18 November 2021

Grainger plc

Full year financial results
for the twelve months ended 30 September 2021

Robust performance; a period of momentum and growth

- Adjusted Earnings up +2%
- Profit before tax up +53%
- Like-for-like rental growth of +1.0%
- Occupancy of 94% in PRS portfolio by September, now 95%
- Passing net rental income 15% ahead of reported FY21 reported NRI
- PRS rent collection of 98%
- 6 new operational PRS assets added during FY21, totalling over 1,300 new homes, a record year of delivery and already 91.5% let
- 4 acquisitions for £299m during FY21
- PRS now represents 69% of Grainger's total portfolio

Helen Gordon, Chief Executive of Grainger, the UK's largest listed residential landlord, said:

"We have delivered a robust performance for the year, and with our strong strategic momentum we are entering our next phase of dynamic growth.

"Our success has delivered 53% growth in profit before tax, 2% growth in adjusted earnings and passing net rental income[1] 15% ahead of FY21 reported NRI, with our resilient regulated tenancy portfolio providing strong rental income growth and strong sales performance, which more than offset the slight reduction in occupancy in our PRS portfolio caused by the pandemic earlier in the year. We are proposing a final dividend of 3.32p per share[2].

"Our well-established growth strategy has continued unabated with our delivery of more than 1,300 new operational PRS homes and four new acquisitions totalling £299m of investment.

"The UK private rented sector, particularly build-to-rent, remains a highly attractive sector to invest in. It proved resilient during the pandemic. Our strategy of investing in high quality, mid-market private rental homes in target cities across the UK, identified by our in-house research and aligned to sound responsible business and ESG values, remains the right strategy for Grainger.

"Looking to Grainger's future, we plan to increase our growth momentum and build upon our £3.1bn operational portfolio of 9,727 rental homes. Our £1.9bn PRS pipeline will more than double our net rental income. This growth will enable us to further enhance shareholder returns. The scalable platform we have developed delivers a compounding effect on earnings growth as we increase our top line rental income, which we expect to increase 2.5 times from our pipeline.

"Grainger is at an exciting point in its continued growth momentum, and with its compounding earnings growth potential, scalable platform and PRS pipeline, remains well placed to deliver continued growth in shareholder returns."

Highlights

- +2% growth in Adjusted Earnings[3] to £83.5m
- Profit before tax up +53% to £152.1m

- Passing net rent was up +15% to £81m on FY21 reported net rental income (NRI). This follows the successful lease up of our newly launched schemes and a swift reduction in voids in our PRS portfolio, demonstrating the improvement on our reported NRI for the year which was £70.6m, which reflects our investment sales programme and the slightly higher than typical void rate in our PRS portfolio, a result of Covid-19 lockdowns
- Occupancy further increased to 95% today, up from 89% at the end of August and 94% at the end of September
- EPRA Net Tangible Assets (NTA) rose 4% to 297p per share, supported by the successful lease up of our five new PRS schemes in the year
- Proposed final dividend of 3.32p per share, with a total dividend for the year of 5.15p per share, and a total dividend distribution of £36.9m in line with last year (FY20: £36.8m)
- Total operational portfolio of 9,727 rental homes valued at £3.1bn, more than two thirds of which is PRS, and a £1.9bn PRS pipeline of a further 8,373 rental homes

Financial Highlights

Income return	**FY20**	**FY21**	**Change**
Rental growth *(like-for-like)*	3.0%	**1.0%**	(195) bps
PRS rental growth (like-for-like, after incentives)	*2.5%*	***0.3%***	*(218) bps*
Regulated tenancy rental growth (like-for-like)	*4.6%*	***3.6%***	*(99) bps*
Net rental income *(Note 5)*	£73.6m	**£70.6m**	(4)%
Passing net rental income	£74.1m	**£80.9m**	+9%
Adjusted earnings *(Note 2)*	£81.8m	**£83.5m**	+2%
Profit before tax (*Note 2)*[4]	£99.1m	**£152.1m**	+53%
Earnings per share (diluted) *(Note 9)*[4]	12.7p	**16.1p**	+27%
Dividend per share *(Note 10)*	5.47p	**5.15p**	(6)%

Capital return	**FY20**	**FY21**	**Change**
EPRA NDV per share *(Note 3)*[4]	273p	**284p**	+4%
EPRA NTA per share *(Note 3)*	285p	**297p**	+4%
Net debt	£1,032m	**£1,042m**	+1%
Group LTV	33.4%	**30.4%**	(301) bps
Cost of debt (average)	3.1%	**3.1%**	+3 bps
Reversionary surplus	£301m	£265m	(12)%
Total Property Return[5]	5.4%	**7.5%**	+209 bps
Total Accounting Return (NTA basis) *(Note 3)*	3.6%	**5.5%**	+188 bps

Positive rental growth

- +1.0% like-for-like rental growth[6] across our total portfolio (FY20: 3.0%)
- 0.3% like-for-like rental growth in our PRS portfolio after incentives are taken into account, while we prioritised occupancy over rental growth (FY20: 2.5%)

- Excluding incentives, like for like rental growth in our PRS portfolio would have been +1.6%
- The difference in rental growth performance between our London and regional portfolios has been relatively minor, with a slightly earlier recovery in occupancy in the regions, and with London demand coming back strongly in August and September
- 3.6% like-for-like rental growth in our regulated tenancy portfolio (FY20: 4.6%), which contributes 26% of our total net rental income
- Strong rent collection of 98%

Strong sales performance

- Strong performance with residential sales profit up +14% to £67.5m (FY20: £59.4m)
- The natural wind down of our regulated tenancy portfolio led to 7.3% of the portfolio being sold as they naturally became vacant during the year, capturing the valuation uplift
- In addition, we sold these vacant ex-regulated tenancy properties at prices on average 2.6% above valuations
- We also increased the speed of sales from 120 days to 108 days
- In addition to vacant sales, we continue to actively manage our portfolio through our asset recycling programme where we sell tenanted properties including regulated tenancies as investment assets without vacant possession, where we can capitalise on strong market dynamics or we feel we can enhance the overall performance of the portfolio. We accelerated our asset recycling this year to take advantage of the strong market. These investment sales totalled £81.7m, delivering £27.9m profit
- Total sales proceeds from our regulated tenancies totalled £117.9m, with £75.5m delivered from vacant sales and a further £42.4m delivered from tenanted regulated sales

Positive valuation performance

- Our portfolio valuation rose 4.5% by £142m, supported by strong lease up performance of our new PRS assets

PRS portfolio growth, driving future NRI growth

- 1,304 new PRS homes added to the portfolio this year, already 91.5% let at the end of October
- In addition to launching five schemes from our pipeline and acquiring a completed, stabilised asset in the period, we continued to add to our pipeline which stands at £1.9bn, 8,373 PRS homes:
    - Acquired Millwrights Place, Bristol – £63m, 231 homes
    - Acquired Becketwell, Derby – £38m, 259 homes
    - Acquired Merrick Place, West London – £141m, 401 homes
- Secured pipeline now totals £996m, 3,987 homes

Robust and flexible capital structure to support our growth

- Successfully raised £209m gross proceeds in an equity placing in September, with strong investor backing for accelerating our growth, with the proceeds deployed into three acquisitions
- We are in a strong liquidity position with £641m of total available headroom, ensuring that we have enough funding capacity to finance our entire committed investment pipeline
- LTV at 30.4% (FY20: 33.4%); taking account of future committed capital expenditure in our pipeline, LTV would be 40.1%
- No debt maturities until November 2022, with a weighted average debt maturity of 5.6 years (FY20: 6.6 years)
- Average cost of debt maintained at 3.1% (FY20: 3.1%)

Operational highlights

Our leading operating platform and the actions we have taken to enhance it enabled us to capitalise on the reopening of the UK and the lettings market in late summer. We successfully returned our PRS portfolio back to pre-pandemic occupancy of 95% as of today. Looking forward, our platform also enables us to scale up and grow, delivering compounding earnings growth as we leverage our platform as we deliver our £1.9bn pipeline. Highlights over the year include:

- Continued investment in our CONNECT technology platform with new capabilities introduced including enhanced digital leasing, customer relationship management, supply chain management and repairs and maintenance management, including a new digitised repairs service for our customers
- 82% of all PRS customer online reviews were 5 out of 5 stars during the year
- Reduced our cost to let as we increased our in-house direct lettings capability
- Improved conversion rates through an improved customer journey experience

Outlook

Having delivered a robust performance for the year we are well positioned for a strong year of rental growth in FY22. With occupancy having now recovered to stabilised levels our focus will return to delivering rental growth and the associated valuation growth. As we grow over the medium term, delivering our pipeline and leveraging our platform, we will see significant net rental income growth translate into strong earnings and dividend growth. With funding already in place to deliver this secured pipeline we will continue to pursue further accretive growth opportunities and maintain our leadership position in the PRS sector.

Responsible business and ESG leadership

We continue to build on Grainger's socially-responsible business model of delivering good quality, mid-market rental homes with support for our customers and local communities.

We appointed Carol Hui to the Board as a Non-Executive Director, who will be the Chair of our new Responsible Business Board Committee which will be established in FY22.

We continue to reduce our environmental impact and are making good progress against our long-term commitments, including progress against our 2030 net zero carbon commitment.

We retained our top ESG benchmark scores.

We publish our first TCFD summary report today within our Annual Report and will be publishing our first ESG Summary Report in early 2022, expanding on the disclosure within our Annual Report.

Highlights for the year include:

Focus areas & *Long term commitments*	
Social impact *Measure and deliver a positive social value*	▪ Added over 1,300 mid-market rental homes to our operational portfolio ▪ Delivered 183 new affordable homes during the year and now have 878 affordable homes in operation, representing 5% of net rental income ▪ Defined our social value priorities ▪ Embedded community engagement best practice blueprint and delivered 552 events for residents and local communities, including initiatives to support wellbeing and green living ▪ Supported local people into employment (over 50% of new joiners in FY21 live within 5 miles of their workplace)

	▪ Helped alleviate youth homelessness and became a LandAid charity pro bono and First Steps partner with YMCA North Tyneside to create new accommodation for at-risk young people ▪ Provided subsidised accommodation to NHS workers during the pandemic ▪ Helped young people into work, specifically in property careers, with a particular focus on reaching those from under-represented groups, including o our graduate programme with four participants o expanded our apprenticeship programme to operations with three apprentices across the Group during the year o a partner of the TfL built environment educational engagement programme, and partnered with three different schools o funding a bursary for a young person from a disadvantaged background to attend university though the Worshipful Company of Chartered Surveyors ▪ Provided pro bono support to the East Cleveland Youth Homelessness Charity, as part of LandAid's pro bono charity programme
Diversity & Inclusivity *Ensure Grainger's workforce is reflective of society*	▪ Developed our strategic framework for diversity & inclusion ▪ Employee-led D&I Network delivered programme of activity for employees and residents ▪ Members of Real Estate Balance ▪ Updated our design specification to enhance accessibility
Progress toward Net Zero Carbon *Net zero carbon for our operations by 2030 (updated in FY21 to cover all Scope 1 & 2 emissions)*	▪ Despite growing our portfolio by over 1,300 homes, our carbon footprint has remained the same. Emissions per £m value of assets under management have reduced by 10%. ▪ Published Grainger's net zero carbon road map ▪ Consolidating all purchased energy onto renewable or low carbon energy contracts and in FY21 increased renewable electricity purchased to 84% ▪ 85% of Grainger's PRS portfolio has EPC ratings C or higher, ahead of the 2025 mandatory deadline ▪ Grainger properties emit 62% less CO2 on average than a typical home ▪ COP26 Built Environment Virtual Pavilion Commercial Partner ▪ Between 2020 and 2021 we undertook major refurbishments on six properties achieving energy consumption reductions of up to 23% year-on-year, with total savings expected between 30-50%
Sustainable investment decisions *Integrate ESG into all investment decisions*	▪ Issued our first TCFD summary report ▪ Developed Grainger's sustainable finance framework, which we will publish shortly, to enable us to access new sources of green and socially-responsible financing

ESG benchmark performance	
FTSE4Good	member since 2010
ISS ESG	Prime Rating
MSCI ESG	'AA'
Sustainalytics ESG Risk Rating	Low Risk
EPRA Sustainability Best Practice Reporting	Gold Award
GRESB Public Disclosure	'A' Rating

Future reporting dates	
2022	
AGM & Trading update	9 February
Half year results	12 May
Trading update	September
Full year results	17 November

[1] Passing net rental income is the annual rental income receivable on a property net of estimated property operating expenditure as at the reporting date.

