operating profit metric defined as operating profit after charging interest, and excluding depreciation and amortisation, acquisition and restructuring related expenses from acquisitions, acquisition-related share-based payments and remuneration, profits on disposal of property, plant and equipment, net performance fees and net development gains. Adding back the above items, net gains on investments and fair value movements, tax and losses from discontinued operations results in net comprehensive income. A reconciliation is included within the Financial Review.

- ROCE of 19.3%, in line with our 20% medium-term target (2021: 34.1%)[2]
- Adjusted diluted EPS growth of 12% to 55.2 pence (2021: 49.4 pence)
- Final dividend proposed to increase by 60% to 16.0 pence (2021: 10.0 pence), 3.5x covered by adjusted operating profits and on track to achieve the 3x cover target set as part of GH25 five-year strategic plan
- Robust balance sheet with undrawn committed £20.0 million Revolving Credit Facility (RCF) positioning the Group well to capture growth in 2023

2. Return on capital employed 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.

19.3% in line with target

Return on Capital Employed (ROCE)[2]

(for the year to 31 December 2022)

55.2p +12%

Adjusted diluted earnings per share (pence)

£70.1mn

Cash and investment in managed assets

(as at 31 December 2022)

16.0p +60%

Proposed dividend (pence)

Strategic highlights

- Continued successful execution of GH25 including both financial and strategic targets
- Further international expansion through acquisition of Burlington RE Property Management in Ireland, launch of the Irish Strategic Forestry Fund, and New Zealand carbon credits mandate
- Consolidated significant market positions in specialist segments; largest listed battery energy storage fund in Europe, seventh largest forestry asset manager globally and largest in the UK, and second largest VCT manager in the UK
- Delivering against our Corporate Sustainability Strategy and published Task Force on Climate-related Financial Disclosures (TCFD) reporting and roadmap
- Maintenance of strong culture with high levels of employee engagement, augmented by our employee share ownership schemes

> Executing on our financial and strategic goals to create shareholder value and be recognised as an "asset to covet".

Generating investment returns from sustainable & alternative asset management

We are a specialist alternative asset management group, focused on sustainable investments across a range of strategies, with expertise covering forestry, real estate, infrastructure, renewable energy, battery energy storage, and public and private equity.

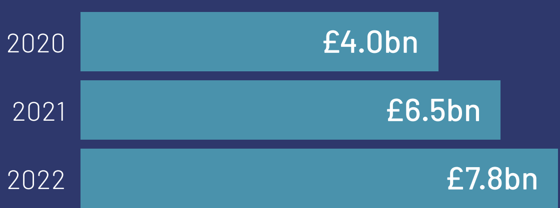
Our origins stretch back to 1857, while our focus now is on the long term. Quoted on the London Stock Exchange (GHE:LN), we actively manage assets on behalf of institutions, family offices, charities and endowments, private individuals and their advisers. We act responsibly within a culture of empowerment that encourages individual flair and entrepreneurial thinking.

As a signatory to the UN-supported Principles for Responsible Investment, we are committed to operating responsibly and sustainably. We believe taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of our market positioning.

- We offer funds, direct investments and tailored solutions, including co-investment, across a range of sustainable investment strategies
- We have created a specialist asset management business in the growing sustainable alternative investment space, focused on delivering strong financial returns alongside social and environmental objectives for both clients and shareholders

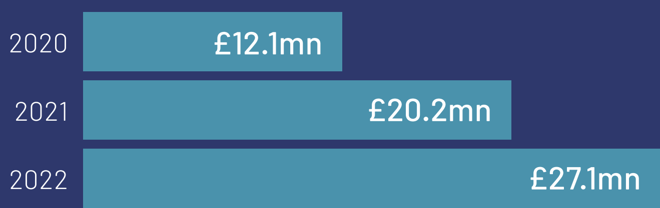
Financial overview

Assets under management
at 31 December 2022



£7.8bn +20%

Adjusted operating profitability
for the year to 31 December 2022



£27.1mn +34%

Divisions and strategies

Real Assets

Our range of real assets investment products have the potential to provide protection from inflation through proven, long-term, sustainable, asset-backed investments. In many cases, they can also provide uncorrelated returns to equity markets as well as diversified sources of income.

Forestry
£3,419mn AUM

A natural capital real asset class that diversifies an investment portfolio and provides exposure to potential increases in the value of timber, carbon, natural capital and underlying land value that support long-term management programmes. The team seeks attractive long-term returns, uncorrelated to traditional debt and equity asset classes, and underpinned by the biological growth of the trees. Investments can provide a regular income yield in a tax-efficient manner.

New Energy & Sustainable Infrastructure
£1,778mn AUM

Our New Energy & Sustainable Infrastructure investments are focused on transformative technologies and industries that we believe will deliver strong financial, social and environmental returns alongside supporting the transition to a more sustainable world. They address key environmental and societal challenges and provide innovative solutions that enable a new, more sustainable, way of living, and can be accessed through listed vehicles, limited partnership funds, regional co-investment funds and direct investment funds.

Real Estate
£794mn AUM

We offer long-term equity investments into UK housing, through listed and unlisted housing investment vehicles, each focused on addressing different areas of the affordable housing problem. Our investments aim to deliver stable and secure inflation-linked returns while providing social and environmental benefits to our residents, the local community and the wider economy.

In Ireland, we provide value-add investments in commercial property – office, retail and industrial properties in the greater Dublin area and major regional urban centres.

Strategic Equity

Targeting superior long-term returns in a range of public and private equity investments, by applying an active private equity approach, engaging with companies and employing rigorous due diligence and developing a deep understanding of each investment. Providing a differentiated platform for companies to evolve from early stage private capital through growth capital to listed capital.

Public Equity
£1,066mn AUM

As long-term investors with a focus on small and micro-cap companies in the UK equity market, we are active stock pickers applying a private equity approach to quoted equities. We offer a range of investments including our open-ended equity funds, listed strategic public equity investment trusts and limited partnership vehicles. In Ireland, we are active, long-term investors driven by a fundamental understanding of the quality and valuation of a particular investment.

Private Equity
£791mn AUM

Gresham House's Private Equity strategy offers investors access to entrepreneurial, high growth, earlier stage and lower mid-market private companies. We invest across the market but specialise in scaling software and digitally-driven businesses in the healthcare, consumer and services sectors.

Growing AUM to deliver shareholder value

Business Model

Gresham House's asset classes are well positioned to capture the drive for investments that deliver both financial returns and in many cases sustainable, climate-based solutions for investors. Allocations to alternative asset classes, including those managed by Gresham House, continue to rise.

Gresham House's business model targets:

- growing AUM in specialist and sustainable asset classes, which benefit from structural growth;
- generating long-term, high quality revenue streams; by
- delivering financial returns from sustainable products for clients.

Gresham House has long and successful track records in these areas of investment, which has resulted in strong market shares in areas such as forestry, battery energy storage and sustainable infrastructure.

Gresham House has typically "institutionalised" asset classes for investment several years before asset allocation by large investors became the norm. Examples of this are battery energy storage, sustainable infrastructure and forestry.

We also have a wealth of expertise and experience in both public and private equity, investing in smaller companies that will contribute to the UK's economic recovery and future growth.

Of course, investment performance is critical and the teams within Gresham House are proud of their long-term track records of achieving (and exceeding) client objectives.

Investment Case

Diversified and resilient AUM

- Invested in asset classes with structural growth with elements of inflation protection
- Gresham House has institutionalised new asset classes – leaders and experts in forestry, battery energy storage and sustainable infrastructure
- Long-term management contracts
  - clients with long-term investment horizons
  - c.90% of AUM in closed-ended, listed vehicles or segregated mandates

High revenue margin asset classes

- Target 1% gross fee margin across the business

Proven acquisition track record

- Clear shareholder value created from acquisitions
- Balance sheet used to accelerate and support growth in AUM

Delivering strategic goals

- Organic AUM growth of 17% in 2022
- Acquisition AUM growth of 3% in 2022
- Operating margin improvement to 35% – targeting 40% by 2025
- Sustainability – leadership in ESG recognised through independent ratings – PRI, Green Economy Mark, Stewardship Code and awards
- International expansion – Australia, New Zealand, Ireland

Long-term alignment

- Employees and senior management own c.10% of the Company
- Management LTIP aligned with GH25 five-year strategic plan to deliver shareholder value
- Gresham House and employees typically invest alongside clients in our funds

Significant growth opportunities in our specialist asset classes

The asset classes which Gresham House operate demonstrate considerable potential for market growth, supported by structural trends in asset allocation by investors. The opportunity for scale is evident across our asset classes:

New Energy – battery energy storage

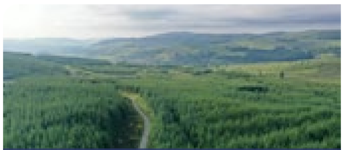
- **0.6GW** Current capacity in Gresham House Energy Storage Fund plc (GRID)
- **1.4GW** Current pipeline in GRID
- **20GW** UK market opportunity needed by 2030 according to National Grid[1]

Sustainable Infrastructure

- **£0.5bn** Current committed capital (including capital deployed)
- **c.£2.0bn** Current exclusive pipeline of greenfield investment
- **£1tn+[2, 3]** UK market opportunity across all six subsectors

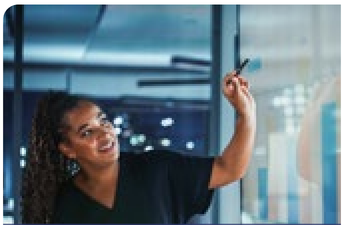
Real Estate – UK Housing

- **>£185mn funding 1,134 homes[4]** Committed during year
- **£2.2bn or 14,000 homes[5]** Current pipeline
- **£6bn p.a.[6]** Shared ownership market opportunity
  £20bn p.a. Rental market opportunity



Forestry

- **£262mn** Forests acquired in 2022
- **£0.8bn** Current pipeline
- **£10bn+ p.a.[7]** International forestry acquisition market



Strategic Equity

- Current AUM
  £1.1bn Public Equity
  £0.8bn Private Equity
- Activity
  - Continued demand for VCT funds
  - Establish (non VCT) Private Equity LP fund
- **£3.0bn[8]** UK Public Equity capacity in existing products
  £2.0bn[9, 10] UK Private Equity capacity (VCTs)

1. National Grid Future Energy Scenarios paper July 2022
2. Estimated investible universe across the six target subsectors of Resource Efficiency, Digital inclusion, Regeneration, Waste Solutions, Decarbonisation and Health & Education
3. Key opportunities including: Vertical farming – £116bn of capital required to meet demand for UK leafy greens and soft fruit, with global potential 10x this; Nature based solutions – >£1bn in next few years for new habitats in England; and Digital inclusion – £20bn+ to meet need for full fibre internet in the UK
4. Current committed fee earning capital of £480mn, 6,000 homes across the UK, 3,600 rented homes and 2,100 shared ownership homes
5. £1bn or 5,000 rental homes and £1.2bn or 9,000 shared ownership homes
6. £6bn of shared ownership housing per UK House Price Index for October 2021 – GOV.UK (www.gov.uk) Shared ownership (England): the fourth tenure? – House of Commons Library (parliament.uk) and £20bn of build to rent properties per Savills UK Build To Rent (BTR) 2021
7. Gresham House estimated international forestry acquisition market
8. Strategic Equity Capital / SPE £0.5bn. UK Multi Cap Income £1.25bn. UK Smaller Companies £0.75bn. UK Micro Cap £0.5bn
9. Gresham House estimated market capacity for UK Public Equity funds in the UK of £3.0bn and the UK VCT market capacity of £1.5bn.
10. VCT Funds £1.5bn. Private Equity LLP funds £0.5bn

Demonstrating our resilient approach to long-term investing

> Gresham House has established a Group with a growing brand in specialist areas of sustainable asset management, providing solutions to clients seeking financial plus social or environmental returns.

Introduction

I am delighted to update shareholders on another year of strong returns, with significantly enhanced profits and scale. Indeed, it is notable that the business now generates annual profits over two times greater than the market value of Gresham House immediately prior to the new management team taking the reins in 2014 and evolving the company into an alternative asset manager.

Economic uncertainty continued during the year driven by the war in Ukraine, higher energy prices, rising inflation and a cost of living crisis, and yet the business has continued to perform, demonstrating the quality of the leadership team and the resilient nature of Gresham House's investment strategies. The team's focus remained on performance in 2022, supported by our commitment to sustainability, and with continued progress made towards the delivery of our five-year strategy, GH25, which is at the heart of all our corporate activity.

The resilience the Group demonstrated during this financial period is testament to the employees and their hard work, led by a committed management team, which underpins how we drive shareholder value. Gresham House is now firmly established in the market as an expert and innovative investor, providing client solutions with sustainable strategies and leading the way for this growing focus globally, with the financial returns continuing to speak for themselves.

Activity in the period

Funds were raised across all asset classes in challenging conditions. It was a busy year for everyone in the Group across all our divisions, including our most recent acquisition, Burlington RE Property Management Limited (Burlington) in Ireland.

Anthony Townsend
Chairman

Overall, Gresham House continues to be positioned as an investment solutions provider, creating new products and investments for clients and leading the way with innovation in specialist asset classes with high-growth potential. The Board was also pleased to see that the 2022 Employee Engagement Survey once again showed high levels of satisfaction and commitment amongst staff. I must take this opportunity to thank all the employees at Gresham House who are the engine of the business, maintaining our momentum.

Financials

In a challenging environment, it is commendable that the Group has delivered such strong results. AUM once again rose and at the end of the financial period was £7.8 billion, 20% up on last year. We saw net core income up 25%, while adjusted operating profit was up 34% at £27.1 million. Total comprehensive net income for the year was £11.4 million, reflecting adjusted operating profit, less the impact of amortisation from management contracts acquired, value movements on the balance sheet and tax (2021: £12.0 million). We also achieved Return on Capital Employed (ROCE) of 19.3% a metric the Board and executives are proud of.

We had £32 million of cash plus substantial development and investment assets on the balance sheet at 31 December 2022, which alongside the £20 million Revolving Credit Facility puts us in a strong position for the upcoming year.

Dividend

The Board recognises the importance of total shareholder return and hence as part of our GH25 target, we also committed in 2022 to increase the dividend to a level covered by earnings of three times by 2025. Having made good progress in the year, the Board is pleased to propose an increase in dividend to 16.0 pence, up 60%, which results in a 256% increase over three years and is 3.5x covered by adjusted diluted earnings per share.

Sustainability

Gresham House has been ahead of the curve in terms of sustainability and is now a market leader, managing assets across forestry, battery energy storage, solar, wind, as well as housing and sustainable infrastructure. With the growth of sustainability as a global focus, it has been clear this year that this increased attention has also brought an increase in the level of scrutiny and regulation.

At Gresham House, we are dedicated to being transparent with our sustainable approach, embedding climate-related risks and opportunities in our business processes and identifying clear goals that we set out as part of our GH25 strategy. This includes enhancing our Task Force on Climate-related Financial Disclosures (TCFD) reporting. Further to this, the Group is working to define and finalise its net zero commitments and targets. We will also be publishing our third annual Sustainable Investment Report shortly.

The Group is held accountable by the Sustainability Committee, which was established in July 2021 and is chaired by our Senior Independent Director, Gareth Davis. In addition, the Sustainability Executive Committee regularly keeps the Board level Sustainability Committee up to date on progress made by the Group against core sustainability objectives.

Shareholders

Gresham House has significantly increased in value since the management buy-in led by our Chief Executive Tony Dalwood eight years ago. Our communication with shareholders has at all times been a priority. We have ongoing engagement through a number of channels and continue to evolve the way in which we communicate via news flow and announcements. We also introduced a new monthly video series in 2022 featuring our CEO and various heads of departments within the business, to provide insight into how the various asset classes are performing and how they are positioned to deliver returns even in the face of macroeconomic challenges.

£7.8bn +20%

Assets under management as at 31 December 2022

£27.1mn +34%

Adjusted operating profit for the year to 31 December 2022

In November 2022, we also hosted our second Capital Markets Day, which was focused on the resilience of Gresham House's specialist asset classes including the inflation and interest rate-hedging characteristics of our range of investment strategies. This was an opportunity to engage with the market and we received overwhelmingly positive feedback from attendees of the virtual event.

Board

The Board remains committed to high integrity whilst delivering shareholder value, with four non-executive directors and myself in post. During this year, following a thorough process, we welcomed Sarah Ing as a Non-Executive Director and Audit Committee Chair following the conclusion of the Company's 2022 AGM. Sarah has a long career as a top-rated equity analyst covering the UK general financial services sector and we are delighted she has chosen to join us.

I first joined the Board alongside the management buy-in at the end of 2014, so 2023 will be my ninth year as Chair. In accordance with corporate governance practice, I therefore intend to retire when the results for that year are put before shareholders at the AGM in the spring of 2024. Our Senior Independent Director, Gareth Davis, will lead the process of selecting my successor.

> "Having made good progress in the year, the Board is pleased to propose an increase in dividend to 16.0 pence, up 60%."

Annual General Meeting

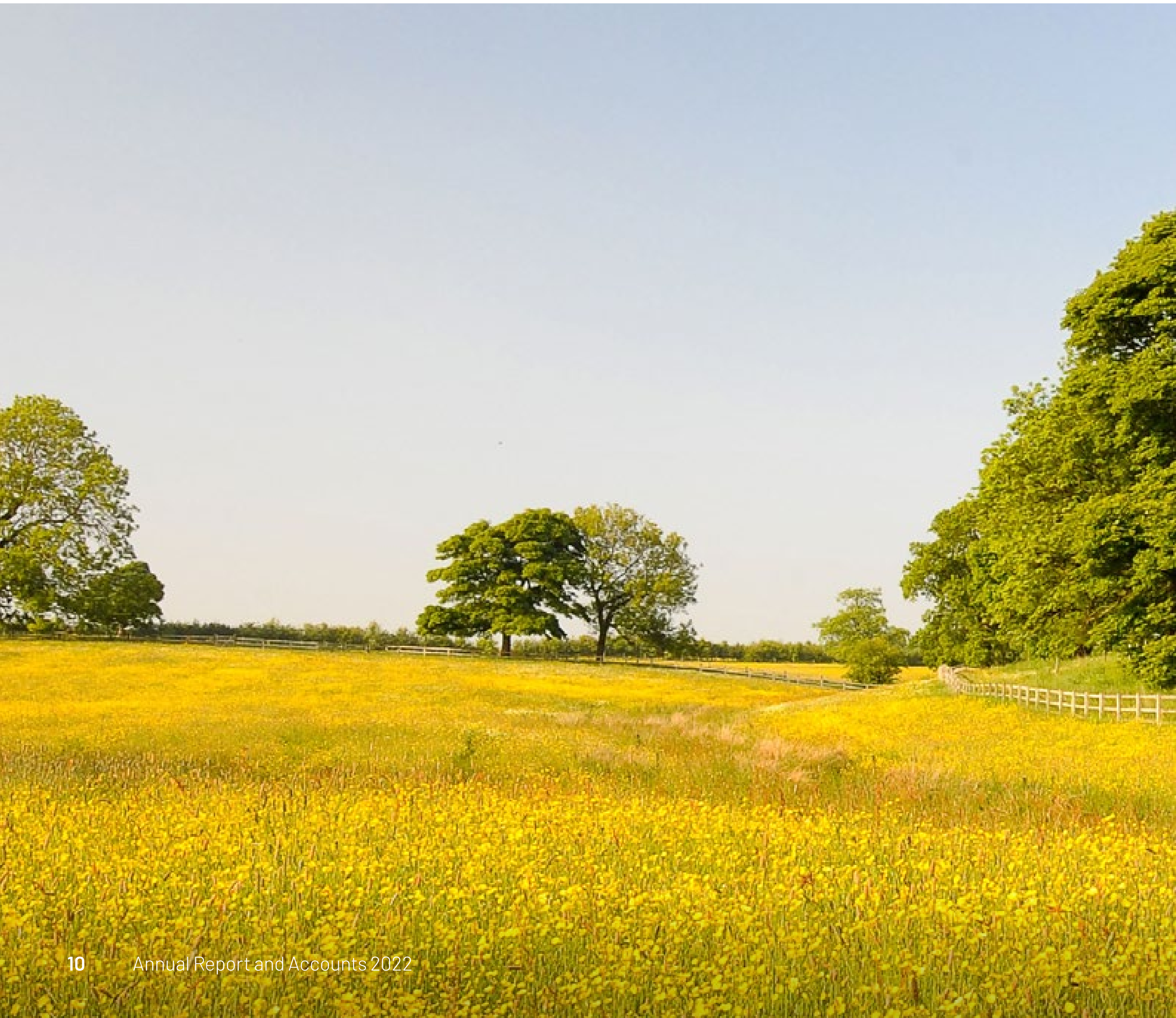
We will be holding our Annual General Meetings (AGM) in person again this year and look forward to welcoming shareholders to our 2023 AGM at Eversheds Sutherland (International) LLP, 1 Wood Street, London, on Thursday 11 May 2023.

For more information visit
www.greshamhouse.com

Outlook

It is fair to say that the past few years have been challenging, with 2022 being no exception. Despite this, Gresham House has demonstrated its resilient approach to long-term investing, and delivered on its strategy, creating a strong foundation for continued growth in 2023. The senior management are sensitive to the challenges within the global macroeconomic environment and have themselves admirably committed to zero salary increases in 2023.

While we expect 2023 to remain volatile, we are confident that an unwavering commitment to our core strategy will drive further progress towards achieving our GH25 goals and we will be developing the framework for our longer term strategic ambitions during the course of the year. While there are undoubtedly macroeconomic challenges for the Company and its clients to navigate, we continue to work hard to grow AUM through our distribution channels.



As we look ahead, we anticipate that the momentum achieved in expanding our capabilities across the UK and overseas will continue, following deals in Australia, New Zealand and Ireland in our forestry and real estate divisions in 2022. We also anticipate further expansion domestically and internationally across other key asset classes, with battery energy storage activities set to establish an overseas foothold in 2023. It is evident that this management team has dedicated itself to growing shareholder value over the last eight years.

While growth has been primarily organic, this has been enhanced by acquisitions with clear strategic and financial integration benefits. During this period there have been many challenges, however the team has exhibited integrity, energy and ambition whilst focusing on shareholder value objectives. It is a privilege to Chair a Group where financial, social and environmental returns are positive.

Anthony Townsend, Chairman
29 March 2023

Generating strong investment returns and capturing the growth opportunity from alternative asset classes

> Private capital and investment is essential to support a world which is striving to grow and evolve

Overview

We are now three years into our GH25 five-year plan. A plan which aims to build value for shareholders through the growth and expansion of this sustainability-focused, specialist alternative asset management business. Substantial progress towards the successful delivery of both our strategic and financial goals is evident. Importantly, we have typically exceeded our target returns for our investors.

Gresham House continues to invest in its people and platforms to build a sustainable long-term investment business fit for the future. The culture of the business has evolved as it has grown, but the focus on "making a difference" remains. To meet the needs of clients, who are increasingly looking for financial returns alongside positive ESG outcomes, requires a dynamic and aspirational team.

Retaining our top talent is an absolute priority and whilst financial incentives are very important, working in an entrepreneurial, dynamic, and enjoyable environment is highly valued. I am extremely proud to be working with a group of people, now 223 in number, who share qualities of ambition, energy, and integrity. This is a culture that will stand the test of time and will therefore endure the challenges presented by the macroeconomic outlook.

Private capital investment is essential to support a world which is striving to grow and evolve. As recent history reminds us, governments have stepped in on multiple occasions with sizeable commitments of public money to address serious issues including the Global Financial Crisis, the COVID-19 pandemic, energy security and war. We believe it is imperative that private capital increasingly becomes the major contributor to future investment.

Gresham House differentiates itself by providing a number of real asset classes which were previously not on the investment radar. We have set out to institutionalise these areas for investment and then scale the assets under management. This can take time. Time to educate investors and to prove that the asset class can deliver both the appropriate financial and non-financial returns.

Tony Dalwood
Chief Executive

We believe we have a track record of achieving this, with examples including forestry and battery energy storage, and are well on the way to meeting this objective within both our sustainable infrastructure and affordable housing platforms.

Meanwhile, our Strategic Equity division has a critical role to play in facilitating economic growth through the support it provides to growth companies at an early stage with capital and strategic guidance. This is an area where Gresham House can make a difference for the future of the UK and Irish economies through innovation and entrepreneurialism.

Our strong performance throughout 2022 was driven by maintaining our investment discipline and by continuing to operate in our specialist asset classes, which have shown resilience in a volatile year. We have also been able to effectively deploy balance sheet capital to grow the business which has generated additional strong financial returns.

We have further established the business as a provider of solutions for existing and prospective clients. Natural capital and sustainable investment opportunities are areas where we have expertise and intellectual property. We are focused on delivering investments which meet the ESG criteria of our investor base whilst also delivering on their primary remit to achieve capital and income growth.

The 12-month period was characterised by market volatility, rising inflation, the cost-of-living crisis and the threat of recession. In the face of this challenging environment, our diversified and innovative portfolio of asset classes continued to deliver returns, whilst real assets provided resilience against rising inflation and interest rates. As a result, we saw clear growth throughout 2022 in portfolio allocation to alternatives and real assets which is continuing into 2023.

Gresham House funds focused on Forestry, New Energy, Sustainable Infrastructure and Real Estate (UK Housing and Commercial Property in Ireland) delivered good progress both in terms of fundraising and importantly in the deployment of those funds. We were also pleased to see positive net inflows in our Strategic Equity funds during a period when many investors have been negative on UK equity markets.

Across the Real Assets division, we have offerings that provide nature-based solutions covering for example afforestation (planting trees), carbon credits as well as the development of biodiversity net gain habitat banks (rewilding areas to offset the impact of new property developments). This is an area of increasing focus for clients, and we continue to provide solutions to meet these specific needs.

Our international presence is expanding, with real estate and forestry investments in Ireland, Australia and New Zealand. At the end of 2022, we further extended our international capabilities with the launch of the Irish Strategic Forestry Fund that will support the creation of new forests and make a significant contribution to Ireland's Climate Action Plan. Further international expansion will follow in 2023 as we look to expand our battery energy storage capabilities into overseas markets in Europe and the US.

Gresham House's focus on delivering measurable returns on investment, underpinned by long-term sustainability, is reflected in the quality of our financial performance in 2022. AUM at the end of December 2022 was up 20% at £7.8 billion, of which 17% was organic growth, as we near our GH25 target of £8.0+billion (upgraded from £6.0 billion in March 2022). Adjusted operating profits were up 34% at £27.1 million, with an improving adjusted operating margin of 35%.

ROCE was 19.3% in the year, which is in line with our target of "20% over the medium term" (upgraded from 15% in March 2022).

In 2022, we also established a dividend policy targeting three times adjusted operating profits coverage by the end of GH25 and are pleased to be making good progress, increasing the proposed dividend by 60% to 16.0 pence (2021: 10 pence), which is 3.5x covered by adjusted diluted earnings per share.

Strategic objectives and sustainability

Gresham House has been focused on providing sustainability-focused investment strategies for the past eight years, having been at the forefront of this innovative approach to asset management and the delivery of returns. During that time, we have witnessed first-hand how sustainability has become a central consideration for most, if not every, investment decision. At the same time, there has been a palpable shift in emphasis towards investor demand for tangible returns, and this was particularly notable in 2022 amid a tough macroeconomic environment. Our performance in 2022 demonstrates that Gresham House's diversified mix of real assets and equity strategies enables us to work with clients to find solutions that deliver the financial return on investment they seek.

As we work to expand our international activities we are committed to maintaining market leadership in many of our specialist asset classes.

Sustainability

The Group has continued throughout 2022 to embed the Corporate Sustainability Strategy that we set out in last year's Annual Report.

We made further progress throughout the year against the measurement of our sustainability objectives and worked closely with specialist consultants to calculate the carbon footprint of our operations and investments. As we move further into 2023, we have built on our Task Force on Climate-Related Financial Disclosures (TCFD) reporting, with enhanced reporting of climate risks and opportunities across operations and investments including the goal to set net-zero science-based targets in line with the Paris Agreement.

Financial objectives

- **AUM growth** – 20% £7.8bn growth in 2022 – organic and acquisitive
- **Operating margins** – improved to 35% from 33% – investment in the business – creating a higher quality business, comparable to more mature peers
- **Maintain ROCE** of 20% on balance sheet in the medium term – in line at 19.3% in 2022

Strategic objectives

- Recognised leader in sustainable investment and governance
  - Multiple award wins, second Sustainable Investment Report, Stewardship Report approved by the FRC, Corporate Sustainability Strategy being delivered and DEI committee formed and actions being taken
- Superior returns for funds managed:
  - Top quartile – LF Gresham House UK Multi Cap Income Fund ranked number 1 out of 75 funds in the UK Equity Income sector since launch in 2017 to 31 December 2022
  - Long-term performance – Forestry as an asset class continues to show very strong performance, with our long-established forestry funds reporting an average return in excess of 14.2% since inception
  - GRID annualised NAV total return since IPO of 17.2% against a target of 8%
- Strong strategic positions in our specialist areas[1]:
  - Largest battery storage investment trust in the UK and Europe: GRID
  - Largest commercial forestry asset manager in the UK and now operating in Ireland, Australia and New Zealand
  - Second largest VCT player in the UK: Baronsmead and Mobeus VCTs.
  - Develop the business internationally – Burlington acquisition in Ireland, Launch of Irish Strategic Forestry Fund
  - Enhance Gresham House brand – now an established asset manager that has become the go-to on our specialist asset classes (e.g. vertical farming or battery storage)

1. Measured by size of assets under management

GH25

Since setting out our GH25 strategic targets in March 2020, we have made strong progress, prompting us to upgrade these GH25 objectives in March 2022, as outlined below. We continue to advance towards achieving these GH25 milestones and will be looking at our ambitions for the next five years in the coming twelve months.

These ambitions will continue to be centred around the delivery of long-term sustainable returns through the deployment of funds into UK early and later stage SMEs within our Strategic Equity division and through the innovative and scalable asset classes within our Real Assets division, where increased focus will likely centre on the climate transition to net zero as well as natural capital, encompassing a range of assets including forestry, and biodiversity net gain habitat banks.

Employees and clients

In 2022, we again expanded the breadth and depth of our client base. This has been supported by the persistent structural increase in allocations to alternatives, and as new institutional investors recognise and are attracted by the quality of returns that impact investing can deliver, from our sustainability focused asset classes. We are proud to work with 16 Local Government Pension Schemes (LGPS) across our Real Asset strategies. In our Strategic Equity division, our award winning LF Gresham House UK Multi Cap Income Fund received net inflows in the year and has now been included within three of the national wealth management central coverage lists (Brewin Dolphin, Rathbones and Evelyn).

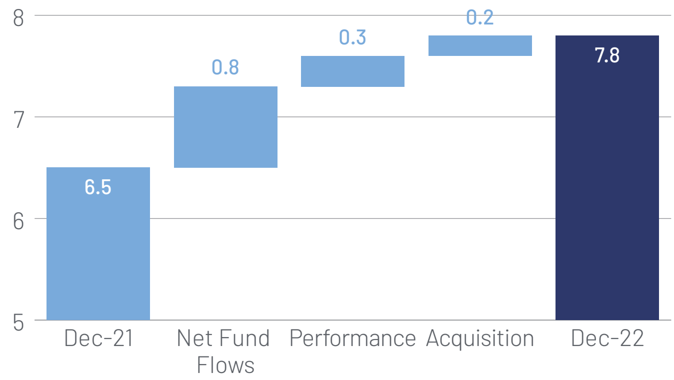
All this progress has been driven by our excellent team. We have invested further in bringing top-flight talent on board and I am pleased that our annual employee engagement survey registers a high level of advocacy for, and alignment with, the Gresham House brand and business, as we continue to build our profile and reputation as a leading investor.

The dynamic and entrepreneurial culture at Gresham House is augmented by our employee share ownership scheme. Share ownership is important to the business as it encourages better alignment of our people with our shareholders as they are given the opportunity to become one themselves. We offer all employees two methods through which to access share ownership: Save As You Earn, which enables employees to buy a limited amount of shares out of their monthly salary and usually at a significant discount to the market price; and Bonus Share Matching, which allows employees to opt to 'roll' some of their annual bonus (if any is awarded) into shares.

We are proud of our efforts to build on our meritocratic culture of excellence at Gresham House, driven by our firm belief that our employees are our most valuable asset.

AUM

AUM Growth in the year



AUM growth of £1.3 billion to £7.8 billion represented an increase of 20% in the year (2021: £6.5 billion). The main driver of this growth was 17% organic, plus the acquisition of Burlington in Ireland accounted for the remaining 3%.

We drove net inflows across every division generating £0.8 billion AUM growth and were particularly pleased to note net inflows in the Strategic Equity division when markets were experiencing material outflows. Fundraising in our Real Assets division underlined the attractiveness of the asset classes in which we operate across both institutional and wholesale distribution channels.

AUM performance highlighted the two sides of the business, with the Strategic Equity division, which is more exposed to short-term equity market movements, experiencing value reductions of £0.2 billion, and the Real Assets division delivering positive performance of £0.5 billion, highlighting the diversified nature of the asset classes that the Group manages.

Real Assets

Forestry

Gresham House has continued to grow and is now the seventh largest forestry investment manager and ninth largest manager of natural capital in the world by value, with £3.4 billion of client assets in the UK, Europe and Australasia.

Our approach to investing in sustainable forestry, encompassing forestry and land management solutions, diversifies an investment portfolio and provides exposure to potential increases in the value of timber, carbon, natural capital and underlying land value that support long-term management programmes. The outlook for the asset class remains positive in the face of a weakened macroeconomic environment, with forestry historically demonstrating resilience in high interest rate environments due to the low levels of debt while also remaining resilient in the face of rising inflation.

In 2022, we acquired a portfolio of New Zealand forestry and carbon credit assets for £49 million on behalf of an institutional client. We also established the Irish Strategic Forestry Fund, which was launched at the end of the year and will provide up to €200 million for existing forestry assets in Ireland in addition to creating new forests and hopes to make a significant contribution to Ireland's Climate Action Plan. We are very pleased that the Irish Strategic Forestry Fund has attracted a €25 million cornerstone investment from The Ireland Strategic Investment Fund, Ireland's sovereign development fund.

To support these international ambitions, we have hired expert forestry investment managers locally in Ireland and Australia to help our UK-based teams maintain the momentum of our activities in these countries.

In the period, we were delighted to open an office in Edinburgh, shifting our headquarters in the south of Scotland to the capital, more conveniently located for both our team and visiting clients and counterparties.

New Energy

Battery Energy Storage

Gresham House invests in battery energy storage via Gresham House Energy Storage Fund plc (GRID), the UK's largest fund investing in operational, utility-scale battery energy storage systems. A market leader in battery storage, in 2022 GRID was named Best Sustainable Specialist Fund at the Investment Week Sustainable Investment Awards for the second year in succession as well as winning the Environmental & Renewables category at the Investment Company of the Year Awards.

GRID saw strong progress throughout 2022 supported by the increasing recognition of the key role battery energy storage plays in the journey towards widespread deployment of renewable energy and decarbonisation. This was evidenced by the success of GRID's £150 million fundraise in May 2022, which was significantly oversubscribed.

In November 2022, GRID also secured £155 million of incremental term debt through an accordion arrangement under existing facilities to further support its deployment ambitions.

At 31 December 2022, GRID's portfolio included 20 operational sites with a total capacity of 550MW and GRID has since completed on a further 40MW operational site. GRID has a pipeline of 1.4GW as at 13 March 2023, of which 437MW is under construction and expected to complete in 2023 and 940MW of pipeline in the UK and Ireland are expected to start construction in 2023.

Furthermore, following shareholder approval of changes to its investment policy in April 2022, GRID is now permitted to expand internationally. As the Battery Energy Storage Systems (BESS) market opportunity expands globally, GRID is now well placed to address opportunities outside of the UK, in areas where there is regulatory clarity and compatibility.

Solar and Wind

In renewable energy, in 2022 we made notable progress in our strategy to deliver collocated battery and renewable energy projects. Collocation is where a battery energy storage system is built alongside renewable energy generation and both assets share the same grid connection infrastructure. These projects provide significant benefits to the UK Grid by improving system reliability and enabling greater integration of renewables and the team is working towards the launch of a new institutional fund to prioritise investment in this area, with the aim of a first close in early 2023.

In July, we announced the acquisition of two fully consented solar and battery energy storage projects in Durham, UK from Canadian Solar. One of these projects exchanged contracts with the Gresham House Solar Distribution LLP before the end of 2022 and the remaining project has since been sold as part of the launch of the new renewables and collocated battery energy storage fund. This is an example of how we have used the Group's balance sheet to warehouse assets ahead of launching new funds. We consider collocation to be a strong area of growth both in the UK market and internationally, which we are well placed to address.

Sustainable Infrastructure

Gresham House deploys its Sustainable Infrastructure strategy to target private capital returns from innovative solutions required to evolve key environmental and societal challenges. Thematically, the Sustainable Infrastructure strategy covers decarbonisation; health and education; resource efficiency; digital inclusion; regeneration; and waste solutions.

In 2022, assets under management passed £490 million with £133 million from investors raised in Q3 2022 despite a challenging macroeconomic environment. The investor demand for Sustainable Infrastructure includes the regional growth impact created by the division's investments via Gresham House's BSIF I and BSIF II funds alongside two North West regionally focused co-investment funds.

Areas that made particular progress in 2022 included high-speed broadband and vertical farming.

In January 2022, Gresham House invested £164 million in Borderlink Broadband through its BSIF strategy to improve digital inclusion in underserved communities in the UK. In September and October 2022, Borderlink, which trades as GoFibre, secured a £6.6 million contract in Teesdale and a £7.3 million contract in North Northumberland as part of the UK Government's £5 billion Project Gigabit (F20) programme to upgrade broadband infrastructure.

Cornwall-based Wildanet, a high-speed broadband provider also backed by Gresham House, announced in early 2023 two contract wins under the Project Gigabit initiative to connect hard-to-reach homes and businesses in Cornwall and further support digital inclusion.

Our activities in vertical farming also made substantial progress in 2022. Vertical farming is conducted in controlled indoor environments, using soilless techniques. These techniques optimise plant growth and minimise land requirements, using 95% less water than traditional farming with no requirement for chemicals or pesticides.

Fischer Farms, which grows a range of leafy greens and herbs, received a £26 million investment in 2021 from BSIF I and II. In 2022, it achieved capacity to supply up to 6.5 tonnes of leaf salad, lettuce, leafy herbs and other fresh produce to UK supermarkets daily. In November 2022, Fischer Farms announced that construction was completed on its Farm 2, the world's largest vertical farm, in Norwich, alongside a vertical farm facility in Lichfield and plans to develop a third in Hull in 2023.

Within the BSIF strategy's regeneration theme and supported by Gresham House, the Environment Bank have created a new infrastructure asset class to invest in the production of biodiversity net gain habitats that will build nature back better. The natural capital habitat banks created will offer property developers and other counterparties a mechanism to ensure new commercial developments deliver a biodiversity net gain and meet the new Environment Act regulation due to come into force later this year. We anticipate strong demand for this asset class later in 2023 and beyond.

Real Estate

The UK's shortage of affordable housing is well documented and has been caused by demographic trends and historic undersupply of new homes. Gresham House's listed and unlisted housing investment vehicles – Gresham House BSI Housing LP, ReSI plc and ReSI LP – address a range of affordable housing problems.

Our funds offer a number of attractive characteristics including inflation-linked income, potential for long-term capital appreciation above inflation, secure and sustainable rental stream from thousands of residents, low volatility and high demand and diversification compared with traditional asset classes.

During 2022, Gresham House committed more than £185 million to 1,134 homes, driven by a focus on improving the quality of, and institutionalising, the UK's five million privately rented homes; and providing affordable home ownership options.

At 31 December 2022, the division had AUM of £794 million, a rise of 33% year-on-year (excluding the Burlington acquisition) and managed 6,000 homes across the UK.

During 2022, 655 shared ownership homes were acquired from housing associations, providing £68 million of long-term capital to be reinvested into either upgrading existing stock to ensure they meet the enhanced fire safety and energy efficiency standards, or into funding the development of new affordable homes.

The housing division raised over £80 million of new capital during the first half of 2022, with a number of raises planned for the second half of the year delayed to 2023 following the impact of volatility in September.

The Real Estate division also expanded overseas and into commercial property in 2022 with the announcement in March of the acquisition of the Burlington RE Property Management Limited (Burlington), one of Ireland's premier and top performing commercial property asset and development management companies, for an initial consideration of £1.7 million. At 31 December 2022, Burlington managed or advised on assets of €280 million.

Strategic Equity

The Strategic Equity division comprises both Public Equity and Private Equity strategies. It has a strong and differentiated market position to invest across the business lifecycle from relatively early-stage private growth businesses right through to more mature listed businesses. The breadth of touchpoints with companies of all sizes, public and private, gives the team a differentiated perspective and strong network that enhances the overall investment process.

Public Equity

Investors continued to retreat from UK equities in 2022, due to concerns around rising energy prices, higher inflation and the cost-of-living crisis. Nevertheless, Gresham House's Public Equity investment funds saw net inflows of £0.2 billion in the face of significant outflows across the sector.

Gresham House funds invest in high-quality, publicly quoted companies that have the potential to increase their value over the medium to long-term through strategic, operational or management initiatives. The challenging market backdrop in 2022 led to a sharp sell-off in equities and drove significant volatility. However, weaker share prices in listed companies that have strong longer-term fundamentals have provided a number of investment opportunities.

While UK equity markets saw pullbacks over the year, our longer term performance in our open-ended performance remains strong, demonstrating good-risk adjusted returns. Over the past ten years to 31 December 2022, the LF Gresham House UK Micro Cap Fund has been a top quartile performer in the IA UK Smaller Companies sector. Our LF Gresham House UK Multi Cap Income Fund is ranked one out of 76 funds in the UK Equity Income sector over five years to 31 December 2022 and remains number one in the sector since launch in June 2017. While our newest fund, the LF Gresham House UK Smaller Companies Fund outperformed the IA UK Smaller Companies sector and was ranked fourth out of 48 funds in the sector since inception in 2019 to 31 December 2022.

Strategic Equity Capital plc, the UK equity investment trust we manage, adopted a new share buyback policy in 2022, alongside a commitment from Gresham House to buy shares to support alignment. These initiatives plus the improving relative performance supported a significant reduction in the discount to NAV from an average of 14.6% in 2021 to 6.1% as at 31 December 2022.

In our Strategic Public Equity LP, the valuation shows a 16.9% IRR with the fund being 99.2% drawn as at 31 December 2022, generating relative and absolute strong performance.

Private Equity

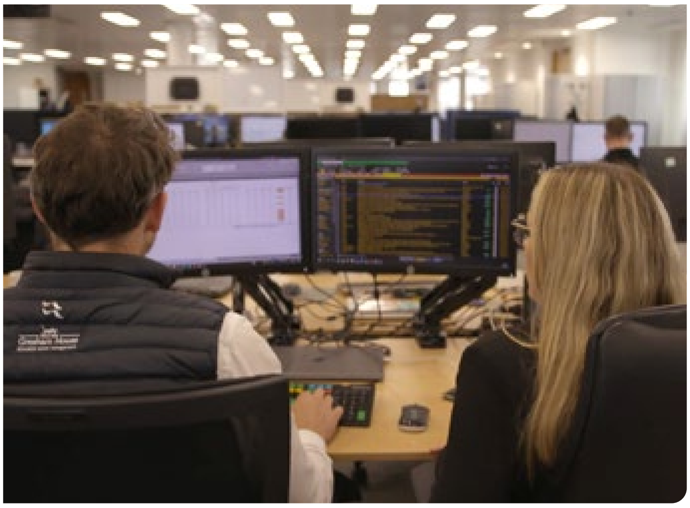
Private Equity has a crucial role to play in supporting the growth of innovative and value-generating companies, as well as contributing to the UK's long-term economic growth story. The Private Equity division at Gresham House comprises of our Venture Capital Trust (VCT) platform which is the home of the Baronsmead and Mobeus VCTs. With a combined AUM of £0.8 billion in this area, we are the second largest VCT manager in the UK. The long-term opportunities for this area of the business are significant. Private capital and VCTs have a critical role to play in terms of building a more sustainable and green economy, helping to accelerate the levelling up agenda and reducing regional economic inequality.

The Baronsmead VCTs completed a £75 million fundraise in the FY22 tax year and announced a further fundraise in late 2022. The full £40 million and an overallotment of £10 million was completed in 2023.

Now fully integrated into the Gresham House Ventures platform, the successful track record of the Mobeus VCTs has supported the launch of two new share offers in 2022, experiencing significant investor demand, with the £111 million of share offers being significantly oversubscribed.

These successful fundraises have enabled us to deploy increasing levels of capital to support the growing demand from entrepreneurs for growth equity, and to provide greater levels of funding to existing portfolio companies during 2022. The Mobeus VCTs invested £17 million into unquoted companies in the year, and the unique hybrid Baronsmead VCTs invested £31 million into both quoted and unquoted businesses.

In addition to the VCT activity, we are also exploring a differentiated Limited Partnership opportunity, for investors in both the UK and Ireland, providing secondary capital to established Gresham House Ventures portfolio companies. The importance of nurturing entrepreneurial management and growth companies through the provision of capital and advice has never been more important. The resultant economic and social benefits are well documented.



Outlook

We move into 2023 in a good position and with a broadening range of innovative asset classes and strategies as we aim to continue to generate strong investment returns.

We continue to progress towards the achievement of our GH25 five-year strategic plan and we are well positioned to build further on this beyond 2025.

We have grown our international platform in several asset classes and intend to expand our reach further, particularly in forestry and battery energy storage, where there is clear potential for overseas growth.

The requirement for the economy to evolve in sustainable ways is driving demand for all our asset classes. Importantly, we see attractive financial returns from carbon sequestration, energy transition, sustainable infrastructure, affordable housing and growth capital investing.

With macroeconomic and capital market uncertainty comes opportunity when taking a long term view and it is great to see, investor appetite for our VCT investments, which will support growth companies and regional prosperity, remains robust. At the same time, depressed valuations in listed equity are providing some highly attractive buying opportunities into companies with compelling long-term fundamentals.

The Company is generating in line with its 20% ROCE targets and this is something to be proud of as we exhibit growth and the shareholder benefits of the compounding effect. I am thankful to my senior management team and all those contributing to this success employed at Gresham House.

A team with ambition, integrity, capability and energy is the basis of a winning one that also strives to make a positive difference.

Tony Dalwood, Chief Executive
29 March 2023

Resilient AUM growth in challenging markets

The Group has grown Assets Under Management (AUM) by 20% to £7.8 billion in the year (2021: £6.5 billion). Of this £1.3 billion growth, £1.1 billion (17%) was organic driven by fundraising and performance, with the remaining £0.2 billion (3%) coming from the acquisition of Burlington RE Property Management Limited (Burlington), the award winning Irish real estate business.

This AUM growth has delivered an increase in net core income of 25% to £77.3 million (2021: £61.6 million) and an adjusted operating profit of £27.1 million, up 34% on last year's £20.2 million.

The Group has continued to use its balance sheet to develop projects and support the growth of the business, with the sale of battery energy storage projects and other development activity delivering an additional £0.6 million in net gains in the year (2021: £1.8 million).

Total comprehensive net income after the deduction of tax, amortisation and other acquisition-related costs has delivered a profit of £11.4 million (2021: £12.0 million). Following the update to our dividend policy, where we set the target dividend cover at three times adjusted operating profits by the end of the GH25 strategic plan in 2025, we are pleased to propose a 60% increase in the dividend for 2022 to 16.0 pence (2021: 10.0 pence), which is 3.5x covered by adjusted diluted earnings per share.

"Strong financial performance as we grow AUM, profits and operating margin in tough market conditions"

For more information visit
www.greshamhouse.com

Kevin Acton
Chief Financial Officer

Assets Under Management

The composition and quality of the Group's AUM is one of the key differentiating factors for Gresham House. We operate in specialist markets, with long-term underlying asset classes in long-term vehicles. This provides visibility over future revenue streams for the Group and comfort when markets are volatile. Overall, the Group has c.90% of its AUM in long-term vehicles such as Limited Partnerships (LPs), listed funds or segregated mandates. By way of example, the weighted average life of the LPs that we manage is 14 years, and in asset classes which are not closely correlated with market movements such as forestry.

	AUM as at 31 December 2021 £mn	Net fund flows[1] £mn	Performance £mn	Net funds won/ acquired £mn	AUM as at 31 December 2022 £mn	AUM movement £ mn	AUM movement %
Strategic Equity							
Public Equity	1,037	167	(138)	–	1,066	29	3%
Private Equity	887	16	(112)	–	791	(96)	(11)%
Subtotal	**1,924**	**183**	**(250)**	**–**	**1,857**	**(67)**	**(3)%**
Real Assets							
Forestry	2,953	125	340	–	3,418	466	16%
New Energy & Sustainable Infrastructure	1,213	367	198	–	1,778	565	47%
Real Estate	448	115	(12)	243	794	346	77%
Subtotal	**4,614**	**607**	**526**	**243**	**5,990**	**1,377**	**30%**
Total AUM	**6,538**	**790**	**276**	**243**	**7,847**	**1,310**	**20%**

1. Includes funds raised, redemptions and distributions.

Net fund inflows in the year were £0.8 billion, with positive net inflows from each division. The Strategic Equity division performed exceptionally well in challenging market conditions adding net inflows of £0.2 billion, when c.£25.0 billion was withdrawn from funds in 2022. This is testament to the track record of the investment team and the progress our wholesale distribution team are making.

We continued to raise capital for our LPs, listed vehicles and segregated mandates in 2022.

Our Forestry division raised £0.2 billion in LP funds, with a notable £49 million raised to invest in forestry in New Zealand to capture carbon credits on behalf of an institutional client, adding to our international credentials. This was partially offset by £83 million of sales from existing clients as they took advantage of pricing to secure profits.

New Energy and Sustainable Infrastructure raised capital on the back of their compelling investment propositions with fundraising of £0.4 billion in the year. Gresham House Energy Storage Fund plc (GRID) raised £150 million (gross) in the year through primary issuance, we secured a segregated mandate with a leading investment manager to invest £120 million in collocated battery storage and renewable energy projects and a further £133 million was committed to the British Sustainable Infrastructure II Fund LP (BSIF II) and co-investment vehicles, underlining the importance of providing access to this innovative asset class.

Real Estate raised a combined £0.1 billion capital in the year from our UK affordable housing funds Residential Secured Income plc (ReSI plc) and Gresham House Residential Secure Income LP (ReSI LP).

The impact of performance on AUM in the year reflected market movements. The Strategic Equity division's performance was down £0.2 billion, which was a 13% drop on the year's opening AUM and reflected the general markets for equities in 2022. This was offset by a positive £0.5 billion performance from the Real Assets division with notable increases in valuation in the Forestry division of £0.4 billion. This reflected the market pricing for forestry in general as investors recognised the resilient nature of sectors with less correlation to equity markets and inflation. We also noted value increases from GRID as its NAV grew as a result of the valuation of the underlying battery energy storage projects.

We also completed the acquisition of Burlington adding £243 million AUM to the Group in March 2022. Burlington has since been rebranded as Gresham House Real Estate and has been integrated with our business in Dublin. This adds expertise in commercial property to our Real Estate offering as well as further building our international growth plans.

Adjusted operating profit

We present the performance of the Group using the non-GAAP adjusted operating profit metric. The aim of the adjusted operating profit metric is to show the true performance of the core asset management business through the management fee income and revenues earned, less the administrative overheads associated with delivering asset management services. The adjusted operating profit metric below highlights the performance of the core asset management business separately from performance fees and gains on the sale of development projects.

The performance fees and gains on the sale of development projects are presented alongside the variable compensation costs payable as a result of their generation, to show the net impact on the Group.

The adjusted operating profit metric thereby excludes depreciation and amortisation, exceptional items from acquisition costs and restructuring and acquisition-related share-based payments and remuneration, as they are effectively an earn out paid to the sellers of businesses acquired rather than an operating expense.

	2022 £'000	2021 £'000
Income	79,818	63,060
Dividend income from associates	–	285
Gross core income	79,818	63,345
Rebates, distribution costs and fundraising costs	(2,543)	(1,736)
Net core income	77,275	61,609
Administration overheads (excluding amortisation, depreciation, exceptional items and acquisition-related share-based payment and remuneration)	(49,635)	(41,128)
Finance costs*	(560)	(311)
Adjusted operating profit	27,080	20,170
Adjusted operating margin	35.0%	32.7%
Performance fees (gross)	1,015	6,163
Variable compensation attributable to performance fees	(1,015)	(4,449)
Performance fees net of costs	–	1,714
Gains on development projects	2,249	2,932
Variable compensation attributable to gains on development projects	(975)	(689)
Development project costs	(698)	(470)
Net development gains	576	1,773
Performance fees and development gains net of costs	576	3,487
Adjusted operating profit, performance fees and development project gains net of costs	27,656	23,657
Non-core operating revenues	2,523	1,140
Costs relating to non-core operating revenues	(2,522)	(1,102)
Net non-core activity	1	38
Amortisation and depreciation	(12,359)	(9,475)
Acquisition and restructuring related costs*	(3,310)	(3,215)
Acquisition related share-based payment and remuneration charges	(1,917)	(1,067)
Net gains on investments and fair value movements**	4,342	6,224
Tax	(2,874)	(4,107)
Operating profit after tax	11,539	12,055
Loss from discontinued operations	(177)	(14)
Total comprehensive net income	11,362	12,041

The adjusted operating profit metric has increased to £27.1 million (2021: £20.2 million) and the adjusted operating margin based on net core income increased to 35.0% (2021: 32.7%), showing the operating model of the business coming through in margin improvement as we target a 40% operating margin by 2025.

* Finance costs per the IFRS Statement of Comprehensive Income included £1.7 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.

** Excluding dividend income from associates of nil in 2022 (2021: £0.3 million) and gains on development projects of £2.2 million (2021: £2.9 million).

Income

	2022 £'000	2021 £'000
Asset management income	79,287	62,162
Dividend and investment income	531	590
Other income	–	308
Total income	79,818	63,060
Dividend income from associates	–	285
Gross core income	79,818	63,345
Rebates, distribution costs and fundraising costs	(2,543)	(1,736)
Net core income	77,275	61,609

Net core income

Total net core income has increased by 25% in the year to £77.3 million (2021: £61.6 million), driven by the strong 20% growth in AUM in the year to £7.8 billion (2021: £6.5 billion). We present net core income to reflect the rebates, distribution costs and fundraising fees paid to deliver core income by the Group.

The Group provides high-quality services in actively managed alternative asset classes. Delivery of returns for investors is key and requires our team of asset management specialists to drive investment performance. As such, we operate in higher fee margin specialist areas of asset management and target a gross revenue margin of 1% across the Group.

