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# Full year results

*Year ended 30 September 2016*

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1.	Highlights	<i>Helen Gordon</i>
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2.	Financial review	<i>Vanessa Simms</i>
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3.	Outlook	<i>Helen Gordon</i>
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4.	Q&A	<i>Helen Gordon</i> <i>Vanessa Simms</i> <i>Nick Jopling</i>
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## Net rental income

**£37.4m** **+15%**

(FY15: £32.4m)

## Adjusted earnings

(Recurring profit)

**£53.1m** **+69%**

(FY15: £31.5m)

## Dividend per share

**4.5p** **+64%**

(FY15: 2.75p)

## EPRA NNAV

**287p** **+9%**

(FY15: 263p)

## LTV

**35.9%** **-960bps**

(FY15: 45.5%)

## Cost of debt

(at period end)

**3.9%** **-70bps**

(FY15: 4.6%)

**Total return (ROSE) 10.6%, +60 bps (FY15: 10.0%)**

# Growing net rental income and maximising total returns

The leading listed UK PRS investment business

## Grow rents

- Inject pace and improve PRS sourcing
- Accelerate transition to a more balanced, lower risk business

## Simplify and focus

- Exit non-core assets
- No further focus on new third party fee mandates
- Focus development team on PRS
- Reduce overheads

## Build on our heritage

- Maximise returns from our regulated tenancy portfolio
- Leverage our platform

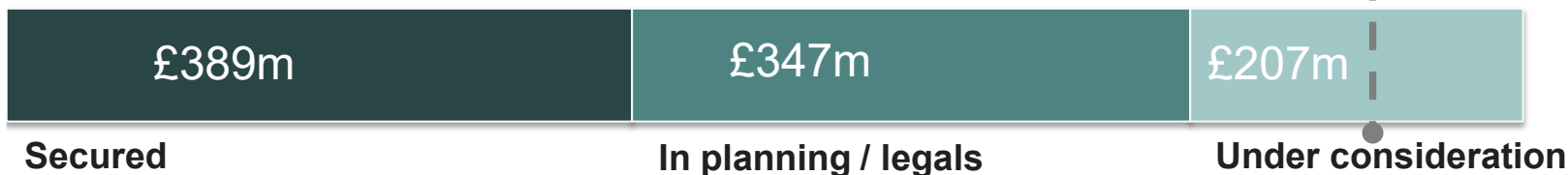
## Grow rents

- £389m of investment in PRS assets secured
- Net rental income up by +15% to £37.4m
- Like for like PRS rental growth of 3.6%
- £52m tenanted PRS stock acquired
- Kew Bridge Court, 98 PRS homes, £57m acquisition (via GRIP)
- Clippers Quay, 614 PRS homes, £100m acquisition
- Apex House planning consent, £60m, 163 home PRS development
- Yorkshire Post, Leeds, 242 PRS homes, £40m acquisition
- Finzels Reach, Bristol, 194 PRS homes, £46m acquisition

# Growing net rental income

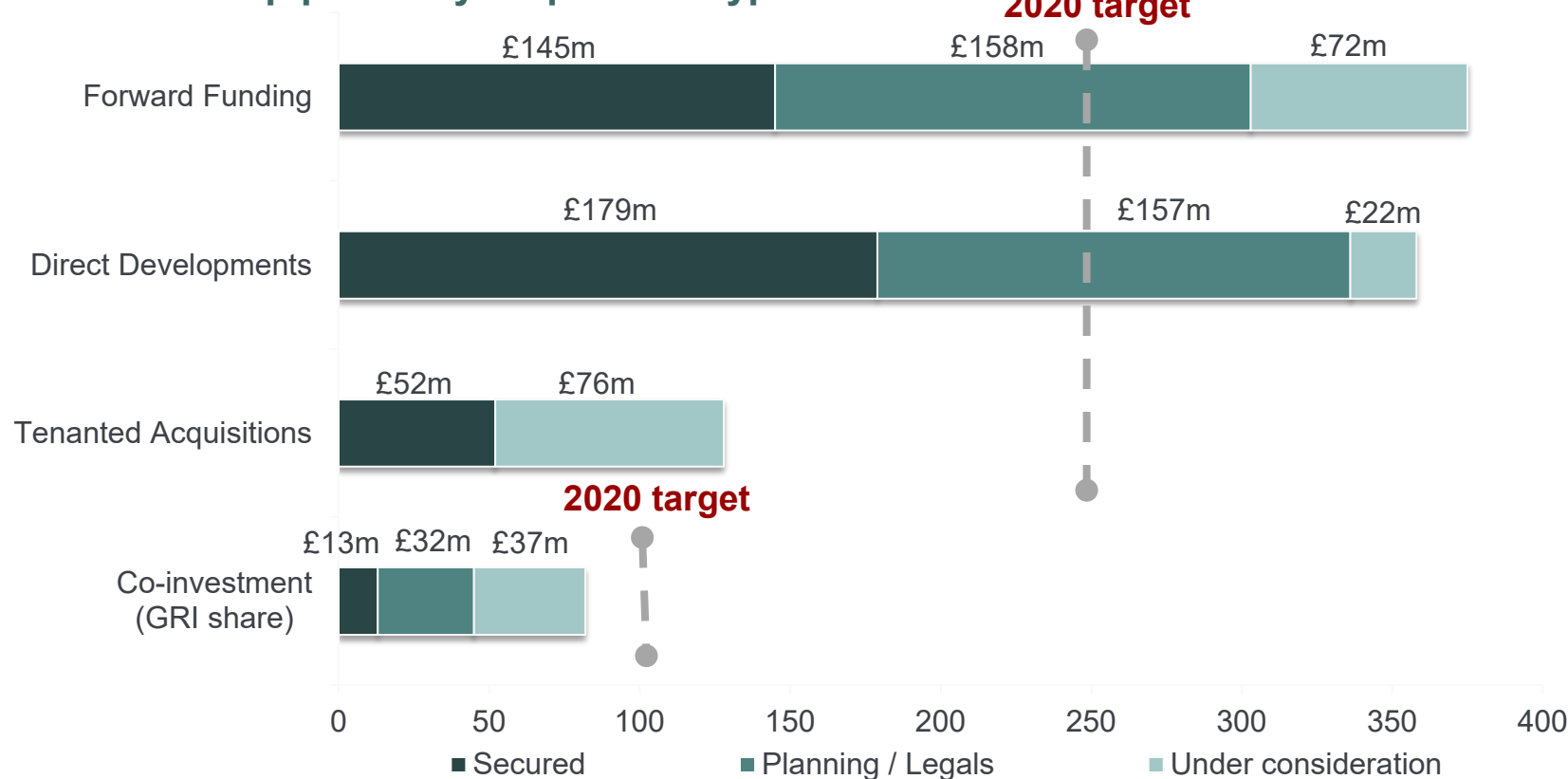
£736m of PRS investment secured or in planning / legals