[2] Dividends - Subject to approval at the AGM, the final dividend of 3.32p per share (gross) amounting to £24.6m will be paid on 14 February 2022 to Shareholders on the register at the close of business on 31 December 2021. Shareholders will again be offered the option to participate in a dividend reinvestment plan and the last day for election is 24 January 2022. An interim dividend of 1.83p per share amounting to a total of £12.3m was paid to Shareholders on 2 July 2021.

[3] Refer to Note 2 for profit before tax and adjusted earnings reconciliation.

[4] Restated following change in accounting policy as a result of the IFRIC interpretation of IAS38 relating to development costs on Software as a Service. See Note 25 for an explanation of prior year restatements.

[5] Total Property Return (TPR) represents the change in gross asset value, net of capital expenditure incurred, plus net income, expressed as a percentage of gross asset value.

[6] Rental growth is the average increase in rent charged across our portfolio on a like-for-like basis.

Results presentation

Grainger plc will be holding a presentation of the results at 8:30am (UK time) today, 18 November 2021. The presentation can be accessed remotely via webcast and a telephone dial-in facility (details below).

Webcast details:

To view the webcast, please go to the following URL link. Registration is required.

https://webcasting.brrmedia.co.uk/broadcast/61712bcb013c91413d5db66a

The webcast will be available for six months from the date of the presentation.

Conference call details:

Call: +44 (0)330 336 9127

Confirmation Code: 7808264

A copy of the presentation slides will also be available to download on Grainger's website (http://corporate.graingerplc.co.uk/) from 08:00am (UK time).

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Forward-looking statements disclaimer

This publication contains certain forward-looking statements. Any statement in this publication that is not a statement of historical fact including, without limitation, those regarding Grainger plc's future financial condition, business, operations, financial performance and other future events or developments involving Grainger, is a forward-looking statement. Such statements may, but not always, be identified by words such as 'expect', 'estimate', 'project', 'anticipate', 'believe', 'should', 'intend', 'plan', 'could', 'probability', 'risk', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. By their nature, forward-looking statements involve inherent risks, assumptions and uncertainties as they relate to events which occur in the future and depend on circumstances which may or may not occur and go beyond Grainger's ability to control. Actual outcomes or results may differ materially from the outcomes or results expressed or implied by these forward-looking statements. Factors which may give rise to such differences include (but are not limited to) changing economic, financial, business, regulatory, legal, political, industry and market trends, house prices, competition, natural disasters, terrorism or other social, political or market conditions.

Grainger's principal risks are described in more detail in its Annual Report and Accounts, set out in the Risk Management report on pages 48-51 of the 2021 Annual Report and Accounts.

A number of risks faced by the Group are not directly within our control such as the wider economic and political environment.

In line with our risk management approach detailed on pages 46-47 of the 2021 Annual Report and Accounts, the key risks to the business are under regular review by the Board and management, applying Grainger's risk management framework. The Covid-19 pandemic has had a substantial impact on many aspects of society, including business, with the duration and depth of the impact being uncertain. Specifically in relation to Grainger, it is currently considered that the principal risks previously reported remain our principal risks. However, it is recognised that a pandemic, and consequently Government restrictions and societal behavioural changes flowing therefrom increase the likelihood of such risks being accelerated or becoming more acute. This would include, but is not limited to market, regulatory and supplier risks. The risks to Grainger will continue to be monitored closely as well as the potential controls and mitigants that may be applied during this unprecedented period.

These risks and other factors could adversely affect the outcome and financial effects of the events specified in this publication. The forward-looking statements reflect knowledge and information available at the date they are made and Grainger plc does not intend to update on the forward-looking statements contained in this publication.

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This publication does not constitute an offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities of Grainger plc.

Chairman's statement

Continued growth from a position of strength demonstrating the resilience of the business

Dear Shareholders

Grainger has once again delivered a robust financial performance and has continued to successfully execute on its well-established growth strategy, despite economic disruption and a challenging market due to Covid-19 lockdowns.

The business demonstrated strong resilience throughout the pandemic maintaining strong rental collection rates and driving occupancy levels back up towards normalised levels by the year end as lockdown restrictions were eased. The business also capitalised on the strong sales market by increasing its rate of asset recycling to support new investment. This, together with another very successful equity raise of £209m gross proceeds, has allowed the business to step up investment with a number of additional acquisitions, added to its growing pipeline. Once again, the Board is very grateful for the support our Shareholders have provided to the Company's growth strategy.

Over the course of the year, Grainger has delivered over 1,300 new, high-quality rental homes. A record year for the business and, importantly, each of these six new schemes are leasing up ahead of expectations.

We spoke last year of the great responsibility being a landlord brings with it and the importance we place on health and safety through our own Live.Safe programme. Our focus, commitment and work in this area remains a top priority. We continue to show our leadership in our design specification and have been recognised for our leading approach to health and safety and fire safety, specifically, by the UK Government's Industry Safety Steering Group.

We have continued to make good progress across all areas of ESG including our four long-term ESG commitments. We set out the details of this within the ESG section of our Annual Report. We remain committed to improving diversity within the organisation and are making positive headway through our Diversity and Inclusion Programme. We are also encouraging greater diversity within our sector by working with young people in educational settings, and we continue to attract and support more diverse and inclusive communities within our buildings. To provide additional focus at Board level on these important topics we are establishing a new committee of the Board, the Responsible Business Committee, which will focus on all aspects of ESG.

During the year we have successfully rolled out key elements of our technology platform and we have already seen real benefits coming through, especially against a backdrop of having to operate virtually at times during the year. Over the coming years we expect to see further benefits including efficiencies and scalability, and continued enhancements to the experience we deliver for our customers.

During the year we saw Vanessa Simms leave the Company as previously announced, and Rob Hudson replace her as Group CFO. Rob joined the Board on 1 September and brings a wealth of experience from the real estate sector. Carol Hui joined the Board on 1 October as Non-Executive Director and will be Chair of the new Responsible Business Committee. Carol brings experience from a number of sectors and has been responsible for delivering ESG strategies elsewhere. At the AGM in February 2022, Andrew Carr-Locke will be stepping down from the Board by rotation and we are very grateful for his service as both Senior Independent Director and the Chair of the Audit Committee. Andrew has made an invaluable contribution over the last seven years and we wish him every success in the future.

The proposed final dividend for the year is 3.32p per share, reflecting our policy of distributing 50% of our net rental income, taking the total dividend for the year to 5.15p per share. This reflects the growth in net rental income from new schemes offset by the acceleration of our asset recycling initiatives combined with lower occupancy levels due to the Covid-19 restrictions affecting the lettings market earlier in the year.

As we look ahead, Grainger's path is clear. The Board will continue to focus on accelerating growth within the private rented sector in the UK, building on its strong foundations, delivering great homes, great places and great service to its customers.

Mark Clare
Chairman
17 November 2021

Chief Executive's review

Robust performance and a record year of delivery

I am pleased to report that your Company is in a strong position and has continued to grow despite the challenges of the past year. The demand for our homes and the delivery of new schemes means our growth strategy has continued unabated. We delivered a record number of new homes and leased these swiftly whilst also recovering occupancy across our whole PRS portfolio. We are focussed on continually improving the homes we provide by enhancing our offer to our customers, achieving a collective purpose of 'Renting homes, enriching lives'.

We added six further schemes, totalling 1,304 great rental homes, to our portfolio.

Our successful equity placing in September, which was heavily over-subscribed, has enabled us to continue our expansion and bring forward and commit to new schemes.

For the year we delivered growth in Adjusted Earnings up 2% to £83.5m, growth in the value of our portfolio with EPRA NTA up 4% to 297p per share and passing net rental income was up to £81m at the year end. Reported net rental income for the year was £70.6m, reflecting the investment disposals we made and the reduced occupancy we experienced during the year caused by the pandemic, at the time of writing this has now been recovered. We are pleased to maintain our total dividend distribution of £36.9m (FY20: £36.8m) with a proposed final dividend of 3.32p per share.

We are set to accelerate our well-established growth trajectory, with a £1.9bn pipeline which will see our net rental income grow by 2.5 times and creating a high-quality portfolio for future growth.

Our growth strategy continues to be the right one

Our strategy of investing in high-quality mid-market private rental homes in target cities across the UK, remains the right strategy for Grainger.

The UK rental market (or private rented sector) remains a highly attractive sector to invest in. It proved resilient during the pandemic. In fact, consumer rental trends we identified a few years ago have accelerated during the pandemic in favour of our product of high-quality homes and more professional customer service.

We allocate capital based on insights, data and research to determine which cities to invest in. This has proven successful as demonstrated by the resilience of our portfolio and the successful lease up of our new buildings. Our business has benefited from this strategy by having the right product in the right places.

Our three strategic focus areas that we set out in 2016: (1) grow rents, (2) simplify and focus, and (3) build on our experience, remain relevant today.

Establishing scale is important for us as a business. It enables us to enhance both returns to Shareholders, and importantly it also enables us to enhance our offer to our customers and all our stakeholders. That is why we are focused on growth, driving net rental income and dividend. Today, our net rental income is more than double what it was when we set out our strategy, and our growing pipeline, supported by our recent equity placing, will see net rental income more than double again, supporting dividend growth of the same magnitude.

During the year we took the opportunity to further simplify the business by selling assets which we felt would not deliver for our Shareholders and our customers in the longer term into a strong market. Whilst this reduced net rental income in the short term, it also will reduce capital expenditure and vacancy in the portfolio over the long term and ensure a high-quality portfolio.

We are grateful to our Shareholders for their overwhelming support for our equity placing in September, which enabled us to bring forward our growth plans even further by securing new acquisitions.

Building on our experience

Maintaining our position as market leader remains a strategic focus for us. Our experience and heritage as a responsible, residential landlord in the UK since 1912 provides us a strong foundation for future growth. Our growth plans are coupled with a continued focus on what makes a good experience of renting while continually refining our business model and operating platform, focusing on scalability and efficiencies. This enables us to outperform and outcompete. And as we grow, our business model and operating platform has been designed so that our central cost base does not significantly increase, so that as our net rental income grows over the coming years this will lead to compounding of returns and significant growth to our earnings.

Our guiding values align to our strategy

Our values are our guiding principles for the business. They have been developed by our employees so that they complement and align with our strategy, taking account of our customers and communities. By embedding these values, we believe we will be a better, stronger business, delivering better service and homes to more customers, support to our communities and drive better returns for Shareholders and importantly being a business people want to work in.

People at the heart

One of our core guiding values is ‘People at the heart’. This value guides how we think about our customers but also employees which is wide-ranging from employee attraction and retention through to mental health, wellbeing, professional development and diversity. We are especially proud of the work of our employee-led Diversity & Inclusion Network, and the foundations we continue to lay to support gender and ethnicity diversity across the business.