The Group benefits from a diverse range of long-term management contracts, with c.90% of AUM being in closed-ended funds and structures which provide a stable view on future revenue streams. This is demonstrated through the weighted average life of limited partner management contracts accounting for £2.5 billion in AUM being over 14 years in asset classes such as forestry. The spread of products managed by the Group's Real Assets and Strategic Equity divisions also ensures that the Group is not exposed to any one particular market, providing good diversification.

Dividend, interest and other income

We continue to use our balance sheet to invest alongside clients and develop or support products managed by the Group and dividends, interest and other income reflect this. Overall dividend and investment income was lower in 2022 at £531,000 (2021: £590,000), reflecting dividends from vehicles that we have invested in to align ourselves with clients, such as ReSI plc, and revenues earned from development projects in the period.

Other income of £308,000 in the prior year principally reflects the net operating income earned from a battery storage project while under the Group's ownership, prior to being sold to GRID.

The Group sold its stake in Rockwood Strategic plc in March 2022 and therefore has not received dividends from associates in the year. In the prior year these dividends were recognised in the share of associates profit line in the income statement and separated out as part of the adjusted operating profit metric disclosure.

Administrative overheads

Administrative overheads, excluding amortisation, depreciation and exceptional items, were up 21% in the year to £49.6 million (2021: £41.1 million). This reflects the first full year of costs relating to the Mobeus VCT team and Appian business, which were acquired in the prior year. These comprised costs of £0.6 million for three months of the Mobeus VCT business and six months of costs for Appian totalling £1.5 million in 2021.

The Group continued to focus its efforts on maximising profit growth and increasing shareholder value during 2022, which was a more challenging environment. We took immediate cost control measures part way through the year to review all planned hires and reduce discretionary spend in order to maximise profitability in 2022. Whilst doing this we focused on the adjusted operating margin target of 40% and were pleased to note the improvement in adjusted operating margin from 32.7% to 35.0% at the end of 2022. We are seeing the operating leverage come through the business as we grow AUM, at a faster rate than the cost base required to service the increased level of AUM and as such remain on track to achieve 40% operating margins in line with the GH25 target.

The investment in key team members across the Group in 2022 led to the Group's full-time equivalent headcount standing at 223 at the end of the year, up from 185 at the end of 2021. This included 14 people joining with the Burlington business and 60 new hires as we focused on the key roles needed to grow the business. Core people costs have consequently increased by 8% in the year to £38.4 million from £35.4 million in 2021, which includes variable compensation relating to performance fees, development gains and acquisition related remuneration of £3.9 million (2021: £6.2 million).

The Group has also benefited from improved performance across the majority of the divisions, which drives the bonus pools based on a share of the profits with the teams and thereby increases costs.

Total office costs across the Group were £2.2 million (2021: £1.6 million), reflecting the London office move to 80 Cheapside as well as the additional office costs from the acquisition of Appian and Burlington.

We operate with offices in London, Dublin, Oxford, Edinburgh and Dumfries and continue to take a hybrid working approach, which provides flexibility to our growth plans and the team alike.

When we acquire businesses, we focus on the synergies that can be delivered as a result of combining complementary businesses. It is not only acquisitions where we target cost savings. We continue to review all areas of the Group's cost base diligently to ensure that we are operating efficiently and in a lean manner. We do, however, ensure that appropriate investment takes place in areas that will support the growth of the business.

Finance costs

The Group has a committed Revolving Credit Facility (RCF) with Santander of £20.0 million (2021: £20.0 million facility size). RCF interest and finance fees over the year were £447,000 (2021: £244,000), reflecting the increase in the size of the facility to £20 million for the full year, as the increase took place in 2021, with £113,000 reflecting lease costs. The remaining £1.7 million related to the unwind of the discount on contingent consideration in the year, which is recognised as a finance cost.

Amortisation and depreciation

Amortisation of management contracts, customer relationships, the website and IT platform development accounted for £11.2 million (2021: £8.5 million) as these intangible assets continue to be amortised over their useful lives. The increase in the year reflects the acquisition of Appian in June 2021, the Mobeus VCT business in October 2021 and the acquisition of Burlington in March 2022. These acquisitions require the assessment of the fair value of the management contracts and intangibles acquired within the businesses, which are being amortised over their useful lives and are the main drivers for the increase in the year.

Depreciation of £1.2 million in the year (2021: £959,000) relates primarily to office leases, motor vehicles used by the Forestry business and IT equipment.

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 in 2022 were £3.3 million compared to £3.2 million in 2021. Current year costs include the acquisition costs associated with the Burlington business, alongside integration and restructuring costs.

This also includes £0.3 million of DevCo-related acquisition and disposal costs that are required to be expenses in the year under IFRS, rather than capitalised as development activity (2021: £1.2 million), alongside £1.7 million of finance costs relating to the unwind of discount on contingent consideration, which is acquisition related and included in acquisition costs.

Performance fees and development gains

The Mobeus Income and Growth 2 VCT plc performance fee of £1.0 million was triggered and paid in the year. As part of the agreed terms of the acquisition of the Mobeus VCT business, this fee has been used to incentivise the private equity team and included as variable compensation for £1.0 million.

The Group sold four battery energy storage projects in 2022 with a capacity of 115MW. The projects have generated gross gains for the Group of £2.2 million with IRRs ranging from 28% to 400% (2021: £2.9 million). The variable compensation relating to these gains was £1.0 million (2021: £0.7 million). We also report the cost of development activity in the development reporting, with £0.7 million invested in the period in sourcing and developing the pipeline of projects to develop and deliver as operational to GRID, as well as other development related SPV costs. The net gain after the deduction of variable compensation relating to the projects and costs associated with development activity was £0.6 million for the Group (2021: £1.8 million). This was lower than the prior year to reflect the additional investment in development activity in 2022.

Gains/(losses) on investments

	2022 £'000	2021 £'000
Share of associates' profits	1,052	4,955
(Loss)/profit on disposal of associate	(101)	461
Gains in investments held at fair value	1,488	5,842
Movement in fair value of contingent consideration	3,514	(1,659)
Foreign exchange movements on translation of foreign subsidiary	638	(158)
Total gains on investments	6,591	9,441
Less realised gains on development projects	(2,249)	(2,932)
Less dividend income from associates	–	(285)
Net gains on investments	4,342	6,224

The Group has made gains on its investments and fair value movements in acquisition-related contingent consideration totalling £6.6 million in 2022 (2021: £9.4 million).

The share of associates' profits of £1.1 million relates to the 50% holding that the Group had in the Environment Bank Limited (EBL), a company targeting the delivery of habitat banks. The Group sold its stake in Gresham House Strategic plc and BSIF and BSIF II LPs exercised their option to acquire 25% of EBL from the Group, generating a net loss of £101,000 in the year.

The gain of £1.5 million from investments held at fair value in the year (2021: £5.8 million gain) includes realised and unrealised gains and losses on the co-investments that have been made in the funds managed or advised by Gresham House. This includes the DevCo gains of £2.2 million (2021: £2.9 million) recognised in the year.

Fair value movement in contingent consideration

The TradeRisks, Mobeus VCT business, Appian and Burlington acquisitions have contingent consideration elements which are driven by AUM growth, maintaining management contracts or revenue performance over a three-year period since acquisition. The contingent consideration payments have been fair valued at each reporting period end with the movement in the fair value recognised in the income statement in the year of £3.5 million, reflecting a reduction in the expected deferred consideration payable.

Tax

The tax charge noted reflects taxable profits within the Group partially offset by the unwinding of the deferred tax liability recognised on the acquisitions of management contracts to date.

Financial position

	2022 £'000	2021 £'000
Assets		
Investments[1]	37,881	38,023
Cash	32,205	40,252
Tangible/realisable assets	70,086	78,275
Intangible assets	87,335	95,012
Other assets	47,314	36,259
Total assets	204,735	209,546
Liabilities		
Borrowing	–	–
Contingent consideration	13,863	22,659
Other creditors	40,829	40,425
Total Liabilities	54,692	63,084
Net assets	150,043	146,462
Non-controlling interests	1,095	1,075
Net Assets per IFRS	151,138	147,537

1. The above presentation of the Group's balance sheet highlights the Group's direct exposure to those vehicles and entities that it has invested in. We have therefore adjusted the IFRS Statement of Financial Position for the following items which are required to be consolidated under IFRS 10 to present the Group on an investment basis:

DevCo Projects – removed the "Assets of a disposal group held for sale" of £22,907,000 (2021: £17,545,000) and "Liabilities of a disposal group classified as held for sale" of £7,307,000 (2021: £7,499,000) and replaced with the investment exposure in "investments in securities" £18,640,000 (2021: £13,583,000).

Gresham House Forestry Friends and Family Fund LP – reduced the value by the non-controlling interest amount of £1,095,000 (2021: £1,075,000) to show the Group's underlying exposure to this fund.

Tangible/realisable assets

The above highlights the strong balance sheet position that the Group improved on during 2022. The tangible/realisable assets supporting this total £70.1 million (2021: £78.3 million), comprising investments and cash.

Investments

The Group invests in or alongside the funds that it manages to align itself with clients. The below table provides a summary of the investment portfolio at the end of the year:

Investment portfolio	2022 £'000	2021 £'000
Investment in associates		
Environment Bank Limited	428	496
Rockwood Strategic plc	–	11,459
	428	11,955
Investment in securities		
DevCo Projects	18,640	13,583
Strategic Equity Capital plc (SEC)	6,071	3,349
Residential Secure Income plc (ReSI plc)	3,040	1,438
Warehoused investment	2,000	–
Gresham House Forestry Fund LP	2,576	2,739
Gresham House British Strategic Investment Fund (BSIF)	1,170	864
Residential Secure Income LP	1,059	639
Gresham House Forestry Growth and Sustainability Fund LP	956	1,000
Strategic Public Equity Co-Investment	856	–
Gresham House British Sustainable Infrastructure Fund II (BSIF II)	481	–
Gresham House Strategic Public Equity LP	435	1,363
LF Gresham House UK Smaller Companies Fund	–	882
Other investments	169	211
	37,452	26,068
Total investments (excluding non-controlling interests)	37,881	38,023

Investments in associates

The Group supported the early investment into Environment Bank Limited (EBL), an entity focused on creating habitat land banks to support rewilding in the UK. The Group sold 25% in the equity of EBL to BSIF and BSIF II LPs in December 2022. This generated a return of 15% on the Group's original investment and is an example of how the Group uses its balance sheet to support the growth of assets to be sold into funds managed by the Group, ultimately growing the AUM of the Group.

Investments in securities

IFRS 10: Consolidation, requires the consolidation of the Group's investments in battery energy storage Development Company projects (DevCo Projects) as the Group has a controlling position in these projects. The DevCo Projects have borrowed to pay the deposits for the utility-scale batteries and this borrowing is secured at the DevCo Project level on the batteries and there is no recourse to the Group. The disclosure above therefore shows the Group's net exposure to the DevCo Projects, i.e. the equity and loan investment in the vehicles, and nets out the borrowing and utility-scale battery assets as shown in the IFRS Statement of Financial Position assets and liabilities of a disposal group held for sale.

The Group increased its investment in the DevCo Projects in the year, which totalled £18.6 million (2021: £13.6 million) at the end of 2022 and all of which are in the exclusive pipeline for GRID to purchase when they are operational. GRID will go through a detailed independent valuation process when the projects are operational as part of the acquisition process and these projects currently remain on track to be operational in 2023 and 2024. During the year, the Group sold four projects, Shilton Lane, Arbroath, UK Battery Storage and Stairfoot to GRID, which delivered a net gain of £2.2 million to the Group.

The Group invested a further £3.0 million into Strategic Equity Capital plc in the year, as well as supported the equity raise for ReSI plc by investing a further £2.0 million.

The Group also invested £1.3 million to warehouse an unlisted investment prior to the launch of an early stage venture fund that can invest alongside the VCTs.

Cash and borrowing

The cash balance of the Group was £32.2 million at the end of the year (2021: £40.3 million) and reflected operating cash profits generated in the year as well as investment acquisition and disposals. Net cash flow from operating activity was £11.3 million, which is after the payment of £6.2 million of corporation tax.

Net investment activity was a cash investment of £8.1 million, with key movements such as cash inflows from the sale of associates of £12.5 million and cash payments to settle contingent consideration amounts for business and DevCo project acquisitions of £10.9 million. We also invested £14.4 million into Devco projects and £8.3 million into investments to align with clients and warehouse investments in anticipation of launching new funds.

Other financing cash activities include the payment of £3.8 million of dividends in May 2022 and the cash settlement of share-based payments of £6.8 million.

Finally, to provide flexibility as the Group enters 2023 with a range of opportunities to grow the business, we have the £20.0 million committed RCF with Santander, which has been extended to 31 December 2024. The Group is therefore well positioned with cash and available facilities to take advantage of opportunities as they arise in 2023.

Intangible assets

Intangible assets are primarily made up of the management contracts acquired as part of acquisitions and the goodwill associated with these acquisitions. As at 31 December 2022, the net book value of management contracts and other intangible assets was £38.1 million (2021: £46.2 million), reflecting the amortisation of the management contracts over their useful lives, and the addition of the management contracts following the acquisition of the Burlington business. No contracts were impaired at the year end.

Goodwill resulting from acquisitions is reviewed each year end and there was no indication that impairment to goodwill should be considered to the book value of £49.2 million (2021: £48.8 million). Further details are included in the notes to the financial statements.

Contingent consideration

Contingent consideration reduced from £22.7 million to £13.9 million in the year, reflecting the settlement of the final consideration for the acquisition of the Livingbridge VC business, the acquisition of Burlington and a reduction in the expected contingent consideration payable for the Appian business, alongside the impact of the time value of money as future contingent consideration amounts become more certain.

Outlook

The balance sheet is well capitalised to capture the growth opportunity in front of us with cash of £32.2 million and an undrawn committed RCF of £20 million. We continue to invest to align ourselves with clients and develop opportunities to launch new funds to grow AUM and continue delivering shareholder value through 2023 and beyond.

Kevin Acton, Chief Financial Officer
29 March 2023

GH25 – Resilient momentum

Strategic objective: To double shareholder value over a five-year period through achieving financial and strategic targets

Financial Targets	Progress in 2022
1. AUM target £8bn+	**Delivered organic growth in AUM of £1.1bn (+17%)** ▪ Raised further equity of £150mn in GRID ▪ £120mn committed capital by a major institution in a segregated New Energy mandate focused on delivering new solar capacity in the UK ▪ Forestry gross fundraising for UK funds of c.£140mn ▪ Forestry gross fundraising for international activity of c.£70mn ▪ Sustainable Infrastructure – further investment in Gresham House British Sustainable Infrastructure Fund II LP (BSIF II) and co-invest vehicles of £133mn ▪ Raised £65mn of committed capital in ReSI LP (shared ownership housing fund) ▪ Raised £15mn for ReSI plc ▪ Net inflows into the UK open-ended funds of £221mn ▪ VCTs raised gross £117mn in 2022 **Delivered acquisition growth in AUM of £0.2bn (+3%)** ▪ Acquired Burlington RE Property Management Limited (Burlington) in March 2022, the Irish real estate manager, increasing AUM by £243mn.
2. EBITDA[2] margins of 40%+	▪ Outperformed adjusted operating profit targets for 2022 ▪ Delivered revenue growth through both organic and acquisition growth in AUM ▪ Managing cost base and invested in team to support long-term growth ▪ Improved adjusted operating margins to 35.0% in 2022 (2021: 32.7%), balancing the investment in the business to achieve growth in the medium term ▪ Clear focus on synergies from acquisitions and integration plans
3. ROCE of 20%	▪ ROCE[3] of 19.3% in 2022, in line with medium term target of 20% (2021: 34.1%) ▪ ROCE for acquisitions over the medium term delivering in excess of 20% ROCE hurdle

1. This is a target, not a profit forecast. There can be no assurance that these targets will be met.

2. EBITDA margin refers to adjusted operating profit margin

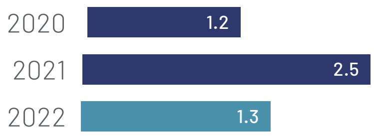
3. Return on capital employed defined as adjusted operating profit, plus net performance fee, net realised gains on development activity and fair value movements in investments less fair value movement in contingent consideration, divided by opening net assets, adjusted for shares issued in the year,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

KPIs | 2023 Priorities

AUM (bn)

£7.8bn

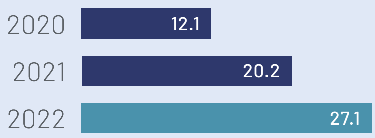
AUM growth (bn)



£1.3bn +20%

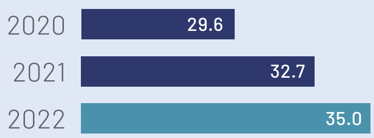
- Continue to grow GRID in 2023 to fund the acquisition of further utility-scale battery storage projects in the UK and internationally
- Develop utility-scale battery storage projects as part of the exclusive pipeline with GRID to enable GRID's continued growth and recognition of development gains by the Group
- Grow Forestry AUM through fundraising for Gresham House Forestry Growth and Sustainability LP, Gresham House Forest Fund VI LP (UK fund), Sustainable International Forestry Fund LP and acquisition of forests for clients
- Final close for BSIF II, the follow-on infrastructure LP fund to BSIF
- Secure further commitments to ReSI LP, the shared ownership housing fund targeting institutional investors and launch the Gresham House Residential Yield Fund LP (build to rent fund)
- Secure new mandates with strategic investors
- Expand fundraising for LF Gresham House LF UK Micro Cap and LF Gresham House UK Multi Cap Income Funds alongside growing LF Gresham House UK Smaller Companies Fund and win further business through segregated mandates
- Fundraising for Baronsmead VCTs alongside successful deployment of capital
- Grow the Irish business through fundraising and deployment in existing commercial property fund

Adjusted operating profit (£mn)



£27.1mn +34%

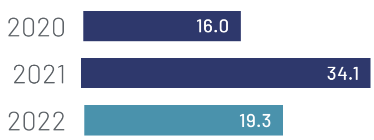
Adjusted operating margin (%)



35.0% +7.0%

- Deliver growth in operating profitability in 2023 through revenue growth and management of cost base
- Enhance operating margins in 2023
- Build AUM whilst investing in the platform

ROCE[2] (%)



19.3% in line with target

- Continue to develop utility-scale battery storage development projects to support the growth of GRID
- Review acquisition opportunities against the 20%+ ROCE return hurdle
- Continue to use the Group balance sheet opportunistically to seed, cornerstone or co-invest alongside clients

Strategic Targets	Progress in 2022

4. Leaders in sustainable investment including ESG	▪ Corporate Sustainability Strategy actioned with notable achievements:
	  ▪ Developed Gresham House impact investment approach (for Sustainable Infrastructure mandates)
	  ▪ Commenced gathering ESG data across all divisions
	▪ Published second Sustainable Investment Report
	▪ TCFD reporting published in the 2021 Annual Report, with further developments in the 2022 Annual Report
	▪ Stewardship Report approved by the FRC
	▪ Recognised leadership through winning awards including Best Sustainable Alternative Assets Fund at the Sustainable Investment Awards 2022

5. Majority of investment products outperforming	Strong long-term investment performance of products relative to either their comparator benchmarks or stated target returns, for example: ▪ Forestry LP returns on long-established funds average 14.2% IRR since inception ▪ GRID annualised NAV total return since IPO of 17.2% against a target of 8% ▪ UK Multi Cap Income Fund number one performing fund in its sector since inception in 2017 ▪ For more information please see the divisional reviews later in this report.
6. Significant market share in specialist products	▪ Continued growth of GRID as the largest listed utility scale battery storage fund in the UK and Europe ▪ Continued growth as the UK's largest Forestry Asset Manager ▪ Significant manager in the VCT industry, managing AUM of £0.8mn
7. International presence established	▪ Completed the acquisition of Burlington, the Irish-based real estate manager ▪ International forestry enhanced with the acquisition, on behalf of an institutional client, of a New Zealand forestry asset for Carbon Credits
8. Gresham House brand and goodwill recognition	▪ Delivered the Group's second Capital Markets Day, enhancing the brand and providing greater depth in understanding to the divisions ▪ Enhanced Group's social media profile through website, LinkedIn and broader marketing activity ▪ Recognition of Gresham House's brand growing through industry award wins, for example Boutique Manager of the Year at the Financial News Excellence in Institutional Fund Management Awards 2022 ▪ High staff survey engagement scores with 90% completion rate ▪ Increased charity contributions in the year with the continuation of the Give As You Earn matching scheme and contributions to two dedicated charities, the British Heart Foundation and Centrepoint.
9. Client diversification and depth	▪ Have won new business across all of our divisions highlighting diversity in our offering ▪ Proud to work with 16 UK local government pension schemes alongside Insurance, Asset Managers, a Sovereign Wealth Fund and Endowments ▪ Added new institutional and international investors to the Forestry division, which is an area of growing interest to institutional investors ▪ Achieved a number of new buy ratings from investment consultants with influence over both UK and international institutional investors ▪ Broad selection of wholesale clients now invested in Gresham House managed funds including being on the panel with St James's Place

2023 Priorities

- Deliver on our Corporate Sustainability Strategy
- Deliver full TCFD reporting and metrics in 2023
- Make commitment to set Science-Based Targets for our investments
- Continue to develop and deliver sustainability themed funds and natural capital solutions for clients
- Continue to be at the forefront of sustainable investment and ESG leadership
- Deliver on commitments made in our Diversity, Equity and Inclusion strategy
- Continue to meet industry body requirements, whilst expanding our contribution to various sustainability-related groups

- Maintain and improve investment performance of funds managed by the Group
- Invest in high-quality individuals with the capability to work in a team and deliver value

- Continue to develop utility-scale battery storage development projects to support the growth of GRID
- Review acquisition opportunities against the 20%+ ROCE return hurdle
- Continue to use the Group balance sheet opportunistically to seed, cornerstone or co-invest alongside clients

- Launch international forestry fund
- Target further international forestry acquisitions in Australasia on behalf of clients
- Work on cross-selling products with the EU client base

- Continue to build on the Group's online presence and exposure through a variety of media channels
- Continue charitable work and donations
- Maintain staff engagement as a positive place to work and making a positive impact on the world we live in

- Fund raise for new and existing funds across a number of our strategies, namely:
  - Real Estate – Build to Rent;
  - New Energy – Sustainable Income from Renewable Energy and Storage Fund – collocated battery storage and renewable energy generation;
  - Forestry – Gresham House Forest Fund VI LP – UK Forestry; and
  - Forestry – International Forestry offering.
- Continued investment in our distribution team to raise new funds as well as attract new clients

Engagement with stakeholders – S172

S172 of the Companies Act 2006 requires the Directors to promote the success of the Company for the benefit of members as a whole, and, in doing so, have regard for the interests of stakeholders including shareholders, clients, employees, regulators and the wider society in which it operates.

Key decisions made in the year

The Board and senior management team make many decisions in the year and the following were considered key:

Acquisition of Burlington

As the Group pursues its international growth strategy, it decided to acquire the Irish Real Estate business, Burlington in March 2022. This added to the Group's international Real Estate capability and formalised an existing relationship with the Gresham House, Ireland team. The decision was made through the Investment Committee process, recommended to the Board for review, challenge and approval. The acquisition was funded by share issuance and existing cash balances. Impacts on the existing and new team in Ireland were considered as the teams share the same office space.

Investment in battery storage development projects

The Investment Committee and Board considered, reviewed, challenged and approved proposals to invest in development of battery storage projects with the aim of providing pipeline for GRID. The long-term goal remains to grow AUM and providing a pipeline to GRID is a critical part of that growth. This is also aligned with the goal of operating in markets with structural growth, in particular those areas which support the decarbonisation of the energy sector. Conflicts noted between the Group selling projects to GRID as a client have been carefully managed through the use of independent valuations experts and separate advisory and governance teams.

International forestry expansion

To deliver on the Group's international expansion plans it pursued and concluded to set up two international forestry funds. One was set up on behalf of an institutional client to acquire a forest in New Zealand to capture carbon credits. This provided a natural capital solution for the client with an off taker in place for the carbon credits created by the forest. The Group expanded its international forestry team, with dedicated resource now based in Australasia.

The Group also launched the Irish Strategic Forestry Fund, a forestry fund investing in and planting forests in Ireland. The Group decided to warehouse the first forest acquired by the fund prior to launch, to provide a visible pipeline of investment for potential investors and ensure the successful launch of the fund. New resource was hired in Ireland to manage the growth of this international expansion and we have had active engagement with key stakeholders in Ireland.

Shareholders

We maintain regular and open communication with shareholders through investor roadshows and other shareholder communications as well as actively engaging with shareholders who have focused on specific areas such as climate change and governance.

In 2022, we introduced a new video series with Chief Executive, Tony Dalwood interviewing different leaders across the business to provide more insights to the business for shareholders throughout the year.

We held our second Capital Markets Day in November. The live-streamed broadcast provided an in-depth look across the business and its activities. Shareholder feedback is carefully considered by the Group Management Committee and Board and contributes to strategic decisions.

Clients

Against the backdrop of political and environmental uncertainty and volatility, we maintain our focus as asset managers on the core concerns of our clients and shareholders: superior and sustainable investment performance. We have developed a number of new investment solutions for clients in the year, through considered product development and segregated mandates to meet investor needs.

We continue to report in a transparent and clear manner to investors whose capital we are managing and utilise investor meetings, seminars and site visits to engage with investors. Site visits provide an opportunity to educate investors on the alternative assets in which we invest on our clients' behalf. In 2022, we hosted eight site visits to forestry and sustainable infrastructure assets and we continue to receive fantastic feedback from current and prospective clients on these events.

Employees

We engaged with staff through our employee survey in the autumn of 2022, achieving very high engagement at 90% of staff, and the results included a number of positive enforcements of the business and the culture, such as a 76% advocacy score, where 80% agreed or strongly agreed that they would recommend Gresham House as a good place to work.

We maintained regular employee communication throughout the year with weekly Company-wide calls to update the team on the latest developments across the Group.

Following discussions and awareness of the macroeconomic environment, senior individuals including the Board executives have agreed to not increasing their salaries from 2022. We have also recognised the impact of the cost-of-living crisis on our staff and provided those lower paid staff in the team with a £1,000 inflation support payment in the year and also implemented a tiered salary increase approach for 2023.

Community

Our work to engage with and support communities and charities continues. Our charity partners for 2022 were the British Heart Foundation and Centrepoint. We have raised over £90,000 in the year through events such as the Big Sleep Out and Race the Thames, and Gresham House contributed directly and through the GAYE matching scheme.

Aside from our nominated charities, a team from Gresham House raised £13,000 and volunteered for the Disaster Emergency Committee Ukraine Humanitarian Appeal. This involved a team driving from London to Poland to deliver vital medical supplies to support those impacted by the war in Ukraine and the provision of transportation for refugees

We started to work with Chance to Shine, a charity which helps children develop their physical, mental and social wellbeing through cricket regardless of background. Gresham House's support for Chance to Shine has covered the costs of running a weekly "Street" cricket project in Cheetham Hill, Greater Manchester for a year, which is attended by more than 30 children each week. We are also delighted to be sponsoring Hertfordshire Women & Girls cricket this year. As MCC Chairman Bruce Carnegie- Brown said: "'Women's cricket is growing rapidly in the UK and adding to the sport's diversity and inclusivity. It is very pleasing to see Gresham House play a part in bringing new players and new supporters into the game."

Regulator

We have continued to increase the resourcing in our compliance and risk functions. We maintained an open and responsive dialogue with the FCA through the regulatory reporting and general compliance framework. All communications from the regulator or our internal compliance team are treated with the utmost importance by the Group Management Committee and the importance of regulatory requirements is reiterated to employees.

As an ISO 9001 certified business, we maintain robust internal processes and procedures centred on delivering efficient and compliant business practices. This includes policies on the following to ensure good business conduct: market abuse, gifts and hospitality, treating customers fairly, financial crime and anti-money laundering, and data protection.

Natural capital solutions

From climate change to soil erosion to deforestation, pollution, and loss of biodiversity, humanity's impact on the planet has been profound and widespread. Simply put we need to protect and restore those natural resources that we rely on for our benefit and for the benefit of future generations.

Why is this relevant for investors?

The degradation of the natural world presents both risks and opportunities for investors.

Environmental issues can have serious impacts for the bottom line of businesses resulting from, legal action, consumer boycotts and increased regulation. Businesses are also hugely dependent on nature for their continued ability to operate. Changes in climate or loss in species could materially impact businesses by limiting their ability to produce the same goods and services in the future. Indeed, it is estimated that $44 trillion of economic value generation, over half the world's total GDP, is moderately or highly dependent on nature and its service.

More positively the challenges we face present opportunities for innovation, development and new technologies.

We are increasingly talking to clients who are seeking to invest not only to make financial returns, but also to address environmental and social challenges, including the delivery of net zero commitments.

Investment in natural capital can provide solutions to many of these challenges, such as the restoration of biodiversity, sequestration of carbon, or the sustainable provision of essential materials like food and timber. The returns underpinning these natural capital investments are also becoming more compelling.

Credible natural capital investment requires the integration of environmental, social, and economic considerations throughout the investment process to ensure sustainable land use decision-making and the promotion of practices that contribute to the long-term well-being of both society and the planet.

The opportunities available for clients to invest in this space are evolving and we at Gresham House want to be at the forefront of this development process.

What is natural capital?

Our definition is based on the Natural Capital Protocol standard:

"The stock of all natural resources – including water, air, soil, minerals, plants and living organisms – and the habitats that support them – such as forests, wetlands, and grasslands – which deliver value to society through the provision of ecosystem and abiotic services."

Gresham House and natural capital investment solutions

Gresham House is well-positioned, as a specialist, alternative asset manager with expertise and experience in Forestry and Sustainable Infrastructure to provide natural capital investment solutions for clients in the future. This is an area of huge growth potential and having a credible track record in the management of natural capital assets gives us a head start as we look to evolve natural capital investment solutions. IPE Real Assets, a leading institutional investment publication, recently ranked for the first time the 'Top 25 Natural Capital Managers' in the world, according to their definitions, and Gresham House was ranked number nine.

Forestry

Gresham House is the UK's largest forestry asset manager, and the seventh largest globally. This area of the business has been operating successfully for over 40 years. Our approach to investing in forestry, encompassing sustainable forestry and land management solutions, helps investors to diversify their investment portfolios and provides exposure to potential increases in the value of timber, carbon and underlying land value that supports long-term management programmes.

Forestry represents the largest strategy within the Gresham House group with AUM of £3.4 billion as at 31 December 2022. Our forestry investments involve the ownership of freehold land on which sustainable timber, carbon and other natural capital opportunities can be created, managed and optimised. In line with Gresham House's broader sustainable investment commitments and our Forest Charter, this is done in a sustainable manner.

All forests are "natural capital" assets and we generate returns for clients by managing these assets for their provisioning services (i.e. the production of timber) and regulating services (i.e. carbon sequestration). We are working to determine how we can manage and invest in these assets to promote other ecosystem services, further developing the natural capital investment solutions and targeted outcomes we can offer to clients.

What are natural capital investments?

"Investments that deliver targeted ecosystem and abiotic services alongside the protection, restoration or enhancement of biodiversity and natural resources, together providing financial returns for clients."

Our definition will evolve to reflect ongoing market research and industry standards.

Sustainable Infrastructure

Our Sustainable Infrastructure strategy focuses on scaling impactful infrastructure assets that are good for investors because they are good for people and the planet. One such asset is Environment Bank Limited (EBL) which the strategy invested into in 2021.

EBL cultivates and manages dedicated areas of land ("habitat banks") to bring natural habitats into existence and increase the diversity of native plant and animal life. In this way, EBL is a natural capital investment that creates and restores biodiversity.

Through a network of habitat banks, EBL has also launched Biodiversity Net Gain (BNG) Units, a ground-breaking new product that gives developers a simple, risk-free way to meet their statutory environmental requirements and at the same time provides the opportunity for landowners to diversify their business.

The Gresham House British Sustainable Infrastructure Fund II LP (BSIF II) is currently accepting commitments from institutional investors.

Natural capital outlook

Gresham House is operating and leading in areas that could support natural capital investment objectives, such as Forestry and Sustainable Infrastructure. We continue to work with clients to understand their needs to be able to utilise our asset management skills and track record. The opportunity to provide solutions in this high-growth area is very strong and Gresham House is well-positioned to deliver for clients.

The importance of our people

It is the people in our business who are critical to our success, it is their knowledge, their creativity, their responsibility, their focus that has driven the success that we have achieved and will drive the future growth of the business.

At the heart of this is our culture, a culture of innovation, embracing new ideas, meeting challenges head on and encouraging people to "make a difference". This is underpinned by the six core values that we hold: Ambition; Authenticity; Collaboration; Dynamism; Empowerment and Meritocracy.

Our culture enables us to design and implement innovative investment solutions capable of building a sustainable future and ensuring environmental, social and governance considerations remain front and centre in our thinking.

During 2022, we welcomed 60 new joiners (new and replacement) to support the growth across our strategies and 14 joined from the acquisition of Burlington in Ireland.

We place great importance on ensuring all new joiners feel fully integrated and valued, and that they are clear on how their role contributes to our success and growth. We have implemented a co-ordinated, in-person induction programme for all new joiners to the business. This induction takes place within the first month of someone joining the business and follows the provision of an induction pack for all new starters alongside access to our new online onboarding module which provides further employee information on benefits, access to the staff handbook and teams details.

When welcoming new employees to Gresham House, it is important that they fully understand our values and culture, and that they feel they belong and are provided with the knowledge and skills to fulfil their role as effectively and proficiently as posssible by ensuring they know key elements of the business and how to operate and navigate.

> "At the heart... is our culture, a culture of innovation, embracing new ideas, meeting challenges head on and encouraging people to "make a difference"."

Louise Richards
HR Director

In the year, we have also developed and implemented a number of important initiatives, these include:

A diverse and inclusive environment

Following the launch of our Diversity, Equity & Inclusion (DEI) Strategy at the start of 2022, one of the objectives achieved was that all employees attended Unconscious Bias training sessions provided by our external partner 'Blueprint for All'. In addition to the training, a specific bespoke session was held with the Group Management Committee to discuss:

- why DEI continues to be a business imperative
- understanding the constantly changing landscape of DEI
- recognising and understanding unconscious bias, and how it impacts decision making in the workplace

Other achievements in the area of DEI included:

- creating DEI guidelines for recruiters so they are clear on our expectations and requirements
- a written statement regarding DEI from our CEO that is published internally and externally
- guidelines established to ensure consideration of DEI is incorporated into all future acquisitions
- the establishment of a dedicated DEI Committee
- attendance by all staff of unconscious bias training

Wellbeing

- Mental wellbeing – we have four first aiders across the business who are qualified to provide assistance and support when required
- Financial wellbeing – we have arranged seminars to provide guidance and tools to help employees manage their short, medium and long-term financial priorities, from an external independent wealth management advisor

Employee progression

- Developed and launched individual job frameworks for each division/team to allow employees to see more bespoke career progression and development, and to ensure managers are accountable for actively promoting career development and advancement opportunities for their employees
- Resilient Women's Leadership Programme – Senior women from across Gresham House have attended this 12-week external programme to develop their capability to lead

82%

of employees believe that Gresham House's **vision and values** reflect what is needed for the business to be successful in the future

82%

of employees feel trusted to take **personal responsibility for their work**, whether working in the office or remotely

Listening to our people

We completed our third annual Employee Engagement Survey and are pleased to report a very high 90% completion rate.

This means the responses are representative of the overall Company and shows a strong connection between the business and our employees.

As a result of feedback from the Employee Engagement Survey we have introduced a Volunteering Policy to support the Group's commitment to be a Sustainable Corporate Citizen and to have a positive impact on the communities of which we are a part.

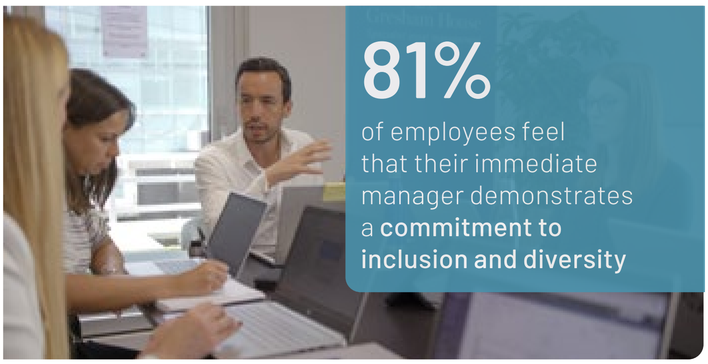
Louise Richards
HR Director

82%

of employees understand how their job **contributes to the success** of Gresham House

81%

of employees believe Gresham House makes a positive contribution to our chosen **charity and volunteering** partners



81%

of employees feel that their immediate manager demonstrates a **commitment to inclusion and diversity**

Sustainable Investment: a partner for the future

Our GH25 strategic objective: become a recognised leader in sustainable investment.

Our GH25 Corporate Sustainability Strategy

In last year's reporting suite, we introduced our first Corporate Sustainability Strategy which supports our GH25 strategic objective 'to become a recognised leader in sustainable investment, including Environmental, Social and Governance (ESG)'. Our aim is to lead by example through our internal commitments to sustainability and align our actions with our corporate purpose.

Despite the challenging macroeconomic backdrop, the Board and Group Management Committee remain committed to this ambition. We are proud of the progress that has been made across the business against the Corporate Sustainability Strategy and provide examples of progress in this report. This includes the real-world impact that our investments generate and the tangible, and often innovative, solutions to environmental and social challenges that our clients' investments create alongside financial returns.

The sustainable investment landscape and sustainability-related regulation continues to evolve rapidly. We endeavour to navigate this environment by pursuing our Corporate Sustainability Strategy which positions us to prepare for and adapt to these changes. We continue to proceed in an authentic and rigorous manner that we believe reflects the best interests of both shareholders and clients.

The Corporate Sustainability Strategy

We created the Corporate Sustainability Strategy using a robust methodology, informed by stakeholder expectations as well as emerging regulatory and legal requirements, a detailed materiality assessment of Gresham House, and peer analysis. We believe we have created a strategy that is specific to our business and that will drive better long-term financial and sustainability outcomes for current and future investments.

Pillars

The Strategy is based around three core pillars. These reflect our approach to sustainability within our investments, *Gresham House as a sustainable investor*, that of our own operations and business, *Gresham House as a sustainable employer and business*, and the contribution Gresham House offers to the society that it is a part of through donations and volunteering, *Gresham House as a sustainable corporate citizen*.

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."

Priority topics

For each pillar, we have identified a range of priority topics that form the basis of the Corporate Sustainability Strategy.

The topics have been selected as they are the most material to our business and how we invest. Reflecting the holistic approach we take to sustainability; each priority can be linked back to one of the ten ESG themes in our Sustainable Investment Framework.

Gresham House as a sustainable investor

Operational

- Commitment to sustainability
- Risk and compliance
- Marketplace responsibility
- Governance and ethics

Thematic

- Climate change and pollution
- Natural capital
- Supply chain management
- Employment, health, safety and wellbeing

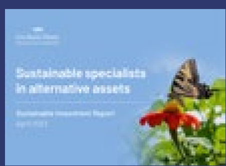
These eight priority topics influence the way we invest and the way we work with underlying investment stakeholders. Each investment we make will have differing material ESG factors to consider, but we believe the eight priority topics we have identified are relevant across the majority of our investments and will therefore form the basis of much of our work in sustainability over the next few years.

Gresham House as a sustainable employer and business

Gresham House as a sustainable corporate citizen

- Climate change and pollution
- Natural capital
- Employment, health, safety and wellbeing
- Diversity, Equity and Inclusion (DEI)
- Commitment to sustainability
- Community care and engagement

As a sustainable employer and business, we work across six priorities, the same priorities that guide our work as a sustainable corporate citizen. We believe these are the issues most material to the Group whilst also helping us to differentiate ourselves from our peers.



For each priority topic we have set a core objective to be achieved by 2025 (see our 2021 Sustainable Investment Report for more details), KPIs to be used to measure success, short-term actions to be completed in 2023 and medium-term actions to be completed by 2025.

Key actions and achievements

Here we set out selected key items from our Corporate Sustainability Strategy, highlighting the longer-term objective alongside progress made in 2022 moving us closer towards achieving our strategic objective to become a leader in sustainable investment by 2025.

Pillar 1 – Gresham House as a sustainable investor

G: Commitment to Sustainability

2025 strategic objective: *Grow sustainable and impact investments by 2025.*

2022 actions: We mapped our investments against our internal Gresham House Spectrum of Capital which clearly defines which investment products we characterise internally as responsible, sustainable or impact. As shown below, the Group grew its sustainable AUM by 22% from 2021 and both its impact and sustainable AUM increased as a proportion of total Group assets under management.

We applied the EU's Sustainable Finance Disclosure Regulation (SFDR) requirements for all in-scope funds and entities and closely monitored the UK Sustainable Finance Regulation (SDR) developments. We contributed feedback to the government consultation on the SDR and are monitoring updates.

We developed a Gresham House impact investment approach in 2022, based on the Impact Management Principles, and applied this to all Sustainable Infrastructure mandates.

2023 priorities: Assess and apply UK SDR recommendations.

AUM by Category	Total 2021 £bn	% of AUM 2021	Total 2022 £bn	% of AUM 2022	% absolute increase in AUM 21-22	Change as a % of total AUM 21-22
Sustainable	4.1	63%	5.0	64%	22%	2%
Responsible	2.0	30%	2.1	27%	7%	-10%
Impact	0.4	7%	0.7	9%	75%	29%
Total	**6.5**		**7.8**			

G: Risk and compliance: data, systems and reporting

2025 strategic objective: *Set out and monitor comprehensive ESG data to drive investment decision making, engagement planning and enhance stakeholder reporting.*

2022 actions: Work commenced to gather ESG data across all investment divisions, following the finalisation of ESG KPI banks last year. The approach to data collation has varied division by division, ranging from surveys of investee companies and woodland managers to the development of bespoke third-party solutions. The alternative nature of many of our assets under management means that ESG data coverage and quality varied, however investment teams are working to improve the data and interpret the data to guide investment decisions and ongoing management of assets.

2023 priorities: Development of internal ESG data systems to support ESG data requirements.

G: Governance & Ethics: engaged and active ownership

2025 strategic objective: *Apply active ownership activities across all assets effectively and consistently; and monitor progress and report on outcomes of engagement activities.*

2022 actions: We developed an engagement strategy for our Public Equity investment teams. This formalised the teams' existing approach with the aim of enabling improved monitoring of engagement activities and outcomes. This strategy also aims to increase engagement activity on environmental and social topics alongside the governance focus that both our UK and Irish teams have had historically. We expect the quality of company engagements and our reporting associated with engagement activities to improve in the coming years following the implementation of this strategy.

In other divisions, we introduced an engagement record to better track stakeholder engagement activities carried out by all investment teams in terms of stakeholder engagement including with regulators, industry associations and suppliers.

2023 priorities: Update our Group Engagement & Voting Policy to reflect our ambition to be a leader in sustainable investment and our Corporate Sustainability Strategy objectives in our voting decisions.

E: Climate change and other pollution

2025 strategic objective: *Set science-based targets on climate change for each division.*

2022 actions: We worked with a specialist consultant in 2022 to calculate the emissions of all our investments for financial years 2021 and 2022. The results are included in our first standalone TCFD report and will provide a baseline for the setting of a science-based target. We are proud to have full coverage of our asset base given the real asset and private nature of many of our investments, which can pose challenges for data, and believe this sets us apart from peers.

We identified appropriate targets for each asset division in line with the Science Based Targets initiative (SBTi) guidance following consultant advice and sought legal advice on the implications of setting SBTs for investment mandates. Whilst this delayed our making a commitment to set a science-based target, we are comfortable that an approach in which we understand all implications of SBTs before committing is the right one.

We report the carbon emissions associated with our investments for the first time this year as shown on page 50.

2023 priorities: Work through legal and investor implications of setting science-based targets and at least make a commitment to set a science-based target for our investments.

Real-world outcomes

Many of our asset classes positively contribute to the transition to a low carbon economy either through the sequestration of carbon or through avoiding the production of carbon within the energy sector and we remain committed to investing in these assets.

- 2.4 million new trees planted, covering over 1,200 hectares
- 1.87 million tCO_2e sequestered by forests under management
- 486 GWh renewable energy generated in 2022- equivalent to powering 138,700 homes – avoiding 210,000 tCO_2e*
- 550 MW of battery energy storage systems operational at 31 December 2022

* Forestry covered by this calculation includes all UK, Irish and Australian assets under management. It does not include New Zealand forestry

E: Natural capital

2025 strategic objective: *Assess natural capital impact and dependencies across our assets; and develop market leading reporting and solutions to meet clients' requirements.*

2022 actions: We contributed feedback to the UK Government Biodiversity Regulation Consultation in April 2022. We started work with our New Energy and Real Estate divisions to understand implications of the Biodiversity Regulation expected in the autumn of 2023 and are working to prepare for compliance ahead of the final publication.

Our Sustainable Infrastructure division continued to drive forward the innovative market for biodiversity credits in the UK by supporting its investment in Environment Bank Ltd, a pioneer in the creation of biodiversity units. The team's investment aims to support the creation of 4,000 hectares of biodiverse land throughout the life of the investment. In 2022, work began on 13 land banks equating to 330 hectares.

Our Forestry business conducted its second biodiversity survey of managed forests in the UK. The division also undertook environmental DNA (eDNA) testing of sample forestry sites to better understand the biodiversity of species present on productive forestry sites. The eDNA results complemented survey results indicating a presence of biodiversity of species across our forests sites. The team continues to work with consultants and internal ecological experts to develop a comprehensive and science-based approach to measuring biodiversity and enhancing biodiversity over time.

2023 priorities: Publish a Gresham House Natural Capital Policy, defining natural capital and our approach to natural capital investment.

Real-world outcomes

eDNA testing results for a productive forestry site

359 species, according to taxonomic class, were detected by the tests. This included:

- 310 invertebrate species
- 22 bird species
- 16 mammal species
- 4 amphibian species

S: Supply chain sustainability

2025 strategic objective: *Understand material ESG risks across the supply chain of our investments and establish policies and processes to manage and mitigate these where possible.*

2022 actions: Our focus for this topic remained on the New Energy division in 2022. We sent a second iteration of our Modern Slavery Questionnaire to all New Energy suppliers, expanding the scope from solar suppliers to the suppliers of all main New Energy components. The questionnaire was also integrated into new supplier selection processes. The results were being collated at the time of writing, but we intend to engage with any suppliers that flag against specific criteria following a review of responses.

A battery supply chain audit was completed by a third-party supply chain auditor, RCS. The audit report included a summary of relevant potential risks associated with the division's primary battery chemistry. It summarised results from on-site audits for the primary battery supplier and a cathode supplier. No material risks were identified in the results but the report acknowledged that risk management processes within LFP chemistry battery supply chains are relatively nascent. The team is determining next steps to evolve supply chain risk management processes for the division.

2023 priorities: Update or create Real Asset division Supply Chain Policies.

Pillar 2 – Gresham House as a sustainable business and employer

E: Climate change and other pollution

2025 strategic objective: *Set a science-based target and use our industry position to encourage the transition to a low carbon economy.*

2022 Actions: As noted in the Sustainable Investor, *climate change* section, we delayed making a commitment to setting a science-based target. Given guidance for financial institutions to submit operational and investment targets together, we will work on this in 2023.

We made improvements to increase the scope and quality of carbon footprint data for our Corporate operations. This included updating our internal expense system to gather more accurate travel-related data. We also carried out a commuting survey to estimate emissions associated with commuting.

To drive reductions in our Corporate operational footprint, we are reviewing our Travel Policy. This will be communicated to employees imminently and aims to reduce the carbon emissions associated with business travel. We also offered employees access to a subsidised Electric Vehicle (EV) purchasing scheme.

2023 priorities: Make a commitment to set a science-based target for our investments and develop a plan to reduce operational emissions.

S: Employment, health, safety and wellbeing

2025 strategic objective: *Place our colleagues' wellbeing and development at the heart of our growth.*

2022 actions: We launched our staff wellbeing framework, which aims to respond to findings from our 2021 employee engagement survey. Based on the framework, we implemented several wellbeing initiatives including:

- Collaboration with Brewin Dolphin to provide financial wellbeing sessions for employees
- The creation of a formal learning and development programme for all employees
- Training for additional mental health first aiders

2023 priorities: Introduce annual health assessments and resilience training for all employees.

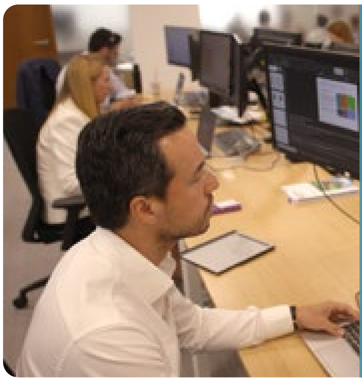
G: Commitment to sustainability

2025 strategic objective: *Hold ourselves to the highest standards and commit to authenticity in the way we operate.*

2022 actions: Sustainability governance structures were integrated into day-to-day processes with the Sustainability Executive Committee meeting eight times in the year and the Board Sustainability Committee meeting twice in 2022.

Training and internal communications on sustainable investment and related topics increased meaningfully during the year. Sustainable Investment training was included as part of inductions for all new joiners. We also launched ESG Lunch & Learn sessions which were very well attended and helped to improve understanding of ESG and sustainable investment-related concepts across the business.

2023 priorities: Create a working group to drive day-to-day sustainability actions across the group (e.g. reduce office waste, improve energy efficiency).



82%

of employees understand how their job contributes to the success of Gresham House (compared to 80% in 2021)

76%

advocacy score

over three-quarters of employees agreed or strongly agreed that they would recommend Gresham House as a good place to work (compared to 96% in 2021)[1,2]

Pillar 3 – Gresham House as a sustainable corporate citizen

S: Community care and engagement

2025 strategic objective: Have a positive impact on the communities of which we are a part.

2022 actions: Gresham House plc and employees raised or donated £90,000 as we took part in a range of events throughout the year, raising further funds for the charities.

We also offered our support for the crisis in Ukraine in March 2022. A group including seven Gresham House employees successfully transported humanitarian aid from the UK to Warsaw and helped relocate 45 Ukrainian refugees.

2023 priorities: develop our charity selection process and select charities for our next partnerships that align with the priority topics of our Corporate Sustainability Strategy.

Next steps

In 2023, we will continue to progress the range of actions we have identified for all priority areas across the three pillars of our Corporate Sustainability Strategy. In delivering our Corporate Sustainability Strategy, we aim to deliver on our GH25 ambition to become a leader in sustainable investment, and also to engender positive real world sustainability outcomes for our employees, for society and through our investments.[1,2]

Charity fundraising events in 2022

Four main charity events:

- Centrepoint sleepout – over £14,000 raised with employees sleeping out at our own Gresham House event at 80 Cheapside
- Race the Thames – 66 Gresham House employees raised £6,960, including Gresham House matching, split equally between the British Heart Foundation and London Youth Rowing
- Dublin Simon Community – €1,800 raised by our Dublin office to support people experiencing homelessness
- Disaster Emergency Committee Ukraine Humanitarian Appeal – £13,000 raised and volunteering at the White Eagle Club in Balham

Give As You Earn

- 9% of employees use Give As You Earn
- The Company matches employee charitable contributions made through payroll to encourage charitable giving across the team, in total donating over £54,000 in 2022

1. Results from the Gresham House 2022 Employee Engagement survey based on 90% completion rate

2. In previous years this question was asked as a Yes/No question. In 2022, we used a 5-point scale from strongly disagree to strongly agree, following consultant guidance, to better understand what drives Advocacy. 33% strongly agreed that they would recommend Gresham House as a good place to work to their network and friends, and 47% agreed. Only 4% disagreed and 2% strongly disagreed.

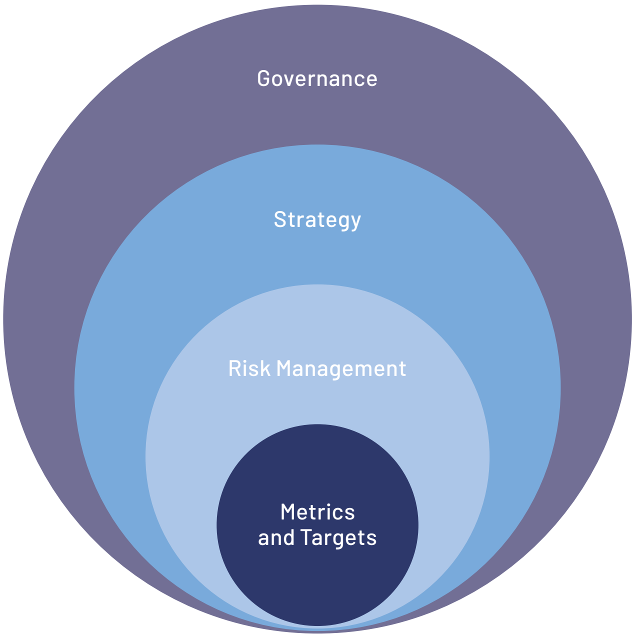
Task Force on Climate-Related Financial Disclosures (TCFD)

Our role in the fight against climate change

The group is not required to adopt TCFD reporting for 31 December 2022 and has not done so in this annual report. However, we will be voluntarily reporting against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a year ahead of the mandatory reporting deadline in a separate document. Here we provide a voluntary summary of what is included.

Our TCFD report outlines how we consider climate-related risks and opportunities in our business operations, and how these map to the four TCFD thematic areas of Governance, Strategy, Risk Management and Metrics and Targets.

The report is aligned with the TCFD's eleven underlying recommendations. While this year we have reported in full against the recommendations, we are committed to continue improving in both disclosure quality and granularity.



This disclosure summarises the approach we take to managing climate change risks and opportunities in our operations and in our investments. It details our overall climate strategy, as well as each division's strategy to managing climate-related issues.

Governance

Board oversight

The Board is responsible for defining the Company's direction and business strategy. Steps have been taken to embed climate-related risks and opportunities formally within this strategy and as such these factors have a direct impact on strategic decision making and financial planning.

- The Board approves the Group Risk Taxonomy which captures ESG and climate-related risks both as cross cutting risks, and distinct risk drivers
- The Company's Enterprise Risk Management policy, approved by the Audit Committee, specifically addresses the arrangements for the identification, assessment, monitoring and reporting of ESG and climate-related risks
- The Sustainability Committee oversees the Group's progress against its Corporate Sustainability Strategy, including how business units are exploiting relevant climate-related opportunities

Management oversight

The delivery of the business strategy has been delegated to the Group Management Committee (GMC). The GMC regularly reviews performance against the Company's strategic targets, including its approach to and implementation of sustainable investment practices, and management of climate-related risks. With respect to the Group's strategy relating to climate-related issues, this includes, but is not limited to:

- the management of climate-related risks relevant to each managed fund and Company operations;
- the performance of existing Gresham House funds against their stated environmental and climate change objectives, where applicable;
- the ability of prospective funds to capitalise on the global transition to a lower-carbon economy;
- performance of the Company against its Corporate Sustainability Strategy; and
- the alignment of potential acquisitions with the Group's broader sustainability and climate ambitions.

