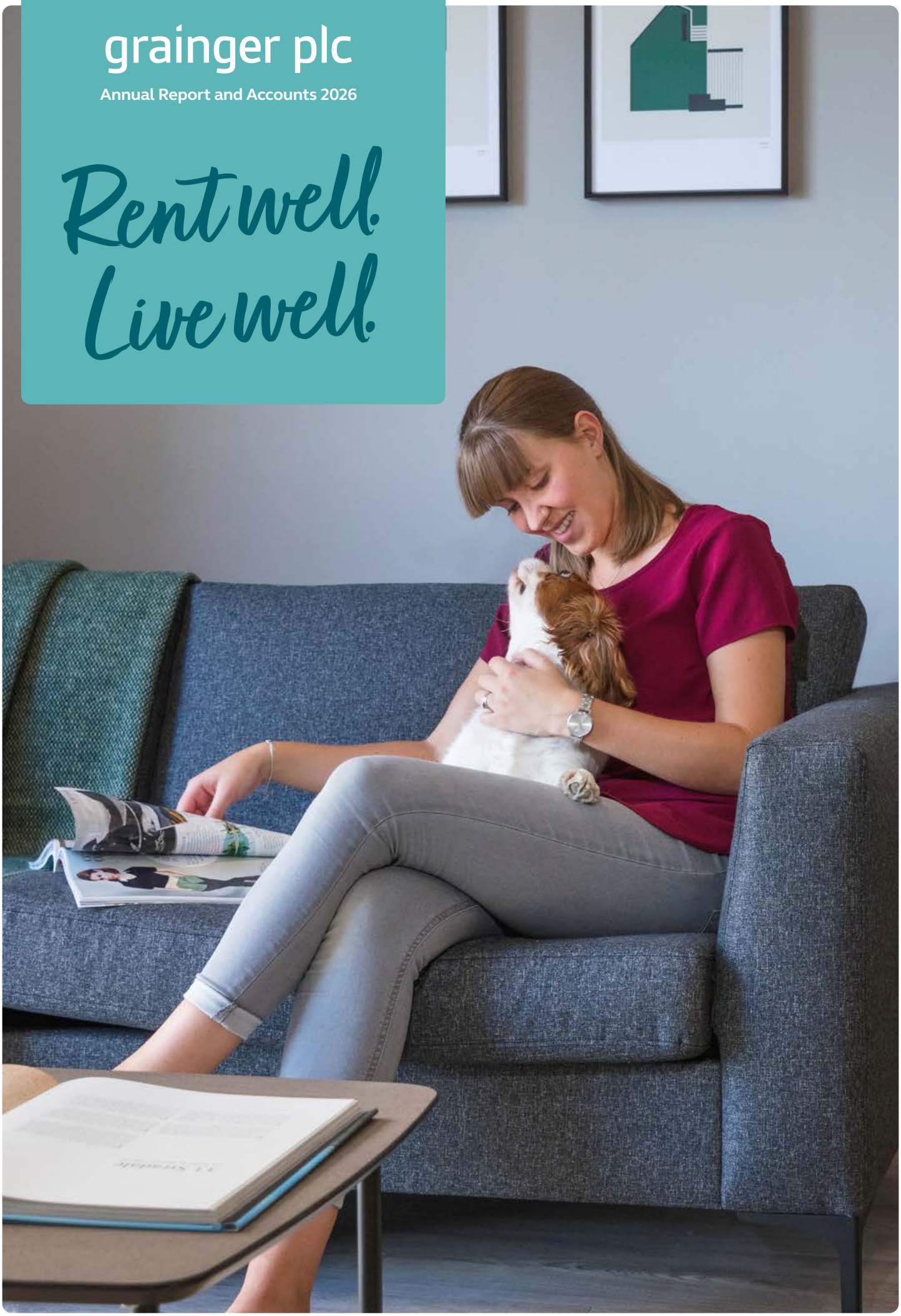
grainger plc

Annual Report and Accounts 2026

Rent well. Live well.



Strategic report

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Chair's statement
p04



Chief Executive's statement
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Financial review
p31

Forward-looking statements

This Report may contain forward-looking statements with respect to certain plans and current goals and expectations relating to the future financial condition, business performance and results of Grainger. Further information about forward-looking statements can be found in the Shareholders' information section on page 179.

At Grainger, we believe that when people rent well, they can live well, and communities can thrive. Guided by our purpose of 'renting homes, enriching lives', we have built a trusted, market-leading business rooted in expertise and a commitment to creating places people are proud to call home.

Rent well. Live well.

p09 Read more about our great rental offer.



Our year in review

Continued strong performance and a clear strategy to deliver value

Grainger has continued to deliver resilient growth and long-term shareholder value, delivering strong operational performance, high occupancy and sustained rental growth.

Our focus on shareholder value remains clear: growing earnings and dividends, keeping costs down, maintaining strict capital discipline and allocating capital where it is most accretive for shareholders. Through a defined deleveraging plan and ongoing accelerated disposals programme, we are strengthening the balance sheet, enhancing financial flexibility and positioning the business for sustainable future growth, while remaining on track to deliver 20% EPRA earnings growth to £72m by FY29.

Grainger's valuations have been resilient on a relative basis in the last five years, however, in a higher interest rate environment, investment yields have moved out, partially offset by good rental growth, the effect of this was an IFRS loss before tax of £(41.8)m.

Financial performance highlights

EPRA earnings
+12.1%
£60.2m (FY25: £53.7m)

Net rental income
+5.3%
£130.2m (FY25: £123.6m)

Total dividend
+3.0%
8.56pps (FY25: 8.31pps)

Net asset value (EPRA NTA)
281p
(FY25: 298p)

EBITDA Margin
56.2%
(FY25: 55.5%)

IFRS (loss)/profit before tax
£(41.8)m
(FY25: £102.6m)



Clippers Quay, Salford

Operational performance highlights

Like-for-like rental growth
+3.2%
(FY25: 3.6%)

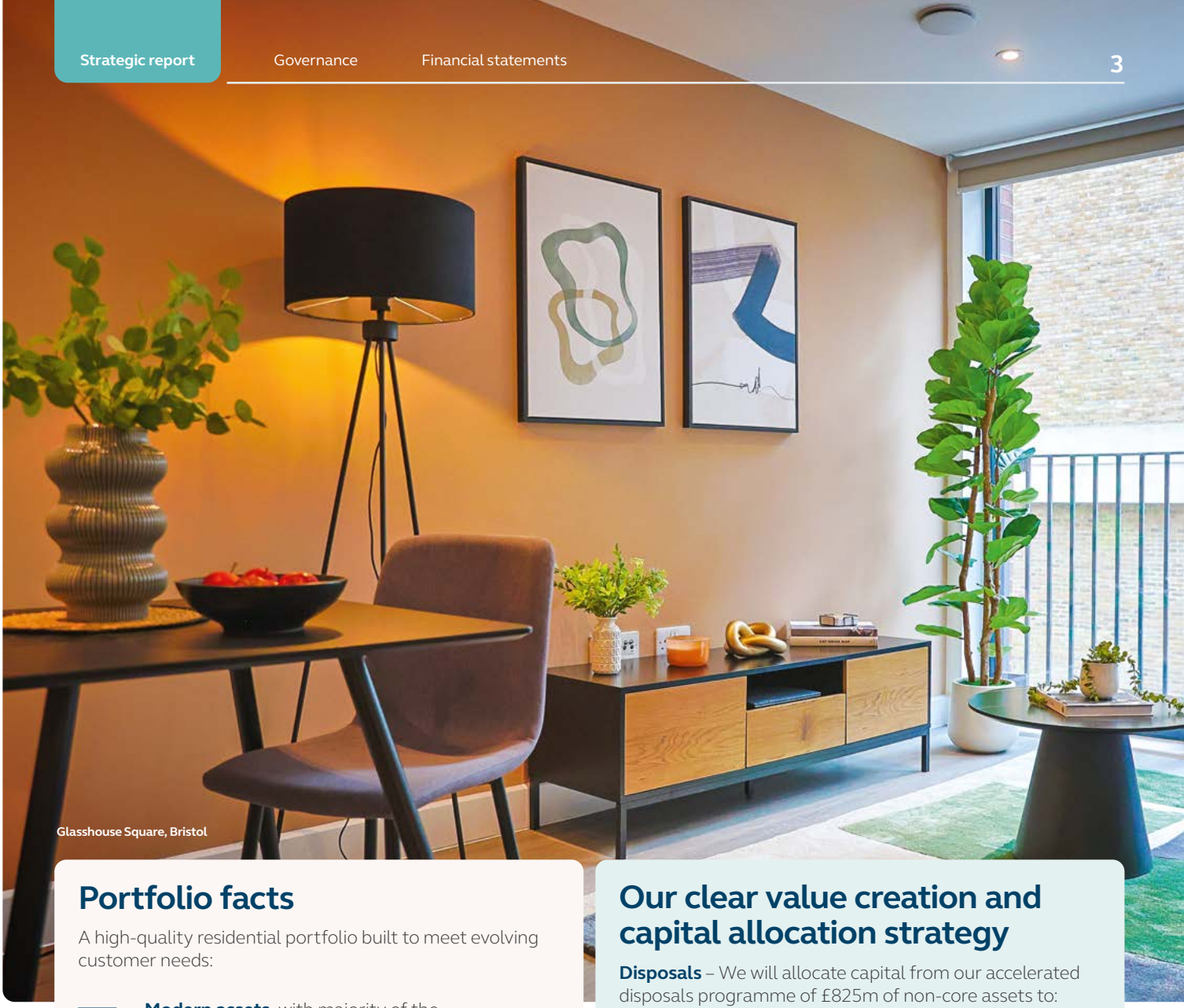
Customer affordability (rent as a percentage of gross household income)
28%
(FY25: 28%)

Occupancy
97.1%
(FY25: 98.1%)

Rent paid on time
99%
(FY25: 99%)

Customer retention
61%
(FY25: 61%)

Customer Net Promoter Score (NPS)
+48pts
(FY25: +42pts)



Glasshouse Square, Bristol

Portfolio facts

A high-quality residential portfolio built to meet evolving customer needs:

Modern assets, with majority of the build-to-rent (BTR) portfolio developed since 2016.

Energy-efficient, future-proofed homes, with 97% of the BTR portfolio holding EPC ratings between A and C.

Prime locations in high-growth cities where rental housing demand is strongest.

Excellent value for money through mid-market pricing and an attractive package of inclusive amenities and services.

Safety-led operations, with building safety embedded throughout the asset lifecycle, from design and development through to ongoing management.

Our clear value creation and capital allocation strategy

Disposals – We will allocate capital from our accelerated disposals programme of £825m of non-core assets to:

Reduce net debt

- Protects earnings
- Offsets impact of higher interest rates
- Positions our balance sheet for the future

Deliver committed pipeline projects

- c.£87m remaining capital expenditure
- Supports 20% earnings growth target from FY26 to FY29

Cost control – We continue to focus on cost control:

- Overheads the same today as FY15 (down 30% in real terms) despite net rental income up by more than 3x
- 12% reduction in our overheads over FY26 and FY27, keeping overheads flat for the next two years
- Gross-to-net flat with sector-leading operational efficiency

Structural market drivers

The UK rental market continues to be supported by strong demand, limited supply and growing affordability pressures in the owner-occupier market. These structural trends underpin occupancy, rental growth and long-term income resilience, which helps mitigate against any valuations pressures impacted by wider macroeconomic challenges such as high interest rates.

Chair's statement

> "Grainger is exceptionally well positioned."

Simon Fraser
Chair



Dear shareholders,

I am pleased to present my first report as Chair. Since joining the Board late last year and becoming Chair in February 2026, I have spent considerable time getting to know the business, our people, our customers and our shareholders.

During my first few months, I met with many of our shareholders and visited operational and development assets across the country, including our clusters in London, Bristol and Manchester, and strategic land holdings at Wellesley. These visits reinforced my belief that Grainger's combination of operational expertise, high-quality buildings, disciplined capital allocation and customer focus represents a significant competitive advantage and provides a strong platform for future growth. It has been truly valuable hearing from our many stakeholders, including shareholders. We are focused and determined to do the best thing for the long-term success of Grainger.

Grainger is an exceptional business. One run well, for both shareholders and customers. Underlying performance remains strong, even in these more uncertain times, demonstrating resilience. The opportunity for Grainger within the UK Build-to-Rent market remains very compelling.

Board leadership

Before looking ahead, I would like to thank Mark Clare for his outstanding contribution to the transformation of Grainger over his nine years as Chair. During his tenure, Grainger underwent a period of significant growth, becoming the UK's leading listed residential landlord. I would also like to thank Justin Read for his invaluable contribution as Senior Independent Director and Chair of the Audit & Risk Committee. Justin played an important role in supporting and overseeing the successful delivery of our long-term strategy. I am equally pleased to welcome Fiona Muldoon to the Board as Senior Independent Director, bringing extensive experience in finance, governance, risk management and regulation.

Strong fundamentals and excellent operational performance

Having seen the business at close hand, I am convinced that Grainger is exceptionally well positioned. We operate in a market supported by strong long-term fundamentals, with demand for high-quality rental housing continuing to exceed supply across the locations in which we invest.

This has been evidenced in the strength of our operational and financial performance. Occupancy remains high, customer retention remains strong and net rental income has increased. The continued resilience of our performance is particularly encouraging given the introduction of the Renters' Rights Act, a landmark shift for renting across the country. Through careful preparation and effective execution, our teams have navigated the changes seamlessly, while continuing to deliver a high-quality experience for customers.

This performance has enabled further earnings growth and another year of consecutive dividend growth. Accordingly, the Board is proposing a final dividend of 5.62p per share, resulting in a total dividend for the year of 8.56p, up 3.0% on the prior year, reflecting the resilience of our business model and our commitment to delivering sustainable long-term returns for shareholders.

Disciplined capital allocation

I recognise that shareholders remain concerned about the performance of our share price. Macro events outside of our control and enduring higher interest rates are certainly contributing to the wider public real estate market's performance and Grainger's, and to counter this we have the right plan in place.

We remain focused on what is within our control with disciplined capital allocation. We are prioritising our ongoing disposals programme and debt reduction, while completing the remaining development projects underway in our committed pipeline. This approach supports the resilience of the business today, allows us to mitigate the impact of high interest rates, while positioning Grainger to deliver significant earnings growth over the years ahead. As leverage reduces and surplus capital becomes available, we will continue to assess the most accretive opportunities to create long-term shareholder value.

Looking ahead

We will continue to focus on driving operational efficiency and maintaining a disciplined approach to cost management, while enhancing customer experience across our portfolio. The combination of our market-leading operating platform, proprietary CONNECT technology and data-led approach provides a significant competitive advantage, enabling us to improve customer outcomes, increase productivity and support sustainable long-term growth in earnings and shareholder returns.

I am looking forward to working with my Board colleagues and the wider Grainger team as we continue to create long-term value for our shareholders, customers and communities.

Simon Fraser
Chair

18 November 2026

Chief Executive's statement



> "We remain sharply focused on delivering value for shareholders."

Dame Helen Gordon DBE
Chief Executive

Dear shareholders,

I am pleased to report that your Company has delivered an excellent performance with compounding earnings growth, strong occupancy, high customer satisfaction and improved cost efficiency. This has come against the backdrop of the most significant changes in the regulation of the private rented sector for 40 years, the Renters' Rights Act. We have not missed a beat.

We have delivered another strong year of earnings growth with pre-tax EPRA earnings up 12% achieving our earnings target. This is driven by 5.3% net rental income growth and 3.2% like-for-like rental growth, which partly offset valuation movements reflecting higher interest rates.

Occupancy, one of our key operational metrics, was 97% with strong customer retention of 61% and customer affordability at 28% of household income spent on rent.

Despite the headwinds of rising costs, our operational efficiency continues to be sector leading at 25% gross-to-net.

The right capital allocation strategy to deliver shareholder value

Like all real estate companies, we have been impacted by the macro headwinds of a higher interest rate environment. However, the action we took in 2021 to fix our debt for seven years has insulated us from this. We have a clear plan to operate in a higher interest rate environment by accelerating our sales programme of lower yielding non-core assets. This capital will enable us to pay down debt and complete our on-site developments.

Deleveraging will enable us to continue to grow earnings, reduce financial risk and provides flexibility.

Chief Executive's statement continued

> “We are focused on ensuring Grainger remains at the forefront of this important sector and its growth.”

The remaining surplus capital released will be deployed into the most accretive use for shareholders, which may include share buybacks. Our uncommitted pipeline of £895m BTR investment opportunities provides us with significant optionality for the future and will be assessed on returns compared to other uses of shareholder capital.

We are recommending an increased final dividend, up 3%. This is the tenth year of consecutive dividend growth for Grainger shareholders.

Our plan to deliver value is clear and will result in the best outcome for shareholders in the near, medium and long term.

Our track record of delivery

Achieving our 2026 earnings target was just one of the many milestones on the strategy to reposition Grainger.

We have transformed the business from a series of complex diversified residential assets to a sector-leading, efficient build-to-rent investor-operator and we are the UK's largest residential REIT.

Our track record on sales

This year we continued our sales programme. Since 2016, we have rotated the portfolio selling more than £2bn of non-core assets and investing nearly £3bn into modern build-to-rent assets in the best locations in England and Wales.

We continuously review our assets to maximise portfolio returns and we have around £825m of lower-returning, non-core assets earmarked for disposal. We will continue our accelerated sales programme, which will help support deleveraging, earnings growth and deliver shareholder value.

An efficient and sector-leading platform

We have an excellent track record of delivering cost efficiencies. Our overheads today are the same as they were 11 years ago, an effective 30% reduction in real terms. This is despite us delivering more than 300% growth in income.
This year, we reduced our cost base by £2.4m. Our use of technology to serve our customers will enable us to reduce costs further and, as previously announced, we anticipate taking a further £2m out in FY27. This represents a 12% saving in our overheads over two years.

I am extremely proud of the team at Grainger and their ability to innovate and search for cost efficiencies. This focus on continuous improvement has ensured we have a sector-leading platform and gross-to-net efficiency. Our net margin per property remains at 75%, whereas the sector average is less than 70%. This, together with our focus on overheads, has delivered significant growth in our EBITDA margin.

Delivering value to our customers

Results from our annual customer survey, show us that our customers are happy. This year, we achieved the highest customer satisfaction score to date, a net promoter score (NPS) of +48 putting us well ahead of the UK BTR sector at -4 and in line with some of the world's largest, most recognisable, and most loved brands.

This is a testament to the hard work and dedication of the whole business, focused on delivering what matters most to our customers, while driving customer retention, value and efficiency.



Glasshouse Square, Bristol

28%

Grainger customer affordability ratio

People at the heart

We're committed to enriching lives and building vibrant communities. This year, we hosted over 610 social events in our amenity spaces, creating opportunities for connection and engagement.



Resident event at Fortunes Dock, Canning Town

This year's strong performance

With the delivery of another strong year of performance and significant earnings growth, it is frustrating for shareholders, me, the whole Board and all Grainger colleagues, that this performance and the transformation to a strong underlying business is not reflected in the share price. External macroeconomic forces are undoubtedly affecting the whole real estate sector in the UK, but we have a clear plan to drive value for shareholders. Our plan of deleveraging from non-core disposals will keep Grainger on strong footing for the future, and position us for whatever comes our way, whether it be headwinds or tailwinds.

The Renters' Rights Act introduced

The Renters' Rights Act was passed into law in October 2025 and the first measures came into force in May of this year.

Many of the new regulations are compatible with how Grainger has been operating prior to the Act with pet friendly policies and the abolition of 'no fault' evictions being examples of this.

As a team we moved swiftly to change our processes and technology to ensure we were compliant with the new legislation.

As a leader in the sector with deep experience and our CONNECT proprietary technology platform, we were able to adapt quickly. We know that others have found this more difficult with many small landlords selling up and exiting the sector. One clear benefit to Grainger of the Act is the requirement of tenants to give over two months' notice, this has enabled us to plan more efficiently and together with the introduction of new technology has generated more enquiries for our properties and enables us to reduce the time to re-let our properties.

The political backdrop has cleared

After the last few years of uncertainty, the Renters' Rights Act is now law and proving to be benign from an operational performance point of view, a result of the dedication and effort by the Grainger team and our investment in technology. Our new Prime Minister, Andy Burnham, who is familiar to Grainger from his time as Manchester Mayor, has set out a clear set of priorities for housing policy, and the return of Angela Rayner as his Secretary of State for Housing, Communities and Local Government is welcome. Angela Rayner, has again come out publicly in opposition to rent controls. We also retained our Housing Minister, Matt Pennycook. Importantly, our sector, BTR, benefits from widespread support across political parties as both a contributor to much needed new housing supply but also higher housing standards.

Chief Executive's statement continued

Very good
employee engagement score



Board changes

This year, Mark Clare and Justin Read stepped down from the Board after nine years. Both contributed to the transformation of Grainger from the early days of our strategy and I want to thank them both. Mark Clare was a wonderful mentor on leading change and housing policy. I was very pleased that Simon Fraser stepped into the role of Chair. Simon has deep capital markets experience as well as strong Real Estate knowledge and has swiftly immersed himself in the business.

Fiona Muldoon also joined the Board with a background in insurance, financial services and capital markets, as well as a time as a regulator at the Central Bank of Ireland. Both Simon and Fiona are great additions to our Board and I know will represent shareholders well.

Our people

I am very fortunate to have a wonderful group of colleagues who care for our customers and each other. They have taken on a lot of additional work this year, from implementing the Renters' Rights Act to enhancing customer service, but have done this with enthusiasm and commitment. They are Grainger's competitive edge and I want to thank them for everything they have delivered this year. The Grainger team is very special!

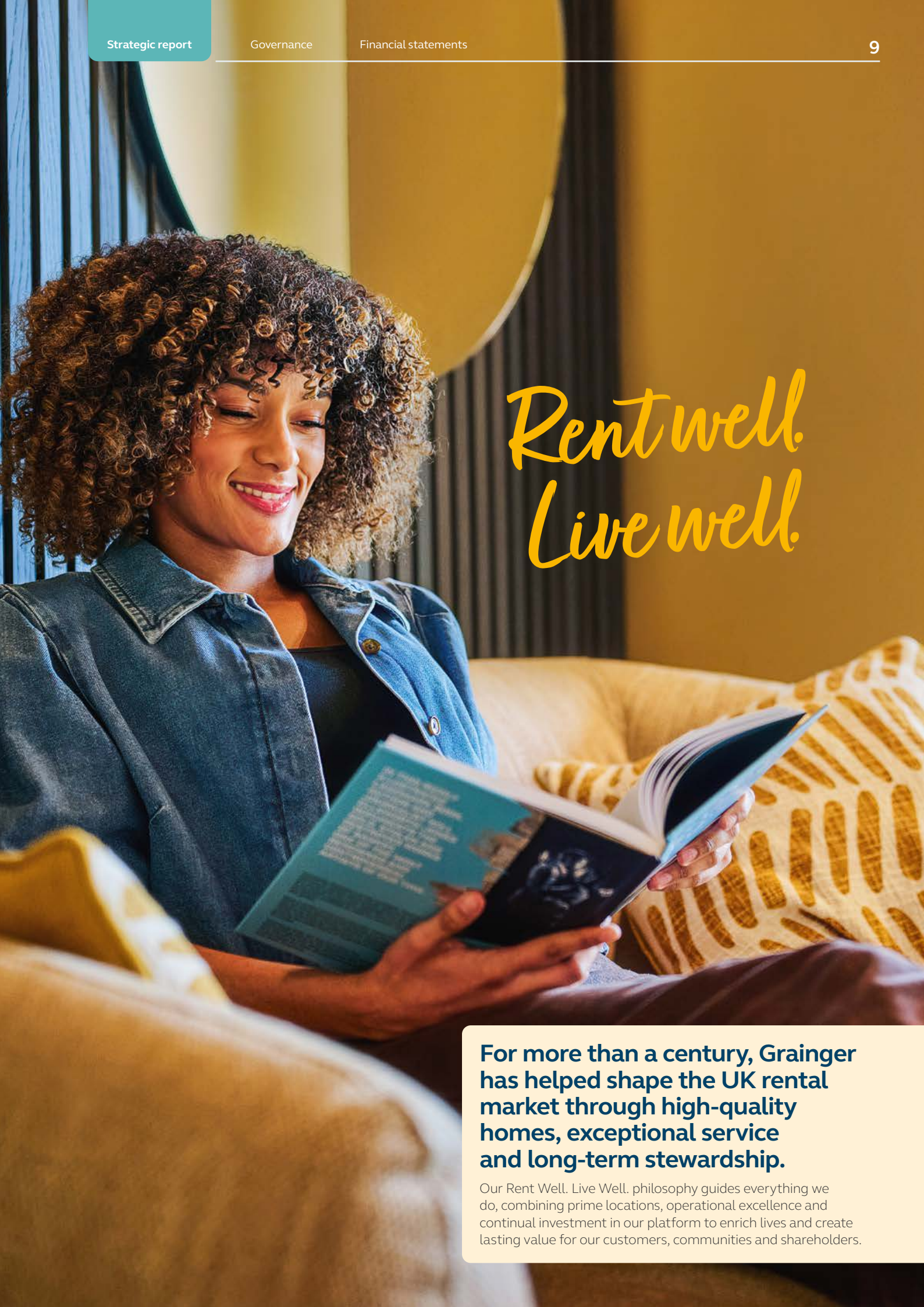
The outlook for both Grainger and our market is strong

In the near term, with higher interest rates, our plan to allocate capital from our significant disposals programme to reduce net debt but also deliver our remaining committed development projects, both derisks the business in uncertain times but also enables us to continue to drive strong earnings growth over this period, with the majority of the earnings benefit coming through in late FY28 and FY29. We will allocate surplus capital beyond this in the most accretive way for shareholders. This plan is designed to position us strongly for the macroeconomic challenges we, and every real estate company, are facing with regard to higher interest rates and UK gilts.

Longer term, our ambition for Grainger remains unabated. Our platform is both efficient but also designed to enable growth and much greater scale. The market opportunity within the BTR sector remains strong and compelling. We are focused on ensuring Grainger remains at the forefront of this important sector and its growth.

Dame Helen Gordon DBE
Chief Executive

18 November 2026



For more than a century, Grainger has helped shape the UK rental market through high-quality homes, exceptional service and long-term stewardship.

Our Rent Well. Live Well. philosophy guides everything we do, combining prime locations, operational excellence and continual investment in our platform to enrich lives and create lasting value for our customers, communities and shareholders.



Well connected.

Where people choose to live matters.

That's why at Grainger we focus on locations that put our customers closest to the things that matter most to them: jobs, transport, shops, leisure and culture. Our communities are located in some of the UK's most vibrant and fast-growing cities, with excellent connectivity and easy access to local amenities. This makes everyday life more convenient for residents, while ensuring our homes remain in high demand. As a result, our well-connected locations continue to generate strong enquiry levels, excellent leasing performance and high occupancy across the portfolio, reinforcing the strength and resilience of rental demand in our markets.



Creating great places to live starts with thoughtful design.

Across our portfolio, we offer high-quality homes complemented by a range of carefully curated amenities, including resident lounges, co-working spaces, gyms, roof terraces, gardens and communal areas that help foster connection and convenience. These spaces are designed to enhance the customer experience, supporting the way people live, work and socialise today, while differentiating our offer in a competitive market. Grainger's mid-market proposition combines quality, value and service, delivering homes that appeal to a broad range of renters.

Looking after our buildings is just as important as designing them well. Through proactive asset management, planned maintenance and ongoing refurbishment programmes, we continually invest in our communities to ensure they remain attractive, modern and fit for the future. A focus on operational efficiency is embedded across the business. The majority of our BTR assets were developed since 2016 and 97% of our BTR homes have EPC ratings between A and C, helping to reduce energy consumption and lower running costs for residents. Supported by dedicated on-site teams, this combination of high-quality design, efficient operations and continuous investment enhances the customer experience, sustains rental demand, improves resilience and maximises long-term asset value and returns.



Well loved.

At Grainger, creating great homes is much more than bricks and mortar.

We build thriving communities for our customers and supportive workplaces for our colleagues, ensuring our people feel valued, connected and proud to be part of something bigger. Our commitment to continually improving the customer and colleague experience is at the heart of everything we do.

By combining expertise with deep customer insight, we constantly refine our homes, services and communities to meet evolving needs. The result is a rental experience that residents genuinely appreciate, supported by strong satisfaction and retention levels.

The same focus extends to our colleagues. Recognised as a 'Very Good' employer by Best Companies, we invest in creating an engaging, inclusive and rewarding workplace where colleagues can thrive.

Strong relationships, built on trust, consistency and care, help us retain both residents and colleagues, making Grainger a place people choose to stay, grow and belong.

Well looked after.



Creating thriving communities means looking after both our residents and our buildings.

Across the portfolio, our dedicated on-site teams deliver a high standard of customer service, building strong relationships with our customers and helping to create places where people want to stay. From day-to-day support to curated resident events and community activities, we focus on fostering a sense of belonging that enhances the rental experience and drives customer satisfaction, retention and advocacy. This customer-first approach has helped Grainger consistently achieve high levels of occupancy and customer engagement.

At the same time, we take the same long-term approach to caring for our assets. Our on-site teams work alongside our Asset Management teams to ensure buildings are proactively managed, well maintained and presented to the highest standards. Through regular inspections, planned preventative maintenance and timely repairs, we protect the quality of our homes and shared spaces, while minimising disruption for residents.

Caring for our customers and our buildings goes hand in hand. By maintaining our communities and investing proactively in our assets, we improve resident satisfaction and retention, reduce future costs, protect long-term value and deliver sustainable returns, while keeping our communities great places to call home.

Well informed.



Great service starts with understanding our customers.

At Grainger, data and technology help us deliver a seamless rental experience, from first enquiry to everyday living. Our market-leading operating platform, CONNECT, integrates customer, operational and asset data, providing real-time insight that enables teams to respond quickly, consistently and efficiently as the business grows. This technology-led approach has supported the expansion of our portfolio, while keeping costs down and maintaining sector-leading customer satisfaction and operational performance.

We continue to invest in technology that makes renting easier for customers and more efficient for colleagues. Through the MyGrainger resident app, customers can report maintenance issues, access building information and communicate directly with on-site teams. At the same time, data analytics and AI are helping us streamline processes, improve responsiveness and provide faster, more personalised customer service.

By combining human expertise with innovative technology, Grainger remains at the forefront of the UK's rental market.



For 114 years, Grainger has played a significant role in the UK residential property market, building a reputation founded on longevity, trust and strong partnerships.

From our origins in 1912 to our position today as the UK's leading listed residential landlord, we have consistently evolved to meet the changing needs of customers, communities and investors.

Our success has always been rooted in lasting relationships, working closely with our customers, local authorities, developers and investment partners to create and manage homes people are proud to live in. This collaborative approach, combined with unrivalled expertise, has enabled us to deliver high-quality rental homes and a professional, customer-focused service.

More than a century of experience gives us a deep understanding of residential property and the rental market. Today, that heritage is complemented by a long-term investment strategy, a proven operating platform, and continued investment in technology, data and AI-enabled capabilities. By embracing innovation to enhance decision-making, improve efficiency and strengthen the customer experience, we are building on our legacy, while ensuring Grainger remains a trusted, forward-looking provider of rental homes for generations to come.

Well established.



At a glance

Strong foundations and sustainable growth

As the UK's leading residential REIT, we develop, own and operate rental homes in the country's most attractive urban markets. Supported by strong market fundamentals and a fully integrated operational platform, we are well positioned to deliver sustainable growth and attractive long-term returns.

1912
Established in Newcastle

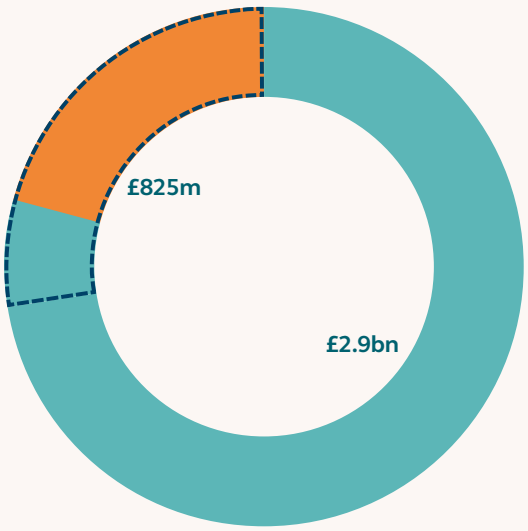
25,000+
customers

11,025
homes in operation
(FY25: 11,078)

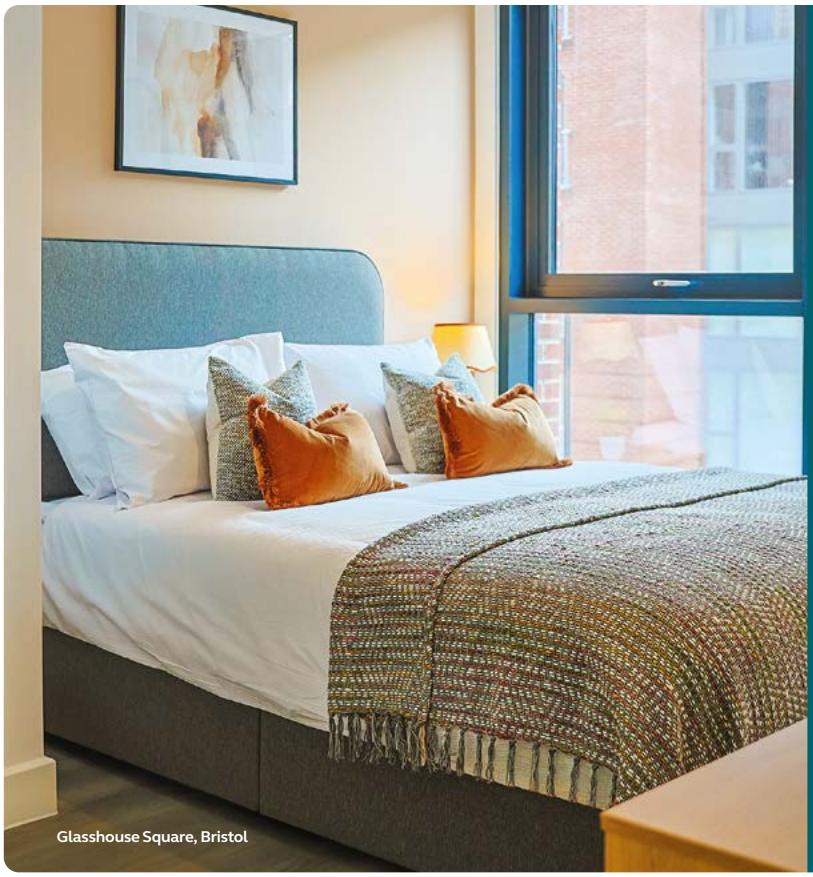
Our portfolio

BTR portfolio
£2.9bn

Non-core assets
£825m



See pages 19 -21 for more details.


Glasshouse Square, Bristol

Build-to-rent homes

Our core portfolio build-to-rent homes – purpose-built, modern and energy-efficient. We also have a significant pipeline of future growth opportunities. Of this, 775 homes are in our committed pipeline and are currently under construction, due to be delivered in the coming years, driving future earnings growth.

10,098
operational homes
(FY25: 9,874)

97.1%
High occupancy
(FY25: 98.1%)

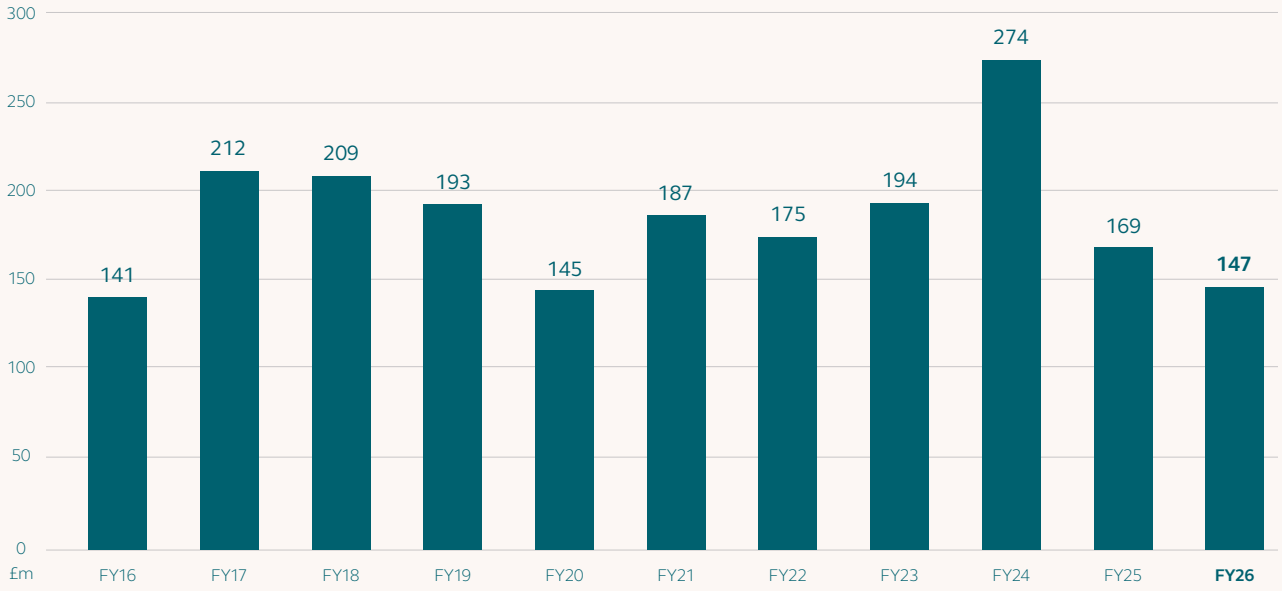
Accelerated disposals programme of non-core assets

As part of our capital allocation strategy, designed to deliver shareholder value, we are divesting of our non-core assets in an accelerated and managed way with £175–200m of disposals targeted each year from our £825m non-core portfolio.

This portfolio is made up of our £500m regulated tenancy portfolio, where we are balancing speed of disposals with maximising overall returns. The portfolio also contains c.£275m of older, and smaller, non-amenitised market rented (non-BTR) assets, which we are disposing of in a managed way to, again, maximise overall returns. Lastly, the portfolio contains strategic land sites, which we are in the latter stages of securing planning permission for and then to be sold on, thereby capturing the planning gain uplift. The current value of those sites totals c.£50m, but has upside potential upon successfully securing planning permission.

£2bn
non-core assets sold over the past ten years

Sales Revenue



Disciplined capital allocation

Our disciplined capital allocation framework remains central to Grainger's strategy to deliver sustainable earnings growth and long-term shareholder value.

In a higher interest rate environment, we remain focused on **protecting earnings growth** and reducing financial risk through disciplined balance sheet management.

Our **accelerated disposals** programme will see us recycle capital from £825m of non-core, low yielding assets, redeploying this capital into the most effective uses to drive shareholder value.

The capital from these disposals will support the **completion of our committed development projects**, while also **reducing net debt**, enabling us to continue to grow earnings despite absorbing materially higher interest rates.

Surplus capital beyond these two priorities will be allocated to the opportunities expected to generate the greatest shareholder value, which may include share buybacks.

Future growth opportunities

Our pipeline of committed BTR development projects, with only £87m of remaining capex, will drive significant EPRA earnings growth from £60.2m (8.1pps) today (FY26) to £72m (9.7pps) by FY29.

The remainder of our pipeline (3,222 homes; £895m investment), both the secured element and planning & legals element, provide us with great optionality for future growth and will be assessed on returns compared to other uses of shareholder capital.

During the year, we've made great progress right across the whole pipeline. Construction on our committed schemes is well underway and progressing well. We're enhancing the designs and scale of our schemes in our secured pipeline, including our schemes in our joint venture (JV) with TfL, benefitting from positive changes in the planning environment. In our outer pipeline of schemes in the planning or legal process, we have secured planning consent on our first scheme in Cambridge, through our partnership with Network Rail's Platform4, and have progressed planning applications in Nottingham and Chester.

Our portfolio

Strategically located across the UK

Homes

North East 305
Newcastle

THE FORGE

Homes

North West 1,672
Manchester & Liverpool

THE ASTLEY · CLIPPERS QUAY · THE FILAMENTS

Homes

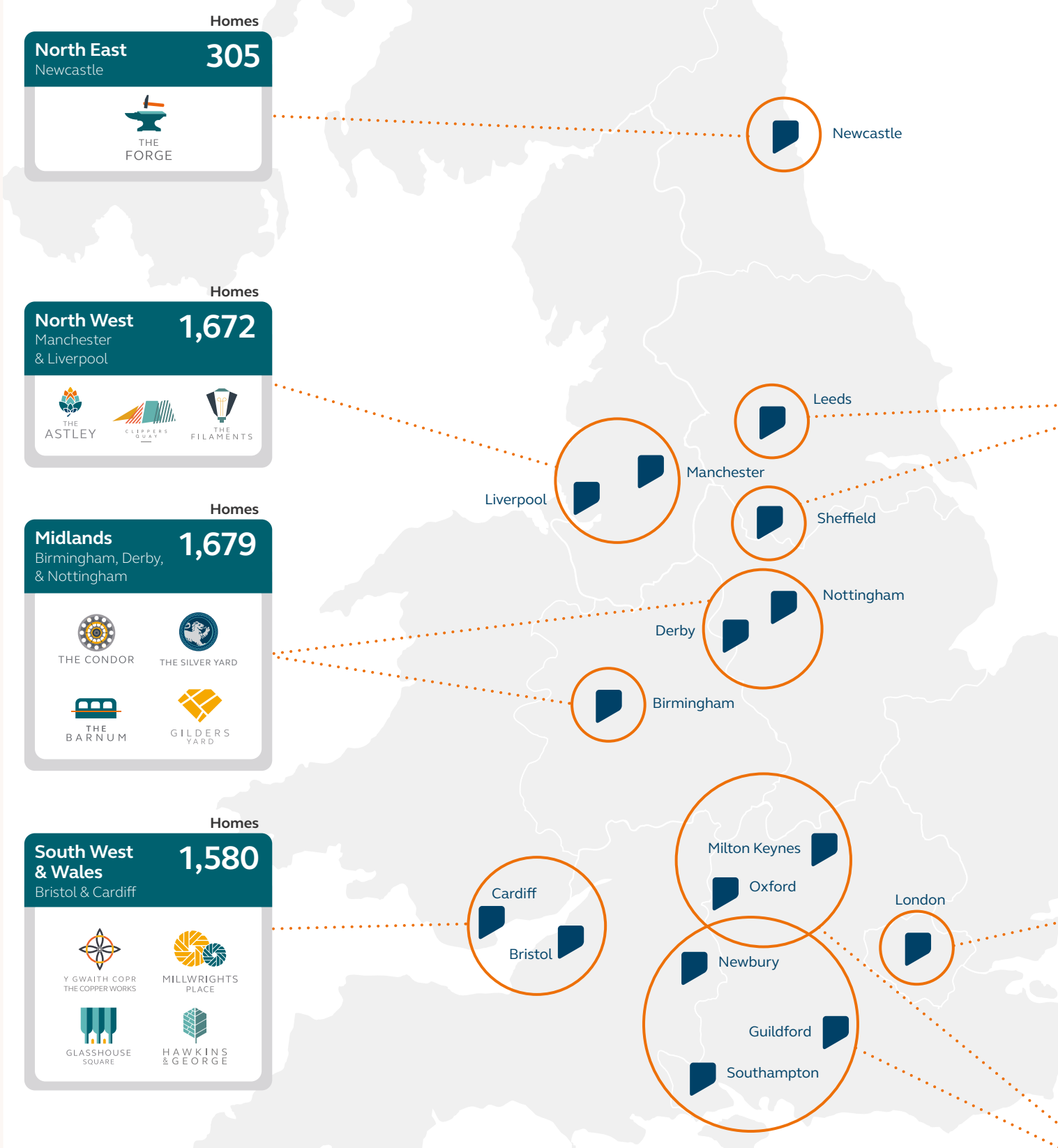
Midlands 1,679
Birmingham, Derby, & Nottingham

THE CONDOR · THE SILVER YARD · THE BARNUM · GILDERS YARD

Homes

South West & Wales 1,580
Bristol & Cardiff

Y GWAITH COPR THE COPPER WORKS · MILLWRIGHTS PLACE · GLASSHOUSE SQUARE · HAWKINS & GEORGE



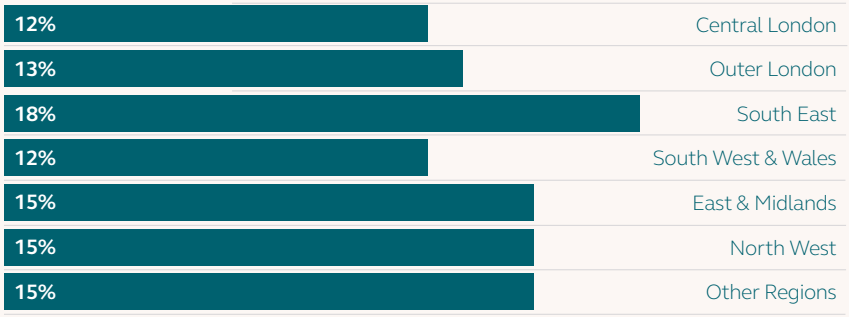
National rental portfolio

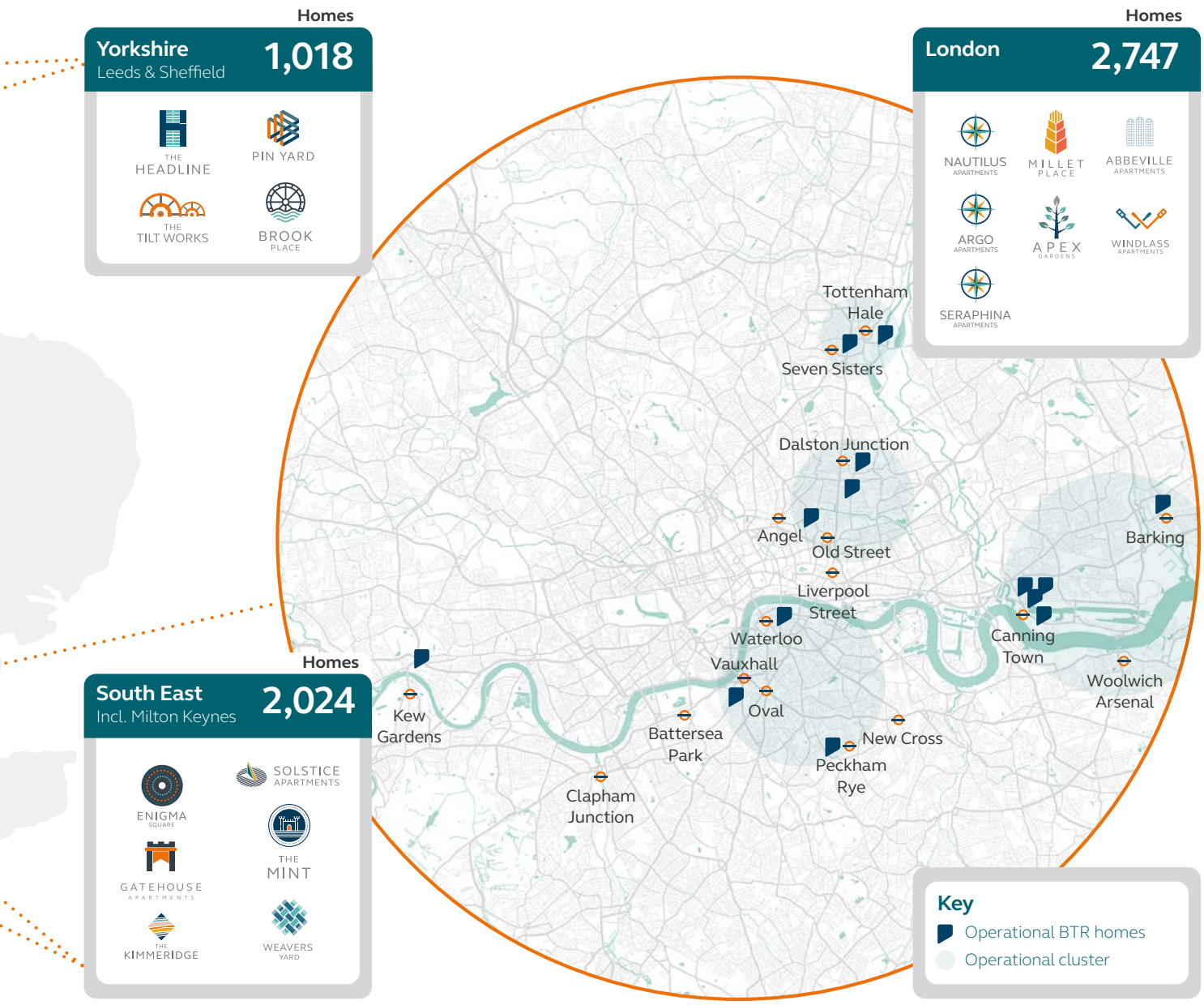
Our national portfolio is specifically targeted at locations with high demand, significant housing shortages, and strong growth prospects.

11,025
operational homes

£3.6bn
total portfolio value

Geographic breakdown of our total operational portfolio by number of homes





Our market

Structural market drivers

The Build-to-Rent sector's strong fundamentals have come to the fore in 2026

Despite the headwinds experienced by the real estate sector in recent years, the Build-to-Rent (BTR) sector has continued to mature as a distinct asset class, with performance characteristics that mark it out from the wider real estate market, and an increasingly liquid market of stabilised, professionally managed assets.

A resilient asset class

The BTR sector continues to demonstrate its operational resilience in 2026. Rents have continued to grow in-line with inflation, and demand has still been robust even as macroeconomic confidence has faltered and the employment market has slowed.

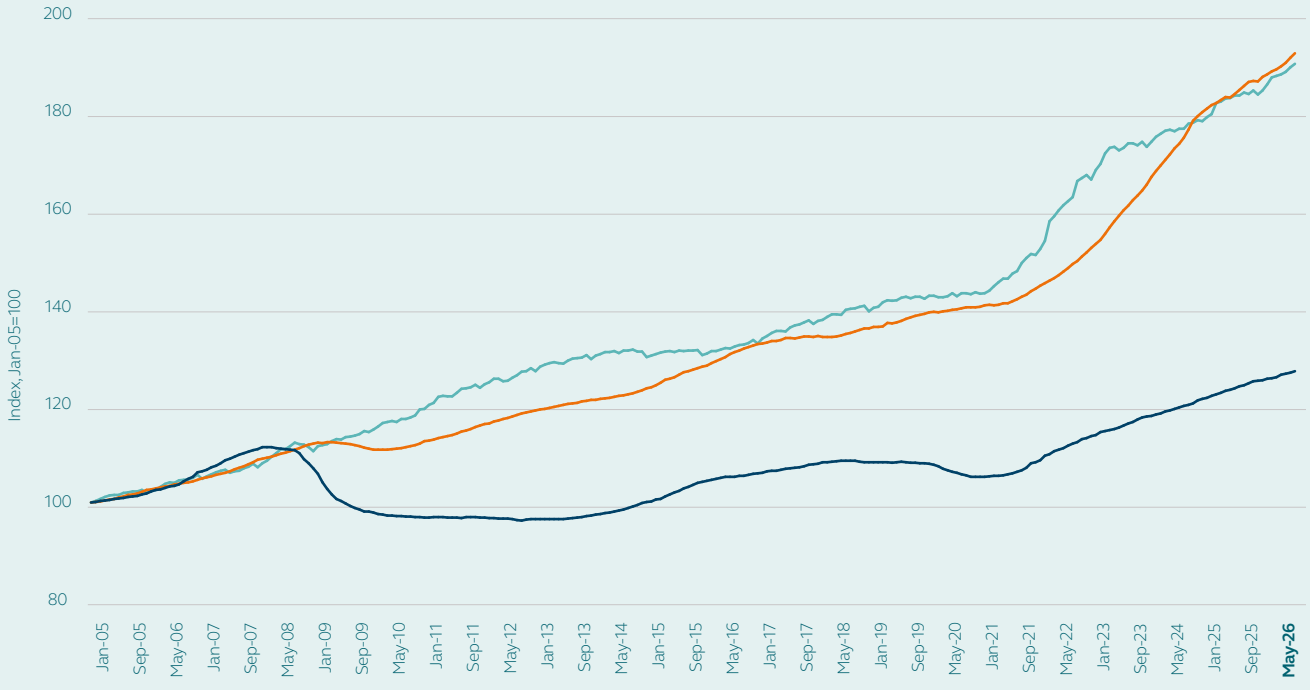
This resilience stems from the ever-present, fundamental characteristics of UK housing. The UK continues to underdeliver new homes, household formation continues to grow, and renting remains the tenure into which a large share of demand flows, either by choice – because private-renting serves a critical role in supporting household and life stage flexibility, particularly for young professionals – or necessity – given the overall housing shortage and rising mortgage rates.

In that context, the investment appeal of the BTR sector is clear: it sits at the juncture of entrenched undersupply, resilient occupier demand and a market that continues to professionalise on the back of rising institutional investment and the Renters' Rights Act.

A long-term, total return investment

The key factor that sets BTR apart from the wider commercial real estate market, is occupier demand that remains robust across the real estate cycle and, more critically, grows in-line with inflation on a long-term basis.

The BTR income stream having both lower volatility and higher growth, makes it a fundamentally different proposition to most other forms of real estate, and is the key driver of the sector's lower initial yield – long-term earnings growth is more akin to an index-linked Gilt than a nominal one, and those earnings fluctuate far less than the commercial equivalent.



Sources: CBRE, ONS

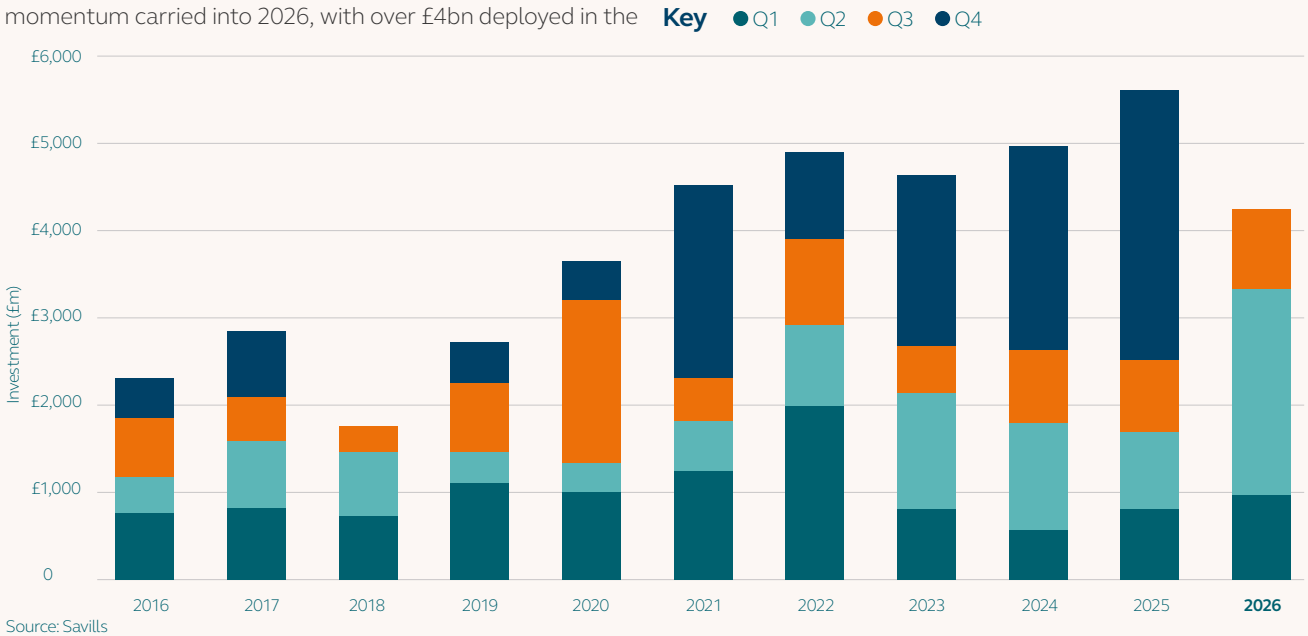
Key ● All Property Rental Values (CBRE) ● Private Residential Rents (England private rent index) ● Inflation (CPI index)

Investment market activity reflects long-term institutional demand

Investment market activity continues to reflect the strong level of institutional interest in BTR and its unique characteristics, namely a yield 200–300bps higher than an index-linked Gilt, and similar underlying earnings.

UK BTR investment reached a record level in 2025, and momentum carried into 2026, with over £4bn deployed in the first three quarters of the year and an especially strong second quarter - with a number of notable transactions in London.

As a result, the market is becoming deeper, more liquid, and more recognisably institutional.



Source: Savills

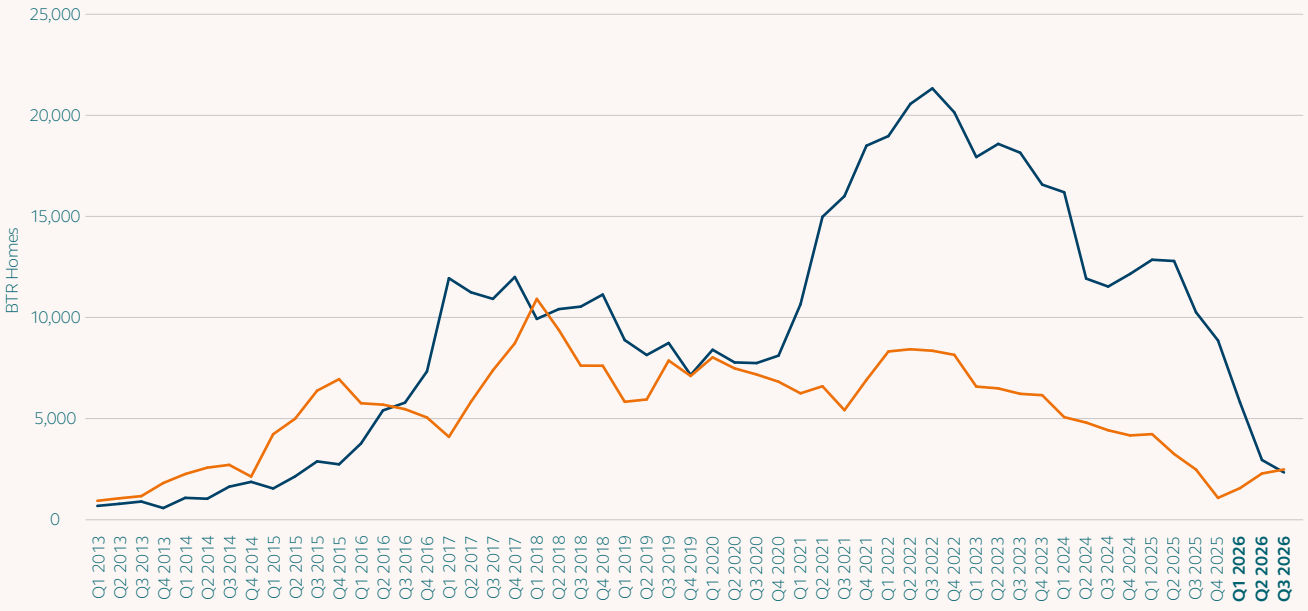
The housing supply shortage remains the sector's cornerstone attribute

The UK's continuing struggle to deliver housing in sufficient scale remains a critical part of the story for BTR.

Although institutionally owned stock is growing, the challenges faced by smaller private landlords – who remain under pressure from higher finance costs, tax changes, and regulatory reform – continues to steadily push them out of the sector.

With buy-to-let homes leaving the rental market faster than professionally managed supply is delivered to replace them, private renters continue to see their available housing options decline. Given BTR starts in 2026 are now considerably lower than we have seen in prior years, this pressure on supply will only increase. Rents will continue to steadily rise even amidst an uncertain economic backdrop.

UK BTR starts (annual rolling)



Source: Savills

Our value creation model

We are focused on delivering long-term growth

How we create value

Inputs

High-quality assets
£2,914m
BTR portfolio

Efficient operational platform
25%
Gross to net

Robust capital structure
3.2%
Cost of debt

Strong customer demand
97.1%
Occupancy levels



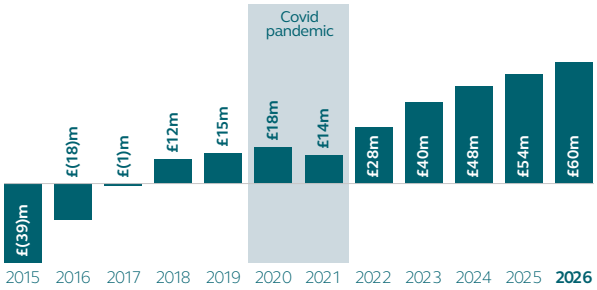
See pages 26 and 27.

The value we create

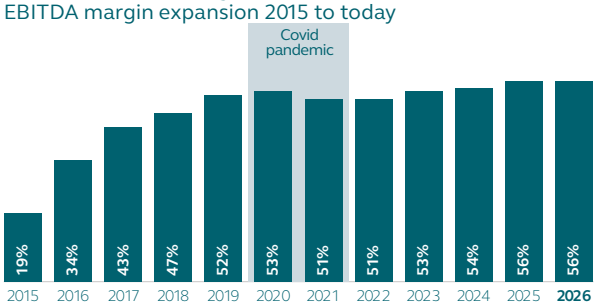
For shareholders

Past: Strong track record

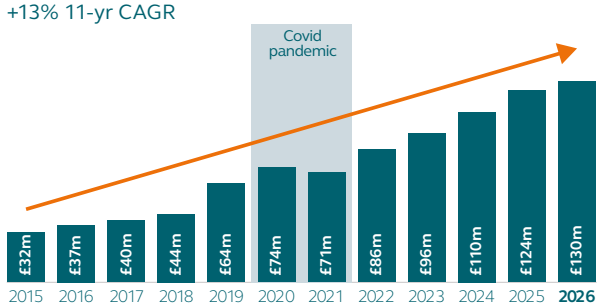
EPRA earnings growth delivered



Operational leverage delivered
EBITDA margin expansion 2015 to today

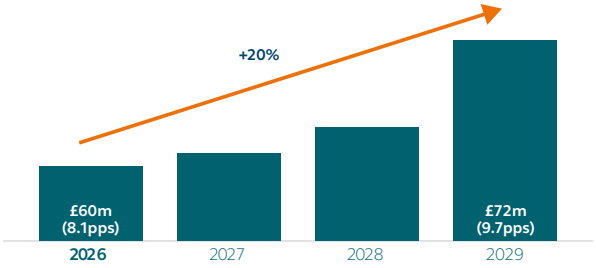


Growth in net rental income
+13% 11-yr CAGR

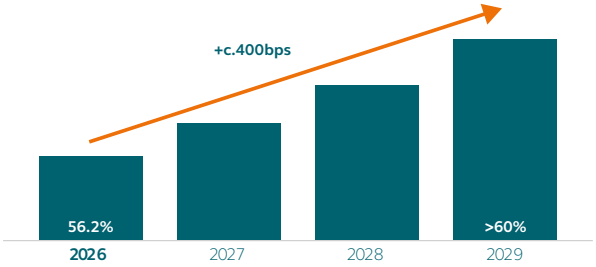


Future: Growth to come

Growing EPRA earnings
On track for 9.7p (£72m) by FY29



Driving operational leverage
More EBITDA margin expansion to come



Beyond FY29

Organic earnings growth of c.5%+ p.a[1]

Further margin expansion beyond 60%

Note:
1. Assuming 3% like-for-like rental growth, excluding any portfolio expansion.

For stakeholders

Customers
+48 pts
Net Promoter Score (NPS)

Local communities
616 events
held in our buildings

Suppliers
48%
spent locally (within 5km)

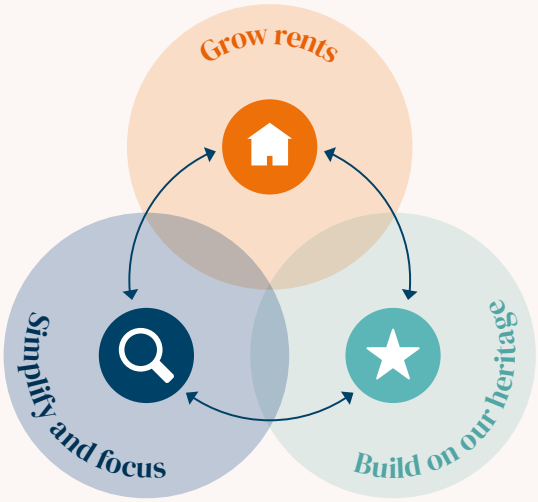
Colleagues
Very good
employee survey score

Government
775
new homes in committed pipeline

Our value creation model continued

Our strategy

Since 2016, we have successfully executed our strategy to **grow rents, simplify and focus, and build on our heritage**. Over the past decade, Grainger has transformed into a larger, more focused build-to-rent business, more than tripling net rental income, while maintaining a disciplined cost base and delivering high-quality homes with exceptional service. This approach has driven sustained rental income growth, portfolio expansion and increased shareholder value, positioning Grainger to continue delivering for the long term.



Invest

Using research to guide capital allocation

We allocate capital through a dual-layered research approach. First, we assess the UK's major towns and cities at a local authority level, analysing economic strength, housing markets and demographics to identify locations with resilient business sectors and strong renter demand. We then conduct detailed neighbourhood-level analysis, evaluating rental markets, demographics and access to amenities, employment and leisure.

This disciplined process helps identify cities and neighbourhoods with long-term growth potential, creating enduring value and competitive advantage.



Key

Regional cluster

Originate

The expertise to deliver quality homes

We oversee the end-to-end development process, from planning and design through to delivery, ensuring high standards of quality, efficiency and sustainability. We design homes around the needs of modern renters, creating attractive spaces, layouts and amenities that enhance everyday living.

Supported by our integrated operating model and specialist expertise, we deliver high-quality homes across the UK, tailored to evolving customer needs and built for long-term appeal.



The Merrick, London

Operate

The market-leading BTR operating platform

Our integrated operational platform is a key differentiator, enabling us to directly lease and manage our properties, while maintaining strong customer relationships. Our operational platform provides us with incredible data and insight of our customers, their behaviours as well as our properties. Combining this data insight with operational efficiency and exceptional service, we deliver value for residents and optimise building performance. Powered by our CONNECT technology, our platform is built to scale, supporting a portfolio many times its current size and driving significant EBITDA margin expansion as we grow.



