



Since 1857

**Gresham House**

*Specialist asset management*

Capturing the  
**growth  
opportunity**

**Gresham House plc**

Interim Report and Accounts for the half-year ended 30 June 2022

# The specialist alternative asset manager

## Our purpose

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

## About us

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

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

[www.greshamhouse.com](http://www.greshamhouse.com)



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The Mailbox, Stockport  
Real Estate investment



01

Interim review

## Highlights

**£7.3bn +11%**

**Assets under management**

(as at 30 June 2022)

**£37.2mn +61%**

**Total net core income**

(for the six months to 30 June 2022)

**£13.2mn +91%**

**Adjusted operating profit<sup>1</sup>**

(for the six months to 30 June 2022)

**35%**

**Adjusted operating margin**

(for the six months to 30 June 2022)

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

## Financial highlights

- Assets under management (AUM) up 11% in H1 to £7.3 billion
- +8% organic growth of £0.5 billion
- Net core income up 61% to £37.2 million (H1 2021: £23.0 million)
- Adjusted operating profit up 91% to £13.2 million (H1 2021: £6.9 million)
- Adjusted operating margin improvement up to 35% (H1 2021: 30%) – highlighting the operational leverage of the business
- Return on capital employed (ROCE) of 15.5% on an annualised basis in H1 in line with medium-term targets (H1 2021: 24.0%)
- Balance sheet cash used to continue to invest in and develop projects to grow long-term AUM



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



# 15.5%

## Return on capital employed (ROCE)<sup>2</sup>

(for the six months to 30 June 2022)

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

# £69.7mn

## Cash and liquid assets<sup>3</sup>

(as at 30 June 2022)

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

## Strategic highlights

- International expansion continued through the acquisition of Burlington Real Estate in Ireland, and the purchase, on behalf of an institutional client, of a £49 million forestry and carbon credit portfolio in New Zealand - an exciting new expansion for our Forestry division
- Gresham House Energy Storage Fund plc (GRID) expanded its investment policy to include international activity, opening up a wider investment universe
- An increase in the number of institutional clients, building the depth in the Group's client base

## Sustainability highlights

- Completion of a large-scale project to calculate the carbon footprint of our operations and managed/advised investments, with a view to setting a net-zero strategy over the near term with science-based targets
- Awarded 4 or 5 stars, out of a maximum of 5 stars, for all modules relevant to Gresham House plc in our 2021 PRI Report
- Met the expected standard of reporting to remain a signatory to the UK Stewardship Code

# Chairman's statement

## Resilient growth in a challenging environment

Gresham House has made pleasing progress in the first half of 2022, delivering a strong assets under management (AUM) increase of 11% to £7.3 billion. This was largely driven by robust organic growth across the business divisions, with each achieving net positive inflows, along with the acquisition of Burlington Property RE Limited (Burlington Real Estate) which added a further £0.3 billion. The Group's resilient performance was achieved despite the challenging macroeconomic environment, demonstrating the growth and attractiveness of the long-term private asset classes in which Gresham House specialises.

Gresham House has grown considerably since the 2014 management buy-in and is now a sizeable business with over 200 employees across offices in England, Scotland, and Ireland, with AUM in the UK, Europe and Australasia.

It is through the dedication of the team, their desire to grow the business and achieve returns for clients, shareholders, and stakeholders alike that we have been able to maintain this strong momentum. Meanwhile, the senior management team has been instrumental in continuing to drive the Group's strategy forward. They have been keenly focused on shareholder value creation and have laid out both financial and strategic objectives in their five-year plan, GH25, while being closely aligned to these objectives through substantial ownership of Gresham House shares. Good headway has been made with these objectives and the team continues to balance the investment in Gresham House's future growth with short-term profitability targets.

The Group has made good progress against its ambitions for international expansion, with the acquisition of Burlington Real Estate growing our presence in Ireland, and the acquisition of forestry and carbon credit assets in New Zealand on behalf of clients, adding a further £49 million to our AUM. Gresham House Energy Storage Fund plc (GRID) also expanded its mandate internationally. These are key areas in which Gresham House has identified clear growth opportunities and which are well-positioned to capture the drive for investments that deliver both financial returns and sustainable, climate-based solutions for investors.

**Anthony Townsend**  
Chairman



The Group's strong balance sheet has been further enhanced by the disposal of the Rockwood Realisation plc (formerly Gresham House Strategic plc) investment, with proceeds of £11.8 million in the period delivering a return of over 2x capital invested. This demonstrates the Group's cultural desire to use its balance sheet to align with clients and deliver returns to shareholders.

### Activity in the period

The 11% rise in AUM, stemming from both organic (8%) and acquisitive (3%) activity, reflects the business' strong performance in the period. The organic growth of £0.5 billion resulted from net inflows and overall robust investment performance across the Group underlining the long-term nature of the Group's AUM, with the average life of Limited Partnership funds being 14 years. The fundraises identified in the 2021 Annual Report are on track across battery energy storage, forestry, shared ownership housing, equity funds and VCTs. The acquisitive growth derived from the purchase of Dublin-based Burlington Real Estate, added £0.3 billion to AUM while further strengthening our growing presence in Ireland as we continue to operate in the EU.



For more information visit  
[www.greshamhouse.com](http://www.greshamhouse.com)

## Results

We continue to make excellent progress towards achieving the financial goals of GH25, with net core income up 61% in the first half of 2022 to £37.2 million (H1 2021: £23.0 million), reflecting the impact of organic growth and the first full six-months of revenues from the Mobeus VCTs acquired in September 2021. Meanwhile, adjusted operating profit was up 91% in the same period to £13.2 million (H1 2021: £6.9 million).

We also saw improvement in operating margin to 35% in the first half of 2022 – up from 33% for the year to 31 December 2021 and 30% at the half year in 2021. This performance was delivered as a result of our ongoing focus on expanding the business in areas of high-growth potential where we have the technical expertise to outperform.

## Sustainability

The Group continues to make excellent strides with its Corporate Sustainability Strategy, as outlined in our second annual Sustainable Investment Report, published in April. Gresham House’s sustainability-focused funds are performing strongly and in line with their targets, demonstrating that sustainable investments and financial returns do not need to be mutually exclusive.

We have continued to make progress against the measurement of our sustainability objectives. For the first time we have worked with consultants to calculate the carbon footprint of our operations and our investments, with a view to setting a science-based net-zero strategy later this year to align our operations and investment activity with the Paris Agreement.

There is a more comprehensive update on the Group’s progress against its sustainability strategy later in this report.

## Board

As previously announced, Richard Chadwick stood down as Audit Committee Chairman and Non-Executive Director at the conclusion of the 2022 Annual General Meeting (AGM). We are pleased to report that his replacement, Sarah Ing, has now taken on full responsibility as the Audit Committee Chair. I look forward to working with Sarah as we continue the Company’s growth story. I’m also pleased that Gareth Davis has stepped into the role of Senior Independent Director and continues to provide the benefit of his extensive experience to the Board.



## Shareholders

The Group intends to host its second Capital Markets Day in November 2022 to provide a deeper understanding of Gresham House and our targets. We look forward to using this opportunity to engage with both existing shareholders and potential investors.

## Outlook

As we look ahead, we are well-positioned to maintain our strong momentum and grow the business, as we continue to benefit from the evident structural growth across our asset classes. We remain mindful of the macroeconomic headwinds and continued market volatility, but feel we are well placed to navigate these challenges through the resilience of the private asset classes within which we operate, the strength of the team and the continued focus on cost management across the Group.