£850m target



## Breakdown of pipeline by acquisition type

2020 target



## **Simplify and focus**

- Exited non-core and non-UK assets
  - Driving operational efficiencies
    - Gross to net cost down to 28% (FY15: 31%)
  - Cost of debt below 4% target
  - £12m finance cost reduction in FY16
  - Action taken to reduce overheads by 24%
- 
- Sold German and Equity Release businesses, +£23m to NNNAV
  - Czech Republic land disposal, £10.7m profit
  - Disposal of strategic development land, £5.8m profit
  - Internal restructuring, from divisions into Property and Operations
  - Refinancing activity and legacy swap re-coupon

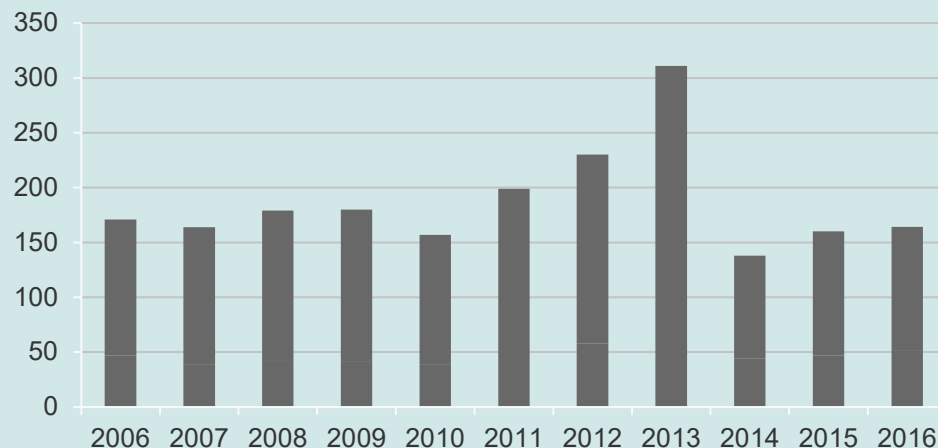
## Building on our heritage

- Resilient and highly cash generative regulated tenancy portfolio enables our PRS strategy
- £123m residential sales at 49% margin in FY16
- Prices on sale of vacant properties 8.6% above FY15 valuations
- Predictable rental income stream

### Regulated tenancies

- A historical residential asset type.
- Stable, income producing assets, acquired at a discount and sold on vacancy at full price (vacant possession value).
- Last created in 1988, c.90k-100k remaining.
- Locked-in value, realisable on vacancy ('reversionary surplus').

### Stable cashflows through cycles





# Timeline of strategic activity

Grow rents

Simplify and focus

£57m Kew Bridge PRS acqn by GRIP

Clippers Quay, Salford, £100m PRS build to rent

£15m PRS tenanted acqn Kings Dock Mill, Liverpool

Topping out milestone at RBKC

Construction started on PRS scheme in Berewood, Waterlooville, Hampshire

Planning consent for PRS, £60m Apex House, London

Planning consent for Newbury PRS Scheme

£46m PRS acqn in Bristol

Leeds, £40m PRS build to rent acquisition

Leeds, £8m tenanted PRS acquisition

Sept-16

Nov-15

Jan-16

Mar-16

Helen Gordon joins

Vanessa Simms joins

New dividend policy, linked to net rental growth

Czech Republic land disposal for £10.7m profit

Internal restructure completed

Exit of German JV for c.€136m, Grainger share £34m

Sale of equity release business, +5p to NNNAV

Sale of German FRM portfolio & business for £94m

Non-core strategic land sale for £5.8m profit

Sale of remaining German portfolio for £42m

Further refinancing, reducing cost of debt to 3.7%

Cost of debt reduced, saving c.£12m pa

Two legacy swaps recouped, reducing cost of debt to c.4%

## Measuring strategic performance through our **KPIs**

### Operations

### Income

- Driving operational efficiency
- Creating greater scalability
- Customer service management
- Technology-led innovation

- Rental growth
- Adjusted earnings
- EPS
- Cost of debt
- Dividend

### Property

### Capital

- Sourcing investment opportunities
- Disciplined capital allocation
- Asset management initiatives
- Robust capital structure