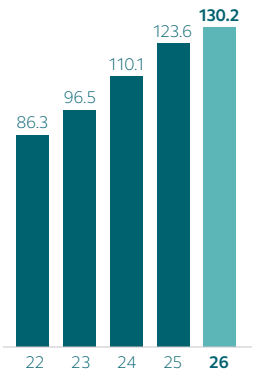
The Silver Yard, Birmingham

Key Performance Indicators (KPIs)

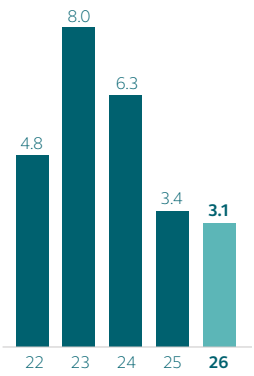
Driving income returns

Our key performance indicators (KPIs) are aligned to the business strategy. These measures are used by the Board and Senior Management to actively monitor business performance.

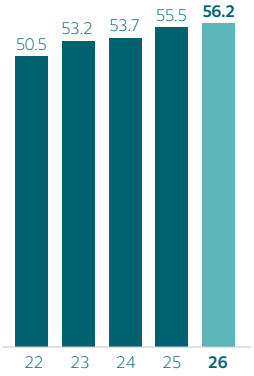
Net rental income
(£m)



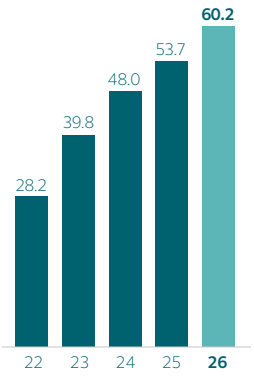
BTR rental growth
(%)



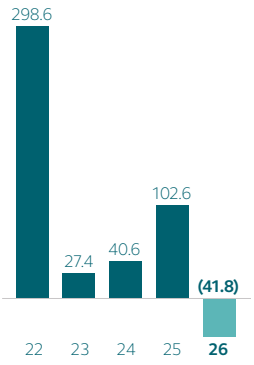
EBITDA margin
(%)



EPRA earnings
(£m)



Profit/(loss) before tax
(£m)

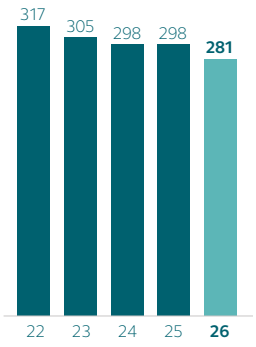


KPI definition				
Gross rental income after deducting property operating expenses.	Like-for-like average growth of rents across our BTR portfolio.	EBITDA margin is defined as earnings before interest, depreciation, amortisation and tax, excluding liquidated and ascertained damages, divided by gross rental income.	EPRA earnings are the recurring income from Grainger's properties excluding revaluations, gains/losses on investing and trading property disposals and changes in the fair value of financial instruments.	Profit/(loss) before tax is a statutory IFRS measure as presented in the Group's consolidated income statement (including valuation movements).
Comment				
Increase of 5% due to a combination of strong delivery of pipeline schemes launches (£9.1m), strong like-for-like rental growth (£2.8m), offset by disposals (£5.3m).	3.1% like-for-like growth in our BTR rental income driven by our strong leasing performance, reflecting strong demand for our product.	EBITDA margins saw an increase to 56.2% due to the operational leverage benefits of strong net rental income growth.	Increase of 12% due to strong growth in net rental income combined with a focus on cost efficiency.	IFRS loss for the year as a result of £(105.6)m valuation movement.
Link to strategy				
Grow rents	Grow rents	Grow rents, Simplify and focus, Build on our heritage	Grow rents, Simplify and focus, Build on our heritage	Grow rents, Simplify and focus, Build on our heritage
Notes				
See Note 6 to the financial statements.	As defined in the Glossary on page 180, specific to BTR assets only.	As defined in the Glossary on page 180.	EPRA earnings is reported on a pre-tax basis.	See consolidated income statement on page 124.

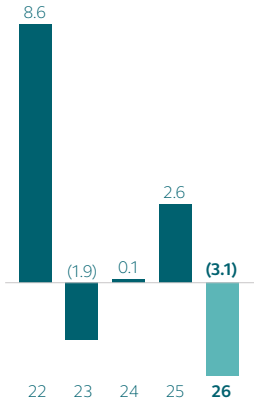
Link to strategy Grow rents · Simplify and focus · Build on our heritage

Delivering capital returns

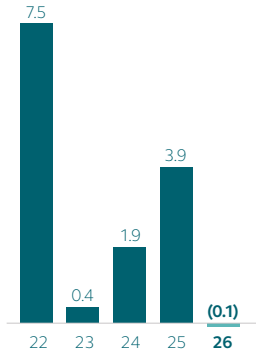
EPRA NTA (pps)



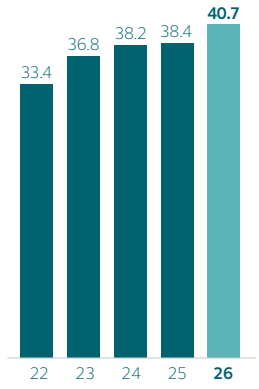
Total Accounting return (%)



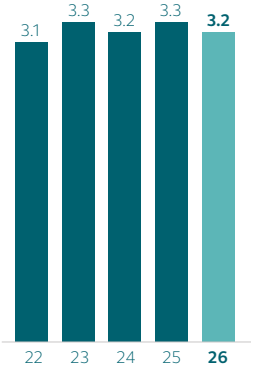
Total Property Return (TPR) (%)



Loan to value (LTV) (%)



Cost of debt (%)



KPI definition

EPRA NTA (Net Tangible Assets) is the market value of property assets after deducting deferred tax on trading assets, excluding intangible assets and derivatives.

The growth in the net asset value of the Group plus dividends paid in the year, calculated as a percentage of the opening net asset value.

TPR is the change in gross asset value (net of capital expenditure), plus property-related net income, expressed as a percentage of opening gross asset value.

Ratio of net debt to the market value of properties on a consolidated Group basis.

Average cost of debt for the year including costs and commitment fees.

Comment

EPRA NTA reduced to 281p per share, reflecting the resilience of our asset class against a backdrop of macroeconomic uncertainty.

TAR reduced to (3.1%), reflecting the reduction in EPRA NTA.

TPR reduced to (0.1%), reflecting the downward movement in valuations.

LTV increased to 40.7%, reflecting the downward movement in valuations.

Average cost of debt remaining relatively flat at 3.2%.

Link to strategy

Notes

See page 34 for further detail on EPRA NTA and page 174 for EPRA performance measures.

As defined in the Glossary on page 180.

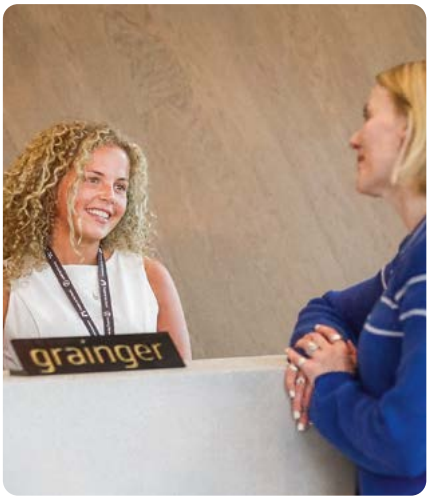
See Alternative performance measures on page 115 for calculation.

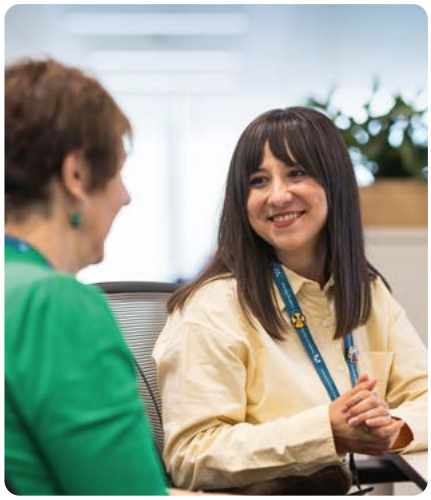
See Alternative performance measures on page 115 for calculation.

See Note 27 to the financial statements for further detail regarding capital risk management.

Link to strategy Grow rents Simplify and focus Build on our heritage

Non-financial/Sustainability KPIs







Our customers and communities

We continue to invest in our Customer Experience Programme demonstrating our commitment to our customers and communities.

We continue to enhance our customer offering and are creating thriving communities that enrich the lives of the people within them, enabling us to attract and retain customers and benefit the local communities we work in.

+48pts
Customer Net Promoter Score

28%
customer affordability ratio

616
resident and community events

Our people

We put our people at the heart of everything we do. We positively engage with our colleagues and continue to invest in the wellbeing and development of our people.

Our 'very good' rating in our independent employee engagement survey confirms that we have a highly engaged workforce.

Very good
rating by colleagues in our independent annual survey by Best Companies

77%
High response rate to our employee engagement survey

94%
voluntary ED&I disclosure rate, reflecting strong colleague engagement

Our impact on the environment

We have continued to deliver strong progress towards our science-based emissions reduction target, supported by engagement with our customers, our suppliers and our industry.

The energy efficiency of our portfolio continues to increase and we are well-placed for compliance with future Minimum Energy Efficiency Standards.

–44%[1]
reduction in Scope 1–2 carbon emissions (location-based)

–56%[1]
reduction in Scope 3 carbon emissions intensity per m²

97%
EPC ratings A to C (for BTR properties)

Note:
1. Target validated by the Science Based Targets initiative (SBTi). Progress reported vs FY23 baseline. Scope 3 target includes emissions from Capital goods and Downstream leased assets per m² residential floor area.

Financial review



> “FY26 was another year of strong growth, with EPRA earnings up 12%.”

Rob Hudson
Chief Financial Officer

FY26 saw us deliver another year of strong earnings growth with pre-tax EPRA earnings up 12% to £60.2m, with good visibility of further growth to come. Strong occupational markets with occupancy at 97.1% and like-for-like rental growth of 3.2% combined with our pipeline deliveries saw total net rents grow by 5%. This, coupled with efficiencies we are driving in our cost base, resulted in strong earnings growth delivering on our FY26 EPRA earnings guidance of £60m, as we continue to target £72m by FY29 which will be back-end weighted.

It was also another good year for sales with £147m of sales delivered during the year, and a strong start to FY27, with £40m in solicitors’ hands, demonstrating both the value and liquidity of our asset base. Due to the challenging macroeconomic backdrop, valuations were down in the year as outward yield shift of c.30bps more than offset ERV growth of 2.3%.

Our balance sheet remains in a healthy position with strong liquidity and a good hedging profile, with net debt broadly flat on the prior year in line with our planned deleveraging trajectory. With only c.£87m of committed capex left to spend we will start using our significant operating cash flows to lower leverage by c.£300-350m from FY27 onwards.

IFRS loss before tax was £(41.8)m (FY25: £102.6m profit) as a result of valuation movements.

Our dividend per share continues its growth trajectory, increasing by 3.0% to 8.56p on a per share basis (FY25: 8.31p).

Financial highlights

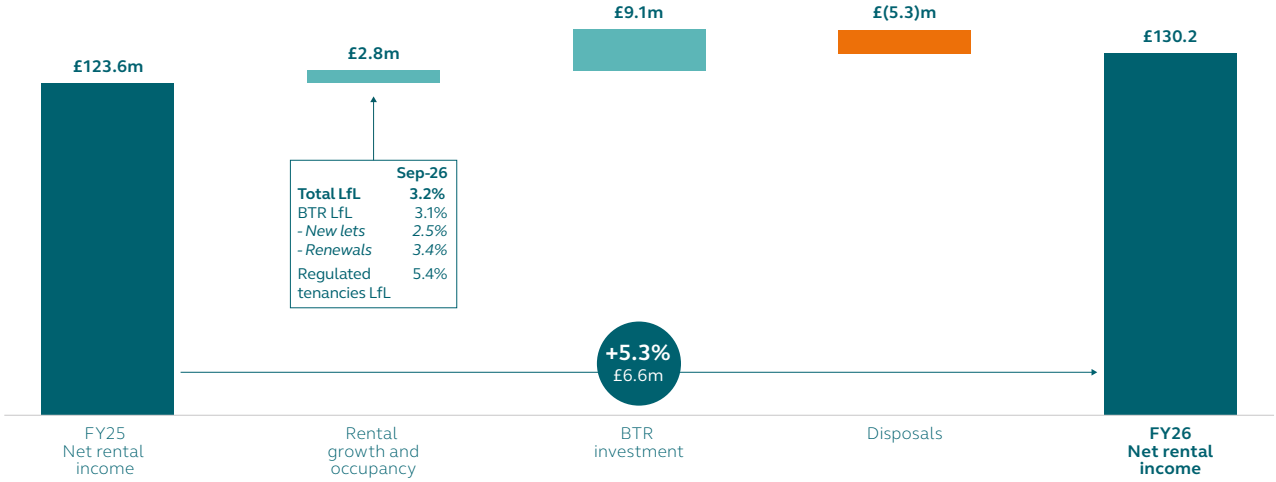
Income return	FY26	FY25	Change
Rental growth (like-for-like)	**3.2%**	3.6%	(37)bps
– BTR	**3.1%**	3.4%	(27)bps
– Regulated tenancies	**5.4%**	6.6%	(124)bps
Net rental income (Note 6)	**£130.2m**	£123.6m	+5%
EPRA earnings (Note 3)	**£60.2m**	£53.7m	+12%
IFRS (loss)/profit before tax (Note 3)	**£(41.8)m**	£102.6m	(141)%
EPRA earnings per share	**8.1p**	7.3p	+12%
Earnings per share (diluted, after tax) (Note 15)[1]	**(4.9)p**	27.3p	(118)%
Dividend per share (Note 14)	**8.56p**	8.31p	+3%

Capital return	FY26	FY25	Change
Total Property Return	**(0.1)%**	3.9%	(400)bps
Total Accounting Return (NTA basis) (Note 4)	**(3.1)%**	2.6%	(563)bps
EPRA NTA per share (Note 4)	**281p**	298p	(17)p
Net debt	**£1,494m**	£1,463m	+2%
Group LTV	**40.7%**	38.4%	+235bps
Cost of debt (average)	**3.2%**	3.3%	(10)bps

Note:
1. £5.1m (1p per share) tax credit arising from REIT conversion (FY25: £123.6m; 17p). This does not impact the Net Tangible Asset (NTA) metric.

Financial review continued

Rental income
(£m)



Income statement

The business continues to deliver very strong growth in EPRA earnings, up 12% to £60.2m (FY25: £53.7m). This was driven by continued strong growth in net rents of 5% combined with a continued focus on cost efficiency.

The lower sales profits reflected a smaller regulated tenancy portfolio from which sales profits are generated and mix.

Income return	FY26	FY25	Change
Net rental income	**130.2**	123.6	+5%
Mortgage income (CHARM, Note 20)	**3.5**	4.3	(19)%
Management fees and other income[1]	**6.7**	6.1	+10%
Overheads	**(36.7)**	(36.7)	–
Other expenses	**(0.7)**	(0.7)	–
Net finance costs	**(42.4)**	(42.7)	+1%
Joint ventures	**(0.4)**	(0.2)	(100)%
EPRA earnings[2]	**60.2**	53.7	+12%
EPRA EPS	**8.1p**	7.3p	+12%
Profit from sales	**22.8**	37.3	(39)%
Valuation movements	**(116.0)**	23.4	(596)%
Other adjustments[3]	**(8.8)**	(11.8)	+25%
IFRS (loss)/profit before tax	**(41.8)**	102.6	(141)%
Earnings per share (diluted, after tax)[4]	**(4.9)p**	27.3p	(118)%

Notes:

1. Including LADs: (liquidated and ascertained damages) of £2.5m (2025: £3.6m) which provide financial compensation for the loss of rental income caused by delays to the practical completion of our schemes.
2. EPRA earnings is a measure of recurring earnings from core operational activities. For more details please see page 174.
3. Other adjustments includes derivative valuation movements of £(11.7)m (FY25: £(8.5)m), restructuring costs of £(1.4)m (FY25: £nil), credit arising from loan refinancing on improved terms of £4.7m (FY25: £nil) and goodwill impairment of £(0.4)m (FY25: £nil). FY25 also included a £(1.9)m increase in fire safety provision, £(0.6)m REIT conversion costs and £(0.8)m aborted acquisition costs.
4. £5.1m (1p per share) tax credit arising from REIT conversion (FY25: £123.6m; 17p). This does not impact the Net Tangible Asset (NTA) metric.

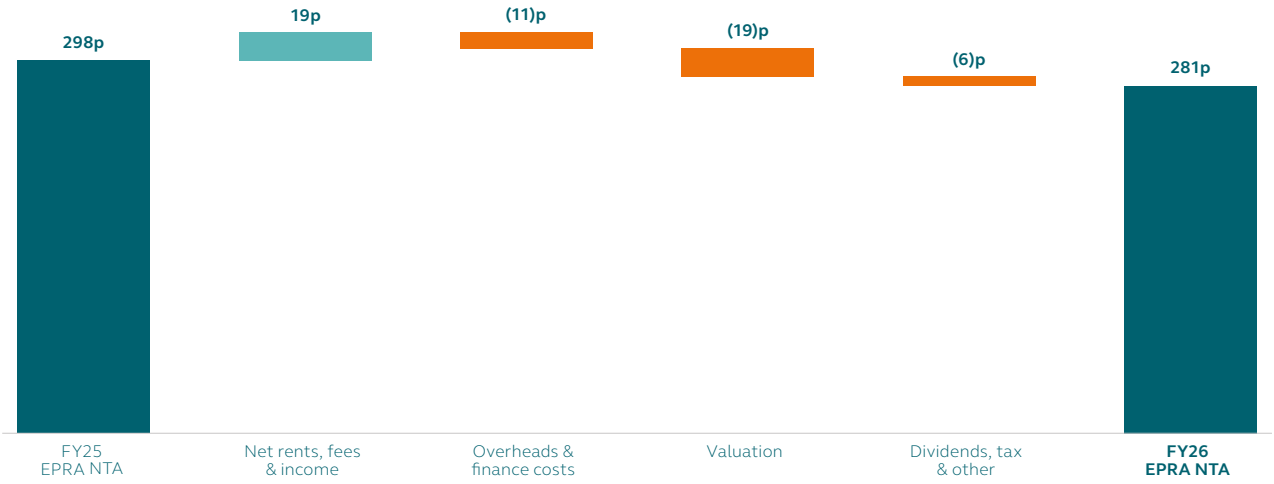

Fortunes Dock, Canning Town

Rental income

Net rental income increased by 5% to £130.2m (FY25: £123.6m), as we saw continued strength in occupational markets. The £6.6m increase was driven by a combination of strong delivery of pipeline scheme launches, which contributed £9.1m, along with another year of high occupancy and good rental growth reflecting excellent demand for our product. We expect similar levels of total net rental income growth in FY27.

Overall like-for-like rental growth was in line with our long-run average at +3.2% (FY25: +3.6%) with the BTR portfolio continuing to deliver at +3.1% (FY25: +3.4%), with rental growth on renewals of +3.4% (FY25: +4.5%) and +2.5% (FY25: +1.8%) on new lets. Our new lets rental growth strengthened, improving on FY25 levels. Our regulated tenancy portfolio also delivered strong rental growth at +5.4% (FY25: +6.6%). Looking forward, we maintain our guidance on LFL rental growth in the coming year to continue in line with the long-run average rate of 3.0 – 3.5%.

EPRA net tangible assets (NTA)
(Pence per share)



Gross to net for our stabilised portfolio was maintained at 25.0% (FY25: 25.0%) as we continue our strong focus on cost efficiencies.

	£m
FY25 Net rental income	123.6
Rental growth and occupancy	2.8
PRS Investment	9.1
Disposals	(5.3)
FY26 Net rental income	**130.2**

Sales

FY26 was another good year for sales as we continue our non-core asset recycling strategy in order to fund the required capital expenditure on our committed pipeline and the plan to lower leverage. Overall sales revenue was £147.0m, (FY25: £168.9m) with £77.0m of sales revenue coming from regulated tenancy sales and £70.0m from PRS recycling. The continued delivery of sales saw pricing broadly in line with book values.

Sales profits were lower at £22.8m (FY25: £37.3m) as expected reflecting a smaller regulated tenancy portfolio from which sales profits are generated. Profits from PRS recycling are based on valuation where we have sold broadly in line with book values.

Vacant property sales profits in the period were down (28)%, as expected, delivering £13.3m (FY25: £18.5m), with pricing achieved remaining robust with sales values within 2% of vacant possession values.

	FY26		FY25	
Sales (£m)	**Revenue**	**Profit**	**Revenue**	**Profit**
Residential sales on vacancy	**39.9**	**13.3**	47.6	18.5
Tenanted and other sales	**107.1**	**9.5**	121.2	18.7
Residential sales total	**147.0**	**22.8**	168.8	37.2
Development sales	**–**	**–**	0.1	0.1
Overall sales	**147.0**	**22.8**	168.9	37.3

Overheads

Overheads remained flat in the period at £36.7m (FY25: £36.7m) as a result of efficiencies we have delivered offsetting wage growth across our employee base and inflation. In FY26, we delivered £2.4m of efficiencies, and we have identified a further c.£2m of efficiencies for FY27. This will ensure that overheads will be at least flat for the next two years.

Balance sheet

Our BTR portfolio now represents 87% of our operational portfolio given the success of both our pipeline delivery and regulated tenancy recycling.

LTV was up on the prior year at 40.7% (FY25: 38.4%) reflecting valuations. Looking forward, we plan to lower net debt by c.£300-£350m by FY29 in order to mitigate the impact of rising finance costs as our low-rate hedging rolls off. This will be funded by our strong operating cash flows.


Seraphina Apartments, Canning Town

Financial review continued


Glasshouse Square, Bristol

EPRA NTA was down at 281p per share (FY25: 298p per share) reflecting valuation movements against a backdrop of macroeconomic uncertainty.

Market value balance sheet (£m)	FY26	FY25
Residential – BTR	**2,842**	2,846
Residential – regulated tenancies	**405**	503
Residential – mortgages (CHARM)	**41**	49
Forward Funded – BTR work in progress	**168**	223
Development work in progress	**115**	93
Investment in JVs/associates	**93**	93
Total investments	**3,664**	3,807
Net debt	**(1,494)**	(1,463)
Other liabilities	**(30)**	(61)
EPRA NRV	**2,140**	2,283
Deferred and contingent tax – trading assets	**(51)**	(64)
Exclude: intangible assets	**(3)**	(2)
EPRA NTA	**2,086**	2,217
Add back: intangible assets	**3**	2
Deferred and contingent tax – investment assets	**(1)**	(1)
Fair value of fixed-rate debt and derivatives	**60**	60
EPRA NDV	**2,148**	2,278
EPRA NRV pence per share	**288**	307
EPRA NTA pence per share	**281**	298
EPRA NDV pence per share	**289**	307

	Pence per share
EPRA NTA at 30 September 2025	**298**
Net rents, fees & income	19
Overheads	(5)
Finance costs	(6)
EPRA earnings	**8**
Valuations (trading & investment property)	(19)
Dividends, tax & other	(6)
EPRA NTA at 30 September 2026	**281**

Property portfolio performance

Over the year, our portfolio valuation was down overall by 3.4%. Our BTR portfolio declined 3.1% over the year as strong ERV growth of +2.3% was more than offset by outward yield movement in the period. Valuations in the regulated portfolio moved (4.2)% in the year.

Portfolio	Region	Capital Value	Total Valuation movement	
		£m	£m	%
BTR	London & SE	**1,312**	**(36)**	(2.5)%
	Regions	**1,530**	**(53)**	(3.4)%
	BTR total	**2,842**	**(89)**	(3.1)%
Regulated tenancies	London & SE	**380**	**(17)**	(4.4)%
	Regions	**25**	**–**	(2.1)%
	Regulated tenancy total	**405**	**(17)**	(4.2)%
Operational portfolio				
	BTR development	**284**	**(16)**	(5.4)%
Total portfolio		**3,531**	**(122)**	(3.4)%

Financing and capital structure

Net debt was broadly flat during the year at £1,494m (FY25: £1,463m), however, it was down from the half-year position of £1,524m.

We have minimal refinancing risk with an average facility maturity of 4.2 years including extension options. We continue to benefit from a very strong hedging profile, which is in place until FY29 and with our average cost of debt remaining flat at 3.2% (FY25: 3.3%). Looking forward, we plan to lower our net debt by £300-£350m over the next three years, which would equate to an c.8x net debt to EBITDA, which we see as the appropriate capital structure in the current interest rate environment.

	FY26	FY25
Net debt	**£1,494m**	£1,463m
Loan to value (LTV)	**40.7%**	38.4%
Cost of debt	**3.2%**	3.3%
Headroom	**£274m**	£532m
Weighted average facility maturity (years)	**4.2**	3.9
Hedging	**94%**	100%

Summary and outlook

FY26 was yet another year of strong growth in earnings as we continue to deliver compounding growth. We are confident of the outlook and retain our prior guidance of targeting pre-tax EPRA earnings of £72m by FY29 which will be back-end weighted, a period over which we will fully absorb the substantial headwind of higher interest rates. This continued growth despite the macroeconomic headwinds is a testament to the resilience of our asset class and the excellence of our operating platform.

Rob Hudson
Chief Financial Officer

18 November 2026

Sustainability is integrated throughout the business

This section of the Report includes our sustainability reporting, including our Task Force on Climate-Related Financial Disclosures.

Further information on our sustainability activities and performance is also included in our Responsible Business Committee Report (see page 87) and is available on our website at: corporate.graingerplc.co.uk/responsibility.

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Berewood, Hampshire

Grainger's approach to sustainability

Well positioned for the future

Being a responsible business is core to Grainger's purpose to enrich people's lives by providing high-quality rental homes. We are committed to delivering positive impacts for our customers, colleagues and communities, and for the environments in which we operate.

Our commitments



People

Deliver positive social value contribution to our customers and local communities.

Ensure Grainger's workforce is reflective of society.

See pages 37 and 39



Assets

Deliver enhanced investment decisions through incorporating sustainability considerations including risks, costs and returns.

See page 40



Environment

Achieve our SBTi validated science-based emissions reduction target for 2030 and deliver Grainger's Net Zero Carbon Pathway.

See page 41

Governance

The delivery of our sustainability programme is monitored with oversight from the Board through our Responsible Business Committee, our Executive Committee and our internal Oversight Committees, including our Investment Committee, our Operations Board and our Development Board. During the year, we introduced a new supplier due diligence framework, ensuring responsible business policies and practices are assessed for new and existing suppliers.

See page 87

Risk management

All sustainability-related risks are monitored and assessed in accordance with our risk framework. Physical and transition climate-related risks together with environmental impacts and opportunities are assessed on our existing portfolio and pipeline regularly. The assessment results are incorporated into our investment, asset management and refurbishment decisions to ensure that we retain and promote a resilient and highly energy efficient portfolio.

See page 51

Strategy

Delivering on our sustainability objectives is central to Grainger's business strategy and is included in our key decision-making. Sustainability requirements are included in relevant policies and processes, including our asset hierarchy policy and specifications for new BTR developments. This year, we have further rolled-out net zero asset plans and continued to invest in energy efficiency improvements.

See page 45

Metrics and targets

We have made further strong progress towards our science-based emissions reduction target and completed a comprehensive review of internal controls covering sustainability KPIs.

See page 112

People

Creating inclusive communities for colleagues and customers

Building inclusive communities is central to our purpose and culture. Guided by our **One Grainger** values, we are committed to creating an environment where colleagues and customers feel valued, respected and empowered.

Our people are fundamental to Grainger's success, and creating an inclusive, supportive and rewarding workplace remains a priority. We continue to invest in colleague development, wellbeing and career growth, helping our people reach their full potential.

Ensuring Grainger's workforce is engaged and reflective of society

With people at the heart of our business, we are committed to fostering an inclusive culture that supports colleague wellbeing, development and opportunity. Strong levels of engagement are reflected in achieving a 'very good' accreditation in our annual independent employee survey, run by Best Companies.

People Strategy

Our People Strategy underpins our commitment to creating a workplace where colleagues feel supported, engaged and empowered to grow. During the year, we continued to invest in career development, leadership capability and wellbeing, while advancing our digital-first people experience through People Hub, our online HR platform. Enhancements included expanded self-service capabilities, streamlined processes and a new recruitment platform, improving the colleague and candidate experience, increasing transparency and supporting the attraction of high-quality talent.

Our values and purpose





94%

We hold ED&I data for 94% of colleagues

Our culture

Bringing our values to life, particularly People at the heart, remains central to how we attract, develop and retain talent. During the year, we strengthened our **One Grainger** culture, fostering greater collaboration, shared purpose and collective success across the business. We also refreshed our Customer Service Style training to ensure colleagues continue to deliver excellent service, while responding to the evolving needs of our customers and business.

Wellbeing

We continued to strengthen support for colleague health, wellbeing and inclusion through our Wellbeing Strategy. Our Wellbeing Hub remains central to this approach, providing access to resources, campaigns, events and Mental Health Champions. During the year, we delivered wellbeing initiatives in partnership with our ED&I Network and introduced Melios to enhance accessibility and support for neurodivergent colleagues. Together, these initiatives help create an inclusive, supportive and resilient workplace where colleagues can thrive.

Investing in colleague development and skills

We continued to invest in colleague development, focusing on leadership capability, people management and high-performing teams. During the year, we expanded our learning offer through leadership programmes, executive coaching, people management training and targeted development opportunities. We also launched the fifth cohort of our mentoring programme, supporting career growth, collaboration and knowledge sharing across the business.

Our commitment to developing internal talent has created greater opportunities for progression through career development frameworks, promotions, secondments and broader responsibilities, helping colleagues build experience and develop their careers at Grainger.

We also continued to utilise the Apprenticeship Levy to build technical and leadership capability across Finance, Operations, Development and IT. Alongside this, we strengthened data literacy through apprenticeships and AI-related postgraduate study, supported by regular cyber security awareness and business systems training.

Sustainability continued

An inclusive workplace

We remain committed to creating a workplace where colleagues feel valued, respected and able to thrive. Our ED&I Steering Committee works closely with our colleague-led ED&I Network to champion inclusion and deliver initiatives that promote awareness, engagement and belonging across the business. During the year, we aligned our ED&I Network programme to six strategic pillars, ensuring activity remains focused, impactful and colleague led.

We continued to invest in ED&I learning through training on topics including Unconscious Bias and Mental Health Awareness and launched a new cultural awareness resource to support greater understanding of the diverse needs of colleagues and customers.

We also continued to participate in the Workforce Disclosure Initiative, achieving a disclosure score of 96%, and completed the fifth year of our voluntary Workforce ED&I questionnaire, with participation increasing to 94% of colleagues (2025: 90%). These insights help inform decision-making and shape future people priorities.

During the year, we continued to support colleagues through a range of inclusion and wellbeing initiatives, including:

- Carers UK membership, providing specialist support and resources for colleagues.
- International Women's Day and Pride events, sharing colleague experiences and promoting inclusion.
- ED&I Network initiatives focused on Autism and Social Mobility.
- Hybrid working, offering flexibility for office-based colleagues.
- Real Estate Balance membership, supporting diversity and inclusion across the real estate sector.

A diverse and balanced workforce

Gender split

(data as at 30 September 2026 – excludes NEDs)

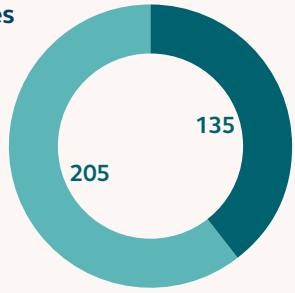
Total colleagues

340

(2025: 372)

205 Female (2025: 219)

135 Male (2025: 153)

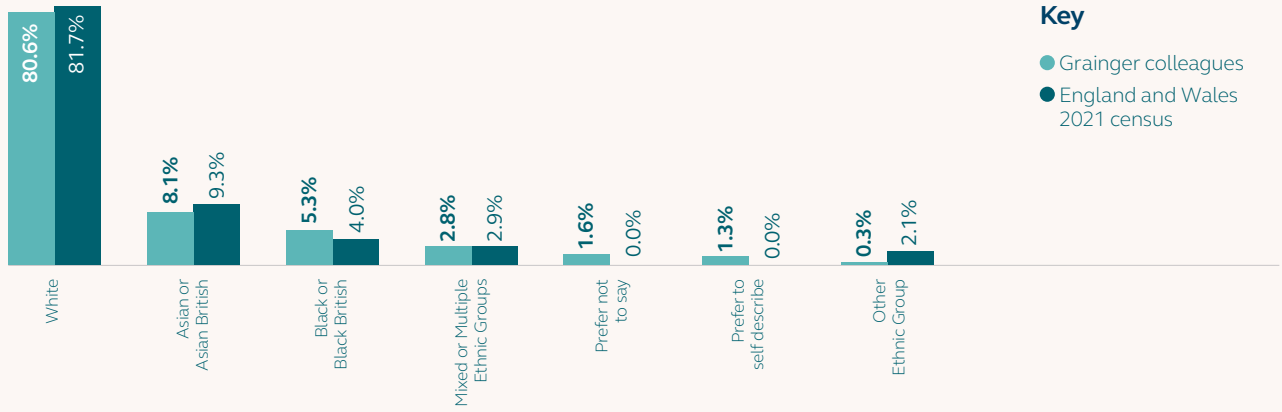


Breakdown by seniority

	Female	Male
Executive Director (Main Board)	1	1
Executive Committee	3	4
Senior Management	7	14
Management	45	47
Associate	47	21
Support	38	19
Onsite	64	29

Ethnicity split[1]

(data as at 30 September 2026 – excludes NEDs)



Note:

1. The ethnicity data is derived from our voluntary workforce diversity data tracking questionnaire, which is undertaken annually, and this year we hold ED&I data for 94% of colleagues. This diversity data ensures that we can better understand the make-up of our workforce and support our colleagues. Our workforce diversity aspiration is to reflect the communities in which we operate, and by capturing this data we are able to assess how our workforce compares to our local communities and develop action plans accordingly. By comparing our data to the 2021 census data, we have identified that, in the North East, one of our major places of employment, our colleague diversity is in line with regional ethnicity demographics. In London and the South East, our other major places of employment, while our workforce is broadly reflective of the regional population, we continue to look at how we can improve ethnic diversity as part of our ongoing commitment to support increased diversity across the business including in our Senior Management. For additional Board and Senior Management diversity reporting, see our Governance report on pages 84 and 85.

Communities

Creating well-established communities within and around our buildings is core to our customer experience proposition. Our community engagement blueprint sets out our best practice framework, which is adapted for each property. Each site develops a bespoke approach, ensuring they build relationships with local stakeholders and implement activities that resonate with their residents and deliver local social impact.

Throughout the year, we have continued our focus on providing opportunities for our customers and our site-based colleagues to give back with local charity and community partners. Each site was encouraged to volunteer with a local project, showcase their chosen charity partner to raise awareness amongst residents and contribute to a portfolio wide fundraising target. Volunteering initiatives with local partners included our colleagues preparing meals for food charities, helping clean accommodation and undertaking litter picks. Our record year of leveraged charitable fundraising was boosted through local charities attending our residents summer socials the 'Grainger Gather' and a series of fundraising events ranging from raffles to step challenges.

We have also continued to embed social value partnerships with key suppliers and ensure opportunities are incorporated into tenders for key products and services. As part of the due diligence prior to contract award, suppliers are asked to confirm how they generate positive social impact and to share examples of how they can support Grainger's customers, colleagues and local communities through the delivery of their services.

616
residents events in our buildings


The Kimmeridge, Oxford

This year, Grainger commenced a new long-term partnership with LandAid, the property industry charity focused on ending youth homelessness. We continue to be proud partners of LandAid's BTR Pathfinder initiative, which offers discounted homes to charities that provide accommodation to vulnerable young people. The programme is now coming to the end of its initial three-year pilot and we are sharing our learnings from the pilot phase with LandAid to ensure the programme continues to expand and enhance its impact. We have extended the lease with one of the charities renting our homes, following the success of our initial partnership and have supported three residents to date through the programme.

A record 12 colleagues, including members of our on-site team, participated in the LandAid SleepOut, raising over £10,000. Our customers have also supported LandAid through Grainger donating £1 for each completed customer satisfaction survey and we have highlighted to our residents how their support makes a difference. This provides an additional incentive to complete the survey and share their views, which we incorporate into how we design and operate our schemes. In the first year of our new partnership with LandAid we raised over £34,000 through support from Grainger, our colleagues and our customers.

Grainger's inaugural Giving Back Month, organised by our ED&I Network, was a great success. Colleagues participated in local volunteering activities including a joint litter pick with our legal partners and packing recipe boxes for local schools, which help disadvantaged young people prepare healthy meals at home. Book exchanges and donation points were established at various sites and in our offices, and a series of communications highlighted how colleagues give back through small acts of kindness and volunteering in their spare time. We plan to build on the initiative in future years.

This year, we introduced a new customer engagement group made up of colleagues representing different areas of the business including our Resident Services Team who have the first-hand interaction with our customers and our communications, customer experience and sustainability teams. This group develops creative new approaches to enhancing engagement, ensures we have a consistent approach across our portfolio and considers wider business objectives and messaging such as our sustainability and ED&I agenda in the design of customer engagement activities.

Our commitment to providing a great experience for BTR customers goes beyond our own portfolio and we continue to engage with Government and industry bodies to enhance standards for renting. We have contributed to the development of the BTR Alliance Code of Practice, which was published in 2026 and sets out verifiable standards for accommodation, amenity provision and lifestyle experience. It is a voluntary framework with standards covering topics including service, quality, sustainability, security and governance, and Grainger is proud to be a supporter of the Code.

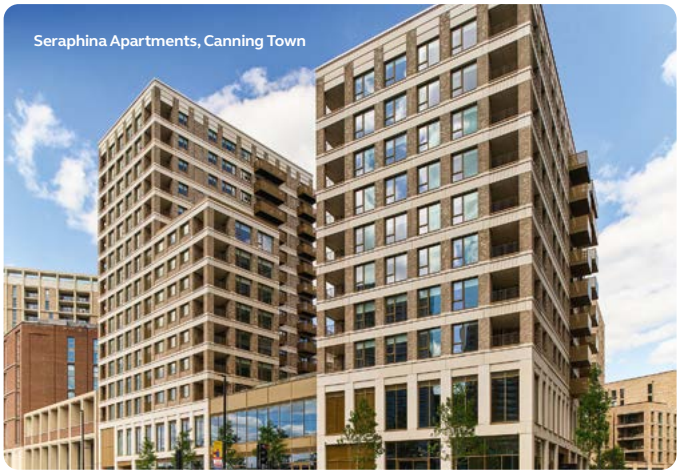
We have also continued our engagement with the Greater Manchester Good Landlord Charter and are working towards becoming one of the first signatories, signifying our commitment to upholding the highest renting standards across our regional portfolio.

Sustainability continued

Assets

Following the completion of Net Zero Asset Plans on all our older properties, we have rolled these out to new build properties in 2026. This reflects our growing focus on identifying energy reduction opportunities on our BTR portfolio. These properties have larger communal and amenity spaces than our older properties and therefore, generate higher energy consumption, providing greater opportunity to reduce our energy bills and emissions. The asset plans are informed by site assessments conducted by third-party experts, and review both the communal areas and the apartments. They identify potential upgrades that will be considered in our long-term asset management and refurbishment plans. The findings are also being incorporated into the regular reviews we undertake of our specification for the design and fit-out of new developments, ensuring our pipeline meets the highest energy efficiency standards.

Alongside this, a series of energy efficiency audits has identified quick-win opportunities to reduce energy consumption in the communal areas of our properties by enhancing lighting and heating, ventilation and air conditioning (HVAC) controls. These assessments combine the expertise and local knowledge of our Sustainability, Facilities Management, Asset Management and Resident Services Teams to identify changes that maximise efficiency, while maintaining or enhancing the customer experience.


Seraphina Apartments, Canning Town

We have continued to invest in capital improvements that future-proof our properties with regenerative lift drives being installed as a pilot at one asset, and lighting upgrades and window replacement projects continuing on some of our older assets. We have also undertaken portfolio reviews into electric vehicle charging and cycle storage provision to ensure we have a consistent approach to infrastructure operation, maximise safety and security, and to encourage further take-up from our residents.

We also continually review cost-effective opportunities to reduce the environmental impact of our assets throughout their day-to-day operation and maintenance. A new white goods maintenance partnership, which is focused on repairing appliances wherever possible instead of replacing them is reducing lifetime carbon and lifetime costs.

Nine
BTR energy audits completed


Glasshouse Square, Bristol

We select stone worktops and flooring with long lifespans, using products made from recycled content that are easy to clean and maintain, ensuring they last well. Collaboration with our interior design and furniture partners ensures we use durable products and finishes that have strong environmental credentials, including repurposed and recycled products. We are continuing to explore options to reduce our environmental impact from furniture replenishment including reducing replacement, repairing and prolonging life where possible, and ensuring redundant products are re-used or recycled.

Health & Safety remains a priority with our Live.Safe culture embedded throughout our business. This year, we further enhanced our annual Live.Safe week, shining a spotlight on best practice Health & Safety and how our colleagues and our customers can exemplify Live.Safe in everything that we do. The week featured Q&A sessions with department heads from across the business showcasing what Live.Safe means to them and their teams.

To ensure our residents are well-protected, we issue regular communications focused on health, safety and wellbeing. Examples in the year covered safe battery charging for electric bikes and scooters, tips for avoiding fire risk, and guidance to keep cool in the heat, save water during droughts, and stay warm in cold weather. We have also introduced a handy one-page Health & Safety guide, which is issued to all residents upon move-in and shares all the information they need to know to keep themselves and others safe in their building.

We continue to ensure our assets remain resilient in a changing climate. This year, we comprehensively reviewed and updated our business continuity management system, integrating the findings from our climate risk assessment. Sites in locations that may be more vulnerable to extreme weather events have bespoke strategies in place with physical mitigations to protect the property, operational plans and training provided to our Resident Services Teams. We have also mapped where sites have dependencies on critical infrastructure such as district heat networks to ensure appropriate business continuity plans are in place. Following a summer of extreme heat we have reviewed feedback from our customers to inform the development of our strategy to minimise overheating in our buildings and educate residents on keeping cool in warmer temperatures.

Environment

Embodied carbon from our development projects is a significant contributor to our emissions and we are undertaking Whole Life Carbon assessments on all our pipeline projects. These identify opportunities to reduce emissions through lean design and using alternative materials and construction processes. Examples include rationalising the building's foundations and frame, reducing wall thickness and minimising materials for finishes, fit-out and services. For example, on one scheme leaning the design has reduced upfront embodied carbon by 225 tonnes, saving 20% of the emissions from the materials in scope.

Working closely with our embodied carbon partner allows us to refine the quality of our Whole Life Carbon assessments and improve their accuracy using Grainger's specification and data from Environmental Product Declarations for the products Grainger incorporates into our fit-outs.

We have formalised a new framework for measuring embodied carbon from refurbishment projects. This ensures we take a targeted approach, prioritising our effort on projects with the greatest emissions reduction opportunities. We are applying lessons learned from our development projects to refurbishments, through specifying products that we know are long-lasting and minimise upfront and in-use carbon.

Engaging with our supply chain partners and our customers is key to achieving our emissions reduction targets and reducing our environmental impacts. The outputs from the UK Green Building Council's Supply Chain Decarbonisation Task Group, which we participated in, have now been published and we have put the guidance into practice on our own portfolio. We have categorised our suppliers based on spend and potential environmental and social impact to prioritise engagement with suppliers where we can make the most difference. This is underpinned by our supplier code of conduct and an enhanced due diligence process covering environmental impact, social value, good governance and modern slavery.

97%
BTR properties EPC A-C


Enigma Square, Milton Keynes

> "Through our Living a Greener Life campaign we have diverted over 100,000 kg of clothing from landfill."
>
> **Anish Thobhani**
> Director of BTR

During the year, we have embedded sustainability requirements into key tenders for cleaning, security, and mechanical and electrical with further work underway for our framework contracts for repairs and maintenance. We have made further progress on measuring supplier emissions using actual supplier data for key categories and plan to continue to increase coverage of emissions measured through actual supplier data over the coming years.

We continue to help our customers to reduce their environmental impacts and their utility bills through our Living a Greener Life engagement campaign. The programme covers all elements of sustainability, and is designed to help our residents make small, convenient changes, which deliver a big impact in reducing their utility bills. The campaign incorporates guidance, communications and activations in our buildings and we focus on topics most relevant to our customers, featuring topical themes at different times of the year. For example, throughout the summer drought we highlighted water saving tips.

To inspire the next generation, we have continued to support the Wilder Schools project with the Hampshire & Isle of Wight Wildlife Trust at Berewood. The project aims to encourage local residents of all ages to get involved in wildlife activities like planting, pond dipping, and bug walks. The three-year project involves local businesses so it is well-established in the community and designed to continue beyond the completion of the development. This is one of many projects to support biodiversity at Berewood and across our wider estate.

Engaging with policy-makers helps ensure we are well-placed to respond to regulatory change and to future-proof our portfolio. The UK Government's reform to the Energy Performance Certificates (EPC) regime presents an opportunity for our customers to have better visibility of the energy consumed in their homes, a crucial factor in helping them reduce their consumption. Grainger has engaged with the UK Government and industry bodies to help shape the reforms, ensuring new EPCs are appropriate for rental apartments and informative for landlords and our customers. We have also engaged on proposals for the enhanced Minimum Energy Efficiency Standards and are preparing for compliance by undertaking upgrades to our properties. These include replacing windows, installing more efficient and fossil-fuel free heating systems and upgrading insulation. We have made strong progress in the year and over 97% of our BTR properties meet the proposed standard of minimum EPC C or above by 2030, with a roadmap in place to upgrade the remaining properties ensuring we are well-placed for future compliance.

Task Force on Climate-Related Financial Disclosures

Grainger has complied with the FCA's UKLR in relation to TCFD and we confirm that:

1. Our climate-related financial disclosures for FY26 are consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures (as defined in Appendix 1 of the UKLR).
2. The detail of these climate-related financial disclosures is conveyed in a decision-useful format to the users of this Report and that these disclosures provide sufficient detail to enable users to assess Grainger's exposure to and approach to addressing climate-related issues.

In drafting this Report, we have also considered the requirements of UK Sustainability Reporting Standard (SRS) S2 Climate-related disclosures.

We are committed to providing comprehensive and transparent disclosure on climate-related risks and opportunities and in addition to the information included in this Report, Grainger makes the following public disclosures:

1. Grainger's Net Zero Carbon Pathway, which provides a summary of our Net Zero Transition Plan is published on our website (corporate.graingerplc.co.uk).
2. Details on the recommended topics and metrics for Grainger's real estate portfolio are reported in the EPRA Sustainability Report, which is also published on our website.
3. We also respond annually to the CDP Climate Change Programme and our responses are publicly available at: https://www.cdp.net/en/responses

The following table signposts where further relevant information is provided in this Report.

TCFD recommendations	Description	Further information
Governance		
1. Board oversight of climate-related risks and opportunities	The Board has oversight of the Company's business strategy including climate-related matters. On behalf of the Board: a. the Audit & Risk Committee undertakes a twice-yearly review of the Company's principal risks and uncertainties including climate-related risks; and b. the Responsible Business Committee reviews climate-related risks and opportunities, strategic implications and our Net Zero Transition Plan including progress against the plan.	Audit & Risk Committee Report page 90 Responsible Business Committee Report page 87
2. Management's role in assessing and managing climate-related risks and opportunities	The Executive Committee assesses and manages climate-related risks and opportunities using the Company's risk management framework and by operating a 'three lines of defence' model.	Risk management and internal controls page 52
Strategy		
3. Climate-related risks and opportunities over the short, medium, and long-term	Climate-related risks are included in our principal risks and uncertainties. Material climate-related risks and opportunities affecting the business include: a. over the short-term increasing regulation and flood risk; and b. over the medium to long-term chronic temperature change and impacts on customer and investor demand.	Principal Risks and Uncertainties page 59
4. Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	The potential impacts of climate-related risks and opportunities on our business strategy and financial planning include increasing investment in energy efficiency and electrification of our assets, meeting higher stakeholder expectations and enhanced access to capital.	Principal Risks and Uncertainties page 59
5. Resilience of the organisation's strategy taking into consideration different scenarios	We have assessed our property portfolio for transition risks and physical risks under three scenarios and we believe the strategic focus on investing in high-quality, energy efficient rental homes supports the Company's resilience in the short, medium and long-term.	TCFD Report page 48
Risk management		
6. Processes for identifying and assessing climate-related risks	Climate-related risks are identified and assessed at business, portfolio and asset level. Risks are assessed through our risk scoring tool in alignment with all material risks.	Risk Management and Internal Controls page 51
7. Processes for managing climate-related risks	Climate-related risks are managed through our risk management framework and by the operation of the 'three lines of defence' model including through regular reviews by the Executive Committee and the Oversight Committees.	Risk Management and Internal Controls page 52
8. How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management	Climate-related risks are integrated into our risk management framework, which applies to all principal risks and uncertainties.	Risk Management and Internal Controls page 51

TCFD recommendations	Description	Further information
Metrics and targets		
9. Metrics to manage climate-related risks and opportunities	Management use KPIs to monitor and manage climate-related risks and opportunities.	Non-financial/Sustainability KPIs page 30
10. Disclosure of Scope 1, 2 and 3 GHG emissions	Scope 1, 2 and 3 GHG emissions are included in our SECR Statement.	SECR page 109
11. Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Grainger has a science-based target validated by SBTi. Carbon-related metrics are incorporated into our LTIP. Progress against actions contributing to these targets is reported throughout this Report.	SECR page 112 Directors' Remuneration Report page 100

Governance

Board oversight of climate-related risks and opportunities

On behalf of the Board, the Audit & Risk Committee and the Responsible Business Committee have oversight of climate-related risks and opportunities and this responsibility is reflected in each of their Terms of Reference.

All Directors attend these Committee meetings, which include reporting on climate-related risks and opportunities as an agenda item at least twice a year.

The Board includes Directors who have climate-related expertise and experience and the Nominations Committee conducts regular reviews of the Board's composition, which includes reviewing the skills and experience of each Director. The Board also considers the balance of skills and experience on the Board and its Committees as part of its annual effectiveness review to ensure it remains appropriate to oversee the business's strategies including those relating to climate-related risks and opportunities.

The Responsible Business Committee meets twice a year and receives an update on our Net Zero Transition Plan and associated actions and workstreams, a regulatory update and an overview of stakeholder engagement activity for climate-related matters. It oversees the setting of climate-related targets including approving our science-based target and the carbon metrics which are incorporated into the LTIP performance conditions for awards to the Executive Directors. Reporting related to this is included in the Directors' Remuneration Report on page 100. A progress update on climate-related targets and other related objectives is included as a standing agenda item at all meetings.

The Board considers climate-related risks and opportunities in its reviews of the organisation's strategy. Where applicable, the environmental impacts of potential transactions and associated trade-offs are recorded in Investment Committee papers, ensuring climate-related risks and opportunities are considered in all significant transactions. The Audit & Risk Committee reviews the Company's principal risks and uncertainties, which include climate-related risks, at least twice a year and considers Management's mitigations and controls as part of this review.

Management's role in assessing and managing climate-related risks and opportunities

The Board has delegated responsibility for the day-to-day management of climate-related issues to the CEO and the Executive Committee. The climate-related updates that are provided to the Board and its Committees are reviewed by the Executive Committee ahead of submission, and the Executive Committee monitors progress against the Company's climate-related targets and objectives.

The Company's principal risks and uncertainties, which include climate-related risks are also reviewed at Executive Committee meetings every six months. They are also considered at meetings of relevant Oversight Committees, which report into the Executive Committee, including the Investment Committee, which considers climate-related risks and opportunities related to property investments; and the Development Board, which considers environmental risks and opportunities related to BTR development projects. These arrangements ensure the controls and procedures to manage climate-related risks and opportunities are integrated across the business functions. The CEO and CFO attend meetings of the Executive and Oversight Committees.

The CFO also has oversight of the Sustainability Team, which contributes to the day-to-day management of climate-related risks and opportunities. Progress is monitored through quarterly KPI reviews by the Finance Committee.

Grainger's Internal Audit programme includes regular audits of the Sustainability Team's activities and key climate-related processes and controls.

The key controls related to climate-related risks and opportunities are included in our Provision 29 controls attestation programme, which is referred to in the Audit & Risk Committee Report on page 91.

Task Force on Climate-Related Financial Disclosures continued

Climate Governance framework

Board

- Considers climate-related matters in reviewing the organisation's strategy.
- Considers climate-related risks and opportunities in key decision-making.
- Receives regular sustainability updates incorporating relevant updates on climate-related targets, risks and opportunities.

Audit & Risk Committee

Reviews principal risks and uncertainties including climate-related risks, mitigations and controls at least twice a year.

Remuneration Committee

Considers climate-related metrics and targets incorporated into Executive remuneration.

Responsible Business Committee

Oversight of climate-related strategies and policies. Reviews climate-related strategy, targets and metrics, and risks and opportunities twice a year.

Nominations Committee

Reviews Board composition and effectiveness related to all duties including sustainability.

Executive Committee

- Delegated responsibility for the day-to-day management of climate-related issues.
- Reviews all climate-related updates provided to the Board.
- Reviews principal risks and uncertainties including climate-related risks twice a year.
- Receives regular updates from the Head of Sustainability.

Oversight Committees

Management Committee

Considers climate-related risks and opportunities related to the day-to-day management of the business.

Investment Committee

Reviews climate-related risks and opportunities related to property investments.

Finance Committee

Oversight of the Sustainability function. Receives regular updates from Head of Sustainability and reviews climate-related KPIs.

Operations Board

Considers climate-related matters relevant to the operations and asset management of the Company's property portfolio.

Development Board

Considers climate-related risks and opportunities related to BTR development projects.

Health & Safety Committee

Considers climate-related risks and opportunities impacting on Health & Safety and oversees the Business Continuity Programme.

Strategy

Climate-related risks and opportunities Grainger has identified over the short, medium, and long-term

Short-term risks are forward-looking to 2030, aligned to the time horizon used for the Company's strategy, financial planning and asset hierarchy planning, and to our science-based emissions reduction target.

Medium-term risks are forward-looking to 2050, aligned to the UK Government's net zero target and the timeline used for our Net Zero Transition Plan.

Long-term risks are looking beyond 2050 and are open-ended to reflect the full asset lifecycle, which can extend to 100 years or beyond.

The potential climate-related risks and opportunities identified that could have a material financial impact on the Company are:

Sub-category	Classification	Risk/ opportunity	Timeline	Company response
Transition				
Policy, Legal and Technology	Risk	Costs and technology implications of new legislation including new building regulations	Short-term (<2030)	Specification for new developments considers energy and carbon
	Risk	Potential for stranded assets if properties do not comply with Minimum Energy Efficiency Standards	Short-term (<2030)	Refurbishments programme to increase energy efficiency Policy engagement with Government
Market	Opportunity	Increased revenues from development opportunities meeting the increased demand for energy efficient homes	Short-term (<2030)	Our sustainability approach including climate-related strategies is integrated into bid documentation for potential developments and in reporting to development partners
	Opportunity	Increased access to capital from responsible investors	Short-term (<2030)	Sustainable Finance Framework Extensive sustainability disclosures to investors
	Risk	Increasing costs and energy security issues, resulting from climate-related changes to the UK's energy sources and infrastructure	Short-term (<2030)	Energy broker partnership and central energy contracts for Grainger procured energy Refurbishments programme to increase energy efficiency Investing in energy efficient buildings and reducing our customers' energy bills Reducing reliance on energy networks operated by third parties and exploring alternative energy supplies for new developments
Reputation	Risk	Investment in the Company may be impacted by investor responses to climate-related issues	Short-term (<2030)	Climate-related criteria integrated into asset investment and recycling strategies Strategy to enhance the energy efficiency of our assets and ensure compliance
Market	Risk and Opportunity	Impacts of changing weather patterns and energy efficiency on customer demand for Grainger's properties	Long-term (>2050)	Due diligence of acquisitions and existing assets includes climate risks and energy efficiency Refurbishments programme to increase energy efficiency Customer awareness campaigns to influence behaviour
Physical				
Acute and Chronic	Risk	Increased risk of flooding affecting Grainger's properties	Short-term (<2030)	Due diligence of acquisitions and existing assets includes flood risk Mitigation strategies including flood management plans in operation at assets with identified potential risk
Acute	Risk	Increased severity and frequency of extreme weather events affecting Grainger's properties or development sites	Medium-term (<2050)	Business Continuity Programme in place Due diligence of acquisitions and existing assets includes physical climate risks Mitigation strategies in operation at assets with identified potential risk
Chronic	Risk	Increased risk of heat stress affecting Grainger's properties	Long-term (>2050)	Due diligence of acquisitions and existing assets includes physical climate risks Mitigation strategies in operation at assets with identified potential risk

Task Force on Climate-Related Financial Disclosures continued

Impact of climate-related risks and opportunities on Grainger's business, strategy, and financial planning

Our purpose and business model is to invest in high-quality, energy efficient rental homes, which we plan to hold for the long-term. Climate-related risks and opportunities have been considered as part of our reviews of business strategies for the development, acquisition, refurbishment and asset recycling of buildings. Changes made in response to potential climate-related risks and opportunities include:

- Enhanced asset due diligence for acquisitions.
- Integrating standards for energy efficiency and fossil-fuel free heating into our bespoke specification for new developments.
- Incorporation of energy and emissions criteria into our asset hierarchy.
- Increased investment in refurbishments to enhance the energy efficiency of assets.

We therefore consider the current effects of climate-related risks and opportunities on the Company's business model to be limited. Transition risks largely affect the non-core assets, which we plan to sell in line with our business strategy. In the long-term, transition risks relating to development activity and the associated embodied carbon it generates may impact our approach to development and refurbishment.

Although we have not to date experienced climate-related issues driving customer decision-making on where to rent, we are seeing increased interest in this area from our customers. We expect that in the long-term our portfolio will be responsive to changing customer demands due to the focus of our asset management strategy on energy efficiency and customer satisfaction. We believe our business model is well placed to benefit in the future in the event that customer decision-making does end up being based on the inclusion of climate-related factors.

Physical risks are concentrated in our BTR portfolio where, due to the scale of these buildings and our cluster strategy, a higher proportion of customers could be affected by acute risks such as a major flood event affecting multiple assets. Chronic risks are concentrated in our London and South East portfolio where scenario analysis has identified a greater proportion of assets vulnerable to risks such as heat stress and drought in a higher warming scenario. Transition risks are concentrated in the PRS portfolio where assets will require capital expenditure to meet higher standards of energy efficiency and to decarbonise heating in alignment with future regulations.

Climate-related opportunities are concentrated in the business's BTR portfolio and in repositioning long-term hold assets to meet future customer demand for properties that are highly energy efficient and resilient to increasing temperatures.

Our strategy to achieve our climate-related targets is to:

- Increase the energy efficiency of the portfolio;
- Decarbonise heating in homes;
- Procure renewable energy for all Grainger purchased energy; and
- Measure and reduce embodied carbon through the design, construction and operation of BTR buildings.

To deliver these targets, we have made the following strategy and resource allocation decisions:

- Dedicated budgets to improve energy efficiency of our portfolio and achieve EPC C rating or above on all BTR properties.
- Investment in research and development to pilot low-carbon heating systems in our buildings.
- Developed net zero asset plans for long-term hold assets with associated refurbishment plans.
- Reviewed the specification for new BTR developments ensuring it is aligned to our energy and GHG targets.

We have a Net Zero Transition Plan, which is summarised in the Net Zero Carbon Pathway published on our website (corporate.graingerplc.co.uk). This transition plan has been developed and disclosed with consideration of the UK's commitment to be a net zero economy by 2050. We support this commitment and our transition plan is aligned to the UK Government's target. Government policies have informed the actions and timelines set out in our transition plan. The key assumptions and dependencies that inform the plan are the timeline for decarbonisation of the UK electricity grid, the Government's policy for decarbonising heating in homes including equalising running costs of heat pumps to gas boilers and the introduction of mandatory emissions thresholds for heat networks.

We recognise that engaging with our key stakeholders is critical to delivering our Net Zero Transition Plan. We have implemented a comprehensive programme of engagement with our customers, suppliers and our industry, which is reported in our Net Zero Carbon Pathway and a progress update is provided in this Report at page 41.

The potential impacts on the Company's financial position and financial performance include:

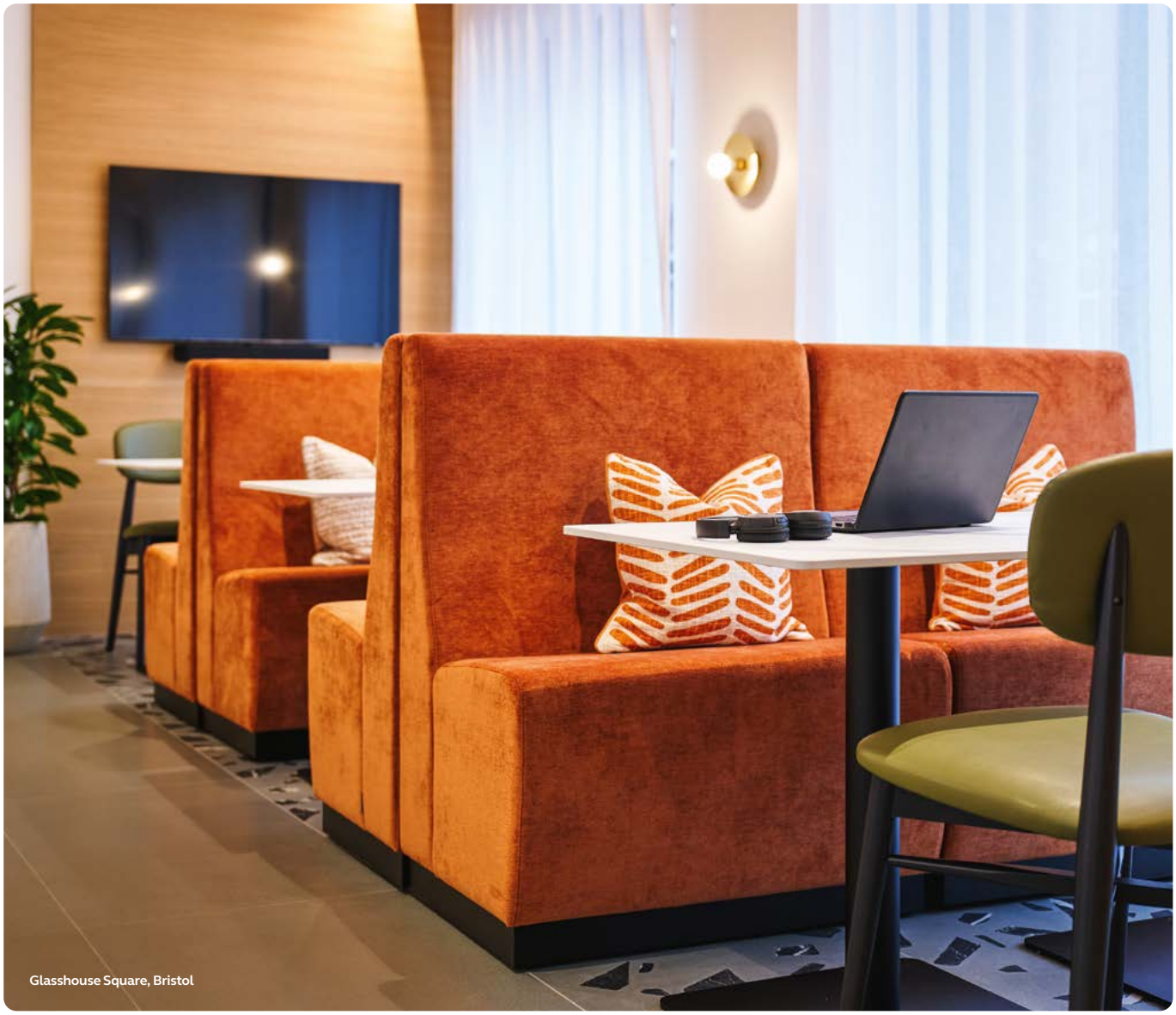
- Changes in costs relating to insurance, energy procurement, investment in adaptation measures and compliance with regulation;
- Changes in revenues from rental income and sales for assets that have undergone energy efficiency improvements;
- Changes in the value of assets following improvements to energy efficiency and increased investment in new developments;
- Potential for decreased asset values or early retirement of assets due to physical climate-related risks or any potential non-compliance with climate regulation; and
- Increased access to capital from responsible lenders and investors.

Our financial planning processes reflect the climate-related risks and opportunities we have identified, prioritising any requirements necessary to maintain regulatory compliance, deliver our Net Zero Transition Plan and maintain high levels of customer satisfaction. Each one-year budget and our five-year business plan both include estimates of the costs required to improve the energy efficiency and carbon performance of our assets. We do not currently use a bespoke internal carbon price, however, in London we refer to an external carbon price in our decision-making, which is the £95 per tonne price set by the Greater London Authority for carbon offset funds, which Grainger pays into on its developments in London.

The effects of climate-related risks and opportunities on our financial position, performance and cash flows in the reporting period have been minimal. Capital expenditure related to energy efficiency improvements to our properties continues. The scale of this investment is within our normal levels of capital expenditure and the climate-related improvements usually form part of wider packages of asset improvements and we do not consider it possible to quantify the impact of these considerations on the financial position or financial performance of the Company. Climate-related considerations form part of discussions with the external valuers of our assets, however, we have not yet seen the energy efficiency performance of our assets reflected in our valuations. We consider that there is no significant risk of material adjustments within the next financial year arising from this. In the short-term we anticipate a continuation of capital expenditures and investment as we upgrade the energy efficiency of existing properties and decarbonise heating systems in new development projects.

The impacts of climate-related risks and opportunities on demand for assets and the future investment market have also been considered. In the medium term, we expect customer demand for energy efficient properties to increase, which may increase revenues from rental income. Data published by the Office for National Statistics indicates that the average household spends over 5% of their expenditure on energy bills. We anticipate that our customers will be willing to pay a rental uplift for a more energy efficient property that reduces their energy expenditure. When determining which energy efficiency improvements to make to our buildings, we factor in the potential effects on running costs for customers and associated impacts on affordability, satisfaction and retention. For example, we are planning to commence a replacement programme for gas boilers once the costs of heat pumps achieve parity.

We intend to replace commercial scale and individual boilers when they reach the end of their useful life from 2030 onwards and we expect to incur capital expenditure to fund this investment programme between 2030 and 2040.



Glasshouse Square, Bristol

Task Force on Climate-Related Financial Disclosures continued

Resilience of Grainger's strategy, taking into consideration different climate-related scenarios

We are supportive of the Government's target to transition to a net zero carbon economy consistent with the Paris Agreement goal to limit warming to well below 2°C and pursue efforts towards 1.5°C. We have considered the resilience of our strategy to this transition through considering the climate-related scenarios used by the Government to develop its climate-related policies. We consider these scenarios relevant to assess the resilience of Grainger's business because they identify implications for residential properties and inform the policies that sit as assumptions behind our transition plan. The key assumptions are:

- That heat pumps will be the preferred strategy for heating new homes;
- The rate of decarbonisation of the UK electricity grid; and
- The extent of customer behaviour change.