Once again, the Grainger team have demonstrated exceptional commitment to our customers, our colleagues and the Grainger business.

At the start of the financial year we were able to return to our offices and the levels of staff engagement were high in all areas of the business, but by the end of the first quarter we were in a second lockdown. I was proud of the way the business swiftly responded, showing no sign of complacency or resignation but rising to the challenge of serving our customers well.

Our frontline Resident Services teams in our build-to-rent properties stayed in place and supported our customers, many of whom were working from home. The teams provided additional services and enhanced health and safety regimes.

Our office-based teams returned over the summer and by the end of September we saw between 75% and 95% of our colleagues return to our offices, with high levels of engagement and enthusiasm to create and support our next stage of growth.

Our ‘People at the heart’ value helps guide our customer service strategy. Using data and insight, including direct, independently-gathered customer feedback, we have in-depth knowledge and understanding of our customers, their wants, needs and preferences. And this insight and data informs our decision-making, from capital allocation, through to design, operations and marketing.

Securing a future for all

We strongly believe that Grainger is a force for good, providing high-quality homes, with high service standards, to the mid-market, in a country with a housing shortage and an inadequate rental offering generally. But our ESG ambitions reach far beyond this, with stretching commitments and targets relating to carbon reductions, social impact and diversity.

Throughout the business, from the Board through to on-site operational teams and supply chain partners, we are challenging ourselves to do more, embedding ESG and responsible business objectives in every team and in every process and decision.

Our leading ESG strategy and efforts will help secure Grainger’s future as a responsible business and will help secure a brighter future for all our stakeholders. We were pleased to be a commercial partner for the COP26 Built Environment Virtual Pavilion. This year, our sustainability and ESG efforts were recognised again through multiple awards and benchmarks, including achieving a Gold Award for

EPRA's Sustainability Best Practice Reporting for the eighth consecutive year. We have also maintained our sector leading Prime Rating on the ISS ESG assessment. We were awarded an A rating on the GRESB Public Disclosure Assessment and were the highest scoring UK residential organisation. Grainger contributed to the development of the British Property Federation's Residential ESG Guidance and the UK Apartment Association's ESG Best Practice Guide, which seek to increase consistency of ESG performance and reporting across the private rented sector.

Enhancing our platform to enable occupancy to outperform

The business proved exceptionally resilient during the course of the pandemic with rent collections averaging between 97% and 99%. The restrictions put in place due to the coronavirus pandemic did lead to reduced lettings activity and we entered this financial year at reduced occupancy levels.
We addressed this by building our own in-house leasing team, refurbishing and enhancing our older rental properties when voids occurred.

In February this year we launched our customer Service Desk available to all residents but particularly those who have less access to an on-site Resident Services team.

The in-house leasing team enabled us to respond quickly to the surge of enquiries as the market opened up over the Summer. We achieved record numbers of lettings across the country.

By the end of September, we were close to fully recovering occupancy at 94% and shortly thereafter were back to a stabilised occupancy of 95% on our PRS portfolio. In addition, we outperformed against our expectations on the lease up of all our new assets, totalling over 1,300 new rental homes, which were 91.5% let by the end of October.

We continued to invest in our technology platform, CONNECT, during the year. Our digital leasing capability has been expanded to the entirety of our PRS portfolio, and we have introduced new, market-leading technology supporting customer relationship management, our repairs process and supply chain, asset management and data reporting. In addition to enhancing our and boosting our occupancy levels, this will support our future growth, and enable us to deliver a better service, more efficiently.

Delivering Shareholder returns

Our strategy is delivering for Shareholders and our robust results demonstrate resilient performance during the pandemic.

Rent collection was high, new lettings outperformed and voids were successfully reduced. Our rental growth was lower than in previous years reflecting our desire to retain customers and encourage occupancy over rental growth. We expect our ability to increase rents while maintaining high retention rates to return in future years.

Our early investment sales timed to capitalise on a healthy investment market reduced overall income, however as we go into our next year our exceptional lease up of new schemes places us in a great position to continue to grow rents substantially.

Through these actions, we saw an increase in Adjusted Earnings and a notable increase in the value of our portfolio with EPRA NTA up 4% to 297p. And as we deliver our pipeline of new schemes the growth in net rental income will drive growth in our dividend and will generate compounded growth in earnings as we leverage up on our operating platform.

An exceptional year of new openings

During the year we launched five new schemes and acquired one stabilised scheme, our largest delivery to date and our new homes are performing ahead of expectations. Our scheme Gatehouse Apartments in Southampton was let in four months at rents ahead of expectations. Our schemes in London were launched in July and August and are leasing well and our central Leeds project, The Headline, has beaten leasing velocity records, reaching stabilised levels within 3.5 months. These new developments are homes that the Grainger team are very proud of, they represent years of hard work and attention to detail and as our residents settle into these new communities the feedback has been extremely positive.

Board visits and engagement

I am grateful for the commitment of the Grainger Board in supporting the growth of the business by being responsive and agile. Despite the restrictions of lockdown, the Board visited two new Grainger schemes during the year in Southampton and London. The interest, enthusiasm and engagement is a boost to the frontline operational team.

The strength of the Grainger team

We have further strengthened our team with senior appointments during the year.

John Blanshard, our Director of Operations joined us in March from Unite, the student housing provider, and has a strong operational and customer-focused background.

Our new CFO, Rob Hudson, joined in late August replacing Vanessa Simms who left in late April. Vanessa worked with me on the repositioning of Grainger over the past five years, and I thank her for her friendship, contribution and support during this time.

Rob brings a wealth of real estate experience from his previous roles at British Land and as CFO and Interim CEO of St Modwen. He also has a strong technology and data background from his tenure at Experian.

Concluding remarks

The Grainger team have worked exceptionally hard over the past year to continue to deliver great homes and service to our customers and drive returns for Shareholders. I would like to thank them all for their hard work and resilience during the challenges of the last year.

As the market leader, Grainger paves the way when it comes to influencing and shaping the future of the rental homes market in the UK. Our longer-term tenancies, inclusive super-fast WiFi and pet-friendly policies are just some of the ways that we are providing our customers with better value and a better rental experience.

We are building a business our employees and shareholders can be proud of. We have a clear strategy and commitment to quality and service which guides us. We are building communities where we can support people to have a better quality of life.

Helen Gordon
Chief Executive
17 November 2021

Financial review

Poised for growth

In a year that has seen numerous disruptions, Grainger's focus on delivering our growth strategy has continued unabated, delivering 1,304 homes across six schemes, securing further pipeline opportunities amounting to 1,174 homes across four schemes and continuing to invest in our best-in-class operating platform. The opportunity in the build-to-rent sector is significant. Grainger has the people, platform, and capital to maximise this opportunity and it is certainly a very exciting time to join the business.

Having proved robust during the lockdown, our leading operating platform and the actions we have taken to enhance it enabled us to capitalise on the reopening of the UK and the lettings market in late Summer resulting in September year-end occupancy at 94%, rising to 95% today. With demand for good quality mid-market build-to-rent homes as strong as ever we are well positioned to see a return to pre-pandemic rental growth levels.

A strong sales performance has ensured continued earnings growth throughout the year with dividend payments flat for the year at £36.9m (FY20 £36.8m). The proposed final dividend for the year is 3.32p per share, reflecting our policy of distributing 50% of our net rental income, taking the total dividend for the year to 5.15p per share.

Valuations are starting to reflect the strength of investment markets with this reflected in 10bps yield compression in our prime regional centres during the year.

Our ambitious growth agenda is always combined with a prudent approach to balance sheet management, and with an LTV of 30.4% and £641m of headroom we remain in good shape. The successful equity raise in September, which was significantly oversubscribed, has enabled us to continue to accelerate our growth strategy further, exploiting the operating leverage in our business model and continuing to improve our return profile over time.

Financial highlights

Income return	**FY20**	**FY21**	**Change**
Rental growth (like-for-like)	3.0%	1.0%	(195) bps
Net rental income *(Note 5)*	£73.6m	£70.6m	(4)%
Passing net rental income	£74.1m	£80.9m	+9%
Adjusted earnings *(Note 2)*	£81.8m	£83.5m	+2%
Profit before tax *(Note 2)*[1]	£99.1m	£152.1m	+53%
Earnings per share (diluted) *(Note 9)*[1]	12.7p	16.1p	+27%
Dividend per share *(Note 10)*	5.47p	5.15p	(6)%

Capital return	**FY20**	**FY21**	**Change**
EPRA NTA per share *(Note 3)*	285p	297p	+4%
Net debt	£1,032m	£1,042m	+1%
Group LTV	33.4%	30.4%	(301) bps
Cost of debt (average)	3.1%	3.1%	+3 bps
Total Property Return	5.4%	7.5%	+209bps
Total Accounting Return (NTA basis) *(Note 3)*	3.6%	5.5%	+188 bps

[1] Restated following change in accounting policy as a result of the IFRIC interpretation of IAS38 relating to development costs on Software as a Service. See Note 25 for an explanation of prior year restatements.

Income statement

Despite the challenging economic backdrop adjusted earnings increased by 2% to £83.5m (FY20: £81.8m). Net rental income was impacted by accelerated asset recycling in H1 and the temporary reduction in occupancy but will return to significant growth in FY22 and beyond as our sizable pipeline converts into rental income. Residential sales profit increased by 14% to £67.5m (FY20: £59.4m) as a strong underlying sales market supported both volumes and pricing.

We continue to invest in our market leading operating platform that enables us to scale our business without significant cost increases and continue our transition to an income-focused PRS business.

Income statement (£m)	**FY20**	**FY21**	**Change**
Net rental income	73.6	70.6	(4)%
Profit on sale of assets – residential	59.4	67.5	+14%
Profit on sale of assets – development	4.2	1.8	(57)%
CHARM income *(Note 15)*	5.1	4.9	(4)%
Management fees	3.5	5.1	+46%
Overheads	(28.7)	(30.2)	+5%
Pre-contract costs	(0.6)	(0.6)	+0%
Joint ventures and associates	(0.7)	(0.4)	(43)%
Net finance costs	(34.0)	(35.2)	+4%
Adjusted earnings	**81.8**	**83.5**	**+2%**
Valuation movements	29.7	80.7	+172%
Other adjustments[1]	(12.4)	(12.1)	(2)%
Profit before tax[1]	**99.1**	**152.1**	**+53%**

[1] Restated following change in accounting policy as a result of the IFRIC interpretation of IAS38 relating to development costs on Software as a Service. See Note 25 for an explanation of prior year restatements.

Net rental income

Net rental income was down 4% during the year at £70.6m (FY20: £73.6m) due to a combination of lower average occupancy (- £5.3m) and disposals (- £4.4m) offset by £1.5m rental growth and £5.2m from PRS investment. Of the 1,304 homes delivered during the year, let up has been strong with 91.5% already let at the end of October which will underpin a strong increase in net rental income in the coming year.

With occupancy having recovered strongly in Q4 leaving year end occupancy at 94%, and new schemes having let up well, the passing rent at the year-end stands at £80.9m, up some 15% on the FY21 reported net rental income, delivering strong growth momentum into the new financial year. This reflects £6.2m from void recovery and £5.5m from lettings on FY21 launches less £1.4m disposal impact. We expect a further £3m additional net rent from the remaining lease up of FY21 launches and FY22 pipeline deliveries which are largely H2 weighted with lease up primarily in FY23 . As we continue our asset recycling, we would expect disposals to be in line with prior years.

