

19 November 2020

## **Grainger plc**

(“Grainger”, the “Group”, or the “Company”)

### **Full-year audited financial results Year ended 30 September 2020**

#### **Continued growth despite a challenging market**

- +16% growth in net rental income
- 97% average rent collection
- +3.0% like-for-like rental growth
- No employees furloughed
- No government financial support
- Dividend increased +5% on a per share basis

Grainger plc, the UK’s largest listed residential landlord with 8,941 operational rental homes and 8,950 in its pipeline, today announces its financial results for the year to 30 September 2020.

#### **Helen Gordon, Chief Executive, said:**

“We have continued to invest, grow and improve the business, while delivering strong results and attractive returns for our shareholders. This year has emphasised the importance of a good home like never before, and Grainger’s unrelenting focus on providing good quality, safe homes with great customer service, has proved as relevant as ever during these challenging times.

“We have continued to pursue our ESG commitments with enthusiasm through the year, including good progress toward our plan to achieve our target of net zero carbon in the operation of our buildings by 2030 and our community engagement plan underlining the importance the Grainger team places on delivering positive social value.

“Having successfully navigated the business through the political uncertainties at the start of the year, we faced the challenge of the Covid-19 pandemic determined to emerge stronger. Our strategy to respond by “innovating, communicating and improving” underpinned our strong performance for the year.

“Our in-house operating platform has proved its value, enabling us to continue to serve our customers and continue to let and sell properties in a Covid-secure manner, with minimal reliance on external third parties. Average occupancy for the year remained high at 95%, rent collection remained robust at 97% on average and we have continued to deliver rental growth. We delivered a strong sales performance, in line with last year, achieving prices at premiums to valuation.

“Throughout the year we continued to deliver and invest in high quality modern rental homes. We successfully progressed the lease up of Brook Place in Sheffield and launched Solstice Apartments in Milton Keynes and Millet Place in East London. In total, we launched 612 new rental homes this year. We successfully secured planning committee approval for our Waterloo scheme, our Besson Street scheme in partnership with Lewisham Borough Council, and for our Southall Sidings scheme through Connected Living London, our partnership with TfL. We also expanded our pipeline with six new schemes, representing over £400m of new investment and 1,475 new homes. We have the potential to more than double net rental income again through the schemes in our investment pipeline.

“In the first half of the financial year we successfully raised equity for our growth plans followed by a bond issue in the summer, and we enter our new financial year in a position of both financial and operational strength which will enable us to continue to deliver good quality, safe homes to a growing number of customers, as well as long term, attractive returns to shareholders.”

## Key financial headlines

### ▪ Resilient recurring rental income

The defensive quality of our portfolio has demonstrated its importance during the year, benefitting from mid-market pricing, attractive locations and great design, coupled with our fully integrated, in-house operating platform.

- Net rental income up +16% to £73.6m (FY19: £63.5m)
- +3.0% like-for-like rental growth<sup>1</sup> across our portfolio (FY19: 3.6%)
  - +2.5% in our PRS portfolio
  - +4.6% in our regulated tenancy portfolio
- Average rent collection for the year of 97% paid on time and 99% for the month of September
- Average occupancy for the year of 95%, with occupancy at the end of September at 91%
- Continued growth in dividend: +5% increase in proposed total dividend<sup>2</sup> of 5.47p per share (FY19: 5.19p)
- Robust sales performance delivers strong and consistent cashflow
  - Vacant sales delivered £65.9m of revenue (FY19: £77.2m) and £35.2m of profit (FY19: £38.8m)
  - Prices achieved were strong at 2.0% ahead of previous valuations
  - From our asset recycling programme, sales delivered £67.1m of revenue (FY19: £89.2m) and £26.8m of profit (FY19: £20.4m)
  - 67% of sales profit delivered in the second half of the year during the period of lockdown, a result of our swift action to ensure we could continue to transact safely
- Continued growth in our PRS pipeline
  - Six new schemes secured, adding £413m of additional new investment to our pipeline, and 1,475 new PRS homes
  - Total pipeline now £2.1bn and 8,950 new homes (secured £1,085m, planning & legals £429m and TfL £600m), which when complete has the potential to more than double our net rental income from c.£74m to c.£176m
  - Approaching completion of Apex Gardens in London and The Filaments in Manchester following slight delays over the summer owing to lockdown and social distancing on site
- Strong balance sheet and liquidity
  - Successful equity raise and bond issue, with strong investor backing for accelerating our strategy and new regional PRS investments
  - We are in a strong liquidity position with £650m of total available headroom, ensuring that we have enough funding capacity to finance our entire committed investment pipeline
  - Prudent LTV at 33.4% (FY19: 37.1%)
  - No debt maturities until November 2022, with a weighted average debt maturity of 6.6 years (FY19: 5.8 years)
  - Average cost of debt reduced to 3.1% (FY19: 3.2%)

## Financial Highlights

<b>Income return</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
Rental growth ( <i>like-for-like</i> ) <sup>1</sup>	3.6%	<b>3.0%</b>	(69) bps
<i>PRS rental growth (like-for-like)</i>	3.4%	<b>2.5%</b>	(88) bps
<i>Regulated tenancy rental growth (like-for-like)</i>	4.4%	<b>4.6%</b>	+21 bps
Net rental income ( <i>Note 5</i> )	£63.5m	<b>£73.6m</b>	+16%
Adjusted earnings ( <i>Note 2</i> )	£82.5m	<b>£81.8m</b>	(1)%
Profit before tax ( <i>Note 2</i> )	£131.3m	<b>£110.8m</b>	(16)%
Earnings per share (diluted) ( <i>Note 9</i> )	19.8p	<b>14.2p</b>	(28)%
Dividend per share ( <i>Note 10</i> ) <sup>2</sup>	5.19p	<b>5.47p</b>	+5%

<b>Capital return</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
EPRA NDV per share ( <i>Note 3</i> )	272p	<b>276p</b>	+1%
EPRA NTA per share ( <i>Note 3</i> )	278p	<b>285p</b>	+3%
Net debt	£1,097m	<b>£1,032m</b>	(6)%
Group LTV	37.1%	<b>33.4%</b>	(371) bps
Cost of debt (average)	3.2%	<b>3.1%</b>	(12) bps
Reversionary surplus	£302m	<b>£301m</b>	(0)%
Total Property Return <sup>3</sup>	5.0%	<b>5.4%</b>	40 bps
Total Accounting Return (NTA basis) ( <i>Note 3</i> )	3.7%	<b>3.6%</b>	(16) bps

## Secured pipeline

Total investment value	£1,085m
Total units	4,311 units
Total number of schemes	19
Total number of schemes under construction	12
Targeted net rental income	£54m
Targeted gross yield on cost (weighted average)	6.5%

## Planning & legal pipeline

Total investment value	£429m
Total units	1,639 units
Total number of schemes	7
Targeted net rental income	£20m
Targeted gross yield on cost (weighted average, estimate)	6.5%

## ESG benchmark performance

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FTSE4Good	94 <sup>th</sup> percentile & 11 <sup>th</sup> consecutive year
ISS ESG	Prime Rating
MSCI ESG	'AA'
Sustainalytics ESG Risk Rating	Low Risk
EPRA sBPR	Gold Award

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## ESG long-term commitments

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1. Net zero carbon of our buildings' operations by 2030
  2. Deliver enhanced investment decisions through incorporating ESG considerations
  3. Measure and deliver positive social value
  4. Diversity and inclusion: Ensure Grainger's workforce is reflective of society
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## Future reporting dates

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### 2021

AGM & Trading update	10 February
Half year results	13 May
Trading update	September
Full year results	18 November

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<sup>1</sup> Like-for-like rental growth is the change in gross rental income in a period as a result of tenant renewals or a change in tenant. It applies to changes in gross rents on a comparable basis and excludes the impact of acquisitions, disposals and changes resulting from refurbishments.

<sup>2</sup> Dividends - Subject to approval at the AGM, the final dividend of 3.64p per share (gross) amounting to £24.5m will be paid on 15 February 2021 to Shareholders on the register at the close of business on 29 December 2020. Shareholders will again be offered the option to participate in a dividend reinvestment plan and the last day for election is 25 January 2021. An interim dividend of 1.83p per share amounting to a total of £12.3m was paid to Shareholders on 3 July 2020.

<sup>3</sup> 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.

**-ENDS-**

### For further information:

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### Full year results presentation

Grainger plc will be holding a virtual webcast presentation of the Company's results at 9:30am (UK time) today, 19 November 2020 (details below).

A copy of the presentation slides will be available to download on Grainger's website (<https://corporate.graingerplc.co.uk>) from 9:00am (UK time).

**Webcast details:**

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

<https://webcasting.brrmedia.co.uk/broadcast/5f9967b04351411bdbe63237>

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

**Dial in details:**

Call: +44 (0)330 336 9411 or 0800 279 7204

Confirmation Code: 1129199

**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. These 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**

### **Delivering for all our stakeholders in unprecedented times**

Dear Shareholders

Grainger has delivered another year of strong performance and significant growth, demonstrating good progress and proving its resilience against a backdrop of economic uncertainty.

In February the Company raised additional funds from its Shareholders to fund faster growth. The equity raise was a great success and I would like to thank our Shareholders for their support. As a result, we entered this period of significant uncertainty with a very strong balance sheet, strong operating metrics and consequently we have continued to deliver for all our stakeholders.

As we approached lockdown in March the management team were taking significant action to ensure the safety of our employees and customers. Based on a robust analysis of the risks the business faced the Board took the decision to continue to support the growth strategy and the dividend policy agreed.

Throughout this period the Company chose not to use any of the Government's support schemes. It moved most of its people to working at home and started to deploy some of its technology investments to help deliver 'virtually'. The Board would like to thank all of our people, right across the Company, who rose to the challenge of working in this new way.

Being a landlord brings with it great responsibility, which is why health and safety has always been the highest priority for Grainger. The Board remains committed to best in class health and safety standards through the enhanced Live.Safe programme and is pleased that the Housing Minister and the Secretary of State have singled out Grainger for its work in leading the way on building design in relation to fire safety.

Last year the Board signed off on an ambitious set of long-term Environmental, Social and Governance commitments, and I'm pleased to say good progress has been made on a number of these. From a portfolio-wide study of the social value created by Grainger's buildings to the completion of a renewable energy procurement project and the integration of sustainability considerations into investment decision-making, ESG is firmly embedded across our business.