This analysis is reviewed on an annual basis and considers short and medium-term timelines up to 2050 in alignment with the Government's net zero target deadline.

This analysis demonstrates that our strategy to sell non-core assets and invest in highly energy efficient new homes is resilient in the face of increasing regulatory risk. We have enhanced our asset management strategies, introduced policies to align to future climate-related regulation such as Minimum Energy Efficiency Standards and made a commitment to transition our portfolio away from fossil fuel heating.

We have considered the potential impact of three climate Representative Concentration Pathways (RCP) scenarios published by the Intergovernmental Panel for Climate Change on the vulnerability of our real estate portfolio and pipeline to physical climate risks:

RCP 2.6 which aims to keep global warming at +1.5°C (below 2°C) above pre-industrial temperatures. This scenario aligns to the Paris Agreement and requires prompt and significant reduction of GHG emissions.

RCP 4.5 which is an intermediate scenario and assumes global warming of 2 to 3°C over the longer term.

RCP 8.5 which assumes minimal abatement of GHG and associated global warming of 4°C over the longer term.

These scenarios were considered over four timelines: the current position, short-term (2030), medium-term (2050) and long-term (2100 and beyond) and considered all current BTR assets and pipeline assets. The assessment was reviewed during 2025 and our assessments indicate that our portfolio would remain operational under all scenarios, albeit with potentially higher levels of flood and drought risk, in line with many urban areas.

The assessment identified some acute risk exposure to flood and windstorm risks. Windstorm risk is typical for the UK and could affect all assets with moderate (medium) intensity. Our strategy to invest in urban locations results in some exposure to flood risk in locations such as Bristol, Leeds and London and one asset in Southampton is exposed to storm surge. Affected assets have appropriate mitigations incorporated into their design and operation.



The Kimmeridge, Oxford

Under a high emissions scenario from 2050, drought stress and heat stress increase and become a medium risk, which could impact water scarcity and customer wellbeing, however in the short-term or under a low emissions scenario, these risks are rated low or very low. We undertake overheating assessments for all new developments and ensure passive measures to minimise overheating risk are incorporated into the building design. We will continue to assess potential risks in due diligence for future acquisitions and to make appropriate adaptations where required.

A water quality assessment identified that, given the urban locations of Grainger's assets, our portfolio has high exposure to water pollution in surface water. Site specific adaptations to minimise surface water flood risk are considered in the design of our developments. Drinking water was not identified as being a risk and remains well within World Health Organisation safety thresholds.

A biodiversity assessment identified that approximately 22% of our portfolio is exposed to areas of moderate to very high biodiversity intactness. Site specific measures to protect and enhance biodiversity are implemented across our portfolio and we have strategies to enhance biodiversity at our strategic land sites.

This analysis focuses on the vulnerability of the locations of our portfolio and pipeline assets to climate change and does not take into account specific asset mitigation measures and municipal flood protection.

We consider that it is not possible to quantify an isolated impact from these scenarios on our financial performance and position at this time. To ensure the business remains resilient, we have the following capacity to adapt our strategy:

- Flexibility to deploy capital to asset improvements that safeguard against transition and physical risks;
- Regular reviews of our asset hierarchy with the ability to retain and refurbish additional assets;
- Option to pursue growth through new acquisitions; and
- Capacity to meet short-term costs if one or more assets are affected by an acute climate event.



Risk management

Processes for identifying, assessing and managing climate-related risks and opportunities

Climate-related risks are included as a principal risk and uncertainty to the business's strategy and included in our corporate risk management framework (see page 51). Risks are considered in relation to all business operations and the Company's full operational real estate portfolio and pipeline.

Corporate and portfolio-level risks and opportunities are identified through periodic sustainability materiality reviews, regular monitoring of current and emerging regulation and ongoing stakeholder engagement. We work closely with industry bodies, partners and relevant advisers to identify, understand and respond to risks and opportunities affecting Grainger and our sector.

Asset-level risks and opportunities for existing assets are identified and reviewed through our annual asset hierarchy assessment, quarterly asset reviews and scenario analysis undertaken annually for transition risks and every three years for physical risks. These assessments are informed by data on our properties which is obtained from a range of sources including site inspections, audits and insurance cover reviews. Risks relating to new acquisitions or developments are identified through due diligence undertaken pre-acquisition and pre-investment and reviewed through the Investment Committee's evaluation process. Where a risk is identified in relation to a development proposal, appropriate mitigations will be incorporated into the building design and where a risk is identified in relation to a stabilised asset, we will include mitigations in our integration plans.

Risks are prioritised through an assessment of the nature, likelihood and magnitude of the effects using a quantitative scoring matrix including thresholds to assess financial impact and a qualitative review of the impact on our business strategy. Risks are considered in line with the methodology used to assess all principal risks and uncertainties and inform the Company's overall risk management process, which is reported on page 51. There have been no changes to this process during the reporting period.

Climate-related risks are monitored through regular risk reviews undertaken by the Oversight Committees, including the Finance Committee, the Development Board and Operations Board. The outputs are fed into the principal risk and uncertainties reviews undertaken by the Executive Committee, the Audit & Risk Committee and the Board during the year. Reviewing climate-related risks and controls is incorporated into our internal controls and Internal Audit programme.

Metrics and targets

Climate-related metrics

The Company's greenhouse gas emissions for Scopes 1, 2 and 3 are reported in the SECR statement on pages 109 to 113 of this Report. Emissions have been calculated in alignment with the GHG Protocol Corporate Standard and all Scope 1 and 2 emissions and material Scope 3 categories have been externally verified to a limited assurance standard.

Metrics related to the real estate sector sustainability disclosure topics of energy and water management, management of tenant sustainability impacts and climate change adaptation are provided in the Company's annual EPRA Sustainability Reports, which are available on our website (corporate.graingerplc.co.uk).

Task Force on Climate-Related Financial Disclosures continued

The following cross-industry metrics and sector-specific metrics are aligned to our Net Zero Transition Plan and provide an overview of the Company's exposure to climate-related risks and opportunities:

Metric category	Metric	FY25	FY26
GHG emissions	GHG emissions (Scope 1 and 2)	1,442 tonnes CO_2e	1,067 tonnes CO_2e
	GHG emissions (Scope 3)	55,526 tonnes CO_2e	46,024 tonnes CO_2e
	GHG emissions per unit (based on emissions reported on EPC certificates)	1.5 tonnes CO_2 per unit	1.3 tonnes CO_2 per unit
	GHG emissions intensity for BTR properties per m^2	18 kg CO_2e per m^2	15 kg CO_2e per m^2
	Progress against absolute Scope 1 and 2 science-based target	24% reduction from FY23 baseline	44% reduction from FY23 baseline
	Progress against intensity Scope 3 science-based target	46% reduction per m^2 from FY23 baseline	56% reduction per m^2 from FY23 baseline
Transition risks	% of BTR assets rated EPC A-C	96% rated A-C	97% rated A-C
	% of BTR assets* with low-carbon heating (properties with non-gas heating)	68% of BTR properties	70% of BTR properties
	Energy consumption in MWh % renewable electricity	17,357 MWh 97% renewable	16,341 MWh 98% renewable
Physical risks	Value of BTR assets vulnerable to flood risk (in locations with medium or high flood risk)	£926 million	£1,028 million
Climate-related opportunities	Value and % of BTR assets rated EPC B and above and associated revenues	£1.9 billion; 70% by value; 64.2% of revenue	£1.9 billion; 72% by value; 67.9% of revenue
Capital deployment	Capital expenditure deployed towards energy efficiency	£11.3 million	£6.0 million
Internal carbon prices	Carbon price used in Grainger's decision-making	Grainger does not currently have a bespoke internal carbon price, but refers to an external carbon price of £95 per tonne in our decision-making	Grainger does not currently have a bespoke internal carbon price, but refers to an external carbon price of £95 per tonne in our decision-making
Remuneration	Proportion of Executive remuneration linked to climate considerations	10% of the 2025 LTIP and 1% of the 2025 annual bonus opportunity	10% of the 2026 LTIP and 2% of the 2026 annual bonus opportunity

* New build BTR properties excluding Grainger Trust.

Climate-related targets

Our science-based target is a near term target, which is as follows:

Grainger plc commits to reduce absolute Scope 1 and 2 GHG emissions 42% by FY30 from a FY23 base year[1]. Grainger plc also commits to reduce Scope 3 GHG emissions from capital goods and downstream leased assets 51.6% per m^2 residential gross internal area within the same timeframe.

We have made strong progress towards our target in the first three years since our baseline year (FY23), achieving reductions of 44% in absolute Scope 1 and 2 emissions and 56% for Scope 3 emissions from capital goods and downstream leased assets per m^2 residential gross internal area. The reductions have been driven by emissions reduction initiatives, including transferring all eligible sites to green gas and our refurbishment programme, and have been enhanced by grid decarbonisation due to the electrification of our portfolio. Detailed disclosure on target progress is provided on page 112.

Our Net Zero Carbon Pathway includes our key objectives and actions towards achieving our targets. For operational carbon reductions impacting our Scope 1 and 2 emissions and Scope 3 emissions from Downstream leased assets, these include our refurbishment programmes, ensuring 100% of BTR properties achieve EPC rating C or above and purchasing 100% renewable energy for all eligible supplies. To reduce embodied carbon from development and refurbishment projects impacting our Capital goods emissions, we work closely with our development partners and contractors to target reductions through lean design and lower-carbon construction methods and materials choices.

Our emissions reduction targets support climate mitigation and are aligned to our Net Zero Transition Plan. Progress towards our targets is reviewed by Management through quarterly assessments of key performance indicators and annual progress reviews and by the Responsible Business Committee at its meetings twice a year.

Note:
1. The target boundary includes land-related emissions and removals from bioenergy.

Risk management and internal controls

Code principle: audit, risk and internal control

This section of the Strategic Report details our risk management and internal control arrangements, as well as reporting on our principal risks and uncertainties. Further information relating to these matters are also included in our Audit & Risk Committee Report, which begins at page 90.

Effective risk management protecting long-term growth and shareholder value

Our risk management framework is designed to deliver a consistent and proportionate approach to the management of risk across all levels, and it supports how we achieve our long-term strategic objectives. The key functions include:

- risk identification;
- risk assessment;
- risk response and mitigation; and
- monitoring and review.

Risk management approach

Effective risk management is fundamental to achieving our operational and strategic objectives, it supports informed decision-making and ensures we balance risk with returns.

The Board has ultimate responsibility for oversight of our risk management framework and internal control systems, and for determining the Group's risk appetite. The Board has delegated matters relating to risk to the Audit & Risk Committee. See the Audit & Risk Committee Report (begins at page 90), which includes information on the activities of the Committee.

During the year, we have invested in our risk resource and continued to manage risks in line with our mature risk management framework, which has, this year, included a review of our Risk Management Policy. Our risk management framework helps identify and assess potential risks and establish appropriate controls and mitigations to reduce risk to acceptable levels. The process also identifies new and existing risks, and monitors emerging principal risks and uncertainties. These are risks that could significantly impact the business model, future performance, solvency or liquidity (see pages 56 to 59 for further information).

Risk assessment approach

We identify risk using both a 'bottom-up' and 'top-down' approach. Once identified, we determine the potential probability and impact of each risk and assign a gross (before mitigation) and net (after mitigation) score. This approach ensures we assess whether risks are tolerable and prioritise those requiring further treatment.

During the year, we have reviewed our impact and probability scales within the risk assessment matrix to ensure they align with our current operating and external environment. We have also started to prepare for the implementation of the Sustainability Reporting Standards, which has included setting our materiality threshold and principles, which we have determined will be aligned with the external auditor's materiality threshold.

Please see page 79 for details of our governance framework, including a summary of Grainger's Board, Committees and the Executive Oversight Committee structures, and the roles and responsibilities of each body.

Risk appetite

We have an overarching risk appetite statement, which is underpinned by appetite definitions for each principal risk and uncertainty. This is reviewed and approved by the Audit & Risk Committee on behalf of the Board. Our objective is not to eliminate risk entirely, but to take a proportionate approach and endeavour to reduce risk to tolerable levels.

Overarching Risk Appetite Statement

Grainger operates within a disciplined and deliberate risk culture, recognising that the long-term success of the business depends on protecting our customers and colleagues, maintaining financial resilience, safeguarding our assets and reputation, and delivering our strategy in a controlled and sustainable manner. The Board sets the Group's risk appetite annually, ensuring it remains aligned with our strategic priorities, operational capabilities, financial capacity, and the external environment in which we operate.

Our overarching appetite is generally low, reflecting the importance we place on stability, regulatory compliance, and the protection of stakeholder interests. We aim to avoid risks that could materially compromise Health & Safety, information security, colleague wellbeing, customer experience, legal or regulatory compliance, the integrity of our financial position or shareholder value. We adopt robust governance, strong internal controls, and a culture of accountability to ensure these expectations are consistently met.

That said, Grainger recognises that achieving sustainable growth requires taking calculated, well managed risks in select areas. We, therefore, tolerate measured and clearly defined risk taking where it supports delivery of our strategy – for example, in direct development activity or in areas where controlled exposure enables long-term value creation. Such risks are accepted only where appropriate mitigations, oversight, and expertise are in place.

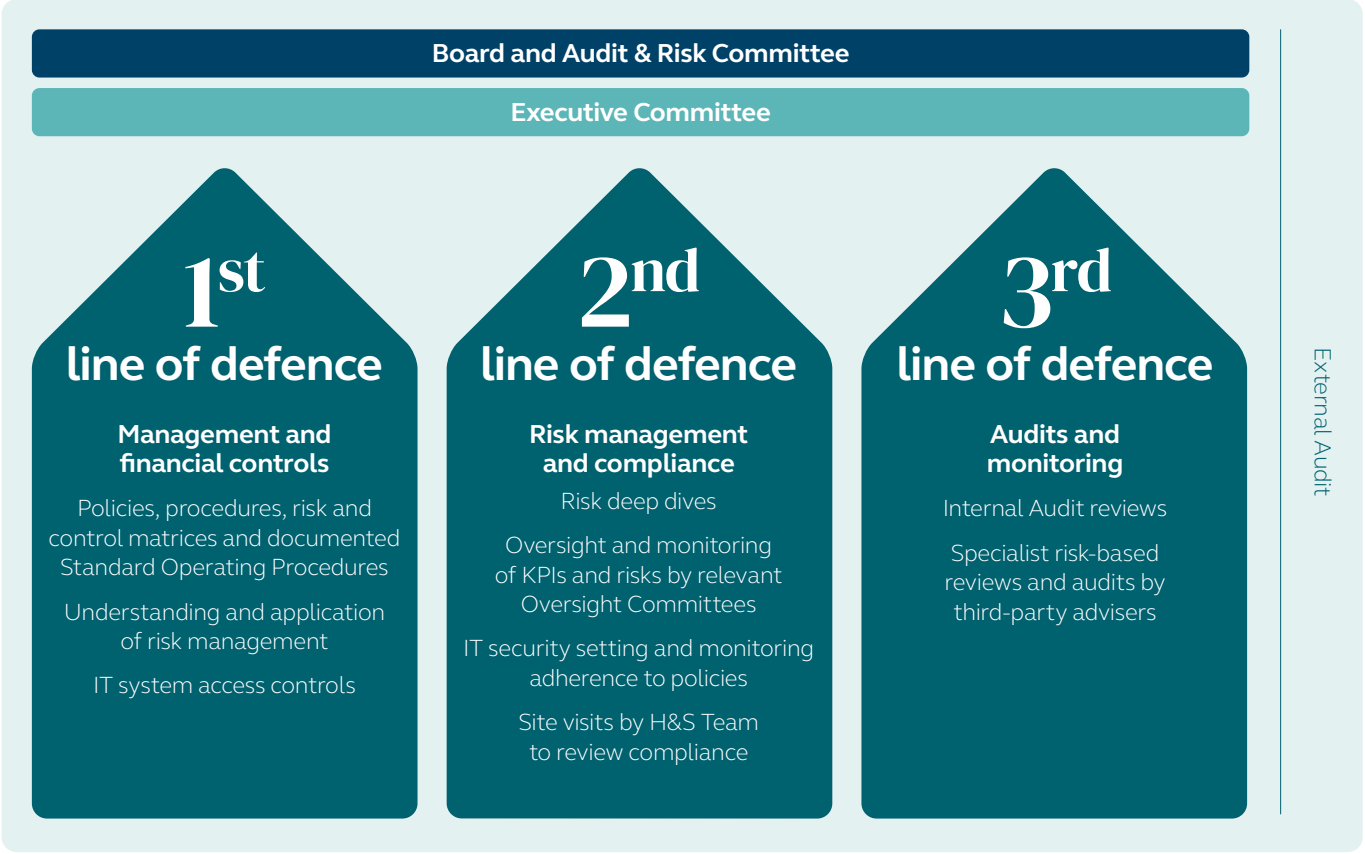
Our risk appetite framework guides decision-making at all levels of the organisation by:

- **defining the nature and extent of risk** we are prepared to accept in pursuit of our objectives;
- **ensuring consistency of judgement**, so that decisions made across the business align with the Board's expectations;
- **supporting active management of uncertainties**, encouraging constructive challenge, and enabling timely escalation of emerging risks; and
- **balancing risk and opportunity**, ensuring we remain competitive, while protecting what matters most to our stakeholders.

Risk management and internal controls continued

Risk and internal controls framework

We operate a three lines of defence model, which is described in the diagram below.



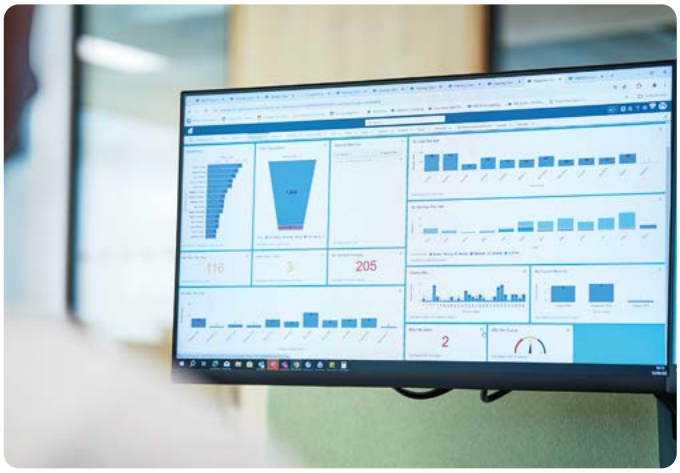
Effective management of risk

Each year the Executive Committee agree a plan of risk management activities which are aligned to the business strategy, ensuring our risk focus is applied to key business priorities throughout the year.

Risk registers are regularly reviewed and updated as required. The relevant Oversight Committees review these registers at least quarterly, while the Executive Committee reviews the Group principal risks and uncertainties at least twice a year. The output from these assessments and reviews are considered by the Audit & Risk Committee and reported to the Board at least twice a year. Through this process we have identified our principal risks and uncertainties, which are set out on pages 56 to 59 with explanations of the links to our strategy together with descriptions of the key mitigations that are in place. The table on pages 57 to 59 also explains how the risk is trending, including the impact of external factors that are outside of our control.

During the year, we have reviewed our principal risks and uncertainties to ensure they are still aligned to our long-term strategic objectives and business model. As a result of this exercise, the majority of our principal risks have been retained and three risks have changed.

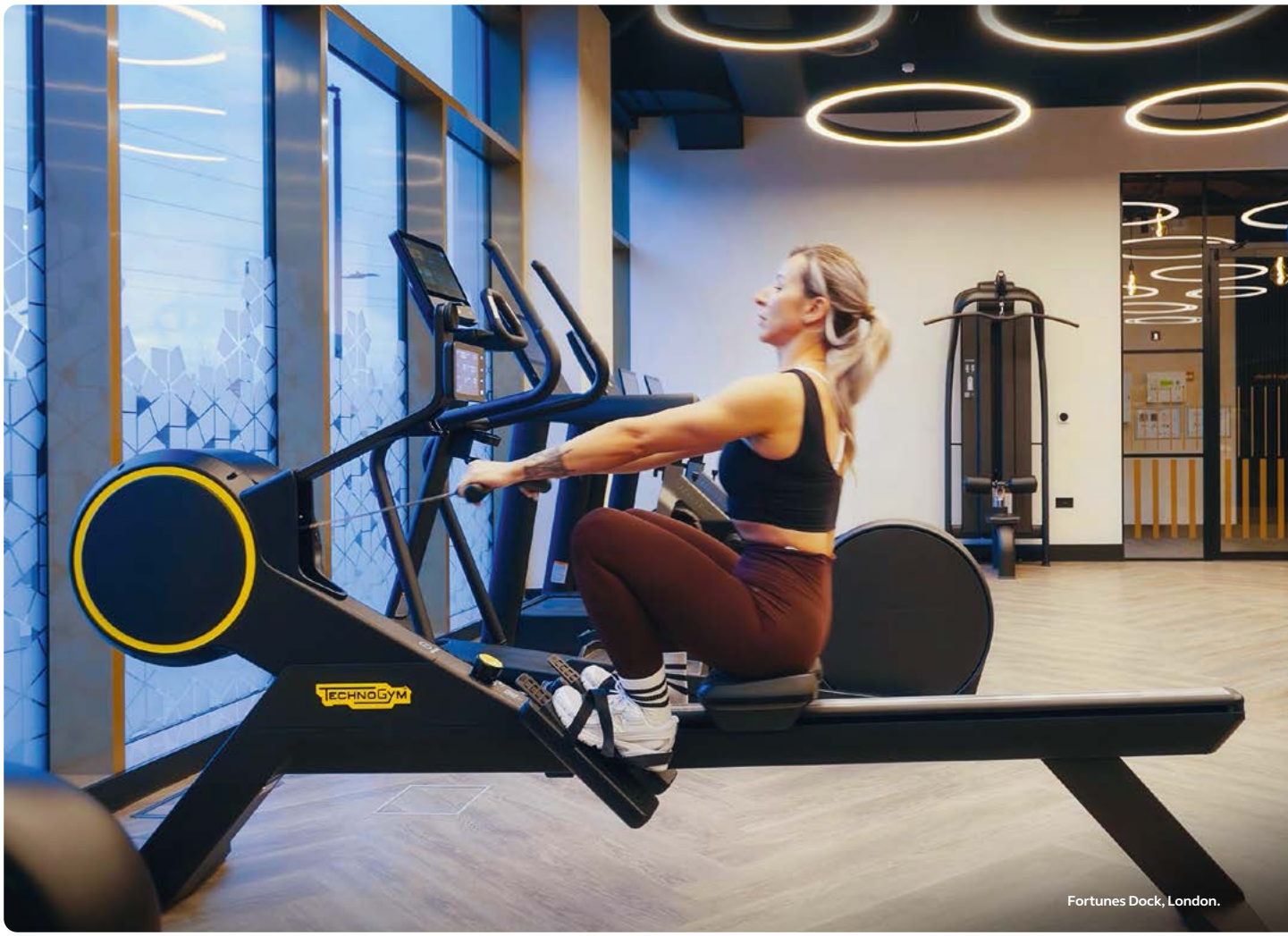
Customer Experience and Supplier risks have been downgraded from principal risks to reflect the strength of the control environment and low post-mitigation risk ratings. In addition, Sustainability has been streamlined to focus on climate change impacts. As Customer Experience, Supplier and Sustainability risks still cover important operational areas, they will continue to be reviewed and monitored with the appropriate risk owners.



The table on pages 57 to 59 sets out our assessment of the principal risks and uncertainties, post mitigation.

This work supports the identification of material controls and the effective design of our attestation and testing programme, enhancing assurance over risk management and internal controls.

Our arrangements include delivering training to colleagues as required on risk-related matters, for example during the year we delivered training on risks relating to the new offence of failure to prevent fraud to senior managers.



Fortunes Dock, London.

Emerging risks

Emerging risks are those that are new, evolving, changing or have longer term or unclear potential impacts.

The Board has continued to monitor emerging risks in addition to its regular monitoring and review of the current risk landscape. This was further enhanced by a horizon scanning session, delivered as part of the Board's strategy meetings.

Departmental risk registers, KPIs and compliance rates are regularly reviewed by the relevant Oversight Committee, and any issues are promptly escalated, providing an early opportunity for emerging risks to be considered and managed appropriately.

Two examples of emerging risks together with mitigations include:

- Market risk – rising bond yields, persistent inflation, and elevated interest rates continue to pressure construction and financing costs, while constraining investment opportunities. The business maintains a strong financial position through active treasury management of funding, debt, and covenant obligations. It is equipped to mitigate interest rate and financing risks, while increasing net rental income, strong leasing performance, and a liquid asset base provide additional financial resilience and flexibility.
- Extreme weather – the changing climate and potential impacts on our colleagues, customers, buildings and future development designs are accelerating faster than predicted. Extreme temperatures, both hot and cold, are contributing to flash flooding, drought conditions, and heightened fire risks. This is mitigated through dedicated oversight of environmental initiatives, regulatory compliance, refreshed business continuity plans, and investment in energy efficiency and climate resilience. This is reinforced by active stakeholder engagement, external benchmarking, and Board-level governance to drive accountability and climate performance.

Risk control framework

The Executive Committee and the other Oversight Committees examine the identified risks, reported controls, key mitigations and the principal risks and uncertainties reporting.

Each principal risk is assigned to an Executive Committee risk owner, who provides oversight and they delegate day-to-day accountability to a member of their Senior Leadership Team. The risk owners, supported by the Risk Manager, review and assess existing and emerging risks at least twice annually.

Risk management and internal controls continued

On behalf of the Board, the Audit & Risk Committee reviews the output from the Executive Committee review. It also monitors and reviews the controls environment and risk management processes.

These arrangements ensure we regularly review our principal risks and uncertainties as well as our controls and our appetites.

We monitor the internal control framework for the principal risks and uncertainties through the Internal Audit monitoring plan, which is aligned to our assurance map.

Further information on our internal controls is included in the Audit & Risk Committee Report on page 95.

Assurance on our risk controls is provided to the Board by a combination of internal management information, internal and external auditors work, and the Audit & Risk Committee's oversight. We also hold an assurance map for our principal risks which is considered in our internal audit planning.

Health and building safety

The safety and wellbeing of our colleagues, customers, and communities remains our highest priority, underpinned by our unwavering commitment to providing safe homes, maintaining the highest standards of building safety, ensuring regulatory compliance and continuous improvement across our operations.

Oversight of health and building safety

- Reporting at each meeting on health and building safety to the Executive Committee and the Board.
- Annual presentations to the Board by the Director of Health & Safety on our strategy, business plan and progress against the previous year's objectives.

In addition to the above, we have in place additional arrangements for H&S and building safety:

Health & Safety

The Group operates a comprehensive H&S management system led by the Director of H&S, supported by risk management systems that enable the identification, mitigation and reporting of H&S risks and performance.

Our governance structure includes:

- an established H&S Committee comprised of senior management and representatives from across the organisation, responsible for overseeing and monitoring compliance with relevant laws and regulatory requirements; and
- a H&S Forum, bringing together representatives from across the business to strengthen colleague engagement, support meaningful consultation, and ensure workforce feedback informs decision-making, driving continual improvement of Grainger's H&S arrangements and a positive safety culture.

Building safety

Dedicated arrangements are jointly led by the Building Safety and Block Management teams with support from the H&S Team. The Building and Fire Safety Team monitors and promotes building safety through established policies and procedures, regular risk assessments, structural surveys, and inspections, supported by governance and assurance activities across the wider business.

Live.Safe programme

Our Live.Safe programme promotes a positive and proactive safety culture across Grainger, empowering colleagues to speak up about safety concerns, take personal responsibility for safety, and support the wellbeing of those around them. This programme aligns with our corporate strategy and reinforces our commitment to providing safe homes, protecting our customers, colleagues and communities. It is built upon three key pillars:

- **Originate.Safe:** ensuring the highest standards are considered through design, development and construction activities;
- **Invest.Safe:** undertaking robust due diligence and risk assessment when acquiring new assets; and
- **Operate.Safe:** placing customers at the heart of operational decision-making and the management of our homes.

We deliver Live.Safe through a range of initiatives, including:

- annual Live.Safe campaigns and engagement events;
- customer-facing Live.Safe events focused on building safety awareness and resident engagement;
- training, education and awareness programmes;
- online guidance, resources and communications;
- Safety Climate Surveys to measure and improve culture;
- visible leadership engagement; and
- continuous improvement following the *Plan, Do, Check, Act* methodology.

This approach helps ensure that safety remains embedded in everyday decision-making and supports our objective to provide safe, secure and well-maintained homes for our customers.

Safety performance and culture

Our annual Safety Climate Survey continues to evidence a strong and mature safety culture across Grainger. Based on HSE benchmark data, our results remain substantially above the industry average. This independent assessment evaluates key aspects of safety culture, including leadership, communication, colleague involvement, and attitudes.

This achievement demonstrates our commitment to fostering a strong safety culture and providing safe environments for colleagues and customers, with safety embedded throughout our operations and decision-making.

Customer and building safety

Our frontline teams bring our safety culture to life through Live.Safe events across our BTR communities, providing practical safety advice and raising awareness with local emergency services and partners.

Grainger maintains a constructive relationship with the Building Safety Regulator, supporting the continued issuance of Building Safety Certificates across our in-scope buildings. We actively engage with customers to share information, gather feedback, and promote awareness of safety measures and emergency procedures, supported by comprehensive emergency plans and regular drills.

Together, these arrangements help us maintain our best-in-class approach to health and building safety, safeguarding colleagues, customers, and all visitors, while driving continuous improvement through learning, assurance and engagement.

Data protection and cyber security

The data protection activities of the business form part of our business-as-usual processes which are overseen by the Data Protection Committee, which includes senior representation from across the business and is chaired by our Group Legal Counsel who is also our Data Protection Lead. During the year, we adapted our processes in line with the Data (Use and Access) Act 2025.

Our cyber security arrangements, which include policies to protect our data, are overseen by the Chief Information Officer who is also a member of the Executive Committee and provides regular reporting and assurance on our cyber security arrangements.

Our cyber security posture is independently assessed by using the CMMI methodology, benchmarked against ISO 27001. Controls are tested through a 24/7 Security Operations Centre, biannual penetration testing, Cyber Essentials certification and regular workspace recovery exercises.

During the year, we reviewed our cyber security business continuity plan and, following Board approval, signed the UK Government's Cyber Resilience pledge, having briefed the Board beforehand. All Directors are completing the NCSC Cyber Governance Training, which is repeated annually, and we are registered with the NCSC Early Warning Service. Supply chain resilience is a particular focus, with assurance prioritised through a risk-based segmentation of our supplier base, concentrating on those presenting the greatest potential exposure by criticality, data access and system connectivity.

During the year, the Board also received a presentation on our cyber resilience arrangements, which included a presentation from an external adviser to provide the Board with further assurance on the effectiveness of our arrangements.

Our AI Use Policy sits alongside existing technology, cyber, data, procurement and legal controls, with security assessments applied to new AI-enabled use cases and to AI embedded within supplier platforms. Taken together, these arrangements give leadership clear oversight and ensure our compliance regime continues to evolve in step with the threat landscape and regulatory expectations.

The Executive Committee, Board, and the Audit & Risk Committee receive regular updates on all matters and activities related to the ongoing development and support of our data protection and cyber security compliance frameworks. This ensures that our leadership maintains clear oversight and that our compliance regime continues to evolve in line with developments in best practices and in accordance with the evolving regulatory and statutory requirements.

Principal risks and uncertainties

Managing our principal risks and uncertainties

The Directors regularly review the Group's principal risks and uncertainties taking into account Management's reporting on risk (including appetite), internal controls and emerging risks.

Principal risks, uncertainties and opportunities

Principal risks and uncertainties are considered by the Board as part of the strategy review process and in the consideration of new growth opportunities.

The Audit & Risk Committee review deep dive reports on each of the principal risks and uncertainties on a rolling programme to allow in-depth discussion and consideration of individual risks. Further information on our risk deep dives is included in the Audit & Risk Committee Report on page 90.

UK outlook

The UK faces a severe undersupply of housing and with current planning permissions and housing starts insufficient to meet the UK Government's housing aspirations, the demand-supply imbalance continues to widen.

Rental demand continues to increase on the back of a rising UK population. The private rental market's relative flexibility, with low moving costs, allows it to accommodate people as their circumstances change, and the sector is now a key part of the UK's multi-tenure housing model. Grainger's mid-market build-to-rent product is aligned with carefully selected investment locations, ensuring a customer base that can comfortably afford our rents.

All of these factors are presenting exciting acquisition opportunities as we pursue multiple routes for future growth and secure investment opportunities.

The economy continues to grow, albeit at a low and steady 1% per annum.

Although inflation remains above target, the Office for Budget Responsibility expects it to trend towards the 2% target for 2028.[1]

A stabilisation of inflation, and the wider geopolitical environment, will be critical in bringing long-term interest rates down in the coming years, which will offer a greater degree of pricing certainty. There are now firm signs that construction price inflation is starting to stabilise, which should help drive improvements in development viability in the next 12 - 24 months.

Despite wider economic challenges, 2026 has been a year where the stability of PRS demand has been reinforced. Although we have continued to see some smaller landlords exiting the market, the underlying fundamentals have remained strong. We believe investing in more sustainable housing stock supports these changes. It is clear that a more professional and durable PRS market is emerging in the UK, which is of benefit to both private renters and those who wish to invest in the sector on a long-term basis.

As the market leader in the BTR sector, we are well positioned for the future. Our research delivers granular understanding of customer affordability and ensures that our high-quality, energy efficient homes achieve the desired mid-market position within our sector.

Going forward, we continue to scrutinise those risks most likely to impact our business model and disrupt operations.

Note:
1. Source: OBR, October 2026 Economic and Fiscal Outlook.


Weavers Yard, Newbury

This section of the Report describes our principal risks and uncertainties, together with impact on strategy, key mitigations, trend information, as at the date of this Report. While Grainger has in place measures to mitigate our principal risks and uncertainties, our risks are also impacted by factors which are beyond our control, and these are taken into account in our assessment of each risk.

Risk description	Impact on strategy	Key mitigations	Trend explanation
Geopolitical and macroeconomic			
Geopolitical and national events drive economic conditions that influence and constrain investor and consumer sentiment, affecting portfolio performance and valuation.	The geopolitical and macroeconomic environment creates interconnected risks, including inflation, interest rate changes, reduced consumer confidence, higher development and operating costs, pressure on asset valuations, market liquidity constraints, regulatory changes, and supply chain disruption. These factors can influence investment, development, and asset management decisions. 	• We actively monitor key economic indicators and potential regulatory changes to assess impacts on development costs, asset values and affordability. • Strong rental demand, supported by favourable customer demographics and a continued UK housing shortage, underpins resilience. • Our energy-efficient, mid-market portfolio, flexible development approach, disciplined capital allocation, and joint venture partnerships help support sustainable growth and manage risk.	The increasing trend reflects the impact of ongoing global conflicts, energy market volatility, trade tensions, and fiscal constraints on this risk. While the UK economy has remained resilient and Grainger has in place effective risk mitigation measures, these external factors increase the likelihood of adverse economic outcomes. 
Financial			
Market risks arise from changes in interest rates, bond yields, credit availability, and broader housing affordability pressures, which can affect demand, rental income, property valuations, refinancing options, and borrowing costs. If these market conditions are severe or experienced over a prolonged period, it could materially impact financial performance and capital management.	Growth may be constrained by reduced financing availability and increased borrowing costs. 	• Our in-house Treasury function actively manages funding, debt levels, and covenant compliance. • We are well positioned to manage financing risk and to respond to interest rate changes. • Growth in net rental income, supported by strong lease-up performance, together with a liquid asset base, provides further financial resilience and flexibility.	The increasing trend reflects continued economic uncertainty in the UK, which leads to higher financing costs, higher interest rates, and other inflationary pressures, which may adversely affect housing affordability, property values, and refinancing conditions within the PRS market. While Grainger has in place effective risk mitigation measures, these external factors increase the likelihood of adverse economic outcomes. 
Political and regulatory			
Changes in the political and regulatory environment affecting the build-to-rent, land development, and housing sectors can increase compliance and operating costs, limit growth opportunities, and expose the business to fines, reputational damage, and commercial losses if regulations are breached.	Evolving regulations and political reforms may increase operational complexity and compliance requirements, potentially hinder operational efficiency and limit growth opportunities. 	• We manage regulatory and political risks through in-house expertise, external specialist support, proactive monitoring of policy and legislative changes, engagement with government and industry stakeholders, and robust compliance frameworks. • Regular training, policies, and procedures help ensure ongoing compliance with evolving regulatory requirements.	The trend is stable and reflects measures Grainger has taken to effectively implement the Renters' Rights Act. Further, wider UK Government policy direction and engagement indicates a lower risk that this UK Government will implement significant reforms which will have an adverse impact on Grainger's operations. We continue to monitor the risk levels and any emerging risks in this area. 

Trend: Increasing Decreasing Stable

Impact on our strategy: Grow rents Simplify and focus Build on our heritage

Principal risks and uncertainties continued

Risk description	Impact on strategy	Key mitigations	Trend explanation
Colleagues			
Failure to attract, develop, engage, and retain a diverse and skilled workforce, while maintaining a fair, inclusive, and compliant workplace, could lead to the loss of critical talent and expertise, increased employee relations risks, and reduced operational and service performance.	Business performance, strategic delivery, and organisational resilience may be affected by difficulties in attracting, recruiting, and retaining the skilled talent needed to meet business objectives. In addition, failure to progress Equality, Diversity and Inclusion (ED&I) objectives could negatively affect colleague engagement, customer satisfaction, and customer retention.	• We support workforce attraction and retention through a strengthened recruitment approach, talent and succession planning, leadership development, performance management, competitive rewards, and wellbeing initiatives. • Regular employee engagement, a focus on diversity and inclusion, and Board oversight of employee matters help maintain a resilient, skilled, and engaged workforce.	The trend is stable. Management monitor recruitment and retention trends closely and steps have been taken during the year to strengthen Grainger's colleague attraction and retention approach.
Health & Building Safety			
A major health, safety, or building safety incident, including harm to people, serious accidents, fires, gas safety failures, or regulatory breaches, could result in significant harm to residents, colleagues, contractors, and the public. Non-compliance with building safety regulations may also lead to enforcement action, substantial remediation costs, project delays, financial penalties, reputational damage, and potential criminal liability for responsible individuals.	Failure to comply with health, safety, and building safety standards could result in harm to residents, colleagues, contractors, or visitors, as well as legal penalties, financial losses, and reputational damage.	• We maintain a strong focus on health, safety, and building safety through dedicated specialist teams, clear accountability, robust management systems, regulatory compliance, incident monitoring, training, and governance oversight. • For high-rise buildings, this includes safety cases, resident engagement, contractor governance, regulatory engagement, and building compliance monitoring. • Local teams support these efforts through routine inspections, resident communication, preventative maintenance programmes, and statutory safety checks.	The trend is stable and reflects the effective mitigation measures Grainger has in place. We continue to monitor the building safety environment, regulatory scrutiny, enforcement powers, and any potential financial, operational, and reputational consequences.
Development			
Development underwriting not met due to slower lettings, rising construction and financing costs, capital allocation priorities, valuation yield movements (including interest rates), poor cost management, and planning or legal risks.	Delays, disruptions, or failures in delivering development projects could slow growth, impact financial performance, and reduce investor confidence.	• Our dedicated Development Team manages land acquisition and construction risks through rigorous due diligence, thorough market research, fixed-price contracts, and robust governance processes. • Oversight from internal experts and external specialists help ensure effective project delivery, while contractor insolvency risks are mitigated through ongoing monitoring and protective measures such as guarantees, bonds, insurance, and warranties.	While external market pressures remain elevated, the trend is reduced and reflects the lower levels of development activity and investment in new schemes at this time.

Trend: Increasing Decreasing Stable **Impact on our strategy:** Grow rents Simplify and focus Build on our heritage

Risk description	Impact on strategy	Key mitigations	Trend explanation
Cyber and information security			
Cyber security threats, technology failures, data breaches, and weaknesses in internal controls could disrupt business operations and compromise critical systems and information. As the business becomes increasingly digital and more reliant on third-party technology providers, cloud services, and interconnected systems, exposure to cyber and operational resilience risks continues to grow.	Operational disruption, regulatory non-compliance, and reputational damage could impair business continuity, weaken stakeholder confidence, and negatively affect business performance. 	• We maintain strong cyber security and operational resilience through dedicated IT, cyber security, and data protection teams, supported by regular colleague training and Board oversight. • Advanced monitoring, 24/7 security operations, penetration testing, business continuity planning, and disaster recovery arrangements help protect critical systems, data, and business operations from cyber threats and technology disruptions.	The increasing risk trend reflects the growing frequency and sophistication of cyber threats, including automated attacks, ransomware and an evolving geopolitical threat landscape. Grainger maintains a comprehensive framework of risk mitigation measures and controls, which are regularly reviewed and tested to strengthen our cyber resilience and manage our exposure. 
Climate change			
Failure to effectively manage material environmental issues, including climate change, biodiversity, resource use, and stakeholder expectations, could lead to reputational damage, increased costs, reduced access to capital, and regulatory sanctions. Progress towards long-term climate goals may also be affected by external factors such as technology developments, government policy, market conditions, and economic pressures. These climate risks are closely interconnected with the Group's wider operational, financial, and regulatory risks and can influence long-term resilience and performance.	Climate-related events could disrupt business operations, impact asset values, reduce investor confidence, and create regulatory compliance risks. 	• Our dedicated Sustainability Team oversees sustainability initiatives, including asset-level due diligence, investment in energy efficiency and climate resilience, and compliance with evolving sustainability regulations and reporting standards. • Active engagement with stakeholders, regulators, and policymakers, together with external benchmarking and Board-level oversight through the Responsible Business Committee, helps support sustainability performance and accountability.  **For more information about our climate-related risks, see our TCFD report on pages 42-50.**	The risk trend is stable at this time and as part of our risk mitigation measures, we continue to monitor the potential impact of the changing climate on our portfolio. 

Trend: Increasing Decreasing Stable **Impact on our strategy:** Grow rents Simplify and focus Build on our heritage

Viability statement

In accordance with the 2024 UK Corporate Governance Code, the Board has assessed the prospects of Grainger over a longer period than the 12 months required by the 'Going Concern' provision. In doing so, the Board conducted the review considering Grainger's financial position, business strategy, the current economic environment and the potential impact of our principal risks and future prospects.

The strategic plan is reviewed and approved by the Board each year, with year one forming the budget for the next financial year. This plan is regularly reviewed to ensure it remains reflective of current operating and macroeconomic environments, and provides a basis for setting all detailed financial budgets and strategic actions that are subsequently used by the Board to measure and monitor performance and the Remuneration Committee to set targets for the annual incentive plans.

The Board has reviewed its strategic and financial plans in detail and believes that a viability assessment period to September 2030 is appropriate, given this covers the period of the detailed strategy review and incorporates both the timescales for the significant majority of investments and returns currently considered as being secured and committed. Additionally, it covers the maturity of a significant proportion of Grainger's financing arrangements, including two £350m corporate bonds.

Grainger's business model has proven to be strong and resilient throughout economic cycles even with higher levels of gearing, consistently demonstrating its ability to sell assets and let vacant properties to provide stable income returns and cash generation, even during challenging market conditions. Currently, Grainger directly owns £3.6bn of residential property assets, many of which are of a relatively granular nature which are attractive to investors and, therefore, relatively liquid, as proven throughout previous property cycles.

Grainger would remain viable even in the event of severe and sustained house price deflation as it would be able to accelerate the natural conversion of our assets to cash including the sale of tenanted assets and reduce or suspend development and acquisition activity. Only an unprecedented and continued long-term decline in residential property valuations, significant reduction in rental income and lack of liquidity in UK residential property markets is a scenario that could conceivably cause a material threat to Grainger. In this situation, Grainger has the option to continue to let assets to generate income and protect overall asset value.

The financing risks of Grainger are also considered to have an impact on Grainger's financial viability. The two principal financing risks for Grainger are our ability to replace expiring debt facilities and adverse movements in interest rates. Grainger has been successful in securing longer-term funding to deliver the committed BTR pipeline and has prepared the strategic plan on this basis. Grainger currently has total facilities of £1.8bn with an average maturity of 4.2 years including extension options. At 30 September 2026, £1,573m was drawn, demonstrating the significant headroom available. During the viability period, Grainger expects to manage its financing obligations through a combination of available liquidity, forecast cash generation from operations, asset recycling and proactive balance sheet management. In addition, Grainger continues to manage its interest rate risk exposure through fixed-rate borrowing and with interest rate swaps matching almost all planned drawdowns. Grainger has put in place hedging facilities covering expected drawings to ensure it remains sufficiently hedged until beyond the period of this review.

The viability assessment was made with Grainger's strategy forming the base case and then recognising the principal risks that could have an impact on the future performance of the Company. The base case reflects Grainger's assessment of the current operating environment and these risks consider further changes to the macroeconomic environment. The planning process incorporates severe scenario planning, with the amalgamation of multiple risks which may result from political, regulatory and economic uncertainty, including inflationary pressures on residents, and sensitivities to rental levels, occupancy, asset valuations, financing and costs to assess the impact on the longer-term viability of the Company.

The sensitivity analysis involved a severe but plausible downside scenario which incorporated the following assumptions:

- reducing rental levels with lower PRS occupancy (-10%), lower growth (-100bps) and three-month delays to practical completion and leasing up of our pipeline impacting both income and property valuations;
- reduced HPI growth of -800bps, lowering both property valuations and sales revenue;
- further reductions to property valuations of 10%;
- cost inflation on construction and operating costs of 10%; and
- interest rates increase by a further 2% on SONIA forecast for the duration of the review period and our credit rating is downgraded causing the coupon rates of our two corporate bonds to each step up by 1.25%.

The amalgamation of these severe scenarios leads to an overall reduction in asset value of c.17% over the review period. Even at these levels and before any mitigating actions, LTV and Core Facility ICR remain compliant with banking covenants through the period of this review.

Grainger has also modelled a reverse stress test scenario in which Grainger would be able to withstand a 42% decline in property valuations from September 2026 levels before breaching Grainger's core LTV covenant in the period under review. Such a scenario is considered to be remote and is before reflecting any mitigating actions available to Grainger.

Throughout this downside scenario, Grainger had sufficient resources to remain in operation and compliant with its significant banking covenants. This scenario testing, together with Grainger's strong financial position, current rent collection and lettings evidence, and mitigating actions available including selling assets and deferring non-committed capital expenditure, support the assessment that Grainger will have the ability to continue to meet its liabilities as they fall due.

Based on the Board's assessment, the Directors have a reasonable expectation that Grainger will be able to continue in operation and meet its liabilities as they fall due over the four-year period to September 2030.

The Strategic report is approved by, and signed on behalf of, the Board of Directors.

Rob Hudson
Chief Financial Officer

18 November 2026

Governance

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Glasshouse Square, Bristol

Chair's introduction to governance

In this section we report on our compliance with the Code



> "During the year, the Board has overseen another strong operating performance."

Simon Fraser
Chair

The Board is committed to excellent leadership, culture and governance as these are central to ensuring the Company's continued success.

Dear Shareholders,

Your Board has continued with our commitment to operate effective corporate governance arrangements and to promote the highest standards of behaviour, culture and values throughout the Company.

I am pleased to introduce this year's Governance report, in which we describe our corporate governance arrangements, the operation of the Board and its Committees, and how the Directors have discharged their responsibilities. We also report on our compliance with the Code (2024) which has applied to us from 1 October 2025.

This is my first report as Chair, a role I took on following our AGM in February 2026. Mark Clare retired from the Board at the end of the 2026 AGM having served nine years on the Board. During the year, we also saw the departure of Justin Read, our Senior Independent Director and Chair of the Audit & Risk Committee, and we welcomed Fiona Muldoon into these roles.

On behalf of my fellow Directors, I want to thank Mark and Justin for their significant contributions to the Board during their tenures.

Ahead of appointing Fiona, the Nominations Committee undertook a detailed review of the Board's composition, including its skills, experience and expertise. The results were taken into account in our search, which I led, and the process resulted in the appointment of Fiona.

Fiona is an experienced non-executive director with significant board-level experience and she has relevant and recent financial experience. Further details of the process are set out in the Nominations Committee Report on pages 85 and 86.

During the year, the Company has delivered strong operational performance, with demand for our rental homes remaining strong, rental growth continuing in line with expectations and occupancy remaining high.

The Strategic report contains details of how we have performed during the year and provides the context within which we have operated our governance arrangements. Significant activities have included monitoring our preparation and successful implementation of the new Renters' Rights Act and focusing on our capital allocation plan, which is designed to deliver shareholder value.

In the pages that follow, we report on our compliance with the 2024 Code, which has applied to us since 1 October 2025 (save for Provision 29 which applies from 1 October 2026). We have continued with our governance arrangements during the year including preparing for Provision 29. Details relating to this work are included on page 91 of the Audit & Risk Committee Report.

Taking into account the changes to the Board during the year, we also agreed to defer conducting the externally facilitated Board and Committee performance review until next year. Instead, we conducted the review using our internal process, which involved completion of a questionnaire followed by a Board discussion. The process confirmed that the Board and its Committees are effective. We have identified actions to be completed during FY27 as well as confirming completion of the actions identified in FY26. Further details related to the performance review are included in this Report at page 83.

The Board has continued to provide strong support to the Management Team during the year. We have considered and debated various challenging scenarios, taking into account the interests of all our stakeholders.

The Board undertook its annual review of our strategy in June of this year, which included consideration of our options for growth and a review of our customers and markets. Following this review, we continue to believe that our strategy is the correct one for the Company. For further information on our strategy and business model, see pages 24 to 27.

Highlights

1. Oversight and leadership of the response to the continued challenging geopolitical and macroeconomic environments.
2. Compliance with the Corporate Governance Code (2024) during the year, including preparing for Provision 29.
3. Review of Board composition and appointments of Simon Fraser as Chair and Fiona Muldoon as Senior Independent Director and Chair of the Audit & Risk Committee.
4. Board review and reaffirmation of our strategy.
5. Signing of the Government's Cyber Resilience Pledge.

Our Stakeholder Engagement reporting, which begins on page 73 sets out in detail the Company's key stakeholders and how we engage with them. Our section 172 Statement on pages 73 to 74 details how the Directors discharge their s.172 duties and it includes some examples of how the Directors have considered stakeholders in our decision-making during the year.

We have also signed up this year to the UK Government's Cyber Resilience Pledge, which is a voluntary NCSC-backed initiative spanning four areas: Board governance, the Early Warning Service, supply-chain resilience and public transparency. Signing the Pledge publicly affirms what we already do in practice, with each commitment met or progressing under our cyber security programme. As a Board, we understand the importance of having in place controls that protect our data and our business.

During the year, the Board continued focusing on the Company's sustainability activities and further details on these activities are included in the Sustainability report, which begins on page 35 and the Responsible Business Committee Report, which begins at page 87.

Simon Fraser
Chair

18 November 2026

Leadership and purpose

Board of Directors



1 Simon Fraser
Non-Executive Chair (N) (R) (B)

Appointment

Appointed Non-Executive Director in October 2025 and appointed Chair in February 2026.

Skills, competence and experience

Simon has substantial real estate and investment experience and more than 13 years of FTSE board experience with two prominent REITs, SEGRO plc and Derwent London plc. He is currently chair of the remuneration committee at SEGRO plc, and senior independent director at St James's Place plc. Between 2015 and 2021, Simon was senior independent director at Derwent London plc. He was also on the board of Legal & General Investment Management from 2015 to 2024 and Lancashire Holdings Ltd from 2013 to 2023.

Simon also brings a wealth of experience in the global capital markets from a long, successful career in investment banking and corporate broking, advising a wide range of clients across numerous sectors, including many consumer-facing businesses. Prior to his retirement from executive roles in 2011, Simon worked at Bank of America Merrill Lynch for 15 years where he was managing director and co-head of corporate broking.

Tenure

1 year

2 Dame Helen Gordon DBE
Chief Executive (E)

Appointment

Appointed to the Board in November 2015, Chairs the Executive Committee, the Management Committee, the Investment Committee and the Development Board.

Skills, competence and experience

Helen was appointed Chief Executive of Grainger in January 2016. Helen joined Grainger from RBS where she spent five years as Global Head of Real Estate Asset Management. Prior to that, Helen held the role of Director of Legal and General Property, responsible for the Main Life Fund and several smaller Funds. Other previous roles include Group Property Director of Railtrack and Managing Director of John Laing Developments.

Helen is senior independent director on the board of Derwent London plc and is currently chair of the European Public Real Estate Association. Helen is past president of the British Property Federation and has held a number of non-executive positions and Government appointments including the Board of Covent Garden Market Authority, Board of British Waterways and was a trustee for The College of Estate Management for nine years.

Helen is an Honorary Fellow of University College of Estate Management and a chartered surveyor.

Tenure

11 years

3 Robert Hudson
Chief Financial Officer (E)

Appointment

Appointed to the Board in August 2021 and Chairs the Finance Committee and Operations Board.

Skills, competence and experience

Rob has over 32 years' experience in finance, 11 years of FTSE board and 15 years of Real Estate sector experience.

Rob was previously the chief finance and operations officer and interim chief executive of St Modwen plc, where he worked from 2015 to 2021. Prior to that, Rob was the group financial controller at British Land plc from 2011 to 2015.

Rob joined PricewaterhouseCoopers (PwC) on graduation, then moved to Experian plc in 2000 where he held a number of senior financial roles, including global finance director of its Decision Analytics business and UK finance director, where he gained significant experience in technology data and analytics.

Rob is a qualified Chartered Accountant.

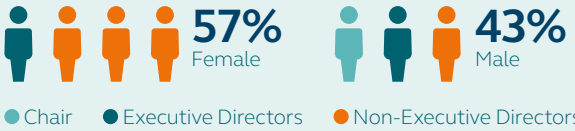
Tenure

5 years

Key

- (E) Executive Committee
- (N) Nominations Committee
- (A) Audit & Risk Committee
- (B) Responsible Business Committee
- (R) Remuneration Committee
- ◯ Committee Chair

Balance of Directors FY26



4 Janette Bell
Non-Executive Director

(A)(N)(R)(B)

Appointment
Appointed to the Board in February 2019 and Chairs the Remuneration Committee.

Skills, competence and experience
Janette is the managing director of First Bus, part of FirstGroup plc. She is a director of the Confederation of Passenger Transport. Janette held the position of chief executive officer at P&O Ferries from January 2018 to September 2020.

Janette is an experienced board director, with a breadth of operational experience including in the environment and decarbonisation agenda. She is leading the infrastructure and asset investment at First Bus as they transition to zero emission by 2035. Janette is also experienced in customer-centric organisations including leading transformational change in response to evolving government policy. She has also led on safety where she has had responsibility for colleague and customer safety on large 24/7 transport operations for over ten years.

Janette was sales and marketing director for real estate group Hammerson plc and has also worked in senior customer strategy and marketing positions at PwC, Tesco and Centrica, where she was sales and marketing director of British Gas Services.

Tenure
7 years

5 Michael Brodtman
Non-Executive Director

(A)(N)(R)(B)

Appointment
Appointed to the Board in January 2023.

Skills, competence and experience
Michael was chairman of the UK advisory arm of CBRE, having spent a 40-year career at the agency. He led its valuation and operational real estate departments, growing specialist teams in emerging sectors and internationally. He moved into the role of chairman in January 2020 and retired on 30 June 2022.

Michael is a non-executive director of Target Healthcare REIT, where he also chairs the ESG Committee, and of the Cadogan Group. He is also chair of a London-based housing association, the Industrial Dwelling Society, and is strategic adviser to the Unite Student Accommodation Fund. He is also a Fellow of the Royal Institution of Chartered Surveyors.

Tenure
3 years

6 Fiona Muldoon
Non-Executive Director

(A)(N)(R)(B)

Appointment
Appointed to the Board in April 2026 and was appointed Senior Independent Director and Chair of the Audit & Risk Committee in June 2026.

Skills, competence and experience
Fiona is an experienced non-executive director with significant Board-level experience across insurance and financial services. She is currently a non-executive director of Admiral Group plc and ITX Re Dac and has previously served as a non-executive director of the Bank of Ireland and Beazley plc.

She brings strong expertise in finance, capital markets, risk, governance and sustainability, gained through senior executive and non-executive leadership roles. Fiona was CEO of FBD Holdings plc from 2015 to 2020, and was previously prudential director at the Central Bank of Ireland, the Irish regulator. Earlier in her career, she spent 17 years with XL Group in progressively senior finance and general management roles across Dublin, London and Bermuda.

Fiona is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in Ireland.

Tenure
7 months

7 Carol Hui OBE
Non-Executive Director

(A)(N)(R)(B)

Appointment
Appointed to the Board in October 2021, is Chair of the Responsible Business Committee and is the Designated Non-Executive Director for Workforce Engagement.

Skills, competence and experience
Carol has extensive board and executive experience across property, infrastructure, transport, construction materials, logistics, energy and professional services. Her career combines commercial and strategic leadership with experience of major infrastructure investment, organisational transformation and the challenges of managing complex, regulated businesses.

As executive director, chief of staff and general counsel at Heathrow Airport, Carol jointly held executive responsibility for running the airport, setting its strategy, large-scale infrastructure projects and organisational change. Earlier senior roles at TDG, BG and British Gas broadened her commercial experience across logistics, property and energy, encompassing major transactions and their financing. At British Gas, she led the legal team on the demerger that created BG and Centrica.

Carol is currently a non-executive director of Breedon Group plc, where she chairs the sustainability committee, a non-executive director of the Lord Chamberlain's Committee in the Royal Household, and vice-chair of Christian Aid. Her previous non-executive roles include chairing Robert Walters plc and the audit and risk committee at the British Tourist Authority. She began her career as a corporate finance lawyer at Slaughter and May.

Tenure
5 years

Information in this section of the Report is as at 18 November 2026.

Leadership and purpose continued



Glasshouse Square, Bristol

Compliance with the FRC Corporate Governance Code

The governance rules applying to all UK companies listed in the Equity Shares - Commercial Companies category defined by the Financial Conduct Authority (FCA) are set out in the Code, published by the Financial Reporting Council (FRC). Copies of the Code can be obtained from: frc.org.uk.

During the year, Grainger has applied the principles set out in the Code and the Directors confirm that we have complied with its provisions throughout FY26 except in relation to the following:

- the requirement to conduct an externally facilitated Board performance review every three years (provision 21). See the following pages for further information and our explanation in relation to this; and
- upon his retirement, Justin Read's term on the Board exceeded nine years by four months. The Board determined that this was necessary to support Simon Fraser's appointment as Chair and Fiona Muldoon's recruitment and induction. The Board determined Justin remained independent as defined by the Code, and Justin retired from the Board in June 2026.

In accordance with the Code, at least half the Board, excluding the Chair, are Non-Executive Directors and all Non-Executive Directors have been assessed by the Board to be independent. Simon Fraser was assessed to be independent prior to his appointment.

This section of the Report sets out Grainger's governance policies and practices and includes details of how the Company applied the principles and complied with the provisions of the Code during FY26, and how we will apply the Code in FY27.

UK Corporate Governance Code (2024) compliance

As required by the Code, this Report describes our activities and key achievements during the year, giving Shareholders and stakeholders the necessary information to evaluate how the Code's Principles have been applied.

Code Principle	Details of how we applied	Further information in this Report
Board leadership and company purpose	• The Board is led by a Non-Executive Chair who was assessed as independent on appointment, and who drives strategic focus and robust debate. • The Board comprises a diverse group of Directors with a strong mix of skills, knowledge and relevant experience. • The Board's responsibilities include establishing our purpose, values and setting our strategy. • The Board monitors the alignment of culture with the Company's purpose, values and strategy through regular people, health and building safety, customer and sustainability reporting. • The Board has direct engagement with colleagues and other key stakeholders.	Leadership and purpose (page 64) Stakeholder engagement (page 73) Director biographies (page 64)
Division of responsibilities	• There is a clear and documented division of responsibilities between the leadership of the Board and the executive leadership of the business. • The Chair leads the Board and promotes openness and constructive debate, while the CEO is responsible for proposing and delivering the strategy. • Independent Non-Executive Directors provide objective judgement, scrutiny and challenge. • The Board is supported by its Committees, each operating under delegated authority and defined Terms of Reference which are reviewed annually.	Governance framework (page 79) Board roles and responsibilities (page 80)
Composition, succession and evaluation	• The Nominations Committee regularly reviews the Board's size, composition, independence, diversity, skills and experience, and oversees succession planning for the Board and Senior Management. • Appointments are made through formal, rigorous and transparent procedures and on merit against objective criteria. • The Board undertook an internally facilitated performance review during FY26, with an externally facilitated review scheduled for FY27 following the changes in Board leadership and composition that took place in FY26.	Nominations Committee Report (page 82)
Audit, risk and internal control	• The Board is supported by the Audit & Risk Committee, which is chaired by an independent Non-Executive Director. The Chair of the Board is not a member. • The Audit & Risk Committee oversees financial and narrative reporting, risk management, internal controls, internal and external audit, whistleblowing and fraud prevention. • Grainger operates a structured risk management and assurance framework, including regular risk reviews, risk appetite assessments, internal audit and control testing. • During FY26, the Audit & Risk Committee also monitored preparations for the Code's Provision 29 material controls declaration.	Audit & Risk Committee Report (page 90) Risk management and internal controls (page 51)
Remuneration	• The Remuneration Committee is chaired by an independent Non-Executive Chair. • There is oversight of Remuneration Policy content and application. • Incentive schemes are reviewed to ensure the attraction and retention of talent, driving our culture and values and creating alignment with stakeholder interests.	Directors' Remuneration Report (page 96)

Leadership and purpose continued

Our purpose

Grainger's purpose is renting homes and enriching lives by providing high-quality rental homes and great customer service. The Board keeps this purpose in mind in its decision-making.

Our strategy

Our purpose drives our strategy which is to:

- Grow rent;
- Simplify and focus; and
- Build on our heritage.

Culture and values

Our values are the foundation of our service style and culture. They inform the choices we make, our behaviours every day, and they enable us to fulfil our purpose. Our culture and values determine how we deliver our strategy.

Our desired culture is to be inclusive and is best described by our **One Grainger** approach, which promotes collaboration, shared purpose and collective success across the business.

Our culture is supported by our values, which are set out to the right and supported by the delivery of our Customer Service Style training.

The Board believes that the culture of our business, in conjunction with our values, is important to our successful long-term performance, delivering shareholder value and is integral to all that we do. Please see page 69 for a summary of the ways in which the Board manages and monitors culture.

We believe that how Board members, particularly the Executive Directors, conduct themselves sets both the tone and the culture within the Group.

Our values

Our values help us fulfil our purpose and they direct how we make choices and perform at our best. They set us apart for our customers, colleagues, shareholders and partners.

- **People at the heart**

We want our customers to feel safe, secure and happy in their homes and to stay renting with us for as long as they wish, which is why we put people at the centre of all our thinking – in how we create and operate Grainger homes.

- **Exceeding expectations**

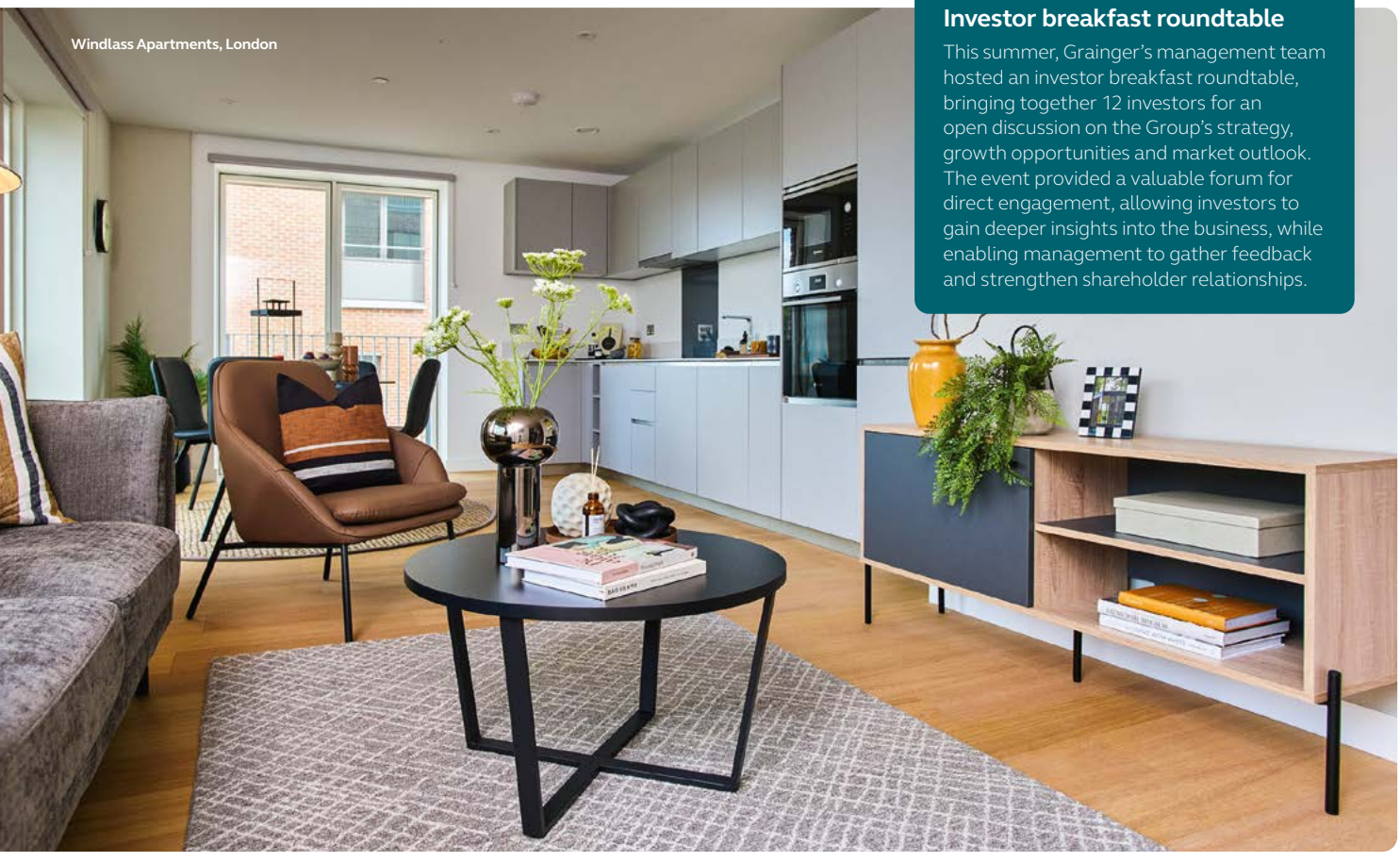
We have been a professional landlord for over 100 years, so we know what we're doing and what our customers need to enjoy their homes in full. But none of us, in any role, only does what's necessary. We take ownership of what we do and go beyond expectations, to deliver more to our customers, each other, our investors and our partners.

