

## **GRESHAM HOUSE plc (“the Company”)**

Interim Management Statement for the three months ended 31 March 2010  
(Unaudited)

### ***Introduction***

This Interim Management Statement (“the Statement”) has been prepared in order to provide information to meet the requirements of the UK Listing Authority’s Disclosure and Transparency Rules. The Statement covers the three month period to 31 March 2010 together with relevant information up to the date of publication.

### ***Investment Objective***

Gresham House plc is an authorised investment trust listed on the London Stock Exchange. Following the passing of an ordinary resolution at the Company’s 2008 Annual General Meeting, the Company’s objective was changed to realise the Group’s assets over a period of approximately five years with a view to returning capital to shareholders. Having now reviewed this objective in the light of the opportunities being offered, the liquid resources now available to the Company and the skill sets of the management team, the Board now believes that it would be in the best interests of shareholders to expand its base and invest in commercial property which it believes is likely to offer significant opportunities for above average returns to shareholders. A resolution is therefore being proposed at the Annual General Meeting to be held on 10 June 2010 to revise the investment objective to enable the Company to continue as a going concern for the foreseeable future.

### ***Material events and transactions***

As at 31 March 2010 the value of the securities portfolio had increased by approximately 0.65% since 31 December 2009 compared with an increase in the FTSE All Share index of 5.4%.

The Company’s final results for the year ended 31 December 2009 were announced on 28 April 2010 and are available on the Company’s website [www.greshamhouse.com](http://www.greshamhouse.com).

The Directors are aware of the following significant events or transactions which have occurred in the period from 1 January 2010 to the date of this Statement that may have, or have had, a material impact on the financial position of the Company or Group:-

- (i) the sale of the investment in Hallin Marine Subsea International plc in February 2010 which realised £8.6m;
- (ii) the investment of £5.5m of these proceeds in corporate bonds with a minimum rating of B+;
- (iii) the receipt of £720,000 from the liquidator of Welsh Industrial Investment Trust plc following shareholder approval being given to liquidate the company;
- (iv) the repayment of £8.6 million of bank loans since the year end leaving current loans at £17.2 million;
- (v) the increase of 4.3% in the IPD Quarterly Property Index for Capital Growth for the three months ended 31 March 2010; and
- (vi) the increase in the amount of vacant space within the property portfolio.

The Company has one class of share capital: ordinary shares of 25p each. There have been no changes in the issued share capital of the Company since 31 December, 2009, which as at today's date, remains at 4,881,880 shares.

### **Financial Information**

#### **Investment – Properties**

Investment properties are shown at fair value based on current use. All investment properties were valued by King Sturge LLP, Chartered Surveyors, as at 31 December 2009 at a combined total of £24,600,000. These external valuations were carried out on the basis of Market Value in accordance with the latest edition of the Valuation Standards published by the Royal Institution of Chartered Surveyors. The directors do not consider that there has been any material change in the value of these properties since year end.

Rental income on the property portfolio for the three months ended 31 March 2010 was £356,000. This compares with rental income of £2.11 million for the year ended 31 December 2009. As indicated in the Chief Executive's report contained within the accounts for the year ended 31 December 2009 the amount of vacant space has increased by 60,201 sq. ft. to 821,975 sq. ft. as at 31 March 2010.

#### **Investments - Securities**

|  | 31.03.10     | 31.12.09      |
|--|--------------|---------------|
|  | £'000        | £'000         |
| Listed securities – on the London Stock Exchange | 6,716        | 1,195         |
| Listed securities – on overseas markets          | -            | 30            |
| Securities dealt in under AIM                    | 1,582        | 9,935         |
| Securities dealt in under PLUS Market            | 212          | 248           |
| Unlisted securities                              | 1,405        | 1,315         |
| <b>TOTAL</b>                                     | <b>9,915</b> | <b>12,723</b> |

#### *Top Ten Investments at 31 March 2010*

|   | Market Value | % of        |
|---|--------------|-------------|
|   | £'000s       | portfolio   |
|   |              | £'000s      |
| Standard Chartered Bank 6% bond ‡       | 1,105        | 11.1        |
| HSBC Bank 9.875% bond ‡                 | 1,046        | 10.6        |
| SpaceandPeople plc*                     | 1,008        | 10.2        |
| HSBC Bank 5.75% bond ‡                  | 964          | 9.7         |
| Scottish & Southern Energy 5.75% bond ‡ | 901          | 9.1         |
| Welsh Industrial Investment Trust plc ‡ | 788          | 7.9         |
| Memorial Holdings Limited #             | 686          | 6.9         |
| National Grid 6.125% bond ‡             | 678          | 6.8         |
| Marks & Spencer 5.625% bond ‡           | 601          | 6.1         |
| AudioGravity Holdings Ltd #             | 320          | 3.2         |
|   | <b>8,097</b> | <b>81.6</b> |

‡UK and Overseas Listed

\* AIM Traded Securities

# Unlisted Securities

*Sector Analysis at 31 March 2010*

|                     | % of net assets |
|---------------------|-----------------|
| Financial           | 44              |
| Utilities           | 18              |
| Media & photography | 12              |
| Property investment | 7               |
| Retail              | 6               |
| Engineering         | 5               |
| Automobiles         | 2               |
| Foods               | 2               |
| Chemicals           | 1               |
| Electrical          | 1               |
| Oil & Gas           | 1               |
| Miscellaneous       | 1               |
|                     | <hr/> 100 <hr/> |

**Comparative movements**

|  | 31.03.2010  | 31.12.2009 | % change |
|--|-------------|------------|----------|
| Basic net asset value per ordinary share | N/available | 473.7p     |          |
| Share price (pence)                      | 342.5       | 348.0      | -1.6     |
| FTSE All Share index                     | 2910.19     | 2760.80    | 5.4      |

Further information on the Company and Group, including a copy of this Statement, can be found at [www.greshamhouse.com](http://www.greshamhouse.com).

D Lucie-Smith  
Chief Executive Officer

17 May, 2010