Grainger also recently joined members from Green Building Councils across the world in signing up to the Net Zero Carbon Buildings Commitment, which requires all buildings within our direct control to operate at net zero carbon by 2030.

The Board remains committed to having a diverse and inclusive organisation and we are pleased with the progress made this year with the establishment of Grainger's first Diversity & Inclusion network, which is already very active.

This year an external review of the Board's effectiveness was carried out and while there were a number of helpful recommendations that are covered in our Annual Report and Accounts, the conclusion of the review was that the Board is effective in the way that it works.

Following on from strong rental growth and a solid overall performance, I am pleased to announce a proposed final dividend of 3.64p per share. This equates to a total dividend for the year of 5.47p per share, a 5% increase on a per share basis compared to the prior year.

As we look ahead to 2021 and beyond, the business is well positioned. The foundations are solid, and the progress made this year will stand Grainger in good stead for the months and years ahead. Our pipeline will deliver a further 8,950 new high-quality homes and we will continue to build vibrant communities across the UK.

**Mark Clare**

Chairman

18 November 2020

## **Chief Executive's statement**

### **A good home has never been so important**

We have delivered a strong set of results and now have recurring net rental income at double that at the start of our strategy less than five years ago. Whilst our regulated tenancy business is now a smaller part of our business, we delivered sales profit in line with previous years.

This year more than ever I am pleased to report that your Company has had an unrelenting focus on providing good, safe homes and great customer service, as our residents have spent more time at home and we have been committed to serving them well. Grainger has proved resilient in the face of challenging times for many businesses and we have continued to invest, grow and improve.

In the first half of the financial year, against a backdrop of a political uncertainty, we pushed forward with our strategy for growth. We progressed the lease-up of our regional scheme at Brook Place in Sheffield which launched in September 2019. We launched Solstice Apartments in Milton Keynes in February 2020, followed by our scheme Millet Place at Pontoon Dock in July which is a joint venture with Local Pensions Partnership. In total, we successfully delivered 612 new rental homes this year.

We have delivered strong growth and our net rental income is up 16%. Our portfolio has proved resilient, with rent collection between 95-99%, which is considerably higher than the commercial real estate sectors. Like-for-like rental growth at 3.0% is lower than last year (FY19: 3.6%) but reflects the increased number of renewals at 2.5% as we have been focused on retaining customers. Our average occupancy was 95%.

The private rental market generally has seen higher levels of churn and pressure on rents and we have outperformed due to the quality of our assets, our mid-market position and importantly, the quality of our people and operating platform.

Our sales are broadly in line with last year. This is a good result bearing in mind the impact of election uncertainty and Brexit in the first half, and the Covid-19 pandemic and the closure of estate agents for a large part of the second half of our financial year.

Our sales team were creative and innovative during this time, establishing direct listings on Rightmove for properties and virtual and socially distanced viewings. It is important to point out that our sales are of older, vacant properties and therefore even at the height of the Covid-19 lockdown we were able to organise safe viewings and continue with sales.

67% of our sales profit this year was delivered in the second half of the financial year during the Covid-19 lockdown, evidencing that our sales have once again proved to be resilient even in challenging times.

### **A pipeline for growth**

In total, our existing PRS portfolio is valued at £1,696m, our secured pipeline is £1,085m and we have a further £429m in planning and legals, with our Transport for London (TfL) joint venture representing a further potential value of £600m. Our plans will see Grainger's portfolio of PRS homes double again in the next five years.

We have focused on regional high-performing cities. We were successful in securing schemes in Guildford, Birmingham, Cardiff and Nottingham. We also added to our London portfolio in Waterloo and in Canning Town to complement our Argo Apartments scheme, adding a total of 1,475 new homes to our pipeline for growth.

This exciting pipeline of new schemes was the foundation for an equity raise in February this year and this, together with our strong operational cash flows and careful management of cost, meant we went into the Covid-19 pandemic and lockdown with a strong and resilient balance sheet, the details of which you can find in the financial review.

Both quantity and quality of our pipeline for growth has improved. Recent events have not slowed our appetite for growth and we have continued to focus on acquisitions in our target cities. During this time

we have also continued to secure planning permissions for 784 new homes for our schemes in joint venture with the London Borough of Lewisham at Besson Street, and our joint venture with TfL at Southall and our Waterloo project redeveloping part of our current estate. We worked with local authorities to progress our schemes through the planning process using remote, online planning committee meetings.

We remain disciplined in assessing the future desirability of our homes in terms of specification, geography and scale and have undertaken over £67m of asset recycling, making the most of the resilience in investment values of the private rented sector market during this time.

We will continue to be rigorous in the analysis of our existing portfolio and new opportunities to ensure that we maintain the best quality portfolio to deliver enhanced Shareholder returns and good long-term rental homes.

### **The strength of our people**

The Grainger team has been remarkable during this year, demonstrating their enthusiasm for improving the way we care for our customers and homes. We have found new ways of working and harnessed new technology. As the Government was asking everyone to work from home where possible, the Grainger team responded with a clear strategy to **innovate**, **communicate** and **improve** the business during the Covid-19 lockdown.

In our innovation we found new ways of working. Harnessing our investment in technology meant that with the exception of cleaning, security and maintenance employees, as a business we went to 100% home-working in just three days, returning safely to the offices gradually from May. We used technology to organise sales and lettings and customer service. We communicated more with our customers and set up a 'buddy system' through our Resident Services team to establish how our customers were coping with the Covid-19 lockdown and whether we could do anything to support them. We also communicated with our suppliers, developers and contractors to ensure that their businesses were resilient.

In the first half of the year we undertook a comprehensive review of best practice with our Resident Services team and reworked over 300 separate activities which deliver excellent service to our customers. This was subsequently turned into an induction, training and continuous improvement manual and will be used to ensure consistently high standards as this business continues to grow.

I am proud of the level of support and engagement the Grainger team has shown this year. Internally, our employee engagement has improved across all areas of the business with scores on "giving something back" being particularly high.

This is one of the reasons we devised our Community Engagement plan which I describe later.

We have also used this year to refresh the Grainger values. Following extensive internal consultation we have evolved our values to ensure they align with the business we are today and that they represent all of our stakeholders. Our new values: • People at the heart, • Every home matters, • Leading the way and • Exceeding expectations, demonstrate our commitment to being a best in class landlord, employer and partner, whilst also reaffirming our ambitions to lead the UK private rented sector.

The Grainger team is leading the way in a new market. Our business model is designed to benefit from collaboration. Our leadership in this relatively new sector is supported by our innovation and creativity, and the collaboration between Grainger's in-house specialists is essential. It was for this reason that we started a detailed return to office planning at the end of April this year to make our offices Covid secure and available for employees from the end of May. The majority of our teams in London, Newcastle and Manchester started working on a rota basis from late July.

Our commitment to continue to invest in our workforce meant that we invested in several areas of their personal development. The Grainger Academy, which provides online and face to face learning, launched several new modules enabling anyone with spare capacity during the Covid-19 lockdown to spend time investing in their own personal development. We switched our Flexible Manager programme



online and launched a new initiative which flows from our talent management activities to invest in young leaders of the future in the business.

We continued to recruit into important roles during this time including our Chief Information Officer, our Head of Operations and Onboarding, our Head of Health and Safety, our Head of Research and our Head of Procurement. I make no apology for sharing with you a lot of detail about the quality and commitments and investment in the Grainger team. Their activities have and will continue to provide better customer service and enhanced returns for Shareholders.

## **Covid-19**

The second half of our financial year has been dominated by the Covid-19 pandemic.

The business successfully withstood these testing times and we did not furlough any employees nor did we seek any Government support, and we continue to pay a dividend. Shareholders were justifiably requesting more insight and understanding of the impact of Covid-19 on our business and we increased Shareholder engagement and moved both our half year presentation and our capital markets update to online presentations. We also undertook almost double the number of Shareholder meetings.

Our strategy to concentrate on strong recurring income from one of the most utilised real estate sectors and our strategy to concentrate on the mid-market has proved resilient as it protected Shareholder value.

As we went into the Covid-19 lockdown, we made considerable investment in responding to Government requests to evaluate how the various Government initiatives could help our residents.

Our rent collection and customer collection teams were able to guide residents through the help available. We wrote to our customers asking them to make contact if they had any financial worries or queries. Whilst this was an additional burden for the teams, it did ensure that we could help our vulnerable residents and we have maintained rent collections at above 95% since March with our September rent collection at 99%.

All of our development and contracting partners responded quickly to new forms of working to create a Covid secure environment, enabling the construction teams to continue. Delays have been held to a minimum on all but two schemes, where we delayed start on site in order to avoid starting the schemes at the height of the lockdown.

## **Government**

Grainger's leadership in the private rented sector, as well as my role as President of the British Property Federation (July 2019 to July 2020), enabled us increased access and engagement with Government at a time when they were concerned about the ability of renters to pay rent. The Government held meetings with us to discuss our concerns about increased support for renters, the ban on evictions and remedies for anti-social behaviour.

Our country's undersupply of good quality housing has been a key concern of governments over the last 25 years. Grainger's contribution to solving this problem by developing a high-quality, professionalised private rented sector has led to high levels of government engagement.

In the first half we saw a change of government and a new team at the Ministry of Housing, Communities and Local Government (MHCLG). We engaged with them on many aspects of Government policy. In addition to the Covid-19 response and supporting renters, we discussed topics such as health and safety, regulatory reform, the planning white paper and the impact of rent controls on the investment market. Whilst some European countries advocate rent control, in March the Secretary of State wrote to the Mayor of London setting out his reasoning why he would not support rent control and the detrimental impact it would have on investment in the housing market.

The Government also acknowledged our leadership in health and safety in the design of new homes.

## **Health and safety**

Grainger is the market leader with the largest operational PRS portfolio in the UK and we are determined that leadership should include a leadership in health and safety matters. It is essential that all Grainger residents feel safe in their home and all Grainger employees feel safe in their workplaces. Live.Safe is our internal health and safety cultural change programme which was launched in March 2019. This year we updated this to Live.Safe 2.0.

We commissioned an independent safety survey across the business in February and again in August and can see improvements across the whole business. We can also benchmark ourselves against other industries and real estate companies and we exceed our benchmark in six out of eight factors. Our commitment is strong to improving this further. We are harnessing technology to support our inspection, analysis, controls and compliance.