The Chief Financial Officer (CFO) has responsibility for climate-related risk management, complementing their responsibility for other financial risks.

Board

Oversees our business strategy and management, including sustainability matters.

Group Management Committee

The delivery of the business strategy has been delegated to the Group Management Committee who regularly review performance against our strategic targets, including our approach and implementation of sustainable investment practices.

Conflicts Committee

Consider conflicts arising in relation to investment activities for clients and the exercise of voting rights.

AIFM Risk Committee

ESG risks are included in our risk register and divisions are required to report on ESG-related risks to this Committee each quarter.

Sustainability Executive Committee (Sustainability ExCo)

Drives sustainability-related deliverables to ensure the business, its staff and the investments made demonstrate best practice and leadership. Also owns delivery and oversight of the Corporate Sustainability Strategy.

Sustainability Committee

Oversees and reviews the Corporate Sustainability Strategy, including sustainable investment.

Remuneration Committee

Oversees our business strategy and management, including sustainability matters.

Audit Committee

Responsible for identification and monitoring of business risks, including ESG and climate change.

Climate-related risk management has been embedded into the activities of each business unit taking into account the whole lifecycle of a product. Risks relevant to each fund, including ESG and climate-related risks are considered as part of the Product Governance Committee, Investment Oversight Committee and AIFM Risk Committee.

On a quarterly basis, divisional heads report to the GMC on their business units' performance opportunities. The Company's real-asset focused divisions sit at the forefront of sustainable solutions to some of the most pressing challenges of our age, including climate change. Any conversations about the Company's real asset divisions' opportunities will naturally include the ways in which they are making the most of the transition to a lower carbon economy.

The GMC is supported by Gresham House's dedicated Sustainability Executive Committee, which drives sustainability-related deliverables across the Group, including those relating to climate-related risk.

Remuneration

For the past three years, sustainability-related objectives have been contained within yearly performance appraisals for every individual at Gresham House. Variable remuneration for all team members at all levels is derived, in part, from alignment with relevant objectives.

Sustainability-related measures are reviewed by the Sustainable Investment team each year to align with Gresham House's key sustainability priorities.

As we continue to evolve and enhance our climate strategy over the next few years, we anticipate climate will form a more prominent role in senior members' remuneration in the form of quantitative metrics, alongside broader sustainability-oriented objectives.

Strategy

Gresham House's investment strategies sit at the forefront of the world's transition to a low-carbon future.

Our role as specialists in sustainable alternatives means we are committed to investments such as new energy, sustainable infrastructure and forestry that provide long-term solutions to the transition to a low-carbon economy.

Our investments are characterised by long-term investment horizons that are inherently aligned with climate-oriented, long-term approaches to risk and opportunity.

As a business we are committed to operating responsibly. Our Corporate Sustainability Strategy outlines the approach we take both as a sustainable investor and as a sustainable business and employer in addressing global environmental and social challenges, including climate change (see page 38 for more details).

Climate-related opportunities

Gresham House is well positioned to take advantage of the increasing investor focus on the transition to a low-carbon economy. We provide our clients with the opportunity to invest in a range of asset classes that have long-term investment horizons and returns that are tied to climate-related opportunities. These include:

- Renewable energy generation and battery energy storage solutions within New Energy
- Sustainable building materials and carbon sequestration within the Forestry division
- Innovative agricultural practices, biodiversity net gain, and waste-to-energy solutions within Sustainable Infrastructure
- Low-carbon homes within Real Estate

To meet increased demand for climate-related opportunities across its client base, we continue to invest in new product development to offer clients the ability to meet their sustainability and climate objectives alongside their financial ambitions.

Climate-related risks

Gresham House recognises that the changing climate will present risks to our strategy.

The examples below detail risks that may impact upon our ability to deliver effective and alternative investment solutions to help clients achieve their financial objectives, while contributing towards the transition to a more sustainable economy:

Climate change risks

TCFD divides climate-related risks into two major categories:

Transition risks: business risks associated with the transition to a low-carbon economy. These include changes to the policy and legal backdrop, the shift to lower emissions technologies, changes in the market and reputational risks.

Physical risks: risks resulting from climatic events, and can be acute (i.e., event-driven) or as a result of long-term shifts in climate patterns.

Transition risks

- The risk that investment solutions do not meet clients' evolving climate needs, leading to outflows and reduced demand for investment products
- The risk that competitors grow faster by offering better climate solutions for clients, resulting in a loss of market share
- The reputational risks associated with funds not decarbonising as fast as clients expect, leading to reduced demand for investment products
- High delivery costs of more energy efficient, low-carbon solutions leading to reduced margins across our Real Assets divisions

Physical risks

- The risk that the increased prevalence of extreme weather events leads to a fall in asset values or higher insurance costs
- The risk that damage to facilities caused by acute weather leads to increased capital costs

Scenario analysis

Scenario analysis and climate projections play an important role in several of Gresham House's Real Asset divisions. In order to provide long-term solutions to the transition to a low-carbon economy, we recognise the importance of weather and climate projections in highlighting potential investment opportunities and futureproofing our assets and the returns that they are able to generate.

Examples of how modelling and scenario analysis is used by our investment divisions include:

- Forecasting weather patterns in Forestry to improve the way in which forests are planned and managed in order to enhance their resilience to climate change and to mitigate the risks posed by the negative impacts of a changing climate
- In New Energy, using the services of third-party experts to estimate the impact of climate-related factors on energy prices over the short, medium and long term to create low, high and central case scenarios. These scenarios are then embedded within financial modelling

Risk management

Identifying and assessing climate-related risks

The responsibility for climate-related risk management has been embedded into the activities of each business unit throughout the lifecycle of an investment.

The identification and assessment of climate-related risk takes place through the same risk identification process as other risks using our Enterprise Risk Management (ERM) Framework. This framework assesses and manages Group-wide risks based on the likelihood of the risk materialising and the business exposures faced if it does.

Gresham House maintains a risk register which records all the key risks which are relevant to the Group. In 2023, the risk register was updated to give greater prominence to physical and transition climate risks in the risk identification and management process.

Risk owners are supported in the identification of division-specific climate risks by the Group's dedicated sustainable investment team, which regularly reviews and provides guidance on the sustainability and climate-related risks facing each division.

Investment risk assessment

Individual investment decisions are overseen by formal Investment Oversight committees, which review and challenge proposals in line with defined procedures which capture climate-risk.

The Gresham House ESG Decision tool is a key component of Gresham House's approach to ESG and climate-related risk integration and is applied to all investment divisions.

The ESG Decision tool requires the investment team to analyse how a broad range of ESG risks – including climate-related risks – may impact upon a proposed investment. The outcomes of the ESG Decision Tool shape the due diligence process and provide rational ESG factors to be tracked, monitored, and managed over time by our investment teams. More information on the ESG Decision Tool can be found later in this section.

Managing climate-related risks

Climate risks are managed in line with all other enterprise-related risks, and as such, for each material risk identified, controls and mitigating actions are documented, and risk owners acknowledge ownership for the maintenance and operation of these controls.

Business-unit risk owners have the day-to-day ownership, responsibility, and accountability for assessing, controlling and managing risks within their units.

Fund managers submit formal quarterly risk reports to the AIFM Risk Committee, chaired by the CFO. The AIFM Risk Committee reviews the risks relevant to each fund's investment strategy to which each fund is or may be exposed.

On a six-monthly basis, divisional heads report on the status of risks within their division and an updated Group Risk Register is reported to the Audit Committee.

Metrics and targets

Over the last few years we have looked to improve the quality and quantity of climate-related data that we collect and report on. For the first time in 2021 we undertook an exercise to understand the carbon emissions of our operations and our investments alongside expert carbon consultants, and this exercise was repeated in 2022.

A summary of the carbon footprint of our operations and our investments can be found in our detailed TCFD report, or on page 44 of this report. This includes our Scope 1 and 2 emissions, as well as Scope 3 emissions where available, for our operations, and Scope 1, 2 and 3 emissions of our investments, as well as a number of additional KPIs that contextualise these emissions and help us to better understand our climate impact.

Divisional-level KPIs

ESG and climate-related data play a prominent role in our divisions' investment processes. For our Real Assets divisions, where many of our assets positively contribute to climate resilience and mitigation, climate-related KPIs play an important role in monitoring whether assets are performing in line with their stated intention.

Over the last 12 months, in conjunction with our Sustainable Investment team, each investment division has increased the list of ESG KPIs that it will track for each of its investments.

These KPIs are intended to support the analysis undertaken by investment teams into their underlying investments. This greater quality and quantity of data enables more effective engagement and allows investment individuals to track the progress a particular asset is making towards its ESG and climate-related ambitions, and to what extent climate-related risks are being managed effectively.

Examples of climate-related KPIs that are being collected, tracked and monitored include:

Forestry

- Total annual Greenhouse Gas (GHG) emissions sequestered (tCO_2e)
- Area managed for afforestation (Hectares) (Cumulative)
- Number of trees planted annually
- Timber harvest volume (m^3)

New Energy

- Total capacity of operational battery energy systems (MW)
- Renewable energy generated (MWh)

Sustainable Infrastructure

- Low-carbon energy generated (MWh)
- Carbon emissions avoided through low-carbon technologies (tCO_2e)
- Hectares of biodiversity created
- Carbon emissions of our investments (tCO2e)

Real Estate

- Average EPC rating of portfolio
- Operational energy consumed (kWh), percentage renewable (%)
- Percentage of buildings producing zero-carbon energy produced on site (%)
- Percentage and number of homes with access to electric vehicle charging

Forward looking targets

We have not set forward reduction targets covering our investment and operations at this time. We will look to set targets once we have completed further analysis of our emissions profile and our forward plans for the business.

We aim to set net zero targets aligned to the Science Based Targets initiative (SBTi) covering both our investments and our operations. We are currently in the process of exploring the investment and legal implications of setting targets for each of our investment divisions and working with expert carbon consultants to draw up a proposed strategy.

As we progress this project, we aim to make a public commitment to set a science-based target aligned to the SBTi's target-setting criteria in 2023.

Carbon emissions

The section below summarises Gresham House's carbon emissions, following the carbon footprinting exercise that was carried out for our Corporate and Investment emissions in 2022. The first section, Group consolidated emissions, summarises Gresham House plc's total carbon footprint including both Corporate and Investment (Category 15) emissions.

The second section, Corporate operational emissions, provides a breakdown of corporate emissions by source and includes further related metrics. The final section, Investment emissions, provides a summary of Gresham House's financed emissions.

Group consolidated emissions 2022[1]

Category	FY 2021	FY 2022
Total Scope 1 GHG emissions (tCO_2e)	**26,252**	**26,162**
Corporate operations – fuel use	11	86
Forestry – emissions associated with management, harvesting and roading of forestry assets	26,241	26,076
Total Scope 2 (tCO_2e)	**22**	**38**
Corporate operations – electricity (location based)	22	38
Total Scope 3 (tCO_2e)	**515,794**	**497,231**
Corporate operations (see Corporate operational emissions for breakdown)	60	238
Investment activities – scope 1,2 & 3 excluding Forestry Scope 1& 2 emissions[2]	515,734	496,993

1. Following guidance from the Carbon Trust, Forestry operational activities are considered to fall under Gresham House's direct control. As a result, these emissions are reported under Scope 1 & 2 for Gresham House plc consolidated Group emissions. We continue to include all Forestry Scope 1 & 2 emissions within the Investment emissions section even though they remain associated with investment assets we manage on behalf of our clients.

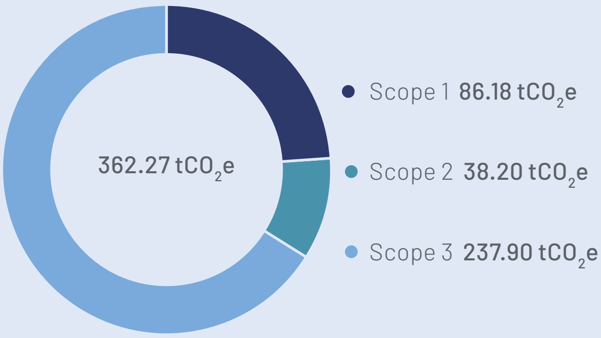
2. This figure is based on Investment emissions (scope 1, 2 & 3) minus Forestry scope 1&2 emissions.

Corporate operational emissions 2022

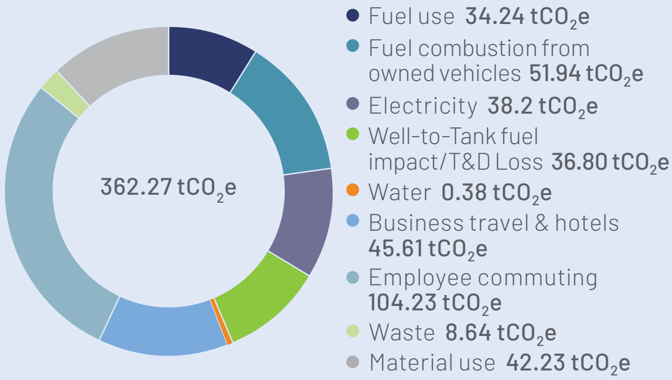
The Corporate footprint for our business in 2022 is shown below. Headline figures are greater in 2022 than 2021 primarily reflecting an increase in the scope of data covered by the carbon footprinting exercise, particularly Employee Commuting which contributed roughly a third of total emissions. The return to office and business travel for the full year following the COVID-19 pandemic also contributed to the increase. The jump in Scope 1 emissions resulted from a recategorisation of Owned Vehicles from Scope 3 to Scope 1 and the inclusion of Natural Gas associated fuel consumption for the first time.

Fuel associated with Owned Vehicles was reported under third-party fuel in scope 3 in 2021, at 25.9tCO2. In 2022, this was reported as mobile fuel combustion in scope 1, at 51.9tCO2 to reflect that the associated vehicles were owned by Gresham House and not leased, as previously thought by the carbon consultant advising on the data. The increase in fuel associated with owned vehicles in 2022 also reflected a return to greater travel following the COVID-19 pandemic.

Operational Carbon Emissions 2022



Operational scope 1, 2 &3 emissions – breakdown by category



Corporate operational emissions 2022

Metric	2021	2022
Total tons of CO_2e emissions from all data provided (scope 1, 2 & 3):	91.71	362.27
Return on Carbon: Revenue (£mn) per one tonne of CO_2e emitted	0.77	0.22
Carbon intensity; tons of CO_2e per £1mn	1.30	4.66
Carbon intensity; tons of CO_2e per FTE	0.53	1.62
Operational energy consumption kWh	Scope 1 – 42,070 Scope 2 – 99,199 Scope 3 – 155,951	Scope 1 – 360,968 Scope 2 – 189,074 Scope 3 – 92,421
Water supply and treatment: cubic metres	624	906
Waste disposal: tonnes	15	57

Source: This data was prepared by Carbon Responsible using the GHG Corporate Reporting and Accounting Standard, using UK Government Reporting and Conversion methodology and conversion factors.

More information on our operational and investment carbon emissions, and the methodology applied, can be found in our TCFD Report 2022. We will also provide more detail on both aspects within our Sustainable Investment Report 2022.

Investment emissions 2022

Metric	FY 2021	FY 2022
Scope 1 & 2 emissions (tCO_2e)	116,287	110,366
Scope 3 emissions (tCO_2e)	425,688	412,703
Emissions intensity (tCO_2e/£m invested) scope 1 & 2	19.5	16.5
Emissions intensity (tCO_2e/£m invested) scope 1, 2 & 3	91.0	78.1
WACI (tCO_2e/£m revenue)	176.1	481.0
Return on carbon (£m revenue/tCO_2e)	0.012	0.016
Data quality score[1]	3.5	3.4

1. In line with PCAF data quality scoring, 1 is most accurate and 5 is least accurate. The data quality score is for Scope 1&2 emissions.

Source: We worked with the Carbon Trust to gather and calculate our emissions using the Partnership for Carbon Accounting Financials (PCAF)'s "Global GHG Accounting and Reporting Standard for the Financial Industry" in conformance with the requirements set forth in the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard for Category 15, "investment activities".

Investment emissions cover all assets divisions managed by Gresham House including Forestry, New Energy, Sustainable Infrastructure, Housing, Public Equity and Private Equity.

Scope 1 & 2 investment emissions fell by 5% in 2022 compared with 2021. The most notable increase in scope 1&2 investment emissions was driven by our Sustainable Infrastructure division making new investments. This increase was more than outweighed by reductions in scope 1 & 2 emissions within Strategic Equity portfolios, stemming from divestments in both our Public and Private Equity divisions.

Scope 3 emissions fell by 3% in 2022 vs. 2021, driven by divestments within Strategic Equity portfolios.

The Weighted Average Carbon Intensity (WACI) metric includes only Strategic Equity and Forestry assets, for which revenue data is available. This figure, which is sensitive to outliers, more than doubled from 2021 to 2022. Despite reductions in WACI for Public Equity and Private Equity, Forestry WACI increased by 280% due to both a decline in reported revenue for one large fund following amendments to the methodology for revenue calculation, and the addition of a new Forestry fund yet to generate any revenue.

We will continue to improve the quality and scope of all investment emissions data as reporting and data availability develops.

Forestry biogenic emissions

Biogenic emissions – the emission, the absorption, and the store of carbon by organic matter such as soil, trees and plants – must be reported separately from investment operational emissions based on GHG Protocol guidance.

The biogenic emissions associated with Forestry assets under management, owned by our clients, are therefore disclosed below.

Forestry biogenic emissions	FY 2022	FY 2021
Total annual sequestration (tCO_2)[2]	-1,977,453	-2,024,201
Emissions from forest loss through disturbances (tCO_2/year)[3]	0	11,012
Emissions associated with all harvested wood (tCO_2/year)[4]	1,125,163	1,467,169
Net footprint (tCO_2/year)[5]	-852,290	-546,020

2. Total annual sequestration reflects the annual increase in carbon stock within standing forest inventory (biogenic growth). A negative figure reflects sequestration (removal) of carbon.
3. Emissions from forest loss include loss from pests, disease, and extreme weather events. There were no reported incidents in 2022 relating to forest loss from disturbance.
4. Emissions associated with harvested wood is calculated by assuming all carbon stock in harvested trees is lost at point of harvest. This does not factor in the storage of carbon in timber once felled.
5. Net footprint is calculated by deducting emissions associated with harvest and forest loss from total annual sequestration. A negative figure reflects sequestration (removal) of carbon.

Source: We worked with the Carbon Trust to calculate the emissions associated with harvested wood, adapting IPCC 2006 chapter 2 methodology.

The reduction in total annual sequestration reflects the reduced sequestration of an Australian forestry asset following a fire event in 2020, in conjunction with a decline in the average age of the plantation estate arising from customer requirements.

This event led to a retrospective decline in forest standing inventory measured at year end 2021 and a consequential decline in measurable annual carbon sequestration for the forest in 2022. This reduction was matched by the increase in annual sequestration associated with a new investment in New Zealand carbon forestry, planted and managed solely for the generation of compliance credits in the local market.

Real Assets

Protection from inflation through proven, sustainable asset-backed investments

Gresham House's Real Assets strategy targets sustainable yield and long-term capital growth for clients, through investment in a variety of tangible assets. Comprising forestry, real estate, renewables, battery energy storage, and sustainable infrastructure asset classes, our Real Assets division aims to provide investors with protection from inflation and portfolio diversification via proven, sustainable alternative investments.

Real Assets

£6.0bn +30%

Assets under management as at 31 December 2022

£47.5mn +19%

Net core income for the year to 31 December 2022

Forestry

Key highlights

The Forestry division has had a strong year despite macroeconomic headwinds, and assets under management have grown to £3.4 billion as a result of resilient capital values in this traditionally diversifying asset class. As we look forward into 2023, high inflation and rising interest rates continue to cause concern to investors globally. With low levels of debt employed in the sector and a strong historical link between inflation and forestry returns, the outlook for the asset class remains positive in the face of a weakened macroeconomic environment.

Gresham House has continued to grow and is now the seventh largest forestry investment manager in the world by value, providing a range of sustainable investment solutions across a number of geographies for institutions and private investors. 2022 saw continued international expansion with the launch in December 2022 of the Irish Strategic Forestry Fund, a partnership between Gresham House and Coillte, Ireland's state-owned forestry business, and, earlier in the year, the investment in a portfolio of New Zealand carbon forestry. The team has been expanded to include local specialist team members in Ireland and Australasia and we look to continue to build our international platform.

Flexibility in harvesting prevails as a critical benefit to forestry investment. In the face of timber markets weakened by a global outlook, Gresham House has sought to ensure that the asset values of the forests we manage have been protected in volatile markets. This has historically underlined the resilience of forestry against the business cycle, leading to greater risk adjusted returns than most major asset classes over the last 15 years, and providing a unique return profile for institutions striving for portfolio diversification.

During 2022, Gresham House planted 9.1 million trees around the world on behalf of its clients. Over three million of these trees were planted on previously unforested land, representing newly created forests. These play a critical role in carbon sequestration, reversing biodiversity loss and enhancing natural capital alongside a myriad of other public externalities.

Afforestation remains a core strategy for the division going forward in light of weak planting statistics around the world. 2022 saw inflows of £33 million into the Gresham House Forest Growth & Sustainability LP, founded to deliver strong financial returns alongside meaningfully contributing towards the transition to net zero. The launch of Gresham House Forest Fund VI LP saw £99 million contributed, constituting a mix of mature forestry assets with land for woodland creation. These funds build on Gresham House's expertise in delivering large afforestation projects throughout the world. Carbon sequestration and its monetisation in the form of carbon credits remain integral to these strategies, allowing investors to meaningfully contribute towards their emissions targets.

Natural capital remains at the core of the forestry business and investment strategies, improving the world's stock of natural resources through the sustainable management of forest assets. 2022 saw sustainability KPIs (Key Performance Indicators) integrated across all Gresham House forestry assets. This allows investors to meaningfully evaluate sustainability performance, while providing science-based measures to integrate into day-to-day forest management with the aim of maximising sustainability objectives. Last year eDNA testing was performed across 25 locations in a forest complex, revealing a significant array of flora and fauna that inhabit productive woodlands. Rigorous monitoring and reporting across Gresham House assets will drive impact decisions across our forestry strategies ensuring strong financial returns are delivered alongside sustainability objectives.

Growth opportunities

2022 saw strong performance in forestry relative to most major asset classes, underpinned by the diversifying qualities of forestry in turbulent macroeconomic times. The recently released White Paper: "**Investing in Forestry, resilience and future growth prospects**", leverages Gresham House's global knowledge base to highlight the idiosyncratic qualities that drive performance in the asset class during turbulent times. In precis, low levels of debt, flexibility in harvesting and a strong link with inflation have underlined stable performance against the backdrop of a weakened outlook. These should continue to provide protection against prevailing economic conditions facing major developed economies.

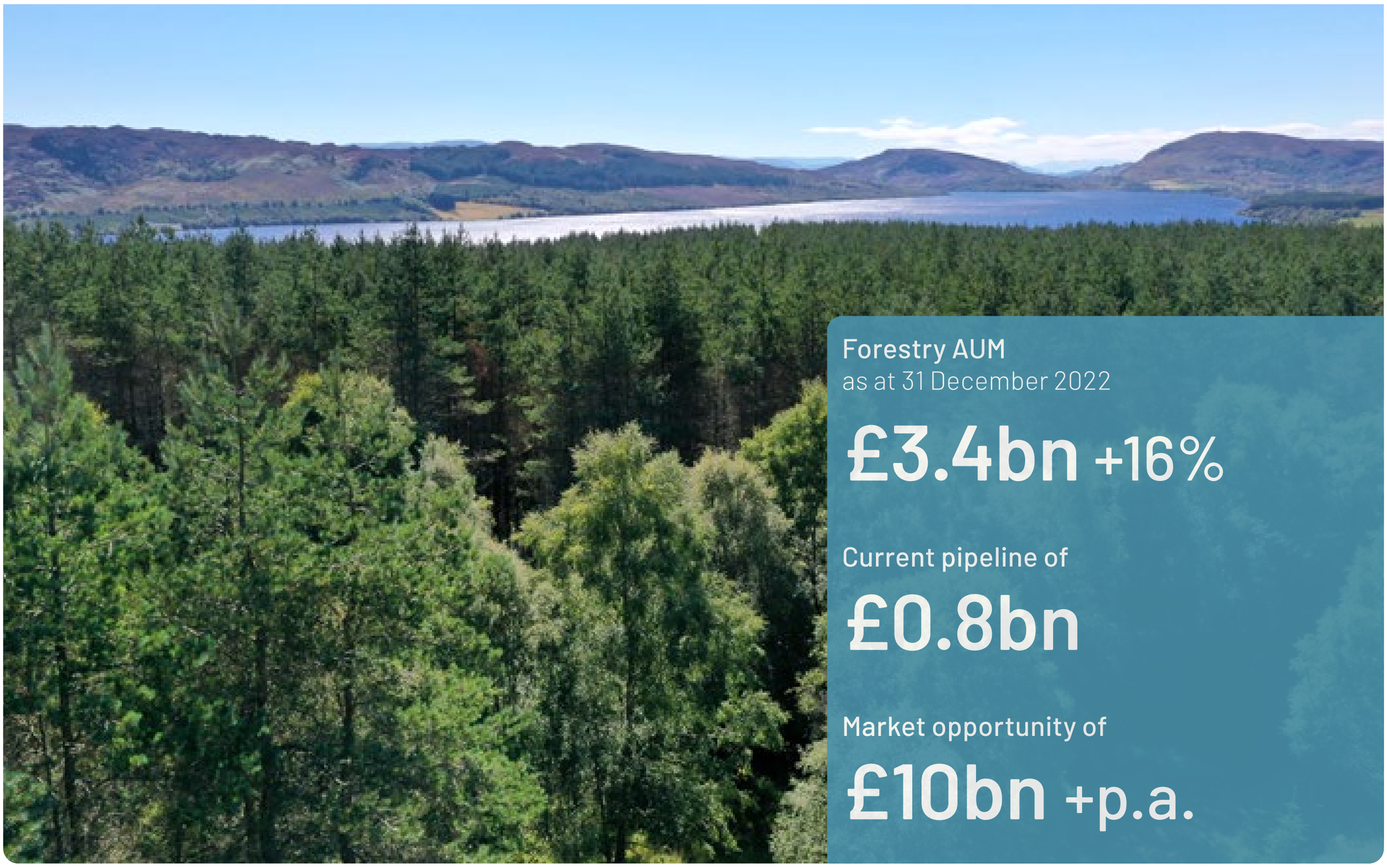
In what has been a mixed year for timber prices, the long-term price outlook remains strong. Global trade disruption caused by the Russian invasion of Ukraine has destabilised major timber markets, whilst economic conditions constrained the demand for timber products from processors around the world.

Yet high energy prices have driven growth in the value of alternative energy sources, namely biomass. Wood remains a cheap, low carbon intensive building material relative to traditional methods employing concrete and steel. As carbon conscious business practices are continually adopted, Gresham House sees strong long-term price growth as we move closer to 2050, the net zero target date as implemented at the Paris Accords.

Institutional interest in the asset class continues to grow, with sustainability, natural capital and resilience at the forefront of investors' minds as the drivers of global investing develop. Forestry benefits from its position at the core of these critical themes, delivering stable financial returns as well as key sustainability objectives. Gresham House is poised to benefit with the launch of a new natural capital focused fund in 2023.

As global interest in forestry develops, Gresham House is well positioned with a long-term track record in managing forestry investments across the globe, including the UK, Australasia and continental Europe. As global capital is increasingly directed at sustainable real assets, Gresham House is leveraging its expertise and knowledge base amongst these geographies to expand and develop a global platform.

Gresham House's focus on temperate climates reflects a long-term investment thesis in delivering long-term capital appreciation combined with stable income yields. By leveraging our extensive global network of partners and agents, Gresham House is poised to capitalise on this investor demand with flexible, international and long-term investment solutions.



New Energy & Sustainable Infrastructure

Strategy

Our New Energy & Sustainable Infrastructure investments are focused on transformative technologies and industries that we believe will deliver strong financial returns alongside supporting the transition to a more sustainable world.

The New Energy & Sustainable Infrastructure teams have been investing in the rapidly changing energy landscape, tackling regulatory uncertainty and other complexities, for over a decade. They have harnessed their technical and investment expertise to produce a strong track record of investing in new and critical areas of the new energy and sustainable infrastructure industry, focused particularly on onshore wind, rooftop and ground-mounted solar, battery storage and a wide range of sustainable infrastructure projects, seeking to deliver sustainable, attractive yields for investors and preserve capital. By ensuring capital-backing, strong relationships with bank financing partners, best-practice management processes and an IT infrastructure that minimises costs as well as the potential for inefficiencies, the teams have been free to apply their core competencies and expand during 2022.

Gresham House Sustainable Infrastructure

The investments within our Sustainable Infrastructure strategy, known as the BSIF strategy, directly address key sustainability challenges, providing innovative solutions that enable a new, more sustainable, way of living. We seek a positive impact while also aiming to achieve strong risk-adjusted financial returns, which investors can access through our Limited Partnership Funds (BSIF I and BSIF II), our regional co-investment funds and direct investment funds.

The six target Sustainable Infrastructure subsectors we invest in are:

- **Decarbonisation** – facilitating the infrastructure needed to transition to a low carbon world;
- **Digital inclusion** – providing better access to gigabit capable digital connectivity;
- **Health & education** – better access to high quality specialised health and education;
- **Regeneration** – nature-based solutions to biodiversity loss;
- **Resource efficiency** – infrastructure that can limit our use of the Earth's finite resources; and
- **Waste Solutions** – environmentally sound, value creating management of waste.

£1.8bn +47%

Assets under management as at 31 December 2022

All our investments focus initially on smaller, sub £50 million greenfield infrastructure, where there are fewer competing investors to develop and build out new assets at this scale given the specialised skills needed to deliver successful projects. Once platforms have then been established, our strategy seeks to invest larger commitments, across our funds, into these platforms to achieve economies of scale and greater impact.

We have 12 well-diversified platform investments currently within the portfolio. £136 million of capital was deployed during the year, including two significant new investments into our Health & Education thematic.

In December 2022, we welcomed Simon Adcock as Head of Portfolio and Co-Fund Manager. Simon brings over 25 years of experience in corporate advisory, private equity and strategic business planning having worked across a breadth of sectors including infrastructure, healthcare, education, and TMT. He has been a non-executive director of many high growth companies.

Key highlights in 2022

The division continues to focus on returns for investors and delivered the following in 2022:

- assets under management passed £500 million with strong prospects for NAV growth in 2023 and beyond;
- raised a further £133 million from investors in Q3 2022 despite a challenging macroeconomic environment, affirming investor appetite for sustainable infrastructure and the levelling up impact created by our BSIF investments;
- targeting a final close for BSIF II LP in May 2023 with a strong pipeline of potential further investment from LPs. BSIF II LP is already fully committed to be invested in the current platform assets;
- yield of 4.1% paid from BSIF I (Gresham House BSI Infrastructure LP);
- significant divisional profit and loss (P&L) outperformance relative to budget;
- current portfolio of investments performing ahead of investment plan overall;
- development of The Environment Bank and completion of 13 habitat banks; and
- four prestigious UK Government 'Project Gigabit' rural broadband contracts won by portfolio companies.

Performance overview

The division has continued to build on its 2021 successes, making two new investments in the Health & Education sector (New Century Care and N Family Club). These investments complete the goal of securing platform investments into each of the six target subsectors, providing well diversified long-term assets with high-growth opportunities.

BSIF I (BSI Infrastructure LP) was drawn to 99% of its commitments during the year. The second fund, BSIF II, drew 55% of its commitments having closed a further £133 million of commitments in the year.

Fundraising activity

A further £133 million of fundraising was completed in 2022 attracting commitments from four new investors, and one follow-on investor. This was made up of £63 million into BSIF II and £70 million into North West Fund II.

The division remains focused on the final close of BSIF II in 2023 as well as the creation of further regional and direct investment funds.

Sustainability/Impact highlights

All portfolio companies report against sustainability, environmental and social key performance indicators. Highlights for the Sustainable Infrastructure strategy included:

- Wildanet procured an independent economist report which shows that BSIF's investment of £50 million into new gigabit fibre internet would generate c.£600 million in economic, social and environmental benefits for the Cornish region
- BSIF portfolio assets achieved financed emissions of only 2.6 tCO_2e/£mn invested (Scope 1 and 2) versus the Pax Global Sustainable Infrastructure Fund 2022 index of 299.2 tCO_2e/£mn – beating the benchmark by c.100x[1]
- N Family Club achieved B Corp status, the first company in the portfolio
- Wildanet and Telcom are targeting B Corp status in 2023
- Telcom and Wildanet created new careers for non-qualified people to become fibre engineers from their training academies providing them with in-demand skills within their regions
- The Environment Bank and Sustainable Infrastructure teams worked together to create a new infrastructure asset class to invest in the production of biodiversity net gain (BNG) habitats that will build nature back better

Sustainable Infrastructure – growth opportunities

Within the Sustainable Infrastructure division, the existing 12 platform investments have an exclusive capital requirement of over £780 million for known projects or commitments, with the potential for further capital commitments into these platforms totalling over £2 billion of investment. Examples of these opportunities include:

- **Resource efficiency:** following on from the success of building one of the world's largest vertical farms in Norfolk with Fischer Farms, there is the potential to fund multiple replicas to meet high supermarket demand for leafy greens and herbs with strong sustainability credentials in the UK and globally;
- **Digital inclusion:** opportunities to support the rapid roll-out of further gigabit broadband across our three alt-net businesses:
  - GoFibre as it fulfils the Government's Project Gigabit funding it has won, for new gigabit fibre installations along with its continued focus on the hard-to-reach parts of the Scottish and English Borders;
  - Wildanet, who have also won two Government Project Gigabit contracts and will continue to focus on the rural areas of Cornwall and Devon; and
  - Telcom, which focuses on connecting office buildings and multi-use dwellings across the 'Northern Powerhouse' cities and towns.
- **Health & education:** continuing to invest in our platforms to create specialist aged and dementia care facilities and top-quality children's nursery provision across the UK;
- **Regeneration:** working with Environment Bank to create over 4,000 hectares of new habitat banks that will deliver huge biodiversity net gains for unproductive land across the UK; and
- **Waste solutions:** investments to scale up our specialist waste platforms Waste Knot Energy (WKE) and Fornax. WKE plays into the huge sectoral need to decarbonise the cement and steel industries and Fornax into the need for clinical waste disposal exacerbated by COVID-19 and the large backlog of elective surgeries.

The Sustainable Infrastructure team will continue to raise new capital for BSIF II and seek to create more locally focused co-investment vehicles and direct investments. The team is also assessing new vehicles that appeal to the defined contribution pensions and wealth/wholesale markets to fund the large, defined pipeline from the existing 12 platform businesses along with the deep pipeline of new Sustainable Infrastructure assets that the team is pursuing.

1. Carbon Trust – Financed Emissions report – 12 August 2022

Sustainable infrastructure

Current pipeline

£2.0bn

UK market opportunity

£1.0tn[1]

1. Source: estimated investible universe across the six target subsectors of Resource efficiency, Digital inclusion, Regeneration, Waste solutions, Decarbonisation and Health & education

Macro factors including the higher interest rate and inflationary environment

The majority of the Sustainable Infrastructure portfolio assets are not directly exposed to rising interest rates as only three platforms have external debt facilities. Those that are exposed, have strategies in place to deal with rising interest rates including long-term interest rate fixes. The funds themselves can make use of revolving credit facilities to stagger investor drawdowns and improve returns.

The target investment sectors are mostly resilient to the inflationary environment, with equity returns rising in line with inflation. The largest inflationary impact on the portfolio is rising energy prices, with a number of portfolio companies exposed to increases. This is being mitigated where possible with the use of long-term contracts and renewable energy sources.

New Energy

The Gresham House New Energy team aims to support the shift from finite resources by harnessing the power of renewables and battery energy storage systems (BESS). Our investments are made in three key technologies (solar, wind and BESS), all of which help to decarbonise electricity supply at a time of increasing demand.

The New Energy team manages a number of different fund vehicles for different investor types, with a combined assets under management of £1.3 billion at the end of 2022.

The status and progress of the New Energy team's activities are summarised below by technology type.

Battery energy storage systems

Gresham House Energy Storage Fund plc (GRID) invests in a portfolio of utility-scale BESS, providing key, flexible energy infrastructure that addresses the intermittency challenges introduced by renewables.

Following on from the successful £100 million launch at the IPO in November 2018, a further £553 million has been raised by GRID in equity funds (c.£150 million in 2020, £100 million in July 2021 and £150 million in May 2022). In addition, the fund secured £155 million in debt in November 2022, building upon the £180 million secured in September 2021, and at the same rate of 300 basis points over SONIA.

The fund targets a NAV total return of 8.0% per annum (net of all fund expenses and before leverage) with a minimum target dividend payment of 7.0 pence[2] (4.5 pence was paid in its first financial year). To date, the realised NAV total return has exceeded the target return and the dividend has been fully covered since Q4 2020. The fund is expecting further NAV growth from projects acquired at IRRs greater than the weighted average discount rate (WADR) and subsequently revalued at the WADR. The ability to incrementally fund projects substantially with debt (while maintaining leverage below the 50% maximum threshold) is also value enhancing.

The GRID portfolio includes 20 operational sites with a total capacity of 550MW, equating to approximately 30% market share of operational BESS in Great Britain, as at 31 December 2022. GRID has a pipeline of 1.4GW as at 13 March 2023, of which 437MW is under construction and expected to complete in 2023 and 940MW of pipeline in the UK and Ireland are expected to start construction in 2023.

2. This is a target, not a profit forecast. There can be no assurance that this target will be met of that the Fund will make any distributions at all. This target should not be taken as an indication of the Fund's expected or actual current or future results. Potential investors should decide for themselves whether the return is reasonable and achievable in deciding to invest in the Fund.

It is noted that in April 2022, it was approved by shareholders for GRID to alter its investment policy to allow up to 30% of the fund's gross asset value to be invested in countries outside of Great Britain. The New Energy team is seeing a significant amount of international investment opportunities, which are being explored alongside progress in the core GB market.

Solar: Managing 92MW of operational solar parks across both public and private investment platforms. Capacity is split across 17 ground mounted sites and four companies owning many roof mounted assets. In addition, Gresham House has secured ground mounted construction phase projects, including a 200MW solar portfolio pipeline from Anesco and a 28MW project from Canadian Solar. Three projects were acquired from these pipelines in 2022 (Warwickshire, Beavor Grange and Alfreton). This capacity will be built out over the next two years and has facilitated fundraising into the Gresham House Solar Distribution LLP (which raised c.£12 million in March 2022), and via an institutional client managed account.

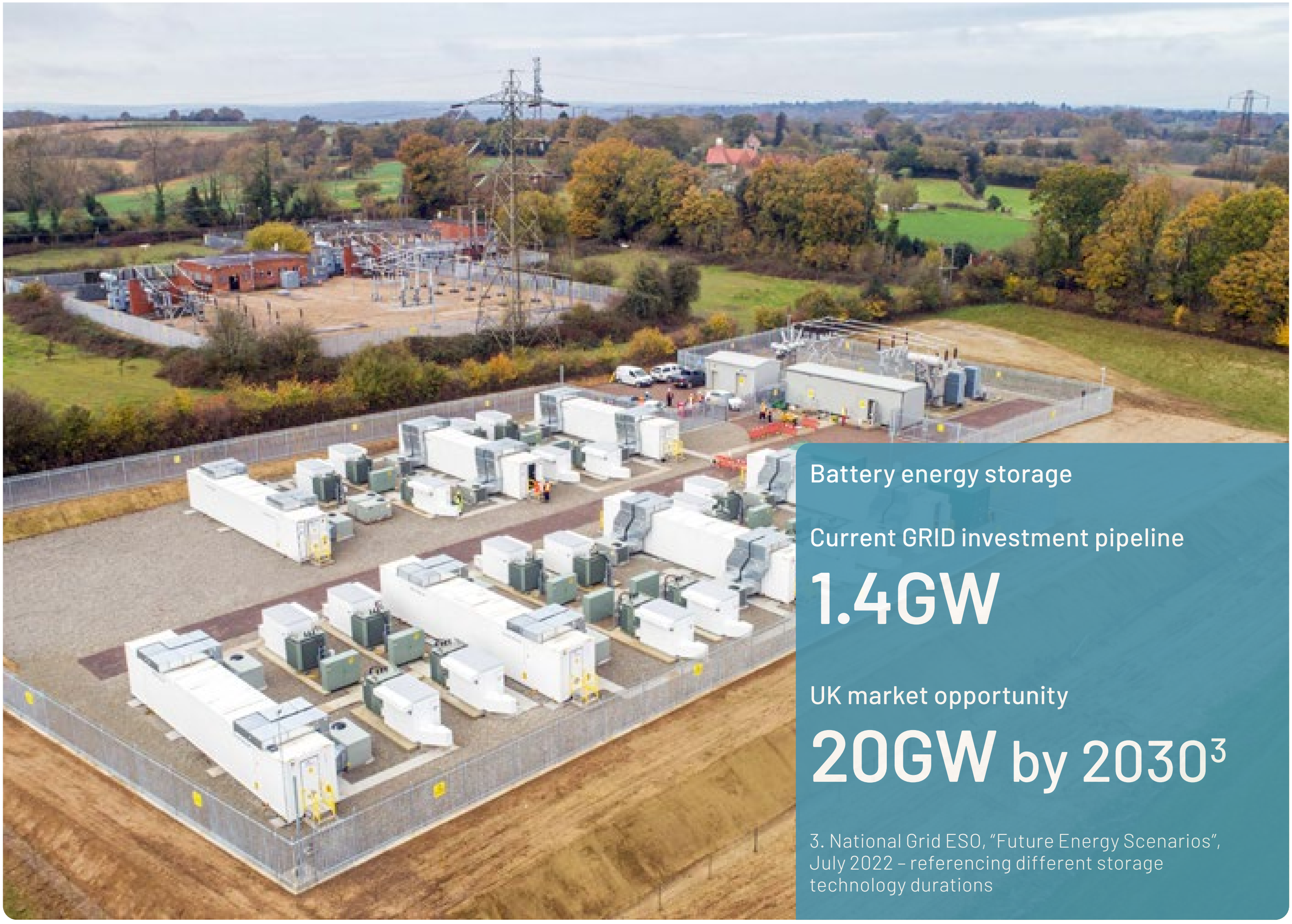
Wind: The Group manages c.150MW of wind farms in the UK through LP and unlisted structures. The team most recently acquired the 24MW Inverclyde Wind Farm in Scotland on behalf of a client, which has the benefit of a 15-year Power Purchase Agreement with Tesco.

Collocation: We believe that there is an exciting new opportunity for solar and wind assets to be collocated with BESS, using a shared grid connection. Sharing a grid connection point is intended to reduce up-front cost, plus the renewable energy projects target enhanced returns from the additional and non-correlated BESS revenues. We have recently acquired collocated projects at pre-construction stage in both England and Ireland.

New Energy – growth opportunities

GRID plans to continue to acquire new operational projects and further develop existing projects that the team has identified within its exclusive pipeline. This will include review of investment opportunities outside of Great Britain, in accordance with the recently broadened mandate.

The New Energy team is also working on the launch of a new institutional fund to prioritise investment in new unsubsidised renewable energy and collocated BESS capacity, with the aim of a first close in early 2023.



Battery energy storage

Current GRID investment pipeline

1.4GW

UK market opportunity

20GW by 2030[3]

3. National Grid ESO, "Future Energy Scenarios", July 2022 – referencing different storage technology durations

Real Estate

UK Housing – Institutionalising the UK's largest asset class

Regardless of the economic environment, people need good quality homes

The UK has a well-documented shortage of housing that is affordable to households with average, or below average earnings. This is the result of long-term demographic trends and historic undersupply of new homes, leading to:

- the average home now costing nine times average earnings[1], meaning that in more than 90%[2] of the country the average earner can no longer afford to buy the average home in their area
- current rental offerings often being poorly managed and low quality, or non-existent for older people

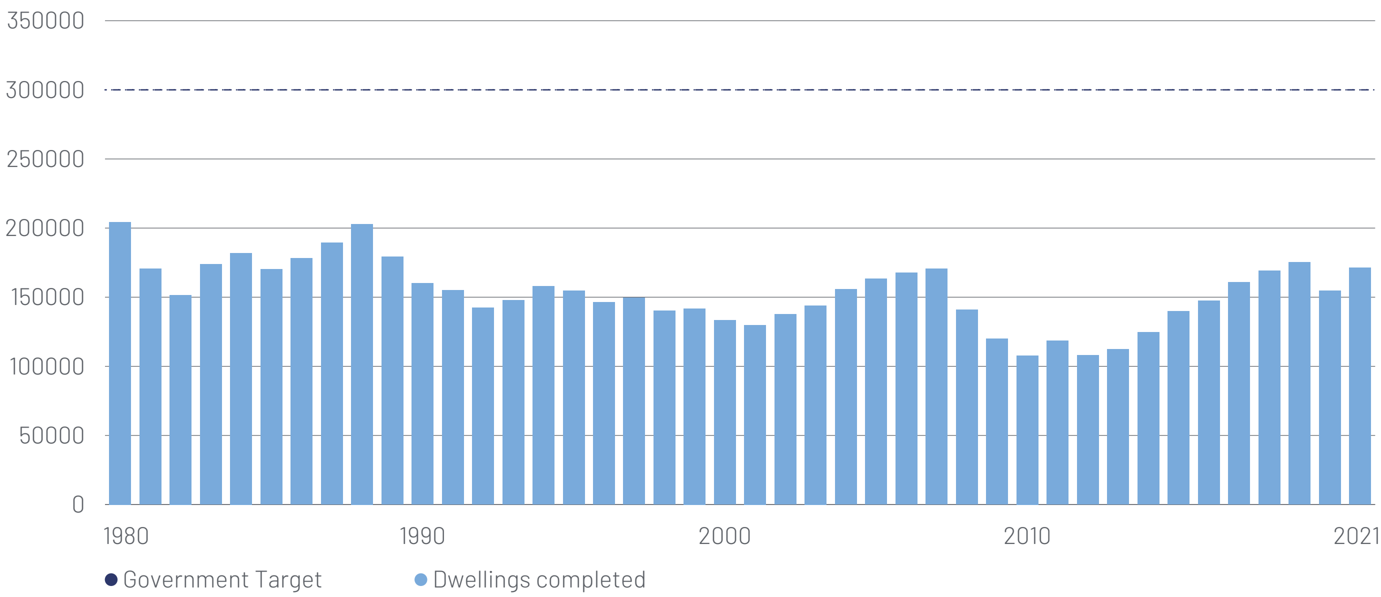
Meanwhile, institutional investment is low in comparison to other developed markets, providing an attractive entry point for investors as well as an opportunity to deliver measurable positive social and environmental impact.

The scale of the investment opportunity is unmatched across the UK. In England, 50,000 affordable homes are being delivered each year, a third of the 145,000 required, with the British Property Federation[3] estimating an extra £34 billion per annum of investment into affordable housing is needed over the next decade to make a start to tackle the shortfall.

At the same time, the UK's housing stock is ageing with a need for a further £35 billion to improve fire safety and the energy efficiency of existing affordable housing by 2030[4], and 23% of the UK's five million privately rented stock that is failing to meet the Decent Home Standard[5].

Gresham House is well placed to meet this demand with long-term investment strategies focused on UK housing through listed and unlisted specialist investment funds. All our investments are predicated on providing high-quality, fairly priced homes that are affordable to the majority of the UK's population. We have an established track record as early investors since 2017 in both mass market rental accommodation (3,600 homes managed) and shared ownership (2,100 homes managed).

New Build Completions, England



1. ONS, July 2022

2. Gresham House calculation. Assumptions: average UK house price £293k; mortgage LTV 90%; mortgage rate 5.3%; mortgage term 25 years; housing costs as % of net income 40%; service charge £1,500 p.a; maximum mortgage amount of 4x income

3. British Property Federation, March 2022

4. Inside Housing, L&G and British Property Federation, March 2022 (based on a 2020 survey by Inside Housing).

5. English Housing Survey, 2021

The benefits of investing in UK housing

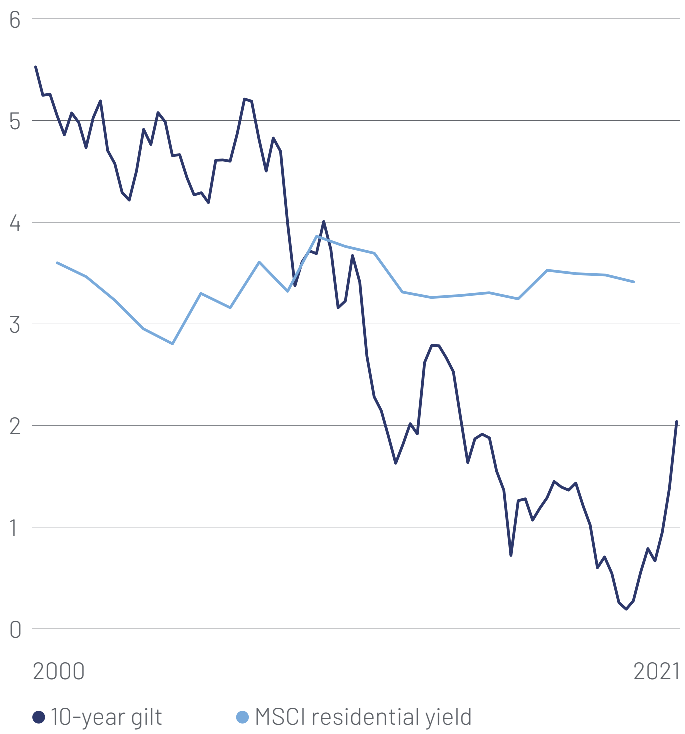
Housing investments benefit from substantial asset-backing and provide investors with the potential for attractive resilient long-term returns, offering:

- inflation-linked income;
- potential for long-term capital appreciation above inflation;
- positive social and environmental benefit to our residents, the local community, and the wider economy;
- a secure and sustainable rental stream from thousands of residents;
- low volatility and high demand, in many cases, through below-market rents; and
- diversification compared with traditional asset classes.

Housing has a key role in investors' portfolios, and in the US and Germany is often seen as the primary component of core return strategies with institutional investment of 21% and 10% respectively, way ahead of the UK's 1.5%[6]. We continue to see this trend expanding to the UK, particularly as the counter-cyclical benefits of residential investment continue to be evidenced.

Residential yields tend to be relatively stable compared to gilt yields and commercial real estate:

10-year gilts vs. residential yields



6. Sources: Gresham House estimates, Knight Frank and Savills Residential Research as at March 2022

We believe that the current market conditions provide a compelling opportunity as the shift in the interest rate environment in 2022 has increased demand for affordable and rental properties (as fewer people can afford to buy their own home outright) at the same time as supply is further reduced. Several Large house builders are reducing development, private investors are leaving the private rented sector and housing associations are shifting their focus from the delivery of new homes to reinvestment in their existing portfolio.

Housing forms a key part of the government's levelling up agenda to reduce economic, social and health inequalities across the UK, with 70% of people surveyed by PwC[7] believing a focus on housing would be the most effective way to level up the country and reduce inequality. Gresham House is taking an active part in supporting these ambitions, with our investment aligned with the following 2030 targets from the government's **Levelling Up White Paper**:

- To increase the number of first-time buyers, with renters having a secure path to ownership
- To halve the number of rented homes not meeting the Decent Homes Standard

For our core client base of Local Government Pension Schemes (LGPS), directing funds towards investments in this area has the potential to deliver the dual benefit of return on investment and accelerating the levelling up agenda to empower regional communities.

These are capital-intensive opportunities which typically require a long-term investment horizon and a significant upfront investment of time to realise best value in the long run. The investment team's extensive industry experience and network of contacts and advisors positions us well to realise this long-term value.

We aim to be a best-in-class provider of affordable housing and drive an improvement in standards across the sector, in order to deliver best in class returns. For example, in 2020 we developed a Shared Ownership Customer Charter and a Shared Ownership Environmental Charter, which are unique in the shared ownership sector and provide benefits to both shared owners and our investors.

7. PwC – Rethinking Levelling Up

Highlights for the year

Our UK Housing team has had another exciting year in 2022, committing more than £185 million to fund 1,134 homes by working in partnership with housing associations and private developers.

Through being active in the sector for more than 20 years, we were able to use longstanding relationships with private developers and housing associations to successfully deploy 87% of the capital raised by our institutional shared ownership fund, Gresham House Residential Secure Income LP (ReSI LP), on average within seven months of raising capital.

The BSI Housing Fund LP, has seen further homes reach completion and via our award-winning delivery platform, Rise Homes Limited, we now operate 434 purpose built flats for rent in key regional locations in the Midlands and North of England. We have a longer-term pipeline of homes that will see us deliver in aggregate of 934 new homes for rent over the course of 2023 and 2024.

The division continues to be a market leader in delivering energy efficient homes, with 80% of new affordable homes funded in 2022 achieving an energy efficiency EPC A rating. Within our listed fund, Residential Secure Income plc (ReSI plc)(LSE: RESI), we continued to invest in the energy efficiency of our existing homes. After upgrading 100% of the EPC E rated directly rented properties to at least a D in FY21, 61% of the directly rented D rated properties were upgraded to, at least, a C rating during the year[1]. This progress is well ahead of the project timetable to achieve a minimum of C rating by 2025, and three years ahead of government targets. Efficient homes reduce both carbon emissions and residents' energy bills for the long term, with EPC B rated homes set to save the typical resident more than £100[2] per month compared to someone in an EPC D property, the UK average[3].

1. Figure correct for ReSI plc's financial year ending 30 September 2022
2. Saving calculated by The Good Economy, scaled up for the energy price guarantee at April 2023
3. English Housing Survey, 2020 - 2021

2022 Activity:

More than

£185mn

committed to

1,134 homes

Market Size:

£1.3tn

Investing in two important trends:

- Improving the quality of and institutionalising the UK's five million privately rented homes; and
- providing affordable home ownership options

655 shared ownership homes were acquired from housing associations during the year, providing £68 million of long-term capital to be reinvested into either upgrading existing stock, to ensure it meets the enhanced fire safety and energy efficiency standards, or into funding the development of new affordable homes.

The UK Housing division raised a further £80 million of new capital during the first half of 2022, with a number of raises planned for the second half delayed to 2023 following the impact of political volatility in September.