- NAV growth
- Investment pipeline
- Valuations
- Rental growth

Aligned to driving **Total Returns** for shareholders

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# Financial review

*Vanessa Simms, Chief Financial Officer*

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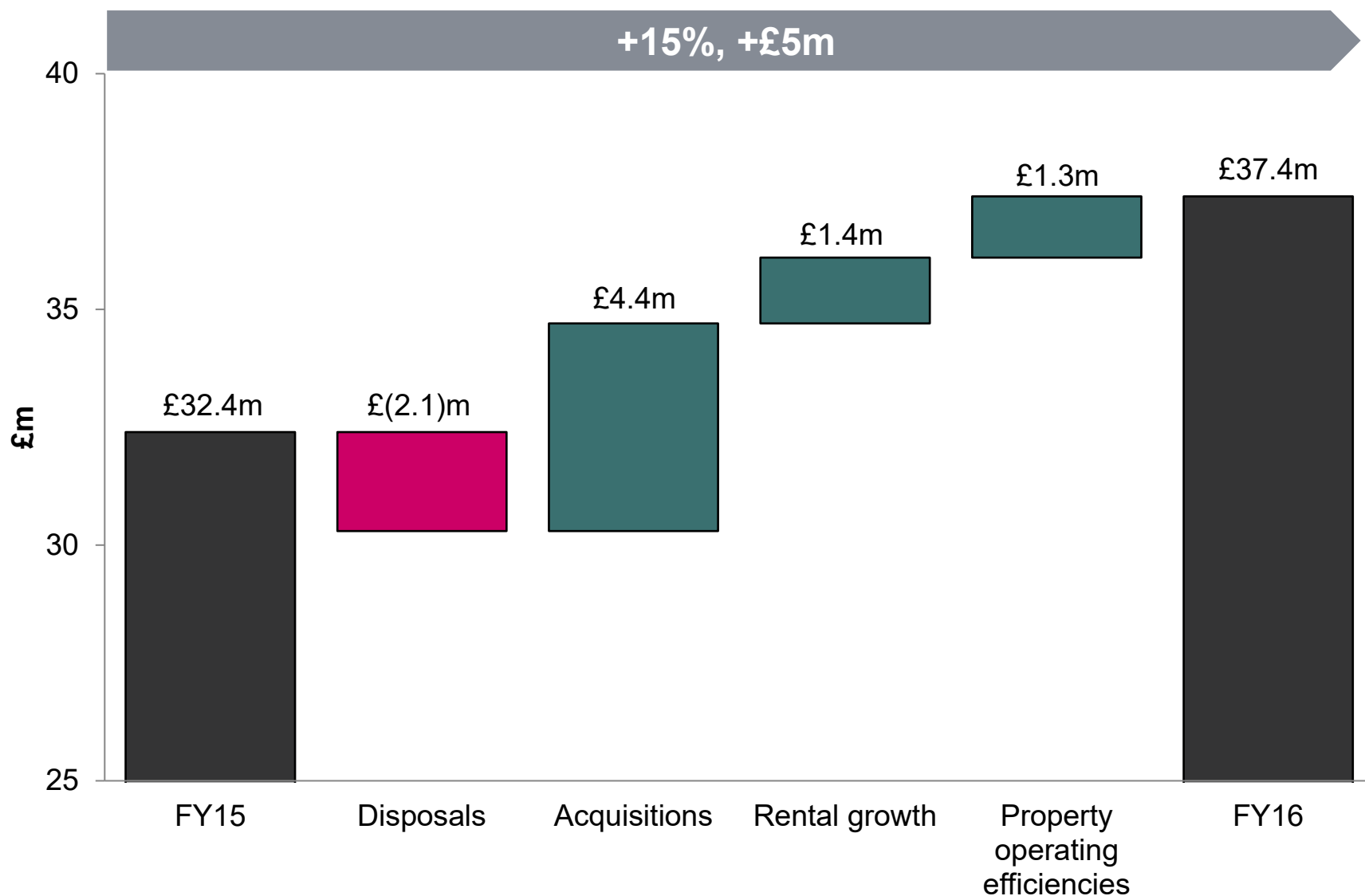
# Financial highlights

Income	FY15	FY16		Change
PRS rental growth (like for like)	3.4%	3.6%	↑	20 bps
Net rental income	£32.4m	£37.4m	↑	+15%
Adjusted earnings (recurring profit)	£31.5m	£53.1m	↑	+69%
Adjusted EPS (after tax)	6.0p	10.2p	↑	+70%
PBT	£51.4m	£84.2m	↑	+64%
Dividend per share	2.75p	4.5p	↑	+64%
Capital	FY15	FY16		Change
EPRA NAV per share	319p	330p	↑	+3%
EPRA NNNNAV per share	263p	287p	↑	+9%
Net debt	£1,138m	£764m	↓	-33%
Group LTV	45.5%	35.9%	↓	-960 bps
Cost of debt (average)	5.3%	4.4%	↓	-90 bps
Cost of debt (period end)	4.6%	3.9%	↓	-70 bps
Reversionary surplus	£329m	£327m	↓	-1%
Total return^	10.0%	10.6%	↑	+60bps

Income financials and reversionary surplus on a continuing operations basis.

	FY15	FY16	Change %
Net rental income	£32.4m	£37.4m	+15%
Profit from sales	£70.6m	£71.5m	+1%
Mortgage income (CHARM)	£6.5m	£6.5m	0%
Management fees	£5.6m	£6.2m	+11%
Overheads	£(32.4)m	£(31.8)m	-2%
Other expenses	£(3.2)m	£(1.1)m	-66%
JVs	£0.9m	£1.5m	+67%
Finance cost	£(48.9)m	£(37.1)m	-24%
<b>Adjusted earnings (recurring profit)</b>	<b>£31.5m</b>	<b>£53.1m</b>	<b>+69%</b>
<b>Adjusted EPS (diluted after tax)</b>	<b>6.0p</b>	<b>10.2p</b>	<b>+70%</b>
Profit before tax	£51.4m	£84.2m	+64%
Earnings per share (diluted)	10.6p	17.9p	+69%

