

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 30 September 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. Following the passing of an ordinary resolution at the Company’s Annual General Meeting held on 19 May 2011, the Company’s objective is now the orderly realisation of the Group’s assets over a period of approximately two years with a view to returning capital to shareholders thereafter.

Material Events and Transactions

The Company’s interim results for the half-year ended 30 June 2011 were announced on 23 August 2011 and are available on the Company’s website www.greshamhouse.com.

The Directors are aware of the following events or transactions which have occurred in the period from 1 July 2011 to the date of this Statement:-

- (i) the sale on 12 August 2011 of the joint venture investment in DIPS (Aberdeen) LLP for a gross sum of £5.5m. This sale generated a profit for the Group of £700,000 and enabled the repayment of a loan to it totalling £1,035,000;
- (ii) the increase of 0.21% in the IPD Monthly Property Index for Capital Growth for the three months ended 30 September 2011. This increase however does not reflect the deterioration in the market for secondary and tertiary industrial and residential properties, particularly in the North West;
- (iii) the decrease in the amount of vacant space within the property portfolio principally as a result of the commencement of the demolition of units at Vincent Lane, Dorking following conditional exchange of contracts for the sale of this site, subject to planning consent;
- (iv) a further £330,000 of costs have been incurred at Newton-Le-Willows to enable the eventual sale of two-thirds of the site, subject to detailed planning consent;
- (v) as at 30 September 2011 the value of the securities portfolio had decreased by approximately 3.6% since 30 June 2011 compared with a decrease in the FTSE All Share Index of 14.3%; and
- (vi) Memorial Holdings Limited has obtained planning permission for a larger chapel at its Kemnal Park cemetery development. See further comments below.

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 30 June 2011, which at today’s date, remains at 5,369,880 shares.

Financial Information

Investments - 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. As per our normal policy, no independent property valuations have been undertaken since the last year end. However, as a result of the decline of the residential property market in the North West, the value of Deacon Estate, Newton-le-Willows could well have fallen since the year end, although this cannot be quantified at this stage.

Rental income on the property portfolio for the three months ended 30 September 2011 was £252,000 compared with £504,000 for the half-year ended 30 June 2011. The amount of vacant space has decreased by 26,965 sq. ft. to 364,153 sq. ft. as at 30 September 2011 principally as a result of the commencement of the demolition of the units at Vincent Lane, Dorking.

Investments - Securities

	As at 30.09.2011 Unaudited £'000	As at 30.06.2011 Unaudited £'000
Listed securities – on the London Stock Exchange	5,642	5,807
Listed securities – on overseas markets	-	3
Securities dealt in under AIM	1,752	2,112
Securities dealt in under PLUS Market	166	140
Unlisted securities	5,325	5,328
TOTAL	12,885	13,390

Top Ten Investments at 30 September 2011

	Market Value £'000s	% of portfolio
Memorial Holdings Limited #	2,568	19.9
SpaceandPeople plc*	1,176	9.1
Standard Chartered Bank 6% bond‡	1,059	8.2
HSBC Bank 9.875% bond ‡	964	7.5
HSBC Bank 5.75% bond ‡	923	7.2
Scottish & Southern Energy 5.75% bond‡	906	7.0
Attila (BR) Ltd Loan notes#	875	6.8
SMU Investments Ltd #	767	5.9
National Grid 6.125% bond ‡	683	5.3
Marks & Spencer 5.625% bond ‡	602	4.7
	10,523	81.6

‡UK and Overseas Listed

* AIM Traded Securities

Unlisted Securities

Securities have been valued on the same basis as that adopted in the Group's Consolidated Financial Statements for the year ended 31 December 2010.

The investment in Memorial Holdings Limited represents a 15% shareholding in this company which is currently developing a 55 acre cemetery at Kemnal Park in the London Borough of Bromley. Planning permission has just been granted for an enlarged chapel which is more reflective of its proposed position in the market. The delays associated with obtaining this new planning permission together with operational issues which are currently being addressed and rectified, has meant that the first phase of approximately 10 acres is now likely to be completed during the final quarter of 2012. The management intend to bring in further equity to provide for the additional costs resulting from the delays and the expanded development.

Sector analysis as at 30 September 2011

	% of securities portfolio
Financial	32
Property investment	27
Media	14
Utilities	14
Engineering	6
Retail	5
Foods	1
Electrical	1
	100

Comparative movements

	30.09.2011 Unaudited	30.06.2011 Unaudited	% change
Basic net asset value per ordinary share	N/A	475.8p	N/A
Share price (pence)	367.50	410.00	(10.4)
FTSE All Share index	2,654.38	3,096.72	(14.3)

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 November 2011