Despite the challenging market backdrop, our like-for-like growth remained resilient at 1.0% (FY20: 3.0%) with 0.3% rental growth in our PRS portfolio (FY20: 2.5%) and 3.6% in our regulated tenancy portfolio (FY20: 4.6%). Having prioritised occupancy through the pandemic impacted period through use of incentives, PRS like-for-like growth was 1.6% excluding these, and we believe that we are now well placed to return to pre pandemic rental growth levels of c.3%.

The difference between the performance of our London and regional portfolios has been relatively minor with a slightly earlier recovery in occupancy in the regions, and with London demand coming back strongly in August and September.

Our secured pipeline will see net rental income increase by c.90% to c.£137m upon delivery and stabilisation over the coming years.

	£m
FY20 Net rental income	**73.6**
Voids	(5.3)
Disposals	(4.4)
PRS Investment	5.2
Rental growth	1.5
FY21 Net rental income	**70.6**
Annualised disposals	(1.4)
Void recovery	6.2
Annualised lettings on new launches	5.5
FY21 Net passing rent	**80.9**

Sales and development activity

Our residential sales business had a strong year delivering £67.5m of profit (FY20: £59.4m) from revenues of £157.2m (FY20: £138.7m) and continues to provide a key element of funding for our PRS growth. Vacant property sales delivered £39.6m of profit (FY20: £35.2m) from revenues of £75.5m (FY20: £65.9m).

In line with our disciplined asset recycling strategy we have taken the opportunity to sell into a strong market delivering strong sales with both volumes and pricing at good levels. The prices achieved were 2.6% ahead of previous valuations with a sales transaction velocity (keys to cash) of 108 days (FY20: 120 days).

Sales of tenanted properties delivered £27.9m of profit (FY20: £24.2m) from revenues of £81.7m (FY20: £72.8m). Development for sale activity has largely stopped as we focus on developing our PRS pipeline, however we did take the opportunity to maximise potential from some strategic land sales. Profits for the year were £1.8m (FY20: £4.2m).

	FY20		**FY21**	
Sales (£m)	**Revenue**	**Profit**	**Revenue**	**Profit**
Residential sales on vacancy	65.9	35.2	75.5	39.6
Tenanted and other sales	72.8	24.2	81.7	27.9
Residential sales total	**138.7**	**59.4**	**157.2**	**67.5**
Development activity	5.4	4.2	30.6	1.8
Overall sales	**144.1**	**63.6**	**187.8**	**69.3**

Balance sheet

Our operational PRS portfolio now makes up 69% (FY20: 63%) of our overall asset base as we continue to deliver our pipeline and recycle out of our regulated tenancy portfolio. With an LTV of 30.4% and available headroom of £641m we are balancing the wider business growth strategy with prudent balance sheet management and have the funding in place to deliver our committed pipeline in line with our policy.

Intangible assets have been restated to align with the recently issued IFRIC interpretation of IAS 38 which requires development costs that relate to Software as a Service to be expensed rather than capitalised.

Market value balance sheet (£m)	**FY20[1]**	**FY21**
Residential – PRS	1,624	2,024
Residential – regulated tenancies	968	896
Residential – mortgages (CHARM)	73	72
Forward Funded – PRS work in progress	231	244
Development work in progress	147	146
Investment in JVs/associates	42	45
Total investments	**3,085**	**3,427**
Net debt	(1,032)	(1,042)
Other liabilities	(20)	(35)
EPRA NRV	**2,033**	**2,350**
Deferred and contingent tax – trading assets	(109)	(142)
Exclude: intangible assets	(1)	-
EPRA NTA	**1,923**	**2,208**
Add back: intangible assets	1	-
Deferred and contingent tax – investment assets	(24)	(59)
Fair value of fixed rate debt and derivatives	(57)	(38)
EPRA NDV	**1,843**	**2,111**
EPRA NRV pence per share	301	316
EPRA NTA pence per share	**285**	**297**
EPRA NDV pence per share	273	284

[1] *Restated following change in accounting policy as a result of the IFRIC interpretation of IAS38 relating to development costs on Software as a Service. See Note 25 for an explanation of prior year restatements.*

EPRA NTA increased by 4% during the year to 297p per share (FY20: 285p per share). The primary driver of the growth was a 19pps valuation uplift, with earnings before tax adding 2pps, and disposals of trading assets 2pps. This was offset by 5pps of dividend payments and a one-off 5pps reduction resulting from the increase in our deferred tax liabilities as a result of the announced increase in corporation tax from 19% to 25% in 2023. Growth before the impact of this one-off tax adjustment was 6%.

EPRA NTA movement

	£m	Pence per share
EPRA NTA at 30 September 2020	**1,923**	**285**
Adjusted earnings	84	11
Valuations (trading & investment property)	142	19
Disposals (trading assets)	(56)	(7)
Tax (current, deferred & contingent)	(4)	(1)
Dividends	(37)	(5)
Equity placing	204	2
Other adjustments	(14)	(2)
EPRA NTA before tax adjustment	**2,242**	**302**
Deferred Tax adjustment	(34)	(5)
EPRA NTA at 30 September 2021	**2,208**	**297**

Property portfolio performance

Our overall portfolio valuation growth was 4.5% (FY20: 2.4%) with our operational PRS portfolio increasing by 3.4% (FY20: 3.1%) and our regulated portfolio delivering 3.7% valuation growth (FY20: 4.0%). Our PRS portfolio is valued on a net rent and yield basis reflecting the institutional nature of the investment market, with the PRS valuation growth driven by completion and stabilisation of developments together with a c.10bps inwards yield shift on our regional PRS assets, and 1.4% ('ERV') rental growth. Our regulated tenancy portfolio is valued on a discount to vacant possession value, and with 81% of this portfolio in greater London the uplift is largely in line with market price movements.

Portfolio	Region	Capital Value (£m)	ERV / HPI Growth £m	ERV / HPI Growth %	Yield & Other £m	Yield & Other %	Total Valuation movement £m	Total Valuation movement %
PRS	London & SE	1,228	12	1.0	9	0.8	21	1.8
	Regions	796	15	2.0	30	4.0	45	6.0
	PRS Total	**2,024**	**27**	**1.4**	**39**	**2.0**	**66**	**3.4**
Regulated Tenancies	London & SE	726	8	1.1	11	1.6	19	2.7
	Regions	170	12	7.7	1	0.5	13	8.2
	Regulated Total	**896**	**20**	**2.3**	**12**	**1.4**	**32**	**3.7**
Operational Portfolio		**2,920**	**47**	**1.7**	**51**	**1.8**	**98**	**3.5**
	Development	390	6	1.7	38	11.1	44	12.8
Total Portfolio		**3,310**	**53**	**1.7**	**89**	**2.8**	**142**	**4.5**

Financing and capital structure

Our capital structure remains in a strong position giving us a solid foundation on which to build our ambitious growth strategy. Our LTV now stands at 30.4% (FY20: 33.4%) with our headroom of £641m (FY20: £650m) covering our committed pipeline capex of £559m, ensuring our ability to deliver on our pipeline independent of any funding requirements or operational cashflows. Including this committed capex in our LTV calculation would see our LTV rise to 40.1%, comfortably within our LTV range of 40-45%.

Net debt for the year was relatively flat at £1,042m (FY20: £1,032m) with £128m of operational cashflows, £64m of proceeds from asset recycling (excluding sales of regulated tenancy properties) and the £204m proceeds of equity raise, offset by £348m of investment in our PRS pipeline. The proceeds from our equity raise have been deployed into 3 schemes amounting to £236m.

The average cost of debt remained flat at 3.1% (FY20: 3.1%), while finance costs for the year were up 5% to £30.2m (FY20: £28.7m). This reflected investment activity with associated higher average levels of net debt during the year, with debt reducing in September as a result of our equity raise. For FY22 we would expect to see finance cost increase by c.£2m as we continue to invest in our pipeline.

	FY20	**FY21**
Net debt	£1,032m	£1,042m
Loan to value	33.4%	30.4%
Cost of debt	3.1%	3.1%
Headroom	£650m	£641m
Weighted average facility maturity (years)	6.6	5.6
Hedging	100%	100%

Summary and outlook

Having delivered a robust performance for the year we are well positioned for a strong year of rental growth in FY22. With occupancy having now recovered to stabilised levels our focus will return to delivering rental growth and the associated valuation growth. As we grow over the medium term, delivering our pipeline and leveraging our platform, we will see significant net rental income growth translate into strong earnings and dividend growth. With funding already in place to deliver this secured pipeline we will continue to pursue further accretive growth opportunities and maintain our leadership position in the PRS sector.

Rob Hudson
Chief Financial Officer
17 November 2021

Consolidated income statement

For the year ended 30 September	Notes	**2021** **£m**	2020 (restated)[1] £m
Group revenue	4	**248.9**	214.0
Net rental income	5	**70.6**	73.6
Profit on disposal of trading property	6	**68.6**	61.6
Profit on disposal of investment property	7	**1.5**	2.3
Income from financial interest in property assets	15	**7.2**	5.2
Fees and other income	8	**5.1**	7.5
Administrative expenses		**(38.5)**	(40.4)
Other expenses		**(0.6)**	(2.4)
Impairment of inventories to net realisable value	12	**(0.1)**	(0.7)
Operating profit		**113.8**	106.7
Net valuation gains on investment property	11	**76.8**	29.8
Change in fair value of derivatives		**(3.8)**	(1.4)
Finance costs		**(35.4)**	(34.9)
Finance income		**0.2**	0.4
Share of profit of associates after tax	13	**0.8**	0.1
Share of loss of joint ventures after tax	14	**(0.3)**	(1.6)
Profit before tax	2	**152.1**	99.1
Tax charge	20	**(42.6)**	(16.3)
Profit for the year attributable to the owners of the Company		**109.5**	82.8
Basic earnings per share	9	**16.2p**	12.8p
Diluted earnings per share	9	**16.1p**	12.7p

[1] See Note 25 for an explanation of the prior year restatement

Consolidated statement of comprehensive income

For the year ended 30 September	Notes	**2021** **£m**	2020 (restated)[1] £m
Profit for the year	2	**109.5**	82.8
Items that will not be transferred to the consolidated income statement:			
Actuarial gain/(loss) on BPT Limited defined benefit pension scheme	21	**5.3**	(1.2)
Items that may be or are reclassified to the consolidated income statement:			
Changes in fair value of cash flow hedges		**16.1**	(3.3)
Other comprehensive income and expense for the year before tax		**21.4**	(4.5)
Tax relating to components of other comprehensive income:			
Tax relating to items that will not be transferred to the consolidated income statement	20	**(1.0)**	0.3
Tax relating to items that may be or are reclassified to the consolidated income statement	20	**(2.8)**	1.0
Total tax relating to components of other comprehensive income		**(3.8)**	1.3
Other comprehensive income and expense for the year after tax		**17.6**	(3.2)
Total comprehensive income and expense for the year attributable to the owners of the Company		**127.1**	79.6