# Net rental growth



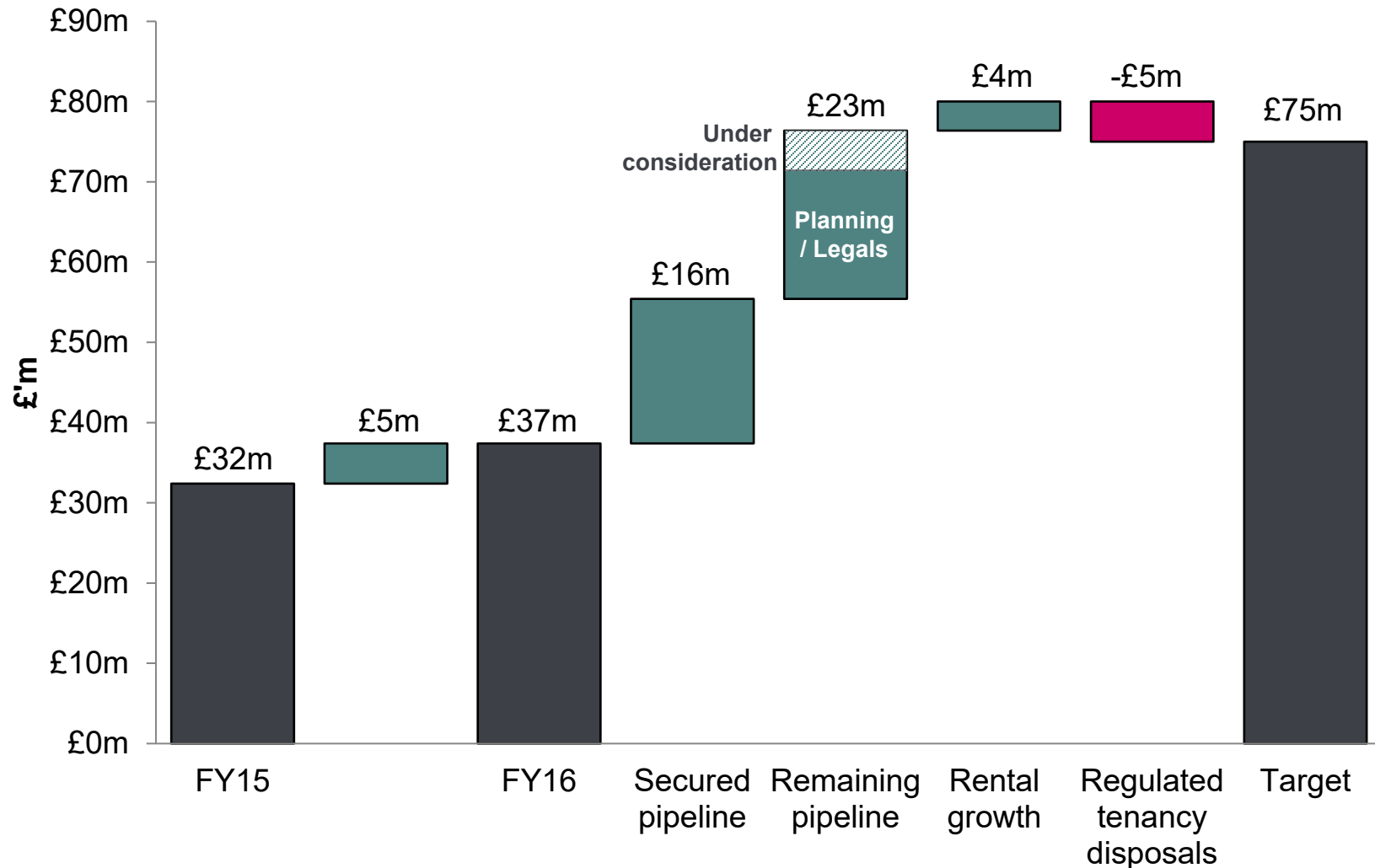
- Revised dividend policy to distribute the equivalent of 50% of net rental income during Grainger's strategic transition
- Aligned with our strategy to grow net rental income
- 2016 total proposed dividend of 4.50p, 64% YoY growth
- Earnings covers dividend c.4 times, leaving capacity for PRS investment

## Dividend Distribution

FY16 net rental income	£37.4m
50% pay-out	£18.7m
FY16 Interim dividend per share	1.45p
FY16 Final dividend per share*	3.05p
<b>FY16 total dividend per share</b>	<b>4.50p</b>
FY15 total dividend per share	2.75p
<b>FY16 vs. FY15 growth</b>	<b>64%</b>

\* Subject to approval at AGM.

# Net rental income progression



*Illustration based on pipeline targets, typically 6.5-7.5% gross yield and 25-30% property operating costs. Includes share of GRIP net rental income.*



## Improving metrics

### Net rental income – property operating costs

- Improving efficiency & scalability of our platform
- 270 bps gross to net cost reduction

### Overheads

- Restructuring complete (c.£3m one-off cost)
- On track to deliver £27.5m target for FY17
- 24% saving compared to FY15

### Other expenses

- Pre-contract & transactional costs effectively managed
- £2.1m improvement seen in FY16

### Total operating expenses

- £27.0m net of overhead recovery fees (FY15: £30.6m)

### Property operating costs

FY15 <sup>^</sup> property operating cost	30.7%
FY16 property operating cost	28.0%
YoY improvement	270bps