We have delivered strong underlying operational performance through 2022, as seen through 99% rent collection, and 5.4% like-for-like rent growth in our listed investment trust, ReSI plc. Valuations have been impacted by the macroeconomic environment and rising discount rates, with the lowest impact seen in our private vehicles where development premiums have largely offset the impact of rising rates.

Commercial Property, Ireland

In Ireland, we provide investment management services in respect of Irish commercial real estate primarily in the office, retail and industrial sectors.

Our property fund, the Gresham House Commercial Property Fund, is focused on investing in properties in suburban Dublin and major regional centres which offer good value and high running income yields. This fund has consistently produced above average returns and has been confirmed by MSCI as the top performing Irish property fund portfolio over the three years to 2022.

In addition to the property fund, we manage a number of segregated portfolios on behalf of private, corporate and institutional clients, both Irish and overseas.

Divisional reviews

Strategic Equity

An investment philosophy based on applying a private equity approach to investing in both public and private companies.

Strategy

The UK arm of the Gresham House Strategic Equity division targets superior long-term returns in a range of public and private equity investments, by employing a balanced portfolio approach with individual investments focused on extracting value from thematic drivers and sectors undergoing dynamic change. The equity investment teams actively engage with companies' management teams and apply rigorous due diligence to develop a deep understanding of each company.

The Strategic Equity division consists of the following strategies:

Public Equity:

- Strategic Public Equity
- UK Micro Cap, UK Multi Cap Income and UK Smaller Companies

Private Equity:

- Venture Capital
- Growth Capital
- Private Equity

Strategic Equity

£1.9bn (-3)%

Assets under management as at 31 December 2022

£29.4mn +35%

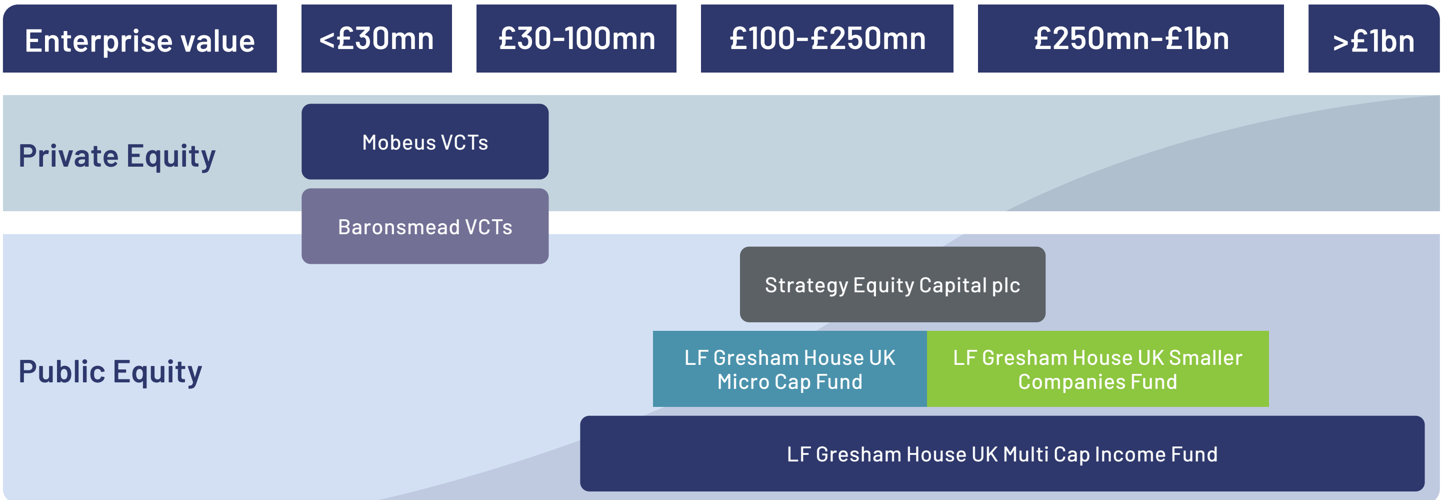
Net core income for the year to 31 December 2022

The division has a unique suite of investment fund products that invest across the business lifecycle from relatively early-stage private growth businesses within the Baronsmead and Mobeus VCTs; in micro-cap and small-cap public companies in our public equity funds; and right through to more mature businesses in the FTSE 100 within our LF Gresham House UK Multi Cap Income Fund which has the flexibility to seek the best income and growth opportunities right across the market cap spectrum. The breadth of touchpoints with companies of all sizes, public and private, gives the team an excellent perspective of the UK market and enables them to share insights, a talent network and expertise to enhance the overall investment process.

2022 was a challenging year for all enterprises. Soaring inflation, ongoing supply chain disruption, increasing interest rates and energy prices and lower consumer confidence have all applied pressure to top line revenues and operating margins.

The FTSE 100, saw a modest gain over the year driven by the largest companies particularly in the Energy, Basic Materials and Healthcare sectors. However, most international stock markets saw significant declines, as did the UK-focused FTSE 250 Index of medium sized companies, which suffered a fall of 19.7%.

Our Strategic Equity team focused on its core principles of seeking out resilient businesses with strong management teams and sustainable competitive advantage in areas of the market seeing structural growth. The team's investment process is designed to deliver attractive through-the-cycle returns regardless of short-term economic conditions. Periods of market and economic discontinuity often produce attractive long-term investment opportunities for those investors prepared to undertake the hard work to unearth them and then support those companies to deliver their strategies to create value.



Public Equity

Our Public Equity philosophy revolves around taking an engaged approach with our investee company stakeholders – including management, shareholders, customers and suppliers, in order to capitalise on market inefficiencies and by identifying value creation and recovery opportunities. The team has considerable experience in public markets and benefit from a deep and wide network, including our own substantial platform across the division. The team's expertise at the smaller end of the public markets enables them to apply their differentiated specialist investment approach to an underserved part of the market. This has delivered strong growth in AUM for the division over the past four years.

Challenging market conditions during 2022 provided headwinds to AUM growth during the year but the open-ended equity funds still demonstrated strong underlying inflows from new and existing investors, reflecting the long-term investment track record and differentiated positioning of the strategy. The core funds managed by the team have considerable capacity to grow over the next few years, powered by a strong investment track record and a recently strengthened distribution capability. The team ended 2022 with strong AUM growth momentum.

The investment opportunity for our strategies

We observe a significant investment opportunity across our specialist product suite.

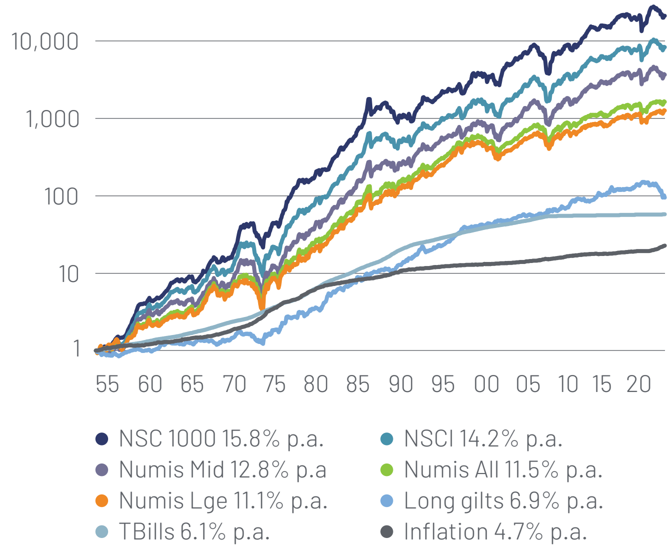
This is driven by the 'small companies effect', which has delivered great returns over the long term (figure 1).

The significant valuation discount that has emerged between UK and overseas equities and the valuation of small compared to large companies (figure 2).

The wide dispersion of valuation multiples within the UK market presents an exceptional opportunity for focused investors prepared to undertake deep due diligence to effectively evaluate the risks and potential of individual companies (figure 3).

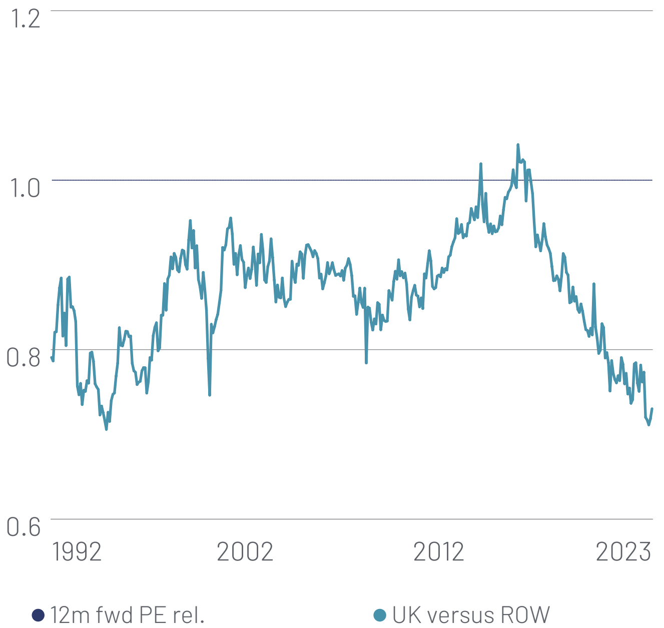
1. Long-term performance

Cumulative return 1955-2022 (all the equity indices are XIC)



Source: Dimson-Marsh-Staunton (DMS) database, Scott Evans and Paul Marsh, Numis, 16 January 2023

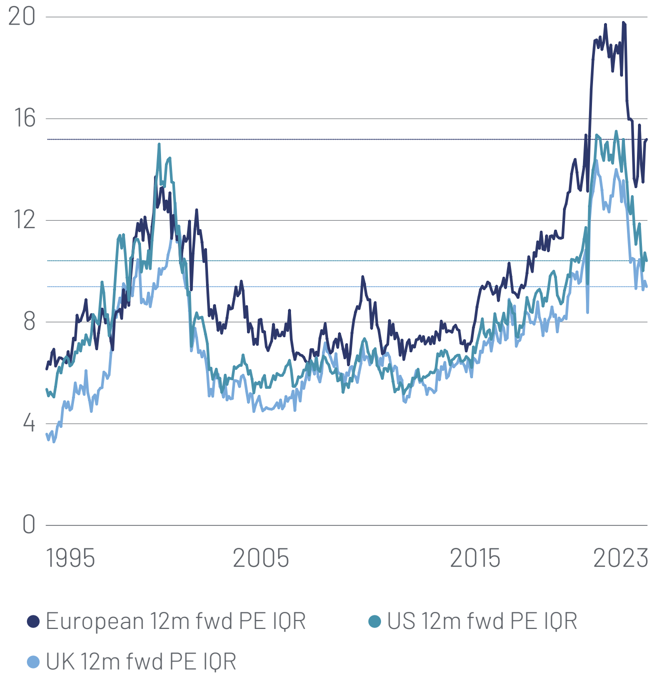
2. UK 12-month forward P/E relative to global equities



Source: Berenberg research, Eikon

3. UK market's 12-month forward P/E relative to global equities (December 1987 to present)

European, US and UK equity markets' 12-month forward P/E inter-quartile range



Source: Berenberg research, Eikon

Our strategies are differentiated as follows:

Strategy	Structure	NAV £mn	Number of Holdings	Size Focus £mn	2022 return %
Strategic Equity Capital plc (SEC)	Closed-ended Investment Company	150	17	100-1,000	-17.0
Strategic Public Equity LP (SPE)	Limited Partnership	6	4	<100	-1.6
LF Gresham House UK Micro Cap Fund	Open-ended Investment Company	220	50	50-500	-30.1
LF Gresham House UK Multi Cap Income Fund	Open-ended Investment Company	388	41	All cap	-7.2
LF Gresham House UK Smaller Companies Fund	Open-ended Investment Company	66	40	100-2,500	-16.0

Investment strategy

Our Public Equity team applies a private equity approach to investing in public markets. At its core this is an active approach to stewardship and a desire to contribute to building better businesses through the provision of capital, strategic advice, good governance and access to a high-quality network of experts that can add value across a wide range of operational and functional areas.

Our differentiated investment strategy has built on its private equity and smaller company heritage to develop a process designed to find and evaluate opportunities right across the market-cap spectrum. This has delivered market-leading long-term investment performance and a number of industry awards across its suite of funds.

We maintain a focus on companies with high-quality management teams and attractive business fundamentals. The team take a long-term perspective and wherever possible seek to leverage Gresham House's extensive network of experts to assist in their due diligence process to build a high-conviction view of the value-creation opportunity and also to mitigate downside risks.

Closed-ended funds

During 2022, the team managed two closed-ended funds employing Gresham House's proprietary Strategic Public Equity (SPE) investment strategy that applies private equity techniques to investing in UK public companies, typically below £300 million in size.

The strategy utilises the liquidity advantages of a closed-ended structure to create a highly concentrated portfolio of smaller companies where we, following thorough due diligence, take influential minority stakes in investee companies, having identified value creation catalysts to enable strategic, operational or management initiatives. SPE targets inefficient areas of the UK smaller companies markets and seeks superior returns over the medium term. We have a clear focus on intrinsically undervalued, cash-generative companies with excellent prospects for profit growth over the investment time horizon.

The funds managed during the year were:

- **Strategic Equity Capital plc (SEC)** – the mandate to manage the company was awarded to Gresham House in May 2020. Ken Wotton, Managing Director, Public Equity was appointed as lead manager in September 2020 to drive the investment performance of the Trust. The Trust is the flagship vehicle for the team's SPE investment strategy. Since September 2020, the fund has delivered a cumulative NAV total return of 23.8%. During 2022 the Trust was the subject of an unsolicited takeover approach from a rival trust which was ultimately rejected by the SEC Board with the support of shareholders. The Trust adopted a new share buyback policy, alongside a commitment to buy shares from Gresham House. Together these initiatives supported a reduction in the share price discount to NAV from an average of 14.6% in 2021 to 7.4% as at December 2022.
- **SPE LP** – the investment policy and mandate remains unchanged and as at 31 December 2022, the SPE LP portfolio valuation indicated a 16.9% IRR with the fund being 99.2% drawn. The fund was due to reach the end of its realisation period in February 2023 but following consultations with its investors the fund life has been extended for a significant period.

Open-ended funds

The team manages three open-ended funds ranging across the market cap spectrum. These funds are more diversified than the SPE products, reflecting their open-ended structure, but still apply a private equity approach to building high-conviction portfolios that reflect the team's quality fundamentals-focused investment strategy:

- **LF Gresham House UK Micro Cap Fund** – an award-winning, high-conviction, relatively concentrated fund, seeking to deliver long-term returns. The fund was awarded Best IA UK Smaller Companies Fund in 2020 at the Portfolio Adviser Fund Awards. The fund has achieved consistent low correlation returns to its peer group via a focus on micro-cap companies and fundamentals-based stock picking. Using a similar philosophy, the fund takes advantage of inefficient markets, with micro-cap companies (defined as those with a market capitalisation below £250 million at the point of investment) remaining under-researched. The investment pool is also large with a dynamic entrepreneurial environment providing a constant pipeline of opportunities available.
  - The team has driven the fund since its inception in 2009 and ending the year as a top decile IA UK Smaller Companies fund over the past ten years, targeting double digit annual total returns over the market cycle.
  - For the year to 31 December 2022, the Fund underperformed the IA UK Smaller Companies sector, returning -30.1% versus -25.2%. Over ten years, the fund is ranked fifth out of 44 funds and has delivered an impressive cumulative returns total of 206.5% versus 130.9% in the IA UK Smaller Companies sector.
- **LF Gresham House UK Multi Cap Income Fund** – investing across the market cap spectrum with a focus on small and mid-cap companies and fundamentals-based stock-picking. It seeks to deliver attractive returns with a low correlation to its peers. It targets an attractive annual yield as part of a high-single-digit total return. As a multi-cap fund, it has a large and diverse investment universe which provides income diversification. The focus is on profitable, cash-generative growth businesses with attractive dividends. The Fund won the prestigious Investment Week Fund Manager of the Year award for the UK Equity Income category during 2021 and was "Highly Commended" in the same category in 2022 as well as being awarded the best UK Equity Income fund at the Citywire UK Awards in 2021.
  - The fund ranked number one out of 76 funds in the UK Equity Income sector over five years to 31 December 2022 and remains number one in the sector since launch in June 2017, although it underperformed the sector in 2022 returning -7.2% compared to -1.7%. This was not unexpected given that the fund avoids cyclical sectors including banks and oil & gas which performed relatively well compared to other sectors, and the fact that larger companies performed better than smaller companies in the UK.
- **LF Gresham House UK Smaller Companies Fund** – launched in February 2019, and taking the same fundamentals-based approach to investing, it is a natural extension of our specialist range of products, particularly as companies mature from 'micro' in size.
  - For the year to 31 December 2022, the fund outperformed the IA UK Smaller Companies sector, returning -16.0% versus -25.2%, and was ranked fourth out of 48 funds in the sector since inception.

Growth opportunity in Public Equity

We have been investing in our distribution capability since the hire of Chris Elliott as Head of Wholesale Retail Funds during 2021, adding a further two distribution professionals to the team during 2022. This resulted in an exceptional performance in terms of new business with the team's open-ended fund products enjoying net inflows in excess of £200 million during the year against a backdrop of record outflows from UK equity funds. This demonstrates the effectiveness of the combination of long-term performance, a differentiated proposition and focused distribution capability.

In the medium term there is significant capacity for growth within the existing suite of Gresham House Public Equity products. Strong and consistent long-term risk-adjusted returns; a maturing product set with all products now demonstrating a three-year or greater track record; and external validation in the form of industry awards, rating agency endorsement and in particular, the addition of the LF Gresham House UK Multi Cap Income Fund to the buy lists of an increasing number of key UK national wealth managers; all provide a solid foundation for future growth.

Into 2023, our focus will be on maintaining and modestly increasing assets towards capacity in the LF Gresham House UK Micro Cap Fund, continuing to scale the LF Gresham House UK Multi Cap Income Fund, building on the momentum enjoyed during 2022, and initiating a wider active marketing campaign for the LF Gresham House UK Smaller Companies Fund having built scale with targeted cornerstone investors during 2022.

Finally, we will continue to actively promote Strategic Equity Capital plc into the UK wealth management market in a co-ordinated sales and marketing campaign alongside corporate broker Liberum Capital, in order to reduce the discount to NAV and thereby to create optionality for future fundraising to scale the trust.

Public Equity, Ireland

In Ireland we manage a number of open-ended funds including two multi-asset funds, two equity funds and a cash fund under our Strategic Equity division.

Our multi-asset funds, the Gresham House Global Multi-Asset Fund and the Gresham House Global Thematic Multi-Asset Fund are invested across a range of assets including equities, bonds, cash, and alternative assets such as property, forestry, and infrastructure.

Against a background of significant weakness in global equity and bond markets, the funds performed relatively well in 2022, declining 1.9% and 8.4% respectively, as they were overweight assets that benefit from an inflationary environment. Their outperformance saw both funds awarded a 5-star rating by Morningstar during the year.

The equity funds are value in style with the Gresham House Global Equity Fund focused on large cap equities within developed markets and the Gresham House Global Small Company Fund is focused on small and mid-cap equities.

2022 was a mixed year for the equity funds. The Global Equity Fund fell by just 1.1% as it benefited from the rotation within the equity market away from growth back towards value in the more inflationary environment. The Global Small Company Fund posted a decline of 25.8% as recession fears and rising input costs affected sentiment towards small and mid-cap stocks.

Private Equity

Gresham House's Private Equity strategy is delivered through the Gresham House Ventures platform which includes the well-known Baronsmead and Mobeus VCTs. As the second largest VCT provider in the UK, with a combined £0.8 billion of assets, we are a leading investment partner to 115 high-growth companies.

The importance of the provision of growth capital alongside commercial strategic advice to entrepreneurs is critical for global economic growth. The VCT market alongside other secondary and growth capital provision from platforms such as Gresham House Ventures is necessary to attempt to keep the UK pushing forward to generate the economic and social benefits that can result.

Share offers for both the Baronsmead and Mobeus VCTs in 2022 were significantly oversubscribed. Importantly this has ensured that the trusts have had good liquidity, over £100 million, during the year, enabling the team to continue to support existing portfolio companies and to invest in new opportunities.

Our view is that volatility in the financial markets, challenging commercial factors, and a return of focus on real value creation as an alternative to growth for its own sake, creates a capital demand opportunity from small and medium-sized companies. Our investment team's track record plus historical experience of navigating major market declines and recessionary periods provides a good platform for identifying, executing and managing high-quality investments which can become winners in a rebounding economy.

Baronsmead VCTs

Baronsmead remains the only VCT brand deploying capital into both public and private companies at scale within the same fund. This unique strategy gives the two VCTs' portfolios a high level of diversification which we believe underpins their ability to support long-term consistent dividend payments to shareholders. Since joining the Gresham House platform in 2018, the Baronsmead VCTs have continued to grow through a combination of its distinctive hybrid investment approach and successful new share issues. At 31 December 2022, the two Baronsmead VCTs have a Net Asset Value of £420 million. Over the three years to 31 December 2022, on a cumulative NAV total return basis, Baronsmead Venture Trust returned 7.6% and Baronsmead Second Venture Trust delivered 9.5% for shareholders.

Mobeus VCTs

The four Mobeus VCTs have a similar investment mandate to the Baronsmead funds but focus solely on unquoted companies. The Mobeus VCT business is another long-standing, high performing and well-respected brand in the VCT market.

The Mobeus VCTs raised over £110mn from investors during the year. Despite a challenging year for returns in 2022, the cumulative NAV total return of the VCTs over three years to 31 December 2022 ranged from 31% to 44%.

Growth opportunity in Private Equity

We are excited by the positive difference that the capital we manage can make, as our investee businesses scale to create new employment and boost economic growth in the UK.

Our fundraising activity in 2022 was very successful as evidenced by the oversubscriptions we received.

As the demand from entrepreneurs for growth equity provided by VCTs continues to grow, the Baronsmead VCTs completed a £75 million fundraise in the FY22 tax year and launched a further fundraise in late 2022 for an additional £40 million.

The Mobeus VCTs also launched two new share offers in 2022, experiencing significant investor demand, with the £111 million of share offers being significantly oversubscribed.

The VCT funds deployed increasing levels of capital into both new and existing portfolio companies during 2022. The Baronsmead VCTs invested £31 million into quoted and unquoted companies and the Mobeus VCTs invested £17 million into unlisted opportunities. The rate of investment reflects the very positive levels of new deal activity being originated by our Private Equity 'Gresham House Ventures' team.

We expect this trend to continue into 2023, as ambitious and innovative SMEs look to partner with experienced investors to grow.

We are also exploring a Limited Partnership opportunity, for investors in both the UK and Ireland, providing secondary capital to established Gresham House VCT portfolio companies.

Whilst some smaller businesses will struggle in the current environment to maintain / develop positive cash flows, additional investment capital will become increasingly difficult to attract to business models with unproven unit economics. This is where the growth capital private equity market has a critical role.

Gresham House's substantial Private Equity platform and the experienced investors and portfolio managers within our Gresham House Ventures team, is well placed to continue delivering growth in AUM through strong investment performance and fundraising.

Effective risk management

Effective risk management is an intrinsic part of delivering alternative investment solutions; our comprehensive approach to risk management fully embeds sound practices into both the management of funds on behalf of end-investors and the management of Gresham House's internal business operations on behalf of our shareholders. Effective risk management is key to our success and forms part of our key strategic drivers and culture.

The Board is responsible for the effective management of risks across the business. Risks and opportunities are integral to the business model of the Group and the Board oversees the parameters of acceptable risk taking while encouraging a culture of risk ownership and accountability.

Our Enterprise Risk Management Framework (ERM Framework) sets out our risk governance structure and arrangements for identifying, measuring, monitoring, and managing risk and non-financial risk across all aspects of our business, ensuring the on-going management of residual risks within our risk appetite across all of our divisions.

Risk developments

Whilst the risk environment remains challenging and uncertain, key to the Group's success is the timely and accurate identification of risks and their impacts. We continuously monitor and assess macro-economic factors, including the ones discussed below, to better identify risks and opportunities for our business operations and client portfolios.

Geopolitical events have dampened the post-pandemic recovery forecast. High inflation and a subdued economic outlook led to increased market risks across the financial services sector and real-economy. Unprecedented record prices for energy and commodities has exacerbated supply chain issues and diminished household purchasing power. The resulting high inflation inevitably drove government policy intervention and central bank interest rate rises, as policymakers attempted to stimulate economic growth.

Gresham House will monitor current and future investment opportunities and pressures on business and investors, especially in the current economic environment of higher inflation and the balance of demand and supply in the economy. Our ability to anticipate and respond appropriately to external influences enables our risk planning processes and ultimately our business success.

Over the medium and long term, climate-related risks will become more entrenched within the regulatory and market environment in which we operate, and physical climate risks will pose a greater threat to the assets that we build, manage and operate. As a result, as the business continues to grow it is imperative that the identification and management of climate risks is embedded within our strategy to reflect this evolving uncertainty.

How we manage risk

Our ERM Framework has been designed to ensure the prompt and accurate identification, assessment and management of internal and external risks as well as evaluation of emerging risks pertinent to the Group. During 2022, the Board reviewed and approved the annual refresh of the ERM policy and key risk management outputs, including the Group Risk Register and Risk Appetite Statement. There were no material changes to the risk tolerances of the business, however the Group Risk Register was updated to emphasise ESG considerations, and the integration of ESG risk management into decision-making processes and reporting during 2022.

The Gresham House Group approach to risk management encompasses the arrangements for the management of enterprise-wide risks, and the specific investment risks relevant for each fund.

- Risk governance – the Board of Directors is responsible for setting our business strategy and the overall management of risk within the Group. Our risk governance structure is comprised of Board and executive committees, risk culture management, second line oversight functions, risk appetite and risk ownership roles and responsibilities. The Audit Committee considers Group-wide risks at least on a bi-annual basis and makes recommendations to the Board. The Board also allocates responsibilities for the management of identified risks.

The Group has in place a functional and hierarchical separation of its risk management oversight and business units, where business units include a portfolio management function. Risk ownership and risk oversight are fully segregated across the Group.

- **Risk culture** – the Board sets the right tone at the top by supporting a sense of risk ownership and collective responsibility for risk management across the employee base. A strong risk culture is promoted throughout the Group. Accountability for the effectiveness of the Group's risk management systems and internal controls is delivered through our ERM Framework and is overseen by the Board and the senior management team in accordance with the senior managers and Certification Regime (SMCR).
- **Risk identification and prioritisation** – the identification of the strategic objectives of the Group as a whole and supporting business processes include identification and assessment of risk events that might impede the achievement of business objectives or delivery of business processes.

  Our risk identification process delivers a defined risk taxonomy which is used to establish the impact and likelihood of a risk materialising and the potential dimensions of the exposures the Group faces. Our risk prioritisation reflects an understanding of risk exposures relative to each other and the efficient application of resources within the Group.

- **Risk appetite, tolerance and limits** – the Board sets the Group risk appetite which supports the corporate strategy and determines the threshold of risks considered acceptable. This approach aims to enhance our decision-making capacity and to reflect the agreed business strategy, the business operational systems and controls, risk appetite and tolerance, capital resources and threshold limits needed to provide early warning signs of a possible approach of our risk appetite limits.
- **Risk management and mitigation controls** – as part of the risk assessment process, controls and mitigation strategies are documented for each material risk, with risk owners taking ownership of the maintenance and operation of designed mitigation controls. The second line risk function supports the risk and control self-assessment programme performed by risk owners to capture risks, oversee and challenge scenario analysis (where combinations of risk factors are assumed to vary) and stress testing outputs (where one risk factor, such as equity returns, is assumed to vary).

  Risk models are an important tool in our measurement of risks. They are used to support the monitoring and reporting of risk and when evaluating actions deciding what mitigation controls are to be implemented. Risk velocity management also forms part of our processes and seeks to measure how fast an exposure can impact our business units and the point at which the organisation first feels its effects.

- **Risk ownership** – as part of our SMCR responsibilities, we have allocated risk ownership responsibilities to our senior management team and appropriate delegation of the identified risks cascades down to risk owners across our business units as to ensure risks identified are effectively monitored and reported. We also ensure that risk owners have the skills, resources, knowledge and expertise to manage our business risks.
- **Risk reporting** – risk reporting is an integral part of the ERM Framework and takes place at different levels throughout the business units, including corporate and portfolio management functions.

  Each regulated entity and investment fund systematically identifies their material, relevant risks and have in place a limit monitoring and reporting framework. Fund level risk reporting is aggregated at the legal entity level, which in turn reports to the Audit Committee and the Board, providing the Board members with information necessary to assess the management of risks in line with strategic objectives, agreed risk tolerances and the effectiveness of the control environment.

  The Board and the Audit Committee meet at least bi-annually to review and, where required, challenge the Group's management of risks and any significant changes to the profile of risks including actions being taken to mitigate or control key risk exposures.

- **ESG risk management** – our approach to sustainability is a key part of our strategy and our ability to deliver sustainable investment considerations is applied across the investment process for all asset classes. It involves the integration of ESG factors through due diligence screening, engagement, governance and risk management, therefore helping to formulate a granular picture of the asset, informing a coherent engagement strategy which is agreed by each of our investment committees.

  Our in-house developed ESG Decision Tool is integrated into product governance and investment decision-making processes, taking both a top-down and bottom-up risk management approach to selecting and assessing our business and investment risks and opportunities over the short, medium and long-term.

Pillar II Capital Adequacy assessment

The regulated entities within the Group undergo an annual capital adequacy risk assessment exercise that ensures identified risks are quantified and the adequate capital maintained to cover the identified risks. This exercise considers but it is not limited to:

- current and forward-looking assessment of the risks and financial position of the entities over a multi-year horizon;
- applicable financial and non-financial risks and the effectiveness of internal controls to manage the likelihood and/or impact of those risks; and
- capital requirements to ensure the financial stability of the entities under base case and stressed scenarios.

Following the introduction of the FCA's Investment Firm Prudential Regime (IFPR), the UK regulated investment managers are subject to a new prudential regime.

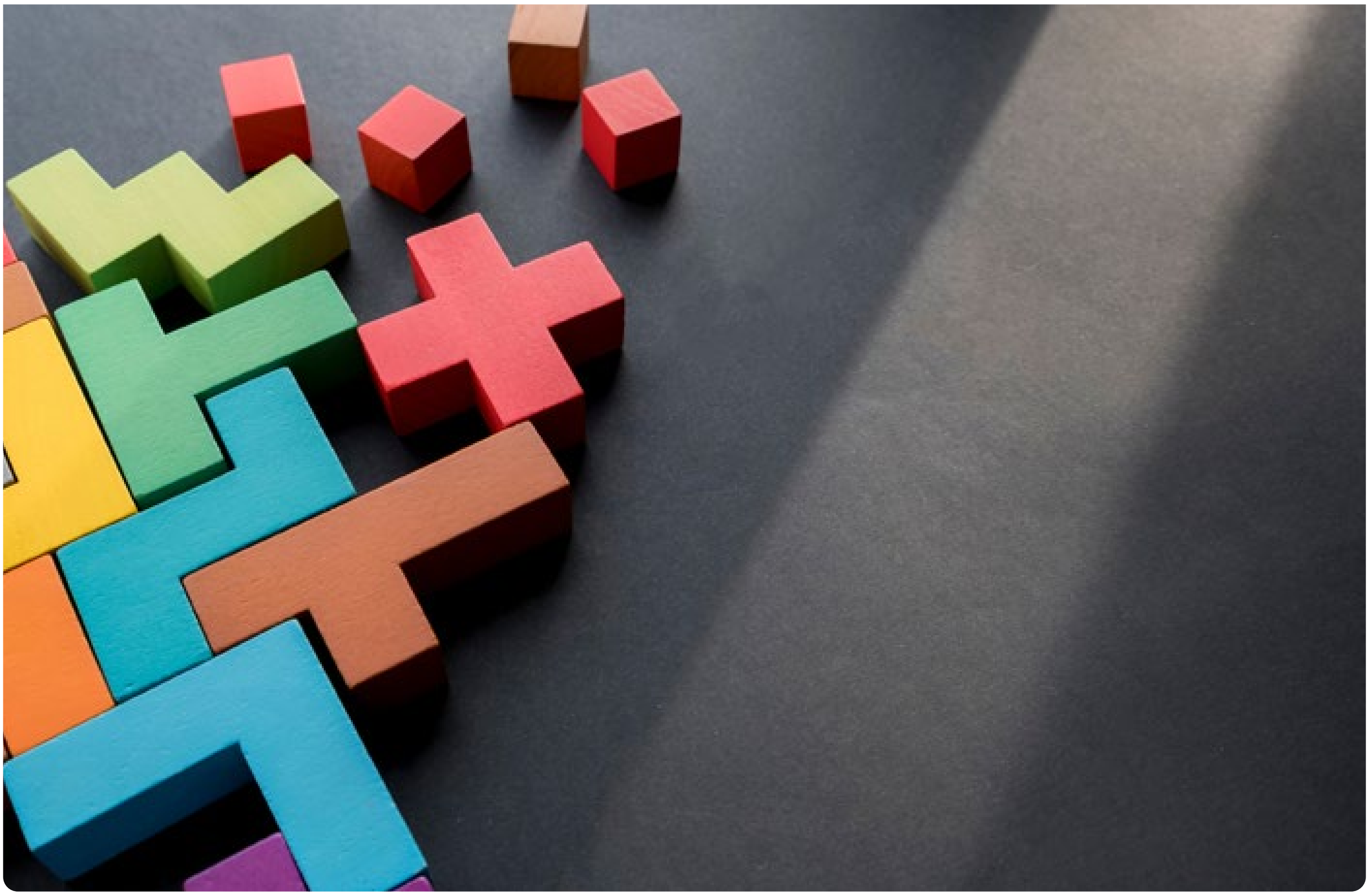
Similar to the Internal Capital Adequacy Assessment Process (ICAAP) Gresham House Ireland completes, the Internal Capital Adequacy and Risk Assessment (ICARA) requires regulated investment firms to demonstrate that adequate risk management has been undertaken. Under the new ICARA process, greater emphasis is placed on the investment firm's business model, capturing potential harms from both the market and our clients.

The Group regulated entities' ICAAP and ICARA outputs, submitted to their respective regulators, outline the harm scenarios considered and the output of our liquidity, capital adequacy, and operational resilience stress testing. In addition to assessing the financial resources required to mitigate the harms posed by the firm, management has also considered the adequacy of the firm's broader risk management processes and the Pillar II process itself. The Group is satisfied that these processes are operating as intended.

Principal risk types and uncertainties

The Group maintains a risk register which records all the key risks which are relevant to the Group. Identified risks are assigned to risk owners who ensure that the mitigation controls remain effective. The types of risks to which the Group is exposed are not static and generally change gradually from one year to another.

All businesses in the UK are experiencing increased risks and uncertainties due to economical, societal, technological and environmental risks. All principal risks below, and in particular operational and ESG risks, may have an adverse impact on our brand and reputation. Within the Group principal risk categories, there are several sub-categories of risks which are also assessed and monitored by the Board.



Key
Increased | No change | Decreased | New

Strategic and business risks

Risk description	Trend	Mitigation controls
Strategic and Business Risk The Board pursues a strategy that fails to meet shareholder objectives or fails to execute the stated business strategy. Our strategic risks also include external risks posed by technological innovation and market competition. **Potential impact** This could lead to increased difficulties with attracting new and existing investor capital and loss of market confidence.	No change	▪ Our strategic and financial targets have been communicated to shareholders and stakeholders as reviewed and approved by the Board. ▪ Strategic and Business Risk is trending downwards, as the strategic objectives of the GH25 plan continue to be delivered ahead of schedule. AUM during the year increased to £7.8bn (with an £8.0bn GH25 target), with net inflows across all divisions and adjusted operating profit margin up to 35% (of 40% GH25 target). ▪ The acquisition of Burlington was completed in March 2022, in furtherance of the Gresham House five-year strategic plan. ▪ Acquisitions follow a structured process involving senior management and consultations with significant external stakeholders. Dedicated resources assigned to design and implement detailed integration plans for the acquired entities' people, processes and systems. ▪ All acquisitions involve a thorough due diligence exercise involving professional advisers as necessary to ensure minimal levels of uncertainty, concluding in an approval requirement from the Gresham House Investment Committee and the Board. ▪ An annual business plan is defined at the start of the new financial year and included financial and sustainability targets and the approval of the Group budget for the upcoming year. ▪ Regular Board meetings are used as a forum to review the set strategy against performance and forecasts being achieved by the Group Management Committee and Divisional Heads. ▪ Proactive engagement with new and existing shareholders to understand their key drivers and needs for investing in the Group. ▪ The Group offers a diversified and broad range of products which reduces potential markets dependencies and continually strives to enhance operational efficiency. ▪ Regular and open communications take place between the Board, Group Management Committee, shareholders and stakeholders to manage any potential or actual strategic risk.

Regulatory and legal risks

Risk description	Trend	Mitigation controls
Regulatory and Legal Risk Failure to comply with regulatory requirements and expectations may put Gresham House at risk of fines, lawsuits or reputational damage. Regulatory and Governance risk drivers include: ▪ the expansion of our investment businesses through acquisition and the launch of new investment products internationally; ▪ regulatory change; and ▪ ongoing compliance obligations under a wide range of laws and regulations. **Potential impact** Regulatory censure, fines, and reputational damage.		▪ The Group continuously monitors upstream regulatory developments to assess potential impacts. This allows the Group to amend working practices, where necessary, to meet the new requirements ahead of deadlines. Regulatory and compliance risk has increased during 2022 due to further UK regulatory developments such as Consumer Duty, the FCA's Dear CEO letter and proposed new rules to establish a U.K. sustainability disclosure regime (SDR). ▪ Gresham House supports regulatory initiatives that promote consumer protection and anti-greenwashing rules, which we believe will provide additional premia for genuinely sustainable investment products, cognisant however of the operational complexity and costs to demonstrate compliance in the manner prescribed under regulation. ▪ The Group programme plan for Consumer Duty was approved by the Board on 31 October 2022, with regular progress reported directly to the Board. Independent Non-Executive Director Rachel Beagles is the appointed Consumer Champion. ▪ The FCA regulated entities in the Group have a board made up of division leaders and the Group Management Committee. Quarterly board meetings are used to review breaches, updates in the compliance environment, capital adequacy, FCA reporting (RegDATA) and other regulatory matters. ▪ Regular training and communications across the Group on applicable regulatory obligations. With the introduction of the Senior Managers and Certification Regime, this has been further embedded through specific conduct rules training. ▪ There is an independent compliance department to regularly monitor, identify and report any actual or potential breaches using our compliance monitoring programme. Robust whistleblowing arrangements are also in place. ▪ Since the Group's acquisition of Appian Asset Management Limited (Appian) in June 2021, the Group contains legal entities regulated in Ireland by the Central Bank of Ireland in addition to entities regulated in the UK by the FCA.
Tax-efficient product risk Some of the Group's products are in tax-efficient products, which could be subject to a change in government policy. **Potential impact** Loss of investor confidence, reduced AUM and profitability.		▪ Clear disclosure in promotional materials on risks and status of investment assets and that independent professional advice should be sought when investing. ▪ The investment thesis on forestry is not predicated on the tax regime, hence investors' objectives are likely to still be met in the event of a tax law change should for example inheritance tax considerations be removed for forestry. ▪ The VCT funds promote investment in early-stage companies and at a time when the government wants to promote growth in the economy it is considered unlikely that these tax advantages would be removed. Regulatory scanning is conducted regularly including monitoring the sunset clause for income tax relief.

Investment risk

Risk description	Trend	Mitigation controls
Investment risk The risk that actual performance by funds of the Group deviate from expected performance due to systematic and/or unsystematic factors, including insufficient pipeline. The current economic and geopolitical environment has led to market volatility in investment markets. The UK and global economic recovery may continue to impact business' growth and investment values. **Potential impact** Loss of investor confidence, reduced AUM and profitability. The Group also invests in the funds that it manages and is therefore exposed to the performance of these funds.	↔	▪ The Group manages investments in reasonably uncorrelated asset classes such as Forestry, Renewables, and Sustainable Infrastructure which continue to attract investors interested in making a positive impact on the climate. The investor base of the Group is also growing, enabling diversification and mitigation of concentration risk. ▪ The Group has a robust capital position which is stress tested regularly, concluding that the Group is able to manage challenging periods of market instability. We closely monitor the management of macroeconomic risk factors and the impact on our investment strategies and stakeholders. ▪ Dedicated fund and investment managers for each of the Group's products and third-party mandates to ensure performance is closely monitored and action can be proactively taken if necessary. Each fund systematically identifies relevant risk factors and has in place a system of appetites, limits, and reporting overseen by the second line risk function. ▪ Investment Committees made up of leading independent industry experts who provide robust review and challenge for proposed new investments by the funds. ▪ During periods of high market volatility, the Group increases its monitoring activities. ▪ Appointment of internal persons to board seats in private investee companies which will ensure the Group has up to date and appropriate information on the performance of those entities.

Operational risk

Risk description	Trend	Mitigation controls
Operational Resilience A material failure in the processes and controls supporting our activities, that of our third-party suppliers or of our technology. **Potential impact** This could lead to business continuity events, corrupted or lost data, operational interruptions, compliance breaches, dissatisfied clients or suppliers, and reputational damage and/or regulatory censure.	↑	▪ Worldwide cyber risk has increased considerably over the past two years. However, with appropriate systems and controls and employee training this risk was mitigated during 2022. We manage cyber risk as part of the operational resilience of our overall security plans. ▪ Overall, the Group systems and controls have proven to be resilient, and no material breaches occurred. Across the industry cyber risk was high and our business continuity plan and outsourced cyber team have provided appropriate control. ▪ The Group's executive operations committee addresses operational efficiencies with regular reporting to the Board. ▪ The Group engages suitably qualified third parties in all outsourcing arrangements and carries out regular due diligence on these third parties. ▪ Annual IT audits are conducted by independent third-party IT security providers, including phishing and penetration testing and ongoing cyber security monitoring with monthly reports. Restricted access to systems is in place. ▪ Refresher training on data protection and cyber security, including cyber fraud prevention. ▪ Annual business continuity plan maintenance and testing to ensure resilience of the Group's and critical third-party systems. ▪ Maintenance of ISO 9001 certification in 2022, demonstrating the highest standard of documentation and consistent application of processes across the Group. ISAE3204 controls report documentation has commenced.

Risk description	Trend	Mitigation controls
Health and safety risk Due to the Group's management of alternative assets including forestry and energy, there is the risk of injury or ill health to employees arising during the execution of day-to-day responsibilities. **Potential impact** Loss of key personnel, lawsuits and reputational damage.	↔	▪ Engagement of suitable, authorised third parties to manage operational assets of the managed funds. ▪ Maintenance of appropriate Group-wide and funds insurance covering personal injury. ▪ Safety training to operational staff and establishment of clear operational procedures. ▪ Our operational management of health and safety is overseen by our Health & Safety Committee. We have implemented all the necessary systems and processes to manage this risk on an ongoing basis. ▪ The Health & Safety Committee and the AIFM Risk Management Committee review any health and safety issues on a quarterly basis. ▪ Training is provided to the Board of Gresham House plc, Directors, employees and contractors on appropriate conduct at these sites as well as when working from home.

Financial risk

Risk description	Trend	Mitigation controls
Capital and liquidity risk The risk of insufficient capital and/or liquidity within the Group to meet its financial obligations as they fall due. Liquidity risk in relation to funds is the risk that redemptions or other obligations as they arise cannot be met. **Potential impact** A failure to meet its financial obligations as they fall due.	↔	▪ Financial risk and risk velocity remain low. The balance sheet remains strong with £32mn of cash at 31 December 2022. No material deficiencies were noted on the Group's financial controls. ▪ The Group ensures it exceeds minimum levels of liquidity at all times to support working capital and regulatory minimum requirements through monthly reviews by Finance, the CFO and Compliance. ▪ An ICARA is prepared for regulated entities within the Group to assess capital requirements and ensure sufficient capital is maintained to cover those risks under normal and stressed market conditions. Stress testing and scenario analysis for the Group capital requirements were performed prior to the finalisation of the ICARA. Each of the regulated entities has Own Funds Surplus and Liquidity Surplus in excess of regulator set limits. ▪ Financial planning processes include both AUM growth and diversification of revenue streams. Liquidity forecasts are prepared across the Group with adequate measures put in place to ensure future cash flows are appropriately provided for. ▪ Liquidity is actively managed across funds by ensuring the funds do not invest outside of their mandate in unlisted assets, do not have a concentrated exposure to single security and hold a reasonable level of cash.

ESG & climate-related risk

Risk description	Trend	Mitigation controls
ESG & climate-related risk An environmental, social or governance event or condition which, if it occurs, could cause a material negative impact on the financial value of the Group, its assets or its investments. Climate related risks include, inter alia: - Physical risks of business disruption, property damage or to employee well-being due to a severe weather event or longer-term shifts in climate patterns. - Transition risks as the world moves towards a low-carbon economy can be legal, regulatory, technological, market or reputational. **Potential impact** Negative impact on the value of an on the financial value of the Group, its assets or its investments.	★	- The identification and management of climate risks is embedded within our Corporate Sustainability Strategy, which outlines the approach we take both as a sustainable investor and as a sustainable business and employer in addressing global environmental and social challenges, including climate change. Over the medium and long term, we expect climate-related risks will become more entrenched within the regulatory and market environment in which we operate, and physical climate risks will pose a greater threat to the assets that we build, manage and operate. As a result, as the business continues to grow it is imperative that to reflect this evolving uncertainty. - The GMC is supported by the Sustainability Executive Committee (Sustainability ExCo), which drives sustainability-related deliverables across Gresham House and owns the delivery and oversight of the Corporate Sustainability Strategy. The chair of the Sustainability Executive Committee reports to the Board Sustainability Committee on a six-monthly basis. - Climate-related risk management has been embedded into the activities of each business unit taking into account the whole lifecycle of a product. The Gresham House ESG Decision Tool is a key component of Gresham House's approach to ESG and climate-related risk integration and is applied to all investment divisions. The ESG Decision Tool requires the investment team to analyse how a broad range of ESG risk may impact upon a proposed investment. The outcomes of the ESG Decision Tool shape the due diligence process and provide rational ESG factors to be tracked, monitored, and managed over time by our investment teams. Risks relevant to each fund, including ESG and climate-related risks are considered as part of the executive product Governance Committee, Portfolio Risk Committee and Investment Oversight Committees. - Prescribed management information, systems and controls addressing ESG and climate-related risk, have been developed in partnership between the investment teams and the Group's dedicated Sustainable Investment team, that helps to build, manage, authenticate and articulate the sustainable investment approach of all of Gresham House's divisions. - Physical risks of business disruption, property damage or to employee well-being due to a severe weather event or longer-term shifts in climate patterns form part of our Business Continuity Planning and are not considered to pose a material threat to operations.

Experience and skills

Details of the Directors' emoluments together with the Directors' interests in shares are provided in the Remuneration Report. There were no contracts of significance in which the Directors have a material interest.

Anthony Townsend

Non-Executive Chairman

A R N S

Anthony was appointed as a Director in December 2014. He has spent over 50 years working in the City of London and was Chairman of the Association of Investment Companies from 2001 to 2003. He is a Director of Hansa Capital Partners LLP and was until recently Chairman of BMO Global Smaller Companies plc and Finsbury Growth & Income Trust plc. Anthony was a Director of Brit Insurance Holdings plc from 1999 to 2008 and represented the company on the Council of Lloyd's of London from 2006 to 2008. Prior to this, he was Managing Director of Finsbury Asset Management Limited from 1988 to 1998.

Anthony (Tony) Dalwood

Chief Executive Officer (CEO) and Executive Director

I

Tony led the management buy-in in December 2014 and initiated the regulated alternative asset management strategy pursued today. He is an experienced investor and adviser to public and private equity businesses. Tony established SVG Investment Managers (a subsidiary of SVG Capital plc), previously acting as CEO and Chairman, and launched Strategic Equity Capital plc. He was previously CEO of SVG Advisers (formerly Schroders Ventures (London) Limited), a member of the UK Investment Committee of UBS Phillips & Drew Fund Management (PDFM), a Director of Schroders Private Equity Funds and Chairman of the Investment Panel and board member of the London Pensions Fund Authority. He is currently Director of JPEL plc and Branton Capital Limited, a member of the CFA (UK), and an adviser to St. Edmund's College, Cambridge Endowment Fund.

Kevin Acton

Chief Financial Officer (CFO) and Executive Director

I

Kevin was appointed as an Executive Director in June 2016 and is the Company's CFO. He has over 20 years' of finance and operational experience in private equity and asset management. Kevin joined the Company from Oaktree Capital Management where he was a Senior Vice President responsible for finance and operations in the European principal team, covering private equity and debt opportunity funds. Prior to joining Oaktree, Kevin was Director, Group Reporting and Valuations for 3i Group plc. Kevin qualified as a Chartered Accountant with Deloitte and is a fellow of the Institute of Chartered Accountants of England and Wales.

Simon Stilwell

Non-Executive Director

A R N I S

Simon joined the Company as a Non-Executive Director in December 2017 and was appointed Chairman of the Remuneration Committee in October 2018. Simon has over 26 years' experience in the City and was, until 2022, CEO of Bonhill Group plc, an AIM-listed digital media and events business. He was previously, Chief Executive of Liberum, the investment bank that he co-founded in 2007 and a Director of the Little Forest Folk group of outdoor children's nurseries. Prior to Liberum, Simon was Head of Sales for small companies at Collins Stewart plc and was also a Director at Beeson Gregory Limited. A former infantry officer he is Chairman of the Gloucestershire Regiment Museum Trust.

Key

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- I Investment Committee
- S Sustainability Committee
- Chair of Committee

Rachel Beagles

Non-Executive Director

A R N S

Rachel joined the Company as a Non-Executive Director in March 2018 and is Gresham House plc's Consumer Champion. She spent her executive career in equity research and sales and was a Managing Director at Deutsche Bank's corporate and investment banking division. Since then she has worked as a Non-Executive Director on the boards of a number of companies. She is currently a Non-Executive Director of Witan Investment Trust plc, The Mercantile Investment Trust plc and Cushon Group Limited. She was previously Chair of the Association of Investment Companies.

Gareth Davis

Non-Executive Director

A R N S

Gareth joined the Company as a Non-Executive Director in October 2019, having previously served in the Company's Advisory Group. He is Chair of the Sustainability Committee. Gareth is Chairman of M&C Saatchi and PodPoint plc. He was previously Chair of William Hill plc, Ferguson plc and DS Smith plc. Gareth's executive career was spent at Imperial Brands, serving for 38 years. He became CEO in early 1996, leading the de-merger from Hanson plc. During his tenure as CEO, Imperial grew to be one of the world's largest global consumer products businesses, posting huge shareholder returns. On retirement in mid-2010, Harvard Business Review cited him as one of the World's Top 50 CEOs in terms of value creation.

Samee Khan

Chief Legal Officer and Company Secretary

Samee has been the Chief Legal Officer and Company Secretary of Gresham House plc effectively since April 2019. Samee is responsible for all Gresham House Group legal matters. He has over 25 years of legal, commercial and financial experience, covering private and public equity, M&A and corporate finance. Samee joined Gresham House from the Abu Dhabi Investment Authority (ADIA), where he built and led ADIA's Private Equity legal and compliance function. Prior to ADIA, Samee worked at SVG Capital plc alongside Tony Dalwood, where he was heavily involved in the structuring and development of private and public equity solutions and was also a member of the firm's fund management risk committee. Samee holds a first-class degree in Law and qualified as a solicitor with Slaughter and May in London.

Sarah Ing

Non-Executive Director

A R N S

Sarah was appointed as a Non-Executive Director and Audit Committee Chair of the Company following the conclusion of the Company's 2022 AGM.

Sarah is a qualified chartered accountant and brings to the Board over 30 years' experience in financial services including audit, corporate finance, investment banking and asset management. During her executive career, she was a top-rated equity research analyst covering the UK general financial services sector and also founded and ran a hedge fund investment management business. Sarah is Non-Executive Director at CMC Markets plc, Marex Group plc and XPS Pensions Group plc.

Governance at Gresham House

The Board recognises the importance of sound corporate governance and complies with the Corporate Governance Code for Small and Mid-Size Quoted Companies (QCA Code), as published by the Quoted Companies Alliance (QCA). The QCA Code was devised by the QCA in consultation with a number of significant institutional small company investors as an alternative corporate governance code to the UK Corporate Governance Code, applicable to, and more suitable for, many AIM companies.

The Board believes that the QCA Code provides the Company with a practical and rigorous corporate governance framework to support the business and its success in the long term. Details of how Gresham House has applied the QCA Code are set out in this report and in the Shareholder Information section on our website.

Anthony Townsend
Chairman, Gresham House plc

The Board

The Board currently comprises two Executive and five Non-Executive Directors as described on pages 78 to 79.

The Board is led by the Chairman, who is responsible for the quality of, and approach to, corporate governance as a whole and ensuring the Board is effective in directing the Company. The Board is responsible for the overall strategy and management of the Group. There is a formal schedule of matters specifically reserved for Board decisions, including investment and performance objectives and policies, financial reporting and control, the approval of borrowings by the Group, any investments or disposals over certain thresholds and shareholder communications. The Board operates as a collective decision-making forum. In the event that one or more Directors cannot support a consensus decision, a vote would be taken and the views of the dissenting Director recorded in the minutes. Procedures are in place to enable individual Directors to seek independent advice at the expense of the Company and appropriate cover is in place, which insures Directors against certain liabilities that they may incur in carrying out their duties on behalf of the Company.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board governance procedures are followed and supports the Chairman in addressing the training and development needs of Directors. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. Following the retirement of Richard Chadwick at the conclusion of the Company's 2022 AGM, Gareth Davis was appointed as the Senior Independent Director (SID), and is available to the other Non-Executive Directors and shareholders, should they wish to discuss matters in an alternative forum.

The SID's role is to act as a sounding board for the Chairman, providing him with support in delivering his objectives and leading the evaluation of the Chairman's performance on the other Directors' behalf. He is responsible for the Chairman's succession, working closely with the Nomination Committee. The SID is also available as an additional point of contact for shareholders should they wish to raise matters with him rather than the Chairman or Chief Executive Officer.

> "Corporate governance is at the heart of this organisation to maintain integrity and deliver value for shareholders and clients."

Changes in governance arrangements

We were delighted to welcome Sarah Ing as the Audit Committee Chair this year, who took on full responsibility for the role following the retirement of the former Audit Committee Chair, Richard Chadwick, at the conclusion of the 2022 AGM. Sarah is also a member of the Sustainability, Nomination and Remuneration Committees. Sarah Ing is a chartered accountant, with listed company experience as a Non-Executive Director on the boards of XPS Pensions Group plc and CMC Markets plc and has added extensive value to the Board since joining.