I am proud that the Housing Minister and Secretary of State have singled out Grainger for its work in leading the way on building design in relation to fire safety.

The investment we have made into health and safety in our new build projects will future-proof our homes; and our programme of improvements to our older schemes is underway, supported by a dedicated team.

## **Environmental**

Future-proofing our portfolio and protecting the environment is at the heart of our bold move to achieve net zero carbon operation in our buildings by 2030. This means we will improve our portfolio, harness new technologies and commission greener buildings.

The Company has taken major steps forward this year as we joined the UK Green Building Council and our Board approved our pathway to 2030. More details on our work can be found in our Annual Report and Accounts.

Our commitment to community engagement has also improved during the year. We undertook a comprehensive review of not only how we support and engage the communication in our buildings, but also in the wider communities. The whole business created a community blueprint of best practice for community engagement from the design and planning of our buildings through to settling our residents into the community and the powerful impact that can have on people's perceptions of home and citizenship.

## **Concluding remarks**

We have a strong business in a resilient sector. The PRS market is forecast to continue to grow significantly, and, as a market leader with a secured pipeline of over £1bn, we are particularly well placed for the future. Our continued growth this year despite the challenging conditions of Covid-19 pandemic proves the strengths of our strategy, operating platform and business model. By continuing to provide exceptional homes and exceptional service, we look forward to serving more customers and communities as well as providing growing returns for our Shareholders.

I would like to thank all the Grainger team for their outstanding effort in delivering this year's strong performance.

**Helen Gordon**  
Chief Executive  
18 November 2020

## **Financial review**

FY20 has been another year of good performance, benefiting from our strategic transition into the Private Rented Sector (PRS) and the strength of our in-house operating platform. Our business has performed well and proven resilient in a challenging market given the uncertainty from Brexit, a UK general election and the impact of the Covid-19 lockdown. Our performance has a greater alignment to the performance fundamentals of PRS which remain strong and are underpinned by an on-going undersupply of housing.

We continue to increase our proportion of earnings generated from net rental income. During the year we increased net rents by 16% further increasing the reliance on recurring rental income. We have also continued to sell well, with sales in line with the prior year. This performance has been driven by the strength of our in-house operating platform, our mid-market strategy, and the strength of our balance sheet.

Our balance sheet is strong with good liquidity to support our growth strategy. We raised £187m of equity in February and issued a £350m bond in July with good support from our investors and both offerings were oversubscribed multiple times. With significant headroom we are well placed to manage any near-term economic uncertainty and take advantage of the potential opportunities that present themselves in our market.

The resilience of our business is reflected in our ability to maintain our dividend policy and we continue to distribute 50% of our net rental income, and the proposed dividend for the year is 5.47p per share.

### ***Financial highlights***

<b>Income return</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
Rental growth (like-for-like)	3.6%	3.0%	(69) bps
Net rental income ( <i>Note 5</i> )	£63.5m	£73.6m	+16%
Adjusted earnings ( <i>Note 2</i> )	£82.5m	£81.8m	(1)%
Profit before tax ( <i>Note 2</i> )	£131.3m	£110.8m	(16)%
Earnings per share (diluted) ( <i>Note 9</i> )	19.8p	14.2p	(28)%
Adjusted EPRA earnings ( <i>Note 3</i> )	£28.8m	£26.1m	(9)%
Dividend per share ( <i>Note 10</i> )	5.19p	5.47p	+5%

<b>Capital return</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
EPRA NTA per share ( <i>Note 3</i> )	278p	285p	+3%
Net debt	£1,097m	£1,032m	(6)%
Group LTV	37.1%	33.4%	(371) bps
Cost of debt (average)	3.2%	3.1%	(12) bps
Reversionary surplus	£302m	£301m	(0)%
Total Property Return	5.0%	5.4%	40 bps
Total Accounting Return (NTA basis) ( <i>Note 3</i> )	3.7%	3.6%	(16) bps

## Income statement

We have continued to enhance the composition of our earnings with a further increase in the proportion of earnings derived from recurring net rental income which now represents 54% of our income. This transition is a key component of our strategy and recurring net rental income will grow further as our pipeline continues to deliver. Our continued focus on driving cost efficiency enables us to utilise the inherent operational leverage in our business as we continue to manage our costs and invest in technology to further support this position.

Adjusted earnings decreased marginally by 1% to £81.8m (FY19: £82.5m) with the increase in net rental income offset by lower development profits of £4.2m (FY19: £7.4m) as we conclude our development for sale activity and focus our development activity on our PRS investment pipeline.

<b>Income statement (£m)</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
Net rental income	63.5	73.6	+16%
Profit on sale of assets – residential	60.4	59.4	(2)%
Profit on sale of assets – development	7.4	4.2	(43)%
CHARM income ( <i>Note 15</i> )	5.5	5.1	(7)%
Management fees	4.4	3.5	(20)%
Overheads	(28.0)	(28.7)	+2%
Pre-contract costs	(0.6)	(0.6)	+0%
Joint ventures and associates	2.0	(0.7)	(135)%
Net finance costs	(32.1)	(34.0)	+6%
<b>Adjusted earnings</b>	<b>82.5</b>	<b>81.8</b>	<b>(1)%</b>
Valuation movements	66.4	29.7	(55)%
Derivative movements	(0.5)	-	(100)%
Other adjustments	(17.1)	(0.7)	(96)%
<b>Profit before tax</b>	<b>131.3</b>	<b>110.8</b>	<b>(16)%</b>

## Rental income

Net rental income increased by 16% to £73.6m (FY19: £63.5m) with £12.0m delivered from PRS investment and £1.5m from rental growth offset by a reduction of £3.4m from asset disposals as part of our asset recycling programme and the natural vacancy in our regulated portfolio. Our gross to net operating cost ratio continues to improve as we grow the business, with our stabilised portfolio at 25.0% (FY19: 25.2%) and our overall ratio at 25.9% (FY19: 26.1%) which includes our new developments.

Despite the challenging market conditions, our like-for-like rental growth remained resilient at 3.0% (FY19: 3.6%) with 2.5% rental growth in our PRS portfolio (FY19: 3.4%) and 4.6% in our regulated tenancy portfolio (FY19: 4.4%), with positive growth across all regions. Rent collections have remained consistently high at an average of 97% paid on time over the year and 99% in the month of September, demonstrating the strength of our in-house operations and customer relationships.

	<b>£m</b>
<b>FY19 Net rental income</b>	<b>63.5</b>
Disposals	(3.4)
PRS investment	12.0
Rental growth	1.5
<b>FY20 Net rental income</b>	<b>73.6</b>
YoY growth	+16%

## **Sales**

Sales profits remained resilient despite the impact on the wider housing market from Brexit, the general election and the Covid-19 lockdown. We delivered £63.6m of sales profit (FY19: £67.8m) with the profit relating to residential sales broadly in line with the prior year and a decrease in development as we conclude our development for sale activity. Our sales activity continues to provide strong cash generation to fund further investment in our PRS investment pipeline.

### ***Residential sales***

Our residential sales continued to deliver a strong and consistent cash flow despite the challenges of the market. Over the year we continued to sell well with both volumes and pricing in line with our expectation at the start of the year. This strong performance was a result of the actions we have taken to enable the sales process to continue throughout the Covid-19 lockdown through selling vacant properties safely, leveraging direct marketing, virtual viewings and a reconfigured sales process to ensure minimal disruption.

Vacant property sales remained robust delivering £65.9m of revenue (FY19: £77.2m) and £35.2m of profit (FY19: £38.8m). The annualised vacancy rate within our regulated tenancy portfolio was 6.4%. The prices achieved were strong with the sales prices 2.0% ahead of previous valuations on average and a sales transaction velocity (keys to cash) of 120 days (FY19: 111 days). This again demonstrates the resilience of returns generated by our regulated portfolio throughout the economic cycle. Sales of tenanted and other properties delivered £72.8m of revenue (FY19: £97.3m) and £24.2m of profit (FY19: £21.6m).

### ***Development activity***

Development for sale activity generated £4.2m of profit, 43% below the prior year (FY19: £7.4m) as we shift our development focus to our PRS investment assets where gains are accounted for through the balance sheet.

<b>Sales (£m)</b>	<b>FY19</b>		<b>FY20</b>	
	<b>Revenue</b>	<b>Profit</b>	<b>Revenue</b>	<b>Profit</b>
Residential sales on vacancy	77.2	38.8	65.9	35.2
Tenanted and other sales	97.3	21.6	72.8	24.2
<b>Residential sales total</b>	<b>174.5</b>	<b>60.4</b>	<b>138.7</b>	<b>59.4</b>
Development activity	18.6	7.4	5.4	4.2
<b>Overall sales</b>	<b>193.1</b>	<b>67.8</b>	<b>144.1</b>	<b>63.6</b>

## Overheads

Maintaining an efficient operating platform is a key business objective with an inflationary increase in FY20 to £28.7m (FY19: £28.0m). Despite a significant increase in the size of our business over recent years our overheads are positioned for growth and have remained flat as the benefits of scale feed directly into increased earnings.

## Joint ventures

Income from joint ventures and associates decreased to £(0.7)m loss (FY19: £2.0m profit) which reflects our share of pre-planning costs in the development phases, whilst the prior year benefitted from three months of profit from GRIP, our co-investment vehicle with APG, prior to our acquisition.

Profit before tax is below the previous year as a result of lower levels of valuation uplift on our investment assets.

## Balance sheet

Our balance sheet is in a strong position with significant headroom to support the further growth in our PRS portfolio. Our PRS portfolio now makes up 63% of our overall asset base with this proportion set to grow as our pipeline continues to deliver.