We have an exciting list of clients looking to invest in our funds, which will help them to deliver against their levelling up and net-zero based ambitions, and we continue to work towards achieving our strategic goals for 2022.

**Anthony Townsend, Chairman**

15 September 2022

# Chief Executive's report

## Delivering long-term growth from long-term assets

### Overview

In the first half of 2022, we have delivered clear progress against our strategy and further strengthened our sustainability positioning and credentials. This performance has been achieved in an increasingly challenging macroeconomic environment characterised by market volatility, rising inflation, the cost of living crisis and the threat of recession.

The current economic uncertainty and global geopolitical turmoil have presented both threats and opportunities but overall Gresham House's investment products, ranging across ESG-focused real assets and private and public equity, have continued to deliver returns. At the same time, real assets such as shared ownership housing and forestry also provide inflation hedging potential.

We have made continued progress against each of our GH25 strategic targets in the first half of the year.

AUM increased to £7.3 billion, as the strong performance of our funds continued to attract an increasing range of investors. 8% or £0.5 billion of this growth was organic, whilst the remaining 3%, or £0.3 billion, came through acquisition.

Our margin at the end of June 2022 was 35%, and we are on track to achieve our target of 40% by 2025. We continue to invest in a diverse range of growth areas across many asset classes, whilst maintaining a keen focus on operating margin improvement.

ROCE at the end of the first half was 15.5% (annualised) in line with our target of more than 20% over the medium term, compared to H1 2021 of 24.0% (annualised) and 34.1% in FY 2021.

We continue to expand further into international investment opportunities in Ireland, Australia and New Zealand.

In addition, we have underpinned our commitment to ESG with the development of our Corporate Sustainability Strategy that ensures best practice across all our areas of activity and, crucially, this will enable us to measure impact and set clear targets in the years ahead.

### Tony Dalwood

Chief Executive



### Progress on 2022 priorities – Financial

#### AUM

AUM rose 11% in H1 2022 to £7.3 billion (2021: £6.5 billion), with strong net inflows across every division, despite the challenging environment for equity markets. Overall fund performance was up by £0.1 billion, as strong performances in the forestry division and renewable energy, particularly battery storage, offset the market driven decline in equity valuations in the first half of the year.

A further £0.3 billion in AUM was added with the completion in March 2022 of the acquisition of Dublin-based Burlington Real Estate, one of Ireland's premier independent commercial property asset and development management companies, for an initial consideration of €1.8 million. This move also marked a further step towards delivery of our international expansion plans as outlined in GH25.

We expect to see continued momentum in AUM growth across a range of asset classes as we move into the second half of the year.

In our Forestry strategy, we have established an Irish fund for which we aim to hold a meaningful close in H2, attracting a key Irish investor base to underpin growth and access to the Irish forestry market. We anticipate further international growth through international funds and standalone transactions, such as the New Zealand forestry and carbon credit assets recently acquired for £49 million on behalf of an institutional client.

The second half of the year will also bring further closes in our Gresham House Forest Fund VI LP, which held a first close with commitments of £75 million from institutional clients in H1, and also in our Forest Growth & Sustainability Fund LP.

Meanwhile, within Real Estate, our UK Housing team held a fund raise of £65 million for the ReSI LP shared ownership housing fund. The team aims to alleviate the shortage of high-quality, affordable housing in England, working in partnership with housing associations, local authorities and developers. Gresham House manages almost 1,000 shared ownership homes and 3,500 rental homes, and plans to deliver an additional 5,000 shared ownership homes by 2026.

In renewable energy, we are increasing our focus on collocated battery and renewables projects, as evidenced by the transaction with Canadian Solar announced in July 2022, through which Gresham House acquired a collocated ground-mounted solar and battery energy storage project in Durham. We see collocation, where solar PV and battery energy storage plants are built together and share the same grid connection infrastructure, as an area offering strong growth potential and enhanced returns.

Our New Energy team has also established a segregated mandate with a leading institutional investor.

In our Sustainable Infrastructure strategy, we expect further closes in our BSIF II fund to enable us to capture the growth opportunity offered by our extensive and exciting investment pipeline of innovative projects that address key themes including climate change and decarbonisation.

## EBITDA margin

In the first half of 2022, we delivered an adjusted operating profit margin improvement to 35% from 33% at the end of 2021. We continue to see progression in our EBITDA margin, in line with our GH25 target of 40% as we invest strategically in the business to drive future growth, whilst keeping a sharp focus on productivity and efficiency in every area of our operations.

## ROCE

ROCE in the first half of the year was 15.5% (annualised), as we continued to use our balance sheet to invest in projects that will deliver longer term AUM growth and superior returns. During H1, we deployed £15 million into battery energy storage projects under development, alongside further cash investment in other areas to align with clients and deliver growth in AUM.

It is anticipated that projects sold by the Group to Gresham House Energy Storage Fund plc (GRID) will be commissioned in H2 2022 and will realise gains to shareholders during the period. Through these projects, together with others in construction, the Group continues to support the growth of GRID's operational portfolio.

## Progress on 2022 priorities – Strategic Sustainability

Throughout the first half of the year, we have maintained our commitment to sustainability through the progress we have made against our Corporate Sustainability Strategy. We were delighted to deliver our second Sustainable Investment Report in April 2022, which provided detailed analysis of how we are implementing sustainability in a measurable way across the business.

As we move into H2, we are continuing to evolve our Task Force on Climate-Related Financial Disclosures (TCFD) framework to enhance our reporting of climate risks and opportunities across our operations and investments. We continue to work on setting net-zero science-based targets, which we will evolve with further guidance in 2023.

We were also delighted to be awarded 4 or 5 stars (out of a maximum of 5 stars), in our 2021 PRI Report, for all modules relevant to Gresham House plc.