### Overheads

FY15 <sup>^^</sup>	£36.1m
FY16	£31.8m
<b>FY17 Target</b>	<b>£27.5m</b>

### Other expenses

FY15 <sup>^</sup>	£3.2m
FY16	£1.1m

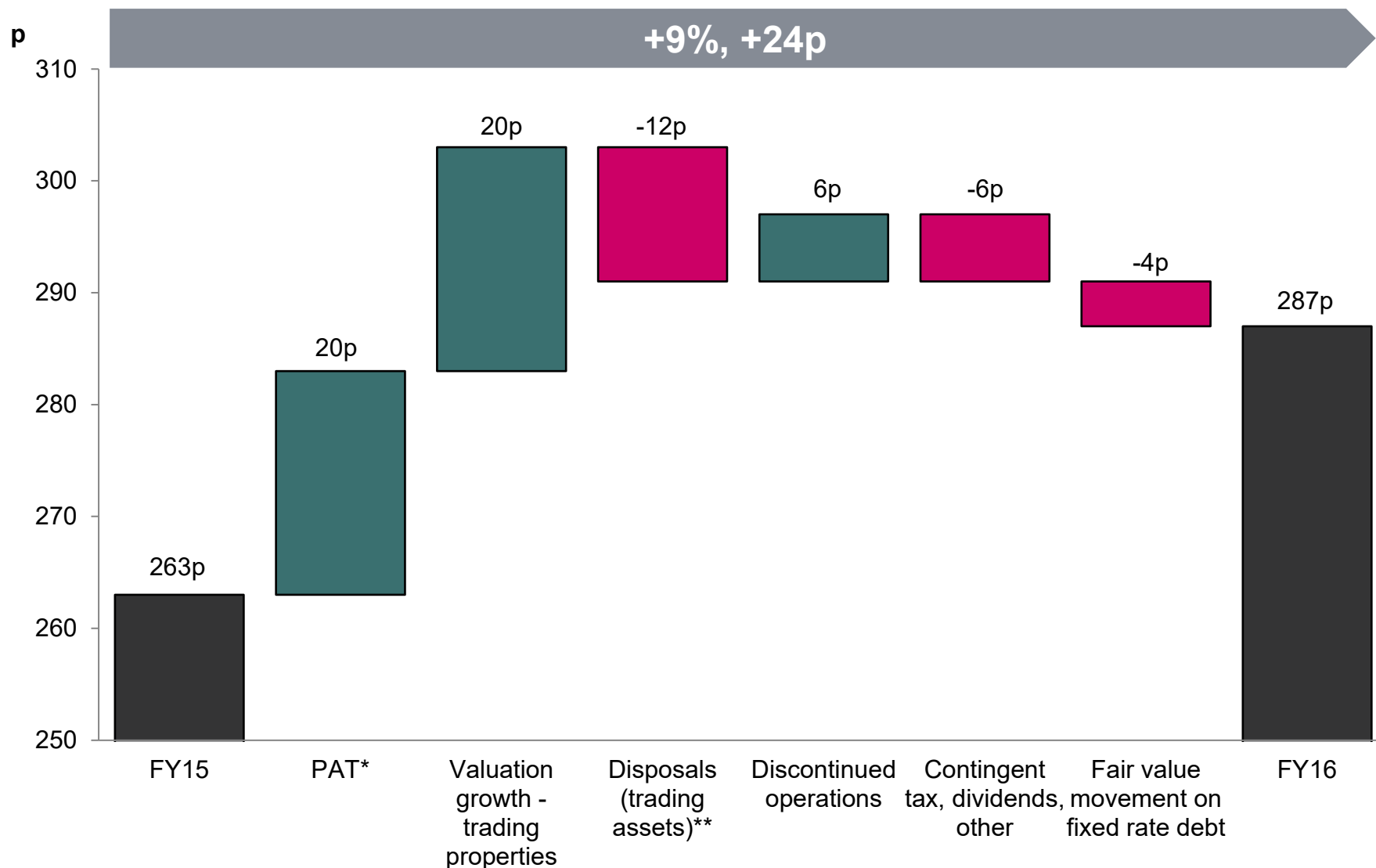
### FY16 total operating expenses

Overheads	£31.8m
Fees (overhead recovery)	£(5.9)m
Net overheads	£25.9m
Other expenses	£1.1m
<b>Operating expenses</b>	<b>£27.0m</b>

<sup>^</sup> Continuing operations

<sup>^^</sup> Continuing and discontinued operations

# Growth in EPRA NNNAV



\*Before discontinued operations & derivatives. \*\* Difference between the book value and market value sold.

## EPRA NAV to NNNAV

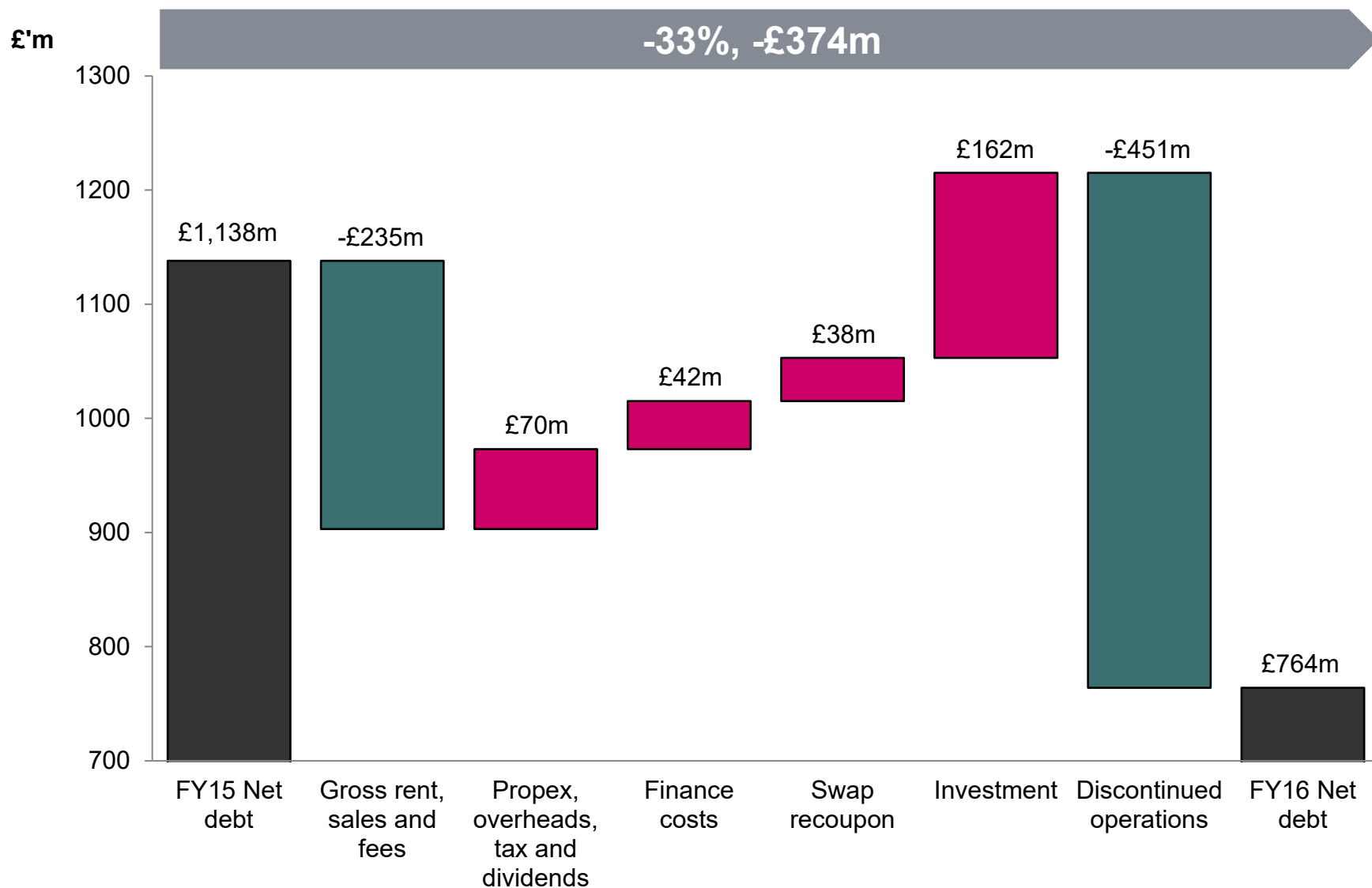
	£'m	pps
Property assets/investments	2,163	518
Net liabilities	(783)	(188)
<b>EPRA NAV</b>	<b>1,380</b>	<b>330</b>
Tax – deferred & contingent	(146)	(35)
Fair value adjs. for fixed rate debt	(34)	(8)
<b>EPRA NNNAV</b>	<b>1,200</b>	<b>287</b>
Reversionary surplus (not included in EPRA NAV or EPRA NNNAV)	327	78

EPRA NAV reflects the market value of assets and liabilities at the balance sheet date

EPRA NNNAV adjusts for:

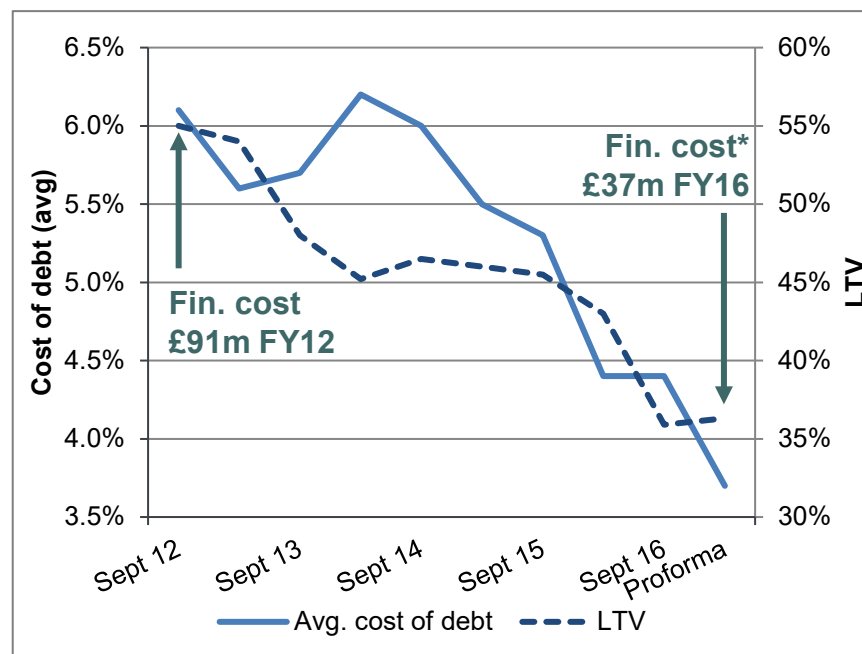
- Deferred and contingent tax on property assets, primarily linked to valuation gains
- Fair value movements on fixed rate debt, associated with Grainger's corporate bond

# Reducing net debt



# More efficient capital structure and reducing cost of debt

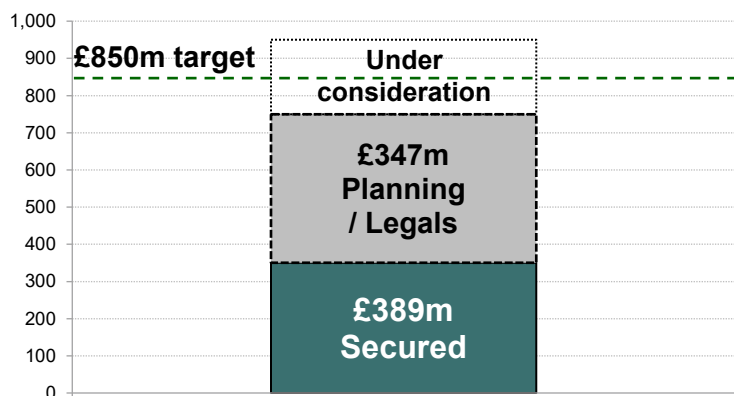
	FY16	FY15
Net debt	£764m	£1,138m
Loan to value	35.9%	45.5%
Headroom	£321m	£142m
Cost of debt (average)	4.4%	5.3%
Cost of debt (period end)	3.9%	4.6%



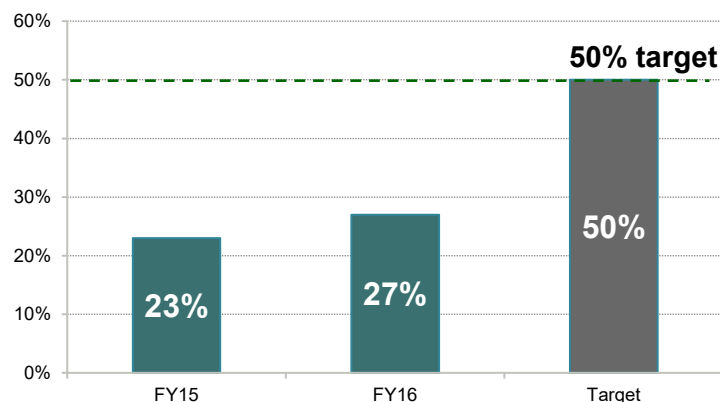
- 4.0% cost of debt target achieved ahead of plan
- Further 20bps reduction anticipated following refinancing (c.3.7%)
- £12m finance cost saving in FY16
- Incremental cost of debt < 2%
- Gearing target: 40-45%
- 87% hedged

## Progress against our 2020 Targets

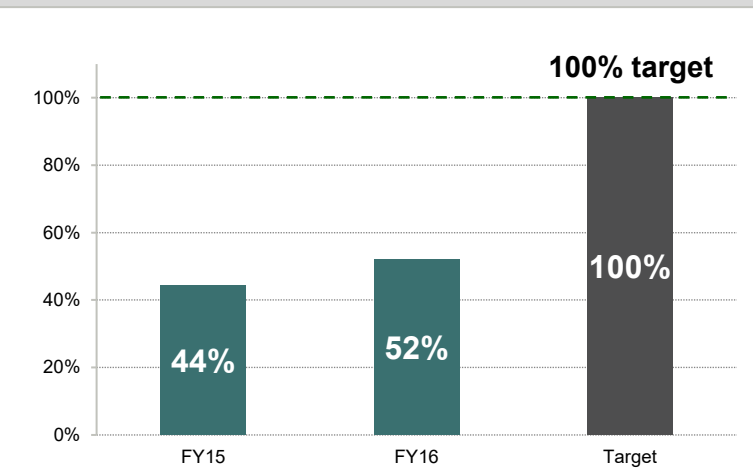
### 1. Investing £850m into PRS assets



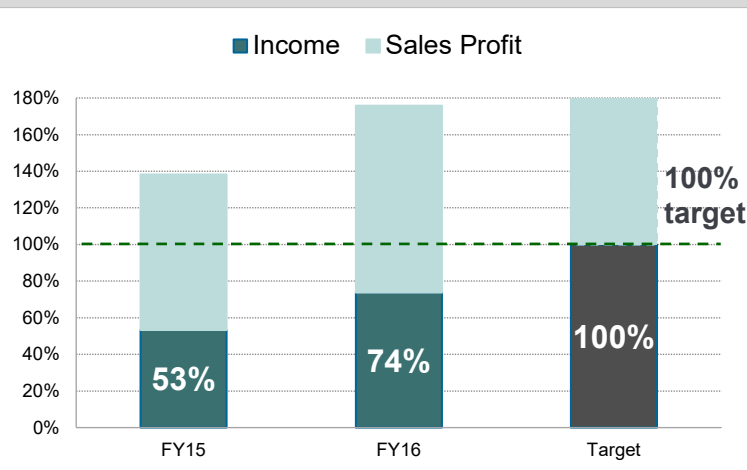
### 2. More than half of our portfolio PRS assets