<b>Market value balance sheet (£m)</b>	<b>FY19</b>	<b>FY20</b>
Residential – PRS	1,526	1,624
Residential – regulated tenancies	1,017	968
Residential – mortgages (CHARM)	76	73
Forward Funded – PRS work in progress	160	231
Development work in progress	120	147
Investment in JVs/associates	33	42
<b>Total investments</b>	<b>2,932</b>	<b>3,085</b>
Net debt	(1,097)	(1,032)
Other liabilities	(14)	-
<b>EPRA NRV</b>	<b>1,821</b>	<b>2,053</b>
Deferred and contingent tax – trading assets	(102)	(109)
Exclude: intangible assets	(11)	(23)
<b>EPRA NTA</b>	<b>1,708</b>	<b>1,921</b>
Add back: intangible assets	11	23
Deferred and contingent tax – investment assets	(19)	(24)
Fair value of fixed rate debt and derivatives	(34)	(57)
<b>EPRA NDV</b>	<b>1,666</b>	<b>1,863</b>

EPRA NRV pence per share	297	304
<b>EPRA NTA pence per share</b>	<b>278</b>	<b>285</b>
EPRA NDV pence per share	272	276
<hr/>		
<b>Reversionary surplus (excluded from NAV - £m)</b>	<b>302</b>	<b>301</b>
<b>Reversionary surplus (pence per share)</b>	<b>49</b>	<b>45</b>
<hr/>		

The EPRA NAV measures exclude the reversionary surplus in our portfolio which stands at £301m. This represents the difference between the market value of our assets used in our balance sheet and the value we could realise if they became vacant.

EPRA Net Tangible Assets (NTA) is the most relevant NAV measure for our business as it reflects the tax that will crystallise on our trading portfolio, whilst excluding the mark to market movements on fixed rate debt and derivatives which are unlikely to be realised. The table below shows how EPRA NTA has grown during the year.

#### **EPRA NTA movement**

	<b>£m</b>	<b>Pence per share</b>
<b>EPRA NTA at 30 September 2019</b>	<b>1,708</b>	<b>278</b>
Adjusted earnings	82	12
Valuations (trading & investment property)	68	10
Disposals (trading assets)	(53)	(8)
Tax (current, deferred & contingent)	(22)	(3)
Dividends	(34)	(5)
Intangible assets	(12)	(1)
Equity placing	183	2
<b>EPRA NTA at 30 September 2020</b>	<b>1,920</b>	<b>285</b>

EPRA NTA increased by 3% during the year to 285p per share (FY19: 278p per share). The growth has been delivered through 10pps valuation growth, 4pps increase through earnings and sales profits above the market valuation, offset by tax and dividend payments. The investment in our CONNECT technology platform is excluded from EPRA NTA.

#### **Property portfolio performance**

Our portfolio delivered valuation growth of 3.1% despite the uncertain market backdrop. Our stabilised PRS portfolio increased by 2.5% and regulated portfolio at 4.0%, with positive growth across all regions. The valuation movements reflect differing valuation methodologies across our portfolio with our regulated portfolio valued on a discount to vacant possession value, whereas the majority of our PRS valuations are based upon a net rent and yield basis meaning rental growth is the key driver of valuation growth.

## **Financing and capital structure**

Our capital structure is in the strongest position it has been in for a number of years as we have executed our funding strategy to diversify our lending sources and align our assets and liabilities. Following the equity raise and bond issue during this financial year, our LTV now stands at 33.4% (FY19: 37.1%), our average cost of debt in the year was down to 3.1% (FY19: 3.2%), and an increased weighted average debt maturity of 6.6 years (FY19: 5.8 years).

Net debt decreased from £1,097m to £1,032m. In addition to the equity raise and bond issue, we generated £104m of operating cash flow and £67m proceeds from asset recycling and invested £224m into our pipeline and property portfolio, which were the key movements in the year.

Following our £350m bond issue in July we now have no debt maturities until November 2022.

Our liquidity position is strong with £650m of total available headroom, ensuring that we have enough funding capacity to finance our entire committed investment pipeline comfortably within our target LTV range. This low risk approach to balance sheet management was reflected in S&P reiterating our credit rating and outlook statement in May at a time of particular uncertainty as a result of the Covid-19 lockdown.

	<b>FY19</b>	<b>FY20</b>
Net debt	£1,097m	£1,032m
Loan to value	37.1%	33.4%
Cost of debt	3.2%	3.1%
Incremental cost of debt	1.7%	1.6%
Headroom	£430m	£650m
Weighted average facility maturity (years)	5.8	6.6
Hedging	98%	100%

## **Summary and outlook**

Our strategic transition to a PRS focused business was rooted in the compelling, resilient, low risk returns that we believed we could generate, and the long-term supply-demand imbalance in rental housing that underpins this investment case remains as relevant as ever. In a year where the market experienced challenging events our business model continued to deliver a strong performance.

Whilst there may be some near-term economic challenges ahead, the fundamentals of our business remain in very good shape. Our strong balance sheet ensures that we will be well placed to optimise on the market opportunity and continue to grow our business.

**Vanessa Simms**  
Chief Financial Officer  
18 November 2020



## Consolidated income statement

For the year ended 30 September	Notes	2020 £m	2019 £m
<b>Group revenue</b>	4	<b>214.0</b>	222.8
Net rental income	5	<b>73.6</b>	63.5
Profit on disposal of trading property	6	<b>61.6</b>	66.6
Profit on disposal of investment property	7	<b>2.3</b>	1.9
Income from financial interest in property assets	15	<b>5.2</b>	4.2
Fees and other income	8	<b>7.5</b>	4.4
Administrative expenses		<b>(28.7)</b>	(28.0)
Other expenses		<b>(2.4)</b>	(4.4)
Impairment of goodwill	25	-	(12.7)
Impairment of inventories to net realisable value	12	<b>(0.7)</b>	(0.4)
Reversal of impairment of joint venture	14	-	9.8
<b>Operating profit</b>		<b>118.4</b>	104.9
Net valuation gains on investment property	11	<b>29.8</b>	57.5
Change in fair value of derivatives		<b>(1.4)</b>	(0.4)
Finance costs		<b>(34.9)</b>	(32.8)
Finance income		<b>0.4</b>	0.3
Share of profit of associates after tax	13	<b>0.1</b>	0.4
Share of (loss)/profit of joint ventures after tax	14	<b>(1.6)</b>	1.4
<b>Profit before tax</b>	2	<b>110.8</b>	131.3
Tax charge	20	<b>(18.0)</b>	(16.4)
<b>Profit for the year attributable to the owners of the Company</b>		<b>92.8</b>	114.9
<b>Basic earnings per share</b>	9	<b>14.3p</b>	19.9p
<b>Diluted earnings per share</b>	9	<b>14.2p</b>	19.8p

## Consolidated statement of comprehensive income

		2020	2019
For the year ended 30 September	Notes	£m	£m
<b>Profit for the year</b>	2	<b>92.8</b>	114.9
<i>Items that will not be transferred to the consolidated income statement:</i>			
Actuarial loss on BPT Limited defined benefit pension scheme	21	<b>(1.2)</b>	(3.2)
<i>Items that may be or are reclassified to the consolidated income statement:</i>			
Changes in fair value of cash flow hedges		<b>(3.3)</b>	(17.8)
<b>Other comprehensive income and expense for the year before tax</b>		<b>(4.5)</b>	(21.0)
<i>Tax relating to components of other comprehensive income:</i>			
Tax relating to items that will not be transferred to the consolidated income statement	20	<b>0.3</b>	0.6
Tax relating to items that may be or are reclassified to the consolidated income statement	20	<b>1.0</b>	3.0
<b>Total tax relating to components of other comprehensive income</b>		<b>1.3</b>	3.6
<b>Other comprehensive income and expense for the year after tax</b>		<b>(3.2)</b>	(17.4)
<b>Total comprehensive income and expense for the year attributable to the owners of the Company</b>		<b>89.6</b>	97.5

## Consolidated statement of financial position

As at 30 September	Notes	2020 £m	2019 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	11	1,778.9	1,574.6
Property, plant and equipment		2.0	0.3
Investment in associates	13	14.7	11.7
Investment in joint ventures	14	27.3	21.6
Financial interest in property assets	15	73.3	76.4
Deferred tax assets	20	7.8	5.6
Intangible assets	16	22.5	11.2
		<b>1,926.5</b>	1,701.4
<b>Current assets</b>			
Inventories – trading property	12	657.4	700.0
Trade and other receivables	17	31.3	40.5
Current tax assets		6.4	-
Cash and cash equivalents		369.1	189.3
		<b>1,064.2</b>	929.8
<b>Total assets</b>		<b>2,990.7</b>	2,631.2
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	19	1,391.9	1,176.8
Trade and other payables	18	1.3	-
Retirement benefits	21	2.4	1.7
Provisions for other liabilities and charges		1.2	1.2
Deferred tax liabilities	20	36.7	32.7
		<b>1,433.5</b>	1,212.4
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	19	-	100.0
Trade and other payables	18	73.3	73.6
Provisions for other liabilities and charges		0.3	0.4
Current tax liabilities		-	4.0
Derivative financial instruments	19	20.6	17.3
		<b>94.2</b>	195.3
<b>Total liabilities</b>		<b>1,527.7</b>	1,407.7
<b>NET ASSETS</b>		<b>1,463.0</b>	1,223.5
<b>EQUITY</b>			
Issued share capital		33.8	30.7
Share premium account		616.3	436.5
Merger reserve		20.1	20.1
Capital redemption reserve		0.3	0.3
Cash flow hedge reserve		(16.6)	(14.3)
Retained earnings		809.1	750.2
<b>TOTAL EQUITY</b>		<b>1,463.0</b>	1,223.5

## 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	Available- for-sale reserve £m	Retained earnings £m	Non- controlling interests £m	Total equity £m
<b>Balance as at</b>										
<b>1 October 2018</b>		20.9	111.4	20.1	0.3	0.5	6.0	656.4	-	815.6
Profit for the year	2	-	-	-	-	-	-	114.9	-	114.9
Other comprehensive loss for the year		-	-	-	-	(14.8)	-	(2.6)	-	(17.4)
Total comprehensive income		-	-	-	-	(14.8)	-	112.3	-	97.5
Issue of share capital	24	9.8	324.8	-	-	-	-	-	-	334.6
Award of SAYE shares		-	0.3	-	-	-	-	-	-	0.3
Purchase of own shares		-	-	-	-	-	-	(1.0)	-	(1.0)
Share-based payments charge	22	-	-	-	-	-	-	1.7	-	1.7
Dividends paid		-	-	-	-	-	-	(25.2)	-	(25.2)
Fair value of non-controlling interest acquired through business combination	25	-	-	-	-	-	-	-	3.1	3.1
Acquisition of non-controlling interest	25	-	-	-	-	-	-	-	(3.1)	(3.1)
Transfer of available-for-sale reserve		-	-	-	-	-	(6.0)	6.0	-	-
Total transactions with owners recorded directly in equity		9.8	325.1	-	-	-	(6.0)	(18.5)	-	310.4
<b>Balance as at</b>										
<b>30 September 2019</b>		30.7	436.5	20.1	0.3	(14.3)	-	750.2	-	1,223.5
Profit for the year	2	-	-	-	-	-	-	92.8	-	92.8
Other comprehensive loss for the year		-	-	-	-	(2.3)	-	(0.9)	-	(3.2)
Total comprehensive income		-	-	-	-	(2.3)	-	91.9	-	89.6
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
<b>Balance as at</b>										
<b>30 September 2020</b>		33.8	616.3	20.1	0.3	(16.6)	-	809.1	-	1,463.0