Richard Chadwick left us after many years of exceptional service to Gresham House having seen the business go from a property-based investment company to the alternative asset manager we are today, and his knowledge of the corporate history had been very valuable. We are extremely grateful for his contribution to this growth throughout his tenure and wish him well in his retirement.

Our Corporate Governance Framework

The Board

The Board has established four Committees to deal with specific aspects of the Group's affairs: the Audit Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee.

The Company has also established an Investment Committee, attended by three Directors, the MD of the regulated business, and an external advisor.

Audit Committee	Nomination Committee	Remuneration Committee	Investment Committee	Sustainability Committee
Sarah Ing (Chair)	Anthony Townsend (Chair)	Simon Stilwell (Chair)	Tony Dalwood (Chair)	Gareth Davis (Chair)
Rachel Beagles	Rachel Beagles	Rachel Beagles	Kevin Acton	Anthony Townsend
Gareth Davis	Gareth Davis	Gareth Davis	Bruce Carnegie-Brown	Rachel Beagles
Simon Stilwell	Simon Stilwell	Anthony Townsend	Rupert Robinson	Simon Stilwell
Anthony Townsend	Sarah Ing	Sarah Ing	Simon Stilwell	Sarah Ing

Independence of the Directors

The QCA Code requires the Company to have at least two independent Non-Executive Directors. In judging independence, the Board takes into account whether or not a Director is independent of management and any business or other relationship that could affect or interfere with the exercise of objective judgement by that Director, or their ability to act in the best interests of the Company and its subsidiaries. Using these criteria, the Board considers Anthony Townsend, Simon Stilwell, Rachel Beagles, Gareth Davis and Sarah Ing to be independent.

Time commitment

Non-Executive Directors' letters of appointment stipulate that they are expected to devote such time as is necessary for the proper performance of their duties, being not less than 1.5 days per month. Non-Executive Directors are required to notify the Chairman before taking on any additional commitments that may impact the time available to devote to the Non-Executive Director role. The Nomination Committee annually assesses the time commitment required from Directors and the Directors have confirmed that they are able to devote at least such time to their role. The Board is satisfied that all Directors have continued to be effective and demonstrate commitment to their respective roles.

Tenure

All Directors are subject to re-election by shareholders at the first AGM following their appointment and, thereafter, are subject to retirement by rotation and re-election by shareholders in accordance with the Company's Articles of Association, whereby one-third of the Directors retire every year, or where their number is not a multiple of three, then the number constituting at least one-third retires from office. Notwithstanding the foregoing, every Director shall retire who was not appointed at either of the two previous Annual General Meetings and who has served for more than two years since his/her appointment or last reappointment. Directors are not appointed for specified terms nor have any automatic right of reappointment.

Kevin Acton, Rachel Beagles and Simon Stilwell will retire and offer themselves for re-election at the 2023 AGM in accordance with the Company's Articles of Association. The Board has carefully considered the position of each of the Directors and considers their contribution to be significant and effective; accordingly, the Board recommends their re-election.

The Company's Articles of Association permit that the directors may appoint a director to fill a vacancy, provided that the appointment does not cause the number of directors to exceed any number fixed as the maximum number of directors. A director so appointed shall retire at the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation at the meeting. Sarah Ing was appointed at the conclusion of the Company's 2022 AGM to fill the vacancy of Richard Chadwick following his retirement. Sarah Ing will therefore retire and offer herself for election at the 2023 AGM in accordance with the Articles of Association. The Board recommends her election.

Board Evaluation

Gresham House undertakes an evaluation of its performance on an annual basis. In 2022, Gresham House engaged Lintstock Limited to conduct an external review of Board performance. Lintstock is an advisory firm that specialises in Board reviews and had no pre-existing connections with Gresham House.

The first stage of the exercise involved Lintstock engaging with key stakeholders, including the Chair, the SID, the CEO and the Company Secretary to set the context for the review, and to tailor the scope to the specific circumstances of Gresham House.

All Board members then completed an online survey addressing the performance of the Board, its Committees and the Chair, as well as the contribution of individual Directors. Members of senior management who regularly attend Board meetings were also invited to provide feedback on Board performance. Lintstock subsequently interviewed each of the Directors and senior management members, enabling them to expand on the key findings on the survey stage, and to raise any further issues they wished to discuss.

As well as addressing core aspects of Board and Committee performance, the exercise had a particular focus on the following areas:

- the key Board succession priorities, and the mechanisms by which succession and appointments are addressed, including the role of the Nomination Committee;
- the desired cadence of strategy discussions, and ways to maximise the value that the Non-Executives provide to the strategic debate;
- the way in which the Board calendar should continue to evolve, alongside the growing scale and complexity of the business;
- the Board's exposure to intelligence on the wider market and competitive activity, including the relative performance and positioning of Gresham House; and
- the development of audit and risk activity within the firm, again accounting for the organisation's increasing size and complexity.

Lintstock presented its reports at the December 2022 Board meeting and facilitated a discussion on the key findings, which were positive overall. Lintstock also provided a comparison with the Lintstock Governance Index, which helped to place the performance of the Gresham House Board into context with over 200 other similar reviews that Lintstock has conducted recently.

As a result of the evaluation of the Board's performance, the Board considered opportunities to further develop the role of the Nomination Committee, the cadence of strategy discussions, and the schedule for meetings. Next year it is envisaged that Lintstock will facilitate a survey-driven review, to follow up on the progress made with the action points that have been agreed as a result of the evaluation. The Chairman is satisfied that each Director continues to contribute effectively to their role.

Directors' attendance at Board and Committee meetings

The Board meets regularly throughout the year and receives accurate, timely and clear information in a form and of a quality appropriate to enable it to discharge its duties effectively. There were seven regular scheduled Board meetings during the year. In addition, there were two ad hoc Board meetings held during the year which were attended by at least two Directors. There were three meetings of the Audit Committee, two meetings of the Remuneration Committee, one ad-hoc Remuneration Committee meeting, one meeting of the Nomination Committee and two meetings of the Sustainability Committee held during the year. The attendance of the Directors was as follows:

Director	Board[1]	Remuneration Committee[1]	Audit Committee	Nomination Committee	Sustainability Committee
Anthony Townsend	7/7[2]	2/2	3/3	1/1[2]	2/2
Tony Dalwood	7/7	–	–	–	–
Kevin Acton	7/7	–	–	–	–
Rachel Beagles	7/7	2/2	3/3	1/1	2/2
Simon Stilwell	7/7	2/2[2]	3/3	1/1	2/2
Gareth Davis	7/7	2/2	3/3	1/1	2/2[2]
Sarah Ing**	7/7	2/2	3/3[2]	1/1	1/1
Richard Chadwick*	4/4	1/1	1/12	1/1	0/1

* Richard Chadwick resigned from the Board following the Company's AGM on 12 May 2022.

** Sarah Ing was appointed Audit Committee Chair from 12 May 2022.

1. Three ad-hoc meetings were also held during the year and they were attended by the requisite number of Directors/Members.
2. Denotes Chair.

Where a Director is unable to attend a particular meeting, the materials for the meeting are provided to them, their views are sought in advance and made available to the meeting and subsequent briefings are provided as appropriate.

Audit Committee

The Audit Committee is chaired by Sarah Ing and operates within defined terms of reference. The Committee comprises the five Non-Executive Directors of the Company who each have relevant experience to carry out their roles. The CEO and CFO are also invited to attend the meetings. The responsibilities of the Audit Committee include reviewing the integrity of the Group's annual and half yearly results, reviewing the internal and financial controls applicable to the Group, approving the terms of appointment of the auditor together with the auditor's remuneration, and ensuring that auditor objectivity and independence are safeguarded in the provision of non-audit services by the auditor. It also provides a forum through which the auditor may report to the Board and is scheduled to meet normally at least three times a year.

Further information can be found in the Audit Committee Report on pages 86 to 89.

Nomination Committee

The Nomination Committee comprises the five Non-Executive Directors and is chaired by Anthony Townsend. The Committee operates within defined terms of reference and is responsible for the review and recommendation of Board and Committee memberships, succession planning and Board appointments. No new Non-Executive Director will be appointed without first being recommended by the Nomination Committee. When considering Board appointments and succession planning, the Committee will have regard to the composition and structure of the Board, including diversity, and the balance of skills and experience of the Directors. The experience and skills of the Directors are set out on pages 78 to 79. The Committee is satisfied that the Board as a whole is comprised of members with the appropriate balance of experience, skills and capabilities to discharge its duties effectively and contribute to the Company's strategic objectives.

Remuneration Committee

The Remuneration Committee is also a formally constituted Committee of the Board with defined terms of reference. It consists of all of the five Non-Executive Directors under the chairmanship of Simon Stilwell. The CEO and CFO are also invited to attend the meetings.

The Committee meets at least annually and is responsible for reviewing the performance of the Executive Directors and setting the scale and structure of their remuneration and the basis of their service agreements. The Committee is also responsible for recommending the allocation of long-term incentive arrangements to employees. Responsibility for setting the remuneration of senior staff sits with the Executive Directors, being mindful of the policies being set by the Remuneration Committee.

Further information can be found in the Remuneration Report on pages 90 to 97.

Sustainability Committee

The Sustainability Committee comprises all the five Non-Executive Directors and is chaired by Gareth Davis. The Committee is constituted under a defined terms of reference and will meet at least twice a year. The Committee's principal duties are to understand ESG risks and opportunities within the overall context of materiality to the Group and its clients, agree targets with the Board on ESG outputs and monitor performance against these, ensure communication of the Corporate Sustainability Strategy for the Company is articulated to shareholders and appropriate stakeholders and engage with shareholders and appropriate stakeholders to understand their views on ESG risks and ensure alignment.

Further information can be found in the Sustainability section of this report on pages 38 to 51.

Investment Committee

The Investment Committee is chaired by Tony Dalwood, and the other members are Kevin Acton, Simon Stilwell, Rupert Robinson and Bruce Carnegie-Brown (an independent member of the Investment Committee). The purpose of the Investment Committee is to promote and maintain a prudent and effective allocation of capital across the Company's balance sheet. The Investment Committee meets when required. All investment decisions require the following approvals:

- investments or disposals below 2% of NAV require the approval of the CEO alone;
- investments or disposals between 2% and 5% of NAV require a majority approval of the Investment Committee; and
- investments or disposals above 5% of NAV require the recommendation of a majority of the Investment Committee and the approval of the Board.

The papers for and minutes from the Investment Committee meetings are distributed to the Board.

Advisory Group

The Company has developed an Advisory Group of experienced, independent business professionals to act as advisers, deal introducers and business counsellors. It is available to provide industry insights for our investment appraisals and support for investee companies working alongside the Investment Committee and extending the Group's network.

Internal controls

The Board is responsible for the Group's system of internal controls, including financial, operational and compliance controls and risk management, and for reviewing its effectiveness. The Board has introduced procedures designed to meet the particular needs of the Group in managing the risks to which it is exposed. These procedures include an annual review of the significant risks faced by the Group and an assessment of their potential impact and likelihood of occurrence. The Board takes advice from external advisers where considered necessary including where any significant transaction is being considered. The Board is satisfied with the effectiveness of internal controls but, by their very nature, these procedures can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the need for an internal audit function and has concluded that, given the nature of the Group's business and assets and the overall size of the Group, the systems and procedures currently employed by the Group provide sufficient assurance that a sound system of internal controls, which safeguards shareholders' investment and the Group's assets, is in place. An internal audit function was considered unnecessary in 2022 and this is reviewed annually.

Culture and values

The Board recognises the importance of its role in promoting and monitoring the Company's desired culture and ensuring it is consistent with the Company's long-term strategic objectives. The Board encourages a work environment based on the principles of integrity, professionalism, honesty, trustworthiness, and efficiency, and is committed to ensuring that internal policies and procedures outlining the standards of conduct for Directors and employees are at all times implemented.

Management is responsible for developing and maintaining policies and procedures to ensure that the ethical values inspiring the Company's culture are recognised, respected and implemented throughout the business. The Company has a compliance function responsible for monitoring the implementation of the Company's policies and procedures as well as for investigating any complaints regarding the conduct of Directors and employees. There have been no conduct complaints received during the period.

Audit Committee report

I am pleased to present the Audit Committee report in my first year as Chair of the Committee. The Audit Committee Report describes the key role that the Audit Committee fulfils, outlining key areas of judgement and considerations taken throughout the year.

The Audit Committee is responsible for considering and reporting any significant issues that arise in relation to the audit of the financial statements. The Audit Committee confirms that there were no significant issues to report to shareholders in respect of the audit of the financial statements for the year ended 31 December 2022.

The critical accounting estimates and judgements that have been identified and considered by the Audit Committee in relation to the business activities and financial statements of the Company are as follows:

Sources of estimation uncertainty:

- Valuation of contingent consideration
- Burlington RE Property Management Limited (Burlington) acquisition – valuation of management contracts

Key judgements:

- Revenue recognition for performance fees and fundraising fees
- Treatment of battery storage development companies
- Accounting for investment in associates –Environment Bank Limited (EBL)
- Consolidation assessment of funds managed and controlled by the Group
- Impairment review for goodwill and management contracts from previous acquisitions
- Valuation of unlisted investments

Sarah Ing
Audit Committee Chair

Estimates:

Valuation of contingent consideration

The fair valuation of contingent consideration payable to the sellers of TradeRisks, the Mobeus VCT business, Appian and Burlington businesses are to be performed at each period end and represents an estimation of the likelihood of the target being achieved (profitability and AUM). As such, the valuation has been estimated with reference to the contractual requirements as at 31 December 2022 and adjustments to reflect assumptions on the likelihood of the target being achieved.

TradeRisks

The TradeRisks contingent consideration could total a maximum of £6.0 million, payable in cash to the sellers based on the following:

- 0.5% of funds raised payable in three years, with maximum amount capped at £3.0 million;
- any realised synergies payable in three years, capped at £1.0 million; and
- £2.0 million payable within six months post-completion for any inventory true-up.

The fair value of the contingent consideration has been estimated using estimated outcomes, the probability of those outcomes and discounting this at 7.5%. This is cash settled and will therefore be recognised as a liability on the balance sheet and the fair value assessed each reporting period. Further details and potential outcomes are provided in note 5.

Mobeus

The Mobeus VCT business contingent consideration is based on the Mobeus VCTs maintaining the VCT investment advisory agreements with Gresham House over the three years post acquisition (maximum £8.9 million payable as deferred consideration) and achieving certain AUM growth targets over the three year period (maximum £0.8 million). The contingent consideration for maintaining the VCT contracts has been considered a reasonable likelihood and this amount has therefore been discounted for the time value of money. The contingent consideration for achieving the AUM targets has been discounted using the appropriate WACC at 12%. Further details and potential outcomes are provided in note 5.

Appian

The Appian contingent consideration is driven by applying a multiple of 1.4x to the base case earnings to be delivered for the year to 31 December 2022 and 31 December 2023. This outcome could range from zero deferred consideration up to the estimated €1.1 million. Further details and potential outcomes are provided in note 5.

Burlington

The Burlington contingent consideration 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 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 going forward. Further details and potential outcomes are provided in note 5.

Burlington RE Property Management Limited (Burlington) acquisition – valuation of management contracts

The acquisition of Burlington in March 2022 is classified as a business combination under IFRS 3, Business Combinations. The acquisition involved the purchase of 100% of the share capital of Burlington RE Property Management Limited, which includes its management contracts.

The valuation of the management contracts represents an estimation of the expected present value of the profitability of those contracts. The management agreements are therefore required to be fair valued at acquisition. This has been valued using a discounted cash flow model, with assumptions regarding length of contract, appropriate costs and appropriate discount rate applied. Contributory asset charges have also been applied to determine the fair value of the management contract.

Deferred tax liabilities have also been recognised to reflect the temporary timing differences as the management contracts are amortised over their useful lives. Further details and potential outcomes are provided in note 5.

Key Judgements

Revenue recognition for performance and fundraising fees

The revenue recognition of the Group is driven by asset management fees, which are recognised in line with the investment management or advisory agreements in place with the appropriate funds. These are typically based on the committed capital of Limited Partnership funds, or Net Asset Values (NAV) for listed vehicles managed or advised by the Group. The NAV is typically the last audited or publicly available NAV announced by the Board of these companies and is therefore independently approved. As a result, there is limited uncertainty or judgement in the amount of revenue to be recognised.

However, judgement in timing of revenue recognition is required for performance and fundraising fees and revenue is only recognised when there is reasonable certainty in the amount or revenue to be recognised.

Performance fees are recognised only when the Group is entitled to receive the performance fee per the management contract. This is on achievement of the hurdle rate and the outcome is known. The Mobeus Income and Growth 2 VCT plc NAV was ahead of the hurdle rate at 30 September 2022 and therefore paid a Performance fee to Gresham House Asset Management Limited during 2022.

Fundraising fees are recognised as a percentage of funds raised, with fundraising being the key performance obligation. The fundraising relates to new share offers in 2022 by the VCTs managed by the Group. Judgement is applied at the end of the period and the fundraising fees accrued are based on the shares allotted by the VCTs at the period end.

Treatment of battery storage development companies

The Group has invested in the development of battery storage projects (DevCo Projects), which are part of the exclusive pipeline to be sold to Gresham House Energy Storage Fund plc (GRID) when operational. The DevCo Projects are held in separate SPVs, which the Group entity Gresham House DevCo Limited (DevCo Limited) owns between 60 and 100% of the equity in and the Group has also lent funds for the development of the DevCo Projects.

Judgement is required on the five key considerations in the accounting treatment of the development companies:

(i) Control (IFRS 10) – DevCo Limited holds the majority of the equity in the DevCo Projects and has also loaned capital to fund the development of the DevCo Projects. DevCo Limited is considered in control of the DevCo Projects and therefore has consolidated them in the Group financial statements.

(ii) Associates (IAS 28) – No DevCo Projects were held as associates at 31 December 2022 where the Group had a significant influence holding (greater than 20%, but less than 50%).

(iii) Classification of the assets in each DevCo Project – the SPVs are developing battery storage facilities which are classified as non-current assets under development until these assets become operational. The Group has therefore classified these as non-current assets, akin to property, plant and equipment.

(iv) Assets held for sale (IFRS 5) and loss of control – the sale of the DevCo Projects (Shilton Lane, Arbroath and Stairfoot) during the period has been treated as a loss of control transaction under IFRS 10 resulting in a gain on sale being presented net in the Statement of Comprehensive Income. It is expected that the sale process will complete within a six-month time frame for Coupar and Enderby; as such, it has been deemed appropriate to treat these DevCo Projects as disposal groups held for sale under IFRS 5.

(v) Borrowing costs (IAS 23) – the DevCo Projects have interest payments relating to the amounts lent by GRID to fund the acquisition of the battery assets at the project company level. The DevCo Projects have capitalised finance costs per IAS 23 Borrowing Costs as the characteristics of the development of the projects (such as not generating revenues until operational, loans being procured for the sole purpose of developing the projects and the projects taking a long time to get ready for intended sale) permit this. The capitalisation rate used was the weighted average of the borrowing costs applicable to all relevant borrowings outstanding during 2022.

Accounting for investment in associates – Environment Bank Limited (EBL)

On 7 May 2021, the Group acquired a 50% investment in EBL, the habitat bank development company. The Group has also entered into an option agreement with Gresham House BSI Infrastructure LP and Gresham House British Sustainable Infrastructure Fund II LP (BSIF funds) for the BSIF funds to acquire 25% from the Group. The Group does not have the ability to control the board of EBL through majority voting rights or the ability to appoint or remove the majority of the board of directors. The Director's assessment is that the Group can exercise significant influence over EBL and has treated it as an associate.

The BSIF funds exercised the option to acquire 25% of EBL from the Group in December 2022, leaving the Group with a 25% investment in EBL, which continues to be treated as an associate.

Consolidation assessment of funds managed and controlled by the Group

The Group acts as investment manager and advisor to a number of alternative investment funds and is also an investor in a number of these vehicles. Under IFRS 10: Consolidated Financial Statements, the Board is required to assess whether the Group is acting as an agent, should not consolidate a fund, or as principal, should consolidate a fund. The guidance refers to the following key parameters for consideration:

(a) the scope of its decision-making authority over the investee (paragraphs B62 and B63) – autonomy of the manager to make decisions;

(b) the rights held by other parties (paragraphs B64–B67) – ability of fund investors to remove the Group as the manager or adviser;

(c) the remuneration to which it is entitled in accordance with the remuneration agreement(s) (paragraphs B68–B70) – are the management fees in line with market practice; and

(d) the decision-maker's exposure to variability of returns from other interests that it holds in the investee (paragraphs B71 and B72) – does the manager hold a direct investment in the fund, from which it will therefore receive a material exposure to the variable returns of the fund, on top of the management fee that it earns.

An assessment of each fund has been performed and concluded that Gresham House Forestry Friends and Family Fund LP should be consolidated (in line with the prior year), reflecting the Group's 71% investment in the fund and the limited removal rights of the other investors. EBL has been assessed and the Group is considered in a position of significant influence from an accounting perspective and this has been treated as an associate as highlighted above. All other funds assessed have concluded that the Group is acting as an agent and therefore the Group should not consolidate the funds. More details on the assessment can be found in the accounting policy section of the financial statements.

Impairment review for goodwill and management contracts from previous acquisitions

At each reporting date, the Group applies judgement to determine whether there is any indication that the management contracts from previous acquisitions may be impaired as part of the overall intangible impairment review per Cash Generating Unit (CGU), which is referred to below. If any indication exists a full assessment is undertaken, whilst Goodwill is assessed on an annual basis. Should the review of goodwill or management contracts indicate that the carrying value exceeds the estimated recoverable amount, the assets are written down to its recoverable value.

Goodwill impairment testing

Goodwill impairment assessment is based on the expected future returns of the relevant CGU as a whole. Impairment arises when the recoverable amount of the CGU is lower than its net carrying value. CGUs are defined as the collection of management contracts generating revenues which have a clearly allocated cost base and relate to the businesses that have been acquired by the Group. The CGUs are the businesses formerly known as Aitchesse, Hazel Capital, FIM, Livingbridge VCT business, Mobeus VCT business, TradeRisks, Appian Asset Management and Burlington.

Goodwill has been assessed for each business acquired for impairment as at 31 December 2022. This assessment includes an analysis of the recoverable amounts of the CGUs by using value in use by using expected cash flow models from the specific businesses based on expected fundraising and other growth factors as well as the associated cost of delivering the planned revenues. The cash flow projections include estimates and assumptions to align with the Group's 5-year strategic target.

A discount rate or weighted average cost of capital (WACC) derived from the capital asset pricing model (CAPM) has been applied to the cash flows to determine an estimate of the fair value of the business, which is used to assess whether goodwill impairment arises. The recoverable amounts are compared to the goodwill on the Statement of Financial Position and other intangible assets and acquired assets within the CGU. Where the recoverable amounts less other intangible and tangible assets is greater than the goodwill amount on the Statement of Financial Position, no impairment is recognised. There were no indications of impairment against all goodwill balances of the Group as at 31 December 2022 (2021: No impairment).

Management contracts impairment review

The management contacts were revalued using a discounted cash flow method to assess the remaining value of the contract to the end of its expected life. This assumed no growth from fundraising and costs assumed appropriate in a no growth business. The WACC rates used for discounting were derived using a CAPM model, accounting for the different risk profile of acquired contracts. No terminal value was assigned for the review. The valuation was compared to the carrying value of the management contracts at 31 December 2022 and there were no indications of impairment.

Valuation of unlisted investments

The Group invests in unlisted investments, typically in Limited Partnerships that the Group manages and other unlisted investments with the aim of growing the asset management business. The valuation of these investments is based on the latest available fund information, which his typically the prior quarters fund report. The funds perform year end valuations at the same time as the Group is preparing its annual results so the draft valuations, where available are reviewed to assess whether any material difference in valuation should be updated for.

Having challenged management on the assumptions used, the Audit Committee confirms that it is not aware of any material misstatements and is satisfied that the key areas of judgement have been addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. Judgements, in line with these discussed above, are included in more detail in the notes to the financial statements.

Non-audit services

The provision of non-audit services by the external auditor is considered by the Audit Committee under its policy on the supply of non-audit services, which is aligned to the recommendations of the Financial Reporting Council's (FRC's) Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019) (the Ethical Standard). The Audit Committee ensures that the independence and objectivity of the external auditor is monitored and maintained by way of assessment and consideration of any potential threats to auditor independence. An external audit firm will only be appointed to perform a non-audit service when doing so would be consistent with both the requirements and overarching principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier.

Details of the fees paid to the auditor for audit services, audit related services and other non-audit services are shown in note 3 of these financial statements.

Having regard to all the relevant factors, the Audit Committee has recommended to the Board that in the normal course of events and subject to shareholder approval at the 2023 AGM, BDO LLP, having indicated their willingness to act, be reappointed as external auditor of the Company and Group for the forthcoming year.

On behalf of the Board,

Sarah Ing
Chair, Audit Committee

29 March 2023

Remuneration report

On behalf of the Board, I am pleased to present the 2022 Directors' Remuneration Report, which sets out the remuneration policy and remuneration paid to the Directors for the year.

Gresham House had a strong year, growing AUM to £7.8 billion, up 20% in the year, against the challenging macro economic conditions of high inflation, interest rates and volatility. This growth was recognised with the Group outperforming market expectations for adjusted operating profit to deliver £27.1 million for the year. The Group's relative share price performance to the AIM market and its listed peers was also notable, with some share prices falling 60% from highs in the previous 12 months. It remains vital to the long-term success of the business that we align our remuneration policy to reflect not only the AIM market but also the wider fund management industry where we compete for talent and also the niche specialist areas in which we operate. As our strategy has developed and our sustainable investment specialism has become more widely recognised so our Group policy must reflect that value. The pay awards in 2022 reflect the significant developments made by the business in the period, both financial and strategic. The 2020 LTIP (utilising part of the dilution % agreed as part of the Company's readmission in 2015), uses the Company's Performance Share Plan (PSP) to effect a truly long-term incentive plan clearly aligning the management team with the execution of the five-year strategy, GH25. The first test point for the five-year plan is at the end of the 2023 financial year.

The Remuneration Committee has also paid close attention to the cost-of-living crisis and reviewed market data and used external consultants to ensure there was a balanced response when considering the salary increases of the wider Group in 2023. The result of this was a tiered approach with salary increases between 0-5% depending on salary bands with more senior members of the team, including the Executive Directors, receiving 0% salary increases, and more junior members receiving salary increases of up to 5% in 2023. This policy also reflected individuals' overall compensation packages recognising the underlying divisional bonus structures. This analysis in the final quarter of the year was to recognise those team members who were more impacted by the cost-of-living crisis and for the more junior members, we also awarded a one off £1,000 inflation support payment during 2022.

Simon Stilwell

Remuneration Committee, Chair

The Remuneration Committee consists of the five Non-Executive Directors of the Company under the chairmanship of Simon Stilwell. The Committee meets at least bi-annually and is responsible for determining the terms of service and remuneration of the Executive Directors and oversight of the Group's reward packages and divisional bonus structures. All of the Group's divisional incentive schemes were reviewed and approved in the year. These schemes all feed into delivering the GH25 strategy. The CEO and CFO are invited to attend the meetings of the Committee.

The Committee's main roles and responsibilities are to review the performance of the Executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders and recognising the continued developments in corporate governance and best practice in executive remuneration.

In determining the remuneration of Executive Directors, the Committee will seek to enable the C ompany to attract and retain executives of the highest calibre. The Committee will also make recommendations to the full Board concerning the incentivisation of employees through long-term equity incentive schemes and has consulted with external advisors and shareholders during the year to ensure that incentive structures and awards are in line with market practice.

No Director is permitted to participate in decisions concerning their own remuneration.

The full Board of Directors is responsible for determining the level of fees paid to the Non-Executive Directors (including the Chair) based on the Remuneration Committee's recommendations, Non-Executive Directors are not eligible to participate in the Company's long-term incentive schemes.

Key activities in 2022

- Reviewed the Committee's terms of reference
- Reviewed and approved all of the Groups divisional bonus structures and schemes
- The Committee was evaluated as part of the wider board evaluation process with no significant recommendations made
- Supported the executive team in its response to the cost of living crises and with the help of external advisors devised a plan with a tiered approach to help employees who had been impacted the most
- Approval of targeted PSP awards to key employees
- Approval the bonus share matching and save as you earn schemes
- Assessed the Group's policies to ensure it complied with the QCA Code and the FCA Remuneration Code regarding the FCA's Payout Process Rules
- Working with the Sustainability Committee to ensure there is alignment with Group-wide sustainable objectives

Directors' share interests

The beneficial interests of the Directors who served during the year and their connected persons in the ordinary share capital of the Company as at 31 December 2022 are set out below:

	2022 Number of shares	2021 Number of shares
Anthony Townsend	**34,855**	34,855
Tony Dalwood	**935,303**	918,737
Kevin Acton	**261,798**	249,889
Rachel Beagles	**10,975**	10,975
Gareth Davis	**16,400**	16,400
Sarah Ing	**4,000**	–
Simon Stilwell	**16,000**	16,000

The Remuneration Committee has set the policy that the Executive Directors should hold a minimum of 200% of their basic salaries in the Company's shares or share-based awards that are exercisable at the discretion of the Executive Directors. This is viewed as a key driver of alignment with shareholders and a target that should be reached over a three-year period or five years for newly appointed Executive Directors. At 31 December 2022, both Tony Dalwood (1775%) and Kevin Acton (745%) held in excess of 200% of their basic salaries in directly held shares.

Directors' service contracts are governed by the following policies:

a. The notice period required by either the Company or the Director to terminate the contract is 12 months for Tony Dalwood, six months for Kevin Acton and three months for Anthony Townsend, Rachel Beagles, Gareth Davis, Sarah Ing and Simon Stilwell.

b. In the event that a Non-Executive Director is not re-elected by shareholders in accordance with the Articles of Association his/her appointment shall terminate with immediate effect and the individual is entitled to payment in lieu of notice being the maximum notice period in his/her contract.

c. In the event of termination for events as specified in the contract, including negligence and incompetence in the performance of his/her duties, misconduct and serious breaches of the rules of the FCA, the Company may terminate employment summarily without any payment in lieu of notice.

d. A discretionary bonus scheme was introduced by the Company in 2015 and all Executive Directors are eligible to participate in the scheme.

Remuneration policy

The Remuneration Committee reviews the Company's remuneration policy and structure to ensure that the remuneration framework remains effective in supporting the Company's business objectives, in line with best practice, and fairly rewards individuals for the contribution that they make to the business, having regard to the size and complexity of the Group's operations and the need to retain, motivate and attract employees of the highest calibre. Our remuneration structure is designed to contribute to the achievement of short-term and long-term financial and strategic objectives of our Group and must also ensure that the interests of our stakeholders including shareholders, employees, clients and regulators among others are observed.

Risk and conduct matters also form part of remuneration considerations. As a regulated financial market participant, we promote sound and effective risk management with respect to financial and sustainable investing risks and our remuneration structure does not encourage excessive risk taking and this is linked to risk-adjusted performance across our Group. This includes malus and clawback provisions in our LTIPs.

The Remuneration Committee seeks to align base salary and total remuneration of the Executive Directors with the wider asset management industry. Remuneration is benchmarked against rewards available for equivalent roles in a suitable comparator group with the aim of paying neither significantly above nor below the median for each element of remuneration. The Committee also considers general pay and employment conditions of all employees within the Group and is sensitive to prevailing employment market conditions and governance trends in its wider assessment.

The Committee has historically benchmarked the senior management team, including the Executive Directors, across the main components of the remuneration packages. When measured against similar roles in AIM market companies and comparable asset managers, the Board considers that the senior management team is fairly remunerated considering the in-year growth in profitability of the business and the market capitalisation and the growth achieved overall since the new team was appointed in 2014.

As a proportion of the Executive Directors' remuneration is linked to the Company's performance, which is in a large part determined by the price of its ordinary shares over a given period of time, future share price increases will have a corresponding effect on the Executive Directors' pay outcomes, subject to the terms of each of the relevant schemes under which such remuneration is determined.

The total remuneration package links corporate and individual performance with an appropriate balance between short and long-term elements, and fixed and variable components. The policy is designed to incentivise executives to meet the Company's strategic objectives as set out in GH25, such that a significant portion of total remuneration is performance related. The current remuneration of Executive Directors comprises the following five components:

- basic salary;
- pension arrangements (only basic salary is pensionable);
- annual bonus;
- bonus share matching plan; and
- long-term incentive plans.

Basic salary

Basic salary represents a value which reflects the Remuneration Committee's assessment of the market rate for relevant positions and the individual Director's experience and value to the business. The Executive Directors have had an inflationary salary increase in 2022 of 3%, which has been broadly applied to the wider team across the Group. In 2023 the Executive Directors have had a 0% salary increase to reflect the challenging macroeconomic conditions and ensure that the lower paid members of the team can have salary increases to support those more impacted by the cost-of-living crisis.

Pensions and benefits

The Company provides for the auto-enrolment into a pension scheme for the benefit of Executive Directors and employees. A contribution to pension or equivalent schemes remains an entitlement of all employees. In the instance an employee 'opts out' of the scheme, arrangements are in place to ensure the Company makes appropriate contributions. The Company also provides benefits for employees such as healthcare, professional training, electric vehicle leasing scheme and the cycle to work scheme.

Annual bonus

The Company operates a discretionary bonus scheme which provides for a performance-related bonus based on the Group's results. The individual bonus ranges for the Executive Directors are established by the Remuneration Committee and the level of bonus payments is driven by the overall business performance and determined by the Remuneration Committee with a view to maximising shareholder value and meeting other Group objectives.

Executive Directors' bonuses in 2022 were measured against a mixture of financial and strategic objectives as set out in GH25. 80% of the maximum award is based on three key financial objectives and 20% on the achievement of strategic objectives including our sustainable investment plans. The Group significantly outperformed the financial targets through its growth in AUM to £7.8 billion, increased adjusted operating profit of £27.1 million and achieved an adjusted operating margin of 35% in the year and also delivered on its strategic targets which are focused on building a robust sustainable business. The stretching financial criteria for cash bonus allocations to the Executive Directors in the year led to them achieving 80% of the maximum bonus.

The Chairman and the Non-Executive Directors are not eligible to participate in this bonus scheme.

Bonus share matching plan

The Company introduced in 2016 a share matching plan linked to the discretionary annual bonus scheme to encourage employees to invest in the long-term growth of the Company.

Subject to Remuneration Committee approval, employees entitled to a bonus may be permitted (but not required) to defer and reinvest up to 100% of their annual bonus into ordinary shares in the Company which will be released to them after three years, together with any additional matching shares (on a one for one basis), subject to the performance criteria set out below. In 2022, the Remuneration Committee approved the reinvestment of up to 50% of annual bonuses into ordinary shares by management and employees subject to a cap generally of £100,000 (2021: 50% and capped at £100,000).

In the event that the Company achieves growth in its mid-market closing share price equal to 7% per annum compounded growth from the date of deferral (which is a condition precedent) and the Company's share price outperforms the FTSE All Share Index from the date of deferral, the participant will receive 100% of the matching shares. Where the Company's share price does not outperform the FTSE All Share Index, the participant will receive 50% of the matching shares.

In the event these performance conditions are not met, the participants will receive only the ordinary shares acquired with the deferred bonus.

In total, the dilution limit available to the Company ensures that the total ordinary shares issued and issuable in satisfaction of the above incentive arrangements and other new and existing long-term incentive plans will not exceed 20% of the Company's total issued share capital as outlined in the Admission Document dated 4 November 2015. As at 31 December 2022, the dilutive impact based on the fair value of existing long-term incentive plans is 14.3% of the 20.0% dilution limit, with 9.5% having already been issued.

Long-term incentive plans

2020 LTIP

On 23 December 2020, the Company made long-term incentive awards (2020 LTIP) to its management team. The 2020 LTIP awards were approved by the Board following a thorough review process which concluded that these awards were appropriate and consistent with a structure which is in shareholders' interests by following design principles that require all long-term incentives to (1) pay appropriately, (2) promote growth in overall shareholder value, and (3) use structures which are transparent and simple. This process included consultation with shareholders and the use of an independent remuneration consultant.

These design principles are reflected in the following aspects of the 2020 LTIP awards:

- The 2020 LTIP awards are genuinely long term: the awards will reward value created for shareholders from 1 January 2020, and this period aligns to the Company's wider GH25 programme which operates over 5 years, 2020 to 2024. In line with GH25's aspiration to double shareholder value in that period, that level of growth is required for maximum performance under the 2020 LTIP awards. Accordingly, the 2020 LTIP awards are a four to five-year programme, rather than the more normal three-year time horizon for plc LTIPs, and any shares delivered under the 2020 LTIP awards before five years must be held until the announcement of FY2024 annual results in the spring of 2025.
- The 2020 LTIP awards operate within caps: specifically, the awards will operate within the Company's existing share plans' dilution limit established at the Company's re-listing on AIM in 2015, up to 20% of issued share capital can be used for share plans and this limit cannot be exceeded (9.5% has already been utilised).
- For the duration of the plan, the management team who received 2020 LTIP awards will not receive any new allocations to any new carry plans or other fund-based incentives.
- The terms on which the 2020 LTIP awards were made are based on the Company's 2018 LTIP plan and accordingly reflect "market normal" LTIP provisions which give the Remuneration Committee appropriate oversight powers on matters such a "good/bad leaver" and malus/clawback.

A detailed summary of the 2020 LTIP awards is as follows:

The pool principles will measure the total return to shareholders over (i) 1 January 2020 to 31 December 2023 (the first measurement period) and (ii) 1 January 2020 to 31 December 2024 (the second measurement period).

In the event that total return to shareholders over the first measurement period is 7% p.a. (Performance Hurdle) or more, a maximum related plan pool of value equal to 7.5% of such total return may arise. In the event that total return to shareholders is more than the Performance Hurdle over the second measurement period, a maximum of 15% of such total return to shareholders may arise (less any pool value distributed under the awards in respect of the first measurement period).

Return to shareholders for such purposes shall be measured from a base value of £165,706,250, being the 90-day average market capitalisation of the Company to 1 January 2020, to the respective 90-day market capitalisation averaging periods at each of the measurement periods and shall include the value of dividends (assumed reinvested) and other capital (if any) returned. Appropriate adjustments to the required minimum 7% p.a. level of growth in return shall be made in respect of any capital raised during the measurement periods.

The 2020 LTIP consists of awards, which if they vest may be exercised at any date up to the tenth anniversary of grant (unless accelerated by a change of control or an individual leaving the Company).

The 2020 LTIP is an equity-settled share-based payment and the number of shares in respect of which the awards may vest when aggregated with those issuable or issued in respect of awards granted under the Plan and any other Company employees' share scheme, shall not exceed 20% of prevailing issued share capital in accordance with the AIM Admission circular dated 4 November 2015. Scaling back of awards shall apply to such extent as required to ensure this limit is not breached.

Vested shares must be held: (1) for a further year following vesting for options vesting at the 2023 measurement date, and (2) until the announcement of FY2024 annual results in the spring of 2025 for awards vesting at the 2024 measurement date.

To the extent that an individual exercises his options during a holding period, he may sell sufficient shares to cover the tax liability which arises but must retain the net number of shares.

As at 31 December 2022, the incremental value created for shareholders since the start of the GH25 plan on 1 January 2020 is £69.4 million, which implies a value of the 2020 LTIP of £10.4 million.

2016 LTIP

On 28 July 2016, the Company implemented the 2016 long-term incentive plan (2016 LTIP) to align management with the interests of shareholders. These arrangements only reward the participants if shareholder value is created. This award has fully vested and the final D Shares (awarded to joiners post the original 2014 buy-in) were exercised in the year to 31 December 2022.

For the purposes of the plan, "shareholder value" broadly means the difference between the market capitalisation of the Company at the point in time that any assessment is made and the sum of:

1. the market capitalisation of the Company a) at 1 December 2014 for first awards made to management who joined the Company before 30 September 2015; and b) at the date of award in all other cases; and
2. the aggregate value (at the subscription price) of all ordinary shares issued thereafter and up to the point in time that any assessment is made, in each case adjusted for dividends and capital returns to shareholders and/or issue of new shares.

The beneficiaries of the plan will in aggregate be entitled to an amount of up to 20% of shareholder value (as defined above) created over the exercise period, subject to the performance criteria set out below. Individual participation in the shareholder value created has been determined by the Remuneration Committee in respect of the Executive Directors.

There are certain hurdles the Company's share price has to achieve before an award vests.

In the event that the Company achieves an average mid-market closing price equal to compound growth at 7% per annum for a period of ten consecutive dealing days after 1 December 2016 for first awards to management who joined the Company before 30 September 2015 and from the second anniversary of the date of award in all other cases, 50% of the award will vest.

In the event that the share price of the Company outperforms the FTSE All Share Index in the ten-dealing day period after 1 December 2016, and from the second anniversary of the date of the award in all other cases, 50% of the award will vest.

Each award requires a minimum term of employment of three years and awards were made to current management and new joiners at the Company's discretion and are settled in equity of the Company at the Board's discretion.

In March 2022, the final D Share awards under the 2016 LTIP were exercised and settled in cash for £2.1 million having passed all the required hurdles and creating £115.7 million of value for shareholders.

Performance Share Plan – 2018 LTIP and 2019 LTIP

The 2018 LTIP and 2019 LTIP were issued under the Performance Share Plan, which was introduced to align the management team and wider members of the business for the next three years with shareholders. This was introduced as the 2016 LTIP had vested and was designed to provide a long-term incentive and alignment for the management team during this period. The Performance Share Plan is a deferred share award, which vests in three years' time from award subject to management remaining employed by the Company at this date. There is no staggered vesting period and vesting is at the end date in three years' time.

The quantum of the award was considered and agreed by the Remuneration Committee for both the 2018 LTIP and 2019 LTIP awards.

Under the 2018 LTIP, 447,496 deferred shares were awarded to the management team and employees, with a fair value at award of £2.1 million. The 2018 LTIP award vested in 2021, with participants receiving shares net of tax liabilities.

Under the 2019 LTIP, 274,728 deferred shares were awarded to the management team, with a fair value at award of £1.5 million. The 2019 LTIP vested in September 2022 and was settled in cash of £2.1 million.

Performance Fees and Carried Interest

For a selection of funds managed by the Group, Performance Fees and Carried Interest are paid to the investment and management team as a long-term incentive. These are only paid when clients have received a preferred return hurdle over the long term and take the form of a percentage of the profits generated for clients, ranging from 10-20%.

These schemes were established in the early years of Gresham House's development and these schemes rewarded the management team based on performance where it added value in the initial stages of the funds' development. Carry points were allocated to the Company and to individual members of the management team involved in working on these funds using a points system which is typical in long-term asset classes (such as private equity). The points allocations were approved by the Remuneration Committee on an annual basis with any payout in a particular year reflecting the four-year rolling average of an individual's points.

As part of the implementation of the 2020 LTIP, the management team will no longer be eligible to receive allocations to future new performance fees and carried interest schemes but are eligible to receive the benefit of any reward that has been already granted prior to the implementation of the new 2020 LTIP. For example, awards made 2017, 2018 and 2019 were paid in 2021 and no performance fees were earned by the management team in 2022.

Directors' emoluments

The Directors who served in the year received the following emoluments:

Year ended 31 December 2022	Basic salary £'000	Benefits £'000	Cash bonuses £'000	Bonus share matching[1] £'000	Pensions[2] £'000	2022 £'000
Executive:						
Tony Dalwood	398	3	672	100	40	1,213
Kevin Acton	265	2	260	100	27	654
Non-Executive:						
Anthony Townsend	60	–	–	–	–	60
Rachel Beagles	35	–	–	–	–	35
Richard Chadwick[3]	15	–	–	–	–	15
Gareth Davis	35	–	–	–	–	35
Sarah Ing[4]	52	–	–	–	–	52
Simon Stilwell[5]	60	–	–	–	–	60
Total	920	5	932	200	67	2,124

1. The Executive Directors have elected to reinvest part of their bonuses in the Company's ordinary shares through the Bonus Share Matching plan.
2. Payments have been made in lieu of contribution towards pension scheme.
3. Richard Chadwick retired from the Board at the 2022 AGM in May 2022.
4. Sarah Ing acted as Richard Chadwick's alternate from September 2021 until his retirement at the conclusion of the 2022 AGM whereupon she was appointed as a Director and Chair of the Audit Committee, and received a director's fee of £28,333 in June 2022.
5. Simon Stilwell received a fee of £20,000 for additional Board projects undertaken in the year.

Year ended 31 December 2021	Basic salary £'000	Benefits £'000	Cash Bonuses £'000	Bonus share matching[1] £'000	Pensions[2] £'000	2021 £'000
Executive:						
Tony Dalwood	386	3	866	100	39	1,394
Kevin Acton	258	2	351	100	26	737
Non-Executive:						
Anthony Townsend	60	–	–	–	–	60
Rachel Beagles	35	–	–	–	–	35
Richard Chadwick	40	–	–	–	–	40
Gareth Davis	35	–	–	–	–	35
Sarah Ing[3]	–	–	–	–	–	–
Simon Stilwell	40	–	–	–	–	40
Total	854	5	1,217	200	65	2,341

1. The Executive Directors have elected to reinvest part of their bonuses in the Company's ordinary shares through the Bonus Share Matching plan.
2. Payments have been made in lieu of contribution towards pension scheme.
3. Sarah Ing has joined the Board as an alternate Director and was appointed as a Director at the conclusion of the 2022 AGM. No fees were earned in the year to 31 December 2021.

Long-term incentive plans and share ownership of Executive Directors

The Executive Directors held the following ordinary shares in the Company and have the following equity awards outstanding as at 31 December 2022 (number of ordinary shares):

Number of ordinary shares[4]	Ordinary shares held[1]	Bonus share matching[2] 2019	Bonus share matching[2] 2020	Bonus share matching[2] 2021	Bonus share matching[2] 2022	2020 LTIP[3]	Total
Awarded date		2020	2021	2022	2023	2020	
Vesting date		2023	2024	2025	2026	2023/24	
Tony Dalwood	935,303	34,416	12,296	11,372	13,252	448,332	1,454,971
Kevin Acton	261,798	–	12,296	11,372	13,252	227,614	526,332

1. Includes shares held directly, by family members and deferred shares purchased under the bonus share matching plan as at 31 December 2022.
2. Bonus share matching 2019, 2020, 2021 and 2022 are the result of the Executive Directors electing to reinvest their cash bonus into Gresham House plc shares, which subject to achieving hurdles could result in the number of shares above being awarded on the vesting date. The number of shares disclosed above reflects the matching shares that would be received should the hurdles be achieved.
3. The value of the 2020 LTIP as at 31 December 2022, based on the creation of £69.4 million of shareholder value, and assuming it vested and had achieved all performance hurdles, generates the gross number of shares.
4. These share awards are disclosed before tax.

Ordinary shares held and equity awards outstanding as at 31 December 2021 (number of ordinary shares):

Number of ordinary shares[iv]	Ordinary shares held[1]	2016 LTIP – D shares	Bonus share matching 2018[2]	Bonus share matching 2019[2]	Bonus share matching 2020[2]	Bonus share matching 2021[2]	2019 LTIP	2020 LTIP[3]	Total
Awarded date		2019	2019	2020	2021	2022	2019	2020	
Vesting date		2021	2022	2023	2024	2025	2022	2023/24	
Tony Dalwood	918,737	–	–	34,416	12,296	11,372	68,943	617,990	1,663,754
Kevin Acton	249,889	70,575	6,737	–	12,296	11,372	55,154	313,748	719,771

1. Includes shares held directly, by family members and deferred shares purchased under the bonus share matching plan.
2. Bonus share matching 2018, 2019, 2020 and 2021 are the result of the Executive Directors electing to reinvest their cash bonus into Gresham House plc shares, which subject to achieving hurdles could result in the number of shares above being awarded on the vesting date. The number of shares disclosed above reflects the matching shares that would be received should the hurdles be achieved.
3. The value of the 2020 LTIP as at 31 December 2021, based on the creation of £112.8 million of shareholder value, and assuming it vested and had achieved all performance hurdles, generates the gross number of shares.
4. These share awards are disclosed before tax.

Long-term incentive plans vested or exercised in the year to 31 December 2022:

	Bonus Share Matching 2018 Shares received[1]	Total shares received in 2022	2019 LTIP cash settled[2]	2016 LTIP cash settled[3]	Total cash settled from LTIPs in 2022
Tony Dalwood	–	–	£563,105	–	£563,105
Kevin Acton	7,247	7,247	£450,481	£702,080	£1,152,561

1. The Bonus Share Matching plan from 2018 fully vested in March 2022, with Kevin Acton receiving the deferred shares and matching shares under the plan and the figures shown above are net of income tax liabilities.
2. The 2019 LTIP fully vested and was exercised during 2022 and was settled in cash. The figures shown is gross and tax was deducted via payroll.
3. The 2016 LTIP D Shares vested and were exercised in 2022. This was cash settled and paid gross.

Long-term incentive plans vested or exercised in the year to 31 December 2021:

	2018 LTIP shares received[1]	Bonus share matching 2017 Shares received[2]	Total shares received in 2021	GHS performance fees	Total cash settled from LTIPs in 2021
Tony Dalwood	58,166	–	58,166	£552,599	£552,599
Kevin Acton	36,192	5,161	41,353	£94,132	£94,132

1. The 2018 LTIP fully vested and was exercised during 2021 and is the net number of shares delivered to the individuals.

2. The Bonus Share Matching plan from 2017 fully vested in May 2021, with Kevin Acton receiving the deferred shares and matching shares under the plan and the figures shown above are net of income tax liabilities.

Performance fees in 2021

The performance fees earned by Gresham House Asset Management (GHAM) from Gresham House Strategic plc (GHS) (now known as Rockwood Strategic plc) in the year to 31 December 2021 reflected the outperformance of the NAV hurdles for the year to 31 March 2021 (2021 performance fee of £1.9 million) and 1 April 2021 to 11 October 2021 on termination of the management contract by the Board of GHS (termination performance fee of £2.3 million). The performance of GHS over the period from 1 April 2021 to 11 October 2021 was a 27% growth in GHS's NAV, which meant the termination performance fee was payable. There were no performance fees earned in 2022.

The 2021 performance fee was allocated using an annual points allocation system to individuals and the Group as part of the annual Remuneration Committee approval process and is typical for the more private equity-based approach to investing used in the Company's Strategic Equity division. The long-term nature of the investments made by GHS has been reflected through the allocation of the performance fee using a rolling four-year average points allocation. During the years to the end of 2019 the management team was awarded allocations; however, post 2019 the management team have received zero points allocations. Tony Dalwood received 16.0% of the 2021 performance fee and 10.7% of the termination performance fee, totalling £552,599 and Kevin Acton received 2.6% of the 2021 performance fee and 2.0% of the termination performance fee, totalling £94,132. All payments are gross and subject to income tax.

VCT co-invest scheme

The Baronsmead VCTs have in place a co-invest scheme for the investment team and management to invest alongside the Baronsmead VCTs in their unquoted investment portfolio. During the year to 31 December 2022 Tony Dalwood and Kevin Acton did not participate in the co-invest scheme (2021: nil).

Non-Executive Director and Chair remuneration 2023

The Remuneration Committee assessed the compensation for the Chair at year end and post the board evaluation exercise and noted that there had been no change in the award for three years. The Committee concluded that considering the increasing complexity of the business, time commitment and the responsibilities undertaken, the 2022 Chairman's fee was not at an acceptable level for the role. The Committee recognised the need to make a significant increase but was also cognisant of the more modest approach to pay across the group and so will seek to address the imbalance in a staged manner. The Chair's remuneration has been increased to £85k per annum and it will be reassessed again at the end of 2023.

Separate to the Remuneration Committee the Board reviewed the Non-Executive Directors' fees at the year end and post the Board evaluation. It similarly concluded that considering the increasing complexity of the business, time commitment and the responsibilities undertaken the 2022 fee level was not at an acceptable level for the role. The base fee has been increased in 2023 to £45k per annum with committee chair fees remaining at £5k. There is no additional fee for the Senior Independent Director. This figure will also be reassessed at the year end.

Simon Stilwell
Chair, Remuneration Committee

29 March 2023

Sustainability report

On behalf of the Board, I am pleased to present the 2022 Directors' Sustainability Report reflecting this Committee's first full year of activity following its formation in July 2021.

The Sustainability Committee was formed to develop the Group's sustainability governance structures, reflecting Gresham House's ambition to be a leader in sustainable investment – as set out in its GH25 strategic plan – by embedding "best in class" ESG practices.

The Board Sustainability Committee consists of all five Non-Executive Board Directors, with Rupert Robinson, Managing Director Gresham House Asset Management (GHAM), and Sustainable Investment Team representatives as standing attendees. All Non-Executive Directors attended all Sustainability Committee meetings in 2022.

The Committee meets at least twice a year and is responsible for understanding ESG risks and opportunities facing the Group, including climate change, monitoring progress against the Group's Corporate Sustainability Strategy, and ensuring the infrastructure is in place for the Group to manage any material ESG risks and opportunities. This includes oversight of the extent to which the Group meets its commitments and policies regarding sustainable investment.

The GHAM Sustainability Executive Committee (Sustainability ExCo) reports to the Board Sustainability Committee on progress made by the Group against the Corporate Sustainability Strategy and core sustainability matters on a six-monthly basis.

2022 activity

The Sustainability Committee covered a comprehensive range of agenda items in 2022:

- ESG risks
- Corporate Sustainability Strategy progress
- Climate-related risks and opportunities
- Group Financed Emissions (carbon footprint results)
- TCFD responsibilities and processes
- ESG data and software
- Sustainability-related regulatory updates
- Sustainability messaging
- Sustainability-related reporting requirements
- Consideration of remuneration linkage to sustainability objectives

Gareth Davis
Chair, Sustainability Committee

Culture

We are pleased to see a strong level of leadership from the executive team with regards to sustainability objectives, with the Sustainability ExCo providing a constructive forum for oversight and input from the Group Management Committee. Culturally, the extensive training and internal communications on sustainability, and the introduction of the Sustainability ExCo, have elevated the importance of sustainability across the business.

Climate-related risks and opportunities

The Board is responsible for defining the Company's direction and business strategy. Steps have been taken to embed climate-related risks and opportunities formally within this strategy and as such these factors have a direct impact on strategic decision making and financial planning.

The Sustainability Committee is responsible for overseeing the extent to which the business units are exposed to and manage these risks and opportunities. Updates on climate-related risks and opportunities facing the Group have become a regular agenda item for this Committee.

Gresham House is publishing its first standalone TCFD report this year, a year ahead of regulatory requirements. The Sustainability Committee believes this is commensurate with the Group's ambitions to be a leader in sustainable investment and the relative level of exposure to climate-related opportunities, and risks, across the business based on its asset exposure.