## Performance and market share

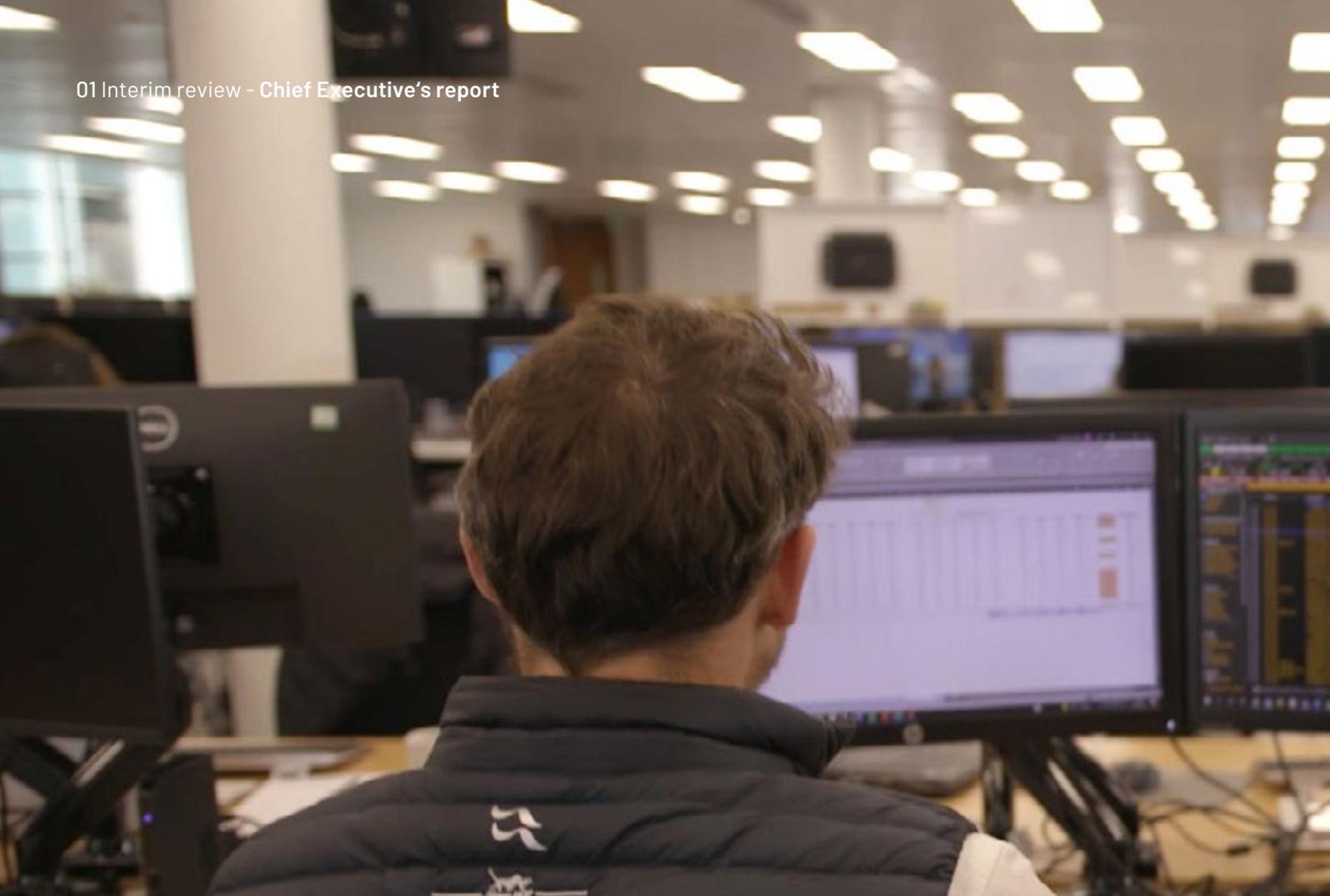
A significant number of the funds we manage across real assets as well as private and public equity have performed strongly, delivering returns in line or ahead of targets.

We continue to hold a leading market share across a range of real asset strategies that play a central role in progress towards decarbonisation, whilst offering long-term sustainable returns.

GRID is the largest UK investor in battery energy storage facilities, which are widely recognised to be a key to facilitating decarbonisation and supporting a meaningful shift to renewable energy usage. In H1, an oversubscribed fundraise by GRID of £150 million was successfully completed. These funds will enable GRID to build on its leading market share and significantly increase the size of its portfolio by acquiring an existing pipeline of 747MW of battery energy storage system projects in the UK and Ireland.

Gresham House is also the leading commercial forestry asset manager in the UK. We have been steadily extending our forestry activities internationally into Australia, New Zealand and Ireland and will continue to do so into H2 and beyond. At the end of H1, we managed £3.3 billion of forestry assets in the UK, Europe and Australasia, making us one of the largest global forestry asset managers by value and the largest in the UK.

Our strong position in the VCT sector, where we are second largest manager in the UK, was also reinforced in H1 by fundraising closes for the Baronsmead and Mobeus VCTs of £70 million.



## International

A key component of our GH25 strategy and a long-term goal of Gresham House is the expansion of our international footprint. We have made further progress in relation to this ambition during H1, with momentum continuing into the rest of the year.

The completion of the acquisition of leading Irish commercial property asset and development management company Burlington Real Estate has further enhanced our presence in Ireland and our foothold into the EU. It is also complementary with Gresham House, Ireland (formerly Appian Asset Management Limited, acquired in 2021), unlocking increased opportunities to develop and grow projects we have identified in Ireland.

We also expanded our footprint into New Zealand, acquiring forestry and carbon credit assets for £49 million on behalf of an institutional client focused on carbon sequestration.

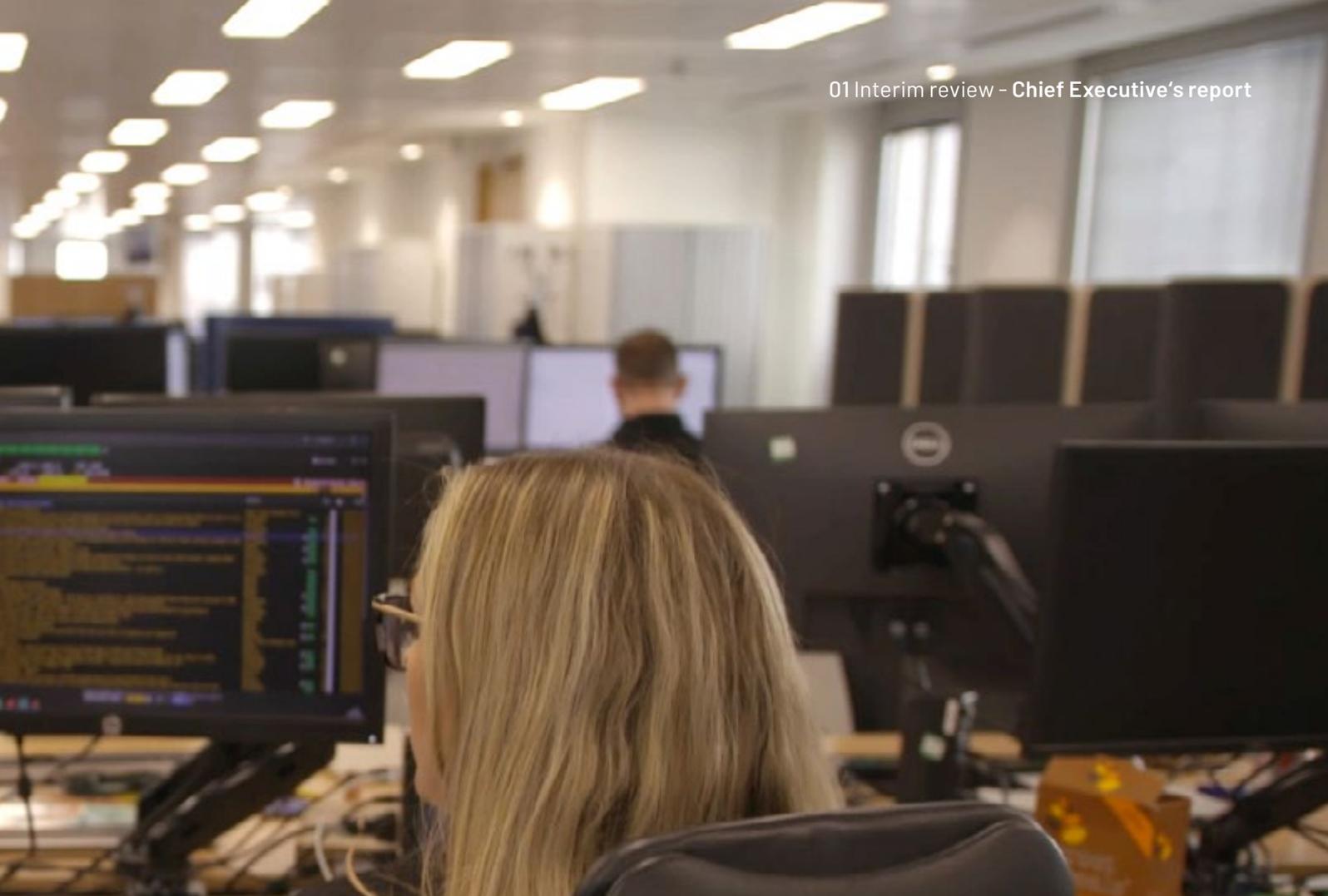
## Market positioning

We have gained increasing recognition in recent years as a specialist alternative asset manager that delivers sustainable investment opportunities and clear returns. The volume of enquiries and scale of appetite amongst large institutions seeking to invest in our specialist asset classes continues to rise, driven by our consistent track record of delivery, our strategic progress and our market leading positions in many of the assets in which we specialise.