- **Every home matters**

We are passionate about providing every customer with a great place to rent that they can make their home. Because we know how much a good home matters to everyone's quality of life. We are proud to provide homes and care about the standards of our homes and services we offer.

- **Leading the way**

We are ambitious about giving people the best renting experience and never stop finding smart and creative ways to help them enjoy renting with us. We know that leading the way in our sector helps our Company performance and our customers and colleagues to get more from their lives.



Windlass Apartments, London

Investor breakfast roundtable

This summer, Grainger's management team hosted an investor breakfast roundtable, bringing together 12 investors for an open discussion on the Group's strategy, growth opportunities and market outlook. The event provided a valuable forum for direct engagement, allowing investors to gain deeper insights into the business, while enabling management to gather feedback and strengthen shareholder relationships.

Ways in which the Board manages and monitors culture

The Board's engagement with colleagues and the reports received demonstrate that the culture of the Company is strong and has enabled the Group to perform well in challenging market conditions.

Governance

- Oversight of policies, practices and behaviours to ensure they are aligned with the Company's purpose, strategy, culture and values.
- Monthly reporting includes Health & Building Safety matters, which included data on Health & Safety (H&S) incidents.
- Monthly reporting from the Director of HR on topics which include reporting on our culture, values, colleague engagement, and staff turnover.
- The Board and the Responsible Business Committee receive details of colleague engagement plans and the results, together with updates on the Voice of the Colleague engagement undertaken by the Chair of the Responsible Business Committee, who is also our designated Non-Executive Director for workforce engagement. Reporting of colleague engagement also highlights what we do well and the areas for improvement, together with Management action plans.
- Regular updates on the implementation of our People Strategy. In FY26, this included the refresh of People priorities for the year, our commitment to colleague and leadership development, supporting careers at Grainger and embedding a new integrated HR and Payroll system (People Hub) and ensuring our people policies, processes and practices remain aligned with the evolving employment and regulatory landscape.
- Regular reporting on our activities to promote ED&I, including Grainger's Diversity Policy and targets for ethnic diversity in the senior management of the Company. The Board has also adopted a Board Diversity Policy, both policies are available on our website (corporate.graingerplc.co.uk).
- On the Board's behalf, the Audit & Risk Committee oversees our whistleblowing policy and procedures.
- Regular reporting on customer experience metrics including Trustpilot, NPS and other sources of customer insights.

Colleague engagement

- Grainger's annual Live.Safe programme and Safety Climate survey engages directly with colleagues and customers on health, building and environmental safety, and we use the feedback to inform awareness activities and support the implementation of measures that support safer communities.
- The annual Live.Safe programme, Safety Climate survey and the H&S Forum involve colleague engagement and reinforce expectations, encourage the reporting of concerns and support a proactive, shared approach to health and safety across the business.
- Colleague induction, training and appraisals include a focus on our values and culture and all individual objective setting includes a focus on Live.Safe and our values.
- Independent colleague surveys are conducted during the year. In FY26 we achieved a 'very good' rating in our annual independent employee survey, run by Best Companies, and we are listed in the UK's Best Large Companies to Work For and Best Companies to Work For in the Housing Sector 2026.
- Voice of the Colleague sessions and opportunities for the Directors to spend time with colleagues from across the business are scheduled each year. These include on-site visits and visits to our offices. The Directors look forward to these opportunities as they enable them to gauge colleague views on a range of topics, including operations, and strategy and its implementation.
- Company-wide calls held six times a year, hosted by the CEO, which include presentations and also updates on Company performance, allows colleagues to ask direct questions of the CEO and the senior leadership team.

Customer engagement

- We achieved an NPS score of +48, which is a reflection of the continued strength of our culture. Our people understand and support the strategic direction of the business and are focused on delivering it. The score is underpinned by a 15.6% increase in satisfaction with our customer service.
- We maintain an ongoing dialogue with customers through surveys, reviews, digital channels and direct engagement with our on-site teams and consistently achieve positive scores with Trustpilot.
- Customer insights collected inform operational improvements and service design. This approach supports customer engagement and the long-term performance of our homes.
- Grainger teams organise and deliver on-site safety and social events, which engage our customers and build communities, demonstrating our inclusive culture and approach.

Leadership and purpose continued

Board effectiveness

The Chair, Executive Directors and the Company Secretary ensure the Directors receive clear, timely information on all relevant matters. Board papers are circulated in advance of meetings to ensure there is adequate time for them to be read and to facilitate robust and informed discussion. Where a Director is unable to attend a meeting, they receive the papers and share their feedback to be raised at the meeting.

The papers contain the CEO's review, CFO review, Divisional reports, which include reporting on each business area, Key Performance Indicators (KPIs), Health & Building Safety, Legal Risk and Governance, People, Investor Relations and other papers on specific topics of interest to the Board. Minutes of the Executive Committee meetings and detailed financial and other supporting information are also provided.

The Board receives presentations throughout the year from various departments across the business and from external advisers on subjects including financing, regulatory issues for listed companies, business valuation, sustainability and customer feedback. Papers seeking Board approval for investments also identify stakeholder interests, which have been taken into account to support the Board in its decision-making.

The CEO provides ad hoc updates to the Board on any significant matters between scheduled meetings.

The standard Board schedule includes six meetings throughout the year, plus an off-site session specifically focused on a review of the Company's longer-term strategy. Additional meetings are arranged as required.

The Board has a list of matters reserved to it which is set out in our Matters Reserved for the Board Policy. There is a rolling annual plan of items for discussion and Board meeting planning involves reviewing the list of reserved matters and annual plan regularly, to ensure all items are scheduled for review, together with other key issues as required.

At each Board meeting, the CEO provides a review of the business, setting out how it has been progressing against strategic objectives and details of any issues arising. In addition, items that require formal Board approval are circulated in advance with all supporting paperwork to aid appropriate decision-making.

During the year, the Directors met colleagues during events organised at our London and Newcastle Head Office sites, obtaining valuable insight into the operation of the Company and engagement with colleagues.

The Board activity summary overleaf shows examples of the subjects and matters the Board debated and considered throughout the year.



Fortunes Dock, Canning Town

Board and Committee meetings in FY26

During the year, the Board met six times and the Directors' attendance at the meetings is listed below, together with their attendance at each Committee meeting where they are a member. In addition, the Board held its annual strategy meeting and a number of dinners that included discussions on relevant topics.

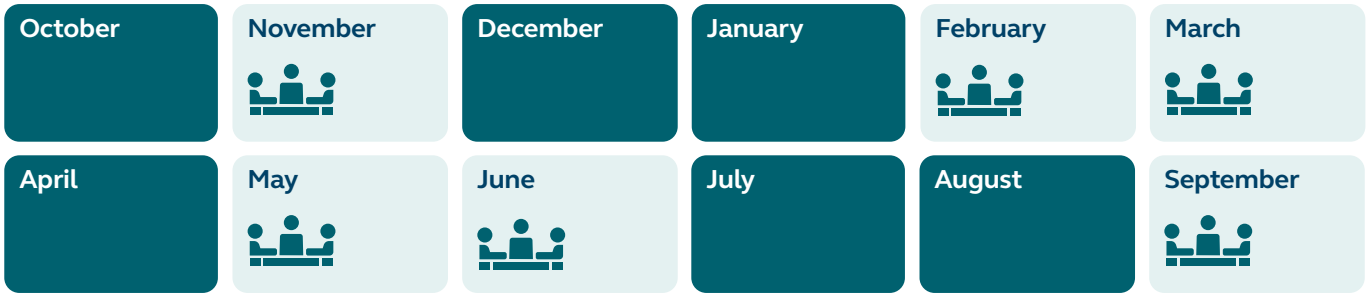
FY26 attendance table

	Board	Audit & Risk Committee	Remuneration Committee	Responsible Business Committee	Nominations Committee
Executive Directors					
Helen Gordon	6	–	–	–	–
Rob Hudson	6	–	–	–	–
Non-Executive Directors					
Carol Hui[1]	6	4	3	2	2
Fiona Muldoon[2]	3	2	2	1	1
Janette Bell	6	4	4	2	2
Justin Read[3]	5	3	3	1	2
Mark Clare[4]	2	–	2	–	1
Michael Brodtman	6	4	4	2	2
Simon Fraser[5]	6	2	4	2	2

Notes:

1. Carol did not attend the September 2026 Remuneration Committee meeting but received the papers in advance and shared her comments with the Committee Chair ahead of the meeting.
2. Fiona was appointed to the Board in April 2026.
3. Justin retired from the Board in June 2026.
4. Mark retired from the Board in February 2026.
5. Simon stepped down as a member of the Audit & Risk Committee upon being appointed Chair of the Board at the AGM on 4 February 2026.

Months in which Board and Committee meetings took place



Stakeholder interests

The Board takes the interests of stakeholders into account in its decision-making. The relevance of each stakeholder group will increase or decrease by reference to the issue in question, and the Board will seek to understand the needs and priorities of relevant groups during its discussions and decision-making. This, together with the combination of the consideration of long-term consequences of decisions and the maintenance of our reputation for high standards of business conduct, is integral to the way the Board operates.

We have continued to embed stakeholder interests into the culture and operating model of our business. Papers presented to the Investment Committee include a section on stakeholders' interests, ensuring that when matters are presented to the Board for approval, the impact on stakeholders has been considered in preparing the proposal. This supports the Directors in discharging their duties under section 172 of the Companies Act 2006. Our section 172 reporting is set out on pages 73 to 74.

Board key areas of focus in FY26 with outcomes

Strategic

- Strategy including BTR growth options and our capital allocation plan (which included consideration of share buybacks).
- Investor engagements (including following full and half-year results).
- Key markets, competitors' activities and peer group performance, including presentations from our corporate brokers.
- Progress of our development projects and asset recycling activities.
- Monitored the economic, legislative and geopolitical landscape including regular updates in relation to the Renters' Rights Act and its impacts.

Financial

- Financial performance including KPIs and the progress of our capital allocation plan.
- Financial planning, including the annual budget (including a focus on operational efficiencies) and business plan.
- Treasury policy and strategy including dividend policy.
- REIT compliance and engagement with HMRC following conversion in FY25.
- Received reports on interaction with the credit ratings agencies.
- Insurance arrangements.

Operations and transactions

- Operational performance including occupancy levels and rents, and market conditions.
- Successful implementation of our arrangements to ensure compliance with the new Renters' Rights Act 2025.
- Building safety and facilities management arrangements including repairs and maintenance operating model.
- Business optimisation including our CONNECT platform.
- Cyber resilience and business continuity.
- Customer engagement including our digital marketing strategy, NPS performance and other operational KPIs.
- Procurement arrangements and key supplier performance management (including our procurement policy and supplier code).
- Progress of development schemes including joint venture with TfL.
- Considered material transactions and business opportunities including the environmental impact.

People and culture

- Health & Safety reporting including annual strategy and business plan.
- HR reporting including our people strategy and monitoring of our values and culture.
- Colleague engagement, wellbeing and ED&I reporting.
- 'Tea with the Board' events in London and Newcastle.
- Voice of the Colleague roundtables hosted by Carol Hui, Non-Executive Director for workforce engagement.

Governance, compliance and risk

- Appointment of Fiona Muldoon and completion of induction programmes for Simon Fraser and Fiona Muldoon.
- Corporate governance arrangements, including monitoring Code compliance.
- Conducted Board and Committee evaluation process and monitored completion of actions arising from previous years.
- Principal risks and uncertainties, emerging risks and risk appetite.
- Briefings on regulatory and governance issues, including the Renters' Rights Act and the Economic Crime and Corporate Transparency Act.
- Sustainability reporting including our Net Zero Transition Plan, community engagement activities and the new Sustainability Reporting Standards.
- Approval of relevant policies as required by the Matters Reserved for the Board Policy, including our Modern Slavery Statement.

Stakeholder engagement

Section 172 reporting

Stakeholder engagement

The Board believes that positive engagement with our Shareholders and other stakeholders is crucial to understanding their views.

To support our aim to be the UK's leading residential REIT, we regularly engage with our people, customers, suppliers, and Shareholders to ensure that we harness their views and communicate the Company's progress. We also engage with the UK Government, regulators and trade/industry bodies.

Through our Investor Relations programme, Helen Gordon, Rob Hudson and the Director of Corporate Affairs engaged with over 700 shareholders, analysts and potential investors during the year across meetings, conferences, presentations and webinars, both in person and virtually.

We are also supportive of the emphasis the Code puts on engagement with the wider stakeholder group and we are cognisant of our directors' duties under section 172 of the Companies Act 2006.

Stakeholder considerations in decision-making

The Board takes the interests of stakeholders into account in its decision-making. The relevance of each stakeholder group will increase or decrease by reference to the issue in question, and the Board will seek to understand the needs and priorities of relevant groups during its discussions and decision-making. This, together with the combination of the consideration of long-term consequences of decisions and the maintenance of our reputation for high standards of business conduct, is integral to the way the Board operates.

Papers presented to the Investment Committee include a section on stakeholders' interests, ensuring that when matters are presented to the Board for approval, the impact on stakeholders has been considered in preparing the proposal.

This supports the Directors in discharging their duties under section 172 of the Companies Act 2006.

Examples of our engagement and decision-making are included in both our section 172 Statement and are included in our Stakeholder engagement reporting.

Engagement with our stakeholders

In its decision-making the Board seeks to promote the long-term success of the Company for the benefit of Shareholders, whilst having due regard to our stakeholders and the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

An overview of the key channels and processes used for engagement with our stakeholders and outcomes from this engagement during the year are set out in the table below, as well as a summary of the Board's activity and how matters raised through engagement have been considered in key decisions taken during the year.

This statement summarises how our Directors addressed the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. Set out at the end of this section are some examples of decisions made in the year.

Section 172 requirement	Overview	FY26 matters	Further information
(a) the likely consequences of the decision in the long term	Grainger is committed to being a long-term investor in homes and communities and delivering long-term success to our Shareholders.	The Board has set the Company's purpose: renting homes, enriching lives, which we deliver through our business model. Each year the Board reviews the business's long-term strategy and monitors delivery of the Strategy at each of its meetings.	Business model pages 24 to 27 Sustainability report page 36 Governance report page 62
(b) the interests of the Company's employees	Colleagues are at the heart of our business and our People Strategy focuses on delivering the highest levels of learning and development, wellbeing and inclusion, including via our established colleague ED&I Forum.	The Responsible Business Committee oversees colleague engagement. The Directors received employee-related reporting from the Director of HR at each Board and Responsible Business Committee meeting, including the outputs from our colleague engagement activities. During the year, we secured a 1 star rating 'very good' from Best Companies and continued with our ED&I activities including demonstrating positive female representation via the FTSE Women Leaders review.	Sustainability report page 36 Governance report page 62 Responsible Business Committee Report page 87
(c) the need to foster the Company's business relationships with suppliers, customers and others	The relationships with our key partners and suppliers are critical to our ability to deliver and maintain high-quality rental homes. Strong relationships with our customers, built by our property managers and on-site teams, support retention and create a community within our buildings.	**Key partners:** The Board received regular reporting on arrangements with key partners, including TfL via the Development Team. **Suppliers:** The Board received reporting on our Procurement Policy and regular reporting on key suppliers. **Customers:** The Board received reporting on customer uptake of the MyGrainger app supporting community engagement within our buildings.	Sustainability report page 36 Governance report page 62

Stakeholder engagement continued

Section 172 requirement	Overview	FY26 matters	Further information
(d) the impact of the Company's operations on the community and the environment	We consider communities to encompass those created within our buildings as well as those around them, and we actively seek ways to promote thriving communities and to minimise our impact on the environment.	The Responsible Business Committee oversees our community (including charitable) and environmental initiatives. The Directors receive updates on progress at the Board and Responsible Business Committee meetings, including progress of our Net Zero Transition Plan and highlights from community engagement activities.	Sustainability report page 36 Responsible Business Committee Report page 87 Governance report page 62
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	Grainger is proud to be a FTSE4Good business and adheres to the highest standards of business conduct in interactions with all our stakeholders. The Company also has in place established compliance policies and procedures, which include regular training.	The Board sets and monitors our **One Grainger** culture and values. Our values set standards of conduct for all involved in our organisation and our values are a key feature of our Company-wide customer service style training programme.	Sustainability report page 36 Our purpose and values page 68 Governance report page 62
(f) the need to act fairly as between members of the Company	We conduct regular direct engagement with our Shareholders through a range of channels, and ensure key issues raised are factored into strategic decision-making. Engagement with Shareholders is facilitated by our Investor Relations and Company Secretarial Teams.	The Board monitors investor engagements and receives regular reporting on investor engagements. During the year, we continued our extensive programme of investor engagement, with 414 interactions with investors, analysts and prospective investors, participation in 14 conferences and eight investor site tours. We presented to 333 retail investors through three online webinars.	Shareholder engagement pages 75 to 76 Governance report page 62 Directors' Remuneration Report page 96

Reporting on who the Board considers to be our key stakeholders and how we engage with them is set out in our Stakeholder engagement reporting which begins on page 73. Some examples of how the Board has considered stakeholders during its decision making in 2026 are set out below.

1. Cyber resilience pledge

During the year, along with a number of other listed companies, we received an invitation from the Department for Science, Innovation and Technology to sign up to their cyber resilience pledge. The Board reviewed our cyber arrangements, including the pledge requirements, which included all Directors completing the specified training, and resolved to approve the Company signing up to the pledge and issuing the declaration. By entering into the pledge we, along with other organisations, are driving real change across the UK economy. Our arrangements support the Company's resilience, which is positive for our shareholders, colleagues, suppliers and our operations.

2. Refinancing

In May 2026, we agreed an extension on £540m of our core banking facilities to 2033 with AIB, Barclays, HSBC and NatWest. The extensions further strengthen the Company's balance sheet with weighted average facility maturity including extension options increasing to 4.6 years (as at the refinancing date). The extensions were agreed at lower margins, resulting in an annual saving of c.£1m in finance costs. This is in line with Grainger's previously stated plan to deleverage by £300-£350m by FY29, targeting an LTV of 30% and Net Debt to EBITDA of 8x. The revised arrangements benefit our shareholders, colleagues and suppliers and our operations.

3 Strategy approval

In June 2026, the Board met for its annual strategy meeting where we reviewed our strategy, to grow rents, simplify and focus, and build on our heritage elsewhere. The Board resolved that our strategy remains the right strategy for the business as it ensures we can continue to deliver shareholder value as we focus on delivering long-term growth and efficiency. Our strategy supports our shareholders, colleagues, suppliers and operations.

How the Board understands and responds to the needs of our stakeholders

Shareholders

Key Shareholder events FY26

Ongoing dialogue with our Shareholders is fundamental to ensuring that there is an understanding of the strategy and governance of the business, and that the Board is aware of the issues and concerns of our investors. In this section of the Report, we highlight the key activities of our Shareholder engagement programme during the year.

October 2025
- Closed period
- Pre-close trading update

November 2025
- Full-Year Results Presentation and Roadshow
- UBS Global Real Estate Conference (London)

January 2026
- Barclays Conference (London)
- Deutsche Numis Conference (London)
- Citi RE Credit Conference (London)

February 2026
- AGM (Newcastle)
- Trading update

March 2026
- Citi Conference (USA)
- Berenberg Conference (UK)
- Bank of America Conference (London)

April 2026
- Closed period

May 2026
- Half-year Results Roadshow
- Kempen Conference (Amsterdam)

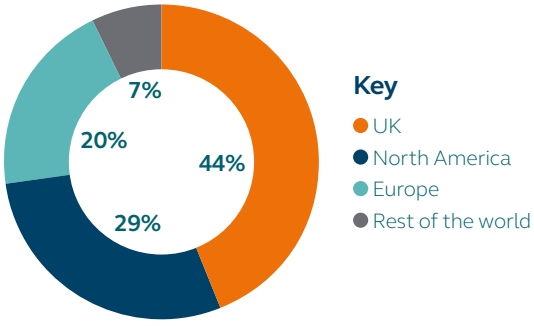
June 2026
- Morgan Stanley Conference (London)
- EPRA Corporate Access Conference (London)
- Midlands Regional Wealth Managers Roadshow

July 2026
- Edinburgh Regional Wealth Managers Roadshow

August 2026
- Breakfast Roundtable

September 2026
- Trading update
- Goldman Sachs Conference (London)
- EPRA Conference (Milan)
- Roadshow (USA)

Shareholders by region



Substantial shareholdings

The table below details interests disclosed to the Company at the end of FY26 and as at 16 November 2026 (being the latest practicable date prior to the date of this Report). The information is reported in accordance with DTR 5 and as required by UK LR 6.6.6.

The table details interests with voting rights (direct or indirect) amounting to 3% or more and the data included is derived from analysts' reports and replies received from Shareholders.

	30 September 2026		16 November 2026	
Shareholder above 3%	Holding	Holding %	Holding	Holding %
BlackRock Inc	91,926,141	12.40	86,626,377	11.68
Saba Capital Management L.P	67,914,817	9.16	78,834,211	10.63
Norges Bank	66,909,894	9.02	66,909,894	9.02
The Vanguard Group	42,291,621	5.70	42,755,364	5.77
Michael James Wallace Ashley	31,051,500	4.19	31,051,500	4.19
FMR LLC	29,955,708	4.04	29,923,491	4.03
Legal & General	28,684,675	3.87	28,566,548	3.85
Liontrust	24,549,181	3.31	24,484,119	3.30

Relations with shareholders

The Board believes that engaging with Shareholders and understanding their views is a fundamental principle of good corporate governance.

Our website includes an Investor Relations section, containing announcements issued via the Regulatory News Service (RNS), share price information as well as investor documents (corporate.graingerplc. co.uk/investors/investor-downloads).

Ahead of the AGM, the Notice of AGM is sent to Shareholders in accordance with the Companies Act 2006 and it includes information on voting arrangements and the voting results are published on our website. The Company Secretary also engages with fund managers and corporate governance officers of major Shareholders ahead of each AGM.

Our investor relations activities are tailored to the financial reporting calendar, with additional engagements taking place when considered beneficial to the Company.

During FY26, we engaged with 414 institutional investors and analysts through one-to-one, group and virtual meetings, and presented to a further 333 retail investors, resulting in engagement with 747 investors and market participants in total. Helen Gordon, Rob Hudson and other senior managers attend the vast majority of these meetings and manage the Investor Relations programme, supported by the Director of Corporate Affairs. We actively seek feedback during these engagements and report key themes and insights to the Board.

Attendance at investor meetings

Helen Gordon – CEO	80%
Rob Hudson – CFO	81%
Senior Executive	97%

Stakeholder engagement continued
How the Board understands and responds to the needs of our stakeholders continued



Shareholders continued

Stakeholder expectations
For Grainger to generate long-term, sustainable, attractive total returns and to meet sustainability expectations.

Board activity
Review and consider reports of meetings with investors.
Receive investor sentiment and feedback reports.
Consider questions and comments from analysts.
Consult with significant Shareholders on key matters.
Meet with the Company's brokers and corporate advisers to understand investor sentiment.

How we engage
We have a comprehensive Investor Relations programme, which we build upon and extend each year.

Activities include: investor roadshows, conferences, trading updates and property tours.

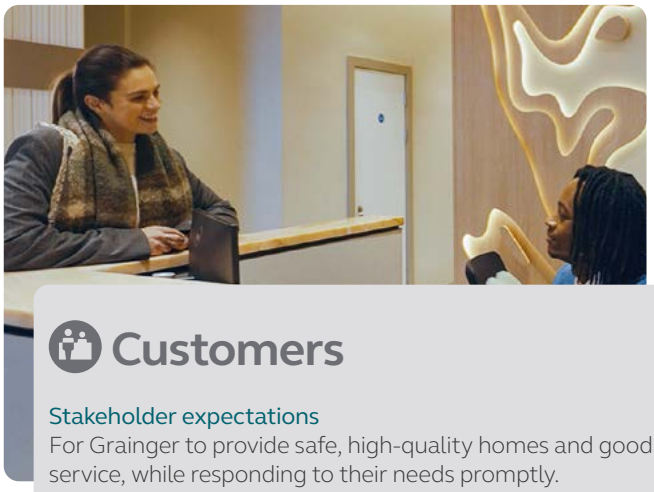
Key investor engagement events during the year are reported on page 75.

We ensure that we are both accessible and approachable and that we respond promptly to all queries.
We also engage in, and respond annually to, a range of sustainability benchmarks.

We actively participate with EPRA and Helen Gordon took over as Chair of EPRA in September 2026. Our participation in EPRA supports shareholders by promoting transparent, consistent and comparable reporting across the European listed real estate sector. This helps investors make more informed decisions, while enhancing the visibility of listed real estate companies and attracting global investment into the sector.

FY26 outcomes and examples
- Engaged with, and presented to, investors, analysts and prospective investors through one-to-one, group and virtual meetings.
- Engaged with five sales teams.
- Maintained strong market visibility, generating 52 pieces of analyst research coverage and achieving coverage from 11 analysts.
- Participated in 14 investor conferences and events to broaden investor engagement.
- Delivered a comprehensive investor relations programme, including two investor roadshows, two regional wealth manager roadshows, an investor breakfast roundtable and eight property tours.

Further information on our Shareholder engagement activities is included on page 75.



Customers

Stakeholder expectations
For Grainger to provide safe, high-quality homes and good service, while responding to their needs promptly.

Board activity
Receive reporting on our customer engagement insight programme.

Review and feedback on plans to improve customer engagement.

How we engage
Understanding our customers and their needs, and communicating effectively with them, is essential to providing the great homes and service that we aim to deliver.

Our customer insight programme provides us with this essential knowledge and is factored into the decisions we take, the buildings we create and how we operate.

We use multiple communication channels and methods to reflect the wide range of customers we have.

Our far-reaching Customer Experience Programme and Management Platform is designed to continually enhance and improve the Grainger rental experience for our customers. It includes bespoke customer service training for the entire business including our Executives, and automated workflows that ensure customer feedback is acted upon to continually improve the Grainger rental experience.

We have established Customer Commitments, and we defined our Customer Personas during the year, which supports how we deliver services to our customers.

FY26 outcomes and examples
- Resident engagement in customer-facing Live.Safe events, which focus on building safety awareness and resident engagement.
- Using a leading AI-powered customer experience management platform to review our customer feedback ensures we understand our customer issues and enables us to address them.
- Customer Net Promoter Score at +48 up 6 points on FY25.
- BTR average length of stay of 31 months.
- 91% of customers really like their home.



Local communities

Stakeholder expectations

For Grainger to act responsibly and make a positive impact on the local area, while listening to, and taking onboard, local views, preferences and concerns.

Board activity

Receive reporting on Grainger's engagement plans and actual events in local communities.

Consider Company supported charitable and social impact initiatives.

For more detail on how Grainger engaged with local communities, see page 39.

How we engage

Grainger seeks to develop thriving communities both within and around our buildings.

Our development activities will include conducting local engagement and consultation via events, meetings, and direct communications with the local community. Supporting communities local to our BTR homes is part of our Customer Experience Commitments and our Living a Greener Life campaign.

Where appropriate, we engage with local authorities and create partnerships to support local businesses and charities.

Our Residents Events Committee seeks to help residents build a community in their locations through organising activities and engaging with local community stakeholders.

FY26 outcomes and examples

- Each BTR site has in place Community Engagement Plans, which involve local stakeholders.
- Colleagues and customers support local charity partners through awareness raising, fundraising and volunteering.
- Continued to provide two homes for young people at risk of homelessness through the LandAid BTR Pathfinder.
- 616 residents and community events held throughout the year.
- Further enhanced and embedded Living a Greener Life customer and colleague engagement programme during the year.



Colleagues

Stakeholder expectations

For work to be fulfilling and rewarding. To be fairly treated, recognised and remunerated. To operate in a safe and comfortable environment, with learning and development opportunities.

Board activity

Monitor colleague engagement through the independent Best Companies survey.

Carol Hui is our designated Non-Executive Director for workforce engagement, and she hosts Voice of the Colleague meetings to gain insights into colleague views.

Receive updates on the Company's ED&I Strategy and receive reports on the activity of the ED&I Network.

Consider gender pay reporting for the business and any associated actions.

Engage with colleagues at office and site visits including 'Tea with the Board' events.

How we engage

Colleagues' experience at Grainger is critical to our continued success. We seek and listen to their feedback to shape our people initiatives.

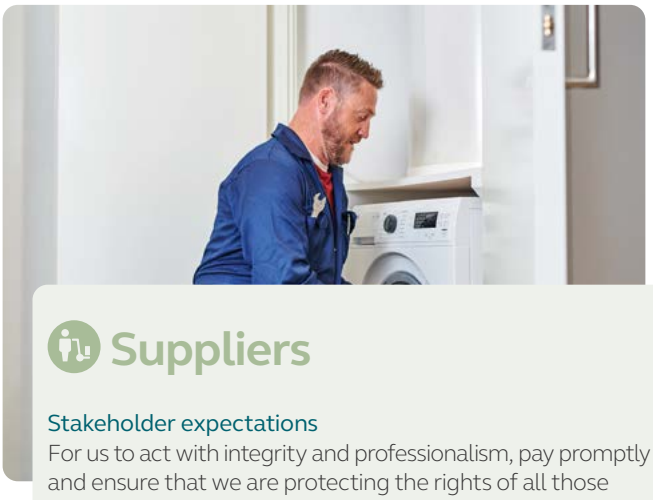
Our internal engagement programme includes surveys, CEO-led Company-wide calls, a weekly newsletter and our intranet.

Colleague events include campaigns organised by our colleague-led ED&I Network, social events and charity fundraisers.

FY26 outcomes and examples

- Colleague engagement in our annual H&S-focused Live.Safe campaign and engagement events.
- Achieved 1 star 'very good' rating in our annual independent employee survey in 2026, run by Best Companies and listed in the UK's Best Large Companies to Work For and Best Companies to Work For in the Housing Sector 2026.
- As part of our 'listening, learning and looking forward' initiative, in direct response to colleague feedback, an Executive Committee visibility programme was implemented, which involved members visiting sites and office locations.
- Strong colleague engagement reflected in high survey response rates and colleague-led roundtables.
- Records held for 94% of colleagues who have voluntarily shared their ED&I data.

Stakeholder engagement continued
How the Board understands and responds to the needs of our stakeholders continued



Suppliers

Stakeholder expectations
For us to act with integrity and professionalism, pay promptly and ensure that we are protecting the rights of all those employed through our supply chain.

Board activity
Receive reporting on our key suppliers (including repairs and maintenance).

Receive reporting on the Company's Supplier Code of Conduct and procurement arrangements.

How we engage
Our key suppliers and partners are carefully managed to deliver to agreed contracts, service levels and positive customer outcomes.

Segmentation of our critical suppliers ensures we adopt a risk-based approach to supplier onboarding and supplier management.

Our supplier selection process is supported by Once for All for our construction supply chain, and we will be implementing a due diligence approach for non-construction suppliers during FY27.

Proactive supplier management ensures regulatory compliance including H&S, modern slavery, anti-bribery and fraud prevention arrangements.

Further information on policies can be found at page 81 and on our website (corporate.graingerplc.co.uk).

FY26 outcomes and examples
- Considered the provision of services by our key repairs and maintenance supplier including monitoring the performance.
- Increased supply chain focus on issues including decarbonisation, human rights and modern slavery.
- Consistently paying suppliers within our standard 30 day terms.
- Regular supplier H&S audits completed, with four audits undertaken within the year.
- Launched the Key Supplier Code of Conduct.
- Engaged key suppliers in sustainability initiatives.
- Alongside our due diligence approach we will be ensuring our tier 1 and 2 suppliers have Cyber Essentials plus or above.



Government

Stakeholder expectations
For Grainger to lead the sector as a responsible employer and housing provider.

To support UK Government in delivering its objectives such as increasing provision of high-quality homes and meeting its net zero carbon ambitions.

Board activity
Receive reporting on Grainger's engagement with UK Government. Oversee Grainger's relationships with key local authority partners.

How we engage
As the UK's largest listed landlord, we take a front-footed, proactive approach to engagement with the Government, and the main opposition parties and other relevant public bodies, such as Homes England, Greater Manchester Combined Authority and the Greater London Authority.

We respond to relevant Government consultations and meet with Ministers, officials and politicians on important topics affecting our sector.

We take a thought leadership role and actively participate and contribute to our industry trade associations, RE:UK, BusinessLDN and others.

FY26 outcomes and examples
- Regular Board reports, updates and discussions relating to political engagements.
- Engaged heavily with policy makers, Members of Parliament, Government Ministers and Government Officials on reform of the private rented sector including in relation to implementation of the Renters' Rights Act.
- Provided insight to ministers and regulators through consultations on the planning system, emergency viability measures, and other proposed legislation.
- Provided policy makers with expert insight on how to stimulate housing supply and investment, and on areas impacting our business such as Property Taxation, Rental Affordability and delivery of New Towns.
- Briefed officials from MHCLG, HMT and the Office for Investment, as well as MPs and Peers on the benefits of BTR, supporting housing supply, and social housing viability.

Division of responsibility

Governance framework

Board

Responsible to the Shareholders for the long-term success of the Group, its strategy, purpose, values and governance. The Board defines the Company's purpose and sets the strategy to deliver it, underpinned by the values and behaviours that shape our culture and the way we conduct our business. It provides leadership of the Group and, either directly or by the operation of its Committees, applies independent judgement on matters of strategy, performance, operations, the overall approach to risk management and internal controls, resources (including key appointments), and culture and standards of behaviour.

Audit & Risk Committee

On behalf of the Board, responsible for overseeing the Company's financial statements and reporting including matters of significant judgement. Reviews the work of internal and external auditors. It also reviews the risk management framework and the integrity of the risk management and internal control systems.

Remuneration Committee

On behalf of the Board, responsible for determining the Directors' Remuneration Policy and level of reward for the Executive Directors and Senior Managers to align their interests with those of the Shareholders.

Responsible Business Committee

On behalf of the Board, oversees the development and implementation of strategies and policies in all areas of responsible business and sustainability including climate change, environmental, social, colleague engagement and ED&I.

Nominations Committee

On behalf of the Board, reviews the structure, size and composition of the Board and its Committees. Oversees succession planning for Directors and Executive Committee members. It leads the process for appointing Directors.

Executive Committee

This Committee operates under the direction and authority of the CEO. It makes key decisions on matters to ensure achievement of strategic plans, reviews strategic initiatives, ratifies executive decisions and considers key business risks. It is supported by other Committees, which each have specific focus areas. Each Oversight Committee has its own Terms of Reference which details its role and responsibilities and these are reviewed periodically.

Oversight Committees

Management Committee

Responsible for the day-to-day management of the business and ensuring our management is briefed on business activities and priorities.

Investment Committee

Reviews and approves material transactions, allocates investment capital and proposes investment hurdle rates for Board approval.

Finance Committee

Responsible for financial and technology matters across the Group, which include accounting, financial reporting, tax, treasury, corporate and commercial finance, procurement, sustainability and IT.

Operations Board

Responsible for executing operations strategy, performance management, risk management and governance across our operations and asset management activities.

Development Board

Responsible for the strategy implementation, performance management, risk management and governance in relation to our land and development activities.

Health & Safety Committee

Responsible for monitoring and reporting on H&S compliance, policy and auditing activities across the business.

Data Protection Committee

Responsible for maintaining and reporting on data protection compliance activities across the business.

Division of responsibility continued

Roles and responsibilities of our Directors



Chair
Non-Executive Director

Leads the Board and is responsible for its overall effectiveness in directing the Company. The Chair demonstrates objective judgement and promotes a culture of openness and debate. The Chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information.



CEO
Executive Director

The most senior Executive Director and responsible for proposing Company strategy and for delivering the strategy as directed by the Board. The CEO also has primary responsibility for setting an example to the Company's workforce and for communicating to them the expectations in respect of the Company's culture. She is responsible for supporting the Chair to make certain that appropriate standards of governance permeate through all parts of the organisation and ensures that the Board is made aware of views gathered via engagement between management and the workforce.

The CEO chairs the Executive Committee, the Management Committee, the Investment Committee and the Development Board.



CFO
Executive Director

Responsible for the financial stewardship of the Group's resources through compliance and good judgement. The CFO provides financial leadership in the implementation of the strategic business plan and alignment with financial objectives.

The CFO chairs the Finance Committee and Operations Board.



Senior Independent Director

Act as a sounding board for the Chair, providing them with support in the delivery of their objectives and leading the evaluation of the Chair on behalf of the other Directors.

The Senior Independent Director also serves as an intermediary for the other Directors where necessary and is responsible for the succession process for the Chair, working closely with the Nominations Committee.

The Senior Independent Director is available to meet Shareholders if they have concerns, and where contact through the normal channels has not resolved the issue or is inappropriate. The Senior Independent Director also leads the annual performance review of the Chair.







Non-Executive Directors

Responsible for providing independent and objective judgement and scrutiny to all matters before the Board and its Committees, using their substantial and wide-ranging skills, competence and experience. The Non-Executive Directors hold to account the performance of the Executive Directors and the Management Team against agreed performance objectives.

Non-Executive Directors devote sufficient time to discharge their responsibilities effectively and they receive timely, high-quality information sufficiently in advance of meetings to support them in carrying out their role.

Throughout the year, the Chair holds meetings with the Non-Executive Directors without the Executive Directors present. As part of the annual evaluation process, the Non-Executive Directors may meet without the Chair present.

Copies of the Letters of Appointment for the Non-Executive Directors and the Directors' Service Contracts for the Executive Directors are available from the Company Secretary and at the AGM.

The Group operates policies that record and support our governance arrangements and the following are subject to regular review and approval by the Board or a Committee. The policies are supported by colleague training, which is regularly updated and refreshed.

Policy	Summary
Matters Reserved for the Board	Details matters which are subject to Board approval.
Board Diversity	Relates to Board and Senior Management diversity.
ED&I	Grainger seeks an inclusive workplace promoting dignity and respect whilst eliminating discrimination, bullying, and harassment.
Share-dealing (UK MAR)	Governs colleague share-dealing including restrictions during closed periods or where the Company is in possession of inside information.
Competition	Looks to ensure consistent compliance with the Competition Act 1998 and related provisions. It is designed to: guard against breaches of competition law by identifying and mitigating risks; reduce exposure to severe consequences, including penalties and reputational harm; and establish a zero-tolerance position against anti-competitive practices.
Whistle-blowing	Enables colleagues and stakeholders to raise serious concerns about malpractice, wrongdoing, or dangers affecting others. Details arrangements for colleagues to raise concerns confidentially including by use of an independently operated hotline. Also details process of confidential investigation and zero tolerance policy on retribution.
Anti-Slavery and Human Trafficking Policy	Confirms that Grainger has a zero-tolerance approach to breaches of all laws and regulations relevant to our business; we are therefore committed to ensuring modern slavery, in any form, is not taking place within our own business or in any of our supply chains. We are committed to acting ethically and with integrity in all our business activities and relationships.
Health & Safety Policy	States Grainger's commitment to ensure health and safety at work, and in our customers' homes, are paramount across all business operations, and that effective health and safety management actively contributes to our ongoing success.
Tax	Confirms that Grainger seeks to maintain its 'low-risk' status with HMRC. The policy also confirms that, should any tax planning be undertaken, this must demonstrate commercial rationale, good governance, positive reputational impact and must not be contrary to the intensions of parliament when the legislation was enacted.
Anti-Financial Crime	Establishes a zero-tolerance approach to financial crime prevention. Key requirements include conducting risk assessments, implementing robust governance and internal controls, and mandatory annual e-learning training for all staff.
Information Security	Establishes a comprehensive framework to preserve confidentiality, integrity, and availability of physical and electronic information assets.

Nominations Committee Report

Code principle: composition, succession and evaluation



Membership and attendance

During the year, the Committee met twice. Set out on page 71 are details of attendance at these meetings.

The Committee's members as at the date of this Report are:

Simon Fraser – Chair, Carol Hui, Fiona Muldoon, Janette Bell, Michael Brodtman.

During the year, Mark Clare was Chair of the Committee until he retired from the Board in February 2026. Justin Read was also a member of the Committee until he retired from the Board in 2026. Their attendance at the meetings is also included at page 71.

Dear Shareholders,

I am pleased to present the Nominations Committee Report for FY26, which details the main activities that we undertook during the year.

The Nominations Committee plays a fundamental role in ensuring that appointments to the Board are subject to a formal, rigorous and transparent procedure, and that an effective succession plan for Board and Senior Management is maintained. The Committee is also responsible for succession planning, and monitors talent development at Senior Management level.

The Committee monitors the structure, size and composition (including the skills, experience, independence, diversity, knowledge and length of service) of the Board as a whole and of its Committees, with any changes recommended to the Board for its review and decision.

During the year, the Committee, led by me, conducted a formal process for the appointment of the Senior Independent Director and Chair of the Audit & Risk Committee to replace Justin Read. This resulted in our announcement on 14 April 2026 of the appointment of Fiona Muldoon to the Board as a Non-Executive Director.

Fiona took on the roles of Senior Independent Director and Chair of the Audit & Risk Committee when Justin retired from the Board in June 2026 and will stand for election at the 2027 AGM.

I was appointed to the Board as Chair Designate in October 2025, and I became Chair at the end of the 2026 AGM when Mark Clare retired from the Board.

This section of our Report details the key duties of the Committee and how it has discharged its responsibilities during the year.

Simon Fraser
Chair of the Nominations Committee

18 November 2026

Committee's role and responsibilities

The Committee's role and responsibilities are set out in its Terms of Reference, which can be found on our website: corporate.graingerplc.co.uk, and these include:

- **Board composition:** regularly review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the Board, considering length of service of the Board as a whole and looking for membership to be regularly refreshed.
- **Succession planning:** ensure effective succession planning for the Board, its Committees and Senior Management.
- **Appointments to the Board:** identify and nominate, for the approval of the Board, candidates to fill Board vacancies, and ensure that appointments to the Board are subject to a formal, rigorous and transparent procedure.
- **Promote Equality, Diversity and Inclusion:** ensure that appointments and succession plans are based on merit and objective criteria and promote diversity of gender, social and ethnic backgrounds as well as cognitive and personal strengths, and work closely with the Responsible Business Committee with regard to the Group's wider ED&I strategy and agenda. The Committee also reviews the Company's policy on diversity and inclusion and associated objectives.
- **Induction and training:** ensure new Directors undertake an appropriate induction programme and review training requirements for the Board as a whole.
- **Board Performance Review:** support the Chair with the annual Board and Committee performance review process.

Committee membership

It is our policy that all Non-Executive Directors are members of all of our Board Committees, save that in accordance with the Code, the Chair is not a member of the Audit & Risk Committee.

Our practice reflects that we have a small Board and we consider that this arrangement provides each of the Non-Executive Directors with good visibility across Grainger's activities.

Terms of Reference

The Committee's Terms of Reference are reviewed each year by the Committee and recommended to the Board for approval. During the year, we assessed and confirmed our compliance with our Terms of Reference and we also undertook the annual review of our Terms of Reference. The Committee Terms of Reference are published on our website (corporate.graingerplc.co.uk).

Meetings

The Committee's main work follows a structured programme of activity agreed at the start of the year. Attendance at the meetings is set out on page 71.

See below for a list of the Committee's areas of focus during the year.

Invitations to attend meetings

The CEO and Director of HR are invited to attend meetings during the year to support the Committee with its deliberations. The Company Secretary acts as secretary to the Committee.

FY26 key activities

November 2025

- Executive Director and Senior Management succession planning
- Non-Executive Director succession planning
- Board composition review including NED skills, expertise, experience and time commitment
- Board and Committee FY25 evaluation actions monitoring
- Review of director training requirements

May 2026

- Senior Management talent review
- Board composition review
- Board and Committees FY25 evaluation actions monitoring and reviewing arrangements for the FY26 review
- Annual Terms of Reference review

Board performance review

Due to significant Board leadership changes during FY26, including the appointment of Simon Fraser as Chair and Fiona Muldoon as Senior Independent Director and Audit & Risk Committee Chair, the Board decided to defer its next externally facilitated evaluation to FY27. Please see page 85 for more information.

FY23	FY24	FY25	FY26	FY27
Externally facilitated evaluation	Internal evaluation	Internal evaluation	Internal performance review	Externally facilitated performance review

Review FY26 key findings

The Board operates effectively, with positive feedback on strategic oversight, governance, stakeholder engagement, succession planning, culture and sustainability.

FY26 principal recommendations

- Continue to focus on the delivery of shareholder return, long-term value and growth opportunities.
- Continue arrangements for Board dinner discussions as they support strategic discussions.
- Identify and plan opportunities for the Board to meet and receive feedback from individuals identified as emerging and rising talent.
- Continue to review Board and Committee reporting to support the Directors' oversight of strategic and business objectives.
- Continue to explore the opportunities presented by AI, alongside the associated risks, governance considerations and Board oversight requirements.

Nominations Committee Report continued

Each year the Directors monitor completion of the recommendations arising from each review. The FY25 principal recommendations, which are listed below, were all actioned and completed in the year.

FY25 recommendation	Actions in FY26
Enhance inter-meeting reporting of significant matters to the Board.	The Directors receive reporting on performance and strategic matters in between scheduled Board meetings.
Develop direct Board-customer engagement strategies and review complaints monitoring.	The Operations Team have developed Customer Personas, which were presented to the Strategy meeting and the Board receives regular reporting from the Director of Customer Experience, including the annual NPS presentation.
Conduct Senior Independent Director succession planning during the year ahead.	Process undertaken which led to the appointment of Fiona Muldoon in April 2026.
Schedule topics (e.g. emerging risks) as a dedicated Board Dinner Discussion topic.	Emerging risks discussed in June 2026.
Consider extending selected meetings, as required to allow for additional time to support deep dive discussions.	Process in place and factored into our meeting planning.

Time commitment

On behalf of the Board, the Nominations Committee monitors the external commitments of the Chair and each of the Non-Executive Directors. We are satisfied that each Non-Executive Director is able to devote sufficient time to Grainger. The Board and Committee performance review process in FY26 confirmed that, during the year, each Director committed enough time to be able to fulfil their duties and has capacity to continue doing so.

Board composition, independence and review

At the end of FY26, the Board's composition included a Non-Executive Chair, two Executive Directors and four independent Non-Executive Directors.

On 1 October 2025, Simon Fraser joined the Board as Chair Designate and he was appointed Chair with effect from the close of the AGM on 4 February 2026. Simon was assessed by the Board to be independent prior to his appointment.

On 15 April 2026, Fiona Muldoon joined the Board as a Non-Executive Director and took over as Senior Independent Director and Chair of the Audit & Risk Committee on 18 June 2026.

Non-Executive independence

The Board considers Non-Executive Director independence annually as part of the Board and Committee performance review exercise. The exercise takes into account each individual's professional characteristics, their behaviour at Board meetings, and their contribution to unbiased and independent debate.

The Board considers that all of the Non-Executive Directors are independent, as defined by the Code.

Balance of knowledge, skills and experience

We have a high-calibre and diverse Board, which is made up of a majority of independent Non-Executive Directors. Our Board has the relevant skills, experience, expertise and capabilities together with a clear track record setting and overseeing the successful delivery of our strategy. Across our Board we have significant expertise in real estate including REITs, property development, surveying and valuations, as well as broader expertise in technology and data analytics, finance, capital markets, business transformation, operations, sales and marketing, sustainability, risk, governance, and the listed company environment.

Our Board composition is balanced and includes four female Directors, including our CEO, Senior Independent Director as well as the Chairs of the Remuneration and Responsible Business Committees and we have one ethnic minority Director. We have a mix of tenures, which ensures we benefit from Directors who know and understand the business as well as those bringing new perspectives and ideas.

Diversity

The Directors are committed to promoting diversity on the Board, the Executive Committee, within Senior Management as well as within our wider workforce. Set out in the table on page 85 is our diversity reporting as required by Listing Rule LR 6.6 for FY26.

With regard to the Board and the Executive Committee, the Board has adopted a Diversity Policy, which illustrates our commitment to both the FTSE Women Leaders Review and the Parker Review. It includes gender and ethnicity targets for the Board and it was reviewed and approved during the year. In line with the Parker Review, we have also adopted an ethnicity target for Senior Management.

When recruiting to the Board, we ensure the search agencies we use are signed up to the Voluntary Code of Conduct for Executive Search Firms and we instruct them to provide us with a diverse range of candidates. For details of the search, which led to the appointment of Fiona Muldoon, see page 86.

All appointments to the Board are made on merit, and within this context the Directors will continue to promote diversity. As at 30 September 2026, female representation on the Board was at 57%, which exceeds the 40% target recommended by the FTSE Women Leaders Review. Our objective for the Board's composition is to comply with targets set by both the FTSE Women Leaders Review and the Parker Review.

The Board is also mindful of the Parker Review regarding ethnic diversity on UK boards that was published in 2017. The Review recommends that each FTSE 250 board should have at least one ethnic minority director by 2024. The Board has met this recommendation since October 2021.

The responsibility for monitoring ED&I across Grainger's wider colleague population rests with the Responsible Business Committee. For details on their activities in this area, see pages 87 to 89.

Board performance review

During FY26, the Board underwent a number of changes in key roles: (a) Simon Fraser took over as Non-Executive Chair from Mark Clare in February 2026; and (b) Fiona Muldoon took over as Senior Independent Director and Chair of the Audit & Risk Committee from Justin Read in June 2026.

Taking into account these changes, the Directors determined that it would be better to defer the externally facilitated performance review into FY27 to ensure the Board has had a period of time operating with the revised composition before engaging with an externally facilitated process.

Accordingly, we have undertaken an internally facilitated process in FY26, which involved the use of a questionnaire in line with our usual approach. We issued the detailed questionnaires to all Board members, collated the feedback and created an action list of suggested improvements. Justin Read, as the Senior Independent Director, led the review of the Chair. The key findings from the FY26 review are detailed on pages 83 to 84, together with reporting on the completion of the recommendations arising from the FY25 review.

Process for Board appointments

The Nominations Committee will, taking into account the structure, size and composition (including skills, experience, independence, knowledge and diversity) of the Board, produce a specification of the personal attributes, experience and capabilities required to perform the relevant appointment.

Gender and ethnicity diversity data (as at 30 September 2026)

	Board		Senior positions on the Board[1]		Executive Committee[2]	
	Number	%	Number	%	Number	%
Gender						
Men	3	43	2	50	4	57
Women	4	57	2	50	3	43
Other	–	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–	–
Total	7	100	4	100	7	100
Ethnicity						
White British/White Other	6	86	4	100	6	86
Mixed/Multiple Ethnic Group	–	–	–	–	–	–
Asian/Asian British	1	14	–	–	1	14
Black/African/Caribbean/Black British	–	–	–	–	–	–
Other Ethnic Group	–	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–	–
Total	7	100	4	100	7	100

Notes:
1. CEO, CFO, Chair, SID.
2. Executive Committee excludes CEO and CFO.

Nominations Committee Report continued

In circumstances where external recruitment or benchmarking of an internal candidate is appropriate, an independent external search consultancy will be engaged to support the process. A recommendation is then made to the Board concerning the appointment of any Director. The Committee also supports the Board in the appointment of the Company Secretary.

During the year, the Committee, led by me, undertook a process ahead of recommending to the Board the appointment of a new Senior Independent Director and Chair of the Audit & Risk Committee, to replace Justin Read. This resulted in the appointment of Fiona Muldoon.

Prior to her appointment, Fiona had been assessed to be independent (as defined by the Code) and she will stand for election at the 2027 AGM.

Justin Read attended Board and Committee meetings, which related to his succession but did not participate in the decision-making.

The Committee was assisted by Lygon on the selection and appointment of Fiona Muldoon. Lygon follows the Voluntary Code of Conduct for Executive Search Firms, which lays out steps for search firms to follow across the search process. During the search, Lygon ensured that the Board considered a diverse range of candidates.

Induction and professional development

The Directors receive reporting, training and updates during the year, which support them in their role. This includes Group updates, market developments, legal and regulatory requirements (including updates to the legislative landscape) and changes to accounting requirements.

New Board members are also provided with a comprehensive induction programme and plans were created for both Simon Fraser and Fiona Muldoon, which have been completed during the year. Individual Directors also identify their own training needs to ensure they are adequately informed about the Group and their responsibilities as a Director.

The annual performance review process provides the Board with confidence that all of the Directors have the knowledge, ability, skills and experience to perform the functions required of a director of a listed company.

Election and re-election of Directors

In accordance with the Company's Articles of Association and the Code, all Directors are required to stand for election or re-election by shareholders on an annual basis. Accordingly, all Directors will stand for election or re-election at the 2027 AGM. The Board recommends that all Directors standing for election or re-election are elected or re-elected. Details of the Directors standing for election/re-election are set out on pages 64 and 65 of this Report and the resolutions will be included in the 2027 AGM Notice.

Access to independent advice

All Directors have access to the advice and services of the Group General Counsel and Company Secretary, who ensures we follow our governance processes and maintain high corporate governance standards. Any Director who considers it appropriate may also take independent, professional advice at the Company's expense.

Executive Committee and Senior Management succession planning

During the year, the Committee received presentations in relation to our succession plans for our Executive Committee and Senior Managers and related retention strategies. A number of senior appointments and promotions were made during the year, including Deputy CFO, Director of HR, Chief Information Officer, H&S Director and Deputy Company Secretary.

The Committee also received presentations in relation to the Company's wider talent management initiatives, which seek to identify and prepare future leaders of the business and support them in developing and progressing their careers at Grainger. This includes putting in place learning opportunities and interventions, which add the most value, including external coaching.

Simon Fraser
Chair of the Nominations Committee

18 November 2026

Responsible Business Committee Report



Membership and attendance

During the year, the Committee met twice. Set out on page 71 are details of attendance at these meetings.

The Committee's members as at the date of this Report are:

Carol Hui – Chair, Fiona Muldoon, Janette Bell, Michael Brodtman, Simon Fraser.

During the year, Mark Clare and Justin Read were also members until they retired from the Board. Their attendance at the meetings is also included on page 71.

Dear Shareholders,

I am pleased to present the Responsible Business Committee's report for 2026. During the year, the Committee continued to provide focused oversight of the responsible business matters that are important to Grainger's long-term success, including progress against our Net Zero Transition Plan, our engagement with colleagues and communities, and our approach to ED&I.

Our focus has been not only on monitoring progress against our commitments, but also on understanding the changing external environment, the associated risks and opportunities, and how these are being managed across the business.

I was particularly pleased to see the continued progress being made against our sustainability objectives and the constructive engagement with colleagues through Voice of the Colleague.



The Committee has also continued to keep the evolving sustainability reporting and regulatory landscape under review.

This section of our Report sets out our principal activities during the year and the areas on which we have focused our oversight.

Carol Hui OBE
Chair of the Responsible Business Committee

18 November 2026

Key responsibilities

The key responsibilities of the Committee include:

- Agreeing and measuring progress against the Company's sustainability strategy, commitments and targets.
- Overseeing and monitoring the development and implementation of the Company's Net Zero Carbon Transition Plan.
- Monitoring the areas and activities likely to impact Grainger's performance and reputation as a responsible business.
- Reviewing and approving responsible business-related policies and disclosures.
- Monitoring stakeholder engagement on relevant issues.
- Gathering and considering the views of the workforce through our Voice of the Colleague sessions.
- Monitoring the development and implementation of the Company's ED&I strategy, plans and commitments.
- Monitoring charitable, social impact and colleague volunteering activities.
- Supporting the Audit & Risk Committee in reviewing responsible business-related risks and controls, and the Remuneration Committee in setting responsible business-related Group objectives and approving the LTIP scoring in relation to these.

Responsible Business Committee Report continued

Key focus areas during FY26

During the year, the Committee received reports from Management and updates from colleagues across Grainger's business on topics including progress towards our Net Zero Transition Plan and science-based targets, community engagement, the corporate charity partnership and ED&I. The Committee also received my reports following the two roundtable Voice of the Colleague events that I conducted to gather feedback from colleagues.

The Board also visited Grainger's London and Newcastle offices to meet with office-based colleagues as part of our annual meetings over 'Tea with the Board'.

KPMG attended one of our meetings to present on the new Sustainability Reporting Standards.

Key activities

March 2026

- Monitored ESG objectives including sustainability regulatory requirements and the impact of government policy
- Net Zero Transition Plan progress updates
- Reviewed the external sustainability environment including:
  - stakeholder engagements;
  - regulatory environment;
  - external assessments and benchmark reporting; and
  - ESG and People risk review.
- Received the People update including:
  - Voice of the Colleague session feedback; and
  - ED&I update.
- Received the social impact and charity update

September 2026

- Received a presentation on the new Sustainability Reporting Standards
- Received a Net Zero Carbon update
- Considered sustainability-related objectives for inclusion in the LTIP award to be granted in December 2026
- Received the People update including:
  - Voice of the Colleague session feedback; and
  - ED&I update.
- Received the social impact and charity update
- Received governance reporting including:
  - Terms of Reference compliance in 2026 and approved updates to the Terms of Reference in 2027;
  - stakeholder engagements;
  - external assessments and benchmark reporting;
  - year-end reporting preparation;
  - sustainability risk review; and
  - regulatory updates including Minimum Energy Efficiency Standards update.

The full terms of reference for the Committee are available on our website at (corporate.graingerplc.co.uk).

For more information on our sustainability work, please refer to page 35 onwards.

Terms of Reference

The Committee's Terms of Reference are reviewed each year by the Committee and recommended to the Board for approval. We assessed our compliance with our Terms of Reference during the year, and we updated our Terms of Reference to clarify that the Committee's oversight activities are on behalf of the Board, which has ultimate oversight of our sustainability programme. The Committee's Terms of Reference are published on our website (corporate.graingerplc.co.uk).

Meetings

The Committee's main work follows a structured programme of activity agreed at the start of the year. Attendance at the meetings is set out on page 71.

See above for a list of the Committee's areas of focus during the year.

Invitations to attend meetings

There is a standing invitation to the Executive Directors, who attend all the Committee's meetings during the year. The Company Secretary acts as secretary to the Committee and the Deputy CFO, Director of HR, the Head of Sustainability and the Chair of the ED&I Network also attend meetings of the Committee to present specific topics.

Sustainability progress

The Committee assessed progress against the Group's FY26 sustainability objectives (see page 99 in the Directors' Remuneration Report) and workstreams in support of the business's long-term sustainability commitments (see the Sustainability Report). The Committee also received reporting on our stakeholder engagement activities (see our Stakeholder engagement reporting which begins at page 73).

Net Zero Transition Plan

The Committee reviewed the Net Zero Transition Plan, which was updated in the year to align to best practice guidance. The Committee was pleased to note the strong progress towards achievement of the science-based emissions reduction target, which was validated by the SBTi in 2025. The Committee was also updated on progress on the Company's engagement with policy makers, including in relation to EPC reform and plans for future compliance with Minimum Energy Efficiency Standards, which demonstrate effective management of a key potential transition risk.

Community and social impact

The Committee continues to enjoy hearing about the diverse charitable and community engagement activities that have taken place across Grainger's property portfolio and offices. In particular, the Committee was pleased to see the progress made in integrating the Company's corporate and operational charitable activities with strong participation from colleagues across the business in fundraising and volunteering initiatives. This year, the Company continued with LandAid as our charity partner and a number of colleagues participated in their annual SleepOut event.

ED&I

On behalf of the Board, the Committee oversees our ED&I arrangements. ED&I sits at the heart of our People Strategy, building an inclusive culture that celebrates the unique strengths each colleague brings.

The ED&I Network delivered a calendar of events and awareness sessions relating to ED&I as well as wellbeing initiatives, which were shaped by colleague feedback.

Following the launch of our first ED&I data questionnaire in 2022, we have since issued it for a fifth year and we now hold diversity data for 94% of our colleagues.

Once again, we received positive feedback from colleagues who previously participated in our internal mentoring programme as mentors and mentees. Recognising the value it brings to supporting colleagues' professional growth and development, we launched our fifth cohort in 2026.



Colleagues litter picking in Newcastle

Voice of the Colleague

As Grainger's designated Non-Executive Director for Workforce Engagement, I lead our Voice of the Colleague programme. During the year, I held two roundtable events, one in London and one virtual. These were attended by colleagues in a range of different roles and in different regions. Our approach is to empower colleagues to speak up and share their feedback on our culture at Grainger, what they like best about working at Grainger and what they would like to see us improve on. Following the sessions the feedback is provided to the Executive Team and actions are put into place, this has included our approach to cultural awareness, careers at Grainger and further opportunities for cross-team collaboration.

The Committee welcomed management's response to the themes raised through Voice of the Colleague and the wider colleague engagement survey. Actions during the year included measures to increase Executive Committee visibility, strengthen cross-business communication and collaboration, and respond to colleague feedback on career development and ways of working. The Committee will continue to monitor progress and the effectiveness of these actions.

Carol Hui OBE
Chair of the Responsible Business Committee

18 November 2026

Audit & Risk Committee Report

Code principle: audit, risk and internal control



Membership and attendance

During the year, the Committee met four times.
Set out on page 71 are details of attendance at these meetings.

The Committee's members as at the date of this Report are:

Fiona Muldoon - Chair, Carol Hui,
Janette Bell, Michael Brodtman.

During the year, Justin Read was Chair of the Committee until he retired from the Board in June 2026. Simon Fraser was also a member of the Committee until February 2026 when he was appointed Chair of the Board. Their attendance at the meetings is also included at page 71.

Dear Shareholders,

I am pleased to present the Audit & Risk Committee Report for FY26. I took over as Chair of the Committee in June 2026, replacing Justin Read who retired from the Board in June 2026. On behalf of the Committee, I want to thank Justin for his significant contribution to the effectiveness of the Committee.

The Committee's role in the Group remains critical given the continued macroeconomic and geopolitical uncertainty. Its role includes supporting the Board in risk management, internal controls and financial reporting, which this year included monitoring our plans for compliance with Provision 29 of the Code.

The Committee members are all independent Non-Executive Directors and in line with the Code, the Chair of the Board is not a member.

This section of the Report provides an overview of the significant issues the Committee has considered, and its assessment of this Report as a whole, including how we have reviewed the narrative reporting to ensure it is an accurate reflection of the financial statements.

Terms of Reference

Each year, the Committee considers its Terms of Reference, taking into account both changes within Grainger and to external governance requirements, including the Code. During the year, we reviewed our Terms of Reference and confirmed that they continue to align with the Code. We also assessed the Committee's compliance with our existing Terms of Reference and confirmed that we have discharged our role and responsibilities as set out therein.

Governance

We continue to monitor and review developments in corporate governance to ensure that our audit and assurance arrangements continue to operate in line with best practice.

Risk and internal controls

Oversight of the Company's risk and control framework is a key responsibility of the Committee and this year we have continued to ensure that risks are appropriately identified, assessed and mitigated through regular risk reviews (including deep dives of specific risks) and reporting on risk and internal controls.

A risk activities plan for the year was developed to assist the Committee in discharging its duties. Our principal risks and uncertainties were reviewed during the year, and our programme of risk deep dives included reviewing risk appetite statements. We also reviewed and approved the Risk Management Policy.

The Company operates within defined processes and risk and control matrixes which are owned by the relevant business area. The Committee receives regular reporting on any control issues that have arisen in addition to the assurance received through the work of our co-sourced Internal Audit team led by our PwC partner.

For further details of the risk management framework, principal risks and uncertainties and key mitigations, see pages 56 to 59.

Preparing for Provision 29 material controls declaration

The Code places increased emphasis on the Board's responsibility for establishing and maintaining an effective risk management and internal control framework, including an annual evidence-based review of the effectiveness of material controls and a formal declaration in the Annual Report from FY27.

The Committee, on behalf of the Board, has during the year, monitored Management's structured programme of work to ensure we are prepared for this future declaration.

This work started in FY24 and continued during FY26. Key elements of the programme include:

- reviewing our principal risks and uncertainties to support the definition and identification of what we consider to be the material controls relevant to Provision 29;
- roll out of an attestation and testing regime, which provides assurance over the operation of those material controls; and
- completion of a dry-run assessment of the Company's material controls framework, which was reviewed by the Committee.

Our work has been phased, with this initial focus on financial controls followed by non-financial controls. There has been regular reporting to the Committee and ahead of our first declaration in relation to FY27, we will continue to develop and operate the programme and monitor the operation of our controls through the established attestation process.



Glasshouse Square, Bristol

Significant matters relating to the Group's 2026 financial statements

The most significant matters considered by the Committee and discussed with the External Auditor in relation to the Group's FY26 financial statements are detailed within the Independent Auditor's Report at page 117 and are summarised in the table below:

Significant matter	
Valuation of investment properties	Overstatement or understatement of valuation of investment properties due to the judgemental nature of inputs to the estimates.
Management override of controls	Fraud risk related to management override of controls may occur.

Financial statements

One of the Committee's other key responsibilities carried out during the year, is to ensure the Group's published financial statements show a true and fair view and are consistent with accounting and governance requirements.

The going concern and viability statements were reviewed closely, supported by financial modelling and scenario analysis, and the resilience of the business continues to be evident in this review. In addition, we have concentrated on the fair, balanced, and understandable reporting requirements for the Report supported by papers from the CFO and his Finance Team, and by the independent work of our Internal and External Auditors.

We received regular updates on forthcoming changes to reporting requirements and how management is preparing for those that impact Grainger's Annual Report and Accounts, in particular preparations for the introduction of IFRS 18, which will first be applied in our FY28 financial statements.

We welcome the UK Government's plans to modernise and simplify corporate reporting, and we are closely monitoring the proposals and will continue to do so during FY27.

External Auditors

KPMG LLP (KPMG) have continued as the Company's External Auditor and the team led by Craig Steven-Jennings engages constructively with Management and the Committee. The Committee conducts an audit effectiveness review annually, including reviews of FRC reports on audit firm performance, in order to gain assurance and has concluded consistently that KPMG provide an effective audit with an appropriate level of independence. Accordingly, we are recommending the re-appointment of KPMG at the 2027 AGM.

I believe that our regular constructive challenge and engagement with Management, the External Auditor and the Internal Auditor and their teams, together with the timely receipt of high-quality reports and information from them, has enabled the Committee to discharge its duties and responsibilities effectively.

Fiona Muldoon
Chair of the Audit & Risk Committee

18 November 2026

Audit & Risk Committee Report continued

Key responsibilities

The Committee's role and responsibilities include; financial reporting, narrative reporting, whistleblowing and fraud, internal control and risk management systems, Internal Audit and External Audit. These are set out in its Terms of Reference, which can be found on our corporate website: corporate.graingerplc.co.uk, and these include the following matters, which the Board has delegated authority to the Committee to oversee and review.