Committee training

To support the Sustainability Committee in overseeing climate-related risks and opportunities, this Committee received training on the TCFD from an external expert. The Committee also received training on other sustainability-related topics relevant to the Group, such as the UK Sustainable Disclosure Regulation, to ensure a sufficient level of knowledge on the Committee to effectively oversee the sustainability agenda and landscape.

The Sustainable Investment Team continues to be an excellent support to the Sustainability Committee and Group Management Committee via the GHAM Sustainability Executive Committee. They provide specialist expertise, both in formal forums and on an ad hoc basis, on sustainability matters and support management in understanding and navigating what is increasingly fundamental to the business.

Corporate Sustainability Strategy

Considerable progress was made in 2022 in implementing the Corporate Sustainability Strategy, driving forward the sustainability agenda across the business. Particular progress was made across the Sustainable Investor pillar which aligns with the Group's activities and business priorities. More detail on progress against the Corporate Sustainability Strategy can be found on pages 38 to 43.

Whilst excellent progress was made, the sustainable investment landscape is evolving rapidly, and the achievement of ambitious sustainability objectives can be challenging. One such example is the Group's ambition to set a Science Based Target which has taken longer to implement than hoped following legal guidance on the topic. As such, we remain attuned to the complexities and internal navigation of such topics. The Sustainability Committee is reassured by the Group's considered and authentic approach to the sustainability agenda but will continue to oversee progress against its objectives.

2023

Looking to 2023, the Sustainability Committee will continue to monitor the emergence of new regulation, such as the UK Sustainable Disclosure Regulation (SDR) to be finalised later this year, and the Group's compliance. The Committee will monitor progress against the Corporate Sustainability Strategy and priorities for 2023. Additionally, the Board intends to hold an integrated meeting at least once during the year of the Sustainability Committee, the Audit Committee and the Remuneration Committee to ensure alignment of understanding, oversight and action by all three committees.

Gareth Davis
Chair, Sustainability Committee

29 March 2023

Nomination Committee report

On behalf of the Board, I am pleased to present the 2022 Nomination Committee Report.

The Nomination Committee consists of the five Non-Executive Directors of the Company under the chairmanship of Anthony Townsend. The CEO and CFO are invited to attend the meetings. The Committee meets at least annually and is responsible for the review and recommendation of Board and Committee memberships, succession planning and board appointments.

The Committee's main roles and responsibilities are to review the structure, size and composition of the Board and recommend any changes as necessary and to give full consideration and formulate plans in relation to succession planning for the Board, Chairman and Group Management Committee members.

Board evaluation

The Board evaluation process for 2022 is detailed on page 82.

Board policy on diversity

We believe in a commitment to diversity, equity and inclusion, and making a positive change.

The Board is dedicated to encouraging a meritocratic, supportive and inclusive culture. Diversity can potentially bring advantages to an organisation which may include increased profitability, innovation and creativity, stronger governance and better decision making and problem-solving abilities. Directors with diverse backgrounds can bring their own perspectives, ideas and experiences, which aims to support Gresham House as a resilient and effective organisation.

The Nomination Committee plays an integral role in the Board's policy on diversity. It regularly reviews the structure, size and composition, including the skills, knowledge, experience and any relevant diversity identified as potentially beneficial to the Board and recommends any changes as appropriate.

Anthony Townsend
Chair, Nomination Committee

In identifying suitable Board candidates, the Nomination Committee may use the services of external advisers to facilitate the search if considered necessary and appropriate. In the past, specialist recruitment platforms have been used to attract a shortlist of high calibre candidates that focus on attracting high quality, diverse candidates with ultimate decisions based on a variety of meritocratic factors.

The Nomination Committee considers candidates from a wide range of backgrounds and considers candidates primarily on merit and objective skills and successful experience criteria, with appropriate due regard for the benefits of relevant diversity on the Board, taking care that appointees have enough time available to devote to the position.

Anthony Townsend
Chair, Nomination Committee

29 March 2023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Directors' report

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2022.

Results and dividends

The Group Statement of Comprehensive Income is set out on page 116 and shows the results for the year ended 31 December 2022. The Directors recommend that the Company pay a final dividend for the year ended 31 December 2022 of 16.0 pence per share to be paid on 26 May 2023 (2021: 10.0 pence). The ex-dividend date will be 11 May 2023 and the record date will be 12 May 2023.

Principal activities, review of business and future developments

The review of the business and a summary of future developments are included in the Chairman's Statement on pages 8 to 11 and the Chief Executive's Report on pages 12 to 19.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group are explained in the Risk Management section on pages 70 to 77.

Directors

The present Directors are listed on pages 78 to 79 together with brief biographical details. The Directors who served during the period under review were:

Name	Position
Anthony Townsend	Non-Executive Chairman
Tony Dalwood	CEO
Kevin Acton	CFO
Rachel Beagles	Non-Executive
Gareth Davis	Non-Executive
Simon Stilwell	Non-Executive
Sarah Ing	Non-Executive
Richard Chadwick*	Non-Executive

* Retired in May 2022

Samee Khan

Chief Legal Officer and Company Secretary

In accordance with the Company's Articles of Association, Kevin Acton, Rachel Beagles and Simon Stilwell will stand for re-election at the forthcoming Annual General Meeting of the Company. Sarah Ing will also stand for election having been appointed at the conclusion of the Company's 2022 AGM to fill the vacancy of Richard Chadwick following his retirement.

The Board confirms that the performance of each of the Directors seeking re-election or election continues to be effective and demonstrates commitment to the role, and the Board believes that it is therefore in the best interests of shareholders that the Directors be re-elected or elected, as the case may be.

Directors' indemnity

The Company has, as permitted by the Companies Act 2006 and the Company's Articles of Association, maintained a Directors' and officers' liability insurance policy on behalf of the Directors, indemnifying them in respect of certain liabilities which may be incurred by them in connection with the activities of the Company. This policy does not provide cover for fraudulent or dishonest actions by the Directors.

Share capital and voting rights

As at 1 January 2022 and 31 December 2022, there were 38,000,819 and 38,273,996 ordinary shares in issue respectively with a nominal value of 25 pence each.

The ordinary shares are listed on the Alternative Investment Market of the London Stock Exchange. Details of new ordinary shares issued in the year can be found in note 27.

Details of substantial shareholdings and control can be found in the table below. The voting rights of shareholders are as follows:

Each shareholder has the right to:

1 participate in distributions of profits in proportion to the nominal capital paid up on the shares held;

2 one vote on a show of hands, and on a poll one vote per share held, at a general meeting of the Company. A member entitled to more than one vote need not cast all votes the same way;

3 a dividend, subject to the discretion of the Directors of the Company, apportioned and paid proportionately to the amounts paid up on the shares; and

4 in the event of a winding up of the Company the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company.

Relations with shareholders

The Board recognises the importance of regular and effective communication with shareholders, particularly the need for open communication on the Company's strategy. Management has regular dialogue with the Company's major shareholders and ensures that their views are communicated fully to the Board.

Other forms of communication include the annual and interim financial statements, announcements released to the London Stock Exchange, the Annual General Meeting and regular face to face meetings with major shareholders and management. These meetings allow the CEO and the CFO to update shareholders on strategy and the Group's performance. The Company also has an ongoing programme of individual meetings with institutional shareholders and analysts following the preliminary and half-year results presentations. The Company hosted its second Capital Markets Day in November 2022, providing an update on GH25 progress and insights into the business. The Company also has an ongoing programme of public presentations and interviews via various financial media platforms.

As soon as practicable following the conclusion of any general meeting, the results of the meeting are released through a regulatory news service and a copy of the announcements placed on the Shareholder Information section of the Company's website.

In the event that a significant proportion of votes was cast against any resolution (20%) at a General Meeting, an explanation of the actions proposed to be taken in response would be outlined.

The Shareholder Information section of the Company's website includes historic Annual Reports (together with notices of meetings) and other governance related material, such as investor presentations and marketing materials.

Substantial interests

As at 31 December 2022, the following substantial interests representing 3% or more of the total voting rights of the Company have been notified to the Company:

Beneficial shareholder	Number of shares	% of issued share capital
The Royal County of Berkshire Pension Fund	4,671,716	12.2%
Liontrust Investment Partners LLP	3,768,373	9.8%
Martin Currie Investment Management	1,749,525	4.6%
Amati Global Investors	1,650,000	4.3%
Fidelity International	1,643,920	4.3%
Hargreaves Lansdown	1,597,899	4.2%
Aviva Investors	1,567,777	4.1%
Canaccord Genuity Wealth Management	1,322,433	3.5%
abrdn	1,309,598	3.4%
Mr Richard Crosbie Dawson	1,293,681	3.4%
Invesco	1,256,297	3.3%

Companies Act 2006 disclosures

Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 require Directors to disclose the following information. The Company is not required to, but chooses to disclose the following for good practice:

1. the structure of the Company's capital is summarised in notes 26 and 27. The holders of ordinary shares are entitled to receive the Company's reports and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. There are no restrictions on voting rights that the Company is aware of, nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
2. there exist no securities carrying special rights with regard to the control of the Company;
3. the provisions concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006;
4. the Articles of Association of the Company may be changed by special resolution;
5. no agreements exist to which the Company is a party that may affect its control following a takeover bid; and
6. there are no agreements in place between the Company and its Directors providing for compensation for loss of office in the event of the Company being taken over.

Engagement with customers, suppliers and others

The Directors are required to promote the success of the Company as a whole and, in doing so, have regard to a range of stakeholders.

In the Section 172 statement on **pages 32** and **33**, we have set out how we have engaged with our key stakeholders, including customers, suppliers and others in a business relationship with the Company, and how the Board has considered their interests during the year.

Financial risk management objectives

The Group's financial risk management objectives can be found in **note 32** of the financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the UK and the rules of the London Stock Exchange for companies whose securities are listed on the Alternative Investment Market and have elected to prepare the Parent Company financial statements in accordance with those standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements the Directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgements and accounting estimates that are reasonable and prudent;
3. state whether the financial statements have been prepared in accordance with IFRSs as adopted by the UK, subject to any material departures disclosed and explained in the financial statements; and
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on the Company's website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditor's right to information

So far as each of the Directors is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There were no events that have taken place after the period end that require disclosure as a post balance sheet event.

Going concern

The Directors carry out a rigorous assessment of all the factors affecting the business in deciding to adopt a going concern basis for the preparation of the accounts. The Directors have reviewed, stress tested and examined the financial and other processes embedded in the business, in particular the annual budget process. On the basis of such review and the significant liquid assets underpinning the balance sheet relative to the Group's predictable operating cost profile, the Directors consider that the adoption of a going concern basis, covering a period of at least 12 months from the date of this report, is appropriate.

Share quote

The Group's ordinary shares are listed on the Alternative Investment Market of the London Stock Exchange and are, for Inheritance Tax purposes, considered unquoted. Changes to share capital during the period are shown in note 27 to the financial statements.

By Order of the Board,

Samee Khan
Chief Legal Officer and Company Secretary

29 March 2023

5 New Street Square, London EC4A 3TW

Independent auditor's report

to the members of Gresham House plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Gresham House Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Group statement of comprehensive income, the Group and Company statements of changes in equity, the Group and Company statements of financial position, the Group and Company statements of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained the Directors' assessment of the going concern, including detailed cash flow forecasts up to December 2024 which was presented and approved by the board. Where appropriate, we agreed forecast information to third party documentation, commitments of additional assets under management, investment purchase and sale agreements and agreements for deferred consideration.
- We challenged the Directors' assumptions and judgements made regarding their forecast. This included evaluation of growth rates applied to the different revenue streams, the increase in costs assumptions in line with inflation, consideration of future, not yet committed additional assets under management, assessing the historical accuracy of forecasts and comparing the current forecasts against post year end actual results and committed transactions.
- We considered the committed cost of new hires, other expenditure projections and the projected investment pipeline to determine if the Group and Parent Company have sufficient cash resources to support these planned cash flows.
- We challenged the Directors on the timing and amount of cash flows from acquisitions and disposals in the 21 months from signing of this report in relation to investment activity and agreements including future transactions, whether committed or not.
- We considered the available undrawn finance facilities in a base case and stressed scenario and whether there is any likelihood of a breach of covenants, with reference to the signed banking facility agreements.

- We have stress tested management's assessment by understanding the committed cash flows, assessed any possible adverse effects of movements in revenue and an increase in expenditure to determine the cash resources required to settle short-term liabilities as they fall due over the next 12 months.
- We have considered current cash and cash equivalents on hand with reference to post year end bank statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*76% (2021: 100%) of Group profit before tax* *67% (2021: 94%) of Group revenue* *73% (2021: 72%) of Group total assets*		
Key audit matters		**2022**	2021
	Revenue Recognition of Management fees	**Yes**	Yes
	Acquisition accounting	**Yes**	Yes
	Valuation of unlisted investments	**Yes**	No
Materiality	*Group financial statements as a whole* £615,000 (2021: £630,000) based on 4% (2021: 3.9%) of Profit before tax adjusted for exceptional items (2021: Profit before tax)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the Group financial statements as a whole, taking into account the nature and size of each component, geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The components identified to be significant were the Parent Company, Gresham House Asset Management Limited and Gresham House Holdings Limited. The significant components were subject to full scope audits. All work for the significant components were undertaken by the Group audit team ("BDO LLP").

For non-significant components, the Group audit team has performed an analytical review of which all material balances identified were scoped in and subject to specified audit procedures with the exception of Gresham House Asset Management Ireland Ltd and Gresham House Ireland Real Estate Limited, for which an analytical review and specified procedures were performed by a BDO member firm in Ireland, and Gresham House Investment Management (Guernsey) Limited for which an analytical review and specified procedures were performed by a BDO member firm in Guernsey.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

Our involvement with component auditors included the following:

- Issue of detailed Group reporting instructions, which included the significant areas to be covered by their audit, and set out the information required to be reported to the Group audit team;
- Regular communication with the component auditors throughout the planning, execution and completion phases of the audit;
- Members of the Group audit team virtually engaged in detailed discussions with the component auditors throughout the audit process; and
- Remote review of the component auditors working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition of Management fees (Critical accounting estimates and judgements on pages 130 to 136)	Gresham House plc manages a range of funds from which it earns management fees. The inputs and calculations vary significantly across the fund population. The calculation of revenue is derived from the Assets under management (“AUM”) which is based on the Net asset value (“NAV”) of funds under management.	We recalculated a sample of the management fees by mathematically applying the formula in the revenue schedule tracing the inputs through to management’s workings to ensure that the accurate inputs were used by the group to calculate the revenue. We have audited the inputs to the revenue calculation which involve the following two significant inputs: 1. Accuracy and existence of the Fee percentage; and 2. Accuracy and Valuation of AUM

Key audit matter		How the scope of our audit addressed the key audit matter
	The inputs used in the calculation are complex in nature and requires judgement and estimation uncertainty in assessing the NAV. Per the signed investment management agreements, there are a range of ways in which each fund calculates the NAV. NAV is calculated using the following methods: 1. Third party valuations 2. NAV of listed funds 3. Valuations prepared by administrators 4. 'Negotiated' management fees. This is a situation in which there is no formally signed management fee agreement per individual investor and the fee is negotiated each year with individual investors. This was also determined to be a significant risk. Due to the complex nature of the underlying calculations relating to revenue recognition, including the judgements required to be made, we considered revenue recognition from management fees to be a key audit matter.	We agreed the percentage charged to supporting documentation for a sample of items, such as signed management fee agreements. We performed the following procedures in relation to the accuracy and valuation of AUM: 1. Third party valuations: We have tested on a sample basis based on instances of revenue transactions, the AUM used in the calculation of revenue by obtaining managements third party valuations and with the assistance of our internal valuations experts, we assessed the reasonableness thereof. 2. Listed funds where the revenue is based on the NAV: We have tested a sample of the AUM relating to these revenue sub-streams by tracing it back to audited financial statements of the underlying fund. Where these were not available, we have performed a substantive analytic to test the correlation of the NAV with the listed price by comparing the NAV per share of the fund against the listed price per share of that fund for a range of dates or instances and benchmarking the underlying investments to external sources. 3. Valuations prepared by administrators : We have obtained the daily NAV (per share class) directly from the administrator. We have then recalculated the management fee based on the fee rate per share class. Additionally, where we have isolated the inherent risk of estimation uncertainty (being the funds investments) with the assistance of our internal valuation experts we have re-priced these investments on a sample basis to be satisfied that the valuation was reasonable. 4. Negotiated management fees: On a sample basis, we have assessed the negotiated management fee based on prior fees and expectations based on management fee trends checking that these are at arms -length by comparing it to what is charged to other funds for similar services. In addition, we agreed the fee to the signed budgets. We have agreed all samples from managements underlying calculation, to our own recalculation, the general ledger, invoice and bank statements. **Key observations:** Based on our testing performed, we did not identify matters to indicate that revenue recognition from management fees was inappropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
Acquisition accounting (Critical accounting estimates and judgements on pages 130 to 136, note 5.)	In March 2022 the Group announced the acquisition of Gresham House Ireland Real Estate Limited (formally Burlington RE Property Management Limited). The total consideration for the acquisition of £2.488 million was funded through a combination of existing cash resources, deferred consideration and newly issued shares. There is a risk that the transaction's initial recognition including contingent consideration has not been accounted for in accordance with IFRS 3 Business combinations and therefore may result in a material misstatement. The identifiable assets are to be recognised at fair value on acquisition date. This includes identifying and valuing any intangible assets as part of the purchase price allocation method detailed in IFRS 3. In particular, judgement is required in determining the appropriate assumptions to use to value the acquired customer contracts and customer relationships. The contingent consideration is also dependent on forecasts to determine whether the required benchmarks will be met for the payment of contingent consideration. The acquisition of Gresham House Ireland Real Estate Limited together with the related disclosures has been identified as a key audit matter because it is a complex area which requires significant judgement, and it is considered to be an area which had a large effect on our audit strategy and allocation of resources in planning and completing our audit of the Group.	We obtained and reviewed the share purchase agreement to determine the relevant specific terms and conditions. For the fair value of assets and liabilities acquired (excluding separately identifiable intangible assets) we performed testing on material balances per the acquisition balance sheet by agreeing to supporting documentation. We assessed the completeness of the fair value through considering the requirements of the applicable accounting standards. For the separately identifiable intangible assets, with the assistance of our internal valuations experts, we have assessed that appropriate valuation methods have been used (Excess Earnings for Contract Valuation). This included challenging management's key assumptions made such as the useful economic lives, discount rates applied, contributory asset charges and the forecast future cash flows within the identified cash generating unit ('CGU'). We have obtained and reviewed management's assessment of total consideration at acquisition. In doing so, we have assessed whether the treatment of Consideration vs Remuneration applied by management agrees to guidance set out by IFRS 3. We also reviewed the treatment of any restricted shares given in consideration for the purchase of the business and assessed if these have been correctly fair valued with the assistance of our internal valuation experts. We challenged management's assessment of the contingent consideration. We checked that these assumptions are line with the share purchase agreement terms as well as evaluated the appropriateness of the likelihood of certain conditions to be met. We re-calculated the fair value of the contingent consideration at the year-end and obtained and assessed the forecasts to determine if the required benchmarks have been met for the payment of contingent consideration by way of a probability to determine whether the assumptions made in relation to the contingent consideration at year end were appropriate. With the assistance of our tax specialists we assessed the accuracy and completeness of the current and deferred tax balances included in the acquisition balance sheet (where applicable), including the impact on the tax balances of the fair value adjustments applied in the acquisition accounting. We recalculated the allocation of the purchase price to all the assets identified at acquisition to verify the accurate recognition of goodwill. We considered the disclosures made in respect of the acquisition with reference to the requirements of IFRS 3 business combinations. **Key observation:** Based on our testing performed, we consider the judgements made in the acquisition accounting of Gresham House Ireland Real Estate Limited to be appropriate in accordance with the requirements of the applicable accounting standards.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of unlisted investments (Critical accounting estimates and judgements on pages 130 to 136, note 32.)	Gresham House plc has investments in several unlisted investments. These investments are held at fair value through profit and loss in the Group's financial statements. In the current year there were investments held at year end covering: ▪ Warehoused Investment – Direct Investment ▪ Several investments in Funds that group manages – Fund valuations ▪ Strategic Public Equity Co-Investment These above investments are at times subject to complex valuation methods and require significant judgement and estimates by management with the involvement of external valuers for certain underlying assets. The inputs to valuation models include the discount rate applied, the accuracy of future performance of the investment, management assessments of year end valuations where the year end valuation has not yet been made available by the underlying fund and the reliance on third party management/ capital accounts. There is a risk that management may influence the significant judgements and estimates in respect of these valuations in order to achieve performance targets to meet market expectations. For these reasons and the significance of the financial statement line item this has been identified as a key audit matter.	Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. For all Investments in our sample we: ▪ Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and the applicable accounting standards. ▪ We have recalculated the value attributable to the Group and tested the ownership % as applied to the enterprise value or Net Asset Value of the investment. ▪ Discussed with management key judgements affecting the valuations, such as the basis for the valuation. ▪ Reviewed the information obtained from external parties in the form of capital statements and management accounts understanding the movement in the valuations based on underlying investments. ▪ Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements. Specific to the direct investments, for a sample we have: ▪ Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues used in the valuations; ▪ Considered the revenue multiples and the discount rates used by reference to observable listed company market data; and ▪ Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group and sector in which the investee company operates and other factors as appropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
		Specific to the fund valuations, for a sample we have: ▪ Compared the year end valuations per the accounting records to the valuation statements received from the managers of the underlying funds. Where an up-to-date fund manager's valuation was not available, we agreed the cash roll forward to direct confirmation from the investee company. ▪ Considered the accuracy of the underlying investment manager's valuation process by comparing the Net Asset Value per the most recent audited financial statements for a sample of funds to the capital statements for the coterminous period in order to determine the reliability of the year end valuations. We also determined whether the audit firm signing the financial statements was a recognised audit firm and checked whether there were any modifications made to their audit opinions that would impact the investments valuations. ▪ Reviewed the year end capital statements for any possible inconsistent information pertaining to the valuations as well as agreeing other material assets within the Net Asset Value to supporting documentation. ▪ Obtained draft valuations as at 31 December 2022 of the fund's underlying assets from managements external valuers where applicable or valuations from the investment committees of the funds and agreed those to the fund's management accounts. For co-investment vehicles, for a sample we have: ▪ Obtained capital statements from the fund manager of the co-investment fund as at year end and traced this through to management's calculations. ▪ Reviewed and challenged the valuation multiple applied to the cost of the investment at year end by obtaining independent confirmation from the fund manager. ▪ Additionally assessed other facts and circumstances such as market movement and comparative company information that might have an impact on the valuation. **Key observations:** Based on our procedures performed we did not identify any matters to suggest that the valuation of the unlisted investments was inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022	2021	**2022**	2021
Materiality	**£615,000**	£630,000	**£110,000**	£120,000
Basis for determining materiality	4% of Profit before tax adjusted for exceptional items	3.9% of Profit before tax	18% of Group materiality	19% of Group materiality
Rationale for the benchmark applied	Profit before tax adjusted for exceptional items was assessed to be the most appropriate benchmark as the Group is operating and generating consistent profits.		Parent materiality was capped at a percentage of the Group materiality taking into consideration our assessment of component aggregation risk.	
Performance materiality	**£430,500**	£441,000	**£77,000**	£84,000
Basis for determining performance materiality	70% of Overall Materiality taking into consideration the acquisition of Gresham House Ireland Real Estate Limited, including our risk assessment and assessment of the Group's overall control environment and history of misstatements.	70% of Overall Materiality taking into consideration the acquisition of the Gresham House Asset Management Ireland Limited and Mobeus contracts including our risk assessment and assessment of the Group's overall control environment and history of misstatements.	70% of Overall Materiality taking into consideration the acquisition of Gresham House Ireland Real Estate Limited, including our risk assessment and assessment of the Parent Company's overall control environment and history of misstatements.	70% of Overall Materiality taking into consideration the acquisition of the Gresham House Asset Management Ireland Limited and Mobeus contracts including our risk assessment and assessment of the Parent Company's overall control environment and history of misstatements.

Component materiality

We set materiality for each significant component of the Group based on a percentage of between 18% to 90% (2021:19% to 98%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £110,000 to £553,500 (2021:120,000 to 620,000). In the audit of each component, we further applied performance materiality levels of 70% (2021:70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £12,300 (2021: £12,600). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ▪ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▪ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ▪ the Parent Company financial statements are not in agreement with the accounting records and returns; or ▪ certain disclosures of Directors' remuneration specified by law are not made; or ▪ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and Parent Company, and the industry in which it operates and considered the risk of acts by the Group and Parent Company which would be contrary to applicable laws and regulations, including fraud.

These included but were not limited to compliance with the Companies Act 2006, the applicable accounting standards, AIM Rules, Corporation Tax Act 2010 and the Financial Conduct Authority (FCA) regulations.

We assessed compliance with applicable laws and regulations including fraud and performed audit procedures on these areas as considered necessary. Our procedures involved enquiry with the management and the Audit Committee, review of the reporting to the Directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence and correspondence with the regulators for any instance of non-compliance with laws and regulations or known or suspected instances of fraud. With the assistance of our tax specialists, we assessed the Group's and Parent Company's compliance with the applicable taxation legislation.

We assessed the risk of susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur and determined the principle risks related to management override of controls, revenue recognition, acquisition accounting and the valuation of unlisted investments.

Our procedures in response to the above included the following:

- In response to the risk of fraud in revenue recognition, acquisition accounting and the valuation of unlisted investments, we have performed the procedures set out in the Key Audit Matter section of our report;
- We considered the Group and Parent Company's control environment that has been established to prevent, detect and deter fraud, in particular in relation to the appropriateness of revenue recognition and acquisition accounting.
- We have also incorporated unpredictability procedures as part of our response to the risk of management override which included the testing of a sample of immaterial expenses to supporting documentation and checking that there are no supplier bank accounts listed as employee bank accounts.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of a sample of journal entries and other adjustments in the general ledger to supporting documentation and evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Justin Chait (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

29 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group statement of comprehensive income

For the year ended 31 December

	Notes	2022 £'000	2021 £'000
Income			
Asset management income		79,287	62,162
Dividend and interest income		531	590
Other operating income		2,523	1,448
Performance fees and carried interest		1,015	6,163
Total income	1	83,356	70,363
Operating costs		(73,232)	(63,331)
Administrative overheads	3	(71,662)	(60,116)
Acquisition and restructuring related costs	6	(1,570)	(3,215)
Net operating profit		10,124	7,032
Finance costs	7	(2,300)	(311)
Net operating profit after finance costs		7,824	6,721
Gains and losses on investments and fair value movements			
Share of associates' profits	18	1,052	4,955
(Loss)/Profit on disposal of associate		(101)	461
Gains and losses on investments held at fair value	12	1,488	5,842
Movement in fair value of contingent consideration		3,514	(1,659)
Operating profit before taxation		13,777	16,320
Taxation	9	(2,874)	(4,107)
Operating profit from continuing operations		10,903	12,213
(Loss) from discontinued operations		(177)	(14)
Profit for the year		10,726	12,199
Other comprehensive income			
Foreign exchange gains/(losses) on translation of a foreign subsidiary		638	(158)
Total Other comprehensive income/(loss)		638	(158)
Total comprehensive income		11,364	12,041
Attributable to:			
Equity holders of the parent		11,344	11,777
Non-controlling interest		20	264
		11,364	12,041
Basic profit per ordinary share (pence)	10	29.8	34.8
Diluted profit per ordinary share (pence)	10	28.6	32.7
Basic adjusted profit per ordinary share (pence)	10	57.7	52.6
Diluted adjusted profit per ordinary share (pence)	10	55.2	49.4

Statements of changes in equity

Year ended 31 December

Group 2022

	Notes	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	29	–	–	–	–	(3,583)	–	(3,583)	–	(3,583)
Issue of shares	27	68	–	608	(1,041)	–	–	(365)	–	(365)
Dividends paid	11	–	–	–	–	(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

Group 2021

	Notes	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 2020		8,023	60,061	19,981	–	8,402	–	96,467	811	97,278
Profit and total comprehensive income for the year		–	–	–	–	11,935	(158)	11,777	264	12,041
Contributions by and distributions to owners										
Share-based payments	29	–	–	–	–	(5,424)	–	(5,424)	–	(5,424)
Issue of shares	27	1,477	39,267	4,830	(51)	–	–	45,523	–	45,523
Cancellation of share premium		–	(60,000)	–	–	60,000	–	–	–	–
Dividends paid	11	–	–	–	–	(1,881)	–	(1,881)	–	(1,881)
Total contributions by and distributions to owners		1,477	(20,733)	4,830	(51)	64,630	(158)	49,995	264	50,259
Balance at 31 December 2021		9,500	39,328	24,811	(51)	73,032	(158)	146,462	1,075	147,537

Statements of changes in equity

Year ended 31 December

Company 2022

	Notes	Ordinary share capital £'000	Share premium £'000	Merger reserve £'000	Retained reserves £'000	**Total equity £'000**
Balance at 31 December 2021		**9,500**	**39,328**	**24,811**	**60,704**	134,343
Loss and total comprehensive loss for the year		–	–	–	**(3,996)**	(3,996)
Contributions by and distributions to owners						
Share-based payments		–	–	–	**767**	767
Issue of shares	27	**68**	–	**608**	–	676
Dividends paid	11	–	–	–	**(3,815)**	(3,815)
Total contributions by and distributions to owners		**68**	–	**608**	**(7,044)**	(6,368)
Balance at 31 December 2022		**9,568**	**39,328**	**25,419**	**53,660**	127,975

Company 2021

	Notes	Ordinary share capital £'000	Share premium £'000	Merger reserve £'000	Retained reserves £'000	Total equity £'000
Balance at 31 December 2020		8,023	60,061	19,981	9,257	97,322
Loss and total comprehensive loss for the year		–	–	–	(1,695)	(1,695)
Contributions by and distributions to owners						
Share-based payments		–	–	–	(4,977)	(4,977)
Issue of shares	27	1,477	39,267	4,830	–	45,574
Cancellation of share premium		–	(60,000)	–	60,000	–
Dividends paid	11	–	–	–	(1,881)	(1,881)
Total contributions by and distributions to owners		1,477	(20,733)	4,830	51,447	37,021
Balance at 31 December 2021		9,500	39,328	24,811	60,704	134,343

Statements of financial position

As at 31 December

		Group		Company	
Assets	Notes	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Non-current assets					
Investments	12	**19,912**	13,560	**12,733**	8,308
Property, plant and equipment	13	**2,127**	2,927	**1,461**	1,912
Investment in subsidiaries	17	**–**	–	**80,148**	80,148
Investment in associates	18	**428**	11,955	**–**	–
Intangible assets	14	**87,335**	95,012	**1,292**	1,100
Long-term receivables	15	**1,330**	492	**492**	492
Deferred tax	24	**1,802**	2,197	**66**	92
		112,934	126,143	**96,192**	92,052
Current assets					
Trade receivables	19	**11,216**	11,135	**–**	–
Accrued income and prepaid expenses	20	**30,839**	21,705	**1,783**	1,157
Other current assets	21	**3,036**	3,537	**29,923**	20,047
Cash and cash equivalents		**32,205**	40,252	**2,976**	23,800
Non-current assets held for sale					
Assets of a disposal group held for sale	16	**22,907**	17,545	**–**	–
Total current assets and non-current assets held for sale		**100,203**	94,174	**34,682**	45,004
Total assets		**213,137**	220,317	**130,874**	137,056
Current liabilities					
Trade and other payables	22	**40,290**	42,721	**911**	519
Short-term borrowings	23	**–**	–	**1,541**	1,136
Liabilities of a disposal group classified as held for sale					
Liabilities of a disposal group classified as held for sale	16	**7,307**	7,499	**–**	–
Total current liabilities and liabilities of a disposal group classified as held for sale		**47,597**	50,220	**2,452**	1,655
Total assets less current liabilities		**165,540**	170,097	**128,422**	135,401
Non-current liabilities					
Deferred taxation	24	**9,155**	10,597	**–**	–
Long-term borrowings	25	**–**	–	**–**	–
Other creditors	26	**5,247**	11,963	**447**	1,058
		14,402	22,560	**447**	1,058
Net assets		**151,138**	147,537	**127,975**	134,343
Capital and reserves					
Ordinary share capital	27	**9,568**	9,500	**9,568**	9,500
Share premium	29	**39,328**	39,328	**39,328**	39,328
Merger reserve	29	**25,419**	24,811	**25,419**	24,811
Treasury shares	29	**(1,092)**	(51)	**–**	–
Retained reserves	29	**76,340**	73,032	**53,660**	60,704
Foreign exchange reserve	29	**480**	(158)	**–**	–
Equity attributable to equity shareholders of the Parent Company		**150,043**	146,462	**127,975**	134,343
Non-controlling interest	29	**1,095**	1,075	**–**	–
Total equity		**151,138**	147,537	**127,975**	134,343
Basic net asset value per ordinary share (pence)	30	**394.0**	387.5	**336.0**	353.5
Diluted net asset value per ordinary share (pence)	30	**377.1**	366.6	**321.6**	334.6

The loss after tax for the Company for the year ended 31 December 2022 was £3,996,000 (2021: £1,695,000 loss). The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 March 2023.

Kevin Acton, Chief Financial Officer

Group statement of cashflows

For the year ended 31 December

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
Net cash generated from operations	31	17,546	21,130
Corporation tax paid		(6,155)	(968)
Interest paid on loans		(141)	(187)
Net cash flow from operating activities		11,250	19,975
Cash flow from investing activities			
Acquisition of Appian Asset Management Limited		–	(841)
Acquisition of Mobeus VCT business		–	514
Acquisition of Burlington Property RE Limited		(627)	–
Contingent consideration paid		(10,913)	(1,409)
Investment in associates		–	(1,165)
Sale of associates		12,478	3,296
Dividends received from associates		–	383
Purchase of investments		(8,334)	(5,409)
Sale of investments		1,659	4,287
Investment in DevCo Projects		(14,354)	(12,349)
DevCo loans repaid		2,853	551
Proceeds received on sale of DevCo Projects		10,113	3,551
Purchase of fixed assets		(366)	(327)
Sale of fixed assets		296	6
Purchase of intangible assets		(886)	(724)
Total cash flow from investing activities		(8,081)	(9,636)
Cash flow from financing activities			
Receipt of loans		–	10,000
Repayment of loans		–	(10,000)
Share issue proceeds		–	22,000
Share issue costs		–	(1,513)
Share-based payments settled		(6,774)	(9,734)
Dividends paid		(3,815)	(1,881)
Capital element of lease payments		(627)	(845)
Total cash flow from financing activities		(11,216)	8,027
(Decrease)/Increase in cash and cash equivalents		(8,047)	18,366
Cash and cash equivalents at start of year		40,252	21,886
Cash and cash equivalents at end of year		32,205	40,252

Company statement of cashflows

For the year ended 31 December

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
Net cash generated from operations	31	(39)	(1,911)
Interest paid on loans		(266)	(142)
Net cash flow from operating activities		(305)	(2,053)
Cash flow from investing activities			
Purchase of investments		(9,387)	(5,203)
Sale of investments		4,512	3,284
DevCo loans repaid		–	551
Investment in DevCo Projects		–	(3,537)
Net cash (paid)/received from advances to Group undertakings*		(11,454)	7,693
Sale of associates		–	65
Purchase of fixed assets		(244)	(371)
Sale of fixed assets		82	6
Purchase of intangible assets		(695)	(725)
Total cash flow from investing activities		(17,186)	1,763
Cash flow from financing activities			
Receipt of loans		–	10,000
Repayment of loans		–	(10,000)
Net repayments of advances from Group undertakings*		765	3,515
Share issue proceeds		–	22,000
Share issue costs		–	(1,513)
Share warrants exercised		–	–
Share-based payments settled		–	(5,253)
Dividends paid		(3,815)	(1,881)
Capital element of lease payments		(283)	(604)
Total cash flow from financing activities		(3,333)	16,264
(Decrease)/increase in cash and cash equivalents		(20,824)	15,974
Cash and cash equivalents at start of year		23,800	7,826
Cash and cash equivalents at end of year		2,976	23,800

* A portion of the prior year repayment from Group entities was investing in nature (£7.7 million) but presented in financing activities. This has been adjusted to be presented in investing activities.

Principal accounting policies

The Group's principal accounting policies are as follows:

(a) Basis of preparation and going concern

Gresham House plc is a public limited company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England with company number 871. The address of the registered office is 5 New Street Square, London, EC4A 3TW.

The financial statements of the Group and the Company have been prepared in accordance with the United Kingdom adopted International Accounting Standards ("IAS") with the requirements of the Companies Act 2006. The financial statements are presented in Sterling, which is also the Group's functional currency. The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value; and
- assets held for sale are measured at fair value less costs to sell.

There were annual improvements and amendments to the existing accounting standards, which were effective for periods beginning 1 January 2022 adopted during the year, however they have not had a material impact on the Group's results. These includes:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Annual Improvements to IFRSs (2018-2020 Cycle): IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16.

Going Concern

The Group has sufficient financial resources and ongoing investment management contracts. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors have a reasonable expectation, after performing downside scenario stress tests on the Group's cash flow, that the Group has adequate resources to continue in operational existence for the foreseeable future. Downside scenario stress tests included a material reduction in revenues from reducing net asset values of the funds managed by the Group as well as reviews of variable costs and discretionary investment. Whilst high inflation, high interest rates and the Russia-Ukraine war has added to the market turmoil which impacted the environment in which the Group operates, they have not had a material impact on the Group's resources. The downside scenarios also reviewed the revolving credit facility covenants, which were not breached as the revolving credit facility was undrawn at the year end. The revolving credit facility is available to draw should the Directors want to do so and this is available until 21 December 2024. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

(b) Basis of consolidation

Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee; exposure to variable returns from the investee; and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings made up to the year end as if they formed a single entity. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The acquisition method of accounting is used to account for business combinations by the Group. Refer to Note (r) iv) for further details on whether the Group controls funds that it also manages.

At the Company level investments in subsidiaries are carried at cost less impairment.

Associates

Where the Group has significant influence, it has the power over (but not control of) the financial and operating policy decisions of another entity, it is classified as an associate. This is typically where the Group holds over 20% of the voting shares in the entity. Associates are initially recognised in the Group Statement of Financial Position at cost. Subsequently, associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Group Statement of Comprehensive Income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Where there is an indication of impairment that the investment in an associate has been impaired, the carrying amount of the investment will be tested for impairment in the same way as other non-financial assets.

(c) Presentation of Statement of Comprehensive Income

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. Details of the Company's results for the year are set out in Note 29, the loss for the year being £3,996,000 (2021: £1,695,000).

(d) Segment reporting

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group Management Committee ("GMC"), which is considered to be the Chief Operating Decision Maker in order to allocate resources to the segments and to assess their performance.

The Group has three reportable segments, which are those reported to the Board are Real Assets, Strategic Equity and Central. The Real Assets segment includes Forestry, New Energy and Sustainable Infrastructure and Real Estate divisions, and the Strategic Equity division includes Public and Private Equity divisions. While the Central segment principally comprises of management activities such as strategic activities, corporate development and costs associated with corporate governance and management.

(e) Revenue recognition

Revenue is recognised when the Group has satisfied its performance obligations relating to the services to its clients. Revenue is measured at the fair value of the consideration received or receivable and represents amount receivables for services provided in the normal course of business, net of discounts and value adding tax. Where the Group enters contracts which includes multiple services, where each service can be determined to be distinct, then its recognised separately.

The fixed consideration element of asset management contracts is measured at the fair value of the consideration received or receivable and is earned within the United Kingdom, Ireland, and Australasia. The fixed consideration element of asset management contracts is recognised evenly over the contracted period, as the contracts require the Group to perform an indeterminate number of individual asset management services over the duration of the contract. Typically, the asset management fees are based on a fixed percentage of the net asset values of the funds managed or committed capital. The fees are affected by the changed in net asset values, including market appreciation or deprecation, foreign exchange translation and net outflows and inflows. Asset management income also includes catch-up management fees on final close of limited partnership funds, directors and advisory fees and fundraising fees.

Catch-up management fees or equalisation fees are calculated as the management fee payable from the date of commitment to the fund as if an investor had joined the fund at inception of the fund and are typically calculated on the investor's commitments to the limited partnership at the appropriate management fee or priority profit share. In this instance, the period the service relates to is assessed and for past service provision the catch-up management fee is recognised when the new investor commits to the fund.

Performance fees are recognised as revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Performance fees are payable when a certain hurdle rate has been achieved on a specific date, typically an NAV amount on the year end reporting date of the specific fund. The potential for the NAV to decrease from a reporting period end to the measurement date means that the performance fee is generally only recognised when the measures on which it is based have finally been determined. Cash payments in relation to fixed and variable revenues earned are generally received shortly after the relevant quarter end.

Fundraising fees are earned by the Group for providing fund raising services, typically to the VCTs. This includes promoting the fund raise, legal documentation and other administrative tasks of executing the fund raise. Fundraising fees are typically paid on a percentage of the funds raised, i.e. equity invested into the fund.

Other revenue recognition

(i) Dividend and interest income

Income from listed securities is recognised when the right to receive the dividend has been established. Interest receivable is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis by reference to the principal outstanding and by using the effective interest rate method.

(ii) Other income

Other income earned by the Group is recognised to the extent that it is probable that the economic benefits will flow to the Group and that revenue can be reliably measured in line with any contractual arrangements in place. This includes non-core operating income which relates to income earned from property services, which are not considered core asset management services to the Group.

Adjustments to revenue arising from initial estimates recorded historically have been immaterial as the Group only recognised revenue when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

At each reporting period end, where the performance obligation is satisfied but the Group has not raised the associated invoices, revenue is accrued.

(f) Expenses

All expenses and interest payable are accounted for on an accruals basis.

Expenses incurred by the Group when acting as principal are presented in administrative overheads cost in the SOCI. These costs included fundraising costs, distribution fees payable to providers and advisers that distribute the Group's products; as well as rebates to providers, advisers and investors. These costs are recognised as they are incurred or over the service period provided.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal.

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives to the Group commencing from the time the asset is held ready for use, and are depreciated at the following rates:

Office equipment	25%
Motor vehicles	25%
Leasehold property	10%
Right of use assets	over the lease term

(h) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(i) 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 Statement of financial position.

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.

(j) Investments

In line with IFRS 9: Financial Instruments, financial assets designated as at fair value through profit and loss (FVTPL) at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management. The equity investments which do not meet the definitions of an associate or subsidiary remain held at fair value through profit and loss.

(i) Assets held for sale

Non-current assets held for sale are measured at the lower of carrying amount or fair value less costs to sell (except where the exemptions of paragraph 5 of IFRS 5 apply) and are classified as such if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is considered to be highly probable. A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset and a further active programme to locate a buyer and complete the plan has been initiated. Further, the asset has to be marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one year from the date that it is classified as held for sale.

Assets acquired with a view for resell are classified as discontinued operations and falls under assets held for sale and measured at fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(ii) Securities

Purchases and sales of listed investments are recognised on the trade date, the date on which the Group commit to purchase or sell the investment. All investments are designated upon initial recognition as held at fair value and are measured at subsequent reporting dates at fair value, which is either the market bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Fair values for unquoted investments, or for investments for which there is only an inactive market, are established by taking into account the International Private Equity and Venture Capital Valuation Guidelines.

(iii) Loans and receivables

Unquoted loan stock and the deferred receivable are all classified at amortised cost under IFRS 9 reflecting their held to collect business model. Unquoted loan stock is classified as loans and receivables in accordance with IFRS 9 if it meets the business model and cash characteristics tests. The business model and cash characteristics tests require the objective of owning the financial asset to collect the contractual cash flows of interest and principal over the life of the asset, rather than selling prior to contractual maturity. The financial assets are held at amortised cost, less any loss allowance, which is measured using the expected credit loss impairment model. This assesses the movements in both the amortised cost relating to the interest income and in respect of loss allowances and these are reflected in the Statement of Comprehensive Income.

(iv) Loan receivables in development projects

Loans for the development projects are held at fair value through profit and loss (FVTPL). Fair value is calculated based on the expected cashflows from the loan and then discounting using a synthetic credit rating and bank of English risk-free rate. The synthetic credit rating was used due to inactive market for these loans. Changes in fair value are recognised in profit and loss as they arise.

(k) Acquisition and restructuring related expenses

Acquisition and restructuring related expenses are costs that are incurred as part of business combinations and asset acquisitions, as well as restructuring of the business post acquisition. These also includes acquisition-related share-based payments and remuneration as they are effectively an earn out to the sellers of businesses acquired rather than an operating expense.

The Group discloses Acquisition and restructuring related expenses separately on the face of the Consolidated Statement of Comprehensive Income in accordance with IAS 1, as to disclose material items separately by nature. This has also been included as non-GAAP measure, as due to its material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year so as to facilitate comparison with prior years and to assess better trends in financial performance.

(l) Intangible assets

(i) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities acquired, is capitalised in the Statement of Financial Position. Goodwill arising from a business combination is allocated to the cash-generating unit (CGU) that are expected to benefit from the business combination. Following initial recognition, goodwill is not amortised but rather tested for impairment annually. The group test goodwill for impairment at the CGU level in January after financial year end. Goodwill is also tested for impairment more frequently if an event occurs or circumstances change that would indicate (refer to below for indicators) that the carrying value of the CGU is below its recoverable amount.

If the recoverable amount is below the CGU's carrying value, then an impairment loss is recognised, and allocation is first to goodwill and then, to the other assets of the CGU pro rata on the basis of the carry amount of each asset.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill once impaired shall not be reversed.

(ii) Management contracts and client relationships

Intangible assets, such as management contracts and client relationships acquired as part of a business combination or separately, are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Group and the fair value of the assets can be measured reliably.

They are recorded initially at fair value and then amortised, if appropriate, over their useful lives. The fair value at the date of acquisition is calculated using discounted cash flow methodology and represents the valuation of the net residual income stream arising from the management contracts or distribution agreements in place at the date of acquisition. The management contracts and client relationships are included in the Statement of Financial Position as intangible assets. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives as follows:

- Client relationships arising on acquisition – five years
- Management contracts arising on acquisition – one to 25 years depending on the specific management contract details

(iii) Website and IT platform development

Costs associated with the development of the Group's website and IT platform are capitalised only after technical and commercial feasibility of the asset intend use have been established and will generate future economic benefits. These costs are included in the Statement of Financial Position and are amortised over the estimated useful life of four years.

(iv) Brands

Brands acquired as part of a business combination or separately, are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Group and the fair value of the brand can be measured reliably.

They are recorded initially at fair value and then amortised over their useful lives. The fair value at the date of acquisition is calculated using discounted cash flow methodology and represents the valuation of the net residual income stream arising from the brands at the date of acquisition. The brands are included in the Statement of Financial Position as intangible assets. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives of five years.

(v) Intangible from development projects

Intangibles acquired for the development projects are consents for the development of the assets and include planning permissions and grid connections. These assets are unique and due to its unobservable input to determine fair value, as such, the fair value is deemed to be the consideration paid minus the identified tangible assets. These assets are classified as held for sale under IFRS 5 and measured under fair value less cost to sell. Amortisation is not required under IFRS 5. Refer to critical accounting estimates and judgements for further details.

Amortisation methods, useful lives and residual values will be reviewed at each reporting date and adjusted if appropriate.

At each period end date, reviews are carried out of the carrying amounts of intangible assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of value in use and fair value less costs to sell, of the assets estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its net carrying amount, the net carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognised immediately in the Statement of Comprehensive Income. The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset. In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased, the Group considers, as a minimum, the following indications:

(a) whether the asset's market value has increased significantly during the period;

(b) whether any significant changes with a favourable effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated; and

(c) whether market interest rates or other market rates of return on investments have decreased during the period, and those decreases are likely to affect the discount rate used in calculating the asset's value in use and increase the asset's recoverable amount materially.

(m) Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to settle on a net basis or realise the asset and liability simultaneously and where the Group intends to net settle.

(i) Trade and other receivables

Receivables are short term in nature. Trade and other receivables are recognised and carried at the lower of their invoiced value and recoverable amount. Expected credit losses are recognised in respect of each trade receivable and remeasured at each report date based on the expected credit losses at that time. The expected credit losses are estimated using a provision matrix by reference to past default experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date, such as impact from the Ukraine war, inflation, and interest rates.

(ii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(iii) Non-current receivables

Deferred receivables are recognised at the discounted value of those receipts.

(iv) Dividends payable

All dividends are recognised in the period in which they are approved by shareholders.

(v) Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs incurred. Bank borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(vi) Trade and other payables

Trade payables are not interest-bearing and are stated at their nominal value. Other payables are not interest-bearing and are stated at their nominal value as any discounting of expected cash flows is considered to be immaterial.

(vii) Borrowing costs

Unless capitalised under IAS 23 Borrowing Costs, all borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred. Finance charges, including premiums paid on settlement or redemption and direct issue costs and discounts related to borrowings, are accounted for on an accruals basis and charged to the Consolidated Statement of Comprehensive Income using the effective interest method.

(viii) Contingent consideration

Contingent consideration arises when settlement of all or any part of the cost of a business combination or other acquisition, for example management contract, is contingent based on specified future events occurring. It is stated at fair value at the date of acquisition, which is determined by discounting the estimated amount due in the future back to present value at that date. Fair value movements in the year are recognised in the income statement.

Estimates are required in respect of the amount of contingent consideration payable on acquisitions, which is determined according to formulae agreed at the time of the business combination, and normally related to the future earnings, revenues or fund raising targets of the acquired business. The Directors review the amount of contingent consideration likely to become payable at each period end date, the major assumption being the level of future profits of the acquired business. Contingent consideration payable is discounted to its fair value in accordance with applicable International Financial Reporting Standards.

(n) Pensions

The Group operates defined contribution pension schemes where payments to such schemes for employees are charged against profits in the year in which they are incurred.

(o) Share-based payments

The Group issued equity-settled share-based payments to certain Directors and employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using a Monte-Carlo option pricing model for schemes with market based vesting conditions and Black Scholes for non-market based vesting condition. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each period end date for cash-settled share-based payments.

(p) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein in accordance with IFRS 10. Non-controlling interests consist of the amount of those interests at the date of the original business combination and for acquisitions post 3 October 2010 following adoption of IAS 27 Consolidated and Separate Financial Statements (Revised 2008), the non-controlling interests' share of changes in equity since the date of the combination.

(q) Business combinations

The Group recognises business combinations when it considers that it has obtained control over a business, which could be an entity or separate business within an entity (for example acquiring management contracts and hiring the team to service those contracts). The fair value of the assets acquired, and the liabilities assumed from the business combination are assessed at acquisition. The fair value of the consideration paid to the sellers of the business is assessed, with particular reference to the classification of payments to employees that could be considered remuneration rather than consideration for a business. Consideration paid in excess of the acquisition date fair value of net tangible and identifiable intangible assets is known as goodwill. Refer to goodwill in note l for details.

(r) Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Key sources of estimates uncertainty

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those used to determine:

(i) Valuation of contingent consideration

(ii) Burlington RE Property Management Limited business acquisition – valuation of management contracts

Key judgements

These are as follows:

(i) Revenue recognition for performance fees and fund-raising fees

(ii) Treatment of battery storage development companies (DevCo)

(iii) Accounting for investment in associates – Environment Bank Limited

(iv) Consolidation assessment of funds managed and controlled by the Group

(v) Impairment review for Goodwill

(vi) Valuation of unlisted investments

(i) Valuation of contingent consideration

TradeRisks

The TradeRisks contingent consideration could total a maximum of £6.0 million, payable in cash to the sellers based on the following:

- 0.5% of funds raised payable in three years, with maximum amount capped at £3.0 million;
- any realised synergies payable in three years, capped at £1.0 million; and
- £2.0 million payable within six months post-completion for any inventory true-up.

The fair value of the contingent consideration has been estimated using estimated outcomes, the probability of those outcomes and discounting this at 7.5%. This is cash settled and will therefore be recognised as a liability on the balance sheet and the fair value assessed each reporting period. Further details and potential outcomes are provided in note 5.

Mobeus

The Mobeus VCT business contingent consideration is based on the Mobeus VCTs maintaining the VCT investment advisory agreements with Gresham House over the three years post acquisition from October 2021 to October 2024 (maximum £8.9 million payable as contingent consideration) and achieving certain AUM growth targets over these three-year period (maximum £0.8 million).

In financial year 2022, £0.8m of the deferred consideration was paid. The fair value of the contingent consideration value as at 31 December 2022 is £9.8m, this is based on an assumption that there is reasonable likelihood of the business maintaining the VCT contracts and this amount has therefore been discounted for the time value of money. The contingent consideration is also based on estimate of the business achieving the AUM targets for the Mobeus VCT funds and has been discounted using the appropriate WACC at 12%. Further details and potential outcomes are provided in note 5.

Appian

The Appian contingent consideration is driven by applying a multiple of 1.4x to the estimated earnings to be delivered for the year to 31 December 2022 and 31 December 2023, as well as AUM targets. The contingent consideration was being reduced to £1.0 million as at 31 December 2022. This is based on actual performance in financial year 2022 and a reduction in earnings and AUM estimate for financial year 2023 based on latest budget. This outcome could range from €0.3 million deferred consideration up to the estimated €1.1 million. Further details and potential outcomes are provided in note 5.

Burlington

The Burlington contingent consideration is calculated as 40% of 6.5 times the average EBITDA in three years ending 31 December 2024. The fair value of £0.9m for the contingent consideration has been estimated at the date of acquisition using estimated outcomes and discounting this at 8.0%. As at 31 December 2022, management deemed this estimate has not changed and performance to continue as expected. Further details and potential outcomes are provided in note 5.

(ii) Burlington RE Property Management Limited business acquisition – valuation of management contracts

The acquisition of Burlington RE Property Management Limited in March 2022 is classified as a business combination under IFRS 3, Business Combinations. The acquisition involved the purchase of 100% of the share capital of Burlington RE Property Management Limited, which includes its management contracts.

The valuation of the management contracts represents an estimation of the expected present value of the profitability of those contracts. The management agreements are therefore required to be fair valued at acquisition. This has been valued using a discounted cash flow model, with assumptions regarding length of contract, appropriate costs and appropriate discount rate applied. Contributory asset charges have also been applied to determine the fair value of the management contract. Deferred tax liabilities have also been recognised to reflect the temporary timing differences as the management contracts are amortised over their useful lives. Further details and potential outcomes are provided in note 5.

(iii) Revenue recognition for performance and fundraising fees

The revenue recognition of the Group is driven by asset management fees, which are recognised in line with the investment management or advisory agreements in place with the appropriate funds. These are typically based on the committed capital of Limited Partnership funds, or Net Asset Values (NAV) for listed vehicles managed or advised by the Group. The NAV is typically the last audited or publicly available NAV announced by the Board of these companies and is therefore independently approved. As a result there is limited uncertainty or judgement in the amount of revenue to be recognised.