[1] See Note 25 for an explanation of the prior year restatement

Consolidated statement of financial position

As at 30 September	Notes	30 September 2021 £m	30 September 2020 (restated)[1] £m	1 October 2019 (restated)[1] £m
ASSETS				
Non-current assets				
Investment property	11	**2,179.2**	1,778.9	1,574.6
Property, plant and equipment		**1.4**	2.0	0.3
Investment in associates	13	**15.5**	14.7	11.7
Investment in joint ventures	14	**29.4**	27.3	21.6
Financial interest in property assets	15	**71.7**	73.3	76.4
Retirement benefits	21	**3.5**	-	-
Deferred tax assets	20	**3.7**	8.9	5.6
Intangible assets	16	**0.5**	0.8	1.2
		2,304.9	1,905.9	1,691.4
Current assets				
Inventories – trading property	12	**595.2**	657.4	700.0
Trade and other receivables	17	**38.5**	31.3	40.5
Current tax assets		**16.0**	6.4	-
Cash and cash equivalents		**317.6**	369.1	189.3
		967.3	1,064.2	929.8
Total assets		**3,272.2**	2,970.1	2,621.2
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	19	**1,347.5**	1,391.9	1,176.8
Trade and other payables	18	**0.6**	1.3	-
Retirement benefits	21	**-**	2.4	1.7
Provisions for other liabilities and charges		**1.1**	1.2	1.2
Deferred tax liabilities	20	**69.5**	36.1	32.7
		1,418.7	1,432.9	1,212.4
Current liabilities				
Interest-bearing loans and borrowings		**-**	-	100.0
Trade and other payables	18	**109.8**	73.3	73.6
Provisions for other liabilities and charges		**0.2**	0.3	0.4
Current tax liabilities		**-**	-	4.0
Derivative financial instruments	19	**4.5**	20.6	17.3
		114.5	94.2	195.3
Total liabilities		**1,533.2**	1,527.1	1,407.7
NET ASSETS		**1,739.0**	1,443.0	1,213.5
EQUITY				
Issued share capital		**37.1**	33.8	30.7
Share premium account		**817.3**	616.3	436.5
Merger reserve		**20.1**	20.1	20.1
Capital redemption reserve		**0.3**	0.3	0.3
Cash flow hedge reserve		**(3.3)**	(16.6)	(14.3)
Retained earnings		**867.5**	789.1	740.2
TOTAL EQUITY		**1,739.0**	1,443.0	1,213.5

[1] See Note 25 for an explanation of the prior year restatement

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 2019, as previously reported		30.7	436.5	20.1	0.3	(14.3)	750.2	1,223.5
Impact of change in accounting policy	25	-	-	-	-	-	(10.0)	(10.0)
Restated balance at 1 October 2019		30.7	436.5	20.1	0.3	(14.3)	740.2	1,213.5
Profit for the year as restated	2, 25	-	-	-	-	-	82.8	82.8
Other comprehensive loss for the year		-	-	-	-	(2.3)	(0.9)	(3.2)
Total comprehensive income		-	-	-	-	(2.3)	81.9	79.6
Issue of share capital	24	3.1	179.4	-	-	-	-	182.5
Award of SAYE shares		-	0.4	-	-	-	-	0.4
Purchase of own shares		-	-	-	-	-	(0.1)	(0.1)
Share-based payments charge	22	-	-	-	-	-	1.1	1.1
Dividends paid		-	-	-	-	-	(33.5)	(33.5)
IFRS 16 transition adjustment		-	-	-	-	-	(0.5)	(0.5)
Total transactions with owners recorded directly in equity		3.1	179.8	-	-	-	(33.0)	149.9
Balance as at 30 September 2020 as restated		**33.8**	**616.3**	**20.1**	**0.3**	**(16.6)**	**789.1**	**1,443.0**
Profit for the year	2	**-**	**-**	**-**	**-**	**-**	**109.5**	**109.5**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**13.3**	**4.3**	**17.6**
Total comprehensive income		**-**	**-**	**-**	**-**	**13.3**	**113.8**	**127.1**
Issue of share capital	24	**3.3**	**200.8**	**-**	**-**	**-**	**-**	**204.1**
Award of SAYE shares		**-**	**0.2**	**-**	**-**	**-**	**-**	**0.2**
Purchase of own shares		**-**	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Share-based payments charge	22	**-**	**-**	**-**	**-**	**-**	**1.7**	**1.7**
Dividends paid		**-**	**-**	**-**	**-**	**-**	**(36.8)**	**(36.8)**
Total transactions with owners recorded directly in equity		**3.3**	**201.0**	**-**	**-**	**-**	**(35.4)**	**168.9**
Balance as at 30 September 2021		**37.1**	**817.3**	**20.1**	**0.3**	**(3.3)**	**867.5**	**1,739.0**

Consolidated statement of cash flows

For the year ended 30 September	Notes	2021 £m	2020 (restated)[1] £m
Cash flow from operating activities			
Profit for the year	2	**109.5**	82.8
Depreciation and amortisation		**1.2**	1.2
Net valuation gains on investment property	11	**(76.8)**	(29.8)
Net finance costs		**35.2**	34.5
Share of (profit)/loss of associates and joint ventures	13, 14	**(0.5)**	1.5
Profit on disposal of investment property	7	**(1.5)**	(2.3)
Share-based payment charge	22	**1.7**	1.1
Change in fair value of derivatives		**3.8**	1.4
Income from financial interest in property assets	15	**(7.2)**	(5.2)
Tax	20	**42.6**	16.3
Cash generated from operating activities before changes in working capital		**108.0**	101.5
(Increase)/decrease in trade and other receivables		**(6.9)**	9.7
Increase in trade and other payables		**48.0**	3.8
Decrease in provisions for liabilities and charges		**(0.2)**	(0.1)
Decrease in inventories		**62.2**	29.5
Cash generated from operating activities		**211.1**	144.4
Interest paid		**(45.6)**	(37.4)
Tax paid		**(16.9)**	(25.4)
Payments to defined benefit pension scheme	21	**(0.6)**	(0.5)
Net cash inflow from operating activities		**148.0**	81.1
Cash flow from investing activities			
Proceeds from sale of investment property	7	**40.3**	36.2
Proceeds from financial interest in property assets	15	**8.8**	8.3
Investment in joint ventures	14	**(0.8)**	(5.5)
Loans advanced to associates and joint ventures	13, 14	**(1.6)**	(4.7)
Acquisition of investment property	11	**(362.3)**	(195.3)
Acquisition of property, plant and equipment and intangible assets		**(0.3)**	(0.3)
Net cash outflow from investing activities		**(315.9)**	(161.3)
Cash flow from financing activities			
Net proceeds from issue of share capital	24	**204.1**	182.5
Award of SAYE shares		**0.2**	0.4
Purchase of own shares		**(0.3)**	(0.1)
Proceeds from new borrowings		**30.0**	697.0
Payment of loan costs		**-**	(4.9)
Settlement of derivative contracts		**(3.8)**	(1.4)
Repayment of borrowings		**(77.0)**	(580.0)
Dividends paid		**(36.8)**	(33.5)
Net cash inflow from financing activities		**116.4**	260.0
Net (decrease)/increase in cash and cash equivalents		**(51.5)**	179.8
Cash and cash equivalents at the beginning of the year		**369.1**	189.3
Cash and cash equivalents at the end of the year		**317.6**	369.1

[1] See Note 25 for an explanation of the prior year restatement

Notes to the preliminary financial results

1. Accounting policies

1a Basis of preparation

The board approved this preliminary announcement on 17 November 2021. The financial information included in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 30 September 2020 or 30 September 2021. Statutory accounts for the year ended 30 September 2020 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 September 2021 will be delivered to the Registrar of Companies following the Company's annual general meeting.

The auditors, KPMG LLP, have reported on the accounts for both years. The reports were unqualified, did not include reference to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

These financial statements for the year ended 30 September 2021 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 accounting policies used are consistent with those contained in the Group's full annual report and accounts for the year ended 30 September 2021.

The financial information included in this preliminary announcement has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRS'), IFRIC interpretations and with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

1b Adoption of new and revised International Financial Reporting Standards and interpretations

New standards, amendments and interpretations in the year

The following new standards, amendments to standards and interpretations were issued in the year. The most significant of these, and the impact on the Group's accounting, are set out below:

IFRIC: *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)* - In April 2021, the IFRS Interpretations Committee published accounting guidance for configuration and customisation expenditure relating to cloud computing arrangements, including Software as a Service (SaaS). The guidance recognises differences in accounting treatment for SaaS expenditure between functionality that is broadly available to the software supplier's general customer base and functionality that is restricted to a specific user. The Committee has clarified the position that expenditure can only be capitalised to the extent a SaaS customer has the power to obtain the future economic benefits by restricting others access to those benefits, otherwise expenditure in relation to developing SaaS for use should be expensed.

Following the interpretation being published, the Group has reviewed and revised its accounting policy in relation to intangible assets (Note 21 in the 2021 Annual Reports and Accounts) which includes accounting for computer software. This has resulted in reclassifying relevant expenditure that was previously capitalised as an intangible asset and expensing this to the income statement as administrative expenses. Comparatives have been restated as relevant, with the impact of the restatement set out in Note 25.

A number of new standards and amendments to standards have been issued but are not yet effective for the Group and have not been early adopted. The application of these new standards and amendments are not expected to have a material impact on the Group's financial statements.

Notes to the preliminary financial results continued

1c Significant judgements and estimates

Estimates

i. 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 3. 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.

In all cases, forming these valuations inherently includes elements of judgement and subjectivity with regards to the selection of unobservable inputs. The valuation basis and key unobservable inputs are outlined in Note 2 in the 2021 Annual Report and Accounts.

The results and the basis of each valuation and their impact on both the financial statements and market value for the Group's non-GAAP net asset value measures are set out below:

	PRS £m	Reversionary £m	Other £m	Total £m	Valuer	% of properties for which external valuer provides valuation
Trading property	118.1	451.9	25.2	**595.2**		
Investment property	2,156.2	23.0	-	**2,179.2**		
Financial asset (CHARM)	-	71.7	-	**71.7**		
Total statutory book value	**2,274.3**	**546.6**	**25.2**	**2,846.1**		
Trading property						
Residential	205.4	872.9	-	**1,078.3**	Allsop LLP	78%
Developments	-	-	52.4	**52.4**	CBRE Limited	85%
Total trading property	**205.4**	**872.9**	**52.4**	**1,130.7**		
Investment property						
Residential	730.6	23.0	-	**753.6**	Allsop LLP / CBRE Limited	100%
Developments	93.7	-	-	**93.7**	CBRE Limited	100%
New build PRS	1,026.2	-	-	**1,026.2**	CBRE Limited	97%
Affordable housing	170.4	-	-	**170.4**	Allsop LLP	100%
Tricomm housing	135.3	-	-	**135.3**	Allsop LLP	100%
Total investment property	**2,156.2**	**23.0**	**-**	**2,179.2**		
Financial asset (CHARM)[1]	-	71.7	-	71.7	Allsop LLP	100%
Total assets at market value	**2,361.6**	**967.6**	**52.4**	**3,381.6**		
Statutory book value	2,274.3	546.6	25.2	**2,846.1**		
Market value adjustment[2]	87.3	421.0	27.2	**535.5**		
Total assets at market value	**2,361.6**	**967.6**	**52.4**	**3,381.6**		
Net revaluation gain recognised in the income statement for wholly-owned properties	76.8	-	-	**76.8**		
Net revaluation gain relating to joint ventures and associates[3]	0.9	-	-	**0.9**		
Net revaluation gain recognised in the year[3]	**77.7**	**-**	**-**	**77.7**		

[1] Allsop provides vacant possession values used by the Directors to value the financial asset.
[2] The market value adjustment is the difference between the statutory book value and the market value of the Group's properties. Refer to Note 3 for market value net asset measures.
[3] Includes the Group's share of joint ventures and associates revaluation gain after tax.

Notes to the preliminary financial results continued

Judgments

i. 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. 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, whilst investment properties are held at fair value, with gains or losses taken through the consolidated income statement.

1d Group risk factors

The principal risks and uncertainties facing the Group are set out in the Risk Management report of the 2021 Annual Report and Accounts.

A number of risks faced by the Group are not directly within our control such as the wider economic and political environment.