This market positioning is driving the steady flow of mandate wins that are supporting our AUM growth. At the same time, we are seeing further client diversification and depth as the funds we launch attract new institutional and long-term clients.



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## People

Our team has demonstrated deep commitment to our core values of sustainability and best practice over the past few years, despite the challenges that resulted first from COVID-19 and more recently amid the current economic turmoil. We are proud of the resilient corporate culture we have built across Gresham House.

We are continuing to invest in talented individuals to help drive forward key areas of growth. We are pleased to be able to attract dedicated staff who value the opportunity to be part of our dynamic, ESG-focused culture and embrace the opportunity to make a tangible impact through investment strategies across Gresham House’s asset classes.

Culture is also critical when it comes to acquisitions and we have worked hard with businesses that we have acquired to share and develop our culture, an important factor as the business continues to scale.

In recognition of the changing working practices that were accelerated by the COVID-19 lockdowns, we have adopted a hybrid model of working to maintain flexibility for our staff and support them in optimising outcomes.

## Outlook

Strong performance and progress towards all our strategic targets have positioned us well for continued momentum into H2 and beyond. We are continuing to capture the growth opportunity and have identified potential for further growth across all our divisions, including Real Assets, Public Equity and Private Equity.

Gresham House’s consistent track record of delivery and the opportunities presented by our asset classes continue to bring further depth and breadth to our client base as we expand our international footprint and credentials. I would like to thank all of our employees for their dedication and hard work as well as our clients and shareholders for their continued support as we continue to execute our growth strategy.

Our robust balance sheet equips us to invest in further enhancing our business and performance. While there are several macroeconomic headwinds facing the asset management industry during these turbulent times, we are confident that momentum will continue at Gresham House as we continue to raise funds in H2 and make further progress towards the achievement of our GH25 strategy to deliver value to all our stakeholders.

**Tony Dalwood, Chief Executive**  
15 September 2022

# Sustainability overview

## Progress on our Corporate Sustainability Strategy

In our 2021 Sustainable Investment Report, we unveiled 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)”.

**Rebecca Craddock-Taylor**  
Sustainable Investment  
Director



Here we detail our progress against our Strategy’s three core pillars.



Gresham House as a sustainable investor



Gresham House as a sustainable employer and business



Gresham House as a sustainable corporate citizen



## Gresham House as a sustainable investor

For us, sustainable investment means delivering strong financial returns by proactively managing a full range of risks and opportunities whilst seeking to influence positive social, economic or environmental outcomes across the funds that we manage or advise.

**In this context, we are proud of the progress we have made against our priority topics during the first half of 2022:**

### Climate change and pollution

- Undertook a large-scale project to calculate the carbon footprint of managed/advised investments
- Started to model near-term science-based targets for each division

### Risk and compliance

- Developed portfolio level ESG data (KPI) banks to inform portfolio construction processes and engagement activities
- Developed an impact framework to be used for our Sustainable Infrastructure division
- Prepared a Task Force on Climate-Related Financial Disclosures (TCFD) plan for Gresham House and relevant funds to enhance our 2022 reporting and beyond

### Marketplace responsibility

- Completed an audit of our internal ESG processes, policies and ESG Decision Tools used by investment teams and ESG content included in Investment Committee papers
- Developed a plan to address feedback from an ESG audit process that we undertook, including the evolution of our proprietary ESG Decision Tools. Additionally, we plan to invest in a technology platform to hold all our sustainable investment related tools in one place to provide efficiencies across our investment teams

**Plans for the second half of 2022 include committing to set near-term and net-zero science-based targets for each division by:**

- Enhancing our understanding and knowledge of natural capital impacts
- Mapping sustainability risks across our battery supply chains
- Streamlining the way sustainability is integrated into investment decision making through the development of a new internal platform for our sustainable investment tools.

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

The other two pillars of our Corporate Sustainability Strategy focus on ensuring we operate authentically by aligning our actions with our corporate purpose, while having a positive impact on the communities we are part of.

**Our achievements over the first half of 2022 include:**

### Commitment to sustainability

- Finalised our first Corporate Sustainability Strategy
- Published our second Sustainable Investment Report
- Published our first TCFD report
- Embedded the new Sustainability Executive Committee into our broader sustainability governance structure
- Awarded 4 or 5 stars, out of a maximum of 5 stars, for all modules relevant to Gresham House plc in our 2021 PRI Report

### Climate change and pollution

- Published our first operational carbon footprint in our 2021 Annual Report
- Started to model near-term science-based targets for our operational emissions
- Enhanced our internal expenses system to gather better quality data on travel emissions

### Community care and engagement

- Developed and introduced a two-day per year volunteering policy

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

- Enhancing our TCFD for 2022 reporting
- Committing to set near-term and net-zero science-based targets for our operations
- Introducing a travel policy to reduce our travel emissions
- Enhancing internal sustainability training for all levels

# Financial review

## A focus on long-term, sustainable revenues

The Group has performed strongly in the first half of 2022 against a challenging macroeconomic environment. This performance was driven by the quality of the Group's AUM, based on long-term asset classes in sectors demonstrating structural growth that remain attractive to clients.

The Group's AUM increased to £7.3 billion at the end of the first half, up 11% on the beginning of the year (£6.5 billion) and represented net inflows from every division.

Net core income grew in the period by 61% to £37.2 million compared to £23.0 million in the first half of 2021 and this has driven the adjusted operating profits of the Group up by 91% to £13.2 million (H1 2021: £6.9 million). Alongside the organic growth in the business in the first half of 2022, these results also include the impact of the Mobeus VCT business and Appian Asset Management acquisitions which completed in the second half of 2021. If you exclude the impact of these acquisitions then revenues grew by 26% and adjusted operating profit grew by 41% compared to H1 2022.

We have made progress against the Group's operating margin targets achieving a margin of 35% in the first half of 2022, up from the 33% for the year to 31 December 2021 and 30% at the half year in 2021, demonstrating an increase in the quality of earnings of the Group. This remains an area of focus for the Group as we continued to invest in the long-term scalable areas of the business as well as the people and systems to capture the growth opportunity.

The Group also delivered total comprehensive income of £2.2 million (H1 2021: £5.2 million), with acquisition related costs such as increased amortisation of management contracts and acquisition related remuneration (earn outs payable to sellers who joined Gresham House as part of an acquisition) alongside reductions in the value of quoted investments on the balance sheet offsetting the improved adjusted operating income performance.

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

**Kevin Acton**  
Chief Financial Officer



“  
**Capitalising on the Group's long-term asset classes with c.90% in LP funds or long-term locked up vehicles and contracts**  
”

### Assets Under Management

AUM grew by 11% in the first six months of the year to £7.3 billion (December 2021: £6.5 billion). In line with our strategy, this was achieved through both organic growth of £495 million (8%) and acquisition growth of £243 million (3%).