However, judgement in timing of revenue recognition is required for performance and fundraising fees and revenue is only recognised when there is limited uncertainty in the amount or revenue to be recognised.

Performance fees are recognised only when the Group is entitled to receive the performance fee per the management contract. This is on achievement of the hurdle rate as set out in the management or advisory agreements and the outcome is known as it is based on the audited NAV of the fund. The Mobeus Income and Growth 2 VCT plc NAV was ahead of the hurdle rate at 30 September 2022 and therefore paid a Performance fee to Gresham House Asset Management Limited during 2022.

Fundraising fees are recognised as a percentage of funds raised, with fundraising being the key performance obligation. The fundraising relates to new share offers in 2022 by the VCTs managed by the Group. Judgement is applied at the end of the period and the fundraising fees accrued are based on the shares allotted by the VCTs at the period end.

(vi) Treatment of battery storage development companies

IFRS 5 – Asset held for sale

The Group has invested in the development of battery storage projects (DevCo Projects), which are part of the exclusive pipeline to be sold to Gresham House Energy Storage Fund plc (GRID) when operational. The DevCo Projects are held in separate SPVs, which the Group entity Devco Limited owns 100% of the equity in, and the Group has also lent funds for the development of the projects.

Judgement is required on the five key considerations in the accounting treatment of the development companies:

a) Control (IFRS 10) – Devco Limited holds the majority of the equity in the DevCo Projects and has also loaned capital to fund the development of the DevCo Projects. Devco Limited is considered in control of the DevCo Projects and therefore has consolidated them in the Group financial statements.

b) Associates (IAS 28) – No DevCo Projects were held as associates at 31 December 2022 where the Group had a significant influence holding (greater than 20%, but less than 50%)

c) Classification of the assets in each DevCo Project – the SPVs are developing battery storage facilities which are classified as non-current assets unless all the IFRS 5 criteria are met. Where the Group has acquired the assets with a view to resale and the conditions under IFRS 5 are met, it is classified as a disposal group and discontinued operations.

d) Assets held for sale (IFRS 5) and loss of control – the sale of the DevCo Projects (Shilton Lane, Arbroath, Stairfoot and UKBS) during the period has been treated as a loss of control transaction under IFRS 10 resulting in a gain on sale being presented net in the Statement of Comprehensive Income. Lister, Monets and Hazelboro meet the conditions under IFRS 5, as such are treated as disposal groups held for sale under IFRS 5.

e) Borrowing costs (IAS 23) – the DevCo Projects have interest payments relating to the amounts lent by GRID to fund the acquisition of the battery assets at the project company level. The DevCo Projects have capitalised finance costs per IAS 23 Borrowing Costs as the characteristics of the development of the projects (such as not generating revenues until operational, loans being procured for the sole purpose of developing the projects and the projects taking a long time to get ready for intended sale) permit this. The capitalisation rate used was the weighted average of the borrowing costs applicable to all relevant borrowings outstanding during 2022.

Asset vs business acquisition

Judgement is required to determine if the DevCo Projects are asset or business acquisition as IFRS 3 requires us to determine whether assets acquired, and any liabilities assumed constitute a business. If the assets and liabilities are not considered to be a business, then the transaction should be accounted for as asset acquisition.

Business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. All three elements must exist to be considered a business. Management performs an assessment on each project to determine if those three elements exist at the date of acquisition. Only when inputs, processes and outputs exist would the acquisition be treated as a business acquisition and be accounted for under IFRS 3 'business combination'. Otherwise it is treated as an asset acquisition.

(vii) Accounting for investment in associates – Environment Bank Limited (EBL)

On 7 May 2021, the Group acquired a 50% investment in EBL, the habitat bank development company. The Group has also entered into an option agreement with Gresham House BSI Infrastructure LP and Gresham House British Sustainable Infrastructure Fund II LP (BSIF funds) for the BSIF funds to acquire 25% from the Group. The Group does not have the ability to control the board of EBL through majority voting rights or the ability to appoint or remove the majority of the board of directors. The Director's assessment is that the Group can exercise significant influence over EBL and has treated it as an associate.

The BSIF funds exercised the option to acquire 25% of EBL from the Group in December 2022, leaving the Group with a 25% investment in EBL, which continues to be treated as an associate.

(viii) Consolidation assessment of funds managed and controlled by the Group

Judgement is required when assessing whether the Group controls funds that are managed on behalf of third parties, the Group is required to assess whether it has power over these funds; exposure, or rights, to variable returns from its involvement with the fund; and has the ability to use its power over the funds to affect the amount of the Group's returns. This can also be considered when the Group is acting in its capacity as agent or principal. An agent is acting on behalf of third-party investors, whereas a principal is acting for its own benefit.

IFRS 10 provides guidance for considering the assessment of whether fund managers are acting as agent or principal, and therefore whether the Group should consolidate the funds that it manages or not. The key considerations when assessing this are decision making authority of the fund manager, rights held by third parties, remuneration and exposure to returns. The following provides further detail on the Directors' assessment of control over the funds that are managed by Gresham House Asset Management Limited (GHAM), the FCA regulated entity within the Group and whether the Company or its subsidiaries are acting as agent or principal:

Fund	Manager/ adviser	Removal rights of investors	Remuneration basis	Gresham House holding	Agent/ principal	Accounting treatment
EBL	No	n/a	n/a	25%	Agent	Associate
GHF FF LP	Yes	No	Market norm	71%	Principal	Consolidate
GHFF LP	Yes	Substantive	Market norm	0%	Agent	No consolidation
GRID	Yes	Substantive	Market norm	-	Agent	No consolidation
Residential Secured Income plc	Yes	Substantive	Market norm	<2%	Agent	No consolidation
BSIF	Yes	Substantive	Market norm	<1%	Agent	No consolidation
BSIF II LP	Yes	Substantive	Market norm	<1%	Agent	No consolidation
SPE LP	Yes	Substantive	Market norm	0%	Agent	No consolidation
Baronsmead VCTs	Yes	Substantive	Market norm	0%	Agent	No consolidation
Mobeus VCTs	Yes	Substantive	Market norm	0%	Agent	No consolidation
Strategic Equity Capital plc	Yes	Substantive	Market norm	<4%	Agent	No consolidation
Micro Cap Fund	Yes	Substantive	Market norm	0%	Agent	No consolidation
Multi Cap Income Fund	Yes	Substantive	Market norm	0%	Agent	No consolidation
Gresham House Renewable Energy VCTs	Yes	Substantive	Market norm	0%	Agent	No consolidation
Forestry LP Funds	Yes	Substantive	Market norm	0%	Agent	No consolidation
New Energy LP Funds	Yes	Substantive	Market norm	0%	Agent	No consolidation
Irish Strategic Forestry Fund LP	Yes	Substantive	Market norm	5%	Agent	No consolidation

Gresham House Forestry Fund LP (GHFF LP) is managed by GHAM. GHAM is exposed to variable returns through its management fee and acquisition fees, as well as the Company's limited partnership interest in Gresham House Forestry Friends and Family LP (GHF FF LP), a vehicle which in turn is a limited partner in GHFF LP.

The limited partners of GHFF LP have the ability to remove the manager without cause, by obtaining limited partner special consent. There are a number of limited partners that would be required to co-ordinate to remove the manager. The Directors' assessment of this right indicates that the manager is acting as agent for GHFF LP and therefore should not consolidate GHFF LP.

The Directors' assessment of GHF FF LP, however, indicates that it is in a controlling position with a 71% holding and therefore should consolidate this in the Group financial statements.

The acquisition of TradeRisks Limited (TradeRisks) in March 2020 included the acquisition of shares in Residential Secured Income plc (ReSI plc), which is now managed by the Group. At the end of 2022 the Group held less than 2% of the ordinary shares in ReSI plc. The Directors' assessment indicates that GHAM is acting as agent for ReSI plc and therefore should not consolidate ReSI plc.

Gresham House Energy Storage Fund plc (GRID) is managed by GHAM and the Company sold its direct investment in GRID in 2021. The assessment of whether GHAM is acting as agent or principal requires assessing the other entities and individuals that are connected to Gresham House and their investment in GRID. BSIF has a 5% investment in GRID, and a control assessment has concluded that GHAM does not control BSIF and therefore should not be included in the proportion of GRID that is under the control of GHAM.

Gresham House British Strategic Investment Fund (BSIF Strategy), which comprises two sub-funds, Gresham House BSI Infrastructure LP and Gresham House BSI Housing LP, is managed by GHAM. The manager is exposed to variable returns through its management fee and has committed £0.5 million to each sub-fund, making up less than 1.0% of committed capital. While exposed to the variable returns as an investor, this is not considered a material exposure. The limited partners of the BSIF Strategy also have the ability to remove the manager without cause, one year after the final close of the BSIF sub-funds with a special resolution. The Directors' assessment of this right indicates that the manager is acting as agent for the BSIF Strategy and therefore should not consolidate the BSIF Strategy.

BSIF II LP has the same assessment as BSIF LP, with the manager acting as agent and therefore should not consolidate BSIF II LP.

Gresham House Strategic Public Equity LP (SPE LP) is managed by GHAM, a subsidiary of Gresham House plc. GHAM in its role as investment adviser is exposed to variable returns through its management fee, however the Company is not directly invested in SPE LP. The limited partners of SPE LP have the ability to remove the manager without cause, one year after the final close of SPE LP on obtaining limited partner special consent. The Directors' assessment indicates that GHAM is acting as agent for SPE LP and therefore should not consolidate SPE LP.

Irish Strategic Forestry Fund LP (ISFF) is managed by GHAM. The manager is exposed to variable returns through its management fee and has committed €1.0 million to the fund, making up c5% of committed capital at first close. While exposed to the variable returns as an investor, this is not considered a material exposure. The limited partners of the ISFF fund also have the ability to remove the manager without cause. The Directors' assessment of this right indicates that the manager is acting as agent for the ISFF and therefore should not consolidate the ISFF fund.

The remaining funds of the Baronsmead VCTs, Mobeus VCTs, Gresham House Renewable Energy VCTs, the LF Gresham House UK Micro Cap Fund (Micro Cap Fund), the LF Gresham House UK Multi Cap Income Fund (Multi Cap Income Fund) and Strategic Equity Capital plc (SEC) are managed by GHAM, however are not invested in by the Group (or have less than 4% holding). The Board has therefore concluded that the Group is acting as agent and therefore should not consolidate these funds.

(v) Impairment review for Goodwill and Management Contracts from previous acquisitions

At each reporting date, the Group applies judgement to determine whether there is any indication that the management contracts from previous acquisitions may be impaired. If any indication exists a full assessment is undertaken, whilst Goodwill is assessed on an annual basis. Should the review of goodwill or management contracts indicate that the carrying value exceeds the estimated recoverable amount, the assets are written down to its recoverable.

Goodwill impairment testing

Goodwill impairment assessment is based on the expected future returns of the relevant CGU as a whole. Impairment is assessed for the smallest identifiable CGU. Impairment arises when the recoverable amount of the CGU is lower than its net carrying value. CGUs are defined as the collection of management contracts generating revenues which have a clearly allocated cost base and relate to the businesses that have been acquired by the Group. The CGUs are the businesses formerly known as Aitchesse, Hazel Capital, FIM, Livingbridge VCT business, Mobeus VCT business, TradeRisks, Appian Asset Management and Burlington RE Property Management.

Goodwill has been assessed for each business acquired for impairment as at 31 December 2022. This assessment includes an analysis of the recoverable amounts of the CGUs by using value in use based on expected cash flow models from the specific businesses based on expected fundraising and other growth factors as well as the associated cost of delivering the planned revenues. The cash flows projections include estimates and assumptions to align with the Group's budget and forecasts.

A discount rate or weighted average cost of capital (WACC) derived from the capital asset pricing model (CAPM) has been applied to the cash flows to determine an estimate of the fair value of the business, which is used to assess whether goodwill impairment arises. The recoverable amounts are compared to the goodwill on the Statement of Financial Position and other intangible assets and acquired assets within the CGU. Where the recoverable amounts less other intangible and tangible assets is greater than the goodwill amount on the Statement of Financial Position, no impairment is recognised. There were no indications of impairment against all goodwill balances of the Group as at 31 December 2022 (2021: No impairment). Refer to note 14 for further details.

(vi) Valuation of unlisted investments

The Group invests in unlisted investments, typically in Limited Partnerships that the Group manages and other unlisted investments with the aim of growing the asset management business. The valuation of these investments is based on the latest available fund information, which his typically the prior quarters fund report. The funds perform year end valuations at the same time as the Group is preparing its annual results so the draft valuations, where available are reviewed to assess whether any material difference in valuation should be updated for.

(s) Foreign currency

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary OCI financial assets form part of the overall gain or loss in OCI recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

(t) Treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "treasury share reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

(u) Gresham House Employee Benefit Trust (GH EBT)

As the Company is deemed to have control of the GH EBT, it is treated as a subsidiary and consolidated for the purposes of the Consolidated Financial Statements. The GH EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Consolidated Financial Statements. The GH EBT's investment in the Company's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares.

Notes to the accounts

1 Income

	2022 £'000	2021 £'000
Asset management income		
Asset management income	79,287	62,162
	79,287	62,162
Dividend and interest income		
Dividend income – listed UK	305	173
Interest receivable: banks	28	8
Other	198	409
	531	590
Other operating income		
Other income	–	15
DevCo income**	–	293
Non-core operating income*	2,523	1,140
	2,523	1,448
Performance fees		
Performance fees	1,015	6,163
	1,015	6,163
Total income	83,356	70,363

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

** DevCo income represents the net operating income in the year from battery storage projects prior to projects being sold to GRID.

Gross core revenue as disclosed in the adjusted operating profit metric:

	2022 £'000	2021 £'000
Asset management income – core operations	79,287	62,162
Dividend and interest income	531	590
Other operating income	–	308
Dividend income from associates	–	285
Gross core revenue	79,818	63,345

2 Segmental reporting

The Board and management team of the Company have organised and reported the performance of the business by Real Assets, Strategic Equity and Central segments. These have evolved as the business has grown to become a specialist asset manager.

Real Assets includes the Forestry, New Energy & Sustainable Infrastructure and Real Estate divisions.

Strategic Equity includes the Public Equity and Private Equity divisions.

Central includes the general income created and costs incurred by the central functions of the business that are not directly linked to Real Assets or Strategic Equity, and includes management activities such as strategic activities, corporate development and costs associated with corporate governance and management.

The majority of activity and revenue in 2022 are derived from operations within the United Kingdom, however, the Group is growing internationally with activity in Ireland and Australasia in 2022.

For the year ended 31 December 2022

	Real Assets £'000	Strategic Equity £'000	Central £'000	Consolidated £'000
Gross core income				
Asset management income	47,384	31,903	–	79,287
Interest income	29	–	197	226
Dividend income	160	–	145	305
Other operating income	–	–	–	–
Dividend income from associates	–	–	–	–
Rebates, distribution costs and fundraising costs*	(57)	(2,486)	–	(2,543)
Net core income	47,516	29,417	342	77,275
Segment expenses	(23,274)	(10,056)	(16,305)	(49,635)
Finance costs	–	–	(560)	(560)
Adjusted operating profit/(loss)	24,242	19,361	(16,523)	27,080
Net performance fees	–	–	–	–
Net DevCo gains	–	–	74	74
Net non-core activities	1	–	–	1
Adjusted operating profit including performance fees and realised gains on investments	24,243	19,361	(15,947)	27,657
Acquisition and restructuring related costs				(3,309)
Depreciation and amortisation				(12,403)
Profit on disposal of property, plant and equipment				44
Share of associate's profit				1,052
Profit on disposal of associate				(101)
Share-based payments relating to acquisitions				(318)
Acquisition related remuneration				(1,600)
Loss on investments at fair value				(761)
Movement in fair value of contingent consideration				3,514
Profit from continuing operations				13,775

* Rebates, distribution costs and fundraising costs are presented within administrative overheads cost in the Statement of Comprehensive income but presented as part of Net core income when presenting adjusted operating profit as these are expenses paid to deliver core income by the Group.

For the year ended 31 December 2021

	Real Assets £'000	Strategic Equity £'000	Central £'000	Consolidated £'000
Gross core income				
Asset management income	38,947	23,215	–	62,162
Interest income	406	7	4	417
Dividend income	146	27	–	173
Other operating income	293	–	15	308
Dividend income from associates*	160	125	–	285
Rebates, distribution costs and fundraising costs**	(142)	(1,594)	–	(1,736)
Net core income	39,810	21,780	19	61,609
Segment expenses	(17,562)	(5,644)	(17,922)	(41,128)
Finance costs	–	–	(311)	(311)
Adjusted operating profit/(loss)	22,248	16,136	(18,214)	20,170
Net performance fees	–	1,714	–	1,714
Net DevCo gains	1,773	–	–	1,773
Net non-core activities	38	–	–	38
Adjusted operating profit including performance fees and realised gains on investments	24,059	17,850	(18,214)	23,695
Acquisition and restructuring related costs				(3,215)
Depreciation and amortisation				(9,475)
Loss on disposal of property, plant and equipment				–
Share of associate's profit*				4,670
Profit on disposal of associate				461
Share-based payments relating to acquisitions				(615)
Acquisition related remuneration				(452)
Profits on investments at fair value				2,910
Movement in fair value of contingent consideration				(1,659)
Profit from continuing operations				16,320

* Share of associate's profit of £4,670,000 excludes dividend income received in the year of £285,000.

** Rebates, distribution costs and fundraising costs are presented within administrative overheads cost in the Statement of Comprehensive income but presented as part of Net core income when presenting adjusted operating profit as these are expenses paid to deliver core income by the Group.

During the year the Group had no customers accounting for more than 10% of the Group's revenue (2021: no customer).

Other information:

31 December 2022

	Real Assets £'000	Strategic Equity £'000	Central £'000	Consolidated £'000
Segment assets	94,416	58,865	59,856	213,137
Segment liabilities	(13,574)	(5,867)	(42,558)	(61,999)
	80,842	52,998	17,298	151,138
Capital expenditure	–	–	410	410
Depreciation and amortisation	2,960	8,275	2,211	13,446
Non-cash expenses other than depreciation	–	–	3,566	3,566
Goodwill included within segment assets	18,338	30,897	–	49,235

31 December 2021

	Real Assets £'000	Strategic Equity £'000	Central £'000	Consolidated £'000
Segment assets	75,856	78,460	66,001	220,317
Segment liabilities	(20,909)	(22,613)	(29,258)	(72,780)
	54,947	55,847	36,743	147,537
Capital expenditure	1	54	2,985	3,040
Depreciation and amortisation	2,828	5,549	1,098	9,475
Non-cash expenses other than depreciation	–	–	3,788	3,788
Goodwill included within segment assets	17,552	31,244	–	48,796

3 Operating costs

Administrative overheads comprise the following:

	2022			2021
	Core activities £'000	Non-core activities £'000	Total £'000	Total £'000
Directors' emoluments (excluding benefits in kind and share-based payments)	1,792	–	1,792	2,982
Auditor's remuneration*	734	–	734	360
Amortisation	11,205	43	11,248	8,516
Depreciation	1,136	19	1,155	959
Profit on disposal of assets	(44)	–	(44)	–
Wages and salaries	31,536	1,371	32,907	27,357
Social security costs	5,113	127	5,240	4,817
Share-based payments	3,566	–	3,566	3,788
Other operating costs	14,102	962	15,064	11,337
	69,140	2,522	71,662	60,116
Staff costs (including Directors' emoluments) were:				
Wages, salaries and fees	32,020	1,300	33,320	30,275
Social security costs	5,113	127	5,240	4,817
Pension costs	1,309	70	1,379	1,038
	38,442	1,497	39,939	36,130

* A more detailed analysis of auditor's remuneration is as follows:

	2022 £'000	2021 £'000
Audit fees – Company and consolidated financial statements	88	40
Audit fees – audit of the Company's subsidiaries	634	298
Non audit services – CASS reporting to the FCA	12	22
	734	360

The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

The average number of persons employed by the Group, including the Executive Directors, was 236 (2021: 173), including 36 employees relating to non-core activities (2021: 22). The Company has no employees.

4 Directors' emoluments

The Directors who served in the year received the following emoluments:

	Basic salary £'000	Benefits £'000	Cash bonuses £'000	Bonus share matching(i) £'000	Pensions(ii) £'000	2022 £'000
Executive:						
Tony Dalwood	398	3	672	100	40	1,213
Kevin Acton	265	2	260	100	27	654
Non-Executive:						
Anthony Townsend	60	–	–	–	–	60
Rachel Beagles	35	–	–	–	–	35
Richard Chadwick(iii)	15	–	–	–	–	15
Gareth Davis	35	–	–	–	–	35
Sarah Ing(iv)	52	–	–	–	–	52
Simon Stilwell	60	–	–	–	–	60
Total	920	5	932	200	67	2,124

i. The Executive Directors have elected to reinvest part of their bonuses in the Company's ordinary shares through the Bonus Share Matching plan.
ii. Payments have been made in lieu of contribution towards pension scheme.
iii. Richard Chadwick retired from the Board at the 2022 AGM in May 2022.
iv. Sarah Ing acted as Richard Chadwick's alternate from September 2021 until his retirement at the conclusion of the 2022 AGM whereupon she was appointed as a Director and Chair of the Audit Committee, and received a director's fee of £28,333 in June 2022.Simon Stilwell received a fee of £20,000 for additional Board projects undertaken in the year.

	Basic salary £'000	Benefits £'000	Cash bonuses £'000	Bonus share matching(i) £'000	Pensions(ii) £'000	2021 £'000
Executive:						
Tony Dalwood	386	3	866	100	39	1,394
Kevin Acton	258	2	351	100	26	737
Non-Executive:						
Anthony Townsend	60	–	–	–	–	60
Rachel Beagles	35	–	–	–	–	35
Richard Chadwick	40	–	–	–	–	40
Gareth Davis	35	–	–	–	–	35
Sarah Ing(iii)	–	–	–	–	–	–
Simon Stilwell	40	–	–	–	–	40
Total	854	5	1,217	200	65	2,341

i. The Executive Directors have elected to reinvest part of their bonuses in the Company's ordinary shares through the Bonus Share Matching plan.
ii. Payments have been made in lieu of contribution towards pension scheme.
iii. Sarah Ing has joined the Board as an alternate Director and was appointed as a Director at the conclusion of the 2022 AGM. No fees were earned in the year to 31 December 2021.

Long-term incentive plans and share ownership of Executive Directors

The Executive Directors held the following ordinary shares in the Company and have the following equity awards outstanding as at 31 December 2022 (number of ordinary shares):

Number of ordinary shares(iv)	Ordinary shares held(i)	Bonus share matching(ii) 2019	Bonus share matching(ii) 2020	Bonus share matching(ii) 2021	Bonus share matching(ii) 2022	2020 LTIP(iii)	Total
Awarded		2020	2021	2022	2023	2020	
Vesting date		2023	2024	2025	2026	2023/24	
Tony Dalwood	935,303	34,416	12,296	11,372	13,252	448,332	1,454,971
Kevin Acton	261,798	–	12,296	11,372	13,252	227,614	526,332

i. Includes shares held directly, by family members and deferred shares purchased under the bonus share matching plan as at 31 December 2022.

ii. Bonus share matching 2019, 2020, 2021 and 2022 are the result of the Executive Directors electing to reinvest their cash bonus into Gresham House plc shares, which subject to achieving hurdles could result in the number of shares above being awarded on the vesting date. The number of shares disclosed above reflects the matching shares that would be received should the hurdles be achieved.

iii. The value of the 2020 LTIP as at 31 December 2022, based on the creation of £69.4 million of shareholder value, and assuming it vested and had achieved all performance hurdles, generates the gross number of shares.

iv. These share awards are disclosed before tax.

Ordinary shares held and equity awards outstanding as at 31 December 2021 (number of ordinary shares):

Number of ordinary shares(iv)	Ordinary shares held(i)	2016 LTIP – D shares	Bonus share matching(ii) 2018	Bonus share matching(ii) 2019	Bonus share matching(ii) 2020	Bonus share matching(ii) 2021	2019 LTIP	2020 LTIP(iii)	Total
Awarded		2019	2019	2020	2021	2022	2019	2020	
Vesting date		2021	2022	2023	2024	2025	2022	2023/24	
Tony Dalwood	918,737	–	–	34,416	12,296	11,372	68,943	617,990	1,663,754
Kevin Acton	249,889	70,575	6,737	–	12,296	11,372	55,154	313,748	719,771

i. Includes shares held directly, by family members and deferred shares purchased under the bonus share matching plan.

ii. Bonus share matching 2018, 2019, 2020 and 2021 are the result of the Executive Directors electing to reinvest their cash bonus into Gresham House plc shares, which subject to achieving hurdles could result in the number of shares above being awarded on the vesting date. The number of shares disclosed above reflects the matching shares that would be received should the hurdles be achieved.

iii. The value of the 2020 LTIP as at 31 December 2021, based on the creation of £112.8 million of shareholder value, and assuming it vested and had achieved all performance hurdles, generates the gross number of shares.

iv. These share awards are disclosed before tax.

Long-term incentive plans vested or exercised in the year to 31 December 2022:

	Bonus Share Matching 2018 Shares received(i)	Total shares received in 2022	2019 LTIP cash settled(ii)	2016 LTIP cash settled(iii)	Total cash settled from LTIPs in 2022
Tony Dalwood	–	–	£563,105	–	£563,105
Kevin Acton	7,247	7,247	£450,481	£702,080	£1,152,561

i. The Bonus Share Matching plan from 2018 fully vested in March 2022, with Kevin Acton receiving the deferred shares and matching shares under the plan and the figures shown above are net of income tax liabilities.

ii. The 2019 LTIP fully vested and was exercised during 2022 and was settled in cash. The figures shown is gross and tax was deducted via payroll.

iii. The 2016 LTIP D Shares vested and were exercised in 2022. This was cash settled and paid gross.

Long-term incentive plans vested or exercised in the year to 31 December 2021:

	2018 LTIP shares received[i]	Bonus share matching 2017 Shares received[ii]	Total shares received in 2021	GHS performance fees	Total cash settled from LTIPs in 2021
Tony Dalwood	58,166	–	58,166	£552,599	£552,599
Kevin Acton	36,192	5,161	41,353	£94,132	£94,132

i. The 2018 LTIP fully vested and was exercised during 2021 and is the net number of shares delivered to the individuals.

ii. The Bonus Share Matching plan from 2017 fully vested in May 2021, with Kevin Acton receiving the deferred shares and matching shares under the plan and the figures shown above are net of income tax liabilities.

The Directors are considered to be the Group's only key management personnel. Employer's National Insurance contributions in respect of the Directors for the year were £493,000 (2021: £505,000).

5 Business combinations

(a) Burlington RE Property Management Limited

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 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 855.0p 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. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between €nil and €1.0 million.

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 31 December 2022:

	€'000
Revenue	1,650
Profit before tax	170

Prior to acquisition by the Group, Burlington had a 31 December year end. 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 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 has been estimated using a discounted cash flow model. The estimated cash flows have been valued at a discount of 8.0% and the management contracts are amortised over eight years.

(b) DevCo Entities

The Group acquired the share capital and 100% of the voting rights in the following companies during the year:

Company acquired	Acquisition date	Disposal date
Hazelboro Limited	31 May 2022	
UK Battery Storage Limited	4 March 2022	30 June 2022
Stairfoot Limited	5 May 2022	22 December 2022
GreenGridPower Limited	21 April 2022	14 October 2022

The fair value of the assets acquired, and liabilities assumed on acquisition are as follows:

	Hazelboro £'000	Stairfoot £'000	GreenGrid Power £'000	UK Battery Storage £'000
Identifiable net assets	2,453	1,819	3,482	2,686
Total consideration paid	**2,453**	**1,819**	**3,482**	**2,686**
Satisfied by:				
Cash paid	2,249	482	2,495	2,686
Deferred consideration	204	1,337	987	–
Total Consideration	**2,453**	**1,819**	**3,482**	**2,686**

The four entities acquired is held exclusively with a view of resale and will be measured as fair value less costs to sell under IFRS 5 'asset held for sale'. The Group has applied IFRS 5 alternative implementation guidance by treating each subsidiary acquisition as a single investment asset and will be remeasured at each reporting date under IFRS 5 to the lower of its initial carrying amount and the fair value less costs to sell (in accordance with the general requirements for disposal group). However, it should be noted that remeasurement will not be necessary in the subsequent period, because the entity held for sale should generally be sold in that period. The acquired entities are presented in the balance sheet as assets and liabilities held for sale under IFRS 5.

During the year the Group disposed of UK Battery Storage Limited, Stairfoot Limited, GreenGridPower Limited, with total realising a net gain on disposal of £2.1 million and £0.1 million from previously recovered cost.

(c) Appian Asset Management Limited

On 29 June 2021 the Group acquired 100% of the issued share capital of Appian Asset Management Limited (Appian), a company registered in Ireland. Appian is an active asset manager with around €350 million in Assets Under Management (AUM) as at 31 December 2020. The acquisition enhances the Group's capabilities to develop existing strategies in Ireland and Europe, particularly those with a sustainability focus including Forestry, Sustainable Infrastructure, and Real Estate. Appian was subsequently renamed Gresham House Asset Management Ireland Limited.

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

	Net book value £'000	Adjustments £'000	Fair value £'000
Property, plant and equipment	54	441	495
Cash	2,305	–	2,305
Trade and other receivables	604	–	604
Trade and other payables	(1,464)	(690)	(2,154)
Management contracts	–	2,231	2,231
Goodwill	–	4,044	4,044
Deferred tax liability	–	(511)	(511)
Total identifiable net assets	1,499	5,515	7,014

The adjustments relate to the recognition of management contracts and associated deferred tax, goodwill and the IFRS 16 lease asset and liability.

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

	£'000
Cash	3,146
Shares – 104,168 shares in Gresham House plc valued at 940.0p per share on 29 June 2021	979
Total initial consideration	4,125
Contingent consideration	2,889
Total consideration	7,014

The consideration shares were admitted to trading on AIM on 5 July 2021.

Contingent consideration

Contingent consideration with an expected fair value at acquisition of €4.6 million will be payable in cash to the sellers based on the following:

- 1.4 times year two earnings, payable in two years. The expected fair value at acquisition was £1.1 million;
- 1.4 times year three earnings, payable in three years. The expected fair value at acquisition was £1.4 million; and
- up to €0.75 million payable in three years based on certain AUM and earnings targets. The expected fair value at acquisition was £0.4 million.

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 13.0%. 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 £2.9 million. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between €nil and €6.4 million.

Revenue and profits of Appian

The actual revenues and profits that have been generated since the acquisition of Appian on 29 June 2021 to 31 December 2021 were:

	€'000
Revenues	1,988
Profit before tax	190

Prior to acquisition by the Group, Appian had a 31 December year end. The results for the most recent audited reporting period prior to acquisition were to 31 December 2020. Had Appian been part of the Group for the entire reporting period the following sums would have been consolidated:

	€'000
Revenue	3,403
Profit before tax	284

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 Appian acquisition is not deductible for tax purposes.

Fair value

The fair value of the management contracts and customer relationships have been estimated using a discounted cash flow model. The estimated cash flows have been valued at a discount of 13.0% and are amortised over five years.

Acquisition costs in relation to business combinations have been classified as exceptional items (see Note 6).

(d) Mobeus VCT business

On 1 October 2021 the Company acquired the VCT business of Mobeus Equity Partners LLP (Mobeus), a UK-based investment firm managing assets across two distinct client groups, one of which is the VCT business acquired by the Company. The acquisition of Mobeus included the novation and acquisition of investment advisory contracts for Mobeus Income & Growth VCT plc, Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc (together, the "Mobeus VCTs"), with a combined AUM of £369 million as at March 2021, and the hiring of the Mobeus VCT team. The acquisition of Mobeus was to build out the Group's existing VCT business.

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

	Fair value £'000
Management contracts	21,115
Brand	456
Goodwill	15,118
Liabilities assumed	(514)
Deferred tax	(5,031)
Total identifiable net assets	31,144

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

	£'000
Vendor placing shares – 2,197,802 shares in Gresham House plc valued at 907.0p per share on 1 October 2021	19,934
Consideration shares – 439,560 shares in Gresham House plc valued at 907.0p per share on 1 October 2021	3,986
Excess cash and net working capital	(514)
Total initial consideration	23,406
Contingent consideration	7,738
Total consideration	31,144

The vendor placing and consideration shares were admitted to trading on AIM on 1 October 2021.

Contingent consideration

Contingent consideration with an expected fair value at acquisition of £7.7 million will be payable in cash to the sellers over a three-year period conditional on contract retention and fundraising and AUM targets.

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 12.0%. As such this will be recognised as a liability on the balance sheet and the fair value assessed each reporting period.

The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between £nil and £12.1 million.

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.

None of the goodwill is expected to be deductible for income tax purposes.

Actual revenue and profits of Mobeus

The actual revenues and profits that have been generated since the acquisition of Mobeus on 1 October 2021 to 31 December 2021 were:

	£'000
Revenues	2,588
Profit before tax	1,917

The disclosure of hypothetical revenues and profits of Mobeus for the year ended 31 December 2021 is not considered relevant due to the nature of the transaction. The entire Mobeus business was not acquired and there will be revenues and expenses not relevant to the business acquired.

Fair value

The fair value of the management contracts has been estimated using a discounted cash flow model. The estimated cash flows have been valued at a discount of 12.0%. This resulted in fair value of management contracts totalling £21,115,000 being recognised at acquisition. The fair value of the brand has been estimated using a relief from royalty approach which resulted in a value of £456,000 being recognised at acquisition.

Acquisition costs in relation to business combinations have been classified as acquisition and restructuring related costs (see Note 6).

6 Acquisition and restructuring related costs

	2022 £'000	2021 £'000
Acquisition costs		
Burlington RE Property Management Limited	174	–
TradeRisks Limited	–	19
Appian Asset Management Limited	–	187
Mobeus VCT business	4	1,141
Joint Venture costs	–	4
Other	60	79
	238	1,430
Restructuring, integration and legal costs	872	633
DevCo acquisition and disposal costs	460	1,152
	1,570	3,215

7 Finance costs

	2022 £'000	2021 £'000
Interest payable on bank loans	253	148
Finance cost on unwind of contingent consideration	1,745	–
Finance fees	189	96
Interest payable on leases	113	67
	2,300	311

See Note 25 for details of borrowings.

8 IFRS 16 Leases

IFRS 16 Leases relates to leases for use of office space at various locations. As a lessee, the Group has recognised a lease liability representing the present value of the obligation of the lease payments, and a related right-of-use (ROU) asset in line with the process explained under the accounting policy.

The rate implicit in the leases is not evident and so the entities' incremental borrowing rates have been used. The incremental rate referred to by IFRS 16 indicates 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. The weighted average incremental borrowing rate used on the date of initial application of the leases is 3.25%, which refers to the interest charge on the Group's revolving credit facility.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the ROU asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the life of the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

	2022 £'000	2021 £'000
ROU asset cost	3,044	3,526
ROU asset accumulated depreciation	(1,547)	(1,220)
Retained reserves*	(6)	(6)
Depreciation expense	835	713

* Representing the 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. The impact on retained reserves was immaterial.

The table below summaries the maturity profile of the Group's liabilities based on contractual discounted payment at 31 December 2022 and 2021

	2022 £'000	2021 £'000
Less than one year	790	643
One to two years	698	1,311
Two to five years	310	348
More than five years	145	139
	1,943	2,441

An analysis of the lease liability relating to ROU assets is as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Balance as at 1 January	2,441	641	1,341	211
IFRS 16 restatement	(38)	689	–	–
Additions	20	1,970	–	1,734
Cash payments	(627)	(912)	(283)	(625)
Foreign exchange movements	35	(14)	–	–
Interest expense	112	67	42	21
As at 31 December	1,943	2,441	1,100	1,341

Please see Note 33 Financial Instruments for the maturity profile of leases.

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 payments for the year ended 31 December 2022 relating to these leases was £19,000 (2021: £21,000).

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 the end of lease terms.

Lease terms are negotiated on an individual basis across all seven leases and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. No rent concessions were applied and all lease payments are considered fixed per the lease agreement.

9 Taxation

	2022 £'000	2021 £'000
(a) Analysis of charge in period:		
UK Corporation tax at 19% (2021: 19%)	4,800	2,883
Over provision in prior year	90	(520)
Deferred tax	(2,016)	1,744
Total tax charge	2,874	4,107
(b) Factors affecting tax charge for period:		
Profit/(loss) on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	2,584	3,101
Tax effect of:		
Dividend income not taxable	–	–
Amortisation not taxable	–	261
Disallowable expenses/non-taxable income	558	(2,468)
Recognition of previously unrecognised deferred tax liabilities	–	2,071
Utilisation of previously unrecognised tax losses	(404)	(449)
Over provision in prior year	90	(520)
Deferred tax not recognised	–	–
Effect of tax rate change on opening balances	40	2,328
Remeasurement of deferred tax	6	(217)
Actual tax charge	2,874	4,107

The Company recognised a deferred tax asset of £1.8 million (2021: £0.1 million) in the current year. No material uncertain tax positions exist as at 31 December 2022. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

10 Earnings per share

(a) Basic and diluted profit per share

	2022	2021
Total net profit attributable to equity holders of the parent (£'000)	11,342	11,777
Weighted average number of shares in issue during the period	38,212,553	34,083,582
Number of shares held by the Gresham House Employee Benefit Trust	(191,781)	(204,007)
	38,020,772	33,879,575
Dilutive shares*	1,705,923	2,150,707
Weighted average dilutive shares in issue during the period	39,726,695	36,030,282
Basic profit per share attributable to equity holders of the parent (pence)	29.8	34.8
Diluted profit per share attributable to equity holders of the parent (pence)	28.6	32.7

* Dilutive shares were deemed to have been issued at nil consideration as a result of shares which could be issued under the bonus share matching plan, long-term incentive plans and acquisition related share-based payments.

(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 exceptional items, 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:

	2022 £'000	2021 £'000
Net operating profit after finance costs	7,824	6,721
Add back:		
Acquisition and restructuring related expenses, including finance costs related to the unwind of discount on contingent consideration	3,308	3,215
Depreciation and amortisation	12,359	9,475
Loss on disposal of property, plant and equipment	–	–
Dividend income received from associates	–	285
Net performance fees	–	(1,714)
Variable compensation attributable to gains on development projects	975	689
Development project costs	698	470
Net non-core activity	(1)	(38)
Share-based payments relating to acquisitions	317	615
Acquisition related remuneration	1,600	452
Adjusted profit attributable to equity holders of the parent before tax	27,080	20,170
Corporation tax attributable to adjusted operating profit	(5,147)	(2,363)
Adjusted profit attributable to equity holders of the parent after tax	21,933	17,807
Adjusted profit per share (pence) – basic	57.7	52.6
Adjusted profit per share (pence) – diluted	55.2	49.4

11 Dividends

In May 2022 the Company paid £3,814,818 which represents a final dividend for the year ended 31 December 2021 of 10.0 pence per share. A final dividend for the year ended 31 December 2020 of 6.0 pence per share totalling £1,881,172 was paid in May 2021.

Set out below is the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered.

	2022 £'000	2021 £'000
Proposed final dividend for the year ended 31 December 2022 of 16.0 pence (2021: 10.0 pence) per share	**6,124**	3,815

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

12 Investments

Investments have been classified as follows:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Non-current assets	**19,912**	13,560	**12,733**	8,308
Other debtors due within one year – Investment in development projects (see Note 21)	**3,036**	3,537	**3,036**	3,537
	22,948	17,097	**15,769**	11,845

A further analysis of total investments is as follows:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Listed securities – on the London Stock Exchange	**9,275**	4,993	**7,773**	3,555
Securities dealt in under AIM	**435**	1,363	**435**	1,363
Securities dealt in under Aquis Exchange	**3**	5	**3**	5
Unlisted securities	**10,199**	10,736	**4,522**	6,922
Closing value at 31 December	**19,912**	17,097	**12,733**	11,845
Investments valued at fair value through profit and loss	**19,912**	13,560	**12,733**	8,308
Loans and receivables carried at FVTPL*	**3,036**	3,537	**3,036**	3,537
	22,948	17,097	**15,769**	11,845

* Investment in development projects changed to FVTPL in the current year from amortised cost due to the change in the business model for managing the loan receivables. Fair value is calculated based on expected cashflow from the loan and discounted using the riskiest synthetic credit rating due to the loans inactive market.

The movement in investments valued at fair value through profit and loss is:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Opening cost	10,724	7,839	7,722	5,203
Opening net unrealised gains/(losses)	2,836	1,035	586	(73)
Opening value	13,560	8,874	8,308	5,130
Movements in the year:				
Purchases at cost	8,825	5,851	7,084	5,203
Additions through business combinations	–	–	–	–
Sales – proceeds	(1,659)	(4,047)	(1,659)	(3,045)
Sales – realised gains on sales	693	1,081	693	361
Net unrealised (losses)/gains	(1,507)	1,801	(1,693)	659
Closing value	19,912	13,560	12,733	8,308
Closing cost	18,583	10,724	13,840	7,722
Closing net unrealised gains/(losses)	1,329	2,836	(1,107)	586
Closing value	19,912	13,560	12,733	8,308

The movement in loans and receivables carried at fair value through profit and loss is:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Opening value	3,537	763	3,537	763
Movements in the year:				
Purchases at cost	2,303	6,296	2,303	6,296
Sales – proceeds	(2,853)	(3,550)	(2,853)	(3,550)
Sales – realised gains on sales	49	28	49	28
Closing value	3,036	3,537	3,036	3,537

Gains and losses on investments held at fair value:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Net realised gains on disposal	694	1,109	693	389
Net unrealised (losses)/gains	(1,455)	1,801	(1,643)	659
Net gains on investments	(761)	2,910	(950)	1,048

Gains and losses on disposal of subsidiary undertaking:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Profit on disposal of subsidiary undertaking*	2,249	2,932	–	–
Total net gains on Investment	1,488	5,842	–	–

* Profit from disposal of subsidiary undertaking is from the Group disposed of DevCo Projects; UK Battery Storage Limited, Arbroath Limited, Stairfoot Limited, GreenGridPower Limited during the year.

13 Property, plant and equipment

Group 2022

	Office equipment £'000	Motor vehicles £'000	Leasehold property £'000	Right of use assets £'000	Total £'000
Cost					
As at 1 January	653	358	130	3,526	4,667
Additions	153	213	–	36	402
Additions through business combinations	8	–	–	–	8
Disposals during the year	(46)	(120)	(130)	(562)	(858)
Foreign exchange movements	–	–	–	44	44
As at 31 December	768	451	–	3,044	4,263
Depreciation					
As at 1 January	237	226	57	1,220	1,740
Charge for the year	158	90	16	835	1,099
Disposals during the year	(28)	(94)	(73)	(529)	(724)
Foreign exchange movements	–	–	–	21	21
As at 31 December	367	222	–	1,547	2,136
Net book value as at 31 December	401	229	–	1,497	2,127

Group 2021

	Office equipment £'000	Motor vehicles £'000	Leasehold property £'000	Right of use assets £'000	Total £'000
Cost					
As at 1 January	409	346	130	2,221	3,106
Additions	289	38	–	1,988	2,315
Additions through business combinations	54	–	–	806	860
Disposals during the year	(99)	(26)	–	(1,472)	(1,597)
Foreign exchange movements	–	–	–	(17)	(17)
As at 31 December	653	358	130	3,526	4,667
Depreciation					
As at 1 January	195	169	29	1,623	2,016
IFRS 16 restatement through business combinations	–	–	–	365	365
Charge for the year	138	80	28	713	959
Disposals during the year	(96)	(23)	–	(1,472)	(1,591)
Foreign exchange movements	–	–	–	(9)	(9)
As at 31 December	237	226	57	1,220	1,740
Net book value as at 31 December	416	132	73	2,306	2,927

Company 2022

	Office equipment £'000	Motor vehicles £'000	Right of use assets £'000	Total £'000
Cost				
As at 1 January	467	304	1,725	2,496
Additions	153	213	–	366
Disposals during the year	(46)	(120)	–	(166)
As at 31 December	574	397	1,725	2,696
Depreciation				
As at 1 January	179	172	233	584
Charge for the year	130	90	559	779
Disposals during the year	(34)	(94)	–	(128)
As at 31 December	275	168	792	1,235
Net book value as at 31 December	299	229	933	1,461

Company 2021

	Office equipment £'000	Motor vehicles £'000	Right of use assets £'000	Total £'000
Cost				
As at 1 January	348	292	1,445	2,085
Additions	211	38	1,752	2,001
Disposals during the year	(92)	(26)	(1,472)	(1,590)
As at 31 December	467	304	1,725	2,496
Depreciation				
As at 1 January	170	115	1,236	1,521
Charge for the year	98	80	469	647
Disposals during the year	(89)	(23)	(1,472)	(1,584)
As at 31 December	179	172	233	584
Net book value as at 31 December	288	132	1,492	1,912

14 Intangible assets

Group 2022

	Goodwill £'000	Customer relationships £'000	Contracts £'000	Brands £'000	IT platform development £'000	Total £'000
Cost						
As at 1 January	48,794	3,335	68,543	456	1,958	123,086
Additions through business combinations	742	–	1,512	–	–	2,254
Other additions	–	–	759	–	695	1,454
Disposals during the year	(568)	–	–	–	–	(568)
Foreign exchange movements	265	–	199	–	–	464
As at 31 December	49,233	3,335	71,013	456	2,653	126,690
Amortisation						
As at 1 January	–	3,170	24,049	29	826	28,074
Charge for the year	–	56	10,568	113	511	11,248
Disposals during the year	–	–	–	–	–	–
Foreign exchange movements	–	–	33	–	–	33
As at 31 December	–	3,226	34,650	142	1,337	39,355
Net book value as at 31 December	49,233	109	36,363	314	1,316	87,335
Remaining amortisation period	n/a	2 years	1-22 years	3 years	1-4 years	

Group 2021

	Goodwill £'000	Customer relationships £'000	Contracts £'000	Brands £'000	IT platform development £'000	Total £'000
Cost						
As at 1 January	29,718	3,335	46,650	–	1,242	80,945
Additions through business combinations	19,162	–	23,346	456	–	42,964
Other additions	–	–	–	–	725	725
Disposals during the year	–	–	(1,406)	–	(9)	(1,415)
Foreign exchange movements	(86)	–	(47)	–	–	(133)
As at 31 December	48,794	3,335	68,543	456	1,958	123,086
Amortisation						
As at 1 January	–	3,116	17,411	–	448	20,975
Charge for the year	–	54	8,047	29	386	8,516
Disposals during the year	–	–	(1,406)	–	(8)	(1,414)
Foreign exchange movements	–	–	(3)	–	–	(3)
As at 31 December	–	3,170	24,049	29	826	28,074
Net book value as at 31 December	48,794	165	44,494	427	1,132	95,012
Remaining amortisation period	n/a	3 years	1-22 years	4 years	1-4 years	

Goodwill can be allocated to CGUs as follows:

	2022 £'000	2021 £'000
Burlington RE Property Management Limited	**786**	–
Appian Asset Management Limited	**3,611**	3,958
Livingbridge VCT business	**12,167**	12,167
Mobeus VCT business	**15,118**	15,118
TradeRisks Limited	**5,655**	5,655
FIM, Hazel Capital and Aitchesse	**11,896**	11,896
	49,233	48,794

The Group tests whether goodwill has suffered any impairment on an annual basis.

Goodwill impairment assessment is based on the expected future returns of the relevant CGU as a whole. Goodwill has been assessed for each CGU for impairment as at 31 December 2022. This assessment includes an analysis of the recoverable amounts of the CGUs by using value in use based on forecasted cash flow models.

Each impairment model includes a 5-year cash flows with the most recent approved budget by the Board. The cash flows is based on expected fundraising and other growth factors as set out by the Group Strategic as well as the associated cost of delivering the planned revenues. The model includes the calculated terminal value as the lower of the year 5 cash flows multiplied by the acquisition EV multiple and the year 5 cash flows is then discounted.

A discount rate or weighted average cost of capital (WACC) derived from the capital asset pricing model (CAPM) has been applied to the cash flows to determine an estimate of the fair value of the business, which is used to assess whether goodwill impairment arises.

The key assumption in the cashflow projections are the terminal value and discount rate applied to the CGUs in 2022 and 2021 is as follows:

	2022	2021
Burlington RE Property Management	8.0%	–`
Appian Asset Management Limited	13.0%	12.3%
Livingbridge VCT business	16.0%	15.0%
Mobeus VCT business	14.0%	12.0%
TradeRisks Limited	8.0%	7.5%
FIM, Hazel Capital and Aitchesse	10.0%	7.5%

The terminal value used in the models are based on lower end of the range. Adverse movements in an additional discount rate of up to 7% would not lead to any impairment for any of the CGUs.

The assumptions used on goodwill impairment, including discount rates, and cash flow projections are described in more detail in the critical accounting estimates and judgements section of the accounting policies.

Company

	2022 IT platform development £'000	2021 IT platform development £'000
Cost		
As at 1 January	1,906	1,181
Additions	695	725
As at 31 December	2,601	1,906
Amortisation		
As at 1 January	807	432
Charge for the year	502	374
As at 31 December	1,309	806
Net book value as at 31 December	1,292	1,100
Remaining amortisation period	1-4 years	1-4 years

15 Long-term receivables

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Other debtors	**1,330**	492	**492**	492
	1,330	492	**492**	492

Other debtors consist of rental deposits and deferred consideration receivable.

16 Disposal group held for sale

The Group has invested in the development of battery storage projects, which are part of the exclusive pipeline to be sold to Gresham House Energy Storage Fund plc (GRID) when operational, and the development of solar projects (collectively known as DevCo Projects). In some instances DevCo Projects have been sold prior to being operational, with deferred consideration payable when the project becomes operational. The DevCo Projects are held in separate SPVs, which the Group entity Gresham House Devco Limited owns 100% of the equity in, and the Group has also lent funds for the development of the projects. These loans are measured at FVTPL.

The sale of certain DevCo Projects has been agreed with GRID and is documented, including price and conditions to complete the sale. It is expected that the sale process will complete within a six to 12-month time frame, as such it has been deemed appropriate to treat the DevCo Projects as assets held for sale under IFRS 5. Specifically, they are classified as a "disposal group" held for sale, whose value will be primarily recovered by sale and is measured under fair value less cost to sell (FVLCS).

Assets acquired with a view for resell are classified as discontinued operations and falls under assets held for sale and measured at fair value less costs to sell.

The assets and liabilities of those SPVs which have been consolidated by the Group are:

	2022 £'000	2021 £'000
Assets of a disposal group held for sale	**22,907**	17,545
Liabilities of a disposal group classified as held for sale	**(7,307)**	(7,499)
	15,600	10,046

The Group's interest in other DevCo Projects can be summarised as follows:

	2022 £'000	2021 £'000
Loans and receivables brought forward	**3,537**	551
Additions	**2,352**	3,537
Disposals	**(2,853)**	(551)
Loans and receivables carried forward (Note 12)	**3,036**	3,537

The Group's total exposure to DevCo Projects is:

	2022 £'000	2021 £'000
Net assets and liabilities of a disposal group held for sale	**15,600**	10,046
Loans and receivables	**3,036**	3,537
	18,636	13,583

An analysis of the financial results of the disposal group operation is as follow:

	2022 £'000	2021 £'000
Revenue	–	4
Expenses	(166)	(174)
Loss for the disposal group	(166)	(170)

During the year the Group acquired a controlling interest in UK Battery Storage Limited, Stairfoot Limited, GreenGridPower Limited and HazelBoro Limited. In addition, it also purchased the assets and liabilities of Worcestershire Solar 1 Limited and Warwickshire Solar 1 Limited. These acquisitions are classified as held for sale under IFRS 5 and measured FVLCS from acquisition date.

During the year the Group disposed of UK Battery Storage Limited, Arbroath Limited, Stairfoot Limited, GreenGridPower Limited, with total net proceeds of £7.5 million due, realising a net gain on disposal of £2.2 million.

17 Investment in subsidiaries

	Company	
	2022 £'000	2021 £'000
Subsidiary undertakings		
As at 1 January	80,148	79,872
Additions	–	276
As at 31 December	80,148	80,148

The subsidiary undertakings of Gresham House plc are as follows:

	Held by Company %	Held by other Group companies %	Country of incorporation and registered office
Aitchesse Limited	–	100	5 New Street Square, London EC4A 3TW, England
Coupar Limited	–	100	5 New Street Square, London EC4A 3TW, England
Deacon Commercial Development and Finance Limited	–	100	5 New Street Square, London EC4A 3TW, England
FIM Services Limited	–	100	5 New Street Square, London EC4A 3TW, England
FIM Windfarms (SC) General Partner Limited	–	100	58 Morrison Street, Glasgow EH3 8BP, Scotland
Gresham House Asset Management Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Asset Management Ireland Limited	–	100	42 Fitzwilliam Place, Dublin 2, Ireland
Gresham House Asset Management (Resources) Ireland Limited	–	100	42 Fitzwilliam Place, Dublin 2, Ireland
Gresham House Carry Warehousing Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Capital Partners Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Climate Transition Limited	–	100	5 New Street Square, London EC4A 3TW, England
Cockenzie Storage Limited	–	100	5 New Street Square, London EC4A 3TW, England

	Held by Company %	Held by other Group companies %	Country of incorporation and registered office
Gresham House Devco Pipeline Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Devco Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House EIS Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Energy Storage Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Finance Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Forestry Limited	–	100	58 Morrison Street, Edinburgh, EH3 8BP, Scotland
Gresham House Forestry Friends and Family LP	71.4	–	58 Morrison Street, Glasgow EH3 8BP, Scotland
Gresham House Forestry General Partner (Ireland) Limited	–	100	1-2 Victoria Buildings, Haddington Road, Dublin 4,Ireland
Gresham House Forest Funds General Partner Limited	–	100	5 New Street Square, London EC4A 3TW England
Gresham House (General Partner) Limited	–	100	58 Morrison Street, Edinburgh, EH3 8BP, Scotland
Gresham House GP LLP	–	100	58 Morrison Street, Edinburgh, EH3 8BP, Scotland
Gresham House GP II LLP	–	100	58 Morrison Street, Edinburgh, EH3 8BP, Scotland
Gresham House Holdings Limited	100	–	5 New Street Square, London EC4A 3TW, England
Gresham House Housing Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Initial Partner Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Infrastructure Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Investment Management Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Investment Management (Guernsey) Limited	–	100	Dorey Court, Admiral Park, St Peter Port GY1 2HT, Guernsey
Gresham House Investors Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Ireland Real Estate Limited	–	100	42 Fitzwilliam Place, Dublin 2, Ireland
Gresham House (Nominees) Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House O&M Services Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Private Capital Solutions Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Private Equity Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Private Wealth Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Real Assets Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Renewable Infrastructure Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Services Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Smaller Companies Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Solar Distribution Designated Member 1 Limited	–	100	5 New Street Square, London EC4A 3TW, England

	Held by Company %	Held by other Group companies %	Country of incorporation and registered office
Gresham House Solar Distribution Designated Member 2 Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House SPE Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Special Situations Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Timberland General Partner Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Windfarms General Partner 3 Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House Value Limited	–	100	5 New Street Square, London EC4A 3TW, England
Gresham House VCT Limited	–	100	5 New Street Square, London EC4A 3TW, England
Hazelboro Limited	–	100	5 New Street Square, London EC4A 3TW, England
Lister Battery Limited	–	100	5 New Street Square, London EC4A 3TW, England
Monets Garden Battery Limited	–	100	5 New Street Square, London EC4A 3TW, England
MyFutureLiving Limited	–	100	5 New Street Square, London EC4A 3TW, England
My ReSI Home Limited	–	100	5 New Street Square, London EC4A 3TW, England
New Capital Holdings Limited	–	95	5 New Street Square, London EC4A 3TW, England
Newton Estate Limited	–	100	5 New Street Square, London EC4A 3TW, England
ReSI Capital Management GP Limited	–	100	5 New Street Square, London EC4A 3TW, England
ReSI Capital Management Limited	–	100	5 New Street Square, London EC4A 3TW, England
ReSI Property Management Limited	–	100	1st Floor, 2 Castle Street, Taunton TA1 4AS, England
Retirement Rentals Limited	–	100	1st Floor, 2 Castle Street, Taunton TA1 4AS, England
Retirement Rentals Nominee Company 1 Limited	–	100	1st Floor, 2 Castle Street, Taunton TA1 4AS, England
Security Change Limited	–	100	5 New Street Square, London EC4A 3TW, England
TradeRisks Inc	–	100	9 East Loockerman Street, Dover DE 19901, United States
TradeRisks Limited	–	100	5 New Street Square, London EC4A 3TW, England
TradeRisks (Luxembourg) S.a.r.l.	–	100	25a, Boulevard Royal L-2449 Luxembourg
Warwickshire Solar 1 Limited	–	100	5 New Street Square, London EC4A 3TW, England
Wolden Estates Limited	–	100	5 New Street Square, London EC4A 3TW, England
Worcestershire Solar 1 Limited	–	100	5 New Street Square, London EC4A 3TW, England
Your ReSI Home Limited	–	100	5 New Street Square, London EC4A 3TW, England

Gresham House Holdings Limited is the employing entity for the Group. Gresham House Asset Management Limited, TradeRisks Limited and ReSI Capital Management Limited are the FCA regulated entities.