## Consolidated statement of cash flows

For the year ended 30 September	Notes	2020 £m	2019 £m
<b>Cash flow from operating activities</b>			
Profit for the year	2	92.8	114.9
Depreciation and amortisation		1.5	1.5
Impairment of goodwill	25	-	12.7
Net valuation gains on investment property	11	(29.8)	(57.5)
Net finance costs		34.5	32.5
Share of loss/(profit) of associates and joint ventures	13, 14	1.5	(1.8)
Profit on disposal of investment property	7	(2.3)	(1.9)
Share-based payment charge	22	1.1	1.7
Change in fair value of derivatives		1.4	0.4
Reversal of impairment of joint venture	14	-	(9.8)
Income from financial interest in property assets	15	(5.2)	(4.2)
Tax	20	18.0	16.4
Cash generated from operating activities before changes in working capital		113.5	104.9
Decrease in trade and other receivables		9.7	110.5
Increase/(decrease) in trade and other payables		3.8	(2.7)
Decrease in provisions for liabilities and charges		(0.1)	(0.7)
Decrease in inventories		29.5	27.8
Cash generated from operating activities		156.4	239.8
Interest paid		(37.4)	(37.1)
Tax paid		(25.4)	(18.0)
Payments to defined benefit pension scheme	21	(0.5)	(0.6)
Net cash inflow from operating activities		93.1	184.1
<b>Cash flow from investing activities</b>			
Acquisition of subsidiary net of cash acquired	25	-	(350.9)
Acquisition of non-controlling interest	25	-	(3.1)
Proceeds from sale of investment property	7	36.2	59.4
Proceeds from financial interest in property assets	15	8.3	10.0
Investment in joint ventures	14	(5.5)	(2.9)
Loans advanced to associates and joint ventures	13, 14	(4.7)	(6.7)
Loans repaid by associates and joint ventures	13, 14	-	5.7
Acquisition of investment property	11	(195.3)	(212.6)
Acquisition of property, plant and equipment and intangible assets		(12.3)	(7.9)
Net cash outflow from investing activities		(173.3)	(509.0)
<b>Cash flow from financing activities</b>			
Net proceeds from issue of share capital	24	182.5	334.6
Award of SAYE shares		0.4	0.3
Purchase of own shares		(0.1)	(1.0)
Proceeds from new borrowings		697.0	430.2
Payment of loan costs		(4.9)	(4.3)
Settlement of derivative contracts		(1.4)	-
Repayment of borrowings		(580.0)	(329.7)
Dividends paid		(33.5)	(25.2)
Net cash inflow from financing activities		260.0	404.9
<b>Net increase in cash and cash equivalents</b>		<b>179.8</b>	<b>80.0</b>
Cash and cash equivalents at the beginning of the year		189.3	109.3
<b>Cash and cash equivalents at the end of the year</b>		<b>369.1</b>	<b>189.3</b>

## Notes to the preliminary financial results

### 1. Accounting policies

#### 1a Basis of preparation

The board approved this preliminary announcement on 18 November 2020. The financial information included in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 30 September 2019 or 30 September 2020. Statutory accounts for the year ended 30 September 2019 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 September 2020 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 2020 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 2020.

The financial information included in this preliminary announcement has been prepared in accordance with EU endorsed International Financial Standards ('EU IFRS'), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under EU IFRS.

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

##### New standards and interpretations in the year

The following new standards, amendments to standards and interpretations issued in the year were effective for the Group from 1 October 2019. The most significant of these, and the impact on the Group's accounting, are set out below:

**IFRS 16 Leases** - IFRS 16 replaces IAS 17 Leases and is effective for the Group from 1 October 2019. As a lessor, the Group's position is substantially unchanged. As a lessee of office space, the asset and corresponding lease liability are now presented in the statement of financial position and in the notes to the financial statements.

On 1 October 2019, the Group recognised property, plant and equipment of £2.2m and a corresponding lease liability of £3.2m, with an adjustment to retained earnings on transition.

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

#### 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.

## Notes to the preliminary financial results continued

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 2020 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	Reversionary	Other	Total	Valuer	% of properties for which external valuer provides valuation
	£m	£m	£m	£m		
Trading property	112.2	500.6	44.6	657.4		
Investment property	1,755.9	23.0	-	1,778.9		
Financial asset (CHARM)	-	73.3	-	73.3		
<b>Total statutory book value</b>	<b>1,868.1</b>	<b>596.9</b>	<b>44.6</b>	<b>2,509.6</b>		
<b>Trading property</b>						
Residential	201.9	944.3	-	1,146.2	Allsop LLP	79%
Developments	-	-	44.6	44.6	CBRE Limited	87%
<b>Total trading property</b>	<b>201.9</b>	<b>944.3</b>	<b>44.6</b>	<b>1,190.8</b>		
<b>Investment property</b>						
					Allsop LLP /	
Residential	752.8	23.0	-	775.8	CBRE Limited	100%
Developments	102.9	-	-	102.9	CBRE Limited	100%
New build PRS	636.4	-	-	636.4	CBRE Limited	100%
Affordable housing	136.6	-	-	136.6	Allsop LLP	100%
Tricomm housing	127.2	-	-	127.2	Allsop LLP	100%
<b>Total investment property</b>	<b>1,755.9</b>	<b>23.0</b>	<b>-</b>	<b>1,778.9</b>		
Financial asset (CHARM) <sup>1</sup>	-	73.3	-	73.3	Allsop LLP	
<b>Total assets at market value</b>	<b>1,957.8</b>	<b>1,040.6</b>	<b>44.6</b>	<b>3,043.0</b>		
Statutory book value	1,868.1	596.9	44.6	2,509.6		
Market value adjustment <sup>2</sup>	89.7	443.7	-	533.4		
<b>Total assets at market value</b>	<b>1,957.8</b>	<b>1,040.6</b>	<b>44.6</b>	<b>3,043.0</b>		
Net revaluation gain recognised in the income statement for wholly-owned properties	29.8	-	-	29.8		
Net revaluation gain relating to joint ventures and associates <sup>3</sup>	0.2	-	-	0.2		
<b>Net revaluation gain recognised in the year<sup>3</sup></b>	<b>30.0</b>	<b>-</b>	<b>-</b>	<b>30.0</b>		

<sup>1</sup> Allsop provides vacant possession values used by the Directors to value the financial asset.

<sup>2</sup> 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.

<sup>3</sup> Includes the Group's share of joint ventures and associates revaluation gain after tax.

## 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.

## Notes to the preliminary financial results continued

### 1d Group risk factors

The principal risks and uncertainties facing the Group are set out in the Risk Management report of the 2020 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 2020 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 is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 30 September 2020.

In making the going concern assessment, the Directors have considered the Group's principal risks and their impact on financial performance. The Directors have assessed the future funding commitments of the Group and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, severe sensitivities have been applied to the key factors affecting financial performance for the Group.

The going concern assessment is based on the first 24 months of the Group's viability model, which is based on a severe downside scenario including the anticipated impact of Covid-19, reflecting the following key assumptions:

- Sustained reduction in rental levels of 3% per annum
- Reduction in property valuations of 3% per annum, driven by either yield expansion or house price deflation
- 10% development cost inflation
- Operating cost inflation of 10% per annum
- Increase in finance costs of between 1.25% and 2%

No new financing is assumed in the assessment period, but existing facilities are assumed to remain available. Throughout this severe downside scenario, the Group has sufficient cash reserves, with the loan-to-value covenant remaining less than 51% and interest cover above 2.4x, for a period of at least 12 months from the date of authorisation of the financial statements.

The Directors have also considered an extreme downside scenario, including the following key assumptions:

- Sustained reduction in rental levels of 5% per annum
- Significant reduction in property valuations of 10% per annum
- 15% development and operating cost inflation
- Increase in finance costs of between 1.25% and 2%

Even in this extreme downside scenario and without the need for further financing, the Group has sufficient cash reserves with the loan-to-value covenant remaining less than 58% and interest cover above 2.2x, for a period of at least 12 months from the date of authorisation of the financial statements.

Based on these considerations, together with available market information and the Directors experience of the Group's property portfolio and markets, the Directors have continue to adopt the going concern basis in preparing the accounts for the year ended 30 September 2020.



## Notes to the preliminary financial results continued

### 1f Forward-looking statements

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.