- Group's financial reporting process, including the classification of other adjustments.
- System of internal controls and the management of risks.
- Whistleblowing policy, arrangements and reporting.
- Tax and treasury policy.
- Internal and external audit process and relationship with the auditors.
- Company's process for monitoring compliance with applicable laws and external regulations including the prevention of fraud arrangements.

Ultimate responsibility for our financial reporting, compliance with laws and regulations and risk management rests with the Board, to which the Committee reports regularly.

The Board has determined that Fiona Muldoon has recent and relevant financial experience as required by the Code. Please refer to pages 64 and 65 for skills and experience of the Directors and page 82 for the Nominations Committee Report, which includes our reporting on Board and Committee composition, skills and expertise.

Meetings

The Committee's main work follows a structured programme of activity agreed at the start of the year. Attendance at the meetings is set out on page 71.

See below for a list of the Committee's areas of focus during the year.

Invitations to attend meetings

In accordance with Provision 24 of the Code, the Chair of the Board is not a member of the Committee, although there is a standing invitation to both the Chair and the Executive Directors to attend all of the Committee's meetings during the year.

The Company Secretary acts as secretary to the Committee, and the Deputy CFO, the Group Financial Controller and Risk Manager together with representatives of the Internal and External Auditors also attend meetings. The External Auditor also met with the Non-Executive Directors during the year without the Executive Directors present. The Company's property valuers also attend some of the Committee meetings to explain their methodology, processes and conclusions directly during the year.

Key activities

November 2025

Valuations

- Received presentations from the independent external valuers of Grainger's reversionary and market rented assets.

Internal control & risk

- Received Internal Audit reporting including reports relating to cyber security. The risk deep dive plan and updated risk appetite statement were also approved.

Reporting

- Received reports on, and considered matters relating to, FY25, including:
  - the effectiveness of the Company's internal controls;
  - Management's summary of the Company's key accounting positions and judgements;
  - Management's assessment of going concern and viability;
  - the External Auditor's year-end audit report;
  - the draft Annual Report and Accounts 2025 and the related announcement (including recommending the drafts to the Board for approval); and
  - considered KPMG's independence.

February 2026

Internal controls & risk

- Received Internal Audit reports on asset onboarding and net zero reporting.
- Received reporting on the planning of deep dives of principal risks and uncertainties during the year, which it was agreed would include a detailed review of risk appetite.
- Received internal controls report including an update on the Company's planning for Provision 29 (material controls).
- Reviewed a physical climate risk assessment.
- Received the post-completion review in relation to the BTR asset at The Mint.
- Reviewed the Company's whistleblowing policy and reporting in order to assess its effectiveness on behalf of the Board.
- Reviewed and approved the Company's updated tax policy.

Audit

- Assessed and confirmed to the Board the effectiveness of the Internal Audit and External Audit arrangements.
- Considered the External Auditor's plan for the review of the 2026 half-year results.

May 2026

Valuations

Received presentations from the independent external valuers of Grainger's reversionary and market rented assets ahead of the release of the Company's half-year results.

Reporting

- Reviewed the outcome of the FRC's review of the 2025 Report.
- Received reports on, and considered matters relating to, the 2026 half year, including:
  - Management's review of accounting policies and any changes to the applicable standards;
  - going concern review;
  - review of the principal risks and uncertainties;
  - KPMG's 2026 half-year report; and
  - a review of the draft half-year financial statements and the related announcement (including recommending the drafts to the Board for approval).

Internal control & risk

- Received Internal Audit reports including in relation to Building Safety Act, site acquisitions, and audits of BTR sites.
- Received the post-completion reviews in relation to BTR assets.
- Received reporting on the deep dives of the Cyber and information security and Development principal risks.
- Received a climate risk review.
- Reviewed the risk management policy and risk appetite.
- Reviewed whistleblowing arrangements.
- Received the internal controls report.

September 2026

Internal control & risk

- Received Internal Audit reports including the audits of our financial controls, Grainger Trust specific audits, H&S, Renters' Rights Act implementation and BTR site audits.
- Received reporting on the progress against the FY26 Internal Audit plan as well as approving the FY27 Internal Audit plan.
- Received the annual report on compliance including reporting relating to training arrangements, ECCTA, tax evasion, data protection, whistleblowing, modern slavery, anti-bribery and corruption, fraud and financial crime, and UK MAR.
- Received a risk report, which included updates to the principal risks and uncertainties, the review of emerging and evolving risks as well as the deep dive on the Customer Experience risk.
- Received reporting on Provision 29 (material controls).
- Received a post-completion review in relation to a BTR asset.

Reporting

- Received KPMG's reporting including:
  - the 2026 year-end audit and reporting plan and strategy; and
  - review of the non-audit fee and work and the assessment of their independence.
- Considered the 2026 draft going concern and viability statements and related analysis.
- Considered KPMG's audit strategy memorandum and engagement regarding the audit for FY26.

Governance

- Reviewed the Committee's compliance with its Terms of Reference in 2026.
- Approved updates to the Committee's Terms of Reference effective 1 October 2026 and recommended the same to the Board for approval.
- At the end of each meeting, the Committee will consider items for inclusion in the next scheduled meeting and the Non-Executive Directors will meet with Internal Auditor and/or External Auditor without the Executive Directors.

Audit & Risk Committee Report continued

Whistleblowing

Our whistleblowing arrangements form part of our internal controls.

On behalf of the Board, the Audit & Risk Committee monitors our whistleblowing arrangements ensuring that colleagues are able to raise any matter of concern.

Our risk culture promotes open communication, and we have in place whistleblowing arrangements, which include an externally provided whistleblowing hotline that our colleagues can use anonymously if they do not wish to use our other internal processes to raise concerns. Our whistleblowing policy and arrangements are reviewed annually. The policy was updated this year to address the new requirements relating to harassment.

Whistleblowing reports are kept confidential, and we will investigate all reports. We also have a zero-tolerance policy for any retaliation arising from a whistleblowing report. Our whistleblowing arrangements also include training, which is completed by all colleagues plus regular reminders and awareness campaigns.

We are monitoring the UK Government's review of the whistleblowing framework in the Employment Rights Act 1996 and the options for reform and we will update our arrangements to ensure continued compliance with our legal requirements and best practice.

Fair, balanced and understandable

The Committee has reviewed whether this Report (taken as a whole) is fair, balanced and understandable, and whether it provides the necessary information to Shareholders to assess the Group's position and performance, business model and strategy. The Committee, and following the recommendation of the Committee, the Board, were satisfied that, taken as a whole, the Report is fair, balanced and understandable.

Going concern and financial viability

The Committee reviewed the appropriateness of adopting the going concern basis of accounting in preparing the full-year financial statements and assessed whether the business was viable, including a review of principal risks and uncertainties, in accordance with the requirements of the Code. The Group's viability statement is on page 60.

External Auditor objectivity and independence

The objectivity and independence of the External Auditor are critical to the integrity of the Group's audit. During the year, the Committee reviewed the External Auditor's own policies and procedures for safeguarding its objectivity and independence.

On three occasions during the year, the Audit Engagement Partner made representations to the Committee as to the External Auditor's independence. This also confirmed that KPMG's reward and remuneration structure includes no incentives for the audit partner to cross-sell non-audit services to audit clients. KPMG duly applies the requirement to rotate audit partners every five years. Craig Steven-Jennings was appointed as Audit Engagement Partner in FY24 and FY26 is his third year as audit partner.

The Committee appraised KPMG's performance by assessing its audit plan, the quality and consistency of its team and reports received, and discussions held with the Committee. The Committee considered the FRC's Guidance for Audit Committees and noted the steps taken by KPMG in this regard. In addition, we received feedback from the Grainger Finance Team. We also considered the tone of KPMG's relationship with the Executive Directors, which we assessed as constructive and professional yet independent and robust.

In FY25, the Committee approved updates to the Company's Auditor Independence Policy, which governs how we ensure we maintain auditor independence, including the circumstances in which the auditor can undertake non-audit services. This policy substantially restricts the types of non-audit services that can be rendered and specifies the limited circumstances in which an engagement can be made, and is available on our website: corporate.graingerplc.co.uk. The policy is next scheduled for review in FY27.

The non-audit services provided by KPMG were limited to the half-year review and, in approving this appointment, the Committee applied the policy and were satisfied that the appointment was in the best interests of the Company and its stakeholders and that the overall levels of audit-related and non-audit fees were not of a material level relative to the income of the External Auditor firm as a whole.

Schedule of fees paid to KPMG	Year ended 30 September 2025 £	Year ended 30 September 2026 £
Statutory audit of Grainger Group	638,000	638,000
Total audit fees	**638,000**	**638,000**
Half-year review	68,000	68,000
Total non-audit fees	**68,000**	**68,000**

External Auditor tenure

Following this year's audit, KPMG will have been the Group's auditor for 12 years. A tender process was undertaken in 2023, which resulted in the re-appointment of KPMG for a further term, which cannot exceed FY34. These arrangements comply with the Competition and Markets Authority Order on Statutory Audit Services.

The Committee monitors the performance of the External Auditor annually before making a recommendation to the Board for the following year's appointment. We were satisfied that we should recommend the re-appointment of KPMG to Shareholders at the 2027 AGM.

Internal controls

On behalf of the Board, the Committee reviews the operation and effectiveness of Grainger's internal controls. This internal controls system is designed to manage risks as far as possible, acknowledging that no system can eliminate the risk of failure to achieve business objectives entirely. Neither the Committee nor the Board identified any significant failings or weaknesses in the year.

The effectiveness of the internal controls is evaluated by a combination of review by Grainger's Oversight Committees, as well as the Internal and External Auditors.

We considered the control deficiency reported by KPMG in respect of manual journal entries, reviewed the long standing compensating controls the business has in place and concluded that those compensating controls continue to be appropriate and effective.

Provision 29

During the year, the Committee has overseen the Company's preparations ahead of the implementation of Provision 29 of the 2024 Code, which will require the Board to make a declaration on the effectiveness of its material controls as at the balance sheet date. The Committee has received regular updates on the implementation of an attestation programme that will support the Board's assessment and declaration. This includes discussion and the identification of the material controls to which the declaration will relate.

Internal Audit

PwC is appointed by the Company as Internal Auditor, working with our in-house Internal Audit resource in a co-sourced model. Internal Audit focuses on the areas of greatest risk to the Company. Audits are considered during an annual audit planning cycle. This is informed by the results of current and previous audit testing, the Company's strategy, performance, and the risk management process. Additional audits may be identified during the year in response to changing priorities and requirements.

The Committee approves the plan and monitors progress. All Internal Audit findings are graded, appropriate remedial actions agreed, and progress monitored and reported to the Committee.

The Internal Audit Team has a direct reporting line to the Chair of the Committee. We assess the effectiveness of Internal Audit by reviewing its reports, feedback from the CFO, auditees and through meetings with the Internal Auditor without Management present.

The Internal Audit programme for FY26 included reviews of:

- procurement and contract management;
- IT general controls;
- sustainability reporting;
- Grainger Trust;
- Building Safety Act;
- H&S; and
- the rolling programme of site audits.

The Internal Audit plan for FY27 has a particular focus on:

- Corporate Governance Code;
- Health & Safety;
- Acquisitions;
- HR;
- Cyber;
- Financial Control;
- Renewals;
- Grainger Trust; and
- The rolling programme of site audits.

Fiona Muldoon
Chair of the Audit & Risk Committee

18 November 2026

Directors' Remuneration Report

Code principle: remuneration



Membership and attendance

During the year, the Committee met four times. Set out on page 71 are details of attendance at these meetings.

The Committee's members as at the date of this Report are:

Janette Bell - Chair, Carol Hui, Fiona Muldoon, Michael Brodtman and Simon Fraser.

During the year, Mark Clare and Justin Read were members of the Committee until they retired from the Board. Their attendance at the meetings is also included at page 71.

Annual Statement

Dear Shareholders,

As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for FY26.

This section of the Report is divided into the following two sections:

- the Annual Statement, which summarises the remuneration outcomes for FY26, together with the key decisions taken by the Remuneration Committee during the year; and
- the Annual Report on Remuneration, which describes how the Directors' Remuneration Policy was implemented in FY26 and how it will be operated in FY27.

A copy of the Directors' Remuneration Policy, which was approved by Shareholders at the 2026 AGM with 98.8% support, can be found in the 2025 Annual Report and Accounts, which is located on our website.

FY26 business context

Despite a difficult macroeconomic and market backdrop, FY26 has been another strong year of operational performance for Grainger. The Management Team has delivered strong growth across key metrics including net rental income and EPRA earnings, driven by an excellent operational performance with occupancy at 97.1%, like-for-like rental growth at 3.2% and strong customer retention at 61%. This performance demonstrates the robust long-term fundamentals of our market.

This positive growth combined with successful delivery and lease up of our new schemes saw 5% growth in net rental income. EPRA earnings were up 12%, as the business continues to deliver on its planned efficiencies, with further savings coming in FY27, ensuring good progress towards FY29 Earnings guidance of £72m.

The continued resilience of the business has been proved through the implementation of the Renters' Rights Act, the largest change in legislation for residential landlords in the last 40 years. Through proper preparation, we have seen no disruption to the business or our performance and have continued to deliver an exceptional service to customers.

Disposals of £147m during the year, showed good progress on our sales programme. Due to the challenging macroeconomic environment, the portfolio valuation was down for FY26, although this was mitigated as much as possible by strong rental growth. EPRA NTA was resilient at 281p per share.

The dividend per share also continues its growth trajectory, increasing by 3.0% to 8.56p on a per share basis.

The Management Team has outlined a clear plan for capital allocation. Our priority remains the ongoing programme of disposals of non-core assets to fund the remaining committed developments and to reduce debt. The plan will deliver continued earnings growth, and position Grainger with the right capital structure for the future.

2026 incentive outcomes

The 2026 annual bonus comprised a combination of EPRA earnings (40%), asset recycling (30%) and strategic objectives (30%). These measures ensured a continued focus on improving profit and rental income growth, while focusing on key non-financial deliverables (including sustainability), which underpin our strategy.

Stretching targets were set in the context of a period of continued macro uncertainty and continued higher inflation and interest rates.

1. EPRA earnings (40%): We introduced EPRA earnings as a metric as part of our move to REIT status. Our performance of £60.2m against the target range (£55m to £60m) resulted in an outcome of 100% of maximum.
2. Asset recycling (30%): This measure relates to the disposal of a diverse mix of regulated vacant and tenanted property sales, along with PRS recycling and land sales. Our sales performance reflects the exercise of appropriate judgements in the delivery of our sales programme.

   The outturn for disposals was £147.0m, albeit this was reduced to exclude £22.5m proceeds from the sale of Dove Road, which was secured in FY25 and was included in the FY25 performance assessment. The FY26 outturn is, therefore, £124.5m. This has resulted in no payout for this measure.
3. The FY26 strategic element related to customer satisfaction, business resilience, funding and investment and sustainability targets. Strong performance against the targets resulted in an outcome of 93.3% of maximum.

Overall, a bonus of 68% of the maximum was earned by the Executive Directors. The Committee considered whether the bonus outcome was a fair representation of Company and Management performance during the year and concluded that no adjustment was required.

In doing so, the Committee was mindful of the level of customers' affordability, noting that like-for-like rental growth across the portfolio moved broadly in line with national wage inflation and occupancy was strong at 97%. In addition, customer satisfaction as measured by NPS is +48, improved by +6 points compared to FY25.


Glasshouse Square, Bristol

The LTIP award granted to the CEO and CFO on 11 December 2023 and due to vest on 10 December 2026 was based on Total Shareholder Return (30%) (TSR), Total Property Income Return (30%) (TPIR), Secured PRS (30%) and Carbon Emissions (10%) targets over the three years ended 30 September 2026.

The threshold TSR measure was not achieved, the TPIR measure achieved 20.4% (out of 30%), the Secured PRS measure, achieved 20.8% (out of 30%), and the Carbon Emissions target was met in full resulting in an overall vesting of 51.2% of maximum.

The Committee believes the bonus and LTIP outcomes are appropriate and reflect the strong operational performance of the business over the relevant performance periods. Therefore, no discretion has been applied to the formulaic outcomes.

Applying the Policy in FY27

Our Policy was approved by Shareholders at the 2026 AGM and details of how the Committee will implement the Policy in respect of FY27 are set out below.

Executive Director base salary levels

Executive Director base salaries will be increased by 2.75% effective from 1 January 2027, which is aligned to the workforce average. Where appropriate, increases above the 2.75% uplift will be implemented to maintain appropriate pay positioning and provide additional support for our lowest paid colleagues.

Annual bonus

Annual bonus potential remains at 150% of salary for the CEO and CFO with 75% of any bonus earned payable in cash and 25% deferred into shares.

To ensure that the implementation of our Policy remains aligned to Grainger's strategy and our operation as a REIT, the annual bonus measures for FY27 will be unchanged as follows:

- 40% EPRA earnings;
- 30% Asset recycling; and
- 30% Strategic (including sustainability).

In last year's report we gave an indication that the weighting of the asset recycling measure in future years would reduce as the size of our regulated portfolio reduces. However, the Committee considers it appropriate to retain the same 30% weighting for FY27 given the continued importance of disposals in the current macroeconomic environment. The Committee will keep the weightings under review and make revisions as appropriate for future years.

Long-Term Incentive Plan (LTIP)

It is expected that LTIP awards will continue to be granted over shares equal in value of 200% of salary for the CEO and 175% of salary for the CFO with the next award due to be granted in December 2026.

The measures and weightings will remain unchanged.

- Total Accounting Return (TAR) (30%) – Reflecting the Committee's desire to reward total returns this is based on the percentage change in EPRA Net Tangible Assets per share plus dividends.
- Relative Total Shareholder Return (TSR) (30%) – TSR will continue to be measured against our FTSE 350 sector peers (excluding agencies).
- EBITDA margin (30%) – We will continue to incentivise an increase in the EBITDA Margin, which measures operational leverage combining the benefits of growing net rents with the need for central cost efficiency.
- Sustainability – Environmental (10%) – SBTi-linked targets based on Scope 1,2 and Scope 3 emissions reductions.

The Committee believes the above mix of LTIP measures will provide a robust assessment of performance over the next three-year period and ensure long-term strategic alignment. Further details of the LTIP targets are set out in the Annual Report on Remuneration, which begins at page 98.

Conclusion

I was grateful for the strong support received at the 2026 AGM on our Policy and the Directors' Remuneration Report. This year, there will be a single advisory vote on the Directors' Remuneration Report and a vote to renew the Sharesave/SAYE rules, which are nearing the end of the ten-year lifespan, and I look forward to continued Shareholder support.

Janette Bell
Chair of the Remuneration Committee

18 November 2026

Annual Report on Remuneration

The Annual Report on Remuneration details how our Policy was implemented during FY26, and it includes supporting disclosures setting out the context in which pay decisions were made and how we intend to implement the Policy in FY27. This section of the Report has been prepared in accordance with the provisions of the Companies Act 2006 and related Regulations.

An advisory resolution to approve the Annual Statement and the Annual Report on Remuneration will be put to Shareholders at the 2027 AGM.

1. Single total figure of remuneration for each Director

The remuneration of Directors showing the breakdown between components with comparative figures for FY26 and FY25 are set out below.

This table and the details set out in Notes 1 to 6 on pages 98 to 102 of this Report have been audited by KPMG.

		Salary and fees[1] £'000	Taxable benefits[2] £'000	Pension benefits[3] £'000	Share incentive plan £'000	Annual bonus[4] £'000	LTIP awards[5] £'000	Total £'000
Executive Directors								
Helen Gordon	**2026**	**625**	**24**	**63**	**2**	**638**	**374**	**1,726**
	2025	607	20	61	2	691	541	1,922
Rob Hudson	**2026**	**488**	**19**	**49**	**2**	**498**	**257**	**1,313**
	2025	473	17	47	2	539	387	1,465
Sub total	**2026**	**1,113**	**43**	**112**	**4**	**1,136**	**631**	**3,039**
	2025	1,080	37	108	4	1,230	928	3,387
Non-Executive Directors[6]								
Simon Fraser	**2026**	**184**	**–**	**–**	**–**	**–**	**–**	**184**
	2025	–	–	–	–	–	–	–
Fiona Muldoon	**2026**	**34**	**–**	**–**	**–**	**–**	**–**	**34**
	2025	–	–	–	–	–	–	–
Janette Bell	**2026**	**71**	**–**	**–**	**–**	**–**	**–**	**71**
	2025	68	–	–	–	–	–	68
Carol Hui	**2026**	**71**	**–**	**–**	**–**	**–**	**–**	**71**
	2025	68	–	–	–	–	–	68
Michael Brodtman	**2026**	**59**	**–**	**–**	**–**	**–**	**–**	**59**
	2025	57	–	–	–	–	–	57
Former Non-Executive Directors								
Mark Clare	**2026**	**80**	**–**	**–**	**–**	**–**	**–**	**80**
	2025	221	–	–	–	–	–	221
Justin Read	**2026**	**58**	**–**	**–**	**–**	**–**	**–**	**58**
	2025	78	–	–	–	–	–	78
Sub total	**2026**	**557**	**–**	**–**	**–**	**–**	**–**	**557**
	2025	492	–	–	–	–	–	492
Totals	**2026**	**1,670**	**43**	**112**	**4**	**1,136**	**631**	**3,596**
	2025	1,572	37	108	4	1,230	928	3,879

Notes:

1. From 1 January 2026, the CEO and CFO's salaries were increased by 3% to £630,036 and £491,519 respectively.
2. Taxable benefits comprised of a car allowance and private medical insurance.
3. The amounts shown under pension benefits represent a salary supplement paid to the Directors in lieu of Company pension contributions.
4. 25% of the bonus is deferred into shares for three years.
5. Note 3 on page 100 includes information in respect of the LTIP awards, which are due to vest in December 2026. These awards are estimated values based on the average three-month share price to 30 September 2026 (172.1 p). The 2025 Annual Report and Accounts included estimated values for the LTIP awards, which were due to vest in December 2025. These estimates have been updated in this Report to reflect the share price on the vesting date (11 December 2025) being 178.2 p and the value of accrued dividends. Further details are included in Note 3 on page 100.
6. The fees for Non-Executive Directors reflect payments in relation to any additional roles and responsibilities (as applicable during the year under review or the preceding year and are pro-rated where appropriate).

2. Annual bonus awards – performance assessment for 2026

In determining the bonus outcomes for 2026, the Committee considered the Company's financial performance and achievements against key strategic and operational objectives established at the beginning of the year.

70% of the bonus was based on EPRA earnings and Asset Recycling measures with the remainder based on strategic (22%) and sustainability objectives (8%). The targets applying to each financial measure and performance against the targets for 2026 are set out in the table below.

Financial performance (70% of the 2026 annual bonus opportunity)

Measure	Weighting	Threshold (0% out-turn)	Target (50% out-turn)	Maximum (100% out-turn)	2026 performance	Out-turn (% of max element)
EPRA earnings	40%	£55.0m	£57.0m	£60.0m	**£60.2m**	**100%**
Asset Recycling	30%	£160.0m	£175.0m	£190.0m	**£124.5m**[1]	**0%**

Note:

1. Total FY26 Asset Recycling was £147.0m. The figure above excludes the proceeds from the Dove Road sale (£22.5m), which exchanged in FY25 and, therefore, was included in the FY25 bonus calculation.

Reflecting the strong earnings performance, the EPRA earnings outcome was just above maximum. Stretching asset recycling targets were set and despite delivering £124.5m of sales, this was below threshold and, therefore, no part of this bonus was earned.

Non-financial performance (30% of the 2026 annual bonus opportunity)

In respect of the strategic targets set for the Executive Directors, the targets and Committee's assessment of performance against the targets was as follows.

Objective	Measure	Performance assessment
1. Customer Satisfaction (6%)	Comprehensive review of repairs and maintenance contract and identify improved operating model. Revised business case and trial completed and Board review. (2%)	Achieved in full (2%)
	Create and present to the Board new digital marketing strategy and measurable and costed outputs. (2%)	Achieved in full (2%)
	NPS return to +48. (2%)	Achieved in full (2%).
2. Business Resilience (8%)	Complete REIT conversion with HMRC. (1%)	Achieved in full (1%)
	Major business change Renters' Rights Bill. (3%) • Complete all business process and operating model for renters reform. • Demonstrate how this has minimised impact on business.	Achieved in full (3%)
	Deliver in line with Connect 2.0 Plan and report progress against plan to the Board. (1%)	Achieved in full (1%)
	Major operational efficiencies plan to reduce overhead. Plan and execute. (3%)	Achieved in full (3%)
3. Funding and Investment (8%)	Shareholder – retail investor strategy. Create strategy for retail investors including roadshow and retail publication strategy. (2%)	Achieved in full (2%)
	Treasury strategy and plan for deleveraging balance sheet. (2%)	Achieved in full (2%)
	Achieved £2m of liquidated and ascertained damages (LAD's) to close down previous LAD's. (2%)	Achieved in full (2%)
	One strategic land site or joint venture (JV) deal capable of delivering. (2%)	Not achieved (nil)
4. Community, Environment, Governance and People (inc. H&S) (8%)	Deliver next phase of fire safety remediation in line with plan subject to Building Safety Regulator approval. (2%)	Achieved in full (2%)
	Retain colleague engagement during restructure at 1 star or above. (2%)	Achieved in full (2%)
	Deliver H&S strategy and plan as presented to the Board. (2%)	Achieved in full (2%)
	Deliver Net Zero Transition Plan in line with new industry guidance. (2%)	Achieved in full (2%)

Pursuant to the above assessment, the Committee determined that 28% of the maximum 30% of this part of the bonus was payable and was appropriate in the circumstances.

The Committee considered whether the financial bonus outcome was a fair representation of Company and Management performance during the year and concluded that no adjustment was required. When combined with performance against the strategic targets, annual bonus was calculated at 68% of the maximum available. It is the Committee's approach to view the performance in the round at the end of the year. The Committee determined a bonus of 68% of the maximum bonus opportunity is representative of our performance during the year.

	Bonus opportunity	FY26 bonus payable (out of 100% maximum)	Bonus earned – payable in cash	Bonus earned – deferred in shares for three years[1]
Helen Gordon	150% of salary	**68%**	**£478,468**	**£159,489**
Rob Hudson	150% of salary	**68%**	**£373,274**	**£124,425**

Note:

1. 25% of the bonus earned is deferred into shares. The deferred bonus share awards are expected to be granted in December 2026.

Annual Report on Remuneration continued

3. LTIP awards performance assessment for 2026

LTIP awards vesting in December 2026

The LTIP awards granted to Helen Gordon and Rob Hudson on 11 December 2023 are due to vest on 10 December 2026. These awards are based on relative TSR, Total Property Income Return (TPIR), Secured PRS and carbon reduction targets measured over a three-year period. Performance against the targets can be summarised as follows:

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Actual performance	Out-turn (% of max)
TSR[1]	30%	Median ranking	Upper quartile ranking	TSR of –19.2%, below median ranking	0.0%
TPIR[2]	30%	3.5% p.a	5.0% p.a	4.4% p.a	67.9%
Secured PRS[3]	30%	£133m	£200m	£173m	69.4%
Carbon Emissions[4]	10%	6% reduction	12% reduction	36% reduction	100.0%
Total vesting	100%				51.2%

Notes:

1. The original TSR group comprised Assura, Balanced Commercial Property Trust, Big Yellow Group, CLS Holdings, Derwent London, Empiric Student Property, Great Portland Estates, Hammerson, LondonMetric Property, LXI REIT, Primary Health Properties, Safestore, SEGRO, Shaftesbury Capital, Sirius Real Estate, Supermarket Income REIT, Target Healthcare REIT, Tritax Big Box REIT, Tritax Eurobox, UNITE Group, Urban Logistics REIT and Workspace Group. De-listed companies were omitted from the group when performance was assessed.
2. The average like-for-like rental growth over the three-year period was 4.4% (2024 6.3%; 2025 3.6%; 2026 3.2%). This resulted in performance between threshold and maximum.
3. The Secured PRS Investment metric is a measure of the value of the Company's pipeline of future development opportunities and provides a clear focus on driving growth in the long-term. As detailed in the 2025 Annual Report and Accounts (page 114), in June 2025, the Board agreed to pivot away from transactions and to focus on deleveraging and reducing debt. Reflecting this, the Committee retained the original targets (£200m-£300m) and pro-rated them by two-thirds to reflect the proportion of the three-year performance period that had elapsed at the time of the change in the capital allocation policy.

   The Committee evaluated the quality of investments in determining the PRS Investment vesting outcome. Firstly, the Committee considered the extent to which there was any material unapproved variation from the basis upon which any individual scheme was initially approved. Secondly, a post-investment review for stabilised assets was undertaken with regular monitoring of schemes to ensure that investments remained of sufficient quality in light of market conditions.
4. The carbon metric covers Grainger's Scope 1-3 emissions associated with our buildings (emissions from communal electricity and gas consumption and customer emissions). The maximum vesting reduction was achieved by decarbonisation activities including the transfer of all eligible sites onto green gas and energy efficiency initiatives. Decarbonisation of the UK electricity grid delivered further reductions reflecting the electrification of Grainger's portfolio.

The LTIP awards granted on 11 December 2023 will vest at 51.2% of the total award. The estimated vesting value of these awards shown in the single figure table are as follows:

Executive Director	Shares granted	Number of shares expected to lapse	Number of shares expected to vest[1]	Estimated value of shares vesting[2] £'000	Face value of shares expected to vest[3] £'000	Impact of share price at vesting[4] £'000
Helen Gordon	423,954	206,890	217,064	374	571	(197)
Rob Hudson	292,183	142,586	149,597	257	393	(136)

Notes:

1. Vested awards are subject to a two-year post-vesting holding period.
2. Based on the average three-month share price to 30 September 2026 of 172.1 pence.
3. Based on the prevailing share price at the grant date.
4. The difference between the value of the shares under awards vesting and the value of the shares at grant.

LTIP vested in December 2025

The awards made to Helen Gordon and Rob Hudson on 12 December 2022 vested on 11 December 2025 and were based one-third on relative TSR, one-third on TPR and the remaining one-third on Secured PRS Investment.

In aggregate, 66.7% of the December 2022 LTIP award vested in line with what was set out in last year's report. The value of these awards shown in the single figure table has been updated for the share price at the date of vesting (11 December 2025 (178.2p)) and also includes the value of dividend equivalents on vested awards.

4. Share awards granted during the year

The following LTIP and DBSP awards were granted to the CEO and CFO in FY26.

	LTIP share awards (11 December 2025)		DBSP share awards (11 December 2025)	
	Number	Face value £'000	Number	Face value £'000
Helen Gordon	673,068	1,223	95,082	173
Rob Hudson	459,454	835	74,178	135

LTIP

The face value of LTIP share awards for Helen Gordon (200% of salary) and Rob Hudson (175% of salary) is based on a price of 181.8p, being the average share price for the five business days immediately preceding the award being made on 11 December 2025. The awards will vest three years after grant and a two-year holding period will apply.

Vesting of the awards is dependent upon continued employment and satisfying performance criteria. The four measures are relative TSR measured against a group of real estate companies (30% of awards), absolute TAR (30% of awards), EBITDA margin (30% of awards) and ESG (carbon reduction based) (10% of awards).

The relative TSR performance condition requires Grainger's three-year relative TSR performance versus the comparator group to be at least at median for 25% of this part of the award to vest, with vesting then increasing on a straight-line basis to 100% for upper quartile performance.

The targets for the absolute TAR measure are based on 25% of this part of the award vesting for 4% p.a. growth and 100% for 8% p.a. growth or higher.

The targets for the EBITDA margin condition are based on performance in 2028 with 25% of this part of the award vesting for delivering 58% margin and 100% vesting for 60% or higher.

The ESG targets are based on Scope 1 and 2 emissions (5% weighting) whereby 25% of this part of the award will vest for a 28% reduction in absolute Scope 1 and 2 emissions by 2028 (from a FY23 baseline) increasing pro-rata to 100% vesting for a 32% reduction; and (ii) Scope 3 emissions (5% weighting) whereby 25% of this part of the award will vest for a 35% reduction in Scope 3 emissions from capital goods and downstream leased assets per m² residential GIA by 2028 (from a FY23 baseline) increasing pro-rata to 100% vesting for a 39% reduction.

DBSP

The deferred bonus share plan (DBSP) awards relate to a 25% deferral of the FY25 annual bonus into Company shares and is based on a price of 181.8p, being the average share price for the five business days immediately preceding the award being made on 11 December 2025. The awards will be eligible to vest after three years subject to continued employment.

5. Payments for loss of office and to past Directors

No payments for loss of office or payments to past Directors were made in FY26.

6. Directors' shareholdings and share interests

Past share awards

	Awards granted	Outstanding number of awards at 1 October 2025	Awards granted during the year	Awards vested during the year	Awards lapsed	Awards exercised during the year	Maximum outstanding awards at 30 Sep 2026 Number	Market price at date of vesting (p)	Vesting date
Helen Gordon									
LTIP shares	10-Dec-20	111,266	–	–	–	111,266	0	261.6	9-Dec-23
LTIP shares	16-Dec-21	145,637	–	–	–	–	145,637[1]	226.5	15-Dec-24
LTIP shares	12-Dec-22	417,297	–	278,337	138,960	–	278,337[1]	178.2	11-Dec-25
LTIP shares	11-Dec-23	423,954	–	–	–	–	423,954	–	10-Dec-26
LTIP shares	18-Dec-24	515,032	–	–	–	–	515,032	–	17-Dec-27
LTIP shares[2]	11-Dec-25	–	673,068	–	–	–	673,068	–	10-Dec-28
DBSP	12-Dec-22	71,609	–	71,609	–	71,609	0	178.2	11-Dec-25
DBSP	11-Dec-23	70,844	–	–	–	–	70,844	–	10-Dec-26
DBSP	18-Dec-24	88,673	–	–	–	–	88,673	–	17-Dec-27
DBSP	11-Dec-25	–	95,082	–	–	–	95,082	–	10-Dec-28
Rob Hudson									
LTIP shares[3]	11-Oct-21	86,343	–	–	–	86,343	0	260.8	01-Feb-24
LTIP shares	16-Dec-21	104,218	–	–	–	–	104,218[1]	226.5	15-Dec-24
LTIP shares	12-Dec-22	298,616	–	199,177	99,439	–	199,177[1]	178.2	11-Dec-25
LTIP shares	11-Dec-23	292,183	–	–	–	–	292,183	–	10-Dec-26
LTIP shares	18-Dec-24	351,575	–	–	–	–	351,575	–	17-Dec-27
LTIP shares[2]	11-Dec-25	–	459,454	–	–	–	459,454	–	10-Dec-28
DBSP	12-Dec-22	50,197	–	50,197	–	50,197	0	178.2	11-Dec-25
DBSP	11-Dec-23	48,257	–	–	–	–	48,257	–	10-Dec-26
DBSP	18-Dec-24	69,336	–	–	–	–	69,336	–	17-Dec-27
DBSP	11-Dec-25	–	74,178	–	–	–	74,178	–	10-Dec-28

Notes:

1. LTIP and DBSP share options vested but are unexercised at the date of this report. These will remain capable of exercise in accordance with the scheme rules.
2. Details of the December 2025 LTIP awards are set out in Note 4 (Share awards granted during the year) above.
3. Recruitment award granted in respect of awards forfeited by Rob Hudson on leaving his previous employer. Full details of the grants are set out in the September 2021 Directors' Remuneration report.

Annual Report on Remuneration continued

All-employee share options under SAYE

		Granted in year		Lapsed during year	Exercised during year							
	Share options at 1 Oct 2025	Number	Grant price (p)	Number	Number	Exercise price (p)	Market price on exercise (p)	Gains on exercise of share options (£)	Share options at 30 Sep 2026	Exercise price (p)	Earliest exercise date	Latest exercise date
Helen Gordon	8,866	–	–	–	–	–	–	–	**8,866**	203.0	01-Sep-26	01-Mar-27
		13,787	132.0	–	–	–	–	–	**13,787**	132.0	01-Sep-29	01-Mar-30
Rob Hudson	10,606	23,143	132.0	10,606	–	–	–	–	**23,143**	132.0	01-Sep-31	01-Mar-32

The closing trade share price on 30 September 2026 was 167.2p. The highest trade share price during the year was 199.0p and the lowest was 150.4p.

All-employee share awards under the SIP

	Ordinary shares of 5p each	
	30 Sep 2025 shares	30 Sep 2026[1] shares
Executive Directors		
Helen Gordon	13,452	**15,502**
Rob Hudson	4,588	**6,639**

Note:

1. Since 30 September 2026, Helen Gordon and Rob Hudson each acquired 346 shares in the Company through the Grainger Employee Share Incentive Scheme (ordinary 5p shares each).

Shareholding at 30 September 2026

Directors' share interests and shareholding requirements are set out below. In order that their interests are aligned with those of Shareholders, Executive Directors are expected to build up and maintain a personal shareholding equal to 200% of basic salary in the Company. The table below sets out the Directors' interests in shares.

	Owned shares at 30 Sep 2026[1]	Vested but unexercised share awards	Unvested share awards	Total interests held at 30 Sep 2026[2]	Total interests held at 30 Sep 2025	Shareholding as % of basic salary 30 Sep 2026[3]
Executive Directors[4]						
Helen Gordon	927,465	449,091	1,866,653	**3,243,209**	2,656,693	**305.8**
Rob Hudson	343,066	330,774	1,294,983	**1,968,823**	1,560,820	**176.3**
Non-Executive Directors						
Simon Fraser	35,000	–	–	**35,000**	N/A	**N/A**
Fiona Muldoon	–	–	–	**–**	N/A	**N/A**
Janette Bell	1,636	–	–	**1,636**	1,636	**N/A**
Carol Hui	5,000	–	–	**5,000**	5,000	**N/A**
Michael Brodtman	37,301	–	–	**37,301**	20,164	**N/A**

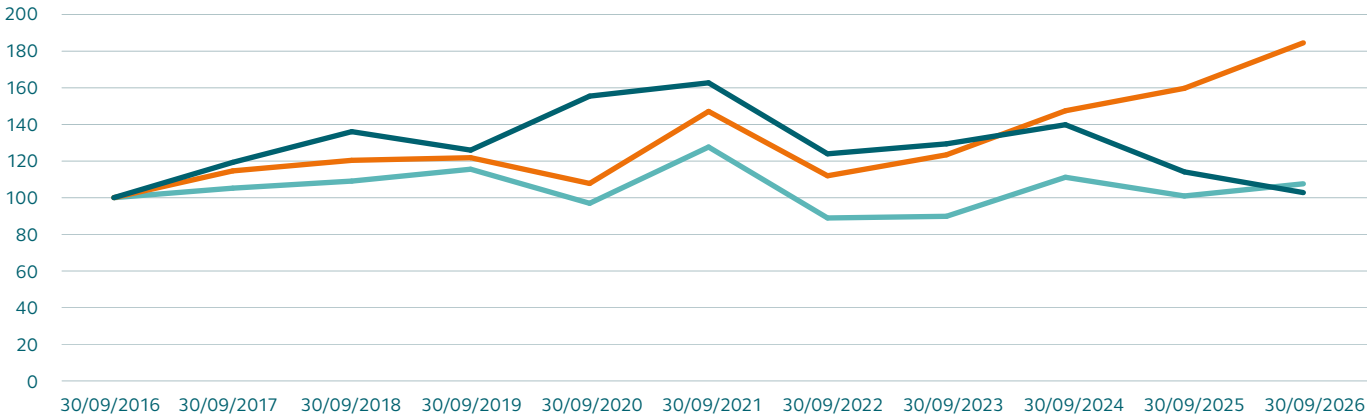
Notes:

1. Owned shares include shares as shown on the Company's Register, beneficially owned shares including shares held in a nominee account, held by a person closely associated (PCA) and shares held in the SIP trust.
2. The total interests include owned shares (as defined in Note 1 above) and vested but unexercised shares and unvested share awards.
3. The value of shares held (calculated as at 30 September 2026 when the share price was 167.2p) includes owned shares (as defined in Note 1 above) and vested but unexercised share awards (on a net of tax basis). If unvested DBSP awards (which vest subject to continued employment only) and the December 2023 LTIP due to vest in December 2026 (for which performance has already been tested) were to be included, the value of shares held (on a post-tax basis) would rise to 372.1% of basic salary in the case of Helen Gordon and 237.9% in the case of Rob Hudson.
4. Shareholding as percentage (%) of basic pay relates to the Executive Directors only as they are subject to the Company's shareholding policy. The shareholding as percentage (%) of basic salary is calculated using the total interest at the year-end date and excludes SAYE-related options which have not been exercised.

7. Performance graph

Total Shareholder Return

This graph shows the percentage change by 30 September 2026 of £100 invested in Grainger plc on 1 October 2016 compared with the value of £100 invested separately in both the FTSE 250 Index and the FTSE 350 Real Estate Supersector Index. These indices have been chosen as Grainger is a constituent in each.



Key Grainger plc FTSE 250 Total Index FTSE 350 Real Estate Supersector Index

Source: Datastream (a Refinitiv product)

		Chief Executive single figure of total remuneration £'000	Annual variable element award rates against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
2026	Helen Gordon[1]	1,726	68	51
2025	Helen Gordon[2]	1,963	81	67
2024	Helen Gordon	1,826	99	45
2023	Helen Gordon	1,683	98	32
2022	Helen Gordon	2,022	98	83
2021	Helen Gordon	1,631	67	48
2020	Helen Gordon	1,688	70	67
2019	Helen Gordon	1,185	27	36
2018	Helen Gordon	1,174	72	8
2017	Helen Gordon	985	61	N/A

Notes:
1. The total remuneration and long-term incentive vesting figures for 2026 are estimated.
2. The total remuneration for 2025 was restated following the update to the 2025 single figure table.

8. Chief Executive pay ratio

The table below compares the FY26 single total figure of remuneration for the CEO as shown in Note 1 on page 98 with the Group's employees paid at the 25th, 50th and 75th percentiles.

Financial year	Method	25th percentile	50th percentile (median)	75th percentile
2026	**A**	**53:1** **Total pay and benefits £32,578** **Salary £29,141**	**33:1** **Total pay and benefits £51,723** **Salary £33,707**	**20:1** **Total pay and benefits £84,418** **Salary £70,287**
2025	A	56:1 Total pay and benefits £34,761 Salary £32,671	36:1 Total pay and benefits £54,052 Salary £31,103	23:1 Total pay and benefits £85,410 Salary £69,357
2024	A	56:1 Total pay and benefits £32,299 Salary £25,542	37:1 Total pay and benefits £48,831 Salary £39,425	22:1 Total pay and benefits £83,331 Salary £66,779
2023	A	51:1 Total pay and benefits £31,830 Salary £26,882	33:1 Total pay and benefits £49,900 Salary £44,447	19:1 Total pay and benefits £85,792 Salary £63,495
2022	A	60:1 Total pay and benefits £31,831 Salary £25,241	40:1 Total pay and benefits £47,521 Salary £38,500	23:1 Total pay and benefits £81,690 Salary £72,116
2021	A	48:1 Total pay and benefits £32,711 Salary £25,000	33:1 Total pay and benefits £48,540 Salary £42,923	20:1 Total pay and benefits £80,586 Salary £64,720

Our calculations were made on 13 November 2026 using Option A as the most statistically accurate method.

Annual Report on Remuneration continued

In undertaking our calculations, no adjustments were made to the figures other than determining the FTE remuneration for all employees within the Group over the financial year. No non-salary employee remuneration components have been omitted. Joiners, leavers, employees on a period of statutory leave (such as maternity, paternity and shared parental leave) and long-term absences during the financial year were excluded.

Total FTE remuneration was calculated on the same basis as the CEO single figure table and includes annual base salary, taxable benefits (private medical insurance, car allowance), matching shares under our Share Incentive Plan, annual bonus for performance delivered in the financial year and paid in December 2026, employer pension contributions, and taxable share plans.

The Committee considers that the median CEO pay ratio is consistent with the pay, reward and progression policies available to our employees. We operate an in-house service model, directly employing colleagues for onsite roles in our growing portfolio of developments and our employee population at this level will continue to increase as we resource appropriately. It is, therefore, difficult to compare our ratios with those in the property industry who do not operate under a similar model.

9. Relative importance of spend on pay

The difference in actual expenditure between 2025 and 2026 on remuneration for all employees, in comparison to profit before tax and distributions to Shareholders by way of dividend, is set out in the charts below. Profit before tax is considered to be an appropriate financial metric as it is not impacted by changes in tax rates, which are outside of the direct control of the Company.

Loss before tax

£(41.8)m

-141%

(2025: £102.6m profit)

Dividend

£63.4m

+3%

(2025: £61.5m)

Total employee pay

£34.1m

-1%

(2025: £34.4m)

10. Statement of implementation of Remuneration Policy for 2026

Base salary

Executive Director base salaries will be increased by 2.75% effective 1 January 2027, aligned with the increase for the general workforce. The CEO's salary will be £647,362 and the CFO's will be £505,036.

Pension

A workforce aligned 10% of salary pension contribution will continue to be payable to the CEO and CFO.

Annual bonus

The annual bonus potential is capped at 150% of salary. The table below sets out the performance measures and their respective weightings for 2027:

Metric	Weighting	Rationale and description
EPRA earnings	40%	EPRA earnings will be largely driven by Net Rental income growth, and interest and cost control are key performance indicators for Grainger as a REIT.
Asset recycling	30%	As EPRA earnings exclude profits from the property sales, the asset recycling metric operates to incentivise the sale of the remainder of our low yielding regulated tenancy properties, portfolios and land to re-base capital in line with our capital allocation plans.
Strategic and operational objectives	22%	Specific objectives relating to customer satisfaction, business resilience, funding and investment will apply. Due to matters of commercial sensitivity, it would not be in the interests of the Company to disclose the precise operational targets for the annual bonus at the date of production of this Report.
Sustainability	8%	Incentivises delivery of Grainger's corporate strategy and commitments in respect of Community, Environment, Governance and People (including H&S).

In line with our Policy, 25% of any bonus earned will be delivered as a deferred bonus share award, which will vest after three years.

LTIP

It is intended that the LTIP awards to be made to the Executive Directors in December 2026 will be at the levels detailed below and subject to a two-year holding period:

- Chief Executive: 200% of salary; and
- Chief Financial Officer: 175% of salary.

The performance measures to apply for the next LTIP grant (December 2026) are expected to be as follows:

Metric	Weighting	Targets		
Relative TSR (versus FTSE 350 real estate peers)	30%	Performance level	Ranking	Vesting (of this part of an award)
		Below threshold	Below median	0%
		Threshold	Median	25%
		Maximum	Upper quartile	100%
TAR[1]	30%	TAR is based on growth over the three-year period to 30 September 2029.		
		Performance level	Absolute TAR growth	Vesting (of this part of an award)
		Below threshold	Below 3% p.a.	0%
		Threshold	3% p.a.	25%
		Maximum	7% p.a.	100%
EBITDA Margin[2]	30%	Based on the EBITDA Margin delivered in FY29.		
		Performance level	EBITDA Margin	Vesting (of this part of an award)
		Below threshold	Below 58.5%	0%
		Threshold	58.5%	25%
		Maximum	60.5%	100%
Sustainability[3]	10%	SBTi-linked carbon reduction target: (i) Scope 1 and 2 emissions reduction target (5% weighting) whereby 25% of this part of the award will vest for a 16% reduction in absolute Scope 1 and 2 emissions by 2029 (from a FY26 baseline) increasing pro-rata to 100% vesting for a 20% reduction; and (ii) Scope 3 intensity measure reduction target (5% weighting) whereby 25% of this part of the award will vest for a 20% reduction in Scope 3 emissions from capital goods and downstream leased assets per m^2 residential GIA by 2029 (from a FY26 baseline) increasing pro-rata to 100% vesting for a 24% reduction.		

Notes:

1. The TAR metric is very sensitive to movements in valuation yields, which the Committee believes are unlikely to undergo any inward yield shift in the coming years. The potential for yields to move out further over the period combined with the fact that we are a lower risk and, therefore, lower income yielding sector constituent, have resulted in the TAR range being lowered to 3%-7% in comparison to FY25 (4%-8%). The Committee considers the revised range no less challenging in light of market conditions.
2. EBITDA Margin is defined as earnings before interest, depreciation, amortisation and tax, excluding liquidated and ascertained damages, divided by gross rental income.
3. The carbon targets include a number of assumptions, including in respect of UK Government policy and progress in decarbonisation of the grid. To the extent that the underlying assumptions change materially, the Committee reserves the flexibility to revisit the performance metrics, weightings and targets to ensure that they remain appropriately challenging and relevant to Grainger's transition to Net Zero. We have amended the baseline year to FY26 to reflect the strong progress made towards our science-based targets.

The Committee will retain the right to reduce overall pay outcomes if it considers the variable pay result does not reflect broader Company performance over the relevant performance periods.

11. Non-Executive Directors' fees

The Non-Executive Directors' fee levels will be increased in line with the typical employee population increase by 2.75% with effect from 1 January 2027. Current fee levels and those which will apply from 1 January 2027 are as follows:

	1 January 2027	1 January 2026
Basic Non-Executive Director fee	**£60,806**	£59,179
Additional fee for chairing Board Committee	**£12,291**	£11,962
Additional fee for Senior Independent Director duties	**£10,349**	£10,072
Chairman's fee[1]	**£256,875**	£236,900

Note:

1. Simon Fraser joined the Board as Chair Designate on 1 October 2025, initially receiving the basic Non-Executive Director fee from this date. He took on the role of Chair with effect from the close of the 2026 AGM on 4 February 2026, and his fee from that point was £250,000. Based on the likely level of time commitment involved in the role and following a review of Chair fee rates in the market.

12. Directors' service agreements and letters of appointment

Executive Directors	Contract commencement date	Notice period
Helen Gordon	3 November 2015	12 months
Rob Hudson	31 August 2021	6 months

Non-Executive Directors	Contract commencement date	Notice period
Simon Fraser	1 October 2025	3 months
Fiona Muldoon	15 April 2026	3 months
Janette Bell	7 February 2019	3 months
Carol Hui	1 October 2021	3 months
Michael Brodtman	1 January 2023	3 months

Annual Report on Remuneration continued

13. Remuneration Committee Governance Arrangements

The key responsibilities of the Committee include the following:

- Setting the remuneration frameworks for Directors, Executives and the Board Chair.
- Designing policies that link pay to long-term strategy and sustainable success.
- Overseeing employee pay arrangements and benefit structures.
- Approving performance-related pay schemes with stretching targets.
- Reviewing share plans and determining awards.
- Setting pension policies for executives.
- Ensuring fair termination terms.
- Reviewing remuneration policies for appropriateness.
- Ensuring compliance with governance codes and disclosure requirements.
- Appointing remuneration consultants and obtaining market information.

Terms of Reference

The Committee's Terms of Reference are reviewed each year and recommended to the Board for approval. We also assessed our compliance with our Terms of Reference during the year and confirmed that the Committee had complied with the Terms of Reference during the year. The Committee Terms of Reference are published on our website (corporate.graingerplc.co.uk).

Meetings

The Committee's main work follows a structured programme of activity agreed at the start of the year. Attendance at the meetings is set out at page 71 of the Governance Report.

See above for a list of the Committee's areas of focus during the year.

Invitations to attend meetings

The CEO, the HR Director and other members of the senior management team may be invited to attend Committee meetings as appropriate. No Directors are involved in deciding their own remuneration. The Company Secretary acts as secretary to the Committee.

FIT Remuneration Consultants LLP were appointed by the Remuneration Committee to provide independent advice on executive remuneration matters. Total fees paid or payable (as applicable) to FIT for services during FY26 were £60,500 (2025: £59,000).

The fees for 2025 and 2026 includes work connected to the Policy review and Shareholder consultation. FIT also provides share plan implementation services and related technical support. FIT are signatories to the Remuneration Consultants' Group Code of Conduct and any advice provided is governed by that code. The Committee reviews the adviser relationship periodically and remains satisfied that the advice it receives from its advisers is independent and objective.

14. Statement of voting at general meeting

The votes received from Shareholders in respect of the Directors' Remuneration Report for FY25 (2026 AGM) and the 2026 Policy (2026 AGM) are set out below.

	Directors' Remuneration Report FY25		2026 Remuneration Policy	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	542,996,609	95.3	560,472,242	98.8
Against	26,855,190	4.7	6,845,513	1.2
Total votes cast (for and against)	**569,851,799**	**100**	**567,317,755**	**100**
Votes withheld[1]	87,387	–	2,621,431	

Note:
1. Votes withheld are not counted.

The Directors' Remuneration Report is approved by, and signed on behalf of, the Board of Directors.

Janette Bell
Chair of the Remuneration Committee

18 November 2026

Directors' Report

Grainger plc is a public limited company incorporated in England and Wales under the Companies Act 2006 with registered number 00125575.

The Directors present this Report, which includes the consolidated financial statements for FY26. For the purposes of DTR 4.1.8R, the Strategic Report on pages 1 to 60 is also the Management Report for FY26.

The Directors' Report comprises the Governance Report (pages 61 to 115), and includes this Directors' Report and the Shareholder information section (page 179). Related information can also be found in our Sustainability report.

The Companies Act 2006 requires us to prepare a Strategic report and this is included at pages 1 to 60. As permitted by Section 414C(11) of the Companies Act 2006, some matters required to be included in the Directors' Report have instead been included in the Strategic report and are incorporated by reference in this Directors' Report. The Strategic report provides information on the Group's operations and the business model.

The following information required to be included in the Directors' Report is provided in other sections of the Report and is incorporated into this Directors' Report by reference in the table below:

Information	Pages
Principal activities during the year	5 to 8
Review of business performance	31 to 34
Likely future developments affecting the Company	34
Statement of Directors' responsibilities regarding financial statements	114
Employee engagement initiatives	89
Section 172 statement and engagement with Shareholders, suppliers, customers and other stakeholders	73
Financial instruments	153 to 159

Going concern

The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The Directors' going concern assessment is discussed in Note 1 of the financial statements.

Directors

Details of the Directors can be found on page 64 and 65. The Governance report also includes details about our governance arrangements, including appointments to the Board.

Directors' interests in significant contracts

No Directors were materially interested in any contract of significance.

Directors' conflicts of interest

The Directors have a statutory duty to avoid conflicts of interest. Procedures are in place to deal with the disclosure and authorisation of any potential or actual conflicts of interest in accordance with the Articles and the Companies Act 2006.

All disclosed conflicts or potential conflicts are recorded in a register of conflicts. The minutes of the relevant meeting record the approval of any such conflicts.

The management of potential conflicts has operated in accordance with the procedure throughout 2026 and subsequently.

Details of the Directors' other directorships are included in their biographies on pages 64 and 65.

Information on the Directors' interests in the shares of the Company are shown on pages 101 to 102.

Options granted to Directors under the Company's long-term incentive plan are shown on pages 100 and 101. Other than the Directors' other directorships and share interests, there are no other significant conflicts.

Directors' indemnities and insurance

The Company has in place contractual entitlements for the Directors of the Company and its subsidiaries to claim indemnification by the Company for certain liabilities they might incur in the course of their duties. We have established these arrangements, which constitute qualifying third-party indemnity provision and qualifying pension scheme indemnity provision, in compliance with the relevant provisions of the Companies Act 2006. They include provision for the Company to fund the costs incurred by Directors in defending certain claims against them in relation to their duties. The Company also maintains an appropriate level of Directors' & Officers' liability insurance.

Employee reporting

Employee reporting as required by the Companies Act is set out below.

Employee numbers

The total number of employees as at the end of FY26 was 340 and the average monthly number of employees for the year was 349. The Sustainability report (page 38) contains details including gender and ethnicity data at the end of FY26. See also Note 10 of the financial statements for average monthly employee reporting.

Employment of disabled persons

The Group gives full and fair consideration to applications for employment made by disabled persons, including those with hidden disabilities and neurodiversity, having regard to their particular aptitudes and abilities. In the event of a colleague becoming disabled, every effort is made to ensure their employment within the Group continues, and that we arrange appropriate training where necessary. It is Company policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement

The Group places considerable value on the engagement with colleagues and has continued its practice of keeping them informed on, and involved in, business and strategic matters, for example through colleague surveys, meetings with the Board, team meetings, presentations by senior management and regular all-colleague conference calls hosted by the Executive Directors.

The Responsible Business Committee, chaired by Carol Hui who is also the designated Non-Executive Director for workforce engagement, has responsibility for monitoring our colleague engagement and the Voice of the Colleague engagements. For more information on our people and the activities of the Responsible Business Committee, see pages 36 (Sustainability) and 87 (Responsible Business Committee Report).

Directors' Report continued

Employee share schemes

The Group operates all employee (SAYE and SIP) and discretionary share schemes (LTIP and Deferred Bonus schemes) to promote wider employee share ownership and alignment with Shareholders interests. Options under the discretionary schemes are awarded to members of the senior management team. The share scheme arrangements also include the operation of a UK MAR compliant Share-dealing Policy and Code, which governs all-employee share-dealings.

The SAYE plan rules have been reviewed and updated as they are due for renewal (planned for every ten years) and will be presented to Shareholders for approval at the 2027 AGM. The Notice of AGM will include further details relating to this resolution.

Share capital

Details of the Company's share capital are included in Note 29 of the financial statements. During the year no repurchase of shares took place.

Political donations

While we do not make any monetary contributions to political campaigns or organisations, or other tax exempt groups, we may from time to time engage the services of lobbying organisations in relation to a specific issue. We may also join trade associations, which may be involved in political or lobbying activities. We do not consider that these activities amount to engagement in, or contribution to, political activities. Therefore, in accordance with the Company's standard approach, we made no political donations in FY26 (FY25: £nil).

Takeover directive

On a change of control, the main bank facilities (included in Note 26 to the financial statements) will become repayable should alternative terms for continuing the facilities not be agreed with the lenders within 45 days. In addition, the corporate bonds (also referred to in Note 26) may become repayable following a change of control. There are no other material matters relating to a change of control of the Company following a takeover bid.

AGM

The AGM is scheduled for 3 February 2027 and the Notice of AGM will be issued in accordance with the Companies Act 2006. We will announce its publication and make it available on our website as well as file a copy with the FCA's National Storage Mechanism.

Substantial shareholders

Details of the interests disclosed to the Company at the end of FY26 and at 16 November 2026 (being the latest practicable date prior to the date of this Report) are set out at page 75. The information is reported in accordance with DTR 5 and as required by UK LR 6.6.6. The table details interests with voting rights (direct and indirect) amounting to 3% or more and the data included is derived from analysts' reports and replies received from Shareholders.



Glasshouse Square, Bristol – Launch event

Streamlined Energy and Carbon Reporting Disclosure

Scope 1 and 2 Global GHG emissions data for period 1 October 2025 to 30 September 2026.

Emissions (tonnes of CO_2e) from	2025 location-based	**2026 location-based**	Trend location-based	2025 market-based	**2026 market-based**	Trend market-based
Scope 1 (Fuel combustion in vehicles and buildings and refrigerant use)	205	**121**	-41%	205	**121**	-41%
Scope 2 (Electricity and district heating)	1,237	**946**	-24%	54	**39**	-29%
Total footprint	1,442	**1,067**	-26%	259	**160**	-38%
Outside of Scopes (Biogenic emissions)	2,011	**1,848**	-8%	2,011	**1,848**	-8%
Company's chosen intensity measurement:						
Emissions reported above per m^2 Gross Internal Area[1]	0.0017	**0.0013**	-27%	0.0003	**0.0002**	-39%
Emissions reported above per owned unit[2]	0.136	**0.099**	-27%	0.024	**0.015**	-39%
Emissions reported above per employee[3]	3.87	**3.14**	-19%	0.69	**0.47**	-32%

Scope 3 Global GHG emissions data for period 1 October 2025 to 30 September 2026.

Emissions (tonnes of CO_2e) from	2025	**2026**	Trend
Purchased goods and services[4]	9,305	**6,854**	-26%
Capital goods[5]	25,364	**21,851**	-14%
Fuel and energy-related activities[6]	704	**580**	-18%
Upstream transportation and distribution[7]	3.2	**1.9**	-40%
Waste generated in operations[8]	0.1	**0.1**	22%
Business travel (air, rail, vehicles and hotels)[9]	94	**100**	6%
Employee commuting[10]	471	**562**	19%
Upstream leased assets (office energy use)[11]	80	**72**	-11%
Use of sold products	99	**322**	225%
End-of-life treatment of sold products[12]	32	**22**	-31%
Downstream leased assets (customer energy use)[13]			
PRS	12,750	**10,787**	-15%
Regulated tenancies	5,075	**3,703**	-27%
Commercial	910	**670**	-26%
Total	18,735	**15,160**	-19%
Investments (Residential – mortgages 'CHARM')[14]	639	**499**	-22%
Total Scope 3 emissions[15]	55,526	**46,024**	-17%

Notes:

1. Gross Internal Area for Grainger's residential portfolio (850,741 m^2).
2. Number of owned units during the financial year, including units owned in joint ventures that are within Grainger's operational control.
3. Total number of employees of Grainger plc on the last day of the financial year.
4. This has been calculated based on spend data using supplier-specific data where available and CEDA emissions factors where not. It includes all operational expenditure not captured within other reporting categories.
5. This has been calculated based on spend data using CEDA emissions factors and includes all capital expenditure.
6. Includes WTT emissions from fuels and electricity transmission and distribution losses.
7. Includes emissions for courier services calculated from spend data.
8. Includes waste generated from two offices that Grainger leases from its landlords and estimated waste for other offices.
9. Includes business travel emissions from air, rail and vehicles. Optional hotel stay emissions are excluded and are 8.3 tonnes.
10. Employee commuting has been estimated from an employee survey. Optional working from home emissions are excluded and are 63.6 tonnes.
11. Includes landlord-obtained emissions from two offices that Grainger leases from its landlords.
12. Sold products emissions include in-use and end-of-life emissions for properties sold in the year that Grainger developed for sale which for FY26 comprises six shared ownership homes in the Grainger Trust portfolio.
13. Downstream leased assets – includes estimated customer energy use for Grainger's portfolio of leased residential and commercial buildings, which has been calculated from a combination of actual meter readings, extrapolation of actual data and estimation from Energy Performance Certificates (EPCs) and CIBSE benchmarks. 34% of data was calculated from actual meter readings.
14. Emissions from the 'CHARM' portfolio of residential mortgages calculated using the PCAF methodology for Grainger's equity share.
15. Emissions from categories 9 (Downstream transportation and distribution), 10 (Processing of sold products) and 14 (Franchises) are not relevant to Grainger.

Directors' Report continued

Underlying global energy use data for period 1 October 2025 to 30 September 2026.

Energy use (kWh)	2025	**2026**	Trend
Electricity	6,969,764	**7,190,696**	3%
Natural gas	9,278,240	**8,141,187**	-12%
District heating	16,375	**21,181**	29%
Biomass	987,379	**977,577**	-1%
Vehicle energy	104,886	**10,090**	-90%
Total energy use	17,356,644	**16,340,731**	-6%

Summary

As a quoted company incorporated in the UK, Grainger complies with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Grainger reports all material GHG emissions using tonnes of CO_2 equivalent (tCO_2e) as the unit of measurement and reports energy use in kWh. Our reporting period is 1 October to 30 September and we report energy use and emissions for the previous year to show trends.

We report on all energy use and GHG emissions for the operations within the boundaries of our financial statements. All energy use and emissions data relates to emissions in the UK and offshore area.

Between FY25 and FY26, energy consumption across our operations has decreased by 6%. Grainger's total location-based GHG emissions have decreased by 26% and market-based emissions have decreased by 38%.

We are reporting all relevant Scope 3 categories using methodologies in line with the GHG Protocol Corporate Value Chain (Scope 3) Standard.

Trends

Energy: Energy use across energy sources decreased 6% year-on-year. This decrease can in part be attributed to changes in the property portfolio due to sales and acquisitions. On a like-for-like basis, only considering properties which were fully operational across the two years, energy consumption also showed a 6% decrease, with reductions across electricity (-0.1%), natural gas (-11%) and biomass (-1%). The reductions in fuel consumption for heating are likely due to the warmer weather experienced over the 2025-26 winter with a decreased number of heating degree days. Energy associated with transport has reduced due to a reduction in the fleet.



Emissions: Our Scope 1 emissions have significantly decreased. Over the last five years we have progressively moved sites using natural gas onto a green gas contract. In FY25 this coverage was extended to all eligible gas meters (95%), which continued into FY26. Despite the increase in electricity consumption, location-based Scope 2 emissions have decreased due to the reduction in emissions intensity of the UK electricity grid. Market-based Scope 2 emissions have decreased as we have continued to increase the coverage of renewable electricity with 96% of our portfolio meters and 98% of electricity consumption now covered by a renewable electricity tariff.

Methodology

Grainger uses the GHG Protocol Corporate Standard (revised edition), Government Environmental Reporting Guidelines 2019 and ISO14064: Part 1 standard for its reporting, using the operational control approach. We have used the UK Government Conversion Factors for Company Reporting 2026 for emissions calculations, including location-based Scope 2 reporting. For our market-based emissions we have used contractual instruments where there is data readily available and if unavailable, residual mix emission factors from the Association of Issuing Bodies European Residual Mixes 2025 for market-based reporting for FY26. We used emissions factors from the same sources in FY25.

We have reported on all energy use and emissions sources required under the regulations. We purchase 100% renewable electricity tariffs for 96% of our portfolio meters, which has resulted in lower Scope 2 emissions using the market-based approach compared to the location-based approach.

Scope 1 data

This includes landlord-obtained gas and biomass heating consumed in common areas and by tenants on an unmetered basis, gas consumed in Grainger's offices, and fuel consumption in vehicles owned or leased by Grainger. Fugitive emissions from refrigerant top-ups are also included.

Scope 2 data

This includes landlord-obtained electricity and district heating consumed in common areas and by tenants on an unmetered basis as well as electricity consumed by Grainger in its offices and electric fleet vehicles.

Scope 3 data

This includes all relevant Scope 3 categories.

Emissions from Purchased goods and services, Capital goods and Upstream transportation and distribution are primarily calculated from spend data using 2025 CEDA emissions factors. Where available some emissions have been calculated from supplier specific emissions factors provided by our key supplier partners.

Fuel and energy-related activities include well-to-tank emissions from fuels and electricity alongside emissions from the transmission and distribution of electricity.

Waste generated from operations and Upstream leased assets emissions have been calculated from waste and energy data provided by landlords for Grainger's occupied offices. Where waste data was unavailable it has been estimated using available waste data and employee headcount figures.

Business travel emissions have been calculated from actual mileage records and spend data. Optional hotel stay emissions are calculated and are 8.3 tCO_2e but are not included in the reported figures to align to the GHG Protocol and SBTi. Employee commuting has been estimated from an employee survey and workforce data, while optional emissions from employees working from home (63.6 tonnes in FY26) are also calculated but excluded from the reported figures.

Sold products consists of units developed by Grainger for sale, which for FY26 comprises shared ownership homes on the Grainger Trust portfolio. Use of sold products emissions have been estimated from EPCs. End-of-life treatment of sold products emissions have been estimated using data from Whole Life Carbon assessments undertaken on similar Grainger properties.