Risks, including updates to principal risks, are outlined in the 2021 Annual Report and Accounts.

1e Going concern assessment

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 significant impact of Covid-19 on the macro-economic conditions in which the Group continues to operate, 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 2021.

The financial position of the Group, including details of its financing and capital structure, is set out in the financial review on pages 32 to 37 in the 2021 Annual Report and Accounts. In making the going concern assessment, the Directors have considered the Group's principal risks (see pages 48 to 51 in the 2021 Annual Report and Accounts) 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.

The going concern assessment is based on the Group's viability model to the end of March 2023, which exceeds the required period of assessment of at least 12 months, and considers a severe downside scenario including a potential extreme longer-term impact of Covid-19, reflecting the following key assumptions:

- Reducing PRS occupancy to 80% by 31 March 2023
- Contraction in rental levels of 5% p.a.
- Reducing property valuations by 5% p.a., driven by either yield expansion or house price deflation
- 15% development cost inflation
- Operating cost inflation of 15% p.a.
- An increase in finance costs of between 1.25% and 3.0% from 1 October 2021

No new financing is assumed in the assessment period, but existing facilities are assumed to remain available. Even in this severe downside scenario, the Group has sufficient cash reserves, with the loan-to-value covenant remaining no higher than 51% (facility maximum covenant ranges between 70% - 75%) and interest cover above 2.22x (facility minimum covenant ranges between 1.35x – 1.75x) for the period to March 2023, which covers the required period of at least 12 months from the date of authorisation of these financial statements.

Notes to the preliminary financial results continued

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 2021.

1f Forward-looking statement

Certain statements in this preliminary announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct.

Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

2. Analysis of profit before tax

The table below details adjusted 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 valuation movements and other adjustments that are one-off in nature, which do not form part of the normal ongoing revenue or costs of the business and, either individually or in aggregate, are material to the reported Group results.

	2021				2020 (restated)[1]			
£m	**Statutory**	**Valuation**	**Other adjustments**	**Adjusted earnings**	Statutory	Valuation	Other adjustments	Adjusted earnings
Group revenue	**248.9**	**-**	**-**	**248.9**	214.0	-	(4.0)	210.0
Net rental income	**70.6**	**-**	**-**	**70.6**	73.6	-	-	73.6
Profit on disposal of trading property	**68.6**	**(0.8)**	**-**	**67.8**	61.6	(0.3)	-	61.3
Profit on disposal of investment property	**1.5**	**-**	**-**	**1.5**	2.3	-	-	2.3
Income from financial interest in property assets	**7.2**	**(2.3)**	**-**	**4.9**	5.2	(0.1)	-	5.1
Fees and other income	**5.1**	**-**	**-**	**5.1**	7.5	-	(4.0)	3.5
Administrative expenses	**(38.5)**	**-**	**8.3**	**(30.2)**	(40.4)	-	11.7	(28.7)
Other expenses	**(0.6)**	**-**	**-**	**(0.6)**	(2.4)	-	1.8	(0.6)
Impairment of inventories to net realisable value	**(0.1)**	**0.1**	**-**	**-**	(0.7)	0.7	-	-
Operating profit	**113.8**	**(3.0)**	**(8.3)**	**119.1**	106.7	0.3	9.5	116.5
Net valuation gains on investment property	**76.8**	**(76.8)**	**-**	**-**	29.8	(29.8)	-	-
Change in fair value of derivatives	**(3.8)**	**-**	**3.8**	**-**	(1.4)	-	1.4	-
Finance costs	**(35.4)**	**-**	**-**	**(35.4)**	(34.9)	-	0.5	(34.4)
Finance income	**0.2**	**-**	**-**	**0.2**	0.4	-	-	0.4
Share of profit of associates after tax	**0.8**	**(0.9)**	**-**	**(0.1)**	0.1	(0.2)	-	(0.1)
Share of loss of joint ventures after tax	**(0.3)**	**-**	**-**	**(0.3)**	(1.6)	-	1.0	(0.6)
Profit before tax	**152.1**	**(80.7)**	**12.1**	**83.5**	99.1	(29.7)	12.4	81.8
Tax charge	**(42.6)**				(16.3)			
Profit for the year attributable to the owners of the Company	**109.5**				82.8			
Diluted adjusted earnings per share				**9.9p**				10.2p

[1] See Note 25 for an explanation of the prior year restatement

Profit before tax in the adjusted columns above of £83.5m (2020: £81.8m) is the adjusted earnings of the Group. Adjusted earnings per share assumes tax of £15.9m (2020: £15.5m) in line with the standard rate of UK Corporation Tax of 19.0% (2020: 19.0%), divided by the weighted average number of shares as shown in Note 9. The Group's IFRS statutory earnings per share is also detailed in Note 9.

The classification of amounts as other adjustments is a judgement made by management and is a matter referred to the Audit Committee for approval prior to issuing the financial statements. The £12.1m cost within other adjustments in 2021 comprises £8.3m software development costs following the change in accounting policy and £3.8m refinancing costs. In 2020, the net £12.4m cost within other adjustments comprised £2.7m income relating to historic non-core business, offset by £11.7m reclassification of software development costs following the change in accounting policy, £2.4m costs related to refinancing activity and £1.0m restructuring costs. These transactions do not form part of the Group's ongoing activities and, as such, have been classified as other adjustments.

3. Segmental Information

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 due to 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 adjusted earnings before tax, valuation and other adjustments.

The principal net asset value (NAV) measure reviewed by the CODM is EPRA NTA which is considered to become 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, whilst 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.

Information relating to the Group's operating segments is set out in the tables below. The tables distinguish between adjusted earnings, valuation movements and other adjustments and should be read in conjunction with Note 2.

Notes to the preliminary financial results continued

2021 Income statement

£m	PRS	Reversionary	Other	Total
Group revenue	**78.8**	**138.7**	**31.4**	**248.9**
Segment revenue – external				
Net rental income	**51.9**	**18.4**	**0.3**	**70.6**
Profit on disposal of trading property	**(0.1)**	**66.1**	**1.8**	**67.8**
Profit on disposal of investment property	**1.3**	**0.2**	**-**	**1.5**
Income from financial interest in property assets	**-**	**4.9**	**-**	**4.9**
Fees and other income	**4.7**	**-**	**0.4**	**5.1**
Administrative expenses	**-**	**-**	**(30.2)**	**(30.2)**
Other expenses	**(0.6)**	**-**	**-**	**(0.6)**
Net finance costs	**(24.5)**	**(9.9)**	**(0.8)**	**(35.2)**
Share of trading loss of joint ventures and associates after tax	**(0.3)**	**-**	**(0.1)**	**(0.4)**
Adjusted earnings	**32.4**	**79.7**	**(28.6)**	**83.5**
Valuation movements				**80.7**
Other adjustments				**(12.1)**
Profit before tax				**152.1**

A reconciliation from adjusted earnings to adjusted EPRA earnings is detailed in the table below, with further details shown in the EPRA performance measures section at the end of this document:

£m	PRS	Reversionary	Other	Total
Adjusted earnings	**32.4**	**79.7**	**(28.6)**	**83.5**
Profit on disposal of investment property	**(1.3)**	**(0.2)**	**-**	**(1.5)**
Previously recognised profit through EPRA market value measures	**-**	**(59.4)**	**3.4**	**(56.0)**
Adjusted EPRA earnings	**31.1**	**20.1**	**(25.2)**	**26.0**

2020 Income statement (restated)[1]

£m	PRS	Reversionary	Other	Total
Group revenue	77.9	128.4	3.7	210.0
Segment revenue – external				
Net rental income	53.8	19.6	0.2	73.6
Profit on disposal of trading property	(0.1)	57.2	4.2	61.3
Profit on disposal of investment property	2.0	0.3	-	2.3
Income from financial interest in property assets	-	5.1	-	5.1
Fees and other income	2.9	-	0.6	3.5
Administrative expenses	-	-	(28.7)	(28.7)
Other expenses	(0.6)	-	-	(0.6)
Net finance costs	(21.9)	(11.4)	(0.7)	(34.0)
Share of trading profit of joint ventures and associates after tax	(0.5)	-	(0.2)	(0.7)
Adjusted earnings	35.6	70.8	(24.6)	81.8
Valuation movements				29.7
Other adjustments				(12.4)
Profit before tax				99.1

[1] See Note 25 for an explanation of the prior year restatement

Notes to the preliminary financial results continued

A reconciliation from adjusted earnings to adjusted EPRA earnings is detailed in the table below:

£m	PRS	Reversionary	Other	Total
Adjusted earnings	35.6	70.8	(24.6)	81.8
Profit on disposal of investment property	(2.0)	(0.3)	-	(2.3)
Previously recognised profit through EPRA market value measures	-	(53.4)	-	(53.4)
Adjusted EPRA earnings	33.6	17.1	(24.6)	26.1

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 (NTA basis) of 5.5% is calculated from the closing EPRA NTA of 297p per share plus the dividend of 5.15p per share for the year, divided by the opening EPRA NTA of 286p per share, which has been adjusted for the September 2021 equity raise.

These measures are set out below by segment along with a reconciliation to the summarised statutory statement of financial position:

2021 Segment net assets

£m	**PRS**	**Reversionary**	**Other**	**Total**	**Pence per share**
Total segment net assets (statutory)	**1,484.7**	**256.1**	**(1.8)**	**1,739.0**	**234p**
Total segment net assets (EPRA NRV)	**1,637.4**	**677.8**	**34.8**	**2,350.0**	**316p**
Total segment net assets (EPRA NTA)	**1,608.5**	**571.8**	**27.5**	**2,207.8**	**297p**
Total segment net assets (EPRA NDV)	**1,550.2**	**571.8**	**(10.9)**	**2,111.1**	**284p**

Notes to the preliminary financial results continued

2021 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	**2,179.2**	**-**	**2,179.2**	**-**	**2,179.2**	**-**	**2,179.2**
Investment in joint ventures and associates	**44.9**	**-**	**44.9**	**-**	**44.9**	**-**	**44.9**
Financial interest in property assets	**71.7**	**-**	**71.7**	**-**	**71.7**	**-**	**71.7**
Inventories – trading property	**595.2**	**535.5**	**1,130.7**	**-**	**1,130.7**	**-**	**1,130.7**
Cash and cash equivalents	**317.6**	**-**	**317.6**	**-**	**317.6**	**-**	**317.6**
Other assets	**63.6**	**4.9**	**68.5**	**(0.5)**	**68.0**	**12.8**	**80.8**
Total assets	**3,272.2**	**540.4**	**3,812.6**	**(0.5)**	**3,812.1**	**12.8**	**3,824.9**
Interest-bearing loans and borrowings	**(1,347.5)**	**-**	**(1,347.5)**	**-**	**(1,347.5)**	**(46.7)**	**(1,394.2)**
Deferred and contingent tax liabilities	**(69.5)**	**66.1**	**(3.4)**	**(141.7)**	**(145.1)**	**(58.3)**	**(203.4)**
Other liabilities	**(116.2)**	**4.5**	**(111.7)**	**-**	**(111.7)**	**(4.5)**	**(116.2)**
Total liabilities	**(1,533.2)**	**70.6**	**(1,462.6)**	**(141.7)**	**(1,604.3)**	**(109.5)**	**(1,713.8)**
Net assets	**1,739.0**	**611.0**	**2,350.0**	**(142.2)**	**2,207.8**	**(96.7)**	**2,111.1**