£m	2020				2019			
	Statutory	Valuation	Other adjustments	Adjusted earnings	Statutory	Valuation	Other adjustments	Adjusted earnings
<b>Group revenue</b>	<b>214.0</b>	-	<b>(4.0)</b>	<b>210.0</b>	222.8	-	-	222.8
Net rental income	73.6	-	-	73.6	63.5	-	-	63.5
Profit on disposal of trading property	61.6	(0.3)	-	61.3	66.6	(0.7)	-	65.9
Profit on disposal of investment property	2.3	-	-	2.3	1.9	-	-	1.9
Income from financial interest in property assets	5.2	(0.1)	-	5.1	4.2	1.3	-	5.5
Fees and other income	7.5	-	(4.0)	3.5	4.4	-	-	4.4
Administrative expenses	(28.7)	-	-	(28.7)	(28.0)	-	-	(28.0)
Other expenses	(2.4)	-	1.8	(0.6)	(4.4)	-	3.8	(0.6)
Impairment of goodwill	-	-	-	-	(12.7)	-	12.7	-
Impairment of inventories to net realisable value	(0.7)	0.7	-	-	(0.4)	0.4	-	-
Reversal of impairment of joint venture	-	-	-	-	9.8	(9.8)	-	-
<b>Operating profit</b>	<b>118.4</b>	<b>0.3</b>	<b>(2.2)</b>	<b>116.5</b>	104.9	(8.8)	16.5	112.6
Net valuation gains on investment property	29.8	(29.8)	-	-	57.5	(57.5)	-	-
Change in fair value of derivatives	(1.4)	-	1.4	-	(0.4)	0.2	0.2	-
Finance costs	(34.9)	-	0.5	(34.4)	(32.8)	-	0.4	(32.4)
Finance income	0.4	-	-	0.4	0.3	-	-	0.3
Share of profit of associates after tax	0.1	(0.2)	-	(0.1)	0.4	0.2	-	0.6
Share of (loss)/profit of joint ventures after tax	(1.6)	-	1.0	(0.6)	1.4	-	-	1.4
<b>Profit before tax</b>	<b>110.8</b>	<b>(29.7)</b>	<b>0.7</b>	<b>81.8</b>	131.3	(65.9)	17.1	82.5
Tax charge	(18.0)	-	-	-	(16.4)	-	-	-
<b>Profit for the year attributable to the owners of the Company</b>	<b>92.8</b>	-	-	-	114.9	-	-	-
<b>Diluted adjusted earnings per share</b>	-	-	-	<b>10.2p</b>	-	-	-	11.5p

## Notes to the preliminary financial results continued

Profit before tax in the adjusted columns above of £81.8m (2019: £82.5m) is the adjusted earnings of the Group. Adjusted earnings per share assumes tax of £15.5m (2019: £15.7m) in line with the standard rate of UK corporation tax of 19.0% (2019: 19.0%), divided by the weighted average number of shares as shown in Note 9. The Group's IFRS statutory earnings per share are 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. The net £0.7m cost within other adjustments in 2020 comprises £2.7m income relating to historic non-core business, offset by £2.4m costs related to refinancing activity and £1.0m restructuring costs. In 2019, other adjustments primarily related to the acquisition of GRIP, comprising £12.7m goodwill written off and £3.6m transaction costs relating to acquisition, restructuring and refinancing costs, as well as £0.8m costs in relation to the successful Tfl joint venture bid.

### 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

### 2020 Income statement

£m	PRS	Reversionary	Other	Total
<b>Group revenue</b>	<b>77.9</b>	<b>128.4</b>	<b>3.7</b>	<b>210.0</b>
<b>Segment revenue – external</b>				
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 loss of joint ventures and associates after tax	(0.5)	-	(0.2)	(0.7)
<b>Adjusted earnings</b>	<b>35.6</b>	<b>70.8</b>	<b>(24.6)</b>	<b>81.8</b>
Valuation movements				29.7
Other adjustments				(0.7)
<b>Profit before tax</b>				<b>110.8</b>

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	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)
<b>Adjusted EPRA earnings</b>	<b>33.6</b>	<b>17.1</b>	<b>(24.6)</b>	<b>26.1</b>

### 2019 Income statement

£m	PRS	Reversionary	Other	Total
<b>Group revenue</b>				
<b>Segment revenue – external</b>	<b>67.9</b>	<b>134.1</b>	<b>20.8</b>	<b>222.8</b>
Net rental income	42.6	20.6	0.3	63.5
Profit on disposal of trading property	1.6	56.9	7.4	65.9
Profit on disposal of investment property	1.9	-	-	1.9
Income from financial interest in property assets	-	5.5	-	5.5
Fees and other income	2.1	0.1	2.2	4.4
Administrative expenses	-	-	(28.0)	(28.0)
Other expenses	(0.6)	-	-	(0.6)
Net finance costs	(19.4)	(11.9)	(0.8)	(32.1)
Share of trading profit of joint ventures and associates after tax	0.7	-	1.3	2.0
<b>Adjusted earnings</b>	<b>28.9</b>	<b>71.2</b>	<b>(17.6)</b>	<b>82.5</b>
Valuation movements				65.9
Other adjustments				(17.1)
<b>Profit before tax</b>				<b>131.3</b>

## 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	28.9	71.2	(17.6)	82.5
Profit on disposal of investment property	(1.9)	-	-	(1.9)
Previously recognised profit through EPRA market value measures	-	(51.8)	-	(51.8)
<b>Adjusted EPRA earnings</b>	<b>27.0</b>	<b>19.4</b>	<b>(17.6)</b>	<b>28.8</b>

### Segmental assets

The principal 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 3.6% is calculated from the closing EPRA NTA of 285p per share plus the dividend of 5.47p per share for the year, divided by the opening EPRA NTA of 280p per share, which has been adjusted for the February 2020 equity raise.

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

### 2020 Segment net assets

£m	PRS	Reversionary	Other	Total	Pence per share
Total segment net assets (statutory)	<b>1,169.6</b>	<b>252.0</b>	<b>41.4</b>	<b>1,463.0</b>	<b>217</b>
Total segment net assets (EPRA NRV)	<b>1,291.2</b>	<b>696.1</b>	<b>65.5</b>	<b>2,052.8</b>	<b>304</b>
Total segment net assets (EPRA NTA)	<b>1,266.8</b>	<b>611.4</b>	<b>42.9</b>	<b>1,921.1</b>	<b>285</b>
Total segment net assets (EPRA NDV)	<b>1,242.3</b>	<b>611.4</b>	<b>8.8</b>	<b>1,862.5</b>	<b>276</b>

## Notes to the preliminary financial results continued

### 2020 Reconciliation of EPRA NAV measures

£m	Statutory balance sheet	Adjustments to market value, deferred tax and derivatives	EPRA NRV balance sheet	Adjustments to deferred and contingent tax and intangibles	EPRA NTA balance sheet	Adjustments to derivatives, fixed rate debt and intangibles	EPRA NDV balance sheet
Investment property	1,778.9	-	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	70.0	3.5	73.5	(22.5)	51.0	35.2	86.2
<b>Total assets</b>	<b>2,990.7</b>	<b>536.9</b>	<b>3,527.6</b>	<b>(22.5)</b>	<b>3,505.1</b>	<b>35.2</b>	<b>3,540.3</b>
Interest-bearing loans and borrowings	(1,391.9)	-	(1,391.9)	-	(1,391.9)	(48.7)	(1,440.6)
Deferred and contingent tax liabilities	(36.7)	32.3	(4.4)	(109.2)	(113.6)	(24.5)	(138.1)
Other liabilities	(99.1)	20.6	(78.5)	-	(78.5)	(20.6)	(99.1)
<b>Total liabilities</b>	<b>(1,527.7)</b>	<b>52.9</b>	<b>(1,474.8)</b>	<b>(109.2)</b>	<b>(1,584.0)</b>	<b>(93.8)</b>	<b>(1,677.8)</b>
<b>Net assets</b>	<b>1,463.0</b>	<b>589.8</b>	<b>2,052.8</b>	<b>(131.7)</b>	<b>1,921.1</b>	<b>(58.6)</b>	<b>1,862.5</b>

### 2019 Segment net assets

£m	PRS	Reversionary	Other	Total	Pence per share
Total segment net assets (statutory)	979.3	224.5	19.7	1,223.5	199
Total segment net assets (EPRA NRV)	1,090.4	689.9	40.6	1,820.9	297
Total segment net assets (EPRA NTA)	1,068.2	610.5	29.4	1,708.1	278
Total segment net assets (EPRA NDV)	1,048.8	610.5	6.4	1,665.7	272

## Notes to the preliminary financial results continued

### 2019 Reconciliation of EPRA NAV measures

£m	Statutory balance sheet	Adjustments to market value, deferred tax and derivatives	EPRA NRV balance sheet	Adjustments to deferred and contingent tax and intangibles	EPRA NTA balance sheet	Adjustments to derivatives, fixed rate debt and intangibles	EPRA NDV balance sheet
Investment property	1,574.6	-	1,574.6	-	1,574.6	-	1,574.6
Investment in joint ventures and associates	33.3	-	33.3	-	33.3	-	33.3
Financial interest in property assets	76.4	-	76.4	-	76.4	-	76.4
Inventories – trading property	700.0	548.8	1,248.8	-	1,248.8	-	1,248.8
Cash and cash equivalents	189.3	-	189.3	-	189.3	-	189.3
Other assets	57.6	3.6	61.2	(11.2)	50.0	17.7	67.7
<b>Total assets</b>	<b>2,631.2</b>	<b>552.4</b>	<b>3,183.6</b>	<b>(11.2)</b>	<b>3,172.4</b>	<b>17.7</b>	<b>3,190.1</b>
Interest-bearing loans and borrowings	(1,276.8)	-	(1,276.8)	-	(1,276.8)	(23.4)	(1,300.2)
Deferred and contingent tax liabilities	(32.7)	27.7	(5.0)	(101.6)	(106.6)	(19.4)	(126.0)
Other liabilities	(98.2)	17.3	(80.9)	-	(80.9)	(17.3)	(98.2)
<b>Total liabilities</b>	<b>(1,407.7)</b>	<b>45.0</b>	<b>(1,362.7)</b>	<b>(101.6)</b>	<b>(1,464.3)</b>	<b>(60.1)</b>	<b>(1,524.4)</b>
<b>Net assets</b>	<b>1,223.5</b>	<b>597.4</b>	<b>1,820.9</b>	<b>(112.8)</b>	<b>1,708.1</b>	<b>(42.4)</b>	<b>1,665.7</b>

### 4. Group revenue

	2020 £m	2019 £m
Gross rental income (Note 5)	99.3	85.9
Gross proceeds from disposal of trading property (Note 6)	107.2	132.5
Fees and other income (Note 8)	7.5	4.4
	<b>214.0</b>	<b>222.8</b>

### 5. Net rental income

	2020 £m	2019 £m
Gross rental income	99.3	85.9
Property operating expenses	(25.7)	(22.4)
	<b>73.6</b>	<b>63.5</b>

## Notes to the preliminary financial results continued

### 6. Profit on disposal of trading property

	2020	2019
	£m	£m
Proceeds from disposal of trading property	107.2	127.2
Contract revenue	-	5.3
Gross proceeds from disposal of trading property	107.2	132.5
Selling costs	(2.3)	(2.2)
Net proceeds from disposal of trading property	104.9	130.3
Carrying value of trading property sold (Note 12)	(43.3)	(59.2)
Carrying value of contract expenses (Note 12)	-	(4.5)
	61.6	66.6

In the prior period, amounts relating to the contract revenue and expenses relate to the Group's development of properties in the arrangement with the Royal Borough of Kensington and Chelsea, with construction concluding in 2019. The Group managed and funded the construction of a number of sites and received a developer's priority return at a fixed rate margin recoverable from the sale of completed residential units to third parties.