## Assets Under Management

£ millions	AUM December 2021	Net fund flows <sup>4</sup>	Performance	Funds acquired/ won	AUM June 2022	Total growth
<b>Strategic Equity</b>						
Public Equity	1,036.9	43.3	(136.3)	-	943.9	(9.0)%
Private Equity	887.1	25.1	(87.6)	-	824.6	(7.0)%
<b>Subtotal</b>	<b>1,924.0</b>	<b>68.4</b>	<b>(223.9)</b>	<b>-</b>	<b>1,768.5</b>	<b>(8.1)%</b>
<b>Real Assets</b>						
Forestry	2,953.7	77.8	259.5	-	3,291.0	11.4%
New Energy & Sustainable Infrastructure	1,213.1	197.5	94.6	-	1,505.2	24.1%
Real Estate	447.9	23.3	(1.8)	242.7	712.1	59.0%
<b>Subtotal</b>	<b>4,614.7</b>	<b>298.6</b>	<b>352.3</b>	<b>242.7</b>	<b>5,508.3</b>	<b>19.4%</b>
<b>Total AUM</b>	<b>6,538.7</b>	<b>367.0</b>	<b>128.4</b>	<b>242.7</b>	<b>7,276.8</b>	<b>11.3%</b>

4. Including funds raised, redemptions and distributions

Net fund inflows totalling £367 million across all divisions highlighted the demand for the Group's offering against a challenging macroeconomic environment. We have previously set out the key funds that we were focused on raising AUM for in 2022 and these have shown good progress in the period.

Within New Energy and Sustainable Infrastructure, GRID raised £150 million in an over-subscribed equity raise. The division also attracted a new institutional client investing in an exclusive pipeline of collocated battery storage and renewable energy projects which the Group has secured using its balance sheet. Projects delivered so far increased AUM by £38 million in the first half of 2022, with more of the pipeline still to be developed.

The Forestry division grew AUM by £78 million having raised committed capital from institutional clients of £75 million for Gresham House Forest Fund VI LP (of which £61 million was invested by the half year with fee earning AUM based on drawn capital). The division also invested £49 million in a New Zealand carbon credit forest on behalf of an institutional client, as the Group increases its international credentials. These fund inflows were offset by net sales of £32 million as individual clients took the opportunity to realise gains on their forest portfolios.

The Housing division secured further commitments of £65 million in Gresham House Residential Secure Income LP (ReSI LP), our shared ownership housing fund, with fee earning AUM standing at £98 million by the end of June 2022. The equity raise by Residential Secure Income plc earlier in the year raised £15 million.

Net inflows in the Strategic Equity division reflected the confidence of investors in the strategy against a background where equity managers have experienced net outflows in the first half of 2022. The public equity business had net inflows of £43 million and the VCT business generating gross equity flows of £70 million for the private equity business.

Performance in the first half was primarily driven by market movements as the Strategic Equity business noted a reduction in AUM of £224 million. This reflected the 19% reduction to the public equity portfolio and 11% reduction in value in the private equity portfolio reflecting the impact of valuation multiple reductions.

Real Assets performance was made up of the increase in forestry valuations for clients where the portfolio was revalued in the period, noting the forestry valuations are typically performed on an annual basis by an external valuer, and the improvement in the NAV of GRID as the underlying portfolio of battery storage assets increased in value.

We also completed the acquisition of Burlington Real Estate (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 to our Real Estate offering as well as further builds our international growth plans.

## Adjusted operating profit

The adjusted operating profit for the Group grew in the first half of 2022 by 91% to £13.2 million (H1 2021: £6.9 million). We use the non-GAAP measure of adjusted operating profit as a key performance indicator for Gresham House as an alternative asset manager and have separated out net performance fees and net gains on investments.

As set out in the 2021 Annual Report, the adjusted operating profit is defined as the net trading profit of the Group before deducting amortisation, depreciation and exceptional items relating to acquisition and restructuring costs and share-based payments and remuneration relating to acquisitions.

	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000
Gross core income	38,526	23,648
Rebates, distribution costs and fundraising costs	(1,345)	(611)
<b>Net core income</b>	<b>37,181</b>	<b>23,037</b>
Administration overheads (excluding amortisation, depreciation, exceptional items and acquisition related share-based payments and remuneration)	(23,751)	(16,041)
Finance costs	(278)	(102)
<b>Adjusted operating profit</b>	<b>13,152</b>	<b>6,894</b>
<b>Adjusted operating margin</b>	<b>35%</b>	<b>30%</b>
Performance fees (gross)	-	1,912
Variable compensation attributable to performance fees	-	(1,497)
Performance fees net of costs	-	415
Realised gains on development projects	-	818
Variable compensation attributable to realised gains	-	(511)
Development project costs	(260)	(219)
Realised gains on development projects net of costs	(260)	88
Non-core operating revenues	1,100	-
Costs relating to non-core operating revenues	(1,064)	-
Net non-core operating activity	36	-
<b>Adjusted operating profit including performance fees, net realised gains on development projects and non-core activities</b>	<b>12,928</b>	<b>7,397</b>
Amortisation and depreciation	(6,092)	(4,191)
Acquisition related share-based payments charges	(217)	(253)
Acquisition related remuneration	(1,243)	-
Exceptional items	(495)	(102)
Net (losses)/gains on investments and other fair value movements	(1,456)	3,305
Tax	(1,257)	(908)
Operating profit after tax	2,168	5,248
Loss from discontinued operations	(3)	(5)
<b>Total comprehensive net income</b>	<b>2,165</b>	<b>5,243</b>

## Income

Net core income in the period increased by 61% to £37.2 million (H1 2021: £23.0 million). This increase reflects the organic growth in AUM across the business of 26% alongside the impact of the Mobeus VCT business and Appian Asset Management Limited acquisitions in H2 2021 of 35%.

The long-term nature of the Group's Real Asset management contracts highlight the stable revenue streams for the business with over £2.0 billion of AUM in Limited Partnership management contracts with a weighted average contract length of 14 years. The underlying assets within these funds of forests, infrastructure, renewable energy and housing continue to provide a stable platform to grow the business.

## Administration expenses

Administration expenses, (excluding amortisation, depreciation, share-based payments relating to acquisitions and exceptional items) have increased in the period by 48% to £23.8 million (H1 2021: £16.0 million). Cost management and the focus on margins in a challenging environment with increasing inflation and cost of living pressures are a critical part of how we manage the business. We continue to invest in the business to capture the growth opportunities across all key functions. The Group's full time equivalent headcount increased to 205 at the end of June (H1 2021: 138 people and December 2021: 185). The increase from acquisitions since H1 2021 was 16 from the Mobeus VCT business, 22 from Appian Asset Management and 14 from Burlington. The impact of these acquisitions increased the cost base by 29% in H1 2022, with organic costs growing by 20% and the business was able to increase the revenues generated by more than the increase in costs, improving its operating margin to 35% in H1.

## Performance fees

The Group did not receive performance fees in the period, as a result of market-based performance in the Strategic Equity division (H1 2021: £1.9 million).

## Development projects

We continue to use the Group's balance sheet to develop battery storage and other New Energy projects to grow the Group's AUM. No battery storage projects in the pipeline became operational in the period and as such no realised gains were recognised. There are a number of projects which are expected to become operational in H2 2022 and we shall update shareholders as this takes place. Other costs associated with battery storage development projects were £0.3 million in the period (H1 2021: £0.2 million).

## Acquisition related share-based payments and remuneration and exceptional items

Acquisition related share-based payments and remuneration increased to £1.5 million reflecting the Mobeus VCT business acquisition which has an earn out element payable to the team for delivering in line with the sellers business plan (H1 2021: £0.3 million). Exceptional items in the first half of the year of £0.5 million reflect the acquisition of Burlington and other integration/restructuring costs (H1 2021: £0.1 million). There were no material acquisition costs in the first half of 2022.