Downstream leased assets includes emissions from energy used by Grainger's customers in our buildings and uses a combination of actual energy data, extrapolation of actual data to fill gaps in data for the same asset, and proxy data for similar assets. Where no actual data or suitable proxy was available, emissions have been estimated using data from EPCs and CIBSE benchmarks.

Investment includes emissions from a portfolio of residential mortgages (CHARM) calculated using the PCAF methodology, and are reported for Grainger's equity share.

Energy use data

This includes purchased electricity, natural gas, biomass, district heating and transport fuels (petrol and diesel, which have been converted to kWh from mileage records using the UK Government conversion factors). Grainger has solar photovoltaic (PV) panels generating electricity on a number of properties, but the energy generated is exported to the grid or used to supply building communal areas and is unable to be reported.

Recalculations and estimation

We have recalculated emissions for FY25 in line with best practice as we have been able to obtain more accurate and complete data for Scope 1 and Scope 2 emissions from energy consumption in our property portfolios. Properties which were completed in FY25 for which no data was available for the prior year's reporting have been included and a small number of properties are excluded from FY26 reporting because data is not yet available. We will gather data in FY27 to include these properties in our future reporting.

Where Grainger-obtained utility consumption data is partially unavailable or unreliable for an asset, estimation has been undertaken by extrapolating, first using data from the current reporting period and if unavailable, data from the previous reporting period. For FY26 0.2% of energy from fuels for Scope 1 emissions and 1.1% of electricity for Scope 2 emissions data has been estimated.

All Scope 3 emissions have been calculated using the same methodology in FY25 and FY26. Scope 3 emissions have been recalculated from previously reported figures where improved data collection resulted in more accurate input data.

Intensity metrics

We have used three intensity metrics: emissions per residential Gross Internal Area (tCO_2e/m^2), emissions per number of owned units (tCO_2e/owned unit) and emissions per number of employees (tCO_2e/employee) to align with our financial reporting.

The floor area of our portfolio has increased between FY25 and FY26 due to acquisitions. This, coupled with the decrease in combined Scope 1 and 2 emissions, has resulted in a 27% decrease in location-based emissions per m^2. Our investment in new energy efficient rental homes has increased the number of homes in the portfolio and improved the efficiency of the portfolio, resulting in a 27% reduction in location-based emissions per owned unit. There has been a small decrease in the number of employees and a 19% decrease in location-based emissions per employee.

Energy efficiency measures

As part of our long-term asset management activities, we undertake comprehensive refurbishments to the common parts of our buildings and have a programme of rolling refurbishments for units. These refurbishments include a number of energy efficiency measures. For common parts a typical refurbishment includes a lighting upgrade with installation of lighting controls, and fabric upgrades where required. We have undertaken major refurbishments to three assets in the last two year reporting period, which included lighting upgrades, window replacements and roof insulation. These generated energy savings for Grainger of 15%. Emissions reductions achieved through refurbishments primarily affect our Scope 3 emissions from Downstream leased assets, resulting in lower energy consumption for customers.

Refurbishments undertaken to individual units include many energy efficiency improvements including draught-proofing, installation of more efficient heating systems and insulation. The resulting reductions in energy consumption are experienced by our customers in their directly-purchased energy usage, and are reflected in our Downstream leased assets emissions.

Customers energy use and emissions

Grainger's customers purchase their own energy and data privacy laws make it challenging to obtain actual customer energy data, which can be used to calculate actual emissions for Downstream leased assets. Grainger has implemented our Customer Emissions Strategy to improve data quality and coverage of customer energy data. A green lease clause was rolled out across Grainger's BTR portfolio to enable customer energy data to be collected and used for reporting purposes. Meter readings are taken when properties are void and during property inspections where customers have provided consent. The actual customer energy data that has been collected has been extrapolated to similar properties in the same estate or portfolio.

Where no data is available we have used estimated energy consumption data from Energy Performance Certificates or CIBSE benchmarks. These figures do not take into account actual residents usage patterns and the actual data gathered from Grainger's portfolio suggests our properties are operating more efficiently than predicted. The coverage of properties with actual data is increasing over time which will enhance the accuracy of our emissions reporting. Grainger has a customer engagement campaign Living a Greener Life which aims to engage our customers on greener living and support them in reducing their environmental impacts.

Directors' Report continued

Supply Chain Emissions

Grainger reports supply chain emissions from Purchased goods and services and Capital goods. These emissions are currently primarily calculated using spend data and CEDA emissions factors for specific spend categories. We are engaging with our key suppliers to measure and report supplier specific emissions data for key categories. For FY26 we have incorporated this data into our Purchased goods and services emissions reporting for the first time and we plan to increase coverage for FY27.

Capital goods include emissions from BTR development projects and refurbishment. Development activity has reduced year on year as we focus on the delivery of our committed pipeline. However, Capital goods still represents our largest source of Scope 3 emissions for this year. We are undertaking Whole Life Carbon assessments for all pipeline schemes, which will enable us to more accurately measure emissions from developments completing in future years.

Third-party calculation and verification

SE Advisory Services has reviewed and analysed the data provided by Grainger and has carried out calculations in-line with best practice (see Methodology section). A separate SE Advisory Services team completed verification of the following emissions using the ISO 14064-3 standard:

GHG emissions	2026 GHG emissions (tCO_2e)
Scope 1 emissions	**121**
Scope 2 emissions (location-based)	**946**
Scope 2 emissions (market-based)	**39**
Total (location-based)	**1,067**
Total (market-based)	**160**
Scope 3 emissions Category 1	**6,854**
Scope 3 emissions Category 2	**21,851**
Scope 3 emissions Category 6	**100**
Scope 3 emissions Category 13	**15,160**
Total verified Scope 3 emissions	**43,965**

The full verification statement is available on Grainger's website at: corporate.graingerplc.co.uk.

A more detailed breakdown of our energy consumption and carbon footprint for our property portfolios and the methodology used is available in our EPRA Sustainability Performance Measures Report, which is also available on our website.

Progress against targets

Our science-based target

Grainger's science-based target was validated by the Science Based Targets initiative (SBTi) in 2025. The target is a near-term target which is as follows.

Grainger plc commits to reduce absolute Scope 1 and 2 GHG emissions 42% by FY2030 from a FY2023 base year.[1] Grainger plc also commits to reduce Scope 3 GHG emissions from capital goods and downstream leased assets 51.6% per m^2 residential gross internal area within the same timeframe.

The target includes Grainger's most material emissions sources to focus our energy and carbon reduction efforts on the areas where we can make the most impact aligned to our business strategy. Emissions from Capital goods includes our investment in developing and refurbishing energy efficient homes for rent and emissions from Downstream leased assets represent energy consumed by our customers in their homes.

Achieving our target will therefore require engagement with our development supply chain, and with our customers. Engagement with our development partners and contractors through our embodied carbon roadmap, and engagement with our customers through our Living a Greener Life customer engagement campaign are key elements of our strategy. More detail is provided on page 41 and in the Net Zero Carbon Pathway published on our website.

Progress against our target

All the emissions sources covered within the target are verified by a third party as disclosed in this Report. We have made strong progress towards our target in the first three years since our baseline year (FY23), achieving reductions of 44% in absolute Scope 1 and 2 emissions and 56% per m^2 residential Gross Internal Area in Scope 3.

Reductions in our Scope 1 and 2 emissions have been delivered through the transfer of our communal heating systems from natural gas to green gas, energy efficiency improvements undertaken in the communal areas of our buildings, and the rationalisation and improved efficiency of our fleet. The reductions have also been enhanced by decarbonisation of the UK electricity grid, which we have benefitted from as a result of the electrification of our fleet and our properties.

Our progress towards achieving our Scope 3 target is not expected to be linear as it is linked to levels of development activity. Development activity in FY25 and FY26 has been lower than in our FY23 baseline year as we have had fewer homes under construction while we focus on the delivery of our committed pipeline. Capital goods emissions also includes emissions associated with asset repositioning and refurbishment activity, which is anticipated to increase. We continue to collaborate with our development and refurbishment partners to explore embodied carbon reduction opportunities.

Our emissions from Downstream leased assets have reduced as the energy efficiency of our portfolio increases. This is driven by our strategy to invest in efficient new rental homes and our ongoing refurbishments programme. We engage with our customers to help them reduce their energy consumption, and therefore our Scope 3 emissions through our Living a Greener Life customer engagement campaign. The emissions intensity of our BTR portfolio has improved by 36% since our baseline year and we expect this trend to continue.


The Kimmeridge, Oxford

Note:

1. The target boundary includes land-related emissions and removals from bioenergy.

Strategies and actions taken

We have conducted third-party energy and emissions assessments at our long-term hold properties to inform the specific strategies and actions we will take at each asset. To achieve reductions across our direct operations and our value chain, to date we have implemented the following strategies and actions.

Scope 1 and 2

Grainger has reviewed our fleet of vehicles, significantly reducing the number of vehicles and ensuring all vehicles are now hybrid models which has reduced the emissions associated with the fleet.

Grainger has communal gas and biomass heating systems in a small number of buildings where Grainger controls the plant and purchases the fuel. All eligible gas supplies have been transferred to a green gas contract and all communal heating systems have been reviewed to ensure they are operating efficiently, with improvements implemented.

We continue to implement energy efficiency improvements to the communal areas of our buildings. Projects over the last three years have included installing rooftop solar PV, upgrading lifts with regenerative drives and window replacements.

Scope 3

Grainger's development projects are designed to our specification which sets minimum energy efficiency requirements and all pipeline projects are designed with low carbon heating systems. Our contractors and development partners are required to consider opportunities to reduce embodied carbon through lean design and alternative materials and construction processes.

We continue to implement energy efficiency improvements to our residential portfolio, including upgrading heating systems and appliances and fabric improvements. Our Living a Greener Life campaign provides guidance to help our residents to use less energy in their homes.

These initiatives are delivering continued improvements in energy and carbon efficiency across our portfolio, leaving us well-placed to achieve our reduction targets.

Actions planned for FY27

Grainger has the following emissions reduction projects in progress and planned to continue in FY27.

- Continuing to roll out energy audits across our BTR portfolio and investing in quick wins to reduce communal energy consumption.
- Additional investment in unit refurbishments to enhance energy efficiency and prepare for compliance with future Minimum Energy Efficiency Standards.
- Further expanding our supplier carbon engagement programme.
- Incorporating embodied carbon reduction opportunities into the design of our development pipeline.

Disclosures required by UK LR 6.6.1(1) to (13)R:

Listing Rule	Information required	Disclosure
(1)	Interest capitalised by Group	Refer to Note 12 in the financial statements
(2)	Unaudited financial information (LR 9.2.18R)	None
(3)	Long-term incentive schemes information relating to Board Directors (LR 9.3.3R)	Directors' Remuneration Report (page 100)
(4)	Waiver of emoluments by a Director	None
(5)	Waiver of future emoluments by a Director	None
(6)	Non-pre-emptive issues of equity for cash	None
(7)	Non-pre-emptive issues of equity for cash in relation to a major subsidiary undertaking	None
(8)	Listed company is a subsidiary of another company	Not applicable
(9)	Contracts of significance involving a Director of a controlling shareholder	None
(10)	Contracts for the provision of services by a controlling shareholder	None
(11)	Shareholder waiver of dividends	None
(12)	Shareholder waiver of future dividends	None
(13)	Agreement with controlling Shareholder	Not applicable

The Directors' Report has been approved by, and is signed on behalf of, the Board of Directors.

Sapna FitzGerald
Company Secretary

18 November 2026

Statement of Directors' responsibilities in respect of the Annual Report and Accounts 2026

The Directors are responsible for preparing the Annual Report and Accounts 2026 including the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards (IFRS) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

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 parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards (IFRS);
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect 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 complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. The auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Directors' declaration in relation to the relevant audit information

Each Director confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Directors' responsibility statement

The Directors consider this Report taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

Independent auditor and disclosure of information to auditor

In accordance with section 418 of the Companies Act 2006, each Director confirms that: (a) in so as far they are aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) each Director has taken the steps they ought to have taken as Directors, to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

The Statement has been approved by, and is signed on behalf of, the Board of Directors.

Sapna FitzGerald
Company Secretary

18 November 2026

Alternative performance measures

For FY26

Performance measure	Definition
Loan to Value (LTV)	Ratio of net debt to the market value of properties and property-related assets. This is a key metric for the Group as part of measuring gearing at both an overall Group and individual facility level, linked to both our risk appetite and individual facility covenants.

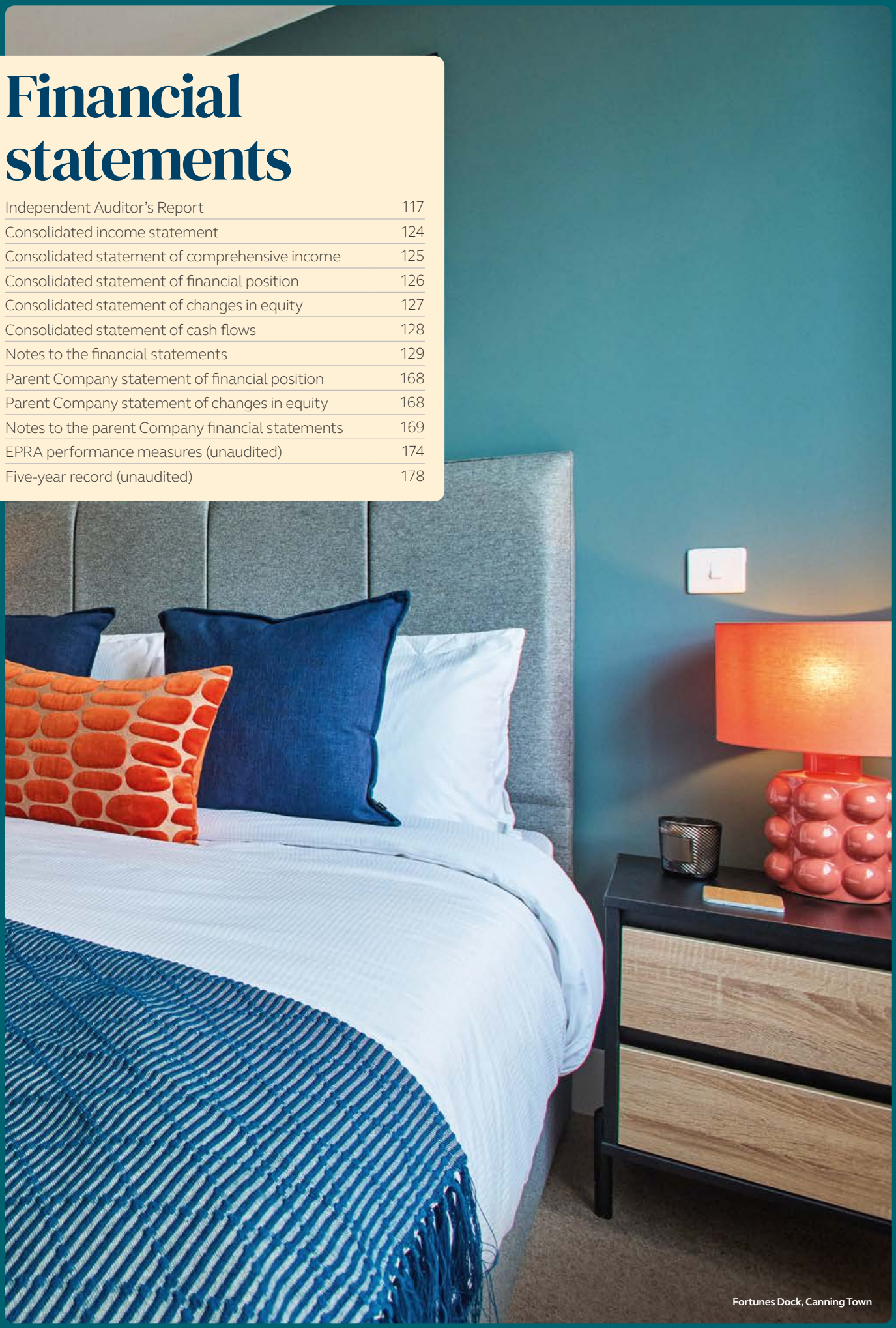
	2026 £m	2025 £m
Gross debt	**1,565.4**	1,590.1
IFRS 9 modification	**4.7**	–
Cash	**(77.7)**	(85.8)
Restricted deposits	**(15.1)**	(57.7)
Less restricted client cash	**16.4**	16.9
Net debt	**1,493.7**	1,463.5
Market value of properties	**3,530.7**	3,665.3
Investment in associates	**14.6**	15.2
Investment in joint ventures	**78.0**	77.5
Financial interest in property assets	**41.3**	48.6
Treasury shares	**2.5**	2.9
Total market value of properties and property-related assets	**3,667.1**	3,809.5
LTV	**40.7%**	38.4%

Total Property Return (TPR)	A performance measure which represents the change in gross asset value, net of capital expenditure incurred, plus property-related net income, expressed as a percentage of opening gross asset value. This is a key metric for the Group in measuring the overall performance of property returns on the Group's property assets, with LTIP conditions linked to the performance of this metric as outlined in the Directors' Remuneration report.

	2026 £m	2025 £m
Net rental income	**130.2**	123.6
Other sundry income	**4.2**	3.8
Profit on disposal of trading property	**25.1**	38.9
Previously recognised profit through EPRA market value measures	**(32.2)**	(42.4)
Loss on disposal of investment property	**(2.3)**	(1.6)
Income from financial interest in property assets	**2.0**	1.1
Net valuation (losses)/gains on investment property and other investments	**(116.0)**	23.4
Net valuation losses on trading property	**(14.5)**	(3.8)
Property return	**(3.5)**	143.0
Investment property – opening balance	**3,124.3**	3,028.3
Financial interest in property assets – opening balance	**48.6**	57.4
Inventories – trading property – opening balance	**541.0**	620.1
Total opening gross assets	**3,713.9**	3,705.8
TPR	**(0.1)%**	3.9%

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Fortunes Dock, Canning Town

Independent auditor's report to the members of Grainger plc

1. Our opinion is unmodified

We have audited the financial statements of Grainger plc ("the Company") for the year ended 30 September 2026 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the parent Company Statement of Financial Position, the parent Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 1 of both the Group (Page 129 to 131) and parent Company financial statements (Page 169 to 170).

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 30 September 2026 and of the Group's loss 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 accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit & Risk Committee.

We were first appointed as auditor by the shareholders on 5 February 2015. The period of total uninterrupted engagement is for the 12 financial years ended 30 September 2026. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters (unchanged from 2025), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of properties Investment properties, including held for sale assets held at fair value: (£3,064.9m; 2025: £3,124.3m). Refer to page 90 (Audit & Risk Committee Report), pages 131–134 (critical accounting estimates and judgements) and pages 145 (accounting policies and financial disclosures).	**Subjective valuation of investment properties, including held for sale assets.** The valuation approach adopted by the directors varies between portfolios: – For properties let into the private rental market, and affordable housing properties, the valuation is derived by applying a yield to the estimated rental value of the property. Yield is based on market evidence and is an inherently judgemental input. There is a risk that applying an inappropriate yield could lead to a material difference in the valuation. Where relevant, valuations are reduced to reflect the estimated costs of planned remedial works relating to fire safety. There is a risk that not all works are identified or that cost estimates are insufficient. – For properties under construction which are to be let into the private rental market, the valuation is derived on a residual basis, requiring the estimation of the gross development value of the completed asset and the deduction of outstanding development costs and allowances for development and stabilisation risk. As these inputs are inherently judgemental, there is a risk that inappropriate assumptions could result in a material difference in the valuation.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures in respect of all property types identified included: – **Methodologies:** we have challenged the methodologies used for the specific portfolios with reference to market practice, with the assistance of our property valuation specialists. – **Assessing valuers' credentials:** we assessed the objectivity, professional qualifications, independence and experience of the external valuers engaged by the Group, through research, discussion with them and by reading their valuation reports and terms of engagement letter for fee arrangements and other incentive terms. – **Attendance at Group valuation meetings:** we attended the Group's meetings with their external valuers and challenged the market evidence presented by the valuers with the help of our own property valuation specialists. – **Historical comparisons:** we compared the latest valuations available for properties with the sales price achieved for them in the current year. – **Assessing transparency:** we assessed whether the Group's disclosure about the sensitivity of fair value changes in key assumptions reflected the uncertainties inherent in the investment property valuations.

Independent auditor's report to the members of Grainger plc continued

	The risk	Our response
	– For reversionary properties and a small number of others, the valuation is determined by estimating a vacant possession ("VP") value and applying a discount to reflect the fact that the property is tenanted. The VP value and the discount applied are estimated with reference to evidence from comparable properties sales, which in some cases may be limited. This means the valuation is inherently subjective and susceptible to misstatement. – For the Tricomm and shared ownership affordable housing portfolios, the valuation is based on a discounted cash flow model produced by an external valuer. There is a risk that the discount rate assumptions could be inappropriate which could lead to a material misstatement in valuation. – The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties held at fair value has a high degree of estimation uncertainty, with a potential range of outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements note 2 disclose the sensitivity estimated by the Group.	Our additional procedures in respect of private rental sector properties and affordable housing properties included: – **Yield:** we have challenged the yield rates applied using our understanding of the assets and compared to available market data, with the assistance of our property valuation specialists. – **Fire safety works:** we assessed the completeness of the list of properties requiring remedial works with reference to the Group's records supporting compliance with the Building Safety Act, including inspecting fire risk assessment reports. We inspected correspondence with third parties in respect of responsibility for the costs of remedial works and compared remediation cost adjustments to third party evidence, including tenders received. Our additional procedures in respect of properties under construction, which are to be let into the private rental market, included: – **Test of details:** for a sample of properties, we agreed the adjustments made for capital expenditure not yet incurred to the latest third-party supplier funding assessment. – **Our valuation expertise:** using our property valuation specialists, we critically assessed the adjustments made for development and stabilisation risk with reference to sector practice. Our additional procedures in respect of individual properties included: – **Comparing valuations:** we challenged the inputs used in valuations and compared valuations to recent comparable transactions. Our additional procedures in respect of the Tricomm portfolio and the shared ownership affordable housing properties included: – **Challenging inputs into the discounted cashflow models with the assistance of our property valuation specialists. This included:** the reversion rate, income rate, operating expense rate, staircasing rate and capitalisation rate. – **Benchmarking assumptions:** we compared the income rate against short dated gilt yields. **Our results:** – We found the valuation of investment properties held at fair value in Note 16 to be acceptable (2025: acceptable).
Recoverability of the parent Company's investment in subsidiaries Investment in subsidiaries: (£2,552.4m; 2025: £2,567.2m) Net Impairment of investment in subsidiaries: (£144.4m; 2025: £31.9m) Refer to pages 169–170 (critical accounting estimates and judgements, accounting policies and financial disclosures).	**Low risk, high value** The carrying amount of the parent Company's investments in subsidiaries represents 95% (2025: 94%) of the parent Company's total assets. Their recoverability is not at a high risk of material misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is the area that had the greatest effect on our overall parent Company audit.	We performed the tests below rather than seeking to rely on any of the parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our procedures included:** – **Tests of detail:** We compared the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheet as of 30 September 2026 to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount. Where net assets, adjusted to reflect trading property at market value, were lower than the carrying amount we recalculated the impairment recognised. – **Assessing subsidiary balances:** Considering the results of our work on all those subsidiaries' profits and net assets. – Assessing the adequacy of the parent company's disclosures in respect to investments in subsidiaries. **Our results:** We found the parent company's investment in subsidiaries balance, and the related net impairment recognised, to be acceptable (2025: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Our Application of Materiality

Materiality for the Group financial statements as a whole was set at £35.0m (2025: £35.0m), determined with reference to a benchmark of Group total assets of which it represents 0.97% (2025: 0.95%).

Materiality for the parent Company financial statements as a whole was set at £28.0m (2025: £30.0m), determined with reference to a benchmark of Company net assets, of which it represents 1.62% (2025: 1.62%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2025: 75%) of materiality for the financial statements as a whole, which equates to £26.2m (2025: £26.2m) for the Group and £21.0m (2025: £22.5m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £1.75m (2025: £1.75m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

In addition, we applied materiality of £3.5m (2025: £3.9m) and performance materiality of £2.6m (2025: £2.9m) to specific relevant Group income statement balances, namely net rental income, profit on disposal of investment property, profit on disposal of trading property, finance costs, fees and other income, for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the primary users' assessment of the financial performance of the Group. In relation to these balances, we agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £0.17m (2025: £0.19m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Audit team performed the audit of the Group as if it were a single aggregated set of financial information. The Audit team performed the parent Company audit separately as a standalone entity. The audit was performed using the materiality levels set out above.

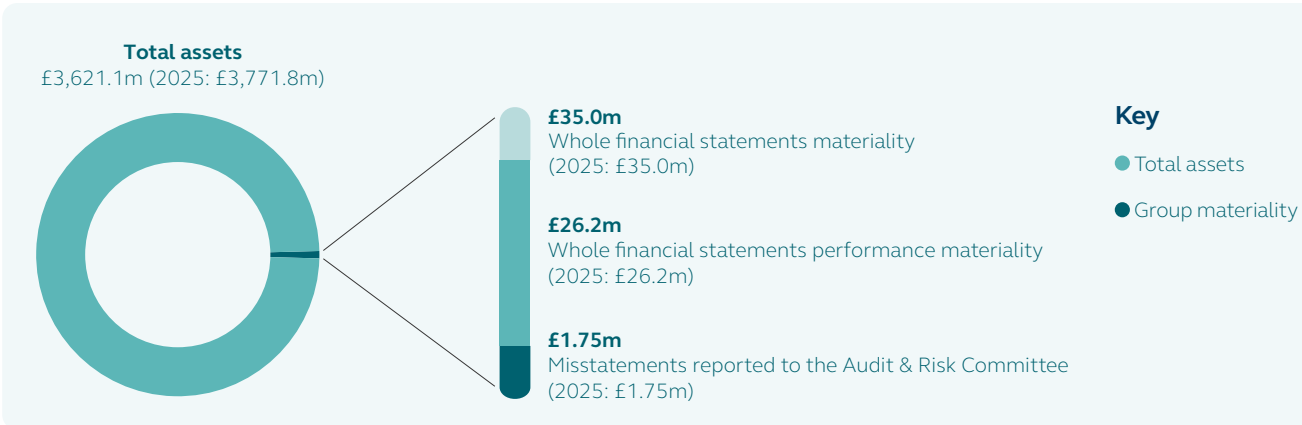
Impact of controls on our group audit

We identified the main finance IT system and the consolidation software used by the Group to be relevant to our Group audit. With the assistance of our IT Auditors, we were able to obtain an understanding of these systems for the purposes of our audit work.

Having considered the efficiency and effectiveness of approaches to gain the appropriate audit evidence, we took a predominantly substantive approach to the audit. This included a data-oriented approach to the testing of inputs relevant to the valuation of investment properties.

Given that we did not plan to rely on IT controls, a direct testing approach was used over the completeness and reliability of data used in our substantive procedures, including in relation to our testing of automated and manual journals.

We assessed the design of manual controls over manual journal postings and as a result of this assessment, we were unable to rely on controls in this area. Following incremental risk assessment, we assessed that no significant changes were required to our planned audit approach as we continued to take a full substantive approach. In line with previous audits, we identified a control deficiency in relation to manual journal entries posted due to there being no approval process in place prior to entry into the main finance IT System.



Independent auditor's report to the members of Grainger plc continued

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impacts of climate change on the Group's business and its financial statements. Climate change impacts the Group in several ways: through its own operations (including potential reputational risk associated with the Group's delivery of its climate related initiatives), through its portfolio of properties and the greater emphasis on climate related narrative and disclosure in the Annual Report. The Group's main potential exposure to climate change in the financial statements is primarily through the carrying value of its properties as the estimated valuation may need to be adjusted to the impact of climate transition risk related factors.

As part of our audit, we have made enquiries of directors and the Group's Corporate Sustainability team to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, with respect to the valuation of properties. Given that these valuations are largely based on comparable market evidence we assessed that the impact of climate change was not a significant risk for our audit, nor does it constitute a key audit matter.

We have also read the Group's disclosure of climate related information in the front half of the Annual Report as set out on pages 36 to 50 and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of these disclosures.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we used our knowledge of the Group, its industry, and the general economic environment to consider the inherent risks to the group's and parent company's business model and analysed how those risks might affect the group and parent company's financial resources or ability to continue operations over the going concern period.

The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- Macroeconomic pressures may reduce demand in the private rental sector, leading to reduced rent levels;
- A downturn on the property market could lead to reduced sale activity, impacting the ability for the group to align with REIT requirements;
- Declining property valuations may increase LTV ratios and impact covenant headroom;
- Cost inflation may impact development viability;
- Changes in fiscal policy could adversely impact market conditions; and
- Ability to refinance borrowings when they mature could impact the cashflows.

To conduct this evaluation, the following procedures were completed:

- Critically assessing assumptions in base case and downside scenarios relevant to liquidity and covenant metrics, particularly in relation to changes in fiscal policy, macroeconomic pressures and the downturn of the property sector, by comparing to our knowledge of the entity and the sector in which it operates.
- We compared past budgets to actual results to assess the directors' track record of budgeting accurately.
- Assessment of future compliance with covenants held with lenders.
- We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.
- We also assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the UK Listing Rules set out on page 113 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the Audit & Risk Committee, as to the Group's high-level policies and procedures to prevent and detect fraud (including the Group's channel for "whistleblowing") and as whether they have knowledge of any actual, suspected or alleged fraud;
- Inspection of internal audit reports;
- Reading Board and Audit & Risk Committee minutes;
- Considering remuneration incentive schemes and performance targets for management and directors, including the EPRA targets; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries.

We performed procedures including:

- Identifying journal entries to test at the Group level based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries with unusual characteristics compared to the total journal population.
- Identifying other adjustments to test at the Group level based on risk criteria and comparing identified entries to supporting documentation. These included journal entries that breached the materiality threshold.

On this audit, as in previous audits, we did not believe there to be a fraud risk related to revenue recognition outside of the sale of properties – specifically within the sales cut-off period due to the nature of the revenue stream being high volume of low value transactions. In the current period, because the Group transitioned to a REIT on 8 September 2025, we have determined management has limited incentive to overstate revenue recognised from the sale of properties. Under the REIT regime Grainger is required to comply with REIT rules, which restricts the profit being recognised from income sources outside of rental income. Further to this, as a REIT, EPRA measures have become much more of a focus for investors. With the sale of properties being excluded from EPRA measures, management also has limited incentive to overstate completed sales. Therefore, we have determined that there is no fraud risk related to any of the group's revenue streams.

We did not identify any other fraud risks.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and REIT legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, environmental and sustainability law, fire safety legislation, building legislation, property law, landlord and tenant legislation (including the Renters' Rights Act), social housing regulation and certain aspects of company legislation recognising the regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We assessed the legality of the distribution in the period based on compliance with REIT legislation.

Independent auditor's report to the members of Grainger plc continued

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement, on page 60 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 60 under the UK Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit & Risk Committee, including the significant issues that the Audit & Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review, and to report to you if a corporate governance statement has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
  - we have not identified material misstatements therein; and
  - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 114, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Craig Steven-Jennings (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square,
Canary Wharf,
London,
E14 5GL

18 November 2026

Consolidated income statement

For the year ended 30 September

	Notes	2026 £m	2025 £m
Group revenue	5	**261.0**	262.7
Net rental income	6	**130.2**	123.6
Profit on disposal of trading property	7	**25.1**	38.9
Loss on disposal of investment property	8	**(2.3)**	(1.6)
Gain from financial interest in property assets	20	**2.0**	1.1
Fees and other income	9	**6.7**	6.1
Administrative expenses		**(36.7)**	(36.7)
Other expenses		**(2.5)**	(4.0)
(Impairment)/reversal of impairment of inventories to net realisable value	22	**(3.7)**	0.6
Operating profit		**118.8**	128.0
Net valuation (losses)/gains on investment property	16	**(105.6)**	29.5
Hedge ineffectiveness under IFRS 9		**(11.7)**	(8.5)
Finance costs	12	**(40.0)**	(45.4)
Finance income	12	**2.3**	2.7
Share of (loss)/profit of associates after tax	18	**(0.1)**	0.6
Share of loss of joint ventures after tax	19	**(5.5)**	(4.3)
(Loss)/profit before tax	11	**(41.8)**	102.6
Tax credit/(charge)	13	**0.1**	(23.6)
Tax credit arising from REIT conversion	13	**5.1**	123.6
(Loss)/profit for the year attributable to the shareholders of the Company		**(36.6)**	202.6
Basic earnings per share	15	**(4.9)p**	27.4p
Diluted earnings per share	15	**(4.9)p**	27.3p

The Notes on pages 129 to 167 form part of the financial statements.

Consolidated statement of comprehensive income

For the year ended 30 September

	Notes	2026 £m	2025 £m
(Loss)/profit for the year	3	**(36.6)**	202.6
Items that will not be transferred to the consolidated income statement:			
Remeasurement of BPT Limited defined benefit pension scheme	28	**(0.1)**	(0.3)
Items that may be or are reclassified to the consolidated income statement:			
Changes in fair value of cash flow hedges		**6.5**	(2.3)
Other comprehensive income/(expense) for the year before tax		**6.4**	(2.6)
Tax relating to components of other comprehensive income:			
Tax relating to items that will not be transferred to the consolidated income statement	13	**–**	0.1
Tax relating to items that may be or are reclassified to the consolidated income statement	13	**(0.6)**	0.6
Total tax relating to components of other comprehensive income		**(0.6)**	0.7
Other comprehensive income/(expense) for the year after tax		**5.8**	(1.9)
Total comprehensive (expense)/income for the year attributable to the shareholders of the Company		**(30.8)**	200.7

The Notes on pages 129 to 167 form part of the financial statements.

Consolidated statement of financial position

As at 30 September

	Notes	2026 £m	2025 £m
ASSETS			
Non-current assets			
Investment property	16	**2,851.9**	3,059.4
Property, plant and equipment	17	**7.6**	9.2
Investment in associates	18	**14.6**	15.2
Investment in joint ventures	19	**78.0**	77.5
Financial interest in property assets	20	**41.3**	48.6
Retirement benefits	28	**6.2**	6.2
Deferred tax assets	13	**4.3**	4.6
Intangible assets	21	**2.8**	2.9
		3,006.7	3,223.6
Current assets			
Inventories – trading property	22	**270.1**	298.6
Investment property – held for sale	16	**213.0**	64.9
Trade and other receivables	23	**29.8**	79.2
Derivative financial instruments	27	**18.9**	14.1
Current tax assets		**4.9**	5.6
Cash and cash equivalents	27	**77.7**	85.8
		614.4	548.2
Total assets		**3,621.1**	3,771.8
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	26	**1,556.9**	1,515.1
Trade and other payables	25	**5.3**	5.7
Provisions for other liabilities and charges	24	**1.9**	0.7
Deferred tax liabilities	13	**5.4**	8.2
		1,569.5	1,529.7
Current liabilities			
Interest-bearing loans and borrowings	26	**8.5**	75.0
Trade and other payables	25	**79.3**	115.3
Provisions for other liabilities and charges	24	**13.5**	12.0
		101.3	202.3
Total liabilities		**1,670.8**	1,732.0
NET ASSETS		**1,950.3**	2,039.8
EQUITY			
Issued share capital	29	**37.2**	37.2
Share premium account		**817.9**	817.9
Merger reserve	31	**20.1**	20.1
Capital redemption reserve		**0.3**	0.3
Cash flow hedge reserve	31	**8.6**	2.7
Retained earnings	32	**1,066.2**	1,161.6
TOTAL EQUITY		**1,950.3**	2,039.8

The financial statements on pages 124 to 167 were approved by the Board of Directors on 18 November 2026 and were signed on their behalf by:

Helen Gordon
Director

Rob Hudson
Director

Company registration number: 00125575

Consolidated statement of changes in equity

	Notes	Issued share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
Balance as at 1 October 2024		37.2	817.9	20.1	0.3	4.4	1,013.8	1,893.7
Profit for the year		–	–	–	–	–	202.6	202.6
Other comprehensive expense for the year		–	–	–	–	(1.7)	(0.2)	(1.9)
Total comprehensive income		–	–	–	–	(1.7)	202.4	200.7
Purchase of own shares		–	–	–	–	–	(0.1)	(0.1)
Share-based payments charge		–	–	–	–	–	3.6	3.6
Dividends paid		–	–	–	–	–	(58.1)	(58.1)
Total transactions with shareholders recorded directly in equity		–	–	–	–	–	(54.6)	(54.6)
Balance as at 30 September 2025		**37.2**	**817.9**	**20.1**	**0.3**	**2.7**	**1,161.6**	**2,039.8**
Loss for the year	3	**–**	**–**	**–**	**–**	**–**	**(36.6)**	**(36.6)**
Other comprehensive income for the year		**–**	**–**	**–**	**–**	**5.9**	**(0.1)**	**5.8**
Total comprehensive expense		**–**	**–**	**–**	**–**	**5.9**	**(36.7)**	**(30.8)**
Purchase of own shares	29	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Share-based payments charge	30	**–**	**–**	**–**	**–**	**–**	**3.6**	**3.6**
Dividends paid	14	**–**	**–**	**–**	**–**	**–**	**(62.2)**	**(62.2)**
Total transactions with shareholders recorded directly in equity		**–**	**–**	**–**	**–**	**–**	**(58.7)**	**(58.7)**
Balance as at 30 September 2026		**37.2**	**817.9**	**20.1**	**0.3**	**8.6**	**1,066.2**	**1,950.3**

The Notes on pages 129 to 167 form part of the financial statements.

Consolidated statement of cash flows

For the year ended 30 September

	Notes	2026 £m	2025 £m
Cash flow from operating activities			
(Loss)/profit for the year		**(36.6)**	202.6
Depreciation and amortisation	11	**1.8**	1.7
Intangible asset impairment		**0.6**	–
Net valuation losses/(gains) on investment property	16	**105.6**	(29.5)
Net finance costs	12	**37.7**	42.7
Hedge ineffectiveness under IFRS 9		**11.7**	8.5
Share of loss of associates and joint ventures	18, 19	**5.6**	3.7
Loss on disposal of investment property	8	**2.3**	1.6
Share-based payments charge	30	**3.6**	3.6
Gain from financial interest in property assets	20	**(2.0)**	(1.1)
Provisions for liabilities and charges	24	**–**	1.6
Tax credit	13	**(5.2)**	(100.0)
Cash generated from operating activities before changes in working capital		**125.1**	135.4
Decrease in trade and other receivables		**6.8**	6.2
(Decrease)/increase in trade and other payables		**(17.4)**	12.9
Decrease in inventories	22	**28.5**	33.0
Cash generated from operating activities		**143.0**	187.5
Interest paid		**(49.2)**	(53.3)
Interest received		**2.3**	2.7
Cash outflow from fire safety remediation work		**(1.9)**	(3.1)
Tax received/(paid)		**2.7**	(11.4)
Net cash inflow from operating activities		**96.9**	122.4
Cash flow from investing activities			
Proceeds from sale of investment property		**112.2**	85.9
Proceeds from financial interest in property assets	20	**9.3**	9.9
Dividends received from associates	18	**0.5**	0.3
Investment in joint ventures	19	**(7.4)**	(3.7)
Loans repaid from/(advanced to) joint ventures	19	**1.4**	(1.7)
Acquisition of investment property		**(114.9)**	(148.4)
Acquisition of property, plant and equipment and intangible assets		**(0.8)**	(1.4)
Net cash inflow/(outflow) from investing activities		**0.3**	(59.1)
Cash flow from financing activities			
Purchase of own shares	29	**(0.1)**	(0.1)
Proceeds from new loans and borrowings		**276.4**	186.0
Payment of loan costs		**(2.9)**	(2.3)
Cash flows relating to new derivatives/settlement of derivatives		**(10.1)**	(5.0)
Repayment of loans and borrowings		**(306.4)**	(191.2)
Dividends paid	14	**(62.2)**	(58.1)
Net cash outflow from financing activities		**(105.3)**	(70.7)
Net decrease in cash and cash equivalents		**(8.1)**	(7.4)
Cash and cash equivalents at the beginning of the year	27	**85.8**	93.2
Cash and cash equivalents at the end of the year	27	**77.7**	85.8

The Notes on pages 129 to 167 form part of the financial statements.

Notes to the financial statements

1. Accounting policies

Accounting policies applicable throughout the financial statements are shown below. Accounting policies that are specific to a component of the financial statements have been incorporated in the relevant Note.

(a) Basis of preparation

Grainger plc is a company incorporated and domiciled in the UK. It is a public limited liability company listed on the London Stock Exchange. The Group financial statements consolidate those of the Company and its subsidiaries, together referred to as the 'Group', and equity account the Group's interest in joint ventures and associates. The parent Company financial statements present information about the Company and not the Group. The Group elected to adopt REIT status from 8 September 2025. As a consequence of the Group's REIT status, UK corporation tax is not levied on the Group's qualifying property rental business profits, or gains from the sale of qualifying investment properties.

The Group financial statements have been prepared under the historical cost convention except for the following assets and liabilities, and corresponding income statement accounts, which are stated at their fair value: investment property; derivative financial instruments; and financial interest in property assets.

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards (IFRS) and applicable law. The Company has elected to prepare its parent Company financial statements in accordance with FRS 101 reduced disclosure framework; these are presented on pages 168 to 173.

The Group and Company financial statements are presented in millions of Pounds Sterling (£m) because that is the currency of the principal economic environment in which the Group operates.

In preparing the financial statements, management has considered the potential impacts, risks and opportunities of climate change, taking into account the relevant disclosures in the Strategic report, including those made in accordance with TCFD, and considered the impact of the issues identified to ensure they are appropriately reflected into the financial statements. The impact of climate change and of climate-change related changes in markets and regulation are considered in the valuation of investment properties. These issues are also considered when projecting future cash flows of the Group and in sensitivity analysis. Management feel that climate-related issues are appropriately considered in these financial statements.

Going concern

The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern for the foreseeable future. Given the macroeconomic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 30 September 2026.

The financial position of the Group, including details of its financing and capital structure, is set out in the financial review on pages 31 to 34. In making the going concern assessment, the Directors have considered the Group's principal risks and uncertainties (see pages 56 to 59) and their impact on financial performance. The Directors have assessed the future funding commitments of the Group and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, severe but plausible sensitivities have been applied to the key factors affecting financial performance for the Group.

The going concern assessment covers at least 12 months from the date the financial statements are authorised for issue. It uses the same forecasts considered by the Group for the purposes of the Viability Statement. The assessment considers a severe but plausible downside scenario, reflecting the following key assumptions:

- Reducing PRS occupancy to 90%;
- Rental growth reduced by 100bps to 2.0%;
- Reducing property valuations by 10%, driven by rents, yield expansion or house price deflation;
- Operating and development cost inflation of 10% p.a.;
- An increase in SONIA of 2%.

The Group's forecasts incorporate the likely impact of climate change and sustainability requirements including costs to deliver our climate-related targets. This includes EPC upgrades and investing in energy efficient solutions for central heating systems.

Existing facilities are assumed to remain available throughout the assessment period. Even in this severe but plausible downside scenario, the Group remains compliant with its financial covenants, with loan-to-value peaking at 47.8% against a 70% covenant limit and interest cover falling no lower than 2.60x against a minimum covenant requirement of 1.35x.

Based on these considerations, together with available market information and the Directors' experience of the Group's property portfolio and markets, the Directors continue to adopt the going concern basis in preparing the accounts for the year ended 30 September 2026.

Notes to the financial statements continued

1. Accounting policies continued

(b) Basis of consolidation

i) Subsidiaries – Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Joint ventures and associates – Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Associates are all entities over which the Group has significant influence but not control. Where the Group owns less than 50% of the voting rights but acts as property and/or asset manager an assessment is made as to whether or not the Group has de facto control over an investee. This includes a review of the Group's rights relative to those of another investor or investors and the ability the Group has to direct the investees' relevant activities (further details are provided in Note 18 and Note 19).

Investments in joint ventures and associates are accounted for by the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition, less any distributions received. The joint venture and associate results for the 12 months to 30 September 2026 and the financial position as at that date have been equity accounted in these financial statements.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Where the Group's interest has been reduced to £nil, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in joint ventures and associates. The accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

iii) Business combinations – At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities are acquired in addition to the property. Consideration is also given to the concentration test permitted under IFRS 3 Business Combinations.

When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired based on their fair values, and no goodwill or deferred tax is recognised.

A business combination may also require the recognition of identifiable intangible assets by the Group. An intangible asset is deemed to be identifiable if it is able to be separated or divided from the other assets acquired in the business combination and sold, licensed or exchanged for something else of value, even if the intention to do so is not present on behalf of the Group. Where an intangible asset is not individually separable, it may still meet the separability criterion if it is separable in combination with a related contract, identifiable asset or liability.

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the fair value of the assets given and equity instruments issued. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, including intangible assets, of the acquired entity at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Costs attributable to an acquisition of a business are expensed in the consolidated income statement under the heading 'Other expenses'.

Goodwill on acquisition of subsidiaries is included within this caption in the consolidated statement of financial position. Goodwill on acquisition of joint ventures and associates is included in investments in joint ventures and associates.

Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Adoption of new and revised International Financial Reporting Standards and interpretations

The following new standards and amendments to standards were issued and adopted in the year and have no material impact on the financial statements:

- Amendments to IAS 21 – Lack of exchangeability;
- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments;
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity;
- Annual Improvements to IFRS Accounting Standards – Volume 11.

The following new standards and amendments to standards have been issued but are not yet effective for the Group and have not been early adopted:

- IFRS 18 – Presentation and Disclosure in Financial Statements;
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures;
- Amendments to IFRS 10 Consolidated Financial Statements;
- Amendments to IAS 28 Investments in Associates and Joint Ventures.

With the exception of IFRS 18, the application of these new standards and amendments is not expected to have a material impact on the Group's financial statements. The adoption of IFRS 18 is expected to affect the presentation of the Group's consolidated statement of profit or loss and the related disclosures, including the presentation of operating profit and the reconciliation of performance measures. The standard is not expected to affect the recognition or measurement of the Group's assets, liabilities, income or expenses.

2. Critical accounting estimates and judgements

The Group's significant accounting policies are stated in the relevant Notes to the Group financial statements. The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and assumptions, including those associated with climate change, are reviewed on an ongoing basis with revisions recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity are set out below.

Estimates

1) Valuation of property assets

Residential trading property is carried in the statement of financial position at the lower of cost and net realisable value and investment property is carried at fair value. The Group does, however, in its principal non-GAAP net asset value measures, EPRA NRV, EPRA NTA and EPRA NDV, include trading property at market value. The adjustment in the value of trading property is the difference between the statutory book value and its market value as set out in Note 4. For investment property, market value is the same as fair value. In respect of trading properties, market valuation is the key assumption in determining the net realisable value of those properties.

The results and the basis of each valuation and their impact on both the statutory financial statements and market value for the Group's non-GAAP net asset value measures are set out below. This includes details of key estimates and assumptions, along with which, an independent professional adviser has been utilised to determine valuations for each asset category. In all cases, forming these valuations inherently includes elements of judgement and subjectivity with regard to the selection of unobservable inputs.

The methodology for the year-end valuation process for capitalised yield-based valuations is consistent with the prior year. This is considered to be the most appropriate method for valuing assets that are likely to be held as long-term investments and represents 84% of our property assets relating primarily to PRS blocks, including new build PRS assets. The remaining 16% of property assets are valued based on current house prices, reflecting the prevailing market conditions as at the reporting date.

Where appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and wellbeing and corporate responsibility that can, or do, impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal consideration.

Notes to the financial statements continued

2. Critical accounting estimates and judgements continued

When determining property asset values, management have included an estimate for fire safety works where there is a legal or constructive obligation or where required works affect the market value of the property. Property asset values reflect the best estimate of the cost of the required works based on known costs and quotations where available. They do not take into account any potential recovery of costs from third parties.

	Notes	PRS £m	Reversionary £m	Other £m	Total £m	Valuer	% of properties for which external valuer provides valuation
Trading property		0.7	220.4	49.0	270.1		
Investment property[1]		3,052.9	12.0	–	3,064.9		
Financial asset (CHARM)		–	41.3	–	41.3		
Total statutory book value		3,053.6	273.7	49.0	3,376.3		
Trading property							
Residential	(i)	0.7	393.3	–	394.0	Allsop LLP/ CBRE Limited	73%
Developments	(ii)	–	–	71.8	71.8	Savills UK Limited	94%
Total trading property at market value		0.7	393.3	71.8	465.8		
Investment property							
Residential	(i)	524.1	12.0	–	536.1	Allsop LLP/ CBRE Limited	100%
Developments	(ii)	43.7	–	–	43.7	CBRE Limited	99%
New build PRS	(iii)	2,103.5	–	–	2,103.5	CBRE Limited	100%
Affordable housing	(iv)	239.0	–	–	239.0	Allsop LLP/ Savills UK Limited	100%
Tricomm Housing	(v)	142.6	–	–	142.6	Savills UK Limited	100%
Total investment property		3,052.9	12.0	–	3,064.9		
Financial asset (CHARM)[2]	(vi)	–	41.3	–	41.3	Allsop LLP	100%
Total assets at market value		3,053.6	446.6	71.8	3,572.0		
Statutory book value		3,053.6	273.7	49.0	3,376.3		
Market value adjustment[3]		–	172.9	22.8	195.7		
Total assets at market value[4]		3,053.6	446.6	71.8	3,572.0		
Net revaluation loss recognised in the income statement for wholly-owned properties		(105.6)					
Net revaluation loss relating to joint ventures and associates[5]	(vii)	(5.2)					
Net revaluation loss recognised in the year[5]		(110.8)					

Notes:

1. Includes investment property – held for sale.
2. Allsop LLP provide vacant possession values used by the Directors to value the financial asset in accordance with the accounting policy set out in Note 20.
3. The market value adjustment is the difference between the statutory book value and the market value of the Group's properties. Refer to Note 4 for market value net asset measures.
4. Excludes £92.6m (2025: £92.7m) of investments in joint ventures and associates.
5. Includes the Group's share of joint ventures and associates revaluation loss after tax.

i) Residential

Trading property: The Group's own in-house qualified team provided a vacant possession value for the majority of the Group's residential properties as at 30 September 2026. A structured sample of these in-house valuations was reviewed by Allsop LLP, an external independent valuer. Valuing the large number of properties in this portfolio is a significant task. For this reason, it is undertaken on an external inspection basis only. Valuations are compared to a sample performed in-house and where there are significant differences these are discussed with the valuer to determine the reasons for them. Typically, the reasons vary, but it could be, for example, that further or better information about internal condition is available or that respective valuers have placed a different interpretation on comparable sales. Once such reasons have been identified, the Group and the valuer agree the appropriate valuation that should be adopted as the Directors' Valuation.

Allsop LLP has provided the Directors with the following opinion on the Directors' Valuation:

Property held in the residential portfolio was valued as at 30 September 2026 by Grainger's in-house surveyors. These valuations were reviewed and approved by the Directors. Allsop LLP has undertaken a comprehensive review of the Directors' Valuation and they are satisfied with the process by which the in-house valuations were conducted. Allsop LLP valued approximately 79% (2025: 85%) of the residential portfolio, independently of the Group. Based on the results of that review, Allsop LLP has concluded that they have a high degree of confidence in those Directors' Valuations.

Allsop LLP also recommends a discount to apply to the vacant possession valuations to establish the market value of each property, with the discounts ranging from 5.0% to 20.0% (2025: 5.0% to 17.5%). The discounts are established by tenancy type and region and are based on evidence gathered by Allsop LLP from recent transactional market evidence. The Directors have adopted the discounts recommended by Allsop LLP.

Investment property: PRS blocks are valued on an income capitalisation basis, having regard to prevailing market conditions and evidence, and with close regard to the relativity between the market value and the aggregate vacant possession value. The valuation has been prepared in accordance with RICS Professional Valuation Standards where fair value is the same as market value. CBRE Limited valued 78% (2025: 55%) of residential investment property, with Allsop LLP valuing 8% (2025: 11%). Gross yields adopted in the valuations broadly range from 5.8% to 9.5% (2025: 5.5% to 9.3%).

The remaining 15% (2025: 34%) of residential property is valued in line with the trading property approach, with older properties and groups of individual units valued by Allsop LLP on a discount to vacant possession value basis on the assumption these assets would be sold individually. Residential reversionary assets discounts adopted ranged from 10% to 20% (2025: 10.0% to 17.5%), while the residential PRS discount to vacant possession value was 5% (2025: 5%).

ii) Developments

Trading property: Development trading property of £71.8m (2025: £50.2m) relates to the Group's legacy strategic land assets. The current market value has been assessed by Savills UK Limited. Their valuation, representing 94% (2025: 94%) of total value, is on the basis of fair value as defined in the RICS Professional Valuation Standards where fair value is the same as market value. The remaining 6% (2025: 6%) of the portfolio is a Directors' Valuation.

Investment property: CBRE Limited assessed the fair value of the direct development schemes in the course of construction. These schemes are valued on an income capitalisation basis, with gross yields adopted in the valuations ranging from 6.4% to 6.9% (2025: 5.9% to 6.1%). As the assets are under construction, the valuation takes into account estimated costs required to reach completion.

iii) New build PRS – CBRE Limited assessed the fair value of the completed assets and assets in the course of construction.

The principal approach was to value the properties on an income capitalisation basis, having regard to prevailing market conditions and evidence, and with close regard to the relativity between the market value and the aggregate vacant possession value.

Where applicable, estimated costs required to complete construction have been taken into account. The valuation has been prepared in accordance with RICS Professional Valuation Standards where fair value is the same as market value.

The primary unobservable input within the valuation relates to assumptions for gross yields adopted with respect to comparable market evidence, with gross yields ranging from 6.1% to 7.4% (2025: 6.0% to 7.1%) across the portfolio. For assets under construction, a discount to market value to reflect stabilisation and construction risk in the remaining build process is applied on an asset-by-asset basis depending on stage of completion.

iv) Affordable housing – For properties let on affordable rents, social rents or sold on shared ownership leases, Allsop LLP and Savills UK Limited valued the assets on the basis of Existing Use Value for Social Housing (EUV-SH) in line with RICS Global Standards. Properties subject to intermediate rents have been valued at market value as these assets are not restricted as social housing in perpetuity.

The primary unobservable input within the valuation relates to assumptions for the income capitalisation rate of net rent, which is determined on a tenure basis. The gross yields adopted for 30 September 2026 valuations range from 5.1% to 6.1% (2025: 4.8% to 5.8%).

v) Tricomm Housing – Savills UK Limited provided an investment valuation as at 30 September 2026 for the property assets owned by the Group and let under a long-term lease arrangement with the Secretary of State for Defence under a PFI project agreement. The investment valuation is in accordance with RICS Professional Valuation Standards, and is based on a discounted cash flow model.

Significant unobservable inputs within the valuation relate to assumptions for house price inflation and the discount rates to apply to the cash flows. The assumptions adopted for house price inflation are 0% until the end of the contract in 2028. The discount rates applied to the cash flows range between 4.75% (2025: 4.9%) non-core MOD income and 6.5% (2025: 9.0%) on reversion.

vi) Financial asset (CHARM) – The valuation methodology adopted for the CHARM asset is set out in Note 20 to the financial statements. CHARM is valued using projected cash flows and applies key unobservable inputs being house price inflation and discount rates.

As such, it is classified as a level 3 asset (Note 27). The assumptions used to value the asset reflect an increase in house prices of between 2.9% and 3.3% p.a. (2025: 2.1% and 3.7%). A discount rate of 5.5% (2025: 5.0%) has been applied to the interest income and a rate of 7.25% (2025: 7.25%) has been applied to the projected proceeds from sales of the underlying properties, reflecting the risk profile of each individual income stream.

Credit risk arises from the credit exposure relating to cash receipts from the financial instrument. All of the cash receipts are payable by the Church Commissioners, a counterparty considered to be low risk as they have no history of past due or impaired amounts and there are no past due amounts outstanding at the year-end.

Notes to the financial statements continued

2. Critical accounting estimates and judgements continued

vii) Joint ventures and associates – For Vesta LP, CBRE Limited valued the asset on the same basis described for completed new build PRS assets. Property assets in other joint ventures including the Connected Living London Group are held at fair value and Lewisham Grainger Holdings LLP are held at cost reflecting the current early stages of each development.

The Directors consider the valuations provided by external valuers to be representative of fair value.

As required by RICS Professional Valuation Standards, the external valuers in the UK mentioned above have made full disclosure of the extent and duration of their work for, and fees earned by them from, the Group, which in all cases are less than 5% of their total fees.

Sensitivity analysis

Changes to key assumptions could impact both the income and financial position of the Group. The impact of changes to key assumptions on the valuation of property assets and the net realisable value of trading property is considered using a range of reasonable changes. The Group measures its market risk exposure internally by running various sensitivity analyses. The Directors consider that the range of potential movements set out in the table below represent reasonably possible changes.

		Increase		Decrease	
		Income statement impact £m	**Statement of financial position impact £m**	Income statement impact £m	Statement of financial position impact £m
Residential (trading property)	10.0% change in house prices (NRV provision impact)	**1.7**	**1.7**	(3.6)	(3.6)
Residential (investment property)[1]	0.50% change in gross yield	**(30.2)**	**(30.2)**	35.0	35.0
Residential (investment property)[1]	5.0% change in net rental income	**22.6**	**22.6**	(22.6)	(22.6)
Developments (investment property)[1]	0.50% change in gross yield	**(22.0)**	**(22.0)**	25.5	25.5
Developments (investment property)[1]	5.0% change in net rental income	**15.7**	**15.7**	(15.7)	(15.7)
New build PRS	0.50% change in gross yield	**(151.3)**	**(151.3)**	175.8	175.8
New build PRS	5.0% change in net rental income	**108.7**	**108.7**	(108.7)	(108.7)
Affordable housing	0.50% change in gross yield	**(20.3)**	**(20.3)**	24.6	24.6
Affordable housing	5.0% change in net rental income	**11.9**	**11.9**	(11.9)	(11.9)
Joint ventures and associates[2]	0.50% change in gross yield	**(21.1)**	**(21.1)**	24.2	24.2
Joint ventures and associates[2]	5.0% change in net rental income	**16.1**	**16.1**	(16.1)	(16.1)
Tricomm Housing	10.0% change in house prices	**12.9**	**12.9**	(13.0)	(13.0)
Tricomm Housing	0.75% change in discount rate	**(2.9)**	**(2.9)**	3.0	3.0
Financial asset (CHARM)	10.0% change in house prices	**3.4**	**3.4**	(3.4)	(3.4)
Financial asset (CHARM)	0.75% change in discount rate	**(1.3)**	**(1.3)**	1.4	1.4

Notes:
1. Includes investment property – held for sale.
2. Joint ventures and associates includes the Group's share of property revaluation movements.

Judgements

1) Distinction between investment and trading property

The Group considers the intention at the outset when each property is acquired in order to classify the property as either an investment or a trading property. Where the intention is either to trade the property or where the property is held for immediate sale upon receiving vacant possession within the ordinary course of business, the property is classified as trading property. Where the intention is to hold the property for its long-term rental yield and/or capital appreciation, the property is classified as an investment property. If investment property is subsequently identified for sale, it is classified Investment Property – available for sale within current assets.

The classification of the Group's properties is a significant judgement, which directly impacts the statutory net asset position, as trading properties are held at the lower of cost and net realisable value, while investment properties are held at fair value, with gains or losses taken through the consolidated income statement.

The Group continually reviews properties for changes in use that could change the classification. A change in use occurs if property meets, or ceases to meet, the definition of investment property, which is more than a change in management's intentions. The fact patterns associated with changes in the way in which properties are utilised are considered on a case-by-case basis and to the extent that a change in use is established, property reclassifications are reflected appropriately.

3. Analysis of (loss)/profit before tax

The table below details EPRA earnings, which is one of Grainger's key performance indicators. The metric is utilised as a key measure to aid understanding of the performance of the continuing business and excludes profit on disposals, valuation movements and other adjustments which do not form part of the normal ongoing revenue or costs of the business. EPRA earnings are presented on page 175, and the reconciliation from statutory (loss)/profit to EPRA earnings is shown below.

£m	Statutory	Profit on disposals	Valuation	Other adjustments	2026 EPRA earnings
Group revenue	**261.0**	**–**	**–**	**–**	**261.0**
Net rental income	**130.2**	**–**	**–**	**–**	**130.2**
Profit on disposal of trading property	**25.1**	**(25.1)**	**–**	**–**	**–**
Loss on disposal of investment property	**(2.3)**	**2.3**	**–**	**–**	**–**
Income from financial interest in property assets	**2.0**	**–**	**1.5**	**–**	**3.5**
Fees and other income	**6.7**	**–**	**–**	**–**	**6.7**
Administrative expenses	**(36.7)**	**–**	**–**	**–**	**(36.7)**
Other expenses	**(2.5)**	**–**	**–**	**1.8**	**(0.7)**
Impairment of inventories to net realisable value	**(3.7)**	**–**	**3.7**	**–**	**–**
Operating profit	**118.8**	**(22.8)**	**5.2**	**1.8**	**103.0**
Net valuation losses on investment property	**(105.6)**	**–**	**105.6**	**–**	**–**
Hedge ineffectiveness under IFRS 9	**(11.7)**	**–**	**–**	**11.7**	**–**
Finance costs	**(40.0)**	**–**	**–**	**(4.7)**	**(44.7)**
Finance income	**2.3**	**–**	**–**	**–**	**2.3**
Share of loss of associates after tax	**(0.1)**	**–**	**0.5**	**–**	**0.4**
Share of loss of joint ventures after tax	**(5.5)**	**–**	**4.7**	**–**	**(0.8)**
(Loss)/profit before tax	**(41.8)**	**(22.8)**	**116.0**	**8.8**	**60.2**
Tax credit	**5.2**				
Loss for the year attributable to the owners of the Company	**(36.6)**				
Basic EPRA earnings per share after tax					**8.1p**
Diluted EPRA earnings per share after tax					**8.1p**

£m	Statutory	Profit on disposals	Valuation	Other adjustments	2025 EPRA earnings
Group revenue	262.7	–	–	–	262.7
Net rental income	123.6	–	–	–	123.6
Profit on disposal of trading property	38.9	(38.9)	–	–	–
Loss on disposal of investment property	(1.6)	1.6	–	–	–
Income from financial interest in property assets	1.1	–	3.2	–	4.3
Fees and other income	6.1	–	–	–	6.1
Administrative expenses	(36.7)	–	–	–	(36.7)
Other expenses	(4.0)	–	–	3.3	(0.7)
Reversal of impairment of inventories to net realisable value	0.6	–	(0.6)	–	–
Operating profit	128.0	(37.3)	2.6	3.3	96.6
Net valuation gains on investment property	29.5	–	(29.5)	–	–
Hedge ineffectiveness under IFRS 9	(8.5)	–	–	8.5	–
Finance costs	(45.4)	–	–	–	(45.4)
Finance income	2.7	–	–	–	2.7
Share of profit of associates after tax	0.6	–	(0.2)	–	0.4
Share of loss of joint ventures after tax	(4.3)	–	3.7	–	(0.6)
Profit before tax	102.6	(37.3)	(23.4)	11.8	53.7
Tax credit	100.0				
Profit for the year attributable to the owners of the Company	202.6				
Basic EPRA earnings per share after tax					5.5p
Diluted EPRA earnings per share after tax					5.4p

EPRA earnings of £60.2m (2025: £53.7m) are presented in the tables above. EPRA earnings per share assumes tax of £nil at an effective tax rate of nil% following the Group's conversion to REIT status (2025: £13.4m, in line with the Group's adjusted tax rate of 24.4%), divided by the weighted average number of shares as shown in Note 15. The Group's IFRS statutory earnings per share is also detailed in Note 15.

The classification of amounts as other adjustments is a judgement made by management and is a matter referred to the Audit & Risk Committee for approval. Included in other adjustments are £nil fire safety provisions (2025: £1.9m), £nil REIT conversion costs (2025: £0.6m), £nil aborted acquisition costs (2025: £0.8m), hedge ineffectiveness under IFRS 9 of £11.7m (2025: £8.5m), loan modification gain of £4.7m (2025: £nil), restructuring costs of £1.4m (2025: £nil) and goodwill impairment of £0.4m (2025: £nil).

Notes to the financial statements continued

4. Segmental information

(a) Accounting policy

IFRS 8, Operating Segments requires operating segments to be identified based upon the Group's internal reporting to the Chief Operating Decision Maker (CODM) so that the CODM can make decisions about resources to be allocated to segments and assess their performance. The Group's CODM are the Executive Directors.

The two significant segments for the Group are PRS and Reversionary. The PRS segment includes stabilised PRS assets as well as PRS under construction through direct development and forward funding arrangements, both for wholly-owned assets and the Group's interest in joint ventures and associates as relevant. The Reversionary segment includes regulated tenancies, as well as CHARM. The Other segment includes legacy strategic land and development arrangements, along with administrative expenses.

The key operating performance measure of profit or loss used by the CODM is EPRA earnings before tax, profit on disposals, valuation and other adjustments.

The principal net asset value (NAV) measure reviewed by the CODM is EPRA NTA, which is considered to be the most relevant, and therefore the primary NAV measure for the Group. EPRA NTA reflects the tax that will crystallise in relation to the trading portfolio, while excluding the volatility of mark to market movements on fixed-rate debt and derivatives, which are unlikely to be realised. Other NAV measures include EPRA NRV and EPRA NDV, which we report alongside EPRA NTA. A full description and reconciliation of these measures is included in the EPRA performance measures section on pages 174 to 177 of this report.

Information relating to the Group's operating segments is set out in the tables below. The tables distinguish between EPRA earnings on a segmental basis. Valuation and other adjustments are not reviewed by the CODM on a segmental basis and should be read in conjunction with Note 3.

2026 Income statement

£m	PRS	Reversionary	Other	Total
Group revenue	**170.7**	**87.4**	**2.9**	**261.0**
Segment revenue – external				
Net rental income	**119.9**	**9.1**	**1.2**	**130.2**
Income from financial interest in property assets	**–**	**3.5**	**–**	**3.5**
Fees and other income	**5.3**	**–**	**1.4**	**6.7**
Administrative expenses	**–**	**–**	**(36.7)**	**(36.7)**
Other expenses	**(0.1)**	**–**	**(0.6)**	**(0.7)**
Net finance costs	**(36.2)**	**(5.2)**	**(1.0)**	**(42.4)**
Share of trading loss of joint ventures and associates after tax	**0.2**	**–**	**(0.6)**	**(0.4)**
EPRA earnings	**89.1**	**7.4**	**(36.3)**	**60.2**
Profit on disposal of trading property	**0.1**	**25.0**	**–**	**25.1**
Loss on disposal of investment property	**(2.3)**	**–**	**–**	**(2.3)**
Valuation movements	**(115.6)**	**(0.4)**	**–**	**(116.0)**
Other adjustments	**–**	**–**	**(8.8)**	**(8.8)**
Loss before tax	**(28.7)**	**32.0**	**(45.1)**	**(41.8)**

The 'Other' category incorporates non-core operating activity and the cost of support functions.

