

GRESHAM HOUSE plc (“the Company”)

Interim Management Statement (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 2011 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. Its investment objective and policy is to provide shareholders with long term capital and income growth by a combination of investing in commercial property, bonds and equities. However, having reviewed this objective in the light of the present downturn in the commercial property market, coupled with the restricted availability of bank funding, the Board now believes that it would be in the best interests of shareholders to conduct an orderly realisation of the Company’s assets over a period of approximately two years with a view to returning capital to shareholders thereafter. A resolution is therefore being proposed at the Annual General Meeting to be held on 19 May 2011 to revise the investment objective and policy accordingly.

Material events and transactions

The Company’s final results for the year ended 31 December 2010 were announced on 20 April 2011 and are available on the Company’s website www.greshamhouse.com.

The Directors are aware of the following significant events or transactions which have occurred in the period from 1 January 2011 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 exchange of conditional sale contracts with a national house builder and a food retailer for the site at Vincent Lane, Dorking, subject to planning, at a price in excess of year end book value;
- (ii) the successful completion of the development project in Aberdeen, in which the group has a 75% interest, on time and to budget;
- (iii) the receipt of a further £87,500 from the liquidator of Welsh Industrial Investment Trust plc making a total of £1,045,000 to date;
- (iv) the extension of a bank loan in the sum of £2.17m due to expire in June 2011 to December 2011 being the projected sale date of the property to which this relates;
- (v) as at 31 March 2011 the value of the securities portfolio had decreased by approximately 0.43% since 31 December 2010 compared with an increase in the FTSE All Share index of 1.76%; and
- (vi) the increase of 0.6% in the IPD Quarterly Property Index for Capital Growth for the three months ended 31 March 2011.

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, 2010, which as at today's date, remains at 5,369,880 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 2010 at a combined total of £28,620,000. 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 2011 was £272,000. This compares with rental income of £1.43 million for the year ended 31 December 2010. As stated in the Report of the Directors contained within the financial statements for the year ended 31 December 2010, the amount of vacant space as at 31 December 2010 was 391,118 sq. ft. representing 54% of the total available. There has been no significant change to these numbers since year end.

Investments - Securities

	31.03.11	31.12.10
	£'000	£'000
Listed securities – on the London Stock Exchange	5,810	5,804
Listed securities – on overseas markets	4	3
Securities dealt in under AIM	1,668	1,753
Securities dealt in under PLUS Market	191	178
Unlisted securities	4,648	4,648
TOTAL	12,321	12,386

Top Ten Investments at 31 March 2011

	Market Value	% of portfolio
	£'000s	£'000s
Memorial Holdings Limited #	2,568	20.8
SpaceandPeople plc *	1,155	9.4
Standard Chartered Bank 6% bond ‡	1,087	8.8
HSBC Bank 9.875% bond ‡	1,003	8.2
HSBC Bank 5.75% bond ‡	943	7.6
Scottish & Southern Energy 5.75% bond ‡	903	7.3
Attila(BR) Limited #	875	7.1
National Grid 6.125% bond ‡	677	5.5
Marks & Spencer 5.625% bond ‡	600	4.9
AudioGravity Holdings Ltd #	588	4.8
	10,399	84.4

‡UK and Overseas Listed

* AIM Traded Securities

Unlisted Securities

Sector Analysis at 31 March 2011

	% of net assets
Financial	29
Property investment	28
Utilities	15
Media & photography	14
Engineering	7
Retail	5
Electrical	1
Foods	1
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Comparative movements

	31.03.2011	31.12.2010	% change
Basic net asset value per ordinary share	N/available	476.9p	
Share price (pence)	330.0	335.8	-1.7
FTSE All Share index	3116.83	3062.85	1.8

Further information on the Company and Group, including a copy of this Statement, can be found at www.greshamhouse.com.

D Lucie-Smith
Chief Executive Officer

18 May 2011