## Net losses on investments and other fair value movements

Net losses on investments in the period of £1.5 million (H1 2021: £3.3 million gains) were the result of mark to market valuations on the Group's listed investments and fair value movements in contingent consideration payable for acquisitions. The Group realised its investment in Rockwood Realisation plc (formerly Gresham House Strategic plc or GHS) for £11.8 million, generating a realised gain of £0.3 million in the period, which represented a total return on investment of 2x invested capital. GHS was treated as an associate by the Group prior to its realisation.

Other unrealised losses in the period relating to mark to market decreases were Strategic Equity Capital plc of £0.4 million, ReSI plc of £0.3 million and Strategic Public Equity (SPE) co-investments of £0.3 million.

Contingent consideration payable to the sellers of acquired businesses is fair valued at each period end, with the movement reflecting assessments of the expected final payment as well as the discount over time. The fair value movement in the period of £0.8 million was primarily driven by the unwind of the discount (H1 2021: £0.4 million).

## Financial position

The Group continued to use its balance sheet to grow in the first half of the year with investments growing from £38.0 million to £41.6 million. Cash has reduced as a result of this from £40.3 million to £28.1 million, with the £20 million Revolving Credit Facility (RCF) remaining undrawn in the period.

The Group used its cash balance and proceeds from sales in the period to invest in a number of strategic positions to grow the Group's AUM. Investment in the development of battery storage projects increased to £26.6 million at the half year alongside a further £2.0 million investment in the ReSI plc fundraise and further drawdowns to commitments made to limited partnership funds to align the Group with its clients.

The remaining cash movement reflects the dividend paid in May 2022 of £3.8 million, contingent consideration payments of £6.9 million and operating activity.

## Outlook

The increase in inflation, the cost of living and interest rates continues to dominate the minds of investors, clients and staff. We continue to focus on how we can provide solutions to some of these challenges with the asset classes which we operate in continuing to exhibit structural growth.

We have a strong pipeline of new clients looking to invest in our funds and will continue to work hard to deliver increased commitments to funds, grow AUM and deliver returns for clients throughout the remainder of 2022 and into 2023.

**Kevin Acton, Chief Financial Officer**

15 September 2022



02

Financial  
statements

# Unaudited condensed group statement of comprehensive income

	Notes	Six months ended 30 June 2022 (unaudited) £'000	Six months ended 30 June 2021 (unaudited) £'000	Year ended 31 December 2021 (audited) £'000
<b>Income</b>				
Asset management income		38,285	22,960	62,162
Dividend and interest income		241	139	590
Other operating income		1,100	389	1,448
Performance fees and carried interest		-	1,912	6,163
<b>Total income</b>	5	<b>39,626</b>	25,400	70,363
<b>Operating costs</b>				
Administrative overheads		(33,972)	(23,323)	(60,116)
Exceptional items	7	(495)	(102)	(3,215)
<b>Net operating profit</b>		<b>5,159</b>	1,975	7,032
Finance costs		(278)	(102)	(311)
<b>Net operating profit after finance costs</b>		<b>4,881</b>	1,873	6,721
<b>Gains and losses on investments</b>				
Share of associates' (losses)/profits		(203)	2,700	4,955
Profit on disposal of associate		295	413	461
(Losses) and gains on investments held at fair value		(945)	1,520	5,842
Movement in fair value of contingent consideration		(840)	(350)	(1,659)
<b>Operating profit before taxation</b>		<b>3,188</b>	6,156	16,320
Taxation		(1,257)	(908)	(4,107)
<b>Operating profit from continuing operations</b>		<b>1,931</b>	5,248	12,213
Loss from discontinued operations		(3)	(5)	(14)
<b>Profit for the period</b>		<b>1,928</b>	5,243	12,199
Foreign exchange gains/(losses) on translation of a foreign subsidiary		237	-	(158)
<b>Profit and total comprehensive income</b>		<b>2,165</b>	5,243	12,041
<b>Attributable to:</b>				
Equity holders of the parent		2,153	5,220	11,777
Non-controlling interest		12	23	264
		<b>2,165</b>	5,243	12,041
Basic profit per ordinary share (pence)	8	<b>5.7</b>	16.2	34.8
Diluted profit per ordinary share (pence)	8	<b>5.3</b>	15.3	32.7
Basic adjusted profit per ordinary share (pence)	8	<b>28.5</b>	17.8	52.6
Diluted adjusted profit per ordinary share (pence)	8	<b>26.9</b>	16.8	49.4

# Unaudited condensed group statements of changes in equity

Six months ended 30 June 2022 (unaudited)

	Ordinary share capital £'000	Share premium £'000	Merger reserve £'000	Treasury shares £'000	Retained reserves £'000	Foreign exchange reserve £'000	Equity attributable to equity shareholders of the Parent Company £'000	Non-controlling interest £'000	Total equity £'000
Balance at 31 December 2021	9,500	39,328	24,811	(51)	73,032	(158)	146,462	1,075	147,537
<b>Profit and total comprehensive income for the period</b>	-	-	-	-	1,916	237	2,153	12	2,165
<b>Contributions by and distributions to owners</b>									
Share-based payments	-	-	-	84	(2,194)	-	(2,110)	-	(2,110)
Issue of shares	69	-	608	(50)	-	-	627	-	627
Dividends paid	-	-	-	-	(3,815)	-	(3,815)	-	(3,815)
<b>Total contributions by and distributions to owners</b>	69	-	608	34	(6,009)	-	(5,298)	-	(5,298)
Balance at 30 June 2022	9,569	39,328	25,419	(17)	68,939	79	143,317	1,087	144,404

Six months ended 30 June 2021 (unaudited)

	Ordinary share capital £'000	Share premium £'000	Merger reserve £'000	Treasury shares £'000	Retained reserves £'000	Foreign exchange reserve £'000	Equity attributable to equity shareholders of the Parent Company £'000	Non-controlling interest £'000	Total equity £'000
Balance at 31 December 2020	8,023	60,061	19,981	-	8,402	-	96,467	811	97,278
<b>Profit and total comprehensive income for the period</b>	-	-	-	-	5,220	-	5,220	23	5,243
<b>Contributions by and distributions to owners</b>									
Share-based payments	-	-	-	-	445	-	445	-	445
Issue of shares	213	-	953	-	-	-	1,166	-	1,166
Dividends paid	-	-	-	-	(1,881)	-	(1,881)	-	(1,881)
<b>Total contributions by and distributions to owners</b>	213	-	953	-	(1,436)	-	(270)	-	(270)
Balance at 30 June 2021	8,236	60,061	20,934	-	12,186	-	101,417	834	102,251

## Year ended 31 December 2021 (audited)

	Ordinary share capital £'000	Share premium £'000	Merger reserve £'000	Treasury shares £'000	Retained reserves £'000	Foreign exchange reserve £'000	Equity attributable to equity shareholders of the Parent Company £'000	Non- controlling interest £'000	Total equity £'000
Balance at 31 December 2020	8,023	60,061	19,981	-	8,402	-	96,467	811	97,278
<b>Profit and total comprehensive income for the year</b>	-	-	-	-	11,935	(158)	11,777	264	12,041
<b>Contributions by and distributions to owners</b>									
Share-based payments	-	-	-	-	(5,424)	-	(5,424)	-	(5,424)
Issue of shares	1,477	39,267	4,830	(51)	-	-	45,523	-	45,523
Cancellation of share premium	-	(60,000)	-	-	60,000	-	-	-	-
Dividends paid	-	-	-	-	(1,881)	-	(1,881)	-	(1,881)
<b>Total contributions by and distributions to owners</b>	1,477	(20,733)	4,830	(51)	52,695	-	38,218	-	38,218
Balance at 31 December 2021	9,500	39,328	24,811	(51)	73,032	(158)	146,462	1,075	147,537