2025 Income statement

£m	PRS	Reversionary	Other	Total
Group revenue	162.0	98.7	2.0	262.7
Segment revenue – external				
Net rental income	111.6	10.9	1.1	123.6
Income from financial interest in property assets	–	4.3	–	4.3
Fees and other income	5.6	–	0.5	6.1
Administrative expenses	–	–	(36.7)	(36.7)
Other expenses	(0.1)	–	(0.6)	(0.7)
Net finance costs	(35.8)	(6.2)	(0.7)	(42.7)
Share of trading loss of joint ventures and associates after tax	0.2	–	(0.4)	(0.2)
EPRA earnings	81.5	9.0	(36.8)	53.7
Profit on disposal of trading property	0.2	38.7	–	38.9
Loss on disposal of investment property	(1.7)	0.1	–	(1.6)
Valuation movements	26.6	(3.2)	–	23.4
Other adjustments	(1.9)	–	(9.9)	(11.8)
Profit before tax	104.7	44.6	(46.7)	102.6

Segmental assets

The net asset value measures reviewed by the CODM are EPRA NRV, EPRA NTA and EPRA NDV. These measures reflect the current market value of trading property owned by the Group rather than the lower of historical cost and net realisable value. These measures are considered to be a more relevant reflection of the value of the assets owned by the Group.

EPRA NRV is the Group's statutory net assets plus the adjustment required to increase the value of trading stock from its statutory accounts value of the lower of cost and net realisable value to its market value. In addition, the statutory statement of financial position amounts for both deferred tax on property revaluations and derivative financial instruments net of deferred tax, including those in joint ventures and associates, are added back to statutory net assets. Finally, the market value of Grainger plc shares owned by the Group are added back to statutory net assets.

EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of deferred tax liabilities. For the Group, deferred tax in relation to revaluations of its trading portfolio is taken into account by applying the expected rate of tax to the adjustment that increases the value of trading stock from its statutory accounts value of the lower of cost and net realisable value, to its market value. The measure also excludes all intangible assets on the statutory balance sheet, including goodwill.

EPRA NDV reverses some of the adjustments made between statutory net assets, EPRA NRV and EPRA NTA. All of the adjustments for the value of derivative financial instruments net of deferred tax, including those in joint ventures and associates, are reversed. The adjustment for the deferred tax on investment property revaluations excluded from EPRA NRV and EPRA NTA are also reversed, as is the intangible adjustment in respect of EPRA NTA, except for goodwill, which remains excluded. In addition, adjustments are made to net assets to reflect the fair value, net of deferred tax, of the Group's fixed-rate debt.

Total Accounting Return of (3.1)% is calculated from the closing EPRA NTA of 281p per share plus the dividend paid of 8.40p per share in the year, divided by the opening EPRA NTA of 298p per share.

These measures are set out below by segment along with a reconciliation to the summarised statutory statement of financial position. Additional EPRA disclosures are included on pages 174 to 177.

2026 Segment net assets

£m	PRS	Reversionary	Other	Total	Pence per share
Total segment net assets (statutory)	**1,832.2**	**87.9**	**30.2**	**1,950.3**	**262**
Total segment net assets (EPRA NRV)	**1,834.4**	**261.2**	**43.9**	**2,139.5**	**288**
Total segment net assets (EPRA NTA)	**1,832.9**	**217.9**	**35.3**	**2,086.1**	**281**
Total segment net assets (EPRA NDV)	**1,831.9**	**217.9**	**97.7**	**2,147.5**	**289**

Notes to the financial statements continued

4. **Segmental information** continued

2026 Reconciliation of EPRA NAV measures

£m	Statutory balance sheet	Adjustments to market value, deferred tax and derivatives	EPRA NRV balance sheet	Adjustments to deferred and contingent tax and intangibles	EPRA NTA balance sheet	Adjustments to derivatives, fixed-rate debt and intangibles	EPRA NDV balance sheet
Investment property[1]	**3,064.9**	**–**	**3,064.9**	**–**	**3,064.9**	**–**	**3,064.9**
Investment in joint ventures and associates	**92.6**	**–**	**92.6**	**–**	**92.6**	**–**	**92.6**
Financial interest in property assets	**41.3**	**–**	**41.3**	**–**	**41.3**	**–**	**41.3**
Inventories – trading property	**270.1**	**195.7**	**465.8**	**–**	**465.8**	**–**	**465.8**
Cash and cash equivalents	**77.7**	**–**	**77.7**	**–**	**77.7**	**–**	**77.7**
Other assets	**74.5**	**(9.1)**	**65.4**	**(2.8)**	**62.6**	**1.9**	**64.5**
Total assets	**3,621.1**	**186.6**	**3,807.7**	**(2.8)**	**3,804.9**	**1.9**	**3,806.8**
Interest-bearing loans and borrowings	**(1,565.4)**	**–**	**(1,565.4)**	**–**	**(1,565.4)**	**60.5**	**(1,504.9)**
Deferred and contingent tax liabilities	**(5.4)**	**2.6**	**(2.8)**	**(50.6)**	**(53.4)**	**(1.0)**	**(54.4)**
Other liabilities	**(100.0)**	**–**	**(100.0)**	**–**	**(100.0)**	**–**	**(100.0)**
Total liabilities	**(1,670.8)**	**2.6**	**(1,668.2)**	**(50.6)**	**(1,718.8)**	**59.5**	**(1,659.3)**
Net assets	**1,950.3**	**189.2**	**2,139.5**	**(53.4)**	**2,086.1**	**61.4**	**2,147.5**

Note:
1. Includes investment property – held for sale.

In order to provide further analysis, the following table sets out EPRA NTA by segment:

£m	PRS	Reversionary	Other	Total
EPRA NTA				
Investment property[1]	**3,052.9**	**12.0**	**–**	**3,064.9**
Investment in joint ventures and associates	**76.0**	**–**	**16.6**	**92.6**
Financial interest in property assets	**–**	**41.3**	**–**	**41.3**
Inventories – trading property	**0.7**	**393.3**	**71.8**	**465.8**
Cash and cash equivalents	**66.3**	**9.4**	**2.0**	**77.7**
Other assets	**18.0**	**6.2**	**38.4**	**62.6**
Total segment EPRA NTA assets[2]	**3,213.9**	**462.2**	**128.8**	**3,804.9**
Interest-bearing loans and borrowings	**(1,335.7)**	**(190.3)**	**(39.4)**	**(1,565.4)**
Deferred and contingent tax liabilities	**(1.5)**	**(43.3)**	**(8.6)**	**(53.4)**
Other liabilities	**(43.8)**	**(10.7)**	**(45.5)**	**(100.0)**
Total segment EPRA NTA liabilities	**(1,381.0)**	**(244.3)**	**(93.5)**	**(1,718.8)**
Net EPRA NTA assets	**1,832.9**	**217.9**	**35.3**	**2,086.1**

Notes:
1. Includes investment property – held for sale.
2. Within EPRA NTA assets are £3,664.6m relating to property.

2025 Segment net assets

£m	PRS	Reversionary	Other	Total	Pence per share
Total segment net assets (statutory)	1,911.1	104.3	24.4	2,039.8	274
Total segment net assets (EPRA NRV)	1,915.1	327.5	40.5	2,283.1	307
Total segment net assets (EPRA NTA)	1,912.1	271.7	32.8	2,216.6	298
Total segment net assets (EPRA NDV)	1,911.1	271.7	95.2	2,278.0	307

2025 Reconciliation of EPRA NAV measures

£m	Statutory balance sheet	Adjustments to market value, deferred tax and derivatives	EPRA NRV balance sheet	Adjustments to deferred and contingent tax and intangibles	EPRA NTA balance sheet	Adjustments to derivatives, fixed-rate debt and intangibles	EPRA NDV balance sheet
Investment property[1]	3,124.3	–	3,124.3	–	3,124.3	–	3,124.3
Investment in joint ventures and associates	92.7	–	92.7	–	92.7	–	92.7
Financial interest in property assets	48.6	–	48.6	–	48.6	–	48.6
Inventories – trading property	298.6	242.4	541.0	–	541.0	–	541.0
Cash and cash equivalents	85.8	–	85.8	–	85.8	–	85.8
Other assets	121.8	(3.1)	118.7	(2.9)	115.8	(3.3)	112.5
Total assets	3,771.8	239.3	4,011.1	(2.9)	4,008.2	(3.3)	4,004.9
Interest-bearing loans and borrowings	(1,590.1)	–	(1,590.1)	–	(1,590.1)	65.7	(1,524.4)
Deferred and contingent tax liabilities	(8.2)	4.0	(4.2)	(63.6)	(67.8)	(1.0)	(68.8)
Other liabilities	(133.7)	–	(133.7)	–	(133.7)	–	(133.7)
Total liabilities	(1,732.0)	4.0	(1,728.0)	(63.6)	(1,791.6)	64.7	(1,726.9)
Net assets	2,039.8	243.3	2,283.1	(66.5)	2,216.6	61.4	2,278.0

Note:
1. Includes investment property – held for sale.

In order to provide further analysis, the following table sets out EPRA NTA by segment:

£m	PRS	Reversionary	Other	Total
EPRA NTA				
Investment property[1]	3,110.1	14.2	–	3,124.3
Investment in joint ventures and associates	75.0	–	17.7	92.7
Financial interest in property assets	–	48.6	–	48.6
Inventories – trading property	1.6	489.2	50.2	541.0
Cash and cash equivalents	71.9	12.4	1.5	85.8
Other assets	59.9	6.0	49.9	115.8
Total segment EPRA NTA assets[2]	3,318.5	570.4	119.3	4,008.2
Interest-bearing loans and borrowings	(1,331.8)	(230.2)	(28.1)	(1,590.1)
Deferred and contingent tax liabilities	(3.0)	(55.8)	(9.0)	(67.8)
Other liabilities	(71.6)	(12.7)	(49.4)	(133.7)
Total segment EPRA NTA liabilities	(1,406.4)	(298.7)	(86.5)	(1,791.6)
Net EPRA NTA assets	1,912.1	271.7	32.8	2,216.6

Notes:
1. Includes investment property – held for sale.
2. Within EPRA NTA assets are £3,806.6m relating to property.

5. Group revenue

Accounting policy

Revenue is measured at the fair value of the consideration received or receivable and is stated net of incentives, sales taxes and value-added taxes. Gross proceeds from disposal of trading property and fees and other income are recognised in accordance with IFRS 15. Gross rental income is recognised in accordance with IFRS 16.

	2026 £m	2025 £m
Gross rental income (Note 6)	**178.8**	170.2
Gross proceeds from disposal of trading property (Note 7)	**75.5**	86.4
Fees and other income (Note 9)	**6.7**	6.1
	261.0	262.7

6. Net rental income

Accounting policy

Gross rental income is recognised on a straight-line basis over the lease term on an accruals basis. Directly attributable property management, repair and maintenance costs are deducted from gross rental income to determine net rental income.

	2026 £m	2025 £m
Gross rental income	**178.8**	170.2
Property operating expenses	**(48.6)**	(46.6)
	130.2	123.6

Net rental income presented above reflects the total net rental income across all assets of the Group. Within this, gross rental income of £162.6m and property operating expenses of £40.6m generating gross to net performance of 25.0% related to the Group's stabilised assets (2025: gross rental income of £149.1m and property operating expenses of £37.3m generating stabilised gross to net performance of 25.0%).

Notes to the financial statements continued

7. Profit on disposal of trading property

Accounting policy

Property is regarded as sold when performance obligations have been met and control has been transferred to the buyer. This is generally deemed to be on legal completion as at this point the buyer is able to control the use of the property and has rights to any cash inflows or outflows in respect of the property. Profits or losses are calculated by reference to the carrying value of the property sold. For a development property, this is assessed through the use of a gross margin for the site as a whole or such other basis that provides an appropriate allocation of costs.

	2026 £m	2025 £m
Gross proceeds from disposal of trading property	**75.5**	86.4
Selling costs	**(1.8)**	(2.0)
Net proceeds from disposal of trading property	**73.7**	84.4
Carrying value of trading property sold (Note 22)	**(48.6)**	(45.5)
	25.1	38.9

Nil contract revenue on disposal of trading property has been recognised in the period (2025: £nil).

8. Loss on disposal of investment property

Accounting policy

Investment property is regarded as sold when the recipient obtains control of the property, which is generally deemed to be on legal completion. Profits or losses are calculated by reference to the carrying value of the property sold.

	2026 £m	2025 £m
Gross proceeds from disposal of investment property	**71.5**	82.5
Selling costs	**(1.9)**	(2.2)
Net proceeds from disposal of investment property[1]	**69.6**	80.3
Carrying value of investment property sold (Note 16)	**(71.9)**	(81.9)
	(2.3)	(1.6)

Note:

1. Net proceeds from disposal of investment property include amounts held as restricted deposits at the reporting date. Where disposals are made of properties that are included in facility covenant arrangements, the funds cannot be released until certain covenant tests are met at the next test date.

9. Fees and other income

	2026 £m	2025 £m
Property and asset management fee income	**2.5**	2.3
Other sundry income	**4.2**	3.8
	6.7	6.1

Included within other sundry income in the current year is £2.5m (2025: £3.6m) liquidated and ascertained damages (LADs) recorded to compensate the Group for lost rental income resulting from the delayed completion of construction contracts.

10. Employees

	2026 £m	2025 £m
Wages and salaries	**25.6**	26.0
Social security costs	**3.2**	2.9
Other pension costs – defined contribution scheme (Note 28)	**1.7**	1.9
Share-based payments (Note 30)	**3.6**	3.6
	34.1	34.4

The average monthly number of Group employees during the year (including Executive Directors) was:

	2026 Number	2025 Number
Operations	**244**	255
Shared services	**93**	102
Group	**12**	13
	349	370

Details of Directors' remuneration, including pension costs, share options and interests in the LTIP, are provided in the audited section of the Remuneration Committee Report on pages 98 to 102.

Information about benefits of Directors

The following amounts are disclosed in accordance with Schedule 5 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

	2026 £'000	2025 £'000
Aggregate Directors' remuneration	**2,961**	2,951
Aggregate amount of gains on exercise of share options	**(269)**	(303)
Aggregate amount of money or assets received or receivable under scheme interests	**998**	602
	3,690	3,250

None of the Directors (2025: none) were members of the Group defined benefit scheme or the defined contribution scheme.

Key management compensation

	2026 £m	2025 £m
Short-term employee benefits	**8.4**	8.8
Post-employment benefits	**0.7**	0.6
Share-based payments	**3.4**	3.3
	12.5	12.7

Key management figures shown above include Executive and Non-Executive Directors and all internal Directors of specific functions.

11. (Loss)/profit before tax

	2026 £m	2025 £m
(Loss)/profit before tax is stated after charging:		
Depreciation of property, plant and equipment	**1.4**	1.5
Amortisation of IT software	**0.4**	0.2
Bad debt expense	**0.8**	0.6
Operating lease payments	**0.2**	0.2
Auditor's remuneration (see below)	**0.7**	0.7

The remuneration paid to KPMG, the Group's auditor, is disclosed below:

Auditor's remuneration

	2026 £'000	2025 £'000
Services as auditor to the Company	**378**	378
Services as auditor to Group subsidiaries	**260**	260
Group audit fees	**638**	638
Audit-related assurance services	**68**	68
Non-audit fees	**68**	68
Total fees	**706**	706

The relevant proportion of amounts paid to the auditor for the audit of the financial statements of joint ventures is £24,000 (2025: £24,000).

Notes to the financial statements continued

12. Finance costs and income

	2026 £m	2025 £m
Finance costs		
Bank loans and mortgages	**16.9**	20.3
Non-bank financial institution	**8.1**	8.4
Corporate bond	**22.8**	22.9
Interest capitalised under IAS 23	**(6.7)**	(10.4)
Other finance (credit)/costs	**3.6**	4.2
IFRS 9 loan modification	**(4.7)**	–
	40.0	45.4
Finance income		
Interest receivable from joint ventures (Note 34)	**(0.7)**	(0.9)
Other interest receivable	**(1.6)**	(1.8)
	(2.3)	(2.7)
Net finance costs	**37.7**	42.7

The weighted average interest rate applicable to capitalised interest is 3.45% (2025: 3.81%).

13. Tax

Accounting policy

The taxation (credit)/charge for the year represents the sum of the tax currently payable and deferred tax. The (credit)/charge is recognised in the income statement and statement of comprehensive income according to the accounting treatment of the related transaction.

The Group converted to REIT status with effect from 8 September 2025. As a consequence of the Group's REIT status, income tax is not levied on the Group's qualifying Property Rental Business profits, or gains from the sale of qualifying investment properties. Instead, UK withholding tax must be deducted from distributions of these tax exempt profits and gains (Property Income Distributions (PIDs)) paid by the Group to shareholders, unless a shareholder is entitled to be paid gross. Any income or gains, which are not exempt from UK corporation tax due to the Group's REIT status are subject to tax within the Group in the usual way. This includes profits on property trading activity, property-related fee income and interest income.

Current tax payable or receivable is based on the taxable income for the period and any adjustment in respect of prior periods and is calculated using the tax rate in force for the relevant period.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will give rise to a future tax liability, against which the deferred tax assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities may be offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax credit for the year of £5.2m (2025: £100.0m) recognised in the consolidated income statement comprises:

	2026 £m	2025 £m
Current tax		
Corporation tax on profit	**2.7**	12.9
Adjustments relating to prior years	**(4.8)**	(1.8)
	(2.1)	11.1
Deferred tax		
Origination and reversal of temporary differences	**(3.0)**	(111.7)
Adjustments relating to prior years	**(0.1)**	0.6
	(3.1)	(111.1)
Total tax credit for the year	**(5.2)**	(100.0)

The 2026 current tax adjustments relating to prior years reflect adjustments which have been included in submitted tax returns and primarily relate to financing costs and capital allowances.

The Group works in an open and transparent manner and maintains a regular dialogue with HM Revenue and Customs. This approach is consistent with the 'low risk' rating we have been awarded by HM Revenue and Customs and to which the Group is committed.

The tax credit for the year is lower (2025: lower) than the credit (2025: charge) for the year derived by applying the standard rate of corporation tax in the UK of 25.0% (2025: 25.0%) to the loss (2025: profit) before tax. The differences, which lead to an effective tax rate of 12.4% (2025: (97.5)%) are explained below:

	2026 £m	2025 £m
(Loss)/profit before tax	**(41.8)**	102.6
Income tax at a rate of 25.0% (2025: 25.0%)	**(10.5)**	25.6
Expenses not deductible for tax purposes	**0.4**	(1.7)
Share of joint ventures and associates after tax	**1.4**	0.9
Tax-exempt income and property losses	**8.8**	–
Tax credit arising from REIT conversion	**(5.1)**	(123.6)
Utilisation of unprovided capital losses	**(0.2)**	–
Adjustment in respect of prior years	**–**	(1.2)
Amounts recognised in the income statement	**(5.2)**	(100.0)

At 30 September 2026, the Group had unrecognised capital losses of £12.2m (2025: £13.3m) available to offset against future chargeable gains, but which are not expected to be used, giving rise to an unrecognised deferred tax asset calculated at 25.0% of £3.1m (2025: £3.3m, calculated at 25.0%).

In addition to the above, a deferred tax charge of £0.2m (2025: £0.7m credit) was recognised within other comprehensive income comprising:

	2026 £m	2025 £m
Remeasurement of BPT Limited defined benefit pension scheme	**–**	(0.1)
Fair value movement in cash flow hedges	**0.6**	(0.6)
Amounts recognised in other comprehensive income	**0.6**	(0.7)

Deferred tax balances comprise temporary differences attributable to:

	2026 £m	2025 £m
Deferred tax assets		
Short-term temporary differences	**4.3**	4.6
	4.3	4.6
Deferred tax liabilities		
Trading property uplift to fair value on business combinations	**(1.6)**	(3.0)
Investment property revaluation	**(1.0)**	(1.0)
Short-term temporary differences	**(1.7)**	(2.4)
Fair value movement in financial interest in property assets	**(0.2)**	(0.7)
Actuarial gain on BPT Limited defined benefit pension scheme	**(0.2)**	(0.2)
Fair value movement in derivative financial instruments	**(0.7)**	(0.9)
	(5.4)	(8.2)
Total deferred tax	**(1.1)**	(3.6)

In addition to the tax amounts shown above, contingent tax based on EPRA market value measures, being tax on the difference between the carrying value of trading properties in the statement of financial position and their market value, has not been recognised by the Group. This contingent tax amounts to £48.9m, calculated at 25.0% (2025: £60.6m, calculated at 25.0%), and will be realised as the properties are sold.

It is not possible for the Group to identify the timing of movements in deferred tax between those expected within one year and those expected in a period greater than one year. This is because movements in the main balances, both assets and liabilities, will be determined by factors outside the control of the Group, namely the vacation date of properties and interest yield curve movements. However, we anticipate that the balance will predominantly be crystallised in a period greater than one year.

Notes to the financial statements continued

14. Dividends

Accounting policy

Dividends are recognised through equity when approved by the Company's shareholders or on payment, whichever is earlier.

Dividends paid in the year are shown below:

	2026 £m	2025 £m
Ordinary dividends on equity shares:		
Final dividend for the year ended 30 September 2024 – 5.01p per share	–	37.0
Interim dividend for the year ended 30 September 2025 – 2.85p per share	–	21.1
Final dividend for the year ended 30 September 2025 – 5.46p per share	40.4	–
Interim dividend for the year ended 30 September 2026 – 2.94p per share	21.8	–
	62.2	58.1

Subject to approval at the AGM, the final dividend of 5.62p per share (gross) amounting to £41.6m will be paid on 19 February 2027 to shareholders on the register at the close of business on the record date, 15 January 2027 (the shares will go ex-dividend on 14 January 2027). Shareholders will again be offered the option to participate in a dividend reinvestment plan and the last day for election is 29 January 2027. An interim dividend of 2.94p per share amounting to a total of £21.8m was paid to shareholders on 3 July 2026.

The dividend is proposed to be paid on the following basis:

	PID[1]	Non-PID[2]	Total
Interim dividend for the year ended 30 September 2026	2.94pps	0.00pps	2.94pps
Final dividend (proposed) for the year ended 30 September 2026	5.62pps	0.00pps	5.62pps
	8.56pps	0.00pps	8.56pps

Notes:
1. Property Income Distribution (PID).
2. Non-property income distribution (non-PID) i.e. ordinary dividend.

15. Earnings per share

Accounting policy

Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held both in Trust and as treasury shares to meet its obligations under which the dividends are being waived.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares in issue by the dilutive effect of ordinary shares that the Company may potentially issue relating to its share option schemes and contingent share awards under the share-based payment schemes, based upon the number of shares that would be issued if 30 September 2026 was the end of the contingency period. Where the effect of the above adjustments is antidilutive, they are excluded from the calculation of diluted earnings per share.

	30 September 2026			30 September 2025		
	Loss for the year £m	Weighted average number of shares (millions)	Earnings per share (pence)	Profit for the year £m	Weighted average number of shares (millions)	Earnings per share (pence)
Basic earnings per share						
(Loss)/profit attributable to equity holders	(36.6)	739.9	(4.9)	202.6	738.8	27.4
Effect of potentially dilutive securities						
Share options and contingent shares[1]	–	3.8	–	–	3.5	(0.1)
Diluted earnings per share						
(Loss)/profit attributable to equity holders	(36.6)	743.7	(4.9)	202.6	742.3	27.3

Note:
1. Share options were anti-dilutive due to the IFRS loss attributable to shareholders and have therefore been excluded from diluted earnings per share calculation.

16. Investment property

Accounting policy

Property that is held for long-term rental yields or for capital appreciation, or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property falls within Level 3 of the fair value hierarchy as defined by IFRS 13. Further details are given in Note 27.

Subsequent expenditure is included in the carrying amount of the property when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the Group's investment properties are included in the consolidated income statement of the period in which they arise.

When the Group begins to redevelop an existing trading property for continued future use as an investment property, the property is transferred to investment property and held as a non-current asset. The property is remeasured to fair value as at the date of the transfer with any gain or loss being taken to the income statement.

Investment property – held for sale

Where specific investment properties are expected to sell within the next 12 months, their fair value is shown under assets held for sale within current assets.

	2026 £m	2025 £m
Opening balance	**3,124.3**	3,028.3
Acquisitions	**15.9**	20.0
Capital expenditure – completed assets	**12.1**	17.2
Capital expenditure – assets under construction	**90.1**	111.2
Total additions	**118.1**	148.4
Disposals (Note 8)	**(71.9)**	(81.9)
Net valuation (losses)/gains on investment properties[1]	**(105.6)**	29.5
	3,064.9	3,124.3
Reclassifications to investment property – held for sale	**(213.0)**	(64.9)
Closing balance	**2,851.9**	3,059.4

Note:
1. Within the above are provisions for fire safety works. No potential recovery of these costs has been accounted for.

The basis of valuation of investment property, the use of external independent valuers, and the judgements and assumptions adopted by management are set out in Note 2 'Critical accounting estimates and judgements'. The valuation of investment property takes into account the prevailing market conditions as at the reporting date, including sustainability and climate-related considerations associated with the properties.

The historical cost of the Group's investment property as at 30 September 2026 is £2,831.6m (2025: £2,762.4m). Direct repair and maintenance costs arising from investment property that generated rental income during the year were £7.1m (2025: £5.8m).

Within investment property are a number of assets held for sale at the reporting date, valued at £213.0m (2025: £64.9m). Held for sale properties are those that are for sale, where solicitors have been instructed, or where contracts have been exchanged. All investment properties, which are held for sale, are included within our PRS segment.

17. Property, plant and equipment

Accounting policy

Property, plant and equipment are stated at cost less residual value and depreciation and comprise office leases, fixtures, fittings and equipment. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life ranging from 3–5 years, with office leases depreciated over the life of the lease.

Notes to the financial statements continued

18. Investment in associates

	2026 £m	2025 £m
Opening balance	**15.2**	14.9
Share of (loss)/profit for the year	**(0.1)**	0.6
Dividends paid in the year	**(0.5)**	(0.3)
Closing balance	**14.6**	15.2

The closing balance comprises share of net assets of £0.1m (2025: £0.7m) and net loans due from associates of £14.5m (2025: £14.5m). At the balance sheet date, there is no expectation of any material credit losses on loans due. As at 30 September 2026, the Group's interest in active associates was as follows:

	% of ordinary share capital held	Country of incorporation	Accounting period-end
Vesta LP	20.0	UK	30 September

In relation to the Group's investment in associates, the aggregated assets, liabilities, revenues and profit or loss of associates is shown below:

2026 Summarised income statement

£m	Vesta LP
Net rental income and other income	**2.6**
Administration and other expenses	**(0.5)**
Operating profit	**2.1**
Revaluation loss on investment property	**(2.5)**
Loss before tax	**(0.4)**
Tax	**–**
Loss after tax	**(0.4)**

2026 Summarised statement of financial position

£m	Vesta LP
Investment property	**72.1**
Current assets	**4.0**
Total assets	**76.1**
Current liabilities	**(2.9)**
Non-current liabilities	**(72.5)**
Total liabilities	**(75.4)**
Net assets	**0.7**

2025 Summarised income statement

£m	Vesta LP
Net rental income and other income	2.6
Administration and other expenses	(0.5)
Operating profit	2.1
Revaluation gains on investment property	0.8
Profit before tax	2.9
Tax	–
Profit after tax	2.9

2025 Summarised statement of financial position

£m	Vesta LP
Investment property	74.4
Current assets	2.5
Total assets	76.9
Current liabilities	(1.1)
Non-current liabilities	(72.5)
Total liabilities	(73.6)
Net assets	3.3

19. Investment in joint ventures

	2026 £m	2025 £m
Opening balance	**77.5**	76.4
Share of loss for the year	**(5.5)**	(4.3)
Further investment[1]	**7.4**	3.7
Loans (repaid from)/advanced to joint ventures	**(1.4)**	1.7
Closing balance	**78.0**	77.5

Note:
1. Grainger invested £7.4m into Connected Living London (BTR) Limited in the year (2025: £3.7m).

The closing balance comprises share of net assets of £48.0m (2025: £46.1m) and net loans due from joint ventures of £30.0m (2025: £31.4m). At the balance sheet date, there is no expectation of any material credit losses on loans due.

At 30 September 2026, the Group's interest in active joint ventures was as follows:

	% of ordinary share capital held	Country of incorporation	Accounting period end
Connected Living London (BTR) Limited	51	UK	30 September
Curzon Park Limited	50	UK	31 March
Lewisham Grainger Holdings LLP	50	UK	30 September

In relation to the Group's investment in joint ventures, the aggregated assets, liabilities, revenues and profit or loss are shown below:

2026 Summarised income statement

£m	Connected Living London (BTR) Limited	Curzon Park Limited	Lewisham Grainger Holdings LLP	Total
Administration and other expenses	**(0.3)**	**(1.3)**	**(0.1)**	**(1.7)**
Revaluation loss on investment property	**(9.2)**	**–**	**–**	**(9.2)**
Loss before tax	**(9.5)**	**(1.3)**	**(0.1)**	**(10.9)**
Tax	**–**	**–**	**–**	**–**
Loss after tax	**(9.5)**	**(1.3)**	**(0.1)**	**(10.9)**

2026 Summarised statement of financial position

Investment property	**94.1**	**–**	**12.8**	**106.9**
Current assets	**4.1**	**34.2**	**–**	**38.3**
Total assets	**98.2**	**34.2**	**12.8**	**145.2**
Current liabilities	**(1.4)**	**(36.5)**	**(13.2)**	**(51.1)**
Net assets/(liabilities)	**96.8**	**(2.3)**	**(0.4)**	**94.1**

2025 Summarised income statement

£m	Connected Living London (BTR) Limited	Curzon Park Limited	Lewisham Grainger Holdings LLP	Total
Administration and other expenses	(0.3)	(0.8)	(0.1)	(1.2)
Revaluation loss on investment property	(7.3)	–	–	(7.3)
Loss before tax	(7.6)	(0.8)	(0.1)	(8.5)
Tax	–	–	–	–
Loss after tax	(7.6)	(0.8)	(0.1)	(8.5)

2025 Summarised statement of financial position

Investment property	89.7	–	13.9	103.6
Current assets	2.8	37.7	–	40.5
Total assets	92.5	37.7	13.9	144.1
Current liabilities	(0.6)	(38.6)	(14.3)	(53.5)
Net assets/(liabilities)	91.9	(0.9)	(0.4)	90.6

Notes to the financial statements continued

20. Financial interest in property assets (CHARM portfolio)

Accounting policy

The CHARM portfolio is a financial interest in equity mortgages held by the Church of England Pensions Board as mortgagee.

It is accounted for under IFRS 9 and is measured at fair value through profit and loss.

It is initially recognised at fair value and subsequently carried at fair value. Subsequent to initial recognition, the net change in value recorded is as follows: i) cash received from the instrument in the year is deducted from the carrying value of the assets; and ii) the carrying value of the assets is revised to the net present value of the updated projected cash flows arising from the instrument using a market discount rate at the reporting date. The change in value arising from ii) above is recorded through the consolidated income statement and is shown on the line 'Income from financial interest in property assets'.

	2026 £m	2025 £m
Opening balance	**48.6**	57.4
Cash received from the instrument	**(9.3)**	(9.9)
Amounts taken to income statement	**2.0**	1.1
Closing balance	**41.3**	48.6

The CHARM portfolio is considered to be a Level 3 financial asset as defined by IFRS 13. The key assumptions used to value the asset are set out within Note 2 'Critical accounting estimates and judgements', and the financial asset is included within the fair value hierarchy within Note 27.

21. Intangible assets

Accounting policy

Intangible assets comprise computer software and goodwill.

Costs incurred in relation to computer software that the Group has exclusive right of use to are capitalised and amortised on a straight-line basis over the estimated useful lives of the assets from the date they are available for use. The effective life is assessed in accordance with the period that the Group expects benefits from its investment in technology to be consumed. Amortisation is charged to the consolidated income statement.

Costs incurred in relation to computer software that the Group does not have exclusive right of use to, including its Software as a Service (SaaS) arrangements, are not accounted for as intangible assets. Configuration and customisation costs incurred prior to receiving services are prepaid and expensed to the Consolidated income statement once the service is in use. All other expenditure in relation to non-exclusive SaaS is expensed to the Consolidated income statement as incurred.

Goodwill is tested for impairment based on a value-in-use calculation at each reporting date.

22. Inventories – trading property

Accounting policy

Tenanted residential properties held-for-sale in the normal course of business within the PRS and Reversionary segments are shown in the financial statements as a current asset at the lower of cost and net realisable value. Cost includes legal and surveying charges and introducer fees incurred during acquisition together with improvement costs.

Legacy land and development property held within the Other segment of the business are shown in the financial statements at the lower of cost and net realisable value.

Cost represents the acquisition price including legal and other professional costs associated with the acquisition, together with subsequent development costs net of amounts transferred to costs of sale.

Net realisable value is the expected sales proceeds that the Group expects on sale of a property or current market value net of associated selling costs.

	2026 £m	2025 £m
Opening balance	**298.6**	331.6
Additions	**23.8**	11.9
Disposals (Note 7)	**(48.6)**	(45.5)
(Impairment)/reversal of impairment of inventories to net realisable value	**(3.7)**	0.6
Closing balance	**270.1**	298.6

The closing balance above reflects the lower of historical cost and net realisable value of inventory owned by the Group rather than the current market value. Market value is considered to be a more relevant reflection of the value of inventory owned by the Group. The valuation of trading property in our EPRA NAV metrics take into account the prevailing market conditions as at the reporting date, including sustainability and climate-related considerations associated with the properties.

The segmental allocation of PRS, Reversionary and Development inventory, as well as additional information including their market value is detailed in Note 4.

Information relating to the judgements and assumptions adopted by management in relation to inventories is set out in Note 2 'Critical accounting estimates and judgements'. It is not possible for the Group to identify which properties will be sold within the next 12 months. The size of the Group's property portfolio does result in a relatively predictable vacancy rate. However, it is not possible to predict in advance the specific properties that will become vacant. As the Group expects to realise trading property in its ordinary operating cycle, it is shown as a current asset in the consolidated statement of financial position.

Amounts relating to inventories that have been recognised as an expense in the consolidated income statement are as follows:

	2026 £m	2025 £m
Carrying value of trading property sold (Note 7)	**48.6**	45.5
Impairment/(reversal of impairment) of inventories to net realisable value	**3.7**	(0.6)

23. Trade and other receivables

Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment in trade receivables is established when there is an expectation of cash shortfalls over the expected life of the amounts due. The movement in the provision is recognised in the consolidated income statement.

	2026 £m	2025 £m
Rent and other tenant receivables	**5.6**	4.5
Deduct: Provision for impairment	**(1.9)**	(1.6)
Rent and other tenant receivables – net	**3.7**	2.9
Restricted deposits	**15.1**	57.7
Other receivables	**5.6**	12.7
Prepayments	**5.4**	5.9
Closing balance	**29.8**	79.2

The Group's assessment of expected credit losses involves estimation given its forward-looking nature. This is not considered to be an area of significant judgement or estimation due to the balance of gross rent and other tenant receivables of £5.6m (2025: £4.5m). Assumptions used in the forward-looking assessment are continually reviewed to take into account likely rent deferrals.

Restricted deposits arise from contracts with third parties that place restrictions on use of funds and cannot be accessed on demand. These deposits are held in connection with facility arrangements and are released by the lender on a quarterly basis once covenant compliance has been met.

The fair values of trade and other receivables are considered to be equal to their carrying amounts. The credit quality of financial assets that are neither past due nor impaired is discussed in Note 27 'Financial risk management and derivative financial instruments'.

Notes to the financial statements continued

24. Provisions for other liabilities and charges

Accounting policy

Provisions are recognised when: i) the Group has a present obligation as a result of a past event; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) a reliable estimate can be made of the amount of the obligation.

	2026 £m	2025 £m
Current provisions for other liabilities and charges		
Opening balance	**12.0**	13.2
Additions	**3.4**	1.9
Utilisation	**(1.9)**	(3.1)
	13.5	12.0
Non-current provisions for other liabilities and charges		
Opening balance	**0.7**	1.0
Additions	**1.2**	–
Reversal	**–**	(0.3)
	1.9	0.7
Total provisions for other liabilities and charges	**15.4**	12.7

Current provisions include £10.1m relating to potential fire safety remediation costs relating to a small number of legacy properties that Grainger historically had an involvement in developing and are expected to require fire safety-related remediation works. These were first recognised in the year ended 30 September 2022 after an extensive assessment of the Group's legal and constructive obligations arising from the Building Safety Act 2022 and other associated fire regulations, and based on the results of relevant surveys which were commissioned. The provision is based on the latest estimation of costs to be incurred. Where fire safety works are required and the Group owns the properties, the cost is considered as part of the valuation of those properties. Where appropriate, the Group is seeking recoveries from contractors and insurers.

25. Trade and other payables

Accounting policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Refer to Note 35 for accounting policy in relation to lease liabilities.

	2026 £m	2025 £m
Current liabilities		
Deposits received	**13.9**	13.9
Trade payables	**21.6**	22.7
Lease liabilities (Note 35)	**0.4**	0.6
Tax and social security costs	**0.7**	0.8
Accruals	**37.0**	66.0
Deferred income	**5.7**	11.3
	79.3	115.3
Non-current liabilities		
Lease liabilities (Note 35)	**5.3**	5.7
	5.3	5.7
Total trade and other payables	**84.6**	121.0

Within accruals, £24.8m comprises accrued expenditure in respect of ongoing construction activities (2025: £46.0m).

26. Interest-bearing loans and borrowings

Accounting policy

Borrowings are initially recognised at the fair value of consideration received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date.

	2026 £m	2025 £m
Current liabilities		
Bank loans – Pounds Sterling	**0.6**	–
Non-bank financial institution	**0.2**	75.0
Corporate bonds	**7.7**	–
	8.5	75.0
Non-current liabilities		
Bank loans – Pounds Sterling	**586.0**	544.1
Bank loans – Euros	**–**	0.7
Non-bank financial institution	**273.3**	273.5
Corporate bonds	**697.6**	696.8
	1,556.9	1,515.1
Total interest-bearing loans and borrowings	**1,565.4**	1,590.1

(a) Bank loans

Sterling bank loans include variable rate loans bearing interest at rates between 1.4% and 1.8% above SONIA. Gross bank loans of £598.0m are due to mature in the year ended 30 September 2031. At the year-end, the Group had £398.0m drawn under its revolving credit facilities (RCFs) (2025: £229.7m).

The weighted average variable interest rate on bank loans as at 30 September 2026 was 5.2% (2025: 5.6%). Bank loans are secured by floating charges over specific property and other assets of the Group.

Unamortised costs in relation to bank loans of £7.3m (2025: £8.2m) will be amortised over the life of the loans to which they relate.

On 7 May 2026, the Group refinanced its £540.0m Core Facilities, of which £458.0m was drawn at the refinancing date. The refinancing extended the contractual maturity to May 2031, with options to extend to May 2033, and reduced the lending margins. The revised terms were assessed under IFRS 9 and were not considered substantially different from the existing terms. The refinancing was therefore accounted for as a modification of the existing financial liabilities rather than an extinguishment. Remeasurement of the liabilities using the original effective interest rates resulted in a £4.7m gain, recognised within finance costs. Fees of £1.7m paid to the lenders were deducted from the carrying amount of the liabilities and will be amortised over their expected remaining lives.

(b) Non-bank financial institution

£275.0m is funded by fixed rates loans from Rothesay Life PLC across two tranches: £75.0m maturing October 2027 and £200.0m maturing July 2029. Non-bank loans are secured by floating charges over specific property and other assets of the Group.

The weighted average interest rate on non-bank loans as at 30 September 2026 was 2.5% (2025: 2.4%). Unamortised costs in relation to these fixed-rate loans of £1.7m (2025: £1.6m) will be amortised over the life of the loans to which they relate.

(c) Corporate bonds

In 2018, the Group issued a ten-year £350.0m corporate bond at 3.375% due April 2028. In 2020, the Group issued a ten-year £350.0m corporate bond at 3.0% due July 2030.

As at 30 September 2026, unamortised costs in relation to the corporate bonds stood at £1.4m (2025: £1.9m), and the outstanding discount was £1.0m (2025: £1.3m).

(d) Other loans and borrowings information

The above analyses of loans and borrowings are net of unamortised loan issue costs and the discount on issuance of the corporate bonds. As at 30 September 2026, unamortised costs totalled £10.4m (2025: £11.7m) and the outstanding discount was £1.0m (2025: £1.3m).

Notes to the financial statements continued

26. Interest-bearing loans and borrowings continued

In accordance with IAS 7 Statement of Cash Flows, the Group is required to detail any changes in liabilities that arise from financing activities throughout the year. These changes are detailed below.

	2026			2025			
		Derivatives used for hedging the liabilities from financing activities					Derivatives used for hedging the liabilities from financing activities
£m	Loans and borrowings	Assets	Liabilities	Loans and borrowings	Interest payable	Assets	Liabilities
Opening balance	**1,599.2**[1]	**14.1**	**–**	1,592.9	9.4	19.8	–
Changes from financing cash flows							
Proceeds from loans and borrowings	**276.4**	**–**	**–**	186.0	–	–	–
Repayment of borrowings	**(306.4)**	**–**	**–**	(191.2)	–	–	–
Transaction costs related to loans, borrowings and derivatives	**(2.9)**	**10.0**	**–**	(2.3)	–	5.1	–
Gross interest paid	**(49.2)**	**–**	**–**	–	(53.3)	–	–
Total changes from financing cash flows	**(82.1)**	**10.0**	**–**	(7.5)	(53.3)	5.1	–
Other changes							
Gross interest accrued	**48.6**	**–**	**–**	–	53.0	–	–
Amortisation of borrowing costs net of premiums	**4.4**	**–**	**–**	4.7	–	–	–
IFRS 9 modification	**(4.7)**	**–**	**–**	–	–	–	–
Hedge ineffectiveness under IFRS 9	**–**	**(11.7)**	**–**	–	–	(8.5)	–
Changes in fair value of derivatives through hedging reserve	**–**	**6.5**	**–**	–	–	(2.3)	–
Total other changes	**48.3**	**(5.2)**	**–**	4.7	53.0	(10.8)	–
Closing balance	**1,565.4**	**18.9**	**–**	1,590.1	9.1	14.1	–

Note:

1. Includes £1,590.1m loans and borrowings and £9.1m interest payable.

27. Financial risk management and derivative financial instruments

Accounting policy

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Deposits that cannot be accessed and have restrictions on use arising from contracts with third parties are reflected in trade and other receivables.

Derivative financial instruments

The Group uses derivative instruments to help manage its interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes. Derivatives are classified as current assets and current liabilities.

The derivatives are recognised initially at fair value. Subsequently, the gain or loss on re-measurement to fair value is recognised immediately in the consolidated income statement, unless the derivatives qualify for cash flow hedge accounting, and have been designated as such, in which case any gain or loss is taken to equity in a cash flow hedge reserve via other comprehensive income.

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is immediately transferred to the consolidated income statement.

Fair value estimation

The fair values of interest rate derivatives are based on a discounted cash flow model using market information.

Derecognition of financial assets and liabilities

Derecognition is the point at which the Group removes an asset or liability from its consolidated statement of financial position. The Group's policy is to derecognise financial assets only when the contractual right to the cash flows from the financial asset expires. The Group also derecognises financial assets that it transfers to another party provided that the transfer of the asset also transfers the right to receive cash flows from the financial asset. When the transfer does not result in the Group transferring the right to receive cash flows from the financial asset but it does result in the Group assuming a corresponding obligation to pay cash flows to another recipient, the financial asset is derecognised.

The Group derecognises financial liabilities only when its obligation is discharged, is cancelled or expires.

Financial assets classified as fair value through profit and loss are the financial interest in property assets.

Derivative financial instruments not in hedge accounting relationships are classified as fair value through profit and loss.

Categories of financial instruments

A summary of the classifications of the financial assets and liabilities held by the Group is set out in the following table:

	2026						
£m	Loans and receivables/ cash and cash equivalents	Assets at fair value through profit and loss	Derivatives used for hedging	Other financial assets	Total book value	Fair value adjustment	Fair value
Non-current assets							
Financial interest in property assets	–	41.3	–	–	41.3	–	41.3
Current assets							
Trade and other receivables excluding prepayments	24.4	–	–	–	24.4	–	24.4
Cash and cash equivalents	77.7	–	–	–	77.7	–	77.7
Derivative financial instruments	–	–	18.9	–	18.9	–	18.9
Total financial assets	102.1	41.3	18.9	–	162.3	–	162.3

£m	Loans and receivables/ cash and cash equivalents	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total book value	Fair value adjustment	Fair value
Non-current liabilities							
Interest-bearing loans and borrowings	–	–	–	1,556.9	1,556.9	(60.5)	1,496.4
Current liabilities							
Trade and other payables	–	–	–	72.5	72.5	–	72.5
Interest bearing loans and borrowings	–	–	–	8.5	8.5	–	8.5
Total financial liabilities	–	–	–	1,637.9	1,637.9	(60.5)	1,577.4
Net financial assets/(liabilities)	102.1	41.3	18.9	(1,637.9)	(1,475.6)	60.5	(1,415.1)

Notes to the financial statements continued

27. Financial risk management and derivative financial instruments continued

£m	Loans and receivables/ cash and cash equivalents	Assets at fair value through profit and loss	Derivatives used for hedging	Other financial assets	Total book value	Fair value adjustment	Fair value
	2025						
Non-current assets							
Financial interest in property assets	–	48.6	–	–	48.6	–	48.6
Current assets							
Trade and other receivables excluding prepayments	73.3	–	–	–	73.3	–	73.3
Cash and cash equivalents	85.8	–	–	–	85.8	–	85.8
Derivative financial instruments	–	–	14.1	–	14.1	–	14.1
Total financial assets	159.1	48.6	14.1	–	221.8	–	221.8

£m	Loans and receivables/ cash and cash equivalents	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total book value	Fair value adjustment	Fair value
Non-current liabilities							
Trade and other payables	–	–	–	5.7	5.7	–	5.7
Interest-bearing loans and borrowings	–	–	–	1,515.1	1,515.1	(65.7)	1,449.4
Current liabilities							
Trade and other payables	–	–	–	115.3	115.3	–	115.3
Interest bearing loans and borrowings	–	–	–	75.0	75.0	–	75.0
Total financial liabilities	–	–	–	1,711.1	1,711.1	(65.7)	1,645.4
Net financial assets/(liabilities)	159.1	48.6	14.1	(1,711.1)	(1,489.3)	65.7	(1,423.6)

The fair value difference relates to the Group's corporate bonds and the non-bank loans, which are stated at amortised cost in the consolidated statement of financial position. The fair value of the bonds is calculated as £656.9m (2025: £653.2m) based on quoted prices in traded markets. The fair value of the non-bank loans is calculated as £257.6m (2025: £331.1m) and is calculated by independent financial advisers (Centrus Group) by reference to quoted iBoxx index rates. There is no requirement under IFRS 9 to revalue these loans to fair value in the consolidated statement of financial position.

Included in cash above is £16.2m (2025: £16.7m) relating to cash held on behalf of tenants, leaseholders and clients comprising service charge and sinking fund balances, tenant deposits and cash held on behalf of joint ventures. These cash amounts are held by the Group in client bank accounts and are excluded from net debt. In addition, £4.1m (2025: £3.4m) of the cash balance is restricted in use, either by underlying financing arrangements or other commercial agreements comprising either reserve fund amounts or amounts where the release of cash is contingent upon proof of qualifying expenditure or quarterly cash waterfalls.

Financial risk management

The Group's objectives for managing financial risk are to minimise the risk of adverse effects on performance and to ensure the ability of the Group to continue as a going concern, while securing access to cost effective finance and maintaining flexibility to respond quickly to opportunities that arise.

The Group's policies on financial risk management are approved by the Board of Directors and implemented by Group treasury. Written policies and procedures cover interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and investment of excess liquidity. Group treasury regularly reports to the Audit & Risk Committee.

The Group uses derivative financial instruments to hedge its exposure to financial risk but does not take positions for speculative purposes.

The sources of financial risk and the policies and activities used to mitigate each are discussed below and include credit risk, liquidity risk and market risk, which includes interest rate risk, credit availability risk, house price risk in relation to the Tricomm Housing portfolio and our financial interest in property assets, and capital risk.

Financial risk factors

1) Credit risk

Credit risk is the risk of financial loss due to a counterparty's failure to honour its obligations. The Group's principal financial assets include its financial interest in property assets, bank balances and cash, trade and other receivables and derivative financial instruments. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group's financial interest in property assets (CHARM) relates to a financial interest in equity mortgages held by the Church of England Pensions Board. The Group's cash receipts are payable by the Church Commissioners, a counterparty considered to be low risk as they have no history of past due or impaired amounts and there are no past due amounts outstanding at the year end.

The Group sometimes enters into land sales contracts under which a proportion of the consideration is deferred and recognised within other receivables (Note 23). Each purchaser is subject to financial due diligence prior to sale. At 30 September 2026, £0.2m (2025: £5.4m) was outstanding.

The Group also has credit risk relating to trade receivables. Under IFRS 9, the Group is required to provide for any expected credit losses arising from trade receivables. For all assured shorthold tenancies, credit checks are performed prior to acceptance of the tenant. Regulated tenants are incentivised through the benefit of their tenancy agreement to avoid default on their rent. Lifetime tenancies are generally at low or zero rent and hence suffer minimal credit risk. Rent deposits and personal guarantees are held in respect of some leases. Taking these factors into account, the risk to the Group of individual tenant default and the credit risk of trade receivables are considered low, as is borne out by the low level of trade receivables written off both in this year and in prior years.

Tenant deposits of £13.1m (2025: £11.8m) are held that provide some security against rental arrears and property dilapidations caused by the tenant. The Group does not hold any other collateral as security. Of the net trade receivables balance of £3.7m, we consider £nil to be not due and not impaired. All of the £5.6m other receivables balance are considered not due and not impaired.

As at 30 September 2026, tenant arrears of £1.9m within trade receivables were impaired and fully provided for (2025: £1.6m). The impaired receivables are based on a review of expected credit losses, which is detailed in Note 23. Impaired receivables and receivables not considered to be impaired are not material to the financial statements and, therefore, no further analysis is provided.

The credit risk on liquid funds and derivative financial instruments is managed through the Group's policies of monitoring counterparty exposure, monitoring the concentration of credit risk through the use of multiple counterparties and the use of counterparties of good financial standing. At 30 September 2026, the fair value of all interest rate derivatives that had a positive value was £18.9m (2025: £14.1m).

At 30 September 2026, the combined credit exposure arising from cash held at banks, money market deposits and interest rate swaps was £96.6m (2025: £99.9m), which represents 2.7% (2025: 2.6%) of total assets. Deposits were placed with financial institutions with A- or better credit ratings.

The Group has the following cash and cash equivalents:

	2026 £m	2025 £m
Pounds Sterling	**77.7**	85.1
Euros	**–**	0.7
	77.7	85.8

At the year end, £49.9m was placed on deposit (2025: £56.1m) at effective interest rates between 1.5% and 2.9% (2025: 1.5% and 4.6%). Remaining cash and cash equivalents are held as cash at bank or in hand. The Group has an overdraft facility of £1.0m as at 30 September 2026 (2025: £1.0m).

2) Liquidity risk

The Group ensures that it maintains continuity and flexibility through a spread of maturities.

Although the Group's core funding is subject to covenants requiring certain levels of LTV with respect to the entities in the Group of obligors, and to maintaining a certain level of interest cover at the Group level, the loans are not secured directly against any property allowing operational flexibility.

The Group ensures that it maintains sufficient cash for operational requirements at all times. The Group also ensures that it has sufficient undrawn committed borrowing facilities from a diverse range of banks and other sources to allow for operational flexibility and to meet committed expenditure. The business is highly cash generative from its sales of vacant properties, gross rents and management fees. In adverse trading conditions, tenanted and other sales can be increased and new acquisitions can be stopped. Consequently, the Group is able to reduce gearing (LTV) levels and improve liquidity quickly.

The Group's credit rating is currently provided by Fitch and S&P. Fitch and S&P's most recent assessments on the Group were issued in December 2025 and January 2026 respectively. Fitch assigned the Group a long-term issuer default rating of 'BBB-' and the Group's Corporate Bonds' senior secured issue ratings of 'BBB'. S&P affirmed the Group's long-term issuer default rating of 'BB+' and the Group's Corporate Bonds' senior secured issue ratings of 'BBB-'. Fitch assigned the Group's credit outlook as 'Stable', while S&P assigned a 'Positive' outlook. The Group's credit outlook suggests there is currently very little risk of a credit rating downgrade to the Group. The Group monitors rating agency metrics to ensure we maintain or improve upon the Group's current credit ratings.

In the event of a credit rating downgrade, there may be an increase in the coupon payable on the Group's Corporate Bonds should the senior secured issue rating fall below BBB-. This could result in an increase in the Group's annual interest charge of £8.7m. However, the coupon would revert to the original coupon payable should the credit rating recover to BBB- or higher. This increase in interest costs would also affect the Group's interest cover financial covenant. However, there is significant headroom on our facility financial covenants and the Group has determined that we would remain compliant and retain significant covenant headroom despite this increase in interest costs. No other debt facilities or financial covenants of the Group would be affected by a credit rating downgrade.

Notes to the financial statements continued

27. Financial risk management and derivative financial instruments continued

Certain borrowings and facilities are structured as ESG funding comprising of either green loans or sustainability-linked finance. As at the year end, £175m of the Group's facilities are linked to ESG requirements, of which £50m are designated as green loans and £125m are sustainability-linked finance. Green loan allocations are made on a use-of-proceeds basis where investment outcomes are expected to achieve certain minimum EPC ratings. Sustainability-linked facilities include targets to achieve certain EPC targets in the Group's PRS portfolio. As at the year end, the green loans were fully allocated, and all targets under the sustainability-linked facilities are being met. Achieving these targets results in the Group receiving a margin benefit on borrowings under their respective loans and facilities. In the event of not achieving a target, the Group may experience a similar margin penalty. As at the year end, the maximum possible penalty for missing a target could result in a further finance charge of less than £0.1m.

The Group's fixed-rate borrowings are stated at amortised cost in the financial statements and there is currently no requirement under IFRS 9 to revalue these borrowings in the financial statements of the Group. Therefore, there would be no impact to the Group's measurement of borrowings in the event of a credit rating downgrade.

In accordance with IFRS 13, the Group measures derivatives at fair value including the effect of counterparty credit risk. Where derivatives have been designated in a cash flow hedge relationship, the Group carries out hedge effectiveness testing in accordance with IFRS 9. In the event of a credit rating downgrade, there may be an impact on the fair value of the Group's derivative contracts as the credit quality of the Group decreases, which may give rise to a requirement to recognise some hedge ineffectiveness in the financial statements. However, in accordance with hedge effectiveness requirements under IFRS 9, credit valuation adjustments included in the measurement of derivative fair values would need to dominate movements in fair value before creating hedge ineffectiveness. The Group does not consider that a credit rating downgrade will impact derivative fair values and give rise to a material level of hedge ineffectiveness.

The following table analyses the Group's financial liabilities and net-settled derivative financial liabilities at the consolidated statement of financial position date into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows using yield curves as at 30 September 2026.

£m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
At 30 September 2026					
Interest-bearing loans and borrowings (Note 26)	**8.5**	**422.6**	**1,134.3**	**–**	**1,565.4**
Interest on borrowings	**63.4**	**64.5**	**51.5**	**78.5**	**257.9**
Interest on derivatives	**(9.1)**	**(4.3)**	**(2.2)**	**(1.6)**	**(17.2)**
Trade and other payables	**72.5**	**–**	**–**	**–**	**72.5**
At 30 September 2025					
Interest-bearing loans and borrowings (Note 26)	75.0	–	1,515.1	–	1,590.1
Interest on borrowings	60.7	58.2	109.0	–	227.9
Interest on derivatives	(7.1)	(3.6)	(0.5)	–	(11.2)
Trade and other payables[1]	115.3	0.7	2.3	2.7	121.0

Note:
1. FY25 excludes tax, lease and deferred income liabilities.

The Group's undrawn committed borrowing facilities are monitored against projected cash flows.

Maturity of committed undrawn borrowing facilities

	2026 £m	2025 £m
Expiring:		
Between one and two years	**–**	–
Between two and five years	**217.0**	467.0
Over five years	**–**	–
	217.0	467.0

3) Market risk

The Group is exposed to market risk through interest rates, the availability of credit and house price movements relating to the Tricomm Housing portfolio and the CHARM portfolio. The approach the Group takes to each of these risks is set out below. The Group is not significantly exposed to equity price risk or to commodity price risk.

Fair values

IFRS 13 sets out a three-tier hierarchy for financial assets and liabilities valued at fair value. These are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

The following table presents the Group's assets and liabilities that are measured at fair value:

	2026		2025	
£m	**Assets**	**Liabilities**	Assets	Liabilities
Level 3				
CHARM	**41.3**	**–**	48.6	–
Investment property[1]	**3,064.9**	**–**	3,124.3	–
	3,106.2	**–**	3,172.9	–
Level 2				
Interest rate swaps – in cash flow hedge accounting relationships	**18.9**	**–**	14.1	–
	18.9	**–**	14.1	–

Note:
1. Includes investment property – held for sale.

The significant unobservable inputs affecting the carrying value of the CHARM portfolio are house price inflation and discount rates. Assumptions used are detailed in Note 2 and a reconciliation of movements and amounts recognised in the consolidated income statement are detailed in Note 20.

The investment valuations provided by Allsop LLP, CBRE Limited and Savills UK Limited are based on the RICS Professional Valuation Standards, but include a number of unobservable inputs and other valuation assumptions and are detailed in Note 2.

The fair value of swaps and caps were valued in-house by a specialised treasury management system, using a discounted cash flow model and market information. The fair value is derived from the present value of future cash flows discounted at rates obtained by means of the current yield curve appropriate for those instruments. As all significant inputs required to value the swaps and caps are observable, they all fall within Level 2.

Interest rate swaps and caps are all classified as either current assets or current liabilities.

At 30 September 2026, the notional principal amount of outstanding interest rate swap was £507.8m (2025: £550.7m). The Group has also entered into forward-starting interest rate swaps with an aggregate notional principal amount of £225.0m effective from April 2027.

In accordance with IFRS 9, the Group has reviewed its interest rate hedges. In the absence of hedge accounting, movements in fair value are taken directly to the consolidated income statement. However, where cash flow hedges have been viewed as being effective, and have been designated as such, any gains or losses have been taken to the cash flow hedge reserve via other comprehensive income.

The reconciliation between opening and closing balances for Level 3 is detailed in the table below:

Assets – Level 3	**2026 £m**	2025 £m
Opening balance	**3,172.9**	3,085.7
Amounts taken to income statement	**(103.6)**	30.6
Other movements	**36.9**	56.6
Closing balance	**3,106.2**	3,172.9

The following assets and liabilities are excluded from the above table as fair value is not the accounting basis for the Group's financial statements, but is the basis for the Group's EPRA NRV, EPRA NTA and EPRA NDV measures:

			2026		2025	
£m	Accounting basis	Classification if fair valued	**Book value**	**Fair value**	Book value	Fair value
Inventories – trading property	Lower of cost and net realisable value	Level 3	**270.1**	**465.8**	298.6	541.0
Corporate bonds	Amortised cost	Level 1	**697.6**	**656.9**	700.0	653.2
Non-bank loans	Amortised cost	Level 3	**273.3**	**257.6**	350.0	331.1

(a) Interest rate risk

The Group's interest rate risk arises from the risk of fluctuations in interest charges on floating rate borrowings. The Group mitigates this risk through the use of variable to fixed interest rate swaps and caps. This subjects the Group to fair value risk as the value of the financial derivatives fluctuates in line with variations in interest rates. However, the Group seeks to cash flow hedge account where applicable. The Group is, however, driven by commercial considerations when hedging its interest rate risk and is not driven by the strict requirements of the hedge accounting rules under IFRS 9 if this is to the detriment of achieving the best commercial arrangement.

Hedging activities are carried out under the terms of the Group's hedging policies and are regularly reviewed by the Board to ensure compliance with this policy. The Board reviews its policy on interest rate exposure regularly with a view to establishing that it is still relevant in the prevailing and forecast economic environment. The current Group treasury policy is to maintain floating rate exposure of no greater than 30% of expected borrowing. As at 30 September 2026, 94% (2025: 100%) of the Group's of the Group's gross borrowings were hedged via a combination of fixed rate debt and interest rate swap arrangements.

Notes to the financial statements continued

27. Financial risk management and derivative financial instruments continued

Based on the Group's interest rate profile at the statement of financial position date, a 1% rise in interest rates would decrease annual profits by £0.7m (2025: £nil). Similarly, a 1% fall would increase annual profits by £0.7m (2025: £nil).

Based on the Group's interest rate profile at the statement of financial position date, a 1% increase in interest rates would increase the Group's equity by £7.6m (2025: £7.0m). Similarly, a 1% fall would decrease the Group's equity by £7.6m (2025: £7.0m).

Upward movements in medium and long-term interest rates, associated with higher interest rate expectation, increase the value of the Group's interest rate swaps that provide protection against such moves. The converse is true for downward movements in the interest yield curve. Where the Group's swaps qualify as effective hedges under IFRS 9, these movements in fair value are recognised directly in other comprehensive income rather than the consolidated income statement.

As at 30 September 2026, the market value of derivatives designated as cash flow hedges under IFRS 9 is a net asset of £18.9m (2025: £14.1m). £11.7m is recognised within the income statement for ineffectiveness of cash flow hedges (2025: £8.5m). The fair value movement on derivatives not in hedge accounting relationships resulted in a charge of £nil (2025: £nil) in the consolidated income statement.

At 30 September 2026, the market value of derivatives not designated as cash flow hedges under IFRS 9 is £nil (2025: £nil). The cash flows occur and enter in the determination of profit and loss until the maturity of the hedged debt.

The table below summarises debt hedged:

Hedged debt

	2026 £m	2025 £m
Hedged debt maturing:		
Within one year	**–**	–
Between one and two years	**–**	–
Between two and five years	**507.8**	550.7
Over five years	**–**	–
	507.8	550.7

Interest rate profile – including the effect of derivatives and amortisation of issue costs:

	2026					2025				
	Weighted average interest rate %	**Average maturity years[1]**	**Sterling £m**	**Euros £m**	**Gross debt total £m**	Weighted average interest rate %	Average maturity years	Sterling £m	Euros £m	Gross debt total £m
Fixed rate	**3.2**	**2.6**	**975.0**	**–**	**975.0**	3.1	3.4	1,050.0	–	1,050.0
Hedged rate	**2.5**	**4.5**	**507.8**	**–**	**507.8**	3.6	3.6	550.7	–	550.7
Variable rate	**5.8**	**4.5**	**90.2**	**–**	**90.2**	5.5	3.6	1.6	0.7	2.3
	3.2	**3.3**	**1,573.0**	**–**	**1,573.0**	3.3	3.5	1,602.3	0.7	1,603.0

Note:

1. Average maturity years excluding extension options. Including extension options, with the extension to be mutually agreed between the Group and the lenders, the average maturity is 4.2 years (2025: 3.9 years).

At 30 September 2026, the fixed interest rates on the interest rate swap contracts vary from 0.5% to 4.0% (2025: 1.0% to 2.3%).

(b) Credit availability risk

Credit availability risk relates to the Group's ability to refinance its borrowings at the end of their terms or to secure additional financing where necessary. The Group maintains relationships with a diverse range of lenders and maintains sufficient headroom through cash and committed borrowings. On 30 September 2026, the Group had available headroom of £274.4m, with the next debt maturity not until October 2027.

(c) House price risk

The cash flows arising from the Group's financial interest in property assets (CHARM) and the Tricomm Housing portfolio are related to the movement in value of the underlying property assets and, therefore, are subject to movements in house prices. However, consistent with the Group's approach to house price risk across its portfolio of trading and investment properties, the Group does not seek to eliminate this risk as it is a fundamental part of the Group's business model.

(d) Capital risk management

The Board manages the Group's capital through the regular review of: cash flow projections; the ability of the Group to meet contractual commitments; covenant tests; dividend cover; and gearing (LTV). The current capital structure of the Group comprises a mix of debt and equity. Debt is typically both current and non-current interest-bearing loans and borrowings as set out in the consolidated statement of financial position. Equity comprises issued share capital, reserves and retained earnings as set out in the consolidated statement of changes in equity.

Group loans and borrowings have associated covenant requirements with respect to LTV and ICR. The covenants operate on a facility- by-facility basis, with maximum LTV ranges between 70%–75% and minimum ICR cover of 1.35x–1.75x. As at 30 September 2026, the minimum headroom based on individual facilities is a 44.9% increase in LTV and 64.8% reduction in ICR. At the year end, Group LTV was 40.7% (see page 115 for calculation) and Group ICR was 3.0x.

The Board regularly reviews all current and projected future levels to monitor anticipated compliance and available headroom against key thresholds. LTV is reviewed in the context of the Board's view of markets, the prospects of, and risks relating to, the portfolio and the recurring cash flows of the business and deems the current level to be appropriate.

The Group monitors its cost of debt and Weighted Average Cost of Capital (WACC) on a regular basis. At 30 September 2026, the weighted average cost of debt was 3.2% (2025: 3.3%). Investment and development opportunities are evaluated using a risk adjusted WACC in order to ensure long-term shareholder value is created.

28. Pension costs

Accounting policy

i) Defined contribution pension scheme – Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement in the period to which they relate.

ii) Defined benefit pension scheme – The Group currently has a defined benefit pension scheme that was closed to new members and future accrual of benefits in 2003. The scheme is currently in surplus.

An actuarial valuation of the scheme is carried out every three years. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each consolidated statement of financial position date by a qualified actuary, for the purpose of determining the amounts to be reflected in the Group's financial statements under IAS 19.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for revaluation to retirement for deferred members and annual pension increases in payment for all members) and then discounting to the consolidated statement of financial position date.

The pension scheme assets comprise investments in cash managed by Rathbones Investment Management Limited, the Trustees' bank account, and insurance policies managed by Aviva. These assets are measured at fair value in the statement of financial position.

The amount shown in the statement of financial position is the net of the present value of the defined benefit obligation and the fair value of the scheme assets. When there is a surplus, the Group considers the requirements of IFRIC 14 and whether there is economic benefit available as a refund of this surplus, or through a reduction in future contributions. When an unconditional right to future economic benefit exists, there is no restriction on the amount of surplus recognised.