2020 Segment net assets (restated)[1]

£m	PRS	Reversionary	Other	Total	Pence per share
Total segment net assets (statutory)	1,169.6	252.0	21.4	1,443.0	214
Total segment net assets (EPRA NRV)	1,291.2	696.1	45.5	2,032.8	301
Total segment net assets (EPRA NTA)	1,266.8	611.4	44.6	1,922.8	285
Total segment net assets (EPRA NDV)	1,242.3	611.4	(11.2)	1,842.5	273

[1] See Note 25 for an explanation of the prior year restatement

Notes to the preliminary financial results continued

2020 Reconciliation of EPRA NAV measures (restated)[1]

£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	1,778.9	-	1,778.9	-	1,778.9	-	1,778.9
Investment in joint ventures and associates	42.0	-	42.0	-	42.0	-	42.0
Financial interest in property assets	73.3	-	73.3	-	73.3	-	73.3
Inventories – trading property	657.4	533.4	1,190.8	-	1,190.8	-	1,190.8
Cash and cash equivalents	369.1	-	369.1	-	369.1	-	369.1
Other assets	49.4	3.5	52.9	(0.8)	52.1	13.5	65.6
Total assets	2,970.1	536.9	3,507.0	(0.8)	3,506.2	13.5	3,519.7
Interest-bearing loans and borrowings	(1,391.9)	-	(1,391.9)	-	(1,391.9)	(48.7)	(1,440.6)
Deferred and contingent tax liabilities	(36.1)	32.3	(3.8)	(109.2)	(113.0)	(24.5)	(137.5)
Other liabilities	(99.1)	20.6	(78.5)	-	(78.5)	(20.6)	(99.1)
Total liabilities	(1,527.1)	52.9	(1,474.2)	(109.2)	(1,583.4)	(93.8)	(1,677.2)
Net assets	1,443.0	589.8	2,032.8	(110.0)	1,922.8	(80.3)	1,842.5

[1] See Note 25 for an explanation of the prior year restatement

4. Group revenue

	2021 £m	2020 £m
Gross rental income (Note 5)	**97.4**	99.3
Gross proceeds from disposal of trading property (Note 6)	**146.4**	107.2
Fees and other income (Note 8)	**5.1**	7.5
	248.9	214.0

5. Net rental income

	2021 £m	2020 £m
Gross rental income	**97.4**	99.3
Property operating expenses	**(26.8)**	(25.7)
	70.6	73.6

Notes to the preliminary financial results continued

6. Profit on disposal of trading property

	2021 **£m**	2020 £m
Gross proceeds from disposal of trading property	**146.4**	107.2
Selling costs	**(3.1)**	(2.3)
Net proceeds from disposal of trading property	**143.3**	104.9
Carrying value of trading property sold (Note 12)	**(74.7)**	(43.3)
	68.6	61.6

7. Profit on disposal of investment property

	2021 **£m**	2020 £m
Gross proceeds from disposal of investment property	**41.5**	36.9
Selling costs	**(1.2)**	(0.7)
Net proceeds from disposal of investment property	**40.3**	36.2
Carrying value of investment property sold (Note 11)	**(38.8)**	(33.9)
	1.5	2.3

8. Fees and other income

	2021 **£m**	2020 £m
Property and asset management fee income	**2.6**	2.2
Other sundry income	**2.5**	5.3
	5.1	7.5

Included within other sundry income in the current year is £1.6m (2020: £1.3m) liquidated and ascertained damages (LADs) recorded to compensate the Group for lost rental income resulting from the delayed completion of construction contracts. Included within other sundry income in the prior year is £1.6m recorded in relation to the settlement of historic legal matters with respect to the Group's interest in the Czech Republic and £2.4m following the resolution of a legal claim related to a previous corporate transaction.

9. Earnings per share

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 the Long-Term Incentive Plan ('LTIP') and Deferred Bonus Plan ('DBP'), on which the dividends are being waived.

Notes to the preliminary financial results continued

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 LTIP and DBP, based upon the number of shares that would be issued if 30 September 2021 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 2021			30 September 2020 (restated)[1]		
	Profit 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						
Profit attributable to equity holders	**109.5**	**677.7**	**16.2**	82.8	649.1	12.8
Effect of potentially dilutive securities						
Share options and contingent shares	**-**	**2.7**	**(0.1)**	-	2.6	(0.1)
Diluted earnings per share						
Profit attributable to equity holders	**109.5**	**680.4**	**16.1**	82.8	651.7	12.7

[1] See Note 25 for an explanation of the prior year restatement

10. Dividends

Subject to approval at the AGM, the final dividend of 3.32p per share (gross) amounting to £24.6m will be paid on 14 February 2022 to Shareholders on the register at the close of business on 31 December 2021. Shareholders will again be offered the option to participate in a dividend reinvestment plan and the last day for election is 24 January 2022. An interim dividend of 1.83p per share amounting to a total of £12.3m was paid to Shareholders on 2 July 2021.

11. Investment property

	2021 £m	2020 £m
Opening balance	**1,778.9**	1,574.6
Acquisitions	**78.0**	37.7
Capital expenditure – completed assets	**22.8**	11.4
Capital expenditure – assets under construction	**261.5**	146.2
Total additions	**362.3**	195.3
Transfer from inventories	**-**	13.1
Disposals (Note 7)	**(38.8)**	(33.9)
Net valuation gains	**76.8**	29.8
Closing balance	**2,179.2**	1,778.9

Notes to the preliminary financial results continued

12. Inventories – trading property

	2021 **£m**	2020 £m
Opening balance	**657.4**	700.0
Additions	**12.6**	14.5
Transfer to investment property	**-**	(13.1)
Disposals (Note 6)	**(74.7)**	(43.3)
Impairment of inventories to net realisable value	**(0.1)**	(0.7)
Closing balance	**595.2**	657.4

13. Investment in associates

	2021 **£m**	2020 £m
Opening balance	**14.7**	11.7
Share of profit for the year	**0.8**	0.1
Loans advanced to associates	**-**	2.9
Closing balance	**15.5**	14.7

The closing balance comprises share of net assets of £0.9m (2020: £0.1m) and net loans due from associates of £14.6m (2020: £14.6m). At the balance sheet date, there is no expectation of any material credit losses on loans due.

As at 30 September 2021, 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

14. Investment in joint ventures

	2021 **£m**	2020 £m
Opening balance	**27.3**	21.6
Share of loss for the year	**(0.3)**	(1.6)
Further investment[1]	**0.8**	5.5
Loans advanced to joint ventures	**1.6**	1.8
Closing balance	**29.4**	27.3

[1] Grainger invested £0.8m into Connected Living London (BTR) Limited in the year (2020: £5.5m).

The closing balance comprises share of net assets of £8.5m (2020: £8.0m) and net loans due from joint ventures of £20.9m (2020: £19.3m). At the balance date, there is no expectation of any material credit losses on loans due.

Notes to the preliminary financial results continued

At 30 September 2021, 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
Helical Grainger (Holdings) Limited	50	UK	31 March
Lewisham Grainger Holdings LLP	50	UK	30 September

Helical Grainger (Holdings) Limited is in liquidation as at 30 September 2021.

15. Financial interest in property assets ('CHARM' portfolio)

	2021 £m	2020 £m
Opening balance	**73.3**	76.4
Cash received from the instrument	**(8.8)**	(8.3)
Amounts taken to income statement	**7.2**	5.2
Closing balance	**71.7**	73.3

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 considered to be a Level 3 financial asset as defined by IFRS 13. The financial asset is included in the fair value hierarchy within Note 19.

16. Intangible assets

	2021 £m	2020 (restated)[1] £m
Opening balance	**0.8**	1.2
Amortisation	**(0.3)**	(0.4)
Closing balance	**0.5**	0.8

[1] See Note 25 for an explanation of the prior year restatement

Following the IFRS Interpretations Committee publishing accounting guidance for configuration and customisation expenditure relating to cloud computing arrangements, the Group has reviewed and revised its accounting policy in relation to intangible assets which includes accounting for computer software. This has resulted in reclassifying relevant expenditure that was previously capitalised as an intangible asset and expensing this to the income statement as administrative expenses.

The impact of this change is outlined in note 25.

17. Trade and other receivables

	2021 £m	2020 £m
Rent and other tenant receivables	**5.7**	4.8
Deduct: Provision for impairment	**(2.3)**	(2.4)
Rent and other tenant receivables – net	**3.4**	2.4
Contract assets	**2.6**	3.3
Other receivables	**29.8**	23.0
Prepayments	**2.7**	2.6
Closing balance	**38.5**	31.3

Notes to the preliminary financial results continued

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 £5.7m (2020: £4.8m). Assumptions used in the forward-looking assessment are continually reviewed to take into account likely rent deferrals.

At the balance date, there is no expectation of any material credit losses on contract assets.

Other receivables include £10.4m (2020: £9.3m) due from land sales, which is receivable no later than September 2022.

The fair values of trade and other receivables are considered to be equal to their carrying amounts.

18. Trade and other payables

	2021 £m	2020 £m
Current liabilities		
Deposits received	**9.1**	7.2
Trade payables	**16.3**	16.4
Lease liabilities	**0.7**	0.9
Tax and social security costs	**4.9**	0.5
Accruals	**72.6**	44.2
Deferred income	**6.2**	4.1
	109.8	73.3
Non-current liabilities		
Lease liabilities	**0.6**	1.3
	0.6	1.3
Total trade and other payables	**110.4**	74.6

Within accruals, £43.7m comprises accrued expenditure in respect of ongoing construction activities (2020: £28.4m).

19. Interest-bearing loans and borrowings and financial risk management

	2021 £m	2020 £m
Non-current liabilities		
Bank loans – Pounds sterling	**306.5**	352.2
Bank loans – Euro	**0.9**	0.9
Non-bank financial institution	**346.6**	346.2
Corporate bond	**693.5**	692.6
Closing balance	**1,347.5**	1,391.9

During the prior year the Group issued a new ten-year £350.0m corporate bond at 3.0% due July 2030.

The above analyses of loans and borrowings are net of unamortised loan issue costs and the discount on issuance of the corporate bond. As at 30 September 2021, unamortised costs totalled £10.7m (2020: £13.1m) and the outstanding discount was £2.6m (2020: £2.9m).

Notes to the preliminary financial results continued

Categories of financial instrument

The Group holds financial instruments such as financial interest in property assets, trade and other receivables (excluding prepayments), derivatives, cash and cash equivalents. For all assets and liabilities excluding interest-bearing loans the book value was the same as the fair value as at 30 September 2021 and as at 30 September 2020.

As at 30 September 2021, the fair value of interest-bearing loans is greater than the book value by £46.7m (2020: £48.7m), but there is no requirement under IFRS 9 to adjust the carrying value of loans, all of which are stated at unamortised cost in the consolidated statement of financial position.

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 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:

	2021		2020	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Level 3				
CHARM	**71.7**	**-**	73.3	-
Investment property	**2,179.2**	**-**	1,778.9	-
	2,250.9	**-**	1,852.2	-
Level 2				
Interest rate swaps – in cash flow hedge accounting relationships	**-**	**4.5**	-	20.6
	-	**4.5**	-	20.6

The significant unobservable inputs affecting the carrying value of the CHARM portfolio are house price inflation and discount rates. A reconciliation of movements and amounts recognised in the consolidated income statement are detailed in Note 15.

The investment valuations provided by Allsop LLP and CBRE Limited are based on RIC's Professional Valuation Standards, but include a number of unobservable inputs and other valuation assumptions.

The fair value of swaps and caps were valued in-house by a specialised treasury management system, using first 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 fall within Level 2.