# Unaudited condensed group statement of financial position

	Notes	30 June 2022 (unaudited) £'000	30 June 2021 (unaudited) £'000	31 December 2021 (audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Investments	10	15,859	13,443	13,560
Property, plant and equipment		2,577	1,432	2,927
Investment in associates		293	11,012	11,955
Intangible assets		92,891	63,133	95,012
Long-term receivables		492	-	492
Deferred tax		2,198	895	2,197
		<b>114,310</b>	<b>89,915</b>	<b>126,143</b>
<b>Current assets</b>				
Trade receivables		11,560	11,067	11,135
Accrued income and prepaid expenses		18,061	16,129	21,705
Other current assets	10	7,604	1,955	3,537
Cash and cash equivalents		28,062	10,144	40,252
<b>Non-current assets held for sale</b>				
Assets of a disposal group held for sale		29,831	15,689	17,545
<b>Total current &amp; non-current assets held for sale</b>		<b>95,118</b>	<b>54,984</b>	<b>94,174</b>
<b>Total assets</b>		<b>209,428</b>	<b>144,899</b>	<b>220,317</b>
<b>Current liabilities</b>				
Trade and other payables		32,606	21,315	42,721
<b>Liabilities of a disposal group held for sale</b>				
Liabilities of a disposal group held for sale		10,866	6,403	7,499
<b>Total liabilities and liabilities of a disposal group held for sale</b>		<b>43,472</b>	<b>27,718</b>	<b>50,220</b>
<b>Total assets less current liabilities</b>		<b>165,956</b>	<b>117,181</b>	<b>170,097</b>
<b>Non-current liabilities</b>				
Deferred taxation		9,996	3,784	10,597
Long-term borrowings		-	5,822	-
Other creditors		11,556	5,324	11,963
		<b>21,552</b>	<b>14,930</b>	<b>22,560</b>
<b>Net assets</b>		<b>144,404</b>	<b>102,251</b>	<b>147,537</b>
<b>Capital and reserves</b>				
Ordinary share capital	11	9,569	8,236	9,500
Share premium		39,328	60,061	39,328
Merger reserve		25,419	20,934	24,811
Treasury shares		(17)	-	(51)
Retained reserves		68,939	12,186	73,032
Foreign exchange reserve		79	-	(158)
<b>Equity attributable to equity shareholders of the Parent Company</b>		<b>143,317</b>	<b>101,417</b>	<b>146,462</b>
<b>Non-controlling interest</b>		<b>1,087</b>	<b>834</b>	<b>1,075</b>
<b>Total equity</b>		<b>144,404</b>	<b>102,251</b>	<b>147,537</b>
Basic net asset value per ordinary share (pence)	12	375.1	307.8	387.5
Diluted net asset value per ordinary share (pence)	12	354.3	291.7	366.6

# Unaudited condensed group statement of cash flows

	Notes	Six months ended 30 June 2022 (unaudited) £'000	Six months ended 30 June 2021 (unaudited) £'000	Year ended 31 December 2021 (audited) £'000
<b>Cash flow from operating activities</b>				
Net cash generated from operations	13	8,825	(6,097)	21,130
Corporation tax paid		(2,761)	(447)	(968)
Interest paid on loans		(150)	(51)	(187)
<b>Cash flow from investing activities</b>				
Acquisition of Burlington RE Property Management Limited		(626)	-	-
Acquisition of Appian Asset Management Limited		-	(841)	(841)
Acquisition of Mobeus VCT business		-	-	514
Deferred consideration paid		(6,875)	(794)	(1,409)
Investment in associates		-	(15)	(1,165)
Sale of associates		11,754	855	3,296
Dividends received from associates		-	258	383
Purchase of investments		(4,069)	(6,013)	(5,409)
Sale of investments		1,051	1,422	4,287
Investment in DevCo projects		(14,829)	(3,156)	(12,349)
DevCo loans repaid		254	-	551
Proceeds received on sale of DevCo projects		3,740	2,281	3,551
Purchase of fixed assets		(208)	(87)	(327)
Sale of fixed assets		19	-	6
Purchase of intangible assets		(547)	(371)	(724)
		<b>(10,336)</b>	<b>(6,461)</b>	<b>(9,636)</b>
<b>Cash flow from financing activities</b>				
Receipt of loans		-	5,000	10,000
Repayment of loans		-	-	(10,000)
Share issue proceeds		-	-	22,000
Share issue costs		-	-	(1,513)
Share-based payments settled		(3,818)	(1,529)	(9,734)
Dividends paid		(3,815)	(1,881)	(1,881)
Capital element of lease payments		(135)	(276)	(845)
		<b>(7,768)</b>	<b>1,314</b>	<b>8,027</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(12,190)</b>	<b>(11,742)</b>	<b>18,366</b>
Cash and cash equivalents at start of period		40,252	21,886	21,886
Cash and cash equivalents at end of period		28,062	10,144	40,252

# Notes to the accounts

## 1 Reporting entity

Gresham House plc (the Company) is a public limited company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. The unaudited condensed group interim financial statements of the Company as at and for the six months ended 30 June 2022 comprise the Company and its subsidiary undertakings (together referred to as the Group). All intra-group transactions, balances, income and expenses are eliminated on consolidation.

## 2 Statement of compliance and basis of preparation

The financial information presented in these interim results has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial information in these interim results are primarily unchanged from those used in the Company's financial statements for the year ended 31 December 2021 and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 December 2022.

The financial information for the year ended 31 December 2021 presented in this Interim Report does not constitute the Company's statutory accounts for that period but has been derived from them. The Report and Accounts for the year ended 31 December 2021 were audited and have been filed with the Registrar of Companies. The Independent Auditor's Report on the Report and Accounts for the year ended 31 December 2021 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 June 2021 and 30 June 2022 are unaudited and have not been reviewed by the Company's auditors.

## 3 Estimates and management judgements

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

In preparing these unaudited condensed group interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the group financial statements as at and for the year ended 31 December 2021.

## 4 Financial risk management

The Group's financial risk management objectives and policy are consistent with those disclosed in the group financial statements as at and for the year ended 31 December 2021.

## 5 Income

	Six months ended 30 June 2022 £'000	Six months ended 30 June 2021 £'000	Year ended 31 December 2021 £'000
<b>Asset management income</b>			
Asset management income	38,285	22,960	62,162
	<b>38,285</b>	<b>22,960</b>	<b>62,162</b>
<b>Income from investments</b>			
Dividend income – Listed UK	43	106	173
Interest receivable – Banks	5	2	8
– Other	193	31	409
	<b>241</b>	<b>139</b>	<b>590</b>
<b>Other operating income</b>			
Other income	–	1	15
DevCo income*	–	388	293
Non-core operating income**	1,100	–	1,140
	<b>1,100</b>	<b>389</b>	<b>1,448</b>
<b>Performance fees</b>			
Performance fees	–	1,912	6,163
	<b>–</b>	<b>1,912</b>	<b>6,163</b>
<b>Total income</b>	<b>39,626</b>	<b>25,400</b>	<b>70,363</b>

\* DevCo income represents the net operating income in the period from battery storage projects prior to the projects being sold to GRID.