18 Investment in associates

	2022 £'000	2021 £'000
Opening Investment in associates	11,955	9,142
Share of associates' profit	1,052	4,955
Dividends received from associates	–	(285)
Additions	–	1,165
Return of capital	–	(2,441)
Disposals	(12,579)	(371)
Redesignation	–	(210)
Closing investment in associates	428	11,955

The above balance consists of the Group's holdings in Environment Bank Limited (EBL) of 25%, the Group reduced its holdings from 50% to 25% in the year. In 2022, the Group also realised its investment in Rockwood Strategic plc (formerly Gresham house Strategic plc or GHS) for £11.8m.

The Board believe that Gresham House plc exercises significant influence over EBL, but not control, through its 25% equity investment.

The latest financial information of EBL was the unaudited results for the 8 month period to 31 December 2022. The assets and liabilities at that date are shown below:

	£'000
Non-current assets	186
Current assets	4,179
Current liabilities	(1,708)
Long-term liabilities	(2,237)
Net liabilities	420

The EBL unaudited statement of comprehensive income noted revenues of £4,609,000 (2021: £567,000) and a profit before tax and total comprehensive loss of £718,917 (2021: loss £1,308,000) for the period ended 31 December 2022.

The registered office of EBL is Central House, 20 Central Avenue, St Andrews Business Park, Norwich, NR7 0HR.

19 Trade receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts receivable within one year:				
Trade receivables	11,216	11,135	–	–
Less allowance for credit losses	–	–	–	–
	11,216	11,135	–	–

As at 31 December 2022, trade receivables of £1,201,000 (2021: £614,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
1-3 months	**886**	516	**–**	–
3-6 months	**245**	67	**–**	–
More than 6 months	**70**	31	**–**	–
	1,201	614	**–**	–

As at 31 December 2022 there were no provisions against trade receivables (2021: £nil).

The expected credit losses are estimated using a provision matrix by reference to past default experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date, such as, the impact from the Ukraine war, inflation, and interest rates. The Group has therefore not recognised a loss allowance because historical experience has indicated that the risk profile of trade receivables is deemed low.

20 Accrued income and prepaid expenses

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Accrued income	**8,641**	9,561	**–**	75
Other debtors	**21,217**	10,794	**1,689**	713
Prepaid expenses	**981**	1,350	**94**	369
	30,839	21,705	**1,783**	1,157

The movement in other debtors includes an increase in deferred consideration receivable from DevCo Projects to £10,887,000 at 31 December 2022 from £9,748,000 at 31 December 2021, as well as other debtors in Gresham House Investment Management £5,164,000 (2021: £29,000) and Gresham House Forestry GP £4,991,000 (2021:nil).

21 Other current assets

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Amounts owed by Group undertakings	**–**	–	**26,887**	16,510
Loan Receivables – Investment in development projects (see Note 12)	**3,036**	3,537	**3,036**	3,537
Corporation tax recoverable	**–**	–	**–**	–
	3,036	3,537	**29,923**	20,047

Amounts owed by Group undertakings are repayable on demand and attract interest of between 0% and 15% per annum.

Receivables from Group undertakings and loans to Group undertakings are considered to be a low credit risk. Credit risk for these assets has not increased significantly since their initial recognition. As such, no expected credit losses have been recognised in respect of Group balances as any effect would be immaterial for the Company.

During the year, there was a change in the business model for managing the loan receivables from the investment in development projects. As such, the classification has changed from amortised cost to FVTPL. Fair value is calculated based on expected cashflow from the loan and discounted using the riskiest synthetic credit rating due to the loans inactive market.

22 Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Trade creditors	**2,328**	742	**–**	–
IFRS 16 lease creditor	**790**	643	**653**	283
Other creditors	**2,006**	2,955	**33**	32
Accruals and deferred income	**24,611**	24,195	**225**	204
Corporation tax payable	**444**	1,692	**–**	–
Contingent consideration (Note 26)	**10,111**	12,494	**–**	–
	40,290	42,721	**911**	519

23 Short-term borrowings

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Bank loans – within current liabilities (Note 25)	**–**	–	**–**	–
Amounts owed to Group undertakings	**–**	–	**1,541**	1,136
	–	–	**1,541**	1,136

24 Deferred taxation

Under International Accounting Standard (IAS) 12 (Income Taxes) provision is made for the deferred tax liability associated with the recognition of the management contracts and customer relationships as part of the 100% acquisition of FIM, TradeRisks, Appian, Burlington and the acquisition of the Mobeus VCT business. This has been initially recognised at 17% for FIM, 19% for TradeRisks, 12.5% for Appian, 12.5% for Burlington and 24% for Mobeus of the fair value of the intangible assets at acquisition and reassessed each year end, with the movement being recognised in the income statement.

During the 2021 the Group reassessed the assumptions made at the time of the acquisition of the Livingbridge VC management contracts. This resulted in a deferred tax liability of £2,071,000 being recognised at a rate of 22% on 1 October 2021.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2021: 19%). The increase in the main rate of corporation tax to 25% was substantively enacted with effect from April 2023. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2023.

As at 31 December 2022 the deferred tax liability was £9,155,000 (2021: £10,597,000).

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

The Group has recognised a deferred tax asset of £1,802,000 (2021: £2,197,000) in relation to differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. The Company has recognised £66,000 (2021: £92,000) in respect of these differences.

The movement on the deferred tax account is as shown below:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Balance as at 1 January	**(8,400)**	(2,176)	**92**	153
Deferred tax recognised in profit and loss	**2,016**	(1,744)	**(26)**	(61)
Deferred tax recognised in equity	**(498)**	1,062	**–**	–
	(6,882)	(2,858)	**66**	92
Arising on business combinations	**(471)**	(5,542)	**–**	–
Balance as at 31 December	**(7,353)**	(8,400)	**66**	92

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Deferred tax asset	**1,802**	2,197	**66**	92
Deferred tax liability	**(9,155)**	(10,597)	**–**	–
	(7,353)	(8,400)	**66**	92

25 Long-term borrowings

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Bank loans	**–**	–	**–**	–
	–	–	**–**	–

On 16 February 2023, the Company signed an extension to the facility agreement with Banco Santander SA (the facility) for £20.0 million to 31 December 2024. The facility is secured with fixed and floating charges over certain of the Company's assets, with cross guarantees provided by Gresham House Asset Management Limited and Gresham House Holdings Limited. The fixed charges relate to certain Group bank accounts with a carrying value of £23.5 million as at the year end.

No amounts were drawn under this facility at the year end.

The Group has complied with the financial covenants attached to the facility.

The interest payable on the facility is SONIA plus 3.05%.

26 Non-current liabilities – other creditors

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Contingent consideration	**3,752**	10,165	**–**	–
IFRS 16 lease creditor	**1,154**	1,798	**447**	1,058
Other liabilities	**341**	–	**–**	–
	5,247	11,963	**447**	1,058

Contingent consideration

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Current contingent consideration	**10,111**	12,494	**–**	–
Non-current contingent consideration	**3,752**	10,165	**–**	–
	13,863	22,659	**–**	–

Contingent consideration paid in the year was £10.1 million (£0.8 million was also paid in the year but form part of the partner consideration and reclassified as such in the year). Contingent consideration paid in 2021 was £1.4 million.

TradeRisks

Contingent consideration totalling a maximum of £6.0 million will be payable in cash to the sellers based on the following:

a) 0.5% of funds raised payable in three years, with maximum amount capped at £3.0 million;

b) any realised synergies payable in three years, capped at £1.0 million; and

c) £2.0 million payable within six months post-completion for any inventory true-up.

Payments totalling £1.5 million were paid during the 2022.

The fair value of the remaining contingent consideration payable to the TradeRisks sellers as at 31 December 2022 was £0.6 million.

Appian

Contingent consideration with an expected fair value of £1.0 million will be payable in cash to the sellers based on the following:

- 1.4 times year two earnings, payable on 30 June 2023. The expected fair value as at 31 December 2022 is £0.3 million;
- 1.4 times year three earnings, payable on 30 June 2024. The expected fair value as at 31 December 2022 is £0.7 million; and
- up to €0.75 million payable on 30 June 2024 based on certain AUM and earnings targets. The expected fair value as at 31 December 2022 is nil.

The fair value of the contingent consideration has been estimated using expected outcomes and discounting this at 13.0%. Up to 50% of the contingent consideration may be settled in Gresham House plc shares at the Company's discretion.

Mobeus

Contingent consideration totalling a maximum of £9.7 million will be payable in cash to the sellers based on the following:

- £4.1 million was paid in January 2023 following the retention of the management contracts;
- £2.9 million payable on 31 December 2023 subject to the retention of the management contracts;
- a maximum of £1.9 million payable after three years subject to the retention of the management contracts; and
- a maximum of £0.8 million payable in three years subject to fundraising and AUM targets.

The fair value of the contingent consideration has been estimated using expected outcomes, the probability of those outcomes and discounting this at 12.0%. The expected fair value as at 31 December 2022 is £8.8 million.

Burlington

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 as at 31 December 2022 is £0.9 million.

DevCo Projects

DevCo projects also have contingent consideration which are payable once certain operational matrices are met as per the SPA. GreenGridPower £1.0 million, Stairfoot £1.3 million and Hazelboro £0.2 million.

27 Share capital

	2022 £'000	2021 £'000
Allotted: Ordinary – 38,273,996 (2021: 38,000,819) fully paid shares of 25 pence	**9,568**	9,500

During the year the Company issued the following new ordinary shares:

- 73,177 shares on 15 March 2022 to the vendors of Burlington RE Asset Management Limited; and
- 200,000 shares on 15 March 2022 at par into the Gresham House Employee Benefit Trust.

The Gresham House Employee Benefit Trust (EBT) held 191,781 shares at 31 December 2022, with a par value of £48,000 (2021: 204,007 shares with par value of £51,000).

The shares held by the GH EBT are expected to be issued under share option contracts. The shares were acquired during the year. In 2022, 384,461 shares were issued to employees (2021: 1,287,450).

28 Share based payments

2016 Long-term incentive plan

Following approval from shareholders at the General Meeting of the Company on 20 November 2015, the Directors implemented a long-term incentive plan (2016 LTIP) to incentivise the management team as well as align their interests with those of shareholders on 28 July 2016 through enhancing shareholder value.

For the purposes of the 2016 LTIP, "shareholder value" is the difference between the market capitalisation of the Company at the point in time that any assessment is made and the sum of:

(i) the market capitalisation of the Company a) at 1 December 2014 for first awards made to management who joined the Company before 30 September 2015 (old joiners) and b) at the date of award in all other cases (new joiners); and

(ii) the aggregate value (at the subscription price) of all ordinary shares issued thereafter and up to the point in time that any assessment is made, in each case adjusted for dividends and capital returns to shareholders and/or issue of new shares.

The beneficiaries of the 2016 LTIP, will in aggregate be entitled to an amount of up to 20.0% of shareholder value created over the exercise period, subject to performance criteria set out below. Individual participation in the shareholder value created was determined by the Remuneration Committee.

There were certain hurdles the Company's share price had to achieve before an award vested.

In the event that the Company achieves an average mid-market closing price equal to compound growth at 7% per annum for a period of ten consecutive dealing days in the period after 1 December 2016 for first awards to management who joined the Company before 30 September 2015 and from the second anniversary of the date of award in all other cases, 50% of the award will vest.

In the event that the share price of the Company outperforms the FTSE All Share Index in the period after 1 December 2016, and from the second anniversary of the date of the award in all other cases, 50% of the award shall vest.

Each award will require a minimum term of employment of three years and awards will be made to current management and new joiners at the Company's discretion.

IFRS 2: Share-based payments sets out the criteria for an equity-settled share-based payment, which has market performance conditions. The 2016 LTIP meets these criteria and should therefore be recognised at award at fair value and amortised over the vesting period of two years. There is no amount payable by the beneficiaries on exercise. The table below details the type and number of shares in Gresham House Holdings Limited issued and exercised in the year:

2022	**A Shares old joiners**	**A Shares new joiners**	**B Shares**	**C Shares**	**D Shares**	**Total LTIP**
Balance as at 1 January	–	–	–	–	180	180
Exercised during the year	–	–	–	–	(180)	(180)
As at 31 December	–	–	–	–	–	–
Exercisable at year end	–	–	–	–	–	–
Months to vesting	–	–	–	–	–	

2021	A Shares old joiners	A Shares new joiners	B Shares	C Shares	D Shares	Total LTIP
Balance as at 1 January	–	–	104	–	180	284
Exercised during the year	–	–	(104)	–	–	(104)
As at 31 December	–	–	–	–	180	180
Exercisable at year end	–	–	–	–	180	180
Months to vesting	–	–	–	–	–	

180 D Shares were exercised during the year and at the Company's discretion were settled in cash. The difference between the fair value recognised over the vesting period and the fair value at the date of exercise of £2.1 million was recognised in retained reserves. All awards under the 2016 LTIP have vested and been exercised as at 31 December 2022.

2018 Long-term incentive plan

The Remuneration Committee considered and implemented a long-term incentive arrangement in 2018 (2018 LTIP). The 2016 LTIP became exercisable during 2018 and as such the Remuneration Committee introduced the 2018 LTIP to align the management team and wider members of the business for the next three years with shareholders.

The 2018 LTIP is a deferred share award, which vests in three years from the date of award subject to management remaining employed by the Company as at the vesting date. There is no staggered vesting period, vesting is at the end date in three years' time.

During the year ended 31 December 2021, the full amount of the remaining 2018 LTIP of 421,805 awards were exercised and net-settled by ordinary shares held by the Gresham House Employee Benefit Trust. The weighted average share price at the date of exercise was 887 pence.

2019 Long-term incentive plan

The Remuneration Committee considered and implemented a long-term incentive arrangement in 2019 (2019 LTIP).

Under the 2019 LTIP, 274,728 deferred shares were awarded to the management team and 121,063 deferred shares were awarded to the wider members of the business, with a fair value at award of £1.5 million and £0.7 million respectively. The awards to the management team vest in three years from the date of award subject to management remaining employed by the Company as at the vesting date and achievement of performance conditions. There is no staggered vesting period, vesting is at the end date in three years' time. The awards to the wider members of the business also vest in three years from the date of award but there are no performance conditions.

The performance conditions relating to the management team's awards are that in the event that the Company achieves an average mid-market closing price equal to compound growth at 7% per annum over the three-year period from award, or the growth in Adjusted Earnings Per Share has compound growth of 7% per annum or more, 50% of the award will vest.

In the event that the share price of the Company outperforms the FTSE All Share Index from the third anniversary of the date of the award in all other cases, 50% of the award will vest.

The 2019 LTIP vested and was exercised in September 2022 and was settled in cash for £2.2 million.

2021 Long-term incentive plan

The Remuneration Committee considered and implemented a long-term incentive arrangement in 2021 (2021 LTIP).

Under the 2021 LTIP, 109,448 deferred shares were awarded to the wider members of the business, with a fair value at award of £0.9 million. The 2021 LTIP is a deferred share award, which vests in three years from the date of award subject to the team remaining employed by the Company as at the vesting date. There is no staggered vesting period, vesting is at the end date in three years' time.

An award was made to a member of the Housing (Real Estate) division in January 2021. The number of Gresham House plc shares delivered at the vesting date is calculated by the fee earning assets under management raised in Housing funds up until the vesting date of 31 March 2023, multiplied by 0.07%, plus assets under management deployed multiplied by 0.03%, in aggregate divided by the average share price on issue. The fair value at the date of award was £0.2m.

2022 Long-term incentive plan

The Remuneration Committee considered and implemented a long-term incentive arrangement in 2022 (2022 LTIP).

Under the 2022 LTIP, 283,167 shares were awarded to wider members of the business with a fair value of £2.3m at award. These awards vest in three to four years time and there are no performance conditions.

There were a number of awards made under the 2022 LTIP to address specific long-term incentives for key individuals in the Group with specific measures and conditions to incentivise and retain the individuals concerned. These were as follows:

An award was made to one of the Housing team members in March 2022. The number of Gresham House plc shares delivered at the vesting date is calculated by the fee earning assets under management raised in a new fund up until the vesting date of 31 December 2023, multiplied by 0.15%, divided by the average share price on issue. The fair value at the date of award was £89,000.

An award was made to certain members of the Forestry team was made in May 2022 for 219,379 shares to be delivered at vesting on 16 March 2025, subject to the achievement EBITDA hurdles over the 3 financial years to 31 December 2024. The fair value at award was £1,309,000.

An award was made to certain members of the Strategic Equity team in August 2022. The number of Gresham House plc shares delivered at the vesting date is calculated by taking 50% of the cumulative Operating Profit of the division above a hurdle cumulative Operating Profit amount for the three years to 31 December 2025. The fair value at the award date was £148,000.

An award was made to certain members of the Strategic Equity team in August 2022. The number of Gresham House plc shares delivered at the vesting date is calculated as the AUM increase above £741 million in the Public Equity division, multiplied by 2.5%, multiplied by 12.5%. This scheme only vests when a takeover of the Company has taken place. As at 31 December 2022, if the Company were to be taken over, the fair value of this award would be £157,000. With no takeover announced, the award had zero value at 31 December 2022.

	2018 LTIP	2019 LTIP – management team	2019 LTIP other staff	2021 LTIP	2022 LTIP	Total
Balance as at 31 December 2020	421,805	274,728	116,560	–	–	813,093
Issued in the year	–	–	–	109,448	–	109,448
Exercised in the year	(421,805)	–	–	–	–	(421,805)
Lapsed in the year	–	–	(9,009)	–	–	(9,009)
Balance as at 31 December 2021	–	274,728	107,551	109,448	–	491,727
Issued in the year	–	–	–	–	271,977	271,977
Exercised in the year	–	(274,728)	(107,551)	–	–	(382,279)
Lapsed in the year	–	–	–	–	–	–
Balance as at 31 December 2022	–	–	–	109,448	271,977	381,425
Exercisable at year end	–	–	–	–	–	–

2020 Long-term incentive plan

The Directors implemented the 2020 long-term incentive plan (2020 LTIP) in December 2020 to incentivise the management team as well as align their interests with those of shareholders through enhancing shareholder value. This scheme replaced the 2016 LTIP which had vested and was exercised by the majority of the management team during 2020.

The 2020 LTIP pool principles state that the value of the awards will be driven by the total return to shareholders over (i) 1 January 2020 to 31 December 2023 (the first measurement period) and (ii) 1 January 2020 to 31 December 2024 (the second measurement period).

In the event that total return to shareholders over the first measurement period is 7% p.a. (Performance Hurdle) or more, a maximum related plan pool of value equal to 7.5% of such total return may arise. In the event that total return to shareholders is more than the Performance Hurdle over the second measurement period, a maximum of 15% of such total return to shareholders may arise (less any pool value distributed under the awards in respect of the first measurement period).

Return to shareholders for such purposes shall be measured from a base value of £165,706,250, being the 90-day average market capitalisation of the Company to 1 January 2020, to the respective 90-day market capitalisation averaging periods at each of the measurement periods and shall include the value of dividends (assumed reinvested) and other capital (if any) returned. Appropriate adjustments to the required minimum 7% p.a. level of growth in return shall be made in respect of any capital raised during the measurement periods.

IFRS 2: Share-based payments sets out the criteria for an equity-settled share-based payment, which has market performance conditions. The 2020 LTIP meets these criteria and should therefore be recognised at award at fair value and amortised over the vesting period of four years from the date of award. The fair value of the 2020 LTIP at award was £5.7 million and as at 31 December 2022 was £10.4 million, which equates to 1,379,482 Gresham House plc shares at 755 pence.

There is no amount payable by the beneficiaries on exercise and the number of shares in respect of which the awards may vest when aggregated with those issuable or issued in respect of awards granted under the 2020 LTIP and any other Company employees' share scheme, shall not exceed 20% of prevailing issued share capital in accordance with the AIM Admission circular dated 4 November 2015. Scaling back of awards shall apply to such extent as required to ensure this limit is not breached.

Livingbridge VC long-term incentive plan

The Livingbridge VC long-term incentive plan is an equity-settled incentive scheme and considered an acquisition related share-based payment. The recipients of the scheme will receive up to £2.5 million in aggregate in Gresham House plc shares based on the three-year period to 31 December 2021. There is a hurdle to deliver revenues from the Livingbridge VC business of between £30.9 million and £37.2 million in the three years to 31 December 2021. The maximum amount payable on achieving the £37.2 million hurdle is £2.5 million and the minimum payable is zero if the £30.9 million hurdle is not achieved. As at 31 December 2021 the hurdle had been reached and the full £2.5 million was settled with 185,011 in Gresham House plc shares in March 2022.

TradeRisks long-term incentive plan

The TradeRisks long-term incentive plan is an equity settled incentive scheme and considered an acquisition related share based payment. The recipients of the scheme will receive 50% of EBITDA above the agreed Housing division (now known as Real Estate division) target EBITDA over the three year period to 5 March 2023. The fair value of this plan at award was nil.

Mobeus VC long-term incentive plan

The Mobeus VC long-term incentive plan is an equity-settled incentive scheme and considered an acquisition related share-based payment. The recipients of the scheme will receive up to £1.3 million in aggregate in Gresham House plc shares based on the three-year period to 1 October 2024.

Bonus share matching plan

The Company introduced in 2016 a share matching plan linked to the discretionary annual bonus scheme to encourage management and employees to invest in the long-term growth of the Company.

Subject to Remuneration Committee approval, management and employees entitled to a bonus may be permitted (but not required) to defer and reinvest up to 50% of their annual bonus into ordinary shares which will be released to them after three years together with any additional matching shares subject to performance criteria set out below. In 2022 the Remuneration Committee approved the reinvestment of up to 50% of annual bonuses into ordinary shares by management and employees subject to a maximum amount of £100,000 (2021: 50% subject to a maximum amount of £100,000).

In the event that the Company achieves a mid-market closing price equal to 7% per annum compound growth from the date of deferral, the participants will receive 50% of the matching shares benefit. In the event that the Company's share price outperforms the FTSE All Share Index from the date of deferral, the participants will receive 50% of the matching shares.

Shares will be awarded in the ratio one share for each share invested. In the event that this performance condition is not met, the participants will receive only the ordinary shares acquired with the deferred bonus.

The bonus shares to be awarded after the three-year period and subject to performance conditions have been fair valued using a Monte Carlo simulation. The key variables include the risk-free rate of 1.35% and volatility of the Company share price of 26%. The fair value of the matching shares relating to the 2022 bonuses is £933,000 and will be amortised over the three-year vesting period.

In 2022, the 2018 bonus share matching scheme vested on 7 March 2022 and performance conditions were met with 101,666 gross shares vested with a value of £831,000.

The deferred shares purchased and potential matchings shares at vesting currently outstanding as at 31 December 2022 were:

Number of shares	BSM 2018	BSM 2019	BSM 2020	BSM 2021
Awarded	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Vesting date	Mar 2022	Mar 2023	Mar 2024	Mar 2025
Opening deferred shares acquired	51,964	142,949	201,141	–
Deferred shares settled	(51,964)	(5,089)	(11,129)	(4,300)
Deferred shares acquired	–	–	–	298,338
Closing deferred shares	–	137,860	190,012	294,038
Opening matching shares	51,964	142,949	201,141	–
Matching shares awarded	–	–	–	294,038
Lapsed in the period	(4,092)	(6,381)	(9,677)	(29,570)
Matching shares settled	(47,872)	(4,523)	(6,491)	–
Closing matching shares	–	132,045	184,973	264,468

Matching shares in the table above represent the matching shares that could be awarded should the performance conditions be met at the vesting date. The number of shares included above represents the gross number of shares required to settle the awards.

Save as you earn (SAYE) scheme

In 2018 the Remuneration Committee approved a SAYE scheme for the benefit of all employees of the Group whereby employees can save up to £500 per month over a three-year period. At the end of the three-year period the employees have an option to purchase Company shares at the agreed exercise price or receive their savings in cash. The exercise price for the 2022 scheme is 665.6 pence. The following table outlines the maximum number of shares under the SAYE scheme:

	Shares under option	Fair value of option (pence)	Exercise price (pence)
2020 SAYE scheme	74,567	104	399
2021 SAYE scheme	–	–	–
2022 SAYE scheme	138,422	327	665.6
	212,989		

106,226 SAYE options in relation to the 2019 SAYE scheme were exercised in the year at an exercise price of 373 pence.

For all share-based payment awards the performance conditions and employment conditions as specified per scheme are required to be met at the vesting dates otherwise the awards lapse or are forfeited accordingly. Specific details are included in the schemes above.

29 Reserves

	2022					2021				
	Share premium account £'000	Merger reserve £'000	Treasury shares £'000	Foreign exchange reserve £'000	Retained reserves £'000	Share premium account £'000	Merger reserve £'000	Treasury shares £'000	Foreign exchange reserve £'000	Retained reserves £'000
Group	39,328	24,811	(51)	–	–	–	–	–	–	–
Balance as at 1 January	–	–	–	(158)	73,032	60,061	19,981	–	–	8,402
Profit/(loss) and total comprehensive income	–	–	–	638	10,706	–	–	–	(158)	11,935
Issue of shares	–	608	(1,041)	–	–	39,267	4,830	(51)	–	–
Share-based payments	–	–	–	–	(3,583)	–	–	–	–	(5,424)
Cancellation of share premium	–	–	–	–	–	(60,000)	–	–	–	60,000
Dividends paid	–	–	–	–	(3,815)	–	–	–	–	(1,881)
As at 31 December	39,328	25,419	(1,092)	480	76,340	39,328	24,811	(51)	(158)	73,032

	2022			2021		
	Share premium account £'000	Merger reserve £'000	Retained reserves £'000	Share premium account £'000	Merger reserve £'000	Retained reserves £'000
Company						
Balance as at 1 January	39,328	24,811	60,704	60,061	19,981	9,257
Loss and total comprehensive income	–	–	(3,996)	–	–	(1,695)
Issue of shares	–	608	–	39,267	4,830	–
Share-based payments	–	–	767	–	–	(4,977)
Cancellation of share premium	–	–	–	(60,000)	–	60,000
Dividends paid	–	–	(3,815)	–	–	(1,881)
As at 31 December	39,328	25,419	53,660	39,328	24,811	60,704

	2022 £'000	2021 £'000
Non-controlling interest:		
Balance as at 1 January	1,075	811
Interest in trading result for the year	20	(3)
Interest in investments – securities	–	267
As at 31 December	1,095	1,075

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium account	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Represents the difference between the value of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the acquisition method.
Treasury shares	Weighted average cost of own shares held in treasury and by the GH EBT
Foreign exchange reserve	Gains and losses arising on retranslating the net assets of overseas operations into sterling.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

30 Net asset value per share

	2022	2021
Basic		
Equity attributable to holders of the parent (£'000)	**150,041**	146,462
Number of ordinary shares in issue at the end of the period	**38,273,996**	38,000,819
Number of shares held by the Gresham House Employee Benefit Trust	**(191,781)**	(204,007)
	38,082,215	37,796,812
Basic net asset value per share (pence)	**394.0**	387.5

	2022	2021
Diluted		
Equity attributable to holders of the parent (£'000)	**150,041**	146,462
Number of ordinary shares in issue at the end of the period	**38,273,996**	38,000,819
Number of shares held by the Gresham House Employee Benefit Trust	**(191,781)**	(204,007)
Number of dilutive shares*	**1,705,923**	2,150,707
	39,788,138	39,947,519
Basic net asset value per share (pence)	**377.1**	366.6

* Dilutive shares were deemed to have been issued at nil consideration as a result of shares which could be issued under the bonus share matching plan, long-term incentive plans and acquisition related share-based payments.

The movement during the year of the assets attributable to ordinary shares were as follows:

	£'000
Total net assets attributable at 1 January 2022	147,537
Total recognised gains for the year	11,364
Share-based payments	(3,583)
Issue of shares	(365)
Dividends paid	(3,815)
Total net assets attributable at 31 December 2022	151,138

31 Notes to the statements of cash flows

(a) Reconciliation of operating profit to operating cash flows

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Net operating profit/(loss) after finance costs	7,824	6,721	(2,753)	(2,680)
Loss from discontinued operations	(177)	(14)	–	–
Interest payable	2,300	214	238	169
Depreciation	1,155	959	779	648
Loss on disposal of property, plant and equipment	(44)	–	(44)	(1)
Amortisation	11,248	8,516	503	374
Share-based payments	3,566	3,788	767	–
Share-based payments	–	–	–	–
Acquisition related remuneration	1,917	452	–	–
	27,789	20,636	(510)	(1,490)
Increase in long-term receivables	(838)	(492)	–	(492)
(Increase)/decrease in current assets	(10,077)	(7,745)	(256)	(87)
Increase/(decrease) in current liabilities	672	8,731	727	158
	17,546	21,130	(39)	(1,911)

(b) Non-cash investing and financing activities

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Acquisition of right-of-use assets (Notes 8 and 13)	20	2,794	–	1,752
Partial settlement of business combinations through the issue of shares (Notes 5 and 27)	627	24,899	–	–
	647	27,693	–	1,752

(c) Net debt reconciliation

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash and cash equivalents	32,205	40,252	2,976	23,800
Amounts owed to Group undertakings	–	–	(1,541)	(1,136)
Lease liabilities (Note 8)	(1,944)	(2,441)	(1,100)	(1,341)
Net cash	30,261	37,811	335	21,323

Group

	Leases £'000	Cash £'000	Total £'000
Net cash/(debt) at 1 January 2021	(641)	21,886	21,245
Cash flows	845	18,366	19,211
New leases obtained through business combinations	(689)	–	(689)
New leases	(1,970)	–	(1,970)
Foreign exchange movements	14	–	14
Net (debt)/cash at 31 December 2021	(2,441)	40,252	37,811
Cash flows	553	(8,047)	(7,494)
New leases	(20)	–	(20)
Foreign exchange movements	(35)	–	(35)
Net (debt)/Cash at 31 December 2022	(1,943)	32,205	30,262

Company

	Net borrowings £'000	Leases £'000	Cash £'000	Total £'000
Net (debt)/cash at 1 January 2021	(4,651)	(211)	7,826	2,964
Cash flows	3,515	604	15,974	20,093
New leases	–	(1,734)	–	(1,734)
Net cash/(debt) at 31 December 2021	(1,136)	(1,341)	23,800	21,323
Cash flows	756	283	(20,824)	(19,785)
Non-cash intercompany movements	(774)	–	–	(774)
Other movements	–	(42)	–	(42)
Net (debt)/Cash at 31 December 2022	(1,154)	(1,100)	2,976	722

32 Financial instruments

The Group consists of the Company and subsidiary undertakings whose principal activities are asset management.

The Group's financial instruments, which are held in accordance with the Group's objectives and policies, comprise:

(i) securities consisting of listed and unlisted equity shares;

(ii) a portfolio of listed and unlisted fixed income securities;

(iii) cash, liquid resources and short-term debtors and creditors that arise directly from its operational activities; and

(iv) short-term and long-term borrowings.

As at 31 December 2022 the following categories of financial instruments were held by:

Group

	2022		2021	
	Assets at amortised cost £'000	Assets at fair value through profit or loss £'000	Assets at amortised cost £'000	Assets at fair value through profit or loss £'000
Financial assets per Statement of Financial Position				
Investments	–	19,912	3,537	13,560
Loans and receivables	–	3,036	–	–
Trade and other receivables – current and non-current	21,187	–	11,627	9,748
Accrued income and other debtors	21,217	–	10,608	–
Cash and cash equivalents	32,205	–	40,252	–
	74,609	22,948	66,024	23,308

	2022		2021	
	Other financial liabilities at amortised cost £'000	Liabilities at fair value through profit or loss £'000	Other financial liabilities at amortised cost £'000	Liabilities at fair value through profit or loss £'000
Financial liabilities per Statement of Financial Position				
Trade and other payables – short-term	28,390	10,111	27,950	12,494
Other creditors – long-term	1,154	3,752	1,798	10,165
	29,544	13,863	29,748	22,659

Company

	2022		2021	
	Assets at amortised cost £'000	Assets at fair value through profit or loss £'000	Assets at amortised cost £'000	Assets at fair value through profit or loss £'000
Financial assets per Statement of Financial Position				
Investments	–	12,733	3,537	8,308
Loans and receivables	–	3,036	–	–
Accrued income and other debtors	2,181	–	1,280	–
Amounts owed by Group undertakings	26,887	–	16,510	–
Cash and cash equivalents	2,976	–	23,800	–
	32,044	15,769	45,127	8,308

	2022		2021	
	Other financial liabilities at amortised cost £'000	Liabilities at fair value through profit or loss £'000	Other financial liabilities at amortised cost £'000	Liabilities at fair value through profit or loss £'000
Financial liabilities per Statement of Financial Position				
Trade and other payables – short-term	911	–	519	–
Trade and other payables – long-term	447	–	1,058	–
Other loans – short and long-term	1,541	–	1,136	–
Bank loans – short and long-term	–	–	–	–
	2,899	–	2,713	–

The carrying value of loans and receivables and other financial liabilities are not materially different to their fair values. The Group's activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The main risks to which the Group is exposed are market price risk, credit risk, interest rate risk and liquidity risk. The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Group are summarised below.

Market price risk

Market price risk is the risk that changes in market prices will adversely affect the Group's income due to a decline in the underlying value of assets under management, resulting in lower fees.

The objective of market price risk management is to manage and control market price exposure, while optimising the return on risk. The Group manages strategic equity funds, which are exposed to market prices. Forestry asset management fees are not linked directly to market prices.

Market price risk arises from uncertainty about the future prices of financial instruments held within the Group's portfolio. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements. The investments in equity and fixed interest stocks of unquoted companies are not traded and as such the prices are more uncertain than those of more widely traded securities.

Unquoted investments are valued as per accounting policy (j) in these financial statements. Regular reviews of the financial results, combined with close contact with the management of these investments, provides sufficient information to support these valuations.

Foreign currency risk

The Group is not materially exposed to currency risk as its assets and liabilities are substantially denominated in Sterling.

Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Group.

The Group's maximum exposure to credit risk is:

	2022 £'000	2021 £'000
Loan stock investments	3,036	3,537
Deferred receivable – short and long-term	21,217	9,748
Trade and other receivables – short-term	11,216	11,627
Accrued income and other debtors	9,622	10,608
Cash and cash equivalents	32,205	40,252
	77,296	75,772

The Group has an exposure to credit risk in respect of both loan stock investments and other loans, most of which have no security attached to them, or where they do, such security will rank after any bank debt. The Company's exposure to credit risk is restricted to investments, cash and cash equivalents, other loans, amounts owed by Group undertakings and accrued income totalling £47,813,000 (2021: £45,127,000).

Cash and cash equivalents consist of cash in hand and balances with banks. To reduce the risk of counterparty default the Group deposits its surplus funds in approved high-quality banks.

The following table shows the maturity of the loan stock investments and other loans referred to above:

	2022 £'000	2021 £'000
Loan stock investments		
Repayable within: – 1 year	3,036	3,537
1-2 years	–	–
2-3 years	–	–
3-4 years	–	–
4-5 years	–	–
	3,036	3,537

As at 31 December 2022 loan stock investments totalling £nil (2021: £858,000) were impaired and provided for.

As at 31 December 2022 other loans totalling £nil (2021: £54,000) were impaired and provided for.

There is potentially a risk whereby a counterparty fails to deliver securities which the Company has paid for or pay for securities which the Company has delivered. This risk is considered to be small as where the transaction is in respect of quoted investments the Company uses brokers with a high credit quality and where the transaction is in respect of unquoted investments, these are conducted through solicitors to ensure that payment matches delivery.

Interest rate risk

The Group's fixed and floating interest rate securities, equity, preference equity investments and loans and net revenue may be affected by interest rate movements. Investments in small businesses are relatively high-risk investments which are sensitive to interest rate fluctuations.

The Group's assets include fixed and floating rate interest instruments as detailed below. The Group is exposed to interest rate movements on its floating rate liabilities.

The interest rate exposure profile of the Group's financial assets and liabilities as at 31 December 2022 and 2021 were:

Group

	Non-interest-bearing assets/ liabilities £'000	Fixed rate assets £'000	Floating rate assets £'000	Fixed rate liabilities £'000	Floating rate liabilities £'000	Net total £'000
As at 31 December 2022						
Investments	19,912	3,036	–	–	–	22,948
Cash	–	–	32,205	–	–	32,205
Trade and other receivables	21,187	–	–	–	–	21,187
Accrued income and other debtors	21,217	–	–	–	–	21,217
Creditors						
– falling due within 1 year	(27,600)	–	–	(790)	–	(28,390)
– falling due after 1 year	–	–	–	(1,154)	–	(1,154)
	34,716	3,036	32,205	(1,944)	–	68,013

	Non-interest-bearing assets/ liabilities £'000	Fixed rate assets £'000	Floating rate assets £'000	Fixed rate liabilities £'000	Floating rate liabilities £'000	Net total £'000
As at 31 December 2021						
Investments	13,560	3,537	–	–	–	17,097
Cash	–	–	40,252	–	–	40,252
Trade and other receivables	21,375	–	–	–	–	21,375
Accrued income and other debtors	10,608	–	–	–	–	10,608
Creditors						
– falling due within 1 year	(27,307)	–	–	(643)	–	(27,950)
– falling due after 1 year	–	–	–	(1,798)	–	(1,798)
	18,236	3,537	40,252	(2,441)	–	59,584

Non-interest-bearing assets comprise the portfolio of ordinary shares, dealing securities and non-interest-bearing loans.

Fixed rate assets comprise fixed rate loans, unsecured loans and loans repayable on demand, with a weighted average interest rate of 15% (2021: 15.0%).

Floating rate assets and floating rate liability loans are subject to interest rates which are based on SONIA and bank base rates.

Fixed rate liabilities include lease creditors.

The interest rate exposure profile of the Company's financial assets and liabilities as at 31 December 2022 and 2021 were:

Company

	Non-interest-bearing assets/ liabilities £'000	Fixed rate assets £'000	Floating rate assets £'000	Fixed rate liabilities £'000	Floating rate liabilities £'000	Net total £'000
As at 31 December 2022						
Investments – securities	12,733	3,038	–	–	–	15,771
Cash	–	–	2,976	–	–	2,976
Accrued income and other debtors	2,181	–	–	–	–	2,181
Amounts owed by Group undertakings	26,887	–	–	–	–	26,887
Creditors						
– falling due within 1 year	(1,799)	–	–	(653)	–	(2,452)
– falling due after 1 year	–	–	–	(447)	–	(447)
	40,002	3,038	2,976	(1,100)	–	44,916

	Non-interest-bearing assets/ liabilities £'000	Fixed rate assets £'000	Floating rate assets £'000	Fixed rate liabilities £'000	Floating rate liabilities £'000	Net total £'000
As at 31 December 2021						
Investments – securities	8,308	3,537	–	–	–	11,845
Cash	–	–	23,800	–	–	23,800
Accrued income and other debtors	1,280	–	–	–	–	1,280
Amounts owed by Group undertakings	16,510	–	–	–	–	16,510
Creditors						
– falling due within 1 year	(236)	–	–	(283)	(1,136)	(1,655)
– falling due after 1 year	–	–	–	(1,058)	–	(1,058)
	25,862	3,537	23,800	(1,341)	(1,136)	50,722

Although the Group holds investments that pay interest, the Board does not consider it appropriate to assess the impact of interest rate changes upon the value of the investment portfolio as interest rate changes are only one factor affecting market price and the impact is likely to be immaterial. The Group had no bank borrowings at the year end so the sensitivity of interest payable to changes in interest rates was not relevant in 2022. Any change to the interest rates on the floating rate assets and liabilities is immaterial to the Group.

Liquidity risk

The investments in equity investments in Aquis Exchange traded companies may be difficult to realise at their carrying value, particularly if the investment represents a significant holding in the investee company. Similarly, investments in equity and fixed interest stocks of unquoted companies that the Company holds are only traded infrequently. They are not readily realisable and may not be realised at their carrying value where there are no willing purchasers.

The Group has in place a revolving credit facility which it has available to manage liquidity risk as required.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
As at 31 December 2022				
Leases	874	632	464	220
Trade payables	2,328	–	–	–
Accruals	24,612	–	–	–
Contingent consideration	7,939	7,374	1,114	–
Other creditors	2,006	–	–	–
	37,759	8,006	1,578	220

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
As at 31 December 2021				
Leases	644	863	947	335
Trade payables	742	–	–	–
Accruals	24,195	–	–	–
Contingent consideration	8,955	7,195	5,361	–
Other creditors	2,955	–	–	–
	37,491	8,058	6,308	335

Capital risk management

The Group manages its capital to ensure that entities within the Group and the Company will be able to continue to trade in an orderly fashion whilst maintaining sustainable returns to shareholders.

The capital structure of the Group and the Company consists of short and long-term borrowings as disclosed in Notes 23 and 25, cash and cash equivalents and equity attributable to equity shareholders of the Company comprising issued share capital, share premium, merger reserve, treasury shares, foreign exchange reserve and retained reserves as disclosed in Notes 27, 28 and 30. The Board reviews the capital structure of the Group and the Company on a regular basis to ensure it complies with all regulatory capital requirements. The financial measures that are subject to review include cash flow projections and the ability to meet capital expenditure and other contracted commitments, projected gearing levels and interest covenants, although no absolute targets are set for these.

The Group aims to hold sufficient cash to fulfil its requirements with respect to regulatory capital. During the year the Group and its subsidiary entities complied with all regulatory capital requirements.

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Debt	**(1,944)**	(2,441)	**(1,100)**	(2,477)
Amounts owed by Group undertakings	**–**	–	**25,346**	16,510
Cash and cash equivalents	**32,205**	40,252	**2,976**	23,800
Net assets	**151,138**	147,537	**127,975**	134,343
Net cash	**30,261**	37,811	**27,222**	37,833
Net cash as a % of net assets	**20.0%**	25.6%	**21.27%**	28.2%

33 Fair value measurements

Valuation inputs

IFRS 13 Fair Value Measurement – requires an entity to classify its financial assets and liabilities held at fair value according to a hierarchy that reflects the significance of observable market inputs. The classification of these assets and liabilities is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined below.

Quoted market prices – Level 1

Financial instruments, the valuation of which is determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2

Financial instruments that have been valued using inputs other than quoted prices as described for Level 1 but which are observable for the asset or liability, either directly or indirectly. Loans from the development project is at Level 2.

Valuation technique using significant unobservable inputs – Level 3

Financial instruments, the valuation of which incorporates significant inputs for the asset or liability that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or analytical techniques.

Where investments are in a fund, the net asset value of the fund is used to determine the fair value of the investment. The net asset value is typically prepared by the manager of that specific fund and provided to the Group as an investor. The Group reviews the valuation and uses this as the Level 3 assessment of fair value.

The valuation techniques used by the Company for Level 3 financial assets can be found in accounting policy (j)(ii).

Investments in the unlisted securities includes investments in four separate funds and one unlisted company where the valuation methodology is considered a Level 3 assessment.

One of the funds invests in a large number of forestry assets. The forestry assets are held at fair value in the underlying fund. An independent valuation of the forests within the underlying fund is performed annually by forestry valuation experts by reference to comparable market transactions for each underlying forestry asset that considers factors including location, maturity of the forest and size. There is no reasonable change in the inputs in each of the underlying assets, which would give rise to a material adjustment to the fair value of the investment.

The remaining three investments in funds are measured using the fair value of the net asset value provided by the manager of those funds, which are reviewed by the appropriate investment committee and the inputs used are unobservable. The valuations provided by the managers have been reviewed for appropriateness with reference to market observable data where relevant and concluded to not be materially different to that proposed.

The unlisted company valuation has been prepared in line with the International Private Equity Valuation Guidelines.

Further details of the securities portfolio can be found in Note 12 of these financial statements.

An analysis of the Group's and Company's assets measured at fair value by hierarchy is set out below.

Group

	31 December 2022 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit and loss				
Investments				
– Equities	19,912	9,710	–	10,202
– Loans	3,036	–	3,036	–
	22,948	9,710	3,036	10,202

	31 December 2021 £'000	Level 1 £'000	Level 3 £'000
Financial assets at fair value through profit and loss			
Investments			
– Equities	13,560	6,361	7,199
	13,560	6,361	7,199

Company

	31 December 2022 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit and loss				
Investments				
– Equities	12,733	8,210	–	4,523
– Loans	3,036	–	3,036	–
	15,769	8,210	3,036	4,523

	31 December 2021 £'000	Level 1 £'000	Level 3 £'000
Financial assets at fair value through profit and loss			
Investments			
– Equities	8,308	4,923	3,385
	8,308	4,923	3,385

Set out below is a reconciliation of financial assets measured at fair value based on Level 3.

Group

	Investments – securities £'000	Trade and other receivables £'000	Total £'000
31 December 2022			
Opening balance	7,199	–	7,199
Total gains:			
In Statement of Comprehensive Income	469	–	469
Additions	3,042	–	3,042
Disposals	(511)	–	(511)
Closing balance	10,199	–	10,199
Total gains for the year included in comprehensive income for assets held at the end of the reporting period	468	–	468

Group

	Investments – securities £'000	Trade and other receivables £'000	Total £'000
31 December 2021			
Opening balance	3,925	–	3,925
Total gains:			
In Statement of Comprehensive Income	1,956	–	1,956
Additions	2,319	–	2,319
Disposals	(1,001)	–	(1,001)
Closing balance	7,199	–	7,199
Total gains for the year included in comprehensive income for assets held at the end of the reporting period	1,227	–	1,227

Level 3 fair value measurements are these derived from valuation techniques that include significant inputs that are not based on observable market data. As at 31 December 2022, the Group has £10.2 millions in Level 3 Assets measured at fair value, of which £7.3 millions are in Real Assets Funds and £2.9 millions in Private Equity investments.

The Group investments in Real Assets Funds includes Gresham House Growth Fund, Gresham House BSI Housing and Infrastructure LPs, Gresham House BSIF II LP and Gresham House ReSI LP. The Group uses the funds net asset value (NAV) as the basis for their fair value with valuation performed on an annual basis by an external valuer in accordance with industry valuation standards.

The Private Equity investments include a Strategic Public Equity Coinvestment and a warehoused private equity investment. The Strategic Public Equity Coinvestment valuation was based on the latest external manager partner statement. The warehoused private equity investment valuation uses the entity's earnings and comparable industry earnings multiple in line with industry standard valuation techniques.

Realised and unrealised gains and losses for Level 3 Assets are reported in Gains and losses on investments held at fair value in the Consolidated Statement of Comprehensive Income.

Company

	Investments £'000	Total £'000
31 December 2022		
Opening balance	3,385	3,385
Total gains:	(143)	(143)
In Statement of Comprehensive Income		
Additions	1,792	1,792
Disposals	(512)	(512)
Closing balance	4,522	4,522
Total gains for the year included in comprehensive income for assets held at the end of the reporting period	(143)	(143)

Company

	Investments £'000	Total £'000
31 December 2021		
Opening balance	970	970
Total gains:		
In Statement of Comprehensive Income	293	293
Additions	2,122	2,122
Disposals	–	–
Closing balance	3,385	3,385
Total gains for the year included in comprehensive income for assets held at the end of the reporting period	293	293

The only financial liabilities held at fair value relate to the deferred consideration on the acquisition of TradeRisks Limited, Appian Asset Management Limited, the DevCo Projects, the acquisition of the fund and investment management businesses of Livingbridge VC LLP and the acquisition of the VCT business of Mobeus amounting to £13,864,000 (2021: £22,659,000). This is measured using Level 3 valuation techniques. There were no such financial liabilities held at fair value within the Company.

Price risk sensitivity

Based on values as at 31 December 2022 a 10% movement in the fair values of 100% of the Group's equity investments would be equivalent to a movement of £2,245,000 in both profit and net assets.

34 Related party transactions

Group

During the prior year management fees totalling £690,675 and performance fees of £4,222,289 were invoiced to Gresham House Strategic plc (GHS), now known as Rockwood Strategic plc, a company in which the Group had a 23.4% interest. The Group sold it's entire holding in GHS in March 2022 and had no balances outstanding at the end of 2022.

Company

During the year the following transactions occurred with Group companies:

31 December 2022

	Advanced to £	Received from £	Interest charged £	Balance due from/ (due to) £
Security Change Limited	13,804	5,264	–	(1,127,364)
Gresham House Finance Limited	–	–	–	221,400
Gresham House (Nominees) Limited	11,000	–	–	22,202
Gresham House Holdings Limited	30,868,005	19,577,397	–	22,243,750
Gresham House EBT	1,632,455	–	–	1,632,455
Worcestershire Solar 1 Ltd	2,091,903	–	–	2,091,903
Warwickshire Solar 1 Ltd	554,944	773,944	–	(219,000)
Lister Battery Limited	30,200	–	54,499	723,995
Monets Garden Battery Limited	30,176	–	63,933	854,053
Arbroath Limited	1,770	38,469	2,541	–
Coupar Limited	–	–	1,387	20,038
Cockenzie Storage Limited	104,934	–	–	104,934
Hazelboro Limited	445,250	263,484	73,742	223,506

During the year the Company has income of £347,000 from DevCo Group Entities.

31 December 2021

	Advanced to £	Received from £	Interest charged £	Balance due from/ (due to) £
Security Change Limited	1,909	3,517,060	–	(1,135,904)
Gresham House Finance Limited	–	–	–	221,400
Gresham House (Nominees) Limited	7,000	–	–	11,202
Gresham House Holdings Limited	44,386,455	37,898,090	–	10,953,142
GridReserve Limited	–	741,152	–	–
Lister Battery Limited	431,322	300,000	70,393	725,657
Monets Garden Battery Limited	554,801	300,000	73,195	856,014
Arbroath Limited	626,152	612,243	20,249	34,158
Coupar Limited	410,205	405,066	13,522	18,651
Enderby Storage Limited	250,563	198,433	5,313	57,443
Grendon Storage Limited	276,442	–	2,499	278,941
Melksham East & West Storage Limited	1,477,417	1,292,833	32,674	217,258
Penwortham Storage Limited	840,879	781,857	18,900	77,922
West Didsbury Storage Limited	522,751	485,543	3,012	40,220
Low Farm Solar Limited	2,345,000	–	–	2,345,000
Siddington Solar Farm Limited	1,345,000	–	–	1,345,000

35 Subsequent Events

Post period end the Group sold its investment in Worcestershire Solar 1 Ltd and received cash of £6.2 million.

List of funds

UK

Gresham House Strategic Public Equity LP

LF Gresham House UK Micro Cap Fund

LF Gresham House UK Multi Cap Income Fund

LF Gresham House UK Smaller Companies Fund

Strategic Equity Capital plc

Ireland

Gresham House Global Multi-Asset Fund

Gresham House Global Equity Fund

Gresham House Global Small Company Fund

Gresham House Euro Liquidity Fund

Gresham House Global Thematic Multi-Asset Fund

Private Equity

Baronsmead Venture Trust plc

Baronsmead Second Venture Trust plc

Mobeus Income & Growth VCT plc

Mobeus Income & Growth VCT 2 plc

Mobeus Income & Growth VCT 4 plc

The Income & Growth VCT plc

Forestry

Gresham House Forest Growth & Sustainability LP

Gresham House Sustainable Timber and Energy LP

Gresham House Forest Fund I LP

Gresham House Timberland LP

The Forestry Partnership 2008 LLP

Gresham House Forestry Fund LP

Managed accounts

Irish Strategic Forestry Fund LP

New Energy & Sustainable Infrastructure

Gresham House Energy Storage Fund plc

Gresham House Renewable Energy VCT 1 plc

Gresham House Renewable Energy VCT 2 plc

Gresham House Solar Distribution LLP

Gresham House Wind Energy LP

Gresham House Wind Energy 1 plc

Gresham House BSIF I LP

Gresham House BSIF II LP

Gresham House Renewable Energy LP

Real Estate

UK

Gresham House BSI Housing LP

Residential Secure Income plc (ReSI REIT)

Gresham House Residential Secure Income LP

Ireland

Gresham House Commercial Property Fund

Company 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

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55 Baker Street
London W1U 7EU

Nominated Adviser and Joint Broker

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88 Wood Street
London EC2V 7QR

Financial Adviser and Joint Broker

Jefferies International Limited

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London EC2N 4JL

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Since 1857

Gresham House

Specialist asset management