### 3. Net rental income to exceed profit from sales



### 4. Reducing reliance on sales (cost coverage)



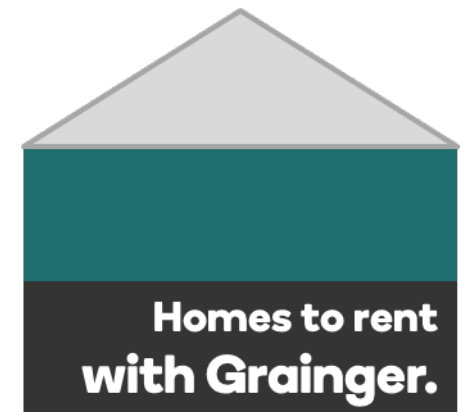
1. Growing net rental income
2. Building the PRS pipeline
3. Developing out our secured investments
4. Improving operational and financial efficiencies
5. Transitioning to an increasingly income focused model

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# Growing net rental income

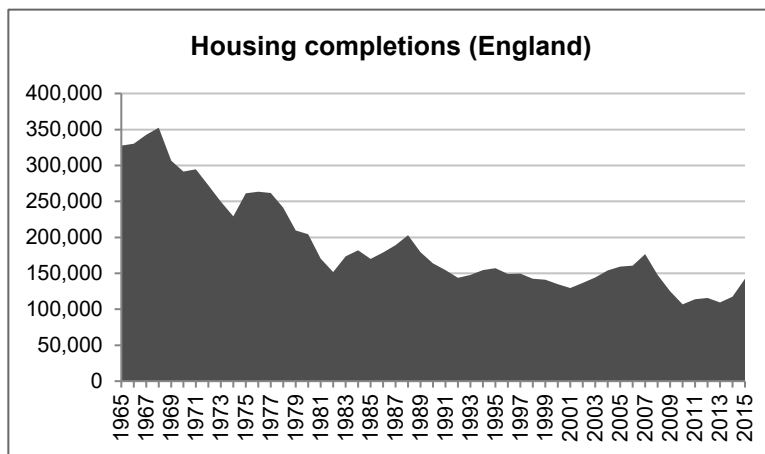
*Helen Gordon, Chief Executive Officer*

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## 1. The need for more homes



Source: ONS

## 2. Differentiation from Buy to Let

**98% of landlords own less than 10 properties.**

**Broad political support for Institutional Investment in PRS, with waning support for Buy to Let landlords**

Source: DCLG, Landlord Survey

## 3. Growing demand

**1 in 5 households rent today (4m), compared to 1 in 10 a decade ago.**

**1.8m more rental homes required by 2025**

Source: English Housing Survey 2014-15 (published Feb 2016), PwC

## 4. The rise of Generation Rent

### Financial drivers

- Affordability
- Lower savings rates
- High mortgage deposit requirements
- Higher stamp duty

### Lifestyle drivers

- Later family formation
- Greater job mobility
- Preference for more flexibility
- Changing spending patterns

## House prices

**House price growth in the year**  
**+3.7% (LSL)**  
**+5.3% (Grainger)**  
**+5.5% (Nationwide & Halifax)**  
**+7.7% (ONS)**

**£359,000**  
**Grainger's average house price**

## Rental market

**Private rental prices rose by 2.3%,  
compared to Grainger's 3.6%**

**All English regions saw rental  
inflation over the period**

Source: ONS, [Index of private housing rental prices \(IPHRP\) in Great Britain: Sept 2016](#)

## Government policy and the Autumn Statement

- **Ban on lettings fees welcome**
- **Wider approach to housing, not just focused on home ownership**
- **Forthcoming Housing White Paper**



### Chancellor of the Exchequer:

"The government expects to more than double, in real terms, annual capital spending on housing... This commitment to housing delivery represents a step-change in our ambition to increase the supply of homes for sale and for rent, to deliver a housing market that works for everyone."



### Communities Secretary:

"Tackling the housing shortfall isn't about political expediency. It's a moral duty. And it's one that falls on all of us... So my message today is clear: it's time to get building."

Figures above refer to the twelve month period to end of September 2016

## **(1) National reach**

*We have presence across the UK*

## **(2) Local knowledge**

*Our local team's market knowledge provides a competitive advantage*

## **(3) A well established network**

*Our scale and strong industry contacts ensure we see the best investment opportunities in the market*

## **(4) Flexible approach**

*We can invest across the full spectrum of opportunities, from developments to tenanted assets*

## **(5) Leading operational platform**

*Unparalleled scale and expertise*

- Transactions
- Development
- Sourcing
- Lettings and marketing
- Property and asset management

## **(6) Strong future cashflows**

*Our regulated tenancies will generate >£100m pa*

## **(7) Strong balance sheet**

*We have the capacity to deliver our £850m investment plan by 2020*



## Apex House, London

- **Direct development**
- **Secured**
- 163 new homes
- c.6.5% gross yield
- Planning consent received
- Construction to commence in 2017
- Completion expected 2020



## Yorkshire Post, Leeds

- **Forward funding**
- **In planning**
- 242 new homes
- c.7% gross yield
- Planning application submitted



## Finzels Reach, Bristol

- **Forward funding**
- **Secured**
- 194 new homes
- c.7% gross yield
- Construction due to start 2017
- Completion expected 2019



## Newbury, W. Berkshire, SE England

- **Direct development**
- **In planning**
- 232 new homes
- Planning consent received
- Completion expected 2020



## Indigo Blu, Leeds

- **Tenanted acquisition**
- **Secured**
- 46 homes
- c.7% gross yield
- Tenanted asset
- Immediately income producing

## A growth market

1.8m new PRS households  
by 2025

## High quality pipeline

£389m investment secured

## Market leader

Expertise with a national  
presence

## Scalable operating platform

Gross to net property  
operating costs down to 28%

## Capacity for growth

Enabled by our cash  
generative regulated tenancy  
portfolio

## Resilient portfolio

Robust valuations,  
reversionary surplus  
£327m

## Track record of delivery

Excellent strategic progress in FY16, increasing focus on  
income and reduced costs