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

## 6 Business combinations

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

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

	Net book value £'000	Adjustments £'000	Fair value £'000
Tangible fixed assets	2	-	2
Cash	390	-	390
Trade and other receivables	267	-	267
Trade and other payables	(328)	-	(328)
Intangible fixed assets (including goodwill)	-	2,632	2,632
Deferred tax liability	-	(474)	(474)
<b>Total identifiable net assets</b>	<b>331</b>	<b>2,158</b>	<b>2,489</b>

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

	£'000
Cash	1,028
Shares - 73,177 shares in Gresham House plc valued at 855.0p per share on 15 March 2022	626
<b>Total initial consideration</b>	<b>1,654</b>
Contingent consideration	835
<b>Total consideration</b>	<b>2,489</b>

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 £835k.

## Revenue and profits of Burlington

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

	€'000
Revenue	543
Profit before tax	119

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

	€'000
Revenue	2,098
Profit before tax	259

## Goodwill

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

## Fair value

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

## 7 Exceptional items

	Six months ended 30 June 2022 £'000	Six months ended 30 June 2021 £'000	Year ended 31 December 2021 £'000
<b>Acquisition costs</b>			
TradeRisks Limited	–	–	19
Burlington RE Property Management Limited	174	–	–
Appian Asset Management Limited	–	8	187
Mobeus VCT business	4	–	1,141
Other	219	54	83
	<b>397</b>	62	1,430
Restructuring costs	98	40	633
DevCo acquisition and disposal costs	–	–	1,152
	<b>495</b>	102	3,215

Acquisition and associated restructuring costs are considered exceptional and not part of the normal course of asset management activity.

## 8 Earnings per share

### (a) Basic and diluted profit per share

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
Total net profit attributable to equity holders of the parent (£'000)	2,153	5,220	11,777
Weighted average number of ordinary shares in issue during the period	38,075,964	32,291,046	34,083,582
Number of shares held by the Gresham House Employee Benefit Trust	(69,542)	-	(204,007)
Weighted average basic shares in issue during the period	38,006,422	32,291,046	33,879,575
Dilutive shares*	2,244,067	1,818,884	2,150,707
Weighted average dilutive shares in issue during the period	40,250,489	34,109,930	36,030,282
Basic profit per share to equity holders of the parent (pence)	5.7	16.2	34.8
Diluted profit per share to equity holders of the parent (pence)	5.3	15.3	32.7

\* Dilutive shares were deemed to have been issued at nil consideration as a result 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:

	Six months ended 30 June 2022 £'000	Six months ended 30 June 2021 £'000	Year ended 31 December 2021 £'000
Net operating profit after finance costs	4,881	1,873	6,721
Add back:			
Exceptional operating expenses	495	102	3,215
Depreciation and amortisation	6,100	4,188	9,475
(Profit)/ loss on disposal of tangible fixed assets	(8)	3	-
Dividend income received from associates	-	160	285
Net performance fees	-	(415)	(1,714)
Variable compensation attributable to realised gains on development projects	-	511	689
Development project costs	260	219	470
Net non-core activity	(36)	-	(38)
Share-based payments relating to acquisitions	217	253	615
Acquisition related remuneration	1,243	-	452
Adjusted operating profit attributable to equity holders of the parent before tax	13,152	6,894	20,170
Corporation tax attributable to adjusted operating profit	(2,333)	(1,157)	(2,363)
Adjusted operating profit attributable to equity holders of the parent after tax	10,819	5,737	17,807
Adjusted profit per share (pence) - basic	28.5	17.8	52.6
Adjusted profit per share (pence) - diluted	26.9	16.8	49.4

## 9 Dividends

The Company paid £3,815,000 during the period 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 £1,881,000 was paid in May 2021.

## 10 Investments – securities

Investments have been classified as follows:

	30 June 2022 £'000	30 June 2021 £'000	31 December 2021 £'000
Non-current assets	15,859	13,443	13,560
Other debtors due within one year – Investment in development projects	7,604	1,955	3,537
	23,463	15,398	17,097

A further analysis of total investments is as follows:

	30 June 2022 £'000	30 June 2021 £'000	31 December 2021 £'000
Listed securities – on the London Stock Exchange	7,236	6,521	4,993
Securities dealt in under AIM	953	1,222	1,363
Securities dealt in under Aquis Stock Exchange	4	6	5
Unlisted securities	15,270	7,649	10,736
Closing value	23,463	15,398	17,097
Investments valued at fair value through profit or loss	15,859	13,443	13,560
Loans and receivables carried at amortised cost	7,604	1,955	3,537
	23,463	15,398	17,097

## 11 Share capital

	30 June 2022 £'000	30 June 2021 £'000	31 December 2021 £'000
Allotted: Ordinary – 38,273,996 (30 June 2021: 32,945,875; 31 December 2021: 38,000,819) fully paid shares of 25p each	9,569	8,236	9,500

During the six months to 30 June 2022 the Company issued the following new ordinary shares:

- 73,177 shares on 15 March 2022 at a price of 855.0p per share to the vendors of Burlington RE Property Management Limited; and
- 200,000 shares on 25 March 2022 at par into the Gresham House Employee Benefit Trust.

## 12 Net asset value per share

	30 June 2022	30 June 2021	31 December 2021
Equity attributable to holders of the parent (£'000)	143,317	101,417	146,462
Number of ordinary shares in issue at the end of the period	38,273,996	32,945,875	38,000,819
Number of shares held by the Gresham House Employee Benefit Trust	(69,542)	-	(204,007)
Basic number of ordinary shares in issue at the end of the period	38,204,454	32,945,875	37,796,812
Dilutive shares*	2,244,067	1,818,884	2,150,707
Number of ordinary shares in issue during the period post dilutive shares	40,448,521	34,764,759	39,947,519
Basic net asset value (pence)	375.1	307.8	387.5
Diluted net asset value (pence)	354.3	291.7	366.6

\* Diluted shares are deemed to have been issued at nil consideration and could be issued under the bonus share matching plan, long-term incentive plans and acquisition related share-based payments.

**13 Reconciliation of net operating profit to operating cash flows**

	30 June 2022 £'000	30 June 2021 £'000	31 December 2021 £'000
Net operating profit after exceptional items	4,881	1,873	6,721
Loss from discontinued operations	(3)	(5)	(14)
Interest payable	184	54	214
Depreciation	574	413	959
(Profit)/loss on disposal of tangible fixed assets	(8)	3	-
Amortisation	5,526	3,776	8,516
Share-based payments	1,708	1,972	3,788
Acquisition related remuneration	884	-	452
	<b>13,746</b>	<b>8,086</b>	<b>20,636</b>
Increase in long-term receivables	-	-	(492)
Decrease/(increase) in current assets	3,566	(11,284)	(7,745)
(Decrease)/increase in current liabilities	(8,487)	(2,899)	8,731
	<b>8,825</b>	<b>(6,097)</b>	<b>21,130</b>

# Corporate information

## Company Number

871 incorporated in England

## Directors

Anthony Townsend, Non-Executive Chairman

Anthony Dalwood, Chief Executive Officer

Kevin Acton, Chief Financial Officer

Rachel Beagles, Non-Executive

Gareth Davis, Non-Executive

Sarah Ing, Non-Executive

Simon Stilwell, Non-Executive

## Secretary

Samee Khan

## Registered Office

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London EC4A 3TW

## Auditor

**BDO LLP**

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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

## Registrars

**Neville Registrars Limited**

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Halesowen  
West Midlands B62 8HD

## Solicitors

**Eversheds Sutherland (International) LLP**

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London EC2V 7WS



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**Gresham House**  
*Specialist asset management*