The reconciliation between opening and closing balances for Level 3 is detailed in the table below:

Assets – Level 3	2021 £m	2020 £m
Opening balance	**1,852.2**	1,651.0
Amounts taken to income statement	**84.0**	34.6
Other movements	**314.7**	166.6
Closing balance	**2,250.9**	1,852.2

20. Tax

The tax charge for the year of £42.6m (2020 (restated): £16.3m) recognised in the consolidated income statement comprises:

	2021 £m	2020 (restated)[1] £m
Current tax		
Corporation tax on profit	**11.4**	20.3
Adjustments relating to prior years	**(3.7)**	(5.3)
	7.7	15.0
Deferred tax		
Origination and reversal of temporary differences	**33.4**	(0.3)
Adjustments relating to prior years	**1.5**	1.6
	34.9	1.3
Total tax charge for the year	**42.6**	16.3

[1] See Note 25 for an explanation of the prior year restatement

The 2021 current tax adjustments relating to prior years reflect adjustments which have been included in submitted tax returns, whilst deferred tax adjustments relate primarily to adjustments to investment properties and capital allowances.

The Group works in an open and transparent manner and maintains a regular dialogue with HM Revenue & Customs. This approach is consistent with the ‘low risk’ rating we have been awarded by HM Revenue & Customs and to which the Group is committed.

The Group’s results for this year are taxed at an effective rate of 19.0% (2020: 19.0%).

In addition to the above, a deferred tax charge of £3.8m (2020: credit of £1.3m) was recognised within other comprehensive income comprising:

	2021 £m	2020 £m
Actuarial gain/(loss) on BPT Limited pension scheme	**1.0**	(0.3)
Fair value movement in cash flow hedges	**2.8**	(1.0)
Amounts recognised in other comprehensive income	**3.8**	(1.3)

Notes to the preliminary financial results continued

Deferred tax balances comprise temporary differences attributable to:

	2021 £m	2020 (restated)[1] £m
Deferred tax assets		
Short-term temporary differences	**2.1**	2.2
Losses carried forward	**0.2**	1.5
Actuarial deficit on BPT Limited pension scheme	**0.2**	1.2
Fair value movement in derivative financial instruments	**1.2**	4.0
	3.7	8.9
Deferred tax liabilities		
Trading property uplift to fair value on business combinations	**(7.8)**	(7.9)
Investment property revaluation	**(55.7)**	(25.0)
Short-term temporary differences	**(4.6)**	(2.0)
Fair value movement in financial interest in property assets	**(1.4)**	(1.2)
	(69.5)	(36.1)
Total deferred tax	**(65.8)**	(27.2)

[1] See Note 25 for an explanation of the prior year restatement

Deferred tax has been calculated at a rate of 25.0% (2020: 19.0%) in line with the enacted main rate of corporation tax applicable from 1 April 2023.

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 consolidated statement of financial position and their market value has not been recognised by the Group. This contingent tax amounts to £133.9m, calculated at 25.0% (2020: £101.3m, calculated at 19.0%) and will be realised as the properties are sold.

21. Retirement benefits

The Group retirement benefit liability decreased by £5.9m to an asset of £3.5m in the year ended 30 September 2021. This movement has arisen from changes in assumptions of £2.9m (primarily market observable discount rates), gain on plan assets of £2.4m, and £0.6m company contributions. The principal actuarial assumptions used to reflect market conditions as at 30 September 2021 are as follows:

	2021 %	2020 %
Discount rate	**2.10**	1.50
Retail Price Index (RPI) inflation	**3.70**	3.05
Consumer Price Index (CPI) inflation	**2.90**	2.25
Salary increases	**4.20**	3.55
Rate of increase of pensions in payment	**5.00**	5.00
Rate of increase for deferred pensioners	**2.90**	2.25

22. Share-based payments

The Group operates a number of equity-settled, share-based compensation plan comprising awards under a Long-Term Incentive Plan ('LTIP'), a Deferred Bonus Plan ('DBP'), a Share Incentive Plan ('SIP') and a Save As You Earn Scheme ('SAYE'). The share-based payments charge recognised in the consolidated income statement for the period is £1.7m (2020: £1.1m).

Notes to the preliminary financial results continued

23. Related party transactions

During the year ended 30 September 2021, the Group transacted with its associates and joint ventures (details of which are set out in Notes 13 and 14). 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 consolidated income statement and consolidated statement of financial position are as follows:

	2021		2020	
	Fees recognised £'000	**Year end balance £'000**	Fees recognised £'000	Year end balance £'000
Connected Living London (BTR) Limited	**1,211**	**1,588**	736	557
Lewisham Grainger Holdings LLP	**319**	**930**	270	611
Vesta Limited Partnership	**559**	**275**	184	139
	2,089	**2,793**	1,190	1,307

	2021			2020		
	Interest recognised £'000	**Year end loan balance £m**	**Interest rate %**	Interest recognised £'000	Year end loan balance £m	Interest rate %
Curzon Park Limited	**-**	**18.1**	**Nil**	-	17.0	Nil
Lewisham Grainger Holdings LLP	**-**	**2.8**	**Nil**	-	2.3	Nil
Vesta LP	**-**	**14.6**	**Nil**	-	14.6	Nil
	-	**35.5**		-	33.9	

24. Issue of share capital

In September 2021, the Group issued 67,379,369 new shares at an issue price of 310.0p raising a total amount of £204.1m net of costs. The shares were issued with a nominal value of £0.05p per share. This increased share capital by £3.3m and the share premium account by £200.8m.

In February 2020, the Group issued 61,200,000 new shares at an issue price of 305.0p raising a total amount of £182.5m net of costs. The shares were issued with a nominal value of £0.05p per share. This increased share capital by £3.1m and the share premium account by £179.4m.

25. Prior year restatement

In April 2021, the IFRS Interpretations Committee published accounting guidance for configuration and customisation expenditure relating to cloud computing arrangements, including Software as a Service (SaaS). The guidance recognises differences in accounting treatment for SaaS expenditure between functionality that is broadly available to the software supplier's general customer base and functionality that is restricted to a specific user. The Committee has clarified the position that expenditure can only be capitalised to the extent a SaaS customer has the power to obtain the future economic benefits by restricting others access to those benefits, otherwise expenditure in relation to developing SaaS for use should be expensed.

Following the interpretation being published, the Group has reviewed and revised its accounting policy in relation to intangible assets which includes accounting for computer software. This has resulted in reclassifying relevant expenditure that was previously capitalised as an intangible asset and expensing this to the income statement as administrative expenses.

The impact of this change is outlined in the following table:

Notes to the preliminary financial results continued

	2020 (previously reported) £m	Restatement £m	2020 Restated £m
Consolidated income statement impact			
Administration expenses	(28.7)	(11.7)	(40.4)
Profit before tax	110.8	(11.7)	99.1
Tax charge	(18.0)	1.7	(16.3)
Profit for the year attributable to the owners of the Company	92.8	(10.0)	82.8
Basic earnings per share	14.3p	(1.5p)	12.8p
Diluted earnings per share	14.2p	(1.5p)	12.7p
Consolidated statement of financial position impact			
Expense SaaS configuration and customisation costs	-	(22.0)	(22.0)
Reversal of amortisation on SaaS configuration and customisation costs	-	0.3	0.3
Intangible assets	22.5	(21.7)	0.8
Deferred tax assets	7.8	1.1	8.9
Total non-current assets	1,926.5	(20.6)	1,905.9
Deferred tax liabilities	36.7	(0.6)	36.1
Total non-current liabilities	1,433.5	(0.6)	1,432.9
Net assets	1,463.0	(20.0)	1,443.0
Retained earnings	809.1	(20.0)	789.1
Total equity	1,463.0	(20.0)	1,443.0

EPRA Performance Measures - Unaudited

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 October 2019, have been adopted by the Group.

EPRA Earnings

	2021			2020 (restated)[1]		
	Earnings £m	**Shares millions**	**Pence per share**	Earnings £m	Shares millions	Pence per share
Earnings per IFRS income statement	**152.1**	**680.4**	**22.3**	99.1	651.7	15.2
Adjustments to calculate adjusted EPRA Earnings, exclude:						
i) Changes in value of investment properties, development properties held for investment and other interests	**(79.1)**	**-**	**(11.6)**	(29.9)	-	(4.6)
ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	**(1.5)**	**-**	**(0.2)**	(2.3)	-	(0.4)
iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	**(56.7)**	**-**	**(8.3)**	(53.0)	-	(8.1)
iv) Tax on profits or losses on disposals	**-**	**-**	**-**	-	-	-
v) Negative goodwill/goodwill impairment	**-**	**-**	**-**	-	-	-
vi) Changes in fair value of financial instruments and associated close-out costs	**3.8**	**-**	**0.5**	1.9	-	0.3
vii) Acquisition costs on share deals and non-controlling joint venture interests	**-**	**-**	**-**	-	-	-
viii) Deferred tax in respect of EPRA adjustments	**-**	**-**	**-**	-	-	-
ix) Adjustments i) to viii) in respect of joint ventures	**(0.9)**	**-**	**(0.1)**	(0.2)	-	-
x) Non-controlling interests in respect of the above	**-**	**-**	**-**	-	-	-
xi) Other adjustments in respect of adjusted earnings	**8.3**	**-**	**1.2**	10.5	-	1.6
Adjusted EPRA Earnings/Earnings per share	**26.0**	**680.4**	**3.8**	26.1	651.7	4.0
Adjusted EPRA Earnings per share after tax			**3.1**			3.2

[1] See Note 25 for an explanation of the prior year restatement

EPRA Performance Measures - Unaudited (continued)

EPRA NRV, EPRA NTA and EPRA NDV

	2021			2020 (restated)[1]		
	EPRA NRV £m	**EPRA NTA £m**	**EPRA NDV** £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
IFRS Equity attributable to shareholders	**1,739.0**	**1,739.0**	**1,739.0**	1,443.0	1,443.0	1,443.0
Include/Exclude:						
i) Hybrid Instruments	**-**	**-**	**-**	-	-	-
Diluted NAV	**1,739.0**	**1,739.0**	**1,739.0**	1,443.0	1,443.0	1,443.0
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	**6.0**	**6.0**	**6.0**	7.4	7.4	7.4
iii) Revaluation of tenant leases held as finance leases	**-**	**-**	**-**	-	-	-
iv) Revaluation of trading properties	**543.3**	**401.6**	**401.6**	541.3	432.1	432.1
Diluted NAV at Fair Value	**2,288.3**	**2,146.6**	**2,146.6**	1,991.7	1,882.5	1,882.5
Exclude:						
v) Deferred tax in relation to fair value gains of IP	**58.3**	**58.3**	**-**	24.4	24.4	-
vi) Fair value of financial instruments	**3.4**	**3.4**	**-**	16.7	16.7	-
vii) Goodwill as a result of deferred tax	**-**	**-**	**-**	-	-	-
viii.a) Goodwill as per the IFRS balance sheet	**-**	**(0.5)**	**(0.5)**	-	(0.5)	(0.5)
viii.b) Intangible as per the IFRS balance sheet	**-**	**-**	**-**	-	(0.3)	-
Include:						
ix) Fair value of fixed interest rate debt	**-**	**-**	**(35.0)**	-	-	(39.5)
x) Revalue of intangibles to fair value	**-**	**-**	**-**	-	-	-
xi) Real estate transfer tax	**-**	**-**	**-**	-	-	-
NAV	**2,350.0**	**2,207.8**	**2,111.1**	2,032.8	1,922.8	1,842.5
Fully diluted number of shares	**742.8**	**742.8**	**742.8**	675.3	675.3	675.3
NAV pence per share	**316.4**	**297.2**	**284.2**	301.0	284.7	272.8

[1] See Note 25 for an explanation of the prior year restatement