There are no current service costs as the scheme is closed to new members and future accrual. The net interest amount, calculated by applying the discount rate to the net defined benefit liability, is reflected in the income statement each year.

Actuarial gains and losses net of deferred income tax are reflected in other comprehensive income each year.

(a) Defined contribution scheme

The Group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Pension arrangements for Directors are disclosed in the report of the Remuneration Committee and the Directors' Remuneration Report on pages 96 to 106. The pension cost charge in these financial statements represents contributions payable by the Group.

The charge of £1.7m (2025: £1.9m) is included within employee remuneration in Note 10.

(b) Defined benefit scheme

In addition to the above, the Group also operates a final salary defined benefit pension scheme, the BPT Retirement Benefits Scheme. The assets of the scheme are held separately in funds administered by Trustees and are invested with Rathbones Investment Management Limited, an independent investment manager. Pension benefits are linked to the members' final pensionable salaries and service at their retirement date (or date of leaving if earlier). The Trustees are responsible for running the scheme in accordance with the scheme's trust deed and rules, which sets out their powers. The Trustees of the scheme are required to act in the best interests of the beneficiaries of the scheme. There is a requirement that at least one-third of the Trustees are nominated by the members of the scheme.

There are three categories of pension scheme members:

- Active members: currently employed by the Group;
- Deferred members: former employees of the Group;
- Pensioner members: in receipt of pension.

Notes to the financial statements continued

28. Pension costs continued

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for revaluation to retirement for deferred members and annual pension increases in payment for all members) and then discounting to the consolidated statement of financial position date. In the period up to retirement, benefits receive increases linked to Consumer Prices Index (CPI) inflation (subject to a cap of no more than 5% p.a.). After retirement, benefits receive fixed increases of 5% p.a. The valuation method used is known as the Projected Unit Credit Method. The approximate overall duration of the scheme's defined benefit obligation as at 30 September 2026 was 12 years.

The IAS 19 calculations for disclosure purposes have been based upon the results of the actuarial valuation carried out as at 1 July 2022, updated to 30 September 2026, by a qualified independent actuary.

i) Principal actuarial assumptions under IAS 19 (p.a.)

	2026 %	2025 %
Discount rate	**6.4**	5.8
Retail Price Index (RPI) inflation	**3.4**	3.0
Consumer Prices Index (CPI) inflation	**2.7**	2.3
Rate of increase of pensions in payment	**5.0**	5.0

ii) Demographic assumptions

	2026	2025
Mortality tables for pensioners	**S3PA base tables CMI 2025 mortality projections 1.25% p.a. long-term rate**	S3PA base tables CMI 2024 mortality projections 1.25% p.a. long-term rate
Mortality tables for non-pensioners	**As for pensioners**	As for pensioners

iii) Life expectancies

	30 September 2026		30 September 2025	
	Male	**Female**	Male	Female
Life expectancy for a current 60-year-old (years)	**86**	**89**	86	89
Life expectancy at age 60 for an individual aged 45 (years)	**88**	**90**	87	90

Risks

During the year ended 30 September 2025, the Trustees used scheme assets to purchase annuity policies matching the benefits payable to members. Under this buy-in arrangement, the annuity policies were held as scheme assets and the corresponding obligations continued to be recognised as defined benefit obligations.

During the year ended 30 September 2026, annuity policies covering £16.1m of scheme liabilities were transferred to individual members as part of a buy-out. The insurer is now directly responsible for paying the insured benefits and the related scheme assets and defined benefit obligations were therefore derecognised as a settlement. The wind-up was triggered on 22 April 2026.

At 30 September 2026, the scheme retained defined benefit obligations of £1.2m. These obligations are fully matched by annuity policies held as scheme assets under the remaining buy-in arrangement. The obligations and corresponding annuity policies will be derecognised on completion of the scheme wind-up process. The scheme held cash of £6.2m at the reporting date.

Market value of scheme assets

The assets of the scheme are invested in a diversified portfolio as follows:

	30 September 2026		30 September 2025	
	Market value £m	**% of total scheme assets**	Market value £m	% of total scheme assets
Bonds	**–**	**–**	–	–
Cash	**6.2**	**84**	6.3	26
Insurance policies	**1.2**	**16**	18.3	74
Total value of assets	**7.4**	**100**	24.6	100
The actual return on assets over the year was:	**0.2**		(0.6)	

The assets of the scheme are held with Rathbones Investment Management Limited in a managed fund. All of the assets listed have a quoted market price in an active market with the exception of the insurance policy asset where its value has been set equal to the secured pensioner liability.

The change in the market value of the scheme assets over the year was as follows:

	2026 £m	2025 £m
Market value of scheme assets at the start of the year	**24.6**	27.0
Interest income	**1.3**	1.2
Administration expenses paid	**(0.2)**	(0.2)
Actuarial return on assets less interest	**(1.0)**	(1.9)
Benefits paid	**(1.2)**	(1.5)
Assets distributed on settlements	**(16.1)**	–
Market value of scheme assets at the end of the year	**7.4**	24.6

The change in value of the defined benefit obligation over the year was as follows:

	2026 £m	2025 £m
Value of defined benefit obligation at the start of the year	**18.4**	20.5
Interest on pension scheme liabilities	**1.0**	1.0
Remeasurement of changes in financial assumptions	**(0.9)**	(1.6)
Benefits paid	**(1.2)**	(1.5)
Liabilities extinguished on settlements	**(16.1)**	–
Value of defined benefit obligation at the end of the year	**1.2**	18.4

Amounts recognised in the consolidated statement of comprehensive income:

	2026 £m	2025 £m
Actuarial return on assets less interest	**(1.0)**	(1.9)
Remeasurement of defined benefit obligation	**0.9**	1.6
	(0.1)	(0.3)

The loss shown in the above table of £0.1m (2025: £0.3m) has been included in the consolidated statement of comprehensive income on page 125.

The surplus is recognised because the Group considers there is economic benefit available through a reduction in future contributions or the eventual return of the surplus.

Future funding obligation

The Trustees are required to carry out an actuarial valuation every three years. The last actuarial valuation of the scheme was performed by the Actuary for the Trustees as at 1 July 2022. This valuation revealed a funding shortfall of £nil and as a result of this valuation, the Group agreed to cease the existing recovery plan and pay no additional contributions. No subsequent triennial valuation was completed for the scheme, as wind-up was triggered before the statutory deadline for the next triennial valuation date, which was in progress at 30 September 2026.

Sensitivity analysis

Set out below is an analysis of how the scheme obligation would vary with changes to the key actuarial assumptions:

Discount rate movement of 0.25% p.a.	Increase/(decrease) in surplus of £nil/(£nil)
Life expectancies movement of one year	Increase/(decrease) in surplus of £0.1m/(£0.1m)

Notes to the financial statements continued

29. Issued share capital

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Acquisition of and investment in own shares

The Group acquires its own shares to enable it to meet its obligations under the various share schemes in operation. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own shares. The acquisition cost of the shares is debited to an investment in own shares reserve within retained earnings.

Where the Group buys back its own shares as treasury shares, it adopts the accounting as described above. Where it subsequently cancels them, issued share capital is reduced by the nominal value of the shares cancelled and this same amount is transferred to the capital redemption reserve.

Issue of share capital

	2026 £m	2025 £m
Allotted, called-up and fully paid:		
743,115,308 (2025: 743,115,308) ordinary shares of 5p each	**37.2**	37.2

The Group paid £0.1m (2025: £0.1m) to the Share Incentive Plan during the year for the purchase of matching shares and free shares in the scheme. The total cost of acquiring own shares of £0.1m (2025: £0.1m) has been deducted from retained earnings within Shareholders' equity.

As at 30 September 2026, share capital included 1,515,484 shares with a market value at 30 September 2026 of £2.5m (2025: 2,345,900, market value £4.5m) held by The Grainger Employee Benefit Trust and 1,506,300 shares with a market value at 30 September 2026 of £2.5m (2025: 1,506,300, market value £2.9m) held by Grainger plc as treasury shares. The total of these shares is 3,021,784 (2025: 3,852,200) with a nominal value of £151,089 (2025: £192,610) and a market value as at 30 September 2026 of £5.1m (2025: £7.5m).

Movements in issued share capital during the year and the previous year were as follows:

	Number	Nominal value £'000
At 30 September 2024	743,109,586	37,155
Options exercised under the SAYE scheme (Note 30)	5,722	–
At 30 September 2025	**743,115,308**	**37,155**
Options exercised under the SAYE scheme (Note 30)	**–**	**–**
At 30 September 2026	**743,115,308**	**37,155**

30. Share-based payments

Accounting policy

The Group operates a number of equity-settled, share-based compensation plans comprising awards under a Long-Term Incentive Plan (LTIP), a Deferred Bonus Plan (DBP), a Deferred Bonus Share Plan (DBSP), a Share Incentive Plan (SIP) and a Save As You Earn (SAYE) scheme. The fair value of the employee services received in exchange for the grant of shares and options is recognised as an employee expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and options granted.

For market-based conditions, the probability of vesting is taken into account in the fair value calculation and no revision is made for the number of shares or options expected to vest. For non-market conditions, each year the Group revises its estimate of the number of options or shares that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

Awards that are subject to a market-based performance condition are valued at fair value using the Monte Carlo simulation model. Awards not subject to a market-based performance condition are valued at fair value using the Black-Scholes valuation model.

When share-based payment obligations are satisfied by the issue of new shares, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

Share awards

Award date	LTIP 11 December 2025 Market-based	LTIP 11 December 2025 Non-market-based	DBSP 11 December 2025	DBP 11 December 2025	SAYE 06 July 2026 3-year scheme	SAYE 06 July 2026 5-year scheme
Number of shares on grant	**560,921**	**1,308,815**	**293,733**	**115,895**	**473,845**	**280,028**
Exercise price (£)	**–**	**–**	**–**	**–**	**1.32**	**1.32**
Vesting period from date of grant (years)	**3**	**3**	**3**	**1-3**	**3**	**5**
Exercise period after vesting (years)	**7**	**7**	**3**	**3**	**–**	**–**
Share price at grant (£)	**1.78**	**1.78**	**1.78**	**1.78**	**1.73**	**1.73**
Expected risk-free rate (%)	**3.7**	**3.7**	**N/A**	**N/A**	**4.1**	**4.3**
Expected dividend yield (%)	**N/A**	**N/A**	**4.9**	**4.9**	**4.9**	**4.9**
Expected volatility (%)	**23.9**	**23.9**	**N/A**	**N/A**	**24.8**	**25.3**
Fair value (£)	**0.98**	**1.78**	**1.78**	**1.78**	**0.43**	**0.44**

The expected volatility figures used in the valuation were calculated based on the historical volatility over a period equal to the expected term from the date of grant.

The share-based payments charge recognised in the consolidated income statement is £3.6m (2025: £3.6m).

(a) LTIP scheme

For the LTIP awards granted in FY26, the LTIP performance period is the three financial years commencing at the beginning of the financial year in which the grant date fell (i.e. the three year period up to 30 September 2028). Of these, 30% are subject to an relative Total Shareholder Return performance condition measured over the period, 30% are subject to annual growth in Total Accounting Return measured over the period, 30% are subject to achieving an EBITDA margin target at the end of the period, and the final 10% are subject to achieving carbon emissions performance conditions measured over the period (split equally between Scope 1 and 2 emission reductions, and Scope 3 emission reductions).

For the LTIP awards granted in FY25, the LTIP performance period is the three financial years commencing at the beginning of the financial year in which the grant date fell (i.e. the three year period to the end of FY27). 30% of these awards are subject to an relative Total Shareholder Return performance condition, 30% are subject to Total Property Income Return, 30% are subject to achieving Secured PRS Investment targets, and the final 10% are subject to achieving carbon emissions performance conditions.

For the awards granted in FY24, the LTIP performance period is the three financial years commencing at the beginning of the financial year in which the grant date fell (i.e. the three year period to the end of FY26). 30% of these awards are subject to an relative Total Shareholder Return performance condition, 30% are subject to Total Property Income Return, 30% are subject to achieving Secured PRS Investment targets, and the final 10% are subject to achieving carbon emissions performance conditions

For the awards granted in FY23, the LTIP performance period was the three financial years commencing at the beginning of the financial year in which the grant date fell (i.e. the three year period to the end of FY25). 33% of the awards were subject to an relative Total Shareholder Return performance condition, 33% were subject to Total Property Return, and the final 33% were subject to achieving Secured PRS Investment targets.

The movement in LTIP awards during the year is as follows:

Awards	Opening balance	Awards granted	Awards vested	Awards lapsed	Closing balance
LTIP					
10 December 2020	111,266	**–**	**(111,266)**	**–**	**–**
11 October 2021[1]	86,343	**–**	**(86,343)**	**–**	**–**
16 December 2021	267,923	**–**	**–**	**–**	**267,923**
12 December 2022	1,264,686	**–**	**(206,650)**	**(428,857)**	**629,179**
11 December 2023	1,263,756	**–**	**–**	**(43,441)**	**1,220,315**
18 December 2024	1,613,293	**–**	**–**	**(101,724)**	**1,511,569**
11 December 2025	–	**1,869,735**	**–**	**–**	**1,869,735**
Total	4,607,267	**1,869,735**	**(404,259)**	**(574,022)**	**5,498,721**

Note:

1. The grant of LTIP awards on 11 October 2021 was made to Rob Hudson as replacement of awards made by his previous employer. See Note 8 of the remuneration report on page 91 of the September 2021 year Annual Report and Accounts for further details.

Notes to the financial statements continued

30. Share-based payments continued

(b) DBSP, DBP and EDBP schemes

Awards granted under the DBSP relate to the compulsory deferral of 25% of any bonus paid to Executive Directors as described in the Remuneration Committee report. Shares granted in this scheme have no further performance conditions other than continued employment. There is a three-year vesting period from the date of grant, after which time participants can choose to exercise their awards.

Awards granted under the DBP scheme relate to the compulsory deferral of 25% of any bonus paid to other senior managers and have no specific performance conditions other than employees in the scheme continuing to be employed. There is a three-year vesting period from the date of grant. One-third of the awards vest at the end of each year. Participants can choose to exercise their awards on vesting or to retain their awards within the plan until the end of the third year at which point a 50% matching element is added to their award entitlement.

In addition to the DBP scheme, an enhanced DBP scheme (EDBP) operated until December 2023. The enhanced scheme operates in exactly the same way as the normal DBP scheme except that if participants retain their awards within the plan until the end of the fifth year, a further additional 50% matching award is added to their award entitlement. Awards under the DBSP/DBP/EDBP have been valued based on the share price at the date of the award less the dividend yield at the award date as there is no entitlement to dividends during the vesting period.

The movement in DBSP/DBP/EDBP awards during the year is as follows:

Awards	Opening balance	Awards granted	Awards exercised	Awards lapsed	Closing balance
DBSP					
12 December 2022	218,255	–	(191,719)	(4,082)	22,454
11 December 2023	231,858	–	(14,328)	–	217,530
18 December 2024	312,133	–	(15,153)	–	296,980
11 December 2025	–	293,733	–	–	293,733
DBP					
16 December 2021	2,679	–	–	–	2,679
12 December 2022	52,019	–	(45,593)	–	6,426
11 December 2023	56,240	–	(7,629)	(5,025)	43,586
18 December 2024	79,843	–	(3,270)	(6,930)	69,643
11 December 2025	–	115,895	–	(5,569)	110,326
EDBP					
17 December 2019	11,612	–	(11,612)	–	–
10 December 2020	43,900	–	(33,258)	(116)	10,526
16 December 2021	17,864	–	(4,263)	(1,553)	12,048
12 December 2022	23,460	–	(5,355)	(1,785)	16,320
11 December 2023	20,340	–	(1,584)	(3,168)	15,588
Total	1,070,203	409,628	(333,764)	(28,228)	1,117,839

(c) SAYE share option scheme

Awards under the SAYE scheme have been valued at fair value using a Black-Scholes valuation model. The number of shares subject to options as at 30 September 2026, the periods in which they were granted and the periods in which they may be exercised and the movement during the year are given below:

	Exercise price (pence)[1]	Exercise period	Opening balance	Awards granted	Awards exercised	Awards lapsed/ cancelled	Closing balance
SAYE							
2020	245.0	2023–26	31,833	–	–	(31,833)	–
2021	234.0	2024–27	11,538	–	–	(11,538)	–
2022	248.0	2025–28	14,843	–	–	(13,634)	1,209
2023	203.0	2026–29	211,051	–	–	(152,012)	59,039
2024	200.0	2027–30	64,974	–	–	(39,939)	25,035
2025	173.0	2028–31	324,950	–	–	(267,798)	57,152
2026	132.0	2029–32	–	753,873	–	–	753,873
			659,189	753,873	–	(516,754)	896,308
Weighted average exercise price (pence per share)			191	173	–	192	141

Note:
1. Exercise prices have been adjusted to reflect the impact of the 2019 rights issue.

There were no share options exercised during the year (2025: weighted average price of exercised share options: 238.5p). For share options outstanding at the end of the year, the weighted average remaining contractual life was 3.1 years (2025: 1.9 years). There were 69,641 (2025: 45,467) share options exercisable at the year end with a weighted average exercise price of 203.0p (2025: 245.9p).

(d) SIP scheme

Awards under the SIP scheme have been based on the share price at the date of the award.

31. Changes in equity

The consolidated statement of changes in equity is shown on page 127. Further information relating to reserves is provided below. Movements on the retained earnings reserve are set out in Note 32.

(a) Merger reserve

The merger reserve arose when the Company issued shares in partial consideration for the acquisition of City North Group plc in the year ended 30 September 2005. The issue satisfied the provisions of Section 612 of the Companies Act 2006 (formerly Section 131 of the Companies Act 1985) and the premium relating to the shares issued was credited to a merger reserve.

(b) Cash flow hedge reserve

The fair value movements on those derivative financial instruments qualifying for hedge accounting under IFRS 9 are taken to this reserve net of tax.

32. Movement in retained earnings

The retained earnings reserve comprises various elements, including:

Treasury shares bought back and cancelled

Included within retained earnings at 30 September 2026 is a balance of £7.8m (2025: £7.8m) relating to treasury shares bought back and cancelled.

Investment in own shares

Included within retained earnings at 30 September 2026 is a balance of £0.6m (2025: £0.6m) relating to investments in own shares.

Notes to the financial statements continued

33. List of subsidiaries, joint ventures and associates

A full list of all subsidiaries, joint ventures, associates and other related undertakings as at 30 September 2026 is set out in the Notes to the parent Company financial statements on pages 169 to 173.

The following subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 30 September 2026.

Company	Companies House registered number
Atlantic Metropolitan (U.K.) Limited	01628078
BPT (Bradford Property Trust) Limited	00252992
BPT (Residential Investments) Limited	00359346
BPT Limited	00229269
Bromley Property Holdings Limited	04132693
Bromley Property Investments Limited	04066391
Crossco (No. 103) Limited	02929000
Derwent Developments (Curzon) Limited	05887266
Derwent Developments Limited	01899218
Faside Estates Limited	SC019680
Grainger (Brook Place 2) Limited	15672916
Grainger (Exmouth Junction) Limited	15984036
Grainger (Hallsville Block D1) Limited	12170837
Grainger (Hallsville Residential) Limited	14669820
Grainger (Hallsville) Limited	11834099
Grainger (Hornsey) Limited	04810257
Grainger (Octavia Hill) Limited	05654027
Grainger (Seraphina Resi) Limited	16407560
Grainger (Shared Ownership) Limited	16961997
Grainger (Urban Rent) Limited	16961995
Grainger (YP 2) Limited	16138950
Grainger Asset Management Limited	04417232
Grainger Bradley Limited	08324941
Grainger Development Management Limited	03146573
Grainger Developments Limited	06061419

Company	Companies House registered number
Grainger Employees Limited	05019636
Grainger Finance (Tricomm) Limited	08451352
Grainger Housing & Developments Limited	02018842
Grainger Invest No.1 Limited Liability Partnership	OC312947
Grainger Invest No.2 Limited Liability Partnership	OC317919
Grainger Kensington & Chelsea Limited	08151345
Grainger Maidenhead Limited	03709575
Grainger Newbury Limited	03904336
Grainger OCCC Limited	07557656
Grainger Properties Limited	03910945
Grainger RAMP Limited	07560835
Grainger Real Estate Limited	04170173
Grainger Residential Management Limited	04974627
Grainger PRS Limited	05789357
Grainger Seven Sisters Limited	06111428
Grainger Treasury Property Investments Limited Partnership	LP011846
Grainger Treasury Property (2006) Limited Liability Partnership	OC325497
Grainger Tribe Limited	11055318
GRIP UK Property Developments Limited	10626824
Margrave Estates Limited	00332564
MREF III Newcastle Operations Limited	10606762
PHA Limited	06734419
West Waterlooville Developments Limited	03047254

The parent Company has guaranteed the debts and liabilities of the above subsidiaries as at 30 September 2026 in accordance with Section 479C of the Companies Act 2006. The parent Company has assessed the probability of loss under the guarantees as remote.

34. Related party transactions

During the year ended 30 September 2026, the Group transacted with its associates and joint ventures (details of which are set out in Notes 18 and 19). The Group provides a number of services to its associates and joint ventures. These include property and asset management services for which the Group receives fee income. The related party transactions recognised in the income statement and statement of financial position are as follows:

	2026		2025	
£'000	Fees recognised	Year end balance	Fees recognised	Year end balance
Connected Living London (BTR) Limited	**756**	**484**	557	343
Lewisham Grainger Holdings LLP	**124**	**777**	140	653
Vesta LP	**832**	**218**	804	216
	1,712	**1,479**	1,501	1,212

	2026			2025		
	Interest recognised £'000	Year end loan balance £m	Interest rate %	Interest recognised £'000	Year end loan balance £m	Interest rate %
Curzon Park Limited	**–**	**17.7**	**Nil**	–	18.1	Nil
Lewisham Grainger Holdings LLP	**724**	**12.3**	**5.8**	921	13.2	5.8
Vesta LP	**–**	**14.5**	**Nil**	–	14.5	Nil
	724	**44.5**		921	45.8	

Details of the Group's other related parties are provided in Note 10 in relation to key management compensation and Note 28 in relation to the Group's retirement benefit pension scheme.

35. Leases

Accounting policy

i) Group as lessor – Rental income from operating leases is recognised on a straight-line basis over the lease term. The net present value of ground rents receivable is, in the opinion of the Directors, immaterial. Accordingly, ground rents receivable are taken to the consolidated income statement on a straight-line basis over the period of the lease. Properties leased out to tenants are included in the consolidated statement of financial position as either investment property or as trading property under inventories.

ii) Group as lessee – The Group occupies a number of its offices as a lessee. The net present value of the lease liabilities is recorded in the consolidated statement of financial position within trade and other payables. The leased office space is included in the consolidated statement of financial position as a right-of-use asset in property, plant and equipment and depreciated over the life of the lease.

(a) Group as lessor

The future aggregate undiscounted lease payments due to the Group under non-cancellable operating leases are as follows:

	2026 £m	2025 £m
Operating lease payments due:		
Not later than one year	**34.6**	51.6
Greater than one year but less than two years	**5.5**	5.3
Greater than two years but less than three years	**4.5**	4.7
Greater than three years but less than four years	**1.7**	4.0
Greater than four years but less than five years	**1.5**	1.4
Greater than five years	**64.7**	67.3
	112.5	134.3

The majority of the Group's non-cancellable operating leases issued to lessees relate to Assured Periodic Tenancy agreements (APTs), with the lease terms being periodic with a minimum two month notice period. The Group also receives rental income from commercial leases where lease terms can vary between one and 15 years. There are no contingent rents recognised within net rental income in 2026 or 2025 relating to properties where the Group acts as a lessor of assets under operating leases. The Group's non-cancellable operating leases exclude regulated tenancies. Under these agreements, tenants have the right to remain in a property for the remainder of their lives. Should the tenant require the lease to be cancelled for any reason, they are able to do so generally with immediate effect, in which case we take vacant possession for subsequent disposal of the property. As such, regulated tenancies are excluded from the above analysis.

(b) Group as lessee

The future aggregate lease payments payable by the Group under non-cancellable operating leases are as follows:

	2026 £m	2025 £m
Operating lease payments due:		
Not later than one year	**0.4**	0.6
Later than one year and not later than five years	**3.7**	3.0
Later than five years	**1.6**	2.7
	5.7	6.3

Leases relating to office space used by the Group have initial terms of varying lengths, between one and ten years. Rent reviews generally take place every five years.

36. Contingent liabilities

Properties in certain subsidiary companies form a 'guarantee group' with a market value of £2,152.2m and provide the security for the Group's core debt facility and Corporate Bonds.

Barclays Bank PLC and Lloyds Bank PLC have provided guarantees under performance bonds. As at 30 September 2026, total guarantees amounted to £3.9m (2025: £4.0m).

37. Capital commitments

The Group has current commitments under a number of its BTR projects. The Group's commitments, including its relevant share of commitments to joint ventures and associates, are as follows:

	2026 £m	2025 £m
Wholly-owned Group subsidiaries	**148.1**	227.0
	148.1	227.0

Parent Company statement of financial position and statement of changes in equity

As at 30 September

	Notes	2026 £m	2025 £m
Fixed assets			
Investments	2	**2,552.4**	2,567.2
Current assets			
Trade and other receivables	3	**103.6**	107.8
Cash at bank and in hand		**43.9**	52.3
		147.5	160.1
Creditors: amounts falling due within one year	4	**(23.3)**	(8.6)
Net current assets		**124.2**	151.5
Total assets less current liabilities		**2,676.6**	2,718.7
Creditors: amounts falling due after more than one year			
Interest-bearing loans and borrowings	5	**(942.9)**	(908.3)
NET ASSETS		**1,733.7**	1,810.4
Capital and reserves			
Issued share capital	6	**37.2**	37.2
Share premium account		**817.9**	817.9
Capital redemption reserve		**0.3**	0.3
Retained earnings		**878.3**	955.0
TOTAL EQUITY		**1,733.7**	1,810.4

The loss for the year for the Company was £18.0m (2025: £34.4m).

The financial statements on pages 168 to 173 were approved by the Board of Directors on 18 November 2026 and were signed on their behalf by:

Helen Gordon
Director

Rob Hudson
Director

Company registration number: 00125575

Parent Company statement of changes in equity

	Issued share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance as at 1 October 2024	37.2	817.9	0.3	1,044.0	1,899.4
Loss for the year	–	–	–	(34.4)	(34.4)
Purchase of own shares	–	–	–	(0.1)	(0.1)
Share-based payments charge	–	–	–	3.6	3.6
Dividends paid	–	–	–	(58.1)	(58.1)
Balance as at 30 September 2025	**37.2**	**817.9**	**0.3**	**955.0**	**1,810.4**
Loss for the year	**–**	**–**	**–**	**(18.0)**	**(18.0)**
Purchase of own shares	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Share-based payments charge	**–**	**–**	**–**	**3.6**	**3.6**
Dividends paid	**–**	**–**	**–**	**(62.2)**	**(62.2)**
Balance as at 30 September 2026	**37.2**	**817.9**	**0.3**	**878.3**	**1,733.7**

The Notes on pages 169 to 173 form part of the financial statements.

Notes to the parent Company financial statements

1. Company accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards (IFRS), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The exemptions that have been applied in the preparation of these financial statements are as follows.

- A cash flow statement and related notes have not been presented.
- Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective have not been provided.
- Disclosures in respect of transactions with wholly-owned subsidiaries have not been made.
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures have not been made.
- Paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based payment (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures to disclose key management personnel compensation.

The Company has taken the exemption allowed under Section 408 of the Companies Act 2006 from the requirement to present its own profit and loss account. The loss for the year was £18.0m (2025: £34.4m). These financial statements present information about the Company as an individual undertaking and not about its Group.

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements.

(b) Going concern

The financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the following reasons.

The Company has net assets of £1,733.7m at 30 September 2026 and has generated a loss for the period then ended of £18.0m. The Directors of Grainger plc manage the Group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Grainger plc operating segment level. For these reasons, the Directors do not prepare cash flow forecasts at an individual entity level.

In making the going concern assessment, on a consolidated basis, the Directors have considered the Group's principal risks and their impact on financial performance. The Directors have assessed the future funding commitments of the Group and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, severe sensitivities have been applied to the key factors affecting financial performance for the Group.

Further details of the Group's going concern assessment, including the key assumptions applied, is set out in Note 1(a) on page 129.

Based on these considerations, the Directors continue to adopt a going concern basis in preparing the financial statements for the year ended 30 September 2026.

(c) Investments

Investments in subsidiaries are carried at historical cost less provision for impairment based upon an assessment of the net recoverable amount of each investment. Historical cost represents the fair value of consideration payable by the Company to acquire investments, with the majority of such acquisitions relating to share capital allotted to the Company by directly held subsidiaries due to capitalisation of intragroup liabilities in those subsidiaries. This forms part of ongoing simplification of the Group structure and settlement of intragroup balances, which lead to the increase in investments in subsidiaries. Such acquisitions result in nil impact on the net assets position of the Company.

The net recoverable amount is determined by the statutory net assets of the subsidiary, adjusted for fair value movements relating to trading property, which is held at cost, as well as an associated deferred tax charge on the fair value adjustments. This approach provides the most relevant indication of the net recoverable amount of a subsidiary as it provides a fair value net asset position as at the date of assessment. To the extent that the assessment of the recoverable amount improves due to changes in economic conditions or estimates, impairment provisions are reversed, with all provision movements recognised in profit and loss.

Notes to the parent Company financial statements continued

1. Company accounting policies continued

(d) Tax

Corporation tax is provided on taxable profits or losses at the current rate.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting period, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at that date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is measured on a non-discounted basis.

(e) Own shares including treasury shares

Transactions of The Grainger Employee Benefit Trusts are included in the Company's financial statements. The purchase of shares in the Company by each trust and any treasury shares bought back by the Company are debited direct to equity.

(f) Share-based payments

Under the share-based compensation arrangements set out in Note 30 to the Group financial statements, employees of Grainger Employees Limited have been awarded options and conditional shares in the Company. These share-based arrangements have been treated as equity-settled in the consolidated financial statements. In the Company's financial statements, the share-based payment charge has been added to the cost of investment in subsidiaries with a corresponding adjustment to equity.

(g) Borrowings

Borrowings are initially recognised at the fair value of consideration received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2. Investments

Cost of investment	**2026 £m**	2025 £m
At 1 October	**4,246.5**	4,241.4
Additions	**129.6**	5.1
At 30 September	**4,376.1**	4,246.5

Impairment	**2026 £m**	2025 £m
At 1 October	**1,679.3**	1,647.4
Additional provisions	**144.4**	45.5
Reversal of impairment provisions	**–**	(13.6)
At 30 September	**1,823.7**	1,679.3
Net carrying value	**2,552.4**	2,567.2

The Directors believe that the carrying value of the investments is supported by their recoverable amount, which reflects the fair value of the property portfolio. The recoverable amount is not regarded as a significant estimate in itself as it is based on the underlying valuation of the property portfolio. The impact of changes to key assumptions to the valuation of the property portfolio is shown in Note 2 of the Group financial statements.

After an assessment of recoverable amounts a net impairment of £144.4m (2025: £31.9m) has been made. The overall net impairment adjustment resulted from a reduction in the net assets of BPT Limited and Grainger Finance Company Limited, following distributions made in the year.

A list of the subsidiaries of the Company is contained within Note 9 on pages 172 and 173.

3. Trade and other receivables

	2026 £m	2025 £m
Amounts owed by Group undertakings	**103.6**	107.7
Other receivables	**–**	0.1
	103.6	107.8

Amounts due in both 2026 and 2025 are all due within one year. The Company's assessment of expected credit losses on amounts owed by Group undertakings is not considered to be an area of significant judgement or estimation due to sufficient liquidity in the Group. As such, there is no expectation of any material credit losses at the balance sheet date.

4. Creditors: amounts falling due within one year

	2026 £m	2025 £m
Amounts owed to Group undertakings	**11.8**	–
Accruals and deferred income	**8.7**	8.6
Other creditors	**2.8**	–
	23.3	8.6

5. Interest-bearing loans and borrowings

	2026 £m	2025 £m
Variable rate – loans	**250.0**	215.0
Unamortised issue costs	**(4.7)**	(3.5)
	245.3	211.5
Corporate bonds	**700.0**	700.0
Unamortised issue costs	**(1.4)**	(1.9)
	698.6	698.1
Unamortised bond discount	**(1.0)**	(1.3)
Total interest-bearing loans and borrowings	**942.9**	908.3

The variable rate loans are secured by floating charges over the assets of the Group. The loans bear interest at rates between 1.4% and 1.8% over SONIA.

In 2018, the Group issued a ten-year £350.0m corporate bond at 3.375% due April 2028. In 2020, the Group issued a ten-year £350.0m corporate bond at 3.0% due July 2030.

As at 30 September 2026, unamortised costs in relation to the corporate bonds stood at £1.4m (2025: £1.9m), and the outstanding discount was £1.0m (2025: £1.3m).

6. Issued share capital

	2026 £m	2025 £m
Allotted, called-up and fully paid:		
743,115,308 (2025: 743,115,308) ordinary shares of 5p each	**37.2**	37.2

Details of movements in issued share capital during the year and the previous year are provided in Note 29 to the Group financial statements on page 162.

Details of share options and awards granted by the Company are provided in Note 30 to the Group financial statements on pages 162 to 165 and discussed within the Remuneration Committee's Report on pages 98 to 106.

7. Contingent liabilities

The Company has guaranteed the debts and liabilities of certain of its subsidiaries as at 30 September 2026 in accordance with Section 479C of the Companies Act 2006 as detailed in Note 33 to the Group financial statements on page 166. The Company has assessed the probability of loss under the guarantees as remote.

8. Other information

Dividends

The Company has distributable reserves of £832.1m to support its dividend. Information on dividends paid and declared is given in Note 14 to the Group financial statements on page 144.

Subject to approval at the AGM, the final dividend of 5.62p per share (gross) amounting to £41.6m will be paid on 19 February 2027 to shareholders on the register at the close of business on the record date, 15 January 2027 (the shares will go ex-dividend on 14 January 2027). Shareholders will again be offered the option to participate in a dividend reinvestment plan and the last day for election is 29 January 2027. An interim dividend of 2.94p per share amounting to a total of £21.8m was paid to shareholders on 3 July 2026.

Auditor's remuneration

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

Directors' share options and share awards

Details of the Directors' share options and of their share awards are set out in the Remuneration Committee's Report.

Notes to the parent Company financial statements continued

9. List of subsidiaries, associates and joint ventures

A full list of the Group's subsidiaries as at 30 September 2026 is set out below:

Company	% effective holding	Direct/ Indirect
Broxden House, Lamberkine Drive, Perth, PH1 1RA		
Faside Estates Limited	100%	Indirect
Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE		
19 Ifield Road Management Limited[2]	67%	Indirect
36 Finborough Road Management Limited[2]	100%	Indirect
Atlantic Metropolitan (U.K.) Limited	100%	Direct
BPT (Assured Homes) Limited	100%	Indirect
BPT (Bradford Property Trust) Limited	100%	Indirect
BPT (Residential Investments) Limited	100%	Indirect
BPT Limited	100%	Direct
Berewood Estate Management Limited[1,2]	100%	Indirect
Brierley Green Management Company Limited[2]	100%	Indirect
Bromley Property Holdings Limited[2]	100%	Direct
Bromley Property Investments Limited[2]	100%	Indirect
Cambridge Place Management Company Limited[2]	100%	Indirect
Chrisdell Limited[2]	100%	Indirect
City North 5 Limited[2]	100%	Indirect
City North Group Limited[2]	100%	Direct
City North Properties Limited[2]	100%	Indirect
Connected Living London Limited	100%	Indirect
Crofton Estate Management Company Limited[2]	100%	Indirect
Crossco (No. 103) Limited	100%	Indirect
Derwent Developments (Curzon) Limited	100%	Indirect
Derwent Developments Limited	100%	Indirect
Frincon Holdings 1986 Limited[2]	100%	Indirect
GIP Limited	100%	Indirect
Globe Brothers Estates Limited[2]	100%	Indirect
Grainger (Aldershot) Limited	100%	Indirect
Grainger (Brook Place 2) Limited	100%	Indirect
Grainger (Clapham) Limited	100%	Indirect
Grainger (Exmouth Junction) Limited	100%	Indirect
Grainger (Hallsville) Limited	100%	Indirect
Grainger (Hallsville Block D1) Limited	100%	Indirect
Grainger (Hallsville Residential) Limited	100%	Indirect
Grainger (Hornsey) Limited	100%	Indirect
Grainger (London) Limited[2]	100%	Direct
Grainger (Octavia Hill) Limited	100%	Indirect
Grainger (Peachey) Limited[2]	100%	Indirect
Grainger (Seraphina Resi) Limited	100%	Indirect
Grainger (Shared Ownership) Limited[2]	100%	Indirect
Grainger (Urban Rent) Limited[2]	100%	Indirect
Grainger (YP 2) Limited[2]	100%	Indirect
Grainger Asset Management Limited	100%	Indirect
Grainger Bradley Limited	100%	Indirect
Grainger Development Management Limited	100%	Indirect
Grainger Developments Limited	100%	Indirect
Grainger Employees Limited	100%	Direct
Grainger Enfranchisement No. 1 (2012) Limited[2]	100%	Indirect
Grainger Enfranchisement No. 2 (2012) Limited[2]	100%	Indirect
Grainger Europe (No. 3) Limited[2]	100%	Indirect
Grainger Europe (No. 4) Limited[2]	100%	Direct
Grainger Europe Limited[2]	100%	Direct
Grainger Finance (Tricomm) Limited	100%	Indirect
Grainger Finance Company Limited	100%	Direct
Grainger Homes (Gateshead) Limited[2]	100%	Indirect
Grainger Homes Limited[2]	100%	Indirect
Grainger Housing & Developments Limited	100%	Indirect
Grainger Invest (No. 1 Holdco) Limited	100%	Indirect
Grainger Invest No.1 Limited Liability Partnership	100%	Indirect
Grainger Invest No.2 Limited Liability Partnership	100%	Indirect
Grainger Kensington & Chelsea Limited	100%	Direct
Grainger Land & Regeneration Limited	100%	Indirect
Grainger Maidenhead Limited	100%	Indirect
Grainger Newbury Limited	100%	Indirect
Grainger OCCC Limited	100%	Indirect
Grainger Pearl Holdings Limited	100%	Indirect
Grainger Pearl Limited	100%	Indirect
Grainger Pearl (Salford) Limited	100%	Indirect
Grainger Properties Limited	100%	Indirect
Grainger PRS Limited	100%	Indirect
Grainger RAMP Limited	100%	Indirect
Grainger Real Estate Limited	100%	Indirect
Grainger REIT 1 Limited[2]	100%	Indirect
Grainger REIT 2 Limited[2]	100%	Indirect
Grainger REIT 3 Limited[2]	100%	Indirect
Grainger Residential Limited	100%	Indirect
Grainger Residential Management Limited	100%	Direct
Grainger Seven Sisters Limited	100%	Indirect
Grainger Southwark Limited	100%	Indirect
Grainger Treasury Property Investments Limited Partnership	100%	Indirect
Grainger Treasury Property (2006) Limited Liability Partnership	100%	Indirect
Grainger Tribe Limited	100%	Indirect
Grainger Trust Limited	100%	Indirect
Grainger Unitholder No 1 Limited[2]	100%	Direct
Greit Limited[2]	100%	Direct
GRIP REIT PLC	100%	Indirect
GRIP UK Holdings Limited	100%	Indirect
GRIP UK Property Developments Limited	100%	Indirect
GRIP UK Property Investments Limited	100%	Indirect
H I Tricomm Holdings Limited[2]	100%	Indirect
Harborne Tenants Limited[2]	100%	Indirect
Infrastructure Investors Defence Housing (Bristol) Limited[2]	100%	Indirect
Ingleby Court Management Limited[2]	100%	Indirect
Kings Dock Mill (Liverpool) Management Company Limited[1,2]	100%	Indirect
Macaulay & Porteus Management Company Limited[1,2]	100%	Indirect
Manor Court (Solihull) Management Limited[2]	100%	Indirect
Margrave Estates Limited	100%	Indirect
MREF III Newcastle Operations Limited	100%	Indirect
N & D London Investments[2]	100%	Indirect
N & D London Limited[2]	100%	Indirect
Northumberland & Durham Property Trust Limited	100%	Indirect
PHA Limited	100%	Indirect
Portland House Holdings Limited[2]	100%	Indirect

Company	% effective holding	Direct/ Indirect
Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE		
Residential Leases Limited[2]	100%	Indirect
Residential Tenancies Limited[2]	100%	Indirect
Rotation Finance Limited[2]	100%	Direct
Suburban Homes Limited[2]	100%	Indirect
The Bradford Property Trust Limited[2]	100%	Indirect
Tricomm Housing (Holdings) Limited	100%	Indirect
Tricomm Housing Limited	100%	Indirect
Victoria Court (Southport) Limited[2]	100%	Indirect
Warren Court Limited[2]	100%	Indirect
West Waterlooville Developments Limited	100%	Indirect

A full list of the Group's associates as at 30 September 2026 is set out below:

Company	% effective holding	Direct/ Indirect
11–13 Penhill Road, Cardiff, CF11 9PQ		
Capital Quarter (Western Courtyard) Cardiff Management Limited	33%	Indirect
5a Coleherne Road, London, SW10 9BS		
5 Coleherne Road Management Limited	25%	Indirect
8 Five Acres, Kings Langley, Hertfordshire, WD4 9JU		
Trevor Square Garden Management Company Limited	7%	Indirect
218 Finney Lane, Heald Green, Cheadle, SK8 3QA		
Oakleigh House (Sale) Management Company Limited[2]	23%	Indirect
16 Northfields Prospect, Putney Bridge Road, London, SW18 1PE		
Riverview Gardens (Freehold) Limited	1%	Indirect
31 Radipole Road, Parsons Green, Fulham, London, SW6 5DN		
Stagestar Limited[2]	25%	Indirect
72 Booker Avenue, Bradwell Common, Milton Keynes, MK13 8EF		
87 Clarendon Road Management Company Limited[2]	33%	Indirect
128a Lower Road, Surrey Quays, SE16 2UG		
31 Ifield Road Management Limited[2]	25%	Indirect
The Studio, 16 Cavaye Place, London, SW10 9PT		
57 Ifield Road Management Limited[2]	33%	Indirect
Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE		
Sixty-Two Stanhope Gardens Limited[2]	20%	Indirect
Vesta (General Partner) Limited	30%	Indirect
Vesta Limited Partnership	20%	Indirect
Portmill House, Portmill Lane, Hitchin, SG5 1DJ		
Redoubt Close Management Limited[2]	3%	Indirect

A full list of the Group's joint ventures as at 30 September 2026 is set out below:

Company	% effective holding	Direct/ Indirect
100 Victoria Street, London, SW1E 5JL		
Curzon Park Limited	50%	Indirect
12th Floor Aldgate Tower, 2 Leman Street, London, E1W 9US		
Tacklow Limited[2]	50%	Indirect
16a Castlebar Road, London, W5 2DP		
16 Castlebar Road Management Company Limited[2]	50%	Indirect
Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE		
1 Ifield Road Management Limited[2]	50%	Indirect
31-37 Disbrowe Road Freehold Company Limited[2]	50%	Indirect
174 Bishops Road Limited[1,2]	50%	Indirect
Besson Street Limited Liability Partnership	50%	Indirect
Besson Street Second Member Limited[2]	50%	Indirect
Connected Living London (BTR) Limited	51%	Indirect
Connected Living London (RP) Limited	51%	Indirect
Connected Living London (Limmo) Limited[2]	51%	Indirect
Connected Living London (Southall) Limited	51%	Indirect
Connected Living London (OpCo) Limited[2]	51%	Indirect
Connected Living London (Nine Elms) Limited	51%	Indirect
Connected Living London (Woolwich) Limited[2]	51%	Indirect
Connected Living London (Arnos Grove) Limited	51%	Indirect
Connected Living London (Bollo Lane) Limited	51%	Indirect
Connected Living London (Cockfosters) Limited	51%	Indirect
Connected Living London (Montford Place) Limited	51%	Indirect
Lewisham Grainger Holdings Limited Liability Partnership[2]	50%	Indirect
Wellesley Residents Trust Limited[1,2]	50%	Indirect

All subsidiaries, associates and joint ventures are incorporated in the UK except where the registered office indicates otherwise.

Notes:

1. Company limited by guarantee.
2. Company is non-active.

EPRA performance measures (unaudited)

1. Introduction

The European Public Real Estate Association (EPRA) is the body that represents Europe's listed property companies. The association sets out guidelines and recommendations to facilitate consistency in listed real estate reporting, in turn allowing stakeholders to compare companies on a like-for-like basis. As a member of EPRA, the Group is supportive of EPRA's initiatives and discloses measures in relation to the EPRA Best Practices Recommendations (EPRA BPR) guidelines. The most recent guidelines, updated in September 2024, have been adopted by the Group.

The EPRA performance measures and definitions are set out below:

Performance measure	Definition
1) EPRA Earnings	Recurring earnings from core operational activities. This is a key measure of a company's underlying operating results, providing an indication of the extent to which current dividend payments are supported by earnings.
2) EPRA NRV	Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term property business model.
3) EPRA NTA	EPRA NRV adjusted to include deferred tax on assets that may be sold by the business and exclude intangible assets.
4) EPRA NDV	EPRA NRV adjusted to include the fair values of i) financial instruments, ii) debt and iii) deferred taxes. EPRA NDV excludes goodwill recognised on a company's statutory balance sheet.
5i) EPRA Net Initial Yield (NIY)	Annualised rental income based on cash rents at the balance sheet date, less non-recoverable property expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.
5ii) EPRA 'topped-up' NIY	This measure incorporates an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives, such as discounted rent periods and step rents).
6) EPRA Vacancy Rate	Estimated Market Rent Value (ERV) of vacant space divided by ERV of the whole portfolio.
7) EPRA Cost Ratios	This measure includes all administrative and operating expenses including share of joint ventures' overheads and operating expenses, net of any service fees, all divided by gross rental income.
8) EPRA LTV	This measure includes all capital which is not equity as debt, irrespective of its IFRS classification, and is based upon proportional consolidation, therefore including a company's share in the net debt and net assets of joint ventures and associates. Assets are included at fair value, net debt at nominal value.

Summary

	2026	2025
EPRA Earnings	**£60.2m**	£53.7m
EPRA Earnings per share (pre tax)	**8.1p**	7.3p
EPRA Earnings per share (post tax)	**8.1p**	5.5p
EPRA NRV	**£2,139.5m**	£2,283.1m
EPRA NRV per share	**288p**	307p
EPRA NTA	**£2,086.1m**	£2,216.6m
EPRA NTA per share	**281p**	298p
EPRA NDV	**£2,147.5m**	£2,278.0m
EPRA NDV per share	**289p**	307p
EPRA Net Initial Yield (NIY)	**3.9%**	3.6%
Adjusted EPRA NIY	**4.3%**	4.1%
EPRA Vacancy Rate	**2.9%**	1.9%
Adjusted EPRA Cost Ratio (including direct vacancy costs)	**39.8%**	37.6%
Adjusted EPRA Cost Ratio (excluding direct vacancy costs)	**38.2%**	36.1%
EPRA LTV	**42.7%**	40.2%
Capital Expenditure	**£148.3m**	£164.9m

2. EPRA Earnings

	2026			2025		
	Earnings £m	**Shares millions**	**Pence per share**	Earnings £m	Shares millions	Pence per share
Earnings per IFRS income statement	**(41.8)**	**739.9**	**(5.7)**	102.6	738.8	13.9
Adjustments to calculate EPRA Earnings, exclude:						
i) Changes in value of investment properties, development properties held for investment and other interests	**107.1**	**–**	**14.5**	(26.3)	–	(3.6)
ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	**2.3**	**–**	**0.3**	1.6	–	0.2
iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	**(21.4)**	**–**	**(2.9)**	(39.5)	–	(5.3)
iv) Tax on profits or losses on disposals	**–**	**–**	**–**	–	–	–
v) Negative goodwill/goodwill impairment	**0.4**	**–**	**0.1**	–	–	–
vi) Changes in fair value of financial instruments and associated close-out costs	**11.7**	**–**	**1.5**	8.5	–	1.2
vii) Acquisition costs on share deals and non-controlling joint venture interests	**–**	**–**	**–**	–	–	–
viii) Adjustments related to funding structure	**–**	**–**	**–**	–	–	–
ix) Adjustments related to non-operating and exceptional items	**(3.3)**	**–**	**(0.4)**	3.3	–	0.4
x) Deferred tax in respect of EPRA adjustments	**–**	**–**	**–**	–	–	–
xi) Adjustments i) to viii) in respect of joint ventures	**5.2**	**–**	**0.7**	3.5	–	0.5
xii) Non-controlling interests in respect of the above	**–**	**–**	**–**	–	–	–
EPRA Earnings/Earnings per share	**60.2**	**739.9**	**8.1**	53.7	738.8	7.3
EPRA Earnings per share after tax			**8.1**			5.5

ix) Adjustments relate to IFRS 9 loan modification and restructuring costs as outlined within Note 3 of the Group's financial statements.

EPRA Earnings have been divided by the average number of shares shown in Note 15 to the Group financial statements to calculate earnings per share. EPRA earnings per share after tax assumes tax of £nil at an effective tax rate of nil% following the Group's conversion to REIT status (2025: £13.4m, in line with the Group's adjusted tax rate of 24.4%).

3. EPRA NRV, EPRA NTA and EPRA NDV

	2026			2025		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV £m**	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	**1,950.3**	**1,950.3**	**1,950.3**	2,039.8	2,039.8	2,039.8
Include/Exclude:						
i) Hybrid Instruments	**–**	**–**	**–**	–	–	–
Diluted NAV	**1,950.3**	**1,950.3**	**1,950.3**	2,039.8	2,039.8	2,039.8
Include:						
ii.a) Revaluation of IP (if IAS 40 cost option is used)	**–**	**–**	**–**	–	–	–
ii.b) Revaluation of IPUC (if IAS 40 cost option is used)	**–**	**–**	**–**	–	–	–
ii.c) Revaluation of other non-current investments	**5.1**	**5.1**	**5.1**	7.5	7.5	7.5
iii) Revaluation of tenant leases held as finance leases	**–**	**–**	**–**	–	–	–
iv) Revaluation of trading properties	**197.3**	**146.7**	**146.7**	245.4	181.8	181.8
Diluted NAV at Fair Value	**2,152.7**	**2,102.1**	**2,102.1**	2,292.7	2,229.1	2,229.1
Exclude:						
v) Deferred tax in relation to fair value gains of IP	**1.0**	**1.0**	**–**	1.0	1.0	–
vi) Fair value of financial instruments	**(14.2)**	**(14.2)**	**–**	(10.6)	(10.6)	–
vii) Goodwill as a result of deferred tax	**–**	**–**	**–**	–	–	–
viii.a) Goodwill as per the IFRS balance sheet	**–**	**–**	**–**	–	(0.4)	(0.4)
viii.b) Intangible as per the IFRS balance sheet	**–**	**(2.8)**	**–**	–	(2.5)	–
Include:						
ix) Fair value of fixed interest rate debt	**–**	**–**	**45.4**	–	–	49.3
x) Revaluation of intangibles to fair value	**–**	**–**	**–**	–	–	–
xi) Real estate transfer tax	**–**	**–**	**–**	–	–	–
NAV	**2,139.5**	**2,086.1**	**2,147.5**	2,283.1	2,216.6	2,278.0
Fully diluted number of shares	**743.1**	**743.1**	**743.1**	743.1	743.1	743.1
NAV pence per share	**288**	**281**	**289**	307	298	307

EPRA performance measures (unaudited) continued

4. EPRA NIY

		2026 £m	2025 £m
Investment property – wholly-owned		**3,064.9**	3,124.3
Investment property – share of JVs/Funds		**68.8**	67.6
Trading property (including share of JVs)		**465.8**	541.0
Less: developments		**(337.8)**	(369.1)
Completed property portfolio		**3,261.7**	3,363.8
Allowance for estimated purchasers' costs		**186.1**	188.9
Gross up completed property portfolio valuation	B	**3,447.8**	3,552.7
Annualised cash passing rental income		**184.2**	177.6
Property outgoings		**(49.5)**	(48.8)
Annualised net rents	A	**134.7**	128.8
Add: rent incentives		**1.0**	0.7
'Topped up' net annualised rent	C	**135.7**	129.5
EPRA NIY	A/B	**3.9%**	3.6%
EPRA 'topped up' NIY	C/B	**3.9%**	3.6%
Gross up completed property portfolio valuation		**3,447.8**	3,552.7
Adjustments to completed property portfolio in respect of regulated tenancies and share of JVs		**(441.4)**	(545.2)
Adjusted gross up completed property portfolio valuation	B	**3,006.4**	3,007.5
Annualised net rents		**134.7**	128.8
Adjustments to annualised cash passing rental income in respect of newly completed developments		**2.9**	6.6
Adjustments to property outgoings in respect of newly completed developments		**(0.8)**	(1.9)
Adjustments to annualised cash passing rental income in respect of regulated tenancies		**(11.0)**	(13.3)
Adjustments to property outgoings in respect of regulated tenancies		**3.0**	3.4
Adjusted annualised net rents	A	**128.8**	123.6
Add: rent incentives		**1.0**	0.7
Adjusted EPRA 'topped up' NIY	C	**129.8**	124.3
Adjusted EPRA NIY	A/B	**4.3%**	4.1%
Adjusted EPRA 'topped up' NIY	C/B	**4.3%**	4.1%

5. EPRA Vacancy Rate

		2026 £m	2025 £m
Estimated rental value of vacant space	A	**4.4**	2.5
Estimated rental value of the whole portfolio	B	**152.4**	130.0
EPRA Vacancy Rate	A/B	**2.9%**	1.9%

The vacancy rate reflects estimated rental values of the Group's stabilised habitable PRS units as at the reporting date.

6. EPRA Cost Ratio

		2026 £m	2025 £m
Administrative expenses		**36.7**	36.7
Property operating expenses		**48.6**	46.6
Share of joint ventures expenses		**0.6**	1.0
Net service charge costs/fees		**–**	–
Management fees		**(2.6)**	(2.3)
Other operating income/recharges intended to cover overhead expenses		**(2.7)**	(3.8)
Exclude:			
Investment property depreciation		**–**	–
Ground rent costs		**(0.2)**	(0.2)
Service charge costs recovered through rents but not separately invoiced		**–**	–
EPRA Costs (including direct vacancy costs)	A	**80.4**	78.0
Direct vacancy costs		**(3.2)**	(3.0)
EPRA Costs (excluding direct vacancy costs)	B	**77.2**	75.0
Gross rental income		**178.8**	170.2
Less: ground rent income		**(0.5)**	(0.6)
Add: share of joint ventures (gross rental income less ground rents)		**0.8**	0.8
Add: adjustment in respect of profits or losses on sales of properties		**22.8**	37.3
Gross Rental Income and Trading Profits	C	**201.9**	207.7
Adjusted EPRA Cost Ratio (including direct vacancy costs)	A/C	**39.8%**	37.6%
Adjusted EPRA Cost Ratio (excluding direct vacancy costs)	B/C	**38.2%**	36.1%

7. EPRA LTV

£m		2026 Group	Share of Joint Ventures	Share of Associates	Combined
Borrowings from Financial Institutions		**873.0**	**–**	**–**	**873.0**
Bond loans		**700.0**	**–**	**–**	**700.0**
Net payables		**54.8**	**8.6**	**14.9**	**78.3**
Exclude:					
Cash and cash equivalents		**(76.5)**	**(2.2)**	**(0.6)**	**(79.3)**
Net debt	A	**1,551.3**	**6.4**	**14.3**	**1,572.0**
Investment properties at fair value		**2,853.3**	**–**	**14.4**	**2,867.7**
Investment properties under development		**211.6**	**54.4**	**–**	**266.0**
Properties held-for-sale		**465.8**	**–**	**–**	**465.8**
Financial assets		**85.8**	**–**	**–**	**85.8**
Total property value	B	**3,616.5**	**54.4**	**14.4**	**3,685.3**
EPRA LTV %	A/B	**42.9%**	**11.8%**	**99.3%**	**42.7%**

£m		2025 Group	Share of Joint Ventures	Share of Associates	Combined
Borrowings from Financial Institutions		903.0	–	–	903.0
Bond loans		700.0	–	–	700.0
Net payables		41.8	9.8	14.6	66.2
Exclude:					
Cash and cash equivalents		(126.6)	(3.3)	(0.3)	(130.2)
Net debt	A	1,518.2	6.5	14.3	1,539.0
Investment properties at fair value		2,858.1	–	14.9	2,873.0
Investment properties under development		266.2	52.7	–	318.9
Properties held-for-sale		541.0	–	–	541.0
Financial assets		94.4	–	–	94.4
Total property value	B	3,759.7	52.7	14.9	3,827.3
EPRA LTV %	A/B	40.4%	12.3%	96.0%	40.2%

8. Capital Expenditure

£m	2026 Trading Properties	Investment Properties	Group (excl Joint Ventures)	Share of Joint Ventures	Combined
Acquisitions	**–**	**15.9**	**15.9**	**–**	**15.9**
Development	**22.3**	**83.5**	**105.8**	**6.0**	**111.8**
Completed assets					
– Incremental letting space	**–**	**–**	**–**	**–**	**–**
– No incremental letting space	**1.5**	**12.1**	**13.6**	**–**	**13.6**
– Tenant incentives	**–**	**–**	**–**	**–**	**–**
– Other material non-allocated types of expenditure	**–**	**–**	**–**	**–**	**–**
Capitalised interest	**–**	**6.6**	**6.6**	**0.4**	**7.0**
Total Capital Expenditure	**23.8**	**118.1**	**141.9**	**6.4**	**148.3**

£m	2025 Trading Properties	Investment Properties	Group (excl Joint Ventures)	Share of Joint Ventures	Combined
Acquisitions	0.1	20.0	20.1	–	20.1
Development	9.5	100.8	110.3	3.9	114.2
Completed assets					
– Incremental letting space	–	–	–	–	–
– No incremental letting space	2.3	17.2	19.5	0.2	19.7
– Tenant incentives	–	–	–	–	–
– Other material non-allocated types of expenditure	–	–	–	–	–
Capitalised interest	–	10.4	10.4	0.5	10.9
Total Capital Expenditure	11.9	148.4	160.3	4.6	164.9

Five year record (unaudited)

For the year ended 30 September 2026

	2022 £m	2023 £m	2024 £m	2025 £m	**2026 £m**
Group revenue	279.2	267.1	290.1	262.7	**261.0**
Gross proceeds from property sales	174.7	193.7	274.3	168.9	**147.0**
Gross rental income	121.4	133.7	154.8	170.2	**178.8**
Net rental income	86.3	96.5	110.1	123.6	**130.2**
Gross fee income	2.7	3.2	2.6	2.3	**2.5**
EPRA earnings	28.2	39.8	48.0	53.7	**60.2**
Profit/(loss) before tax	298.6	27.4	40.6	102.6	**(41.8)**
Profit/(loss) after tax	229.4	25.6	31.2	202.6	**(36.6)**
Dividends paid	40.0	45.7	51.0	58.1	**62.2**

	Pence	Pence	Pence	Pence	**Pence**
Basic earnings per share	31.0	3.5	4.2	27.4	**(4.9)**
Dividends per share	6.0	6.7	7.6	8.3	**8.6**

	Pence	Pence	Pence	Pence	**Pence**
EPRA NRV per share	332.6	317.5	309.0	307.2	**287.9**
EPRA NTA per share	317.5	305.2	298.4	298.3	**280.7**
EPRA NDV per share	334.2	314.0	295.4	306.5	**289.0**
Share price at 30 September	229.4	233.6	245.5	194.0	**167.2**

	%	%	%	%	**%**
Total Accounting Return – NTA basis	8.6	(1.9)	0.1	2.6	**(3.1)**
Total Property Return (TPR)	7.5	0.4	1.9	3.9	**(0.1)**

Other information

Shareholders' information

Financial calendar

Ex-Dividend date	14 January 2027
Dividend record date	15 January 2027
AGM[1]	3 February 2027
Dividend payment date	19 February 2027
FY27 interim results announcement	13 May 2027
FY27 full year results announcement	24 November 2027

Note:

1. We will issue the AGM Notice to shareholders in accordance with the Companies Act 2006. We will publish an announcement via the RNS and file a copy with the National Storage Mechanism.

Share listing

Grainger plc 5p ordinary are listed on the London Stock Exchange (equity shares – commercial companies) under ISIN GB00B04V1276.

Capital gains tax

The market value of the Company's shares for capital gains tax purposes at 31 March 1982 was 2.03p.

Website

Website address **www.graingerplc.co.uk**

Shareholders' enquiries

All administrative enquiries relating to shareholdings (for example, notification of change of address, loss of share certificates, dividend payments) should be addressed to the Company's registrar at:

shareholderenquiries@cm.mpms.mufg.com

MUFG Group Central Square, 10th Floor 29 Wellington Street Leeds, LS1 4DL

Share dealing service

A share dealing service is available to existing shareholders to buy or sell the Company's shares via MUFG Corporate Markets. Online and telephone dealing facilities provide an easy to access and simple to use service.

For further information on this service, or to buy or sell shares, please contact: **https://dealing.cm.mpms.mufg.com** – online dealing or **+44 (0) 371 664 0445** (calls are charged at the standard geographical rate and will vary by provider. Calls outside the UK are charged at the applicable international rate. Lines are open Monday to Friday, 8am to 4:30pm) – telephone dealing.

Please note that the Directors of the Company are not seeking to encourage shareholders to either buy or sell their shares. Shareholders in any doubt as to what action to take are recommended to seek financial advice from an independent financial adviser authorised by the Financial Services and Markets Act 2000.

Forward-looking statements

This Report may contain certain statements that are forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of Grainger plc and its subsidiaries (together "Grainger") and those of its Officers, Directors and employees concerning, amongst other things, Grainger's results of operations, financial condition, performance and position, liquidity, prospects, growth, strategies and the business it operates. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts, and often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue', 'milestones', 'outlook', 'target', 'objectives' or other words of similar meaning. By their nature, these statements involve risks and uncertainty since future events and circumstances can cause results and developments to differ materially from those expressed or implied in the forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and, unless otherwise required by applicable law, Grainger undertakes no obligation to update or revise these forward-looking statements to reflect new information or future events, circumstances or developments after the date of this Report. Nothing in this Report should be construed as a profit forecast or as implying that the earnings of Grainger for the current year or future years will necessarily match or exceed the historical or published earnings of Grainger. Grainger and its Directors accept no liability to third parties in respect of this update Report, save as would arise under English law. Information about the management of the Principal Risks and Uncertainties facing Grainger is set out within the Report on pages 56 to 59.

Company Secretary and Registered Office

Sapna FitzGerald

cosec@graingerplc.co.uk

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Company registration number: **00125575**

Other information continued
Glossary of terms

Build-to-Rent (BTR)
Housing tenure classification that relates to residential units owned by the private sector to provide rental accommodation. This excludes units owned by UK Government authorities and housing associations. Previously referred to as Private Rented Sector (PRS).

CHARM
The CHARM portfolio is a financial interest in equity mortgages held by the Church of England Pensions Board as mortgagee.

Dividend cover
Earnings per share divided by dividends per share.

Earnings Per Share (EPS)
Profit after tax attributable to shareholders divided by the weighted average number of shares in issue in the year.

EBITDA margin
Earnings before interest, depreciation, amortisation and tax, excluding liquidated and ascertained damages, divided by gross rental income.

EPRA earnings (earnings)
Profit before tax before sales profit, valuation movements and other adjustments. This allows for comparability with other REITs.

Estimated Rental Value (ERV)
The market rental value of lettable space as determined by the Group's external valuers at the balance sheet date. For properties which have not yet reached practical completion, ERV is determined by management's assessment of market rents.

European Public Real Estate Association (EPRA)
A not-for-profit association with a membership of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. EPRA published its latest Best Practices Recommendations in September 2024. Further information, including definitions and measures adopted by Grainger can be found on pages 174 to 177.

Gross to net
Property operating expenses as a percentage of gross rental income.

Interest cover ratio (ICR)
Profit on ordinary activities before interest and tax divided by net interest payable.

Investment value or market value
Open market value of a property subject to relevant tenancy in place.

Loan to Value (LTV)
Ratio of net debt to the market value of properties and property related assets. This is the primary gearing metric for the Group.

Net Initial Yield (NIY)
Annualised net passing rents as a percentage of the property's open market value.

Net Rental Income (NRI)
Gross rental income less property operating expenses, ground rents paid and service charge expenditure.

Net Asset Value (NAV)
Net assets divided by the number of ordinary shares in issue as at the balance sheet date.

Net Tangible Assets (NTA)
NTA is the market value of property assets after deducting deferred tax on trading assets, and excluding intangible assets and derivatives.

NPS
Net promoter score.

Occupancy
The passing rent from PRS stabilised let units as a proportion of PRS stabilised PRI as at the balance sheet date.

Passing net rent
Passing rent less property expenditure at the balance sheet date.

Passing rent
The annual rental income receivable on a property as at the balance sheet date.

Potential Rental Income (PRI)
Passing rent from let units plus ERV on vacant units.

Real Estate Investment Trust (REIT)
A company that owns, operates, or finances income-producing real estate. REITs allow individual investors to earn a share of the income generated by properties without having to buy or manage the properties themselves.

Regulated tenancy
Tenancy regulated under the 1977 Rent Act. Rent (usually sub-market) is set by the rent officer and the tenant has security of tenure.

Reversionary surplus
The difference between trading property vacant possession value and market value.

SBTi
Science Based Targets initiative.

Stabilised
Classification of existing property, newly completed property or property acquired once it achieves 95% occupancy. Once an asset is designated as stabilised the classification is retained while it is held by the Group for future rental income.

Tenanted residential
Activity covering the acquisition, renting out and subsequent sale (usually on vacancy) of residential units subject to a tenancy agreement.

Total Accounting Return
The growth in the net asset value of the Group plus dividends paid in the year, calculated as a percentage of the opening net asset value.

Total Property Income Return (TPIR)/Like-for-like rental growth (LFL)
The change in gross rental income for occupied units in a period as a result of tenant renewals or a change in tenant. Applies to changes in gross rents on a comparable basis and excludes the impact of acquisitions, disposals and changes resulting from refurbishments.

Total Property Return (TPR)
A performance measure, which represents the change in gross asset value, net of capital expenditure incurred, plus property related net income, expressed as a percentage of opening gross asset value.

Total Shareholder Return (TSR)
Return attributable to shareholders on the basis of share price growth with dividends reinvested.

Vacant Possession (VP) value
Open market value of a property free from any tenancy.

Weighted Average Cost of Capital (WACC)
The weighted average cost of funding the Group's activities through a combination of Shareholders' funds and debt.

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