### 7. Profit on disposal of investment property

	2020	2019
	£m	£m
Gross proceeds from disposal of investment property	36.9	60.6
Selling costs	(0.7)	(1.2)
Net proceeds from disposal of investment property	36.2	59.4
Carrying value of investment property sold (Note 11)	(33.9)	(57.5)
	2.3	1.9

### 8. Fees and other income

	2020	2019
	£m	£m
Property and asset management fee income	2.2	3.8
Other sundry income	5.3	0.6
	7.5	4.4

Included within other sundry income in the current 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. Also included within other sundry income is £1.3m (2019: £0.2m) liquidated and ascertained damages (LADs) recorded to compensate the Group for lost rental income resulting from the delayed completion of construction contracts.

## Notes to the preliminary financial results continued

### 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.

#### 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 2020 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 2020			30 September 2019		
	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)
<b>Basic earnings per share</b>						
Profit attributable to equity holders	92.8	649.1	14.3	114.9	578.5	19.9
<b>Effect of potentially dilutive securities</b>						
Share options and contingent shares	-	2.6	(0.1)	-	2.7	(0.1)
<b>Diluted earnings per share</b>						
Profit attributable to equity holders	92.8	651.7	14.2	114.9	581.2	19.8

### 10. Dividends

Subject to approval at the AGM, the final dividend of 3.64p per share (gross) amounting to £24.5m will be paid on 15 February 2021 to Shareholders on the register at the close of business on 29 December 2020. Shareholders will again be offered the option to participate in a dividend reinvestment plan and the last day for election is 25 January 2021. An interim dividend of 1.83p per share amounting to a total of £12.3m was paid to Shareholders on 3 July 2020.

### 11. Investment property

	2020 £m	2019 £m
Opening balance	1,574.6	589.7
Acquisitions	37.7	32.4
Capital expenditure – completed assets	11.4	8.7
Capital expenditure – assets under construction	146.2	171.5
<b>Total additions</b>	<b>195.3</b>	212.6
Acquired through business combination (Note 25)	-	700.8
Transfer from inventories	13.1	71.5
Disposals (Note 7)	(33.9)	(57.5)
Net valuation gains	29.8	57.5
<b>Closing balance</b>	<b>1,778.9</b>	1,574.6



## Notes to the preliminary financial results continued

### 12. Inventories

	2020	2019
	£m	£m
Opening balance	700.0	799.3
Additions	14.5	36.3
Transfer to investment property	(13.1)	(71.5)
Disposals (Note 6)	(43.3)	(63.7)
Impairment of inventories to net realisable value	(0.7)	(0.4)
<b>Closing balance</b>	<b>657.4</b>	<b>700.0</b>

### 13. Investment in associates

	2020	2019
	£m	£m
Opening balance	11.7	134.0
Share of profit for the year	0.1	0.4
Investment eliminated on consolidation following acquisition	-	(109.7)
Loan eliminated on consolidation following acquisition	-	(18.2)
Loans advanced to associates	2.9	5.1
Share of change in fair value of cash flow hedges taken through other comprehensive income	-	0.1
<b>Closing balance</b>	<b>14.7</b>	<b>11.7</b>

The closing balance comprises share of net assets of £0.1m (2019: £nil) and net loans due from associates of £14.6m (2019: £11.7m). At the balance sheet date, there is no expectation of credit losses on loans due.

In the prior year, the investment and loan eliminated on consolidation following acquisition of £109.7m and £18.2m respectively represents the Group's share of net assets in GRIP which became a subsidiary of Grainger (see Note 25).

As at 30 September 2020, 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

	2020	2019
	£m	£m
Opening balance	21.6	11.6
Share of (loss)/profit for the year	(1.6)	1.4
Reversal of impairment	-	9.8
Further investment <sup>1</sup>	5.5	2.9
Loans advanced to joint ventures	1.8	1.6
Loans repaid by joint ventures	-	(5.7)
<b>Closing balance</b>	<b>27.3</b>	<b>21.6</b>

<sup>1</sup> Grainger invested £5.5m into Connected Living London (BTR) Limited in the year (2019: £2.9m).

The closing balance comprises share of net assets of £8.0m (2019: £4.1m) and net loans due from joint ventures of £19.3m (2019: £17.5m). At the balance date, there is no expectation of credit losses on loans due.

## Notes to the preliminary financial results continued

In the prior year, the impairment against loans made to the Curzon Park Limited joint venture totalling £9.8m was reversed in full. There are no impairments held against loans to joint ventures at the reporting date.

At 30 September 2020, the Group's interest in active joint ventures was as follows:

	<b>% of ordinary share capital held</b>	<b>Country of incorporation</b>	<b>Accounting period end</b>
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
CCZ a.s.	50	Czech Republic	30 September

Following resolution of outstanding matters, CCZ a.s., the Group's remaining joint venture interest in the Czech Republic, is in liquidation as at 30 September 2020.

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

	<b>2020</b>	2019
	<b>£m</b>	£m
Opening balance	<b>76.4</b>	82.2
Cash received from the instrument	<b>(8.3)</b>	(10.0)
Amounts taken to income statement	<b>5.2</b>	4.2
<b>Closing balance</b>	<b>73.3</b>	76.4

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

	<b>2020</b>	2019
	<b>£m</b>	£m
Opening balance	<b>11.2</b>	4.7
Additions	<b>12.0</b>	7.7
Amortisation	<b>(0.7)</b>	(1.2)
<b>Closing balance</b>	<b>22.5</b>	11.2

### 17. Trade and other receivables

	<b>2020</b>	2019
	<b>£m</b>	£m
Rent and other tenant receivables	<b>4.8</b>	2.5
Deduct: Provision for impairment	<b>(2.4)</b>	(0.7)
<b>Rent and other tenant receivables – net</b>	<b>2.4</b>	1.8
Contract assets	<b>3.3</b>	18.5
Other receivables	<b>23.0</b>	18.0
Prepayments	<b>2.6</b>	2.2
<b>Closing balance</b>	<b>31.3</b>	40.5

## 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 judgment or estimation due to the balance of gross rent and other tenant receivables of £4.8m (2019: £2.5m). Assumptions used in the forward looking assessment have been adjusted in respect of Covid-19 to take into account likely rent deferrals.

Contract assets in the prior year primarily relate to revenue receivable on the arrangement with the Royal Borough of Kensington and Chelsea (Note 6).

Other receivables include £9.3m (2019: £4.0m) due from land sales, which is receivable no later than March 2022.

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

### 18. Trade and other payables

	2020	2019
	£m	£m
<b>Current liabilities</b>		
Deposits received	7.2	7.5
Trade payables	16.4	17.5
Lease liabilities	0.9	-
Tax and social security costs	0.5	1.0
Accruals	44.2	42.8
Deferred income	4.1	4.8
	<b>73.3</b>	<b>73.6</b>
<b>Non-current liabilities</b>		
Lease liabilities	1.3	-
	<b>1.3</b>	<b>-</b>
<b>Total trade and other payables</b>	<b>74.6</b>	<b>73.6</b>

Within accruals, £28.4m comprises accrued expenditure in respect of ongoing construction activities (2019: £28.2m).

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

	2020	2019
	£m	£m
<b>Current liabilities</b>		
Non-bank financial institution	-	100.0
	<b>-</b>	<b>100.0</b>
<b>Non-current liabilities</b>		
Bank loans – Pounds sterling	352.2	483.8
Bank loans – Euro	0.9	0.9
Non-bank financial institution	346.2	345.7
Corporate bond	692.6	346.4
	<b>1,391.9</b>	<b>1,176.8</b>
<b>Total interest-bearing loans and borrowings</b>	<b>1,391.9</b>	<b>1,276.8</b>

During the 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 2020, unamortised costs totaled £13.1m (2019: £12.9m) and the outstanding discount was £2.9m (2019: £1.2m).

## 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 2020 and as at 30 September 2019.

As at 30 September 2020, the fair value of interest-bearing loans is greater than the book value by £48.7m (2019: £23.4m), 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:

	2020		2019	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Level 3				
CHARM	73.3	-	76.4	-
Investment property	1,778.9	-	1,574.6	-
	1,852.2	-	1,651.0	-
Level 2				
Interest rate swaps – in cash flow hedge accounting relationships	-	20.6	-	17.3
	-	20.6	-	17.3

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.

## Notes to the preliminary financial results continued

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

	2020	2019
	£m	£m
Assets – Level 3		
Opening balance	1,651.0	671.9
Amounts taken to income statement	34.6	61.7
Other movements	166.6	917.4
<b>Closing balance</b>	<b>1,852.2</b>	<b>1,651.0</b>

### 20. Tax

The tax charge for the year of £18.0m (2019: £16.4m) recognised in the consolidated income statement comprises:

	2020	2019
	£m	£m
<b>Current tax</b>		
Corporation tax on profit	20.3	16.4
Adjustments relating to prior years	(5.3)	(1.9)
	15.0	14.5
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1.4	0.6
Adjustments relating to prior years	1.6	1.3
	3.0	1.9
<b>Total tax charge for the year</b>	<b>18.0</b>	<b>16.4</b>

The 2020 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 tax losses 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% (2019: 19.0%).

In addition to the above, a deferred tax credit of £1.3m (2019: £3.6m) was recognised within other comprehensive income comprising:

	2020	2019
	£m	£m
Actuarial loss on BPT Limited pension scheme	(0.3)	(0.6)
Fair value movement in cash flow hedges and exchange adjustments	(1.0)	(3.0)
<b>Amounts recognised in other comprehensive income</b>	<b>(1.3)</b>	<b>(3.6)</b>

## Notes to the preliminary financial results continued

Deferred tax balances comprise temporary differences attributable to:

	2020	2019
	£m	£m
<b>Deferred tax assets</b>		
Short-term temporary differences	1.1	1.4
Losses carried forward	1.5	0.3
Actuarial deficit on BPT Limited pension scheme	1.2	0.9
Fair value movement in derivative financial instruments and cumulative exchange adjustments	4.0	3.0
	<b>7.8</b>	<b>5.6</b>
<b>Deferred tax liabilities</b>		
Trading property uplift to fair value on business combinations	(7.9)	(8.3)
Investment property revaluation	(25.0)	(19.7)
Short-term temporary differences	(2.6)	(3.6)
Fair value movement in financial interest in property assets	(1.2)	(1.1)
	<b>(36.7)</b>	<b>(32.7)</b>
<b>Total deferred tax</b>	<b>(28.9)</b>	<b>(27.1)</b>

Deferred tax has been predominantly calculated at a rate of 19.0% (2019: 17.0%) in line with the enacted main rate of corporation tax.

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 £101.3m, calculated at 19.0% (2019: £93.3m, calculated at 17.0%) and will be realised as the properties are sold.

### 21. Retirement benefits

The Group retirement benefit liability increased by £0.7m to £2.4m in the year ended 30 September 2020. This movement has arisen from changes in assumptions of £1.1m (primarily market observable discount rates) and loss on plan assets of £0.1m, offset by £0.5m company contributions. The principal actuarial assumptions used to reflect market conditions as at 30 September 2020 are as follows:

	2020	2019
	%	%
Discount rate	1.50	1.70
Retail Price Index (RPI) inflation	3.05	3.30
Consumer Price Index (CPI) inflation	2.25	2.30
Salary increases	3.55	3.80
Rate of increase of pensions in payment	5.00	5.00
Rate of increase for deferred pensioners	2.25	2.30

### 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 £1.1m (2019: £1.7m).

## Notes to the preliminary financial results continued

### 23. Related party transactions

During the year ended 30 September 2020, 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:

	2020		2019	
	Fees recognised	Year end balance	Fees recognised	Year end balance
	£'000	£'000	£'000	£'000
GRIP REIT PLC <sup>1</sup>	-	-	840	-
Connected Living London (BTR) Limited	736	557	-	-
Lewisham Grainger Holdings LLP	270	611	341	341
Vesta Limited Partnership	184	139	803	126
	<b>1,190</b>	<b>1,307</b>	1,984	467

	2020			2019		
	Interest recognised	Year end loan balance	Interest rate	Interest recognised	Year end loan balance	Interest rate
	£'000	£m	%	£'000	£m	%
GRIP REIT PLC <sup>1</sup>	-	-	-	124	-	-
CCZ a.s.	-	-	-	(6)	(0.4)	4.00
Curzon Park Limited <sup>2</sup>	-	17.0	Nil	-	16.2	Nil
Lewisham Grainger Holdings LLP	-	2.3	Nil	-	1.7	Nil
Vesta LP	-	14.6	Nil	-	11.7	Nil
	-	<b>33.9</b>		118	29.2	

<sup>1</sup> Following the acquisition in the prior year, amounts recognised from GRIP REIT PLC relate to pre-acquisition fees and interest where the Group's interest was classified as an associate. Following the acquisition, the results of GRIP REIT PLC are consolidated in full into the results of the Group.

<sup>2</sup> The amount disclosed above is the gross loan amount. The £9.8m provision previously held against the loan was reversed in the prior year.

### 24. Issue of share capital

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.

In December 2018, the Group completed a 7 for 15 rights issue at an issue price of 178.0p raising a total amount of £334.5m net of costs. The rights issue increased the number of shares in issue by 194,758,445 shares, with shares being issued with a nominal value of £0.05 per share. This increased issued share capital by £9.7m and the share premium account by £324.8m.

### 25. Business combination in prior year

On 20 December 2018, the Group completed the acquisition of the remaining 75.1% interest in GRIP from joint venture partner APG for cash consideration of £396.6m. This comprised cash paid for the remaining shares of £341.3m and the repayment of loans and accrued interest owing to APG totalling £55.3m.

## Notes to the preliminary financial results continued

The acquisition of GRIP was accounted for as a business combination due to the integrated set of activities acquired in addition to the properties. Accordingly, transaction and subsequent structuring costs incurred in relation to the acquisition of £3.0m have been expensed in the consolidated income statement.

For the period 20 December 2018 to 30 September 2019, GRIP contributed revenue of £23.6m and profit of £23.9m to the Group's results. If the acquisition had occurred on 1 October 2018, the consolidated revenue would have been £229.5m and consolidated profit would have been £129.9m for the year ended 30 September 2019.

The fair value of the identifiable assets and liabilities of GRIP acquired as at the date of acquisition were:

	Note	Fair value recognised on acquisition £m
Investment property	11	700.8
Trade and other receivables		0.9
Cash and cash equivalents		45.7
Trade and other payables		(12.7)
Interest-bearing loans and borrowings		(289.7)
Derivative financial instruments		(1.2)
<b>Total identifiable net assets acquired</b>		<b>443.8</b>

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Material assets acquired	Valuation technique
Investment property	GRIP's property portfolio was valued externally by CBRE Limited. The valuations took into account whether the block is managed as a whole or a group of individual units and valued accordingly. Valuation on the basis of how the properties are managed is deemed to be the highest and best use of the property. The valuation of properties under construction assesses the market value of the property upon completion less estimated cost of work to complete and where appropriate an adjustment to take into account the remaining construction and stabilisation risks.
Interest-bearing loans and borrowings	Nominal amounts owed to lenders plus interest payable that has been adjusted for the difference between the contractual interest rate on the loans and borrowings and the market interest rate. The Directors' do not consider the difference between the contractual interest rate and the market interest rate to result in a material adjustment.



## Notes to the preliminary financial results continued

Goodwill arising from the acquisition has been recognised as follows:

	<b>£m</b>
Consideration transferred	341.3
Fair value of non-controlling interest acquired	3.1
Fair value of pre-existing equity interests	109.7
Recognition of deferred tax liability on acquisition	2.4
Fair value of identifiable net assets recognised	(443.8)
<b>Goodwill</b>	<b>12.7</b>

Goodwill recognised on acquisition of £12.7m represents the premium paid over the fair value of the net assets acquired. Goodwill has been subsequently assessed for impairment. As no definitive and measurable portfolio premium can be ascribed to the combined value of the properties, an impairment charge for the full amount of goodwill recognised on acquisition has been taken to the Group's consolidated income statement.

As part of the acquisition, the Group acquired the non-controlling interest held by APG in GRIP for £3.1m. This cost forms part of the acquisition of GRIP.

Following the acquisition, there remained a 10% non-controlling interest in GRIP Unit Trust 6, a wholly-owned subsidiary of the Group, held by BY Development Limited. On 13 May 2019, the 10% non-controlling interest was acquired by the Group for £3.1m.

## 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

	2020			2019		
	Earnings £m	Shares millions	Pence per share	Earnings £m	Shares millions	Pence per share
<b>Earnings per IFRS income statement</b>	<b>110.8</b>	<b>651.7</b>	<b>17.0</b>	131.3	581.2	22.6
Adjustments to calculate adjusted EPRA Earnings, exclude:						
i) Changes in value of investment properties, development properties held for investment and other interests	(29.9)	-	(4.6)	(56.2)	-	(9.7)
ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	(2.3)	-	(0.4)	(1.9)	-	(0.3)
iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	(53.0)	-	(8.1)	(52.1)	-	(9.0)
iv) Tax on profits or losses on disposals	-	-	-	-	-	-
v) Negative goodwill/goodwill impairment	-	-	-	12.7	-	2.2
vi) Changes in fair value of financial instruments and associated close-out costs	1.9	-	0.3	0.8	-	0.1
vii) Acquisition costs on share deals and non-controlling joint venture interests	-	-	-	3.8	-	0.7
viii) Deferred tax in respect of EPRA adjustments	-	-	-	-	-	-
ix) Adjustments i) to viii) in respect of joint ventures	(0.2)	-	-	(9.6)	-	(1.6)
x) Non-controlling interests in respect of the above	-	-	-	-	-	-
xi) Other adjustments in respect of adjusted earnings	(1.2)	-	(0.2)	-	-	-
<b>Adjusted EPRA Earnings/Earnings per share</b>	<b>26.1</b>	<b>651.7</b>	<b>4.0</b>	28.8	581.2	5.0
<b>Adjusted EPRA Earnings per share after tax</b>			<b>3.2</b>			4.1

Adjusted EPRA Earnings have been divided by the average number of shares shown in Note 9 to these financial statements to calculate earnings per share. Adjusted EPRA Earnings per share after tax is calculated using the standard rate of UK Corporation Tax of 19.0% (2019: 19.0%).

**EPRA Performance Measures - Unaudited (continued)**

**EPRA NRV, EPRA NTA and EPRA NDV**

	2020			2019		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
<b>IFRS Equity attributable to shareholders</b>	<b>1,463.0</b>	<b>1,463.0</b>	<b>1,463.0</b>	1,223.5	1,223.5	1,223.5
<b>Include/Exclude:</b>						
i) Hybrid Instruments	-	-	-	-	-	-
<b>Diluted NAV</b>	<b>1,463.0</b>	<b>1,463.0</b>	<b>1,463.0</b>	1,223.5	1,223.5	1,223.5
<b>Include:</b>						
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	7.4	7.4	7.4	6.5	6.5	6.5
iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
iv) Revaluation of trading properties	541.3	432.1	432.1	557.1	455.5	455.5
<b>Diluted NAV at Fair Value</b>	<b>2,011.7</b>	<b>1,902.5</b>	<b>1,902.5</b>	1,787.1	1,685.5	1,685.5
<b>Exclude:</b>						
v) Deferred tax in relation to fair value gains of IP	24.4	24.4	-	19.4	19.4	-
vi) Fair value of financial instruments	16.7	16.7	-	14.4	14.4	-
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	-	(22.0)	-	-	(10.7)	-
<b>Include:</b>						
ix) Fair value of fixed interest rate debt	-	-	(39.5)	-	-	(19.3)
x) Revalue of intangibles to fair value	-	-	-	-	-	-
xi) Real estate transfer tax	-	-	-	-	-	-
<b>NAV</b>	<b>2,052.8</b>	<b>1,921.1</b>	<b>1,862.5</b>	1,820.9	1,708.1	1,665.7
Fully diluted number of shares	675.3	675.3	675.3	613.8	613.8	613.8
<b>NAV pence per share</b>	<b>304</b>	<b>285</b>	<b>276</b>	297	278	272