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# Thank you

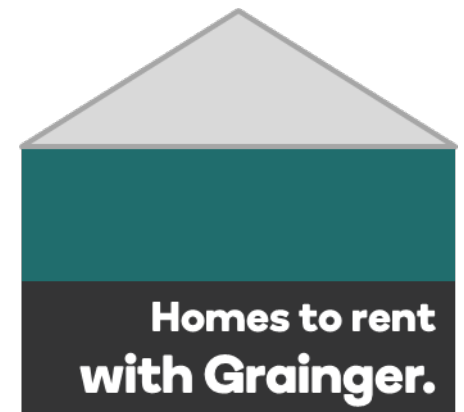
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# Appendices

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# FY17 reporting dates

Trading update

9 February 2017

Interim results

18 May 2017

Trading update

10 August 2017

Full year results

30 November 2017

## 2017

January							February							March							April									
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S			
						1				1	2	3	4	5			1	2	3	4	5					1	2			
2	3	4	5	6	7	8		6	7	8	9	10	11	12		6	7	8	9	10	11	12		3	4	5	6	7	8	9
9	10	11	12	13	14	15		13	14	15	16	17	18	19		13	14	15	16	17	18	19		10	11	12	13	14	15	16
16	17	18	19	20	21	22		20	21	22	23	24	25	26		20	21	22	23	24	25	26		17	18	19	20	21	22	23
23	24	25	26	27	28	29		27	28							27	28	29	30	31				24	25	26	27	28	29	30

May							June							July							August									
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S			
1	2	3	4	5	6	7					1	2	3	4					1	2			1	2	3	4	5	6		
8	9	10	11	12	13	14		5	6	7	8	9	10	11		3	4	5	6	7	8	9		7	8	9	10	11	12	13
15	16	17	18	19	20	21		12	13	14	15	16	17	18		10	11	12	13	14	15	16		14	15	16	17	18	19	20
22	23	24	25	26	27	28		19	20	21	22	23	24	25		17	18	19	20	21	22	23		21	22	23	24	25	26	27
29	30	31						26	27	28	29	30				24	25	26	27	28	29	30		28	29	30	31			

September							October							November							December									
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S			
				1	2	3							1			1	2	3	4	5					1	2	3			
4	5	6	7	8	9	10		2	3	4	5	6	7	8		6	7	8	9	10	11	12		4	5	6	7	8	9	10
11	12	13	14	15	16	17		9	10	11	12	13	14	15		13	14	15	16	17	18	19		11	12	13	14	15	16	17
18	19	20	21	22	23	24		16	17	18	19	20	21	22		20	21	22	23	24	25	26		18	19	20	21	22	23	24
25	26	27	28	29	30			23	24	25	26	27	28	29		27	28	29	30					25	26	27	28	29	30	31



# Secured pipeline schedule

Name	Status	No. units	Forecast GRI investment	Gross yield target	Expected completion
<b>Forward funding</b>					
Clippers Quay, Salford	On site	614	£99m	c.8%	First completions FY18
Finzels Reach, Bristol	Construction to commence in 2017	194	£46m	c.7%	FY19
<b>Total secured (target £250m)</b>		<b>808</b>	<b>£145m</b>		
<b>Direct development</b>					
Berewood, Hampshire	On site	104	£17m	7.5-8%	FY17
Apex House, London	Consent granted	163	£60m	c.6.5%	FY19
Seven Sisters, London	Consent granted, CPO underway	196	£80m	c.7%	FY20
Gun Hill, Wellesley	Consent granted	107	£22m	6.5% + fees	First completions FY18
<b>Total secured (target £250m)</b>		<b>570</b>	<b>£179m</b>		
<b>Tenanted acquisitions</b>					
Kings Dock Mill, Liverpool	Acquired	120	£15m	c.7%	FY16
Indigo Blu, Leeds	Acquired	46	£8m	c.7%	FY17
Other	Acquired	327	£29m	6.5%-7%	FY16
<b>Total secured (target £250m)</b>		<b>493</b>	<b>£52m</b>		
<b>Co-investment (Grainger's share)</b>					
Canning Town, London (GRIP)	On site	134	£6m	7.5% + fees	FY17
Kew Bridge Court, London (GRIP)	Acquired	98	£7m	4.5-5% + fees	FY16
<b>Total secured (target £100m)</b>		<b>232</b>	<b>£13m</b>		
<b>TOTAL SECURED (target £850m)</b>		<b>2,103</b>	<b>£389m</b>		

Supplementary to the secured pipeline, in planning or legals includes two notable schemes; a c.£40m, 242 unit build to rent development in Leeds (former Yorkshire Post site) and a 232 mixed unit scheme in Newbury.

<b>FY16</b>	<b>No. units</b>	<b>Market value £'m</b>	<b>Vacant possession value £'m</b>	<b>Reversionary surplus £'m</b>
Residential - PRS (market rented)	2,092	461	500	39
Residential - regulated tenancies	3,652	1,249	1,507	258
Residential – Mortgages	704	93	91	(2)
Development work in progress	-	105	105	-
<b>Wholly-owned assets</b>	<b>6,448</b>	<b>1,908</b>	<b>2,203</b>	<b>295</b>
Investment in JVs/associates - Grainger share	676	252	284	32
<b>Total Investments</b>	<b>7,124</b>	<b>2,160</b>	<b>2,487</b>	<b>327</b>
Held-for-sale	3	3	3	-
<b>FY16 total</b>	<b>7,127</b>	<b>2,163</b>	<b>2,490</b>	<b>327</b>
Assets under management	1,486	569	644	
<b>Total assets under management</b>	<b>8,612</b>	<b>2,732</b>	<b>3,134</b>	

# Geographic breakdown of our portfolio

Region	Homes under management (units)	Market value (£m)	Grainger's share of market value (£m)	Average house price (avg VPV per unit) (£'000)
Central London	1,020	691	524	798
Inner London	2,358	959	634	471
Outer London	542	183	177	400
South East	665	159	147	305
South West	914	250	197	305
East	424	68	64	211
East Midlands	276	24	24	112
West Midlands	500	83	82	202
Wales	12	1	1	173
Yorkshire	329	37	37	144
North West	1,263	137	136	125
North East	285	28	28	119
Scotland	21	3	3	141
<b>Total</b>	<b>8,609</b>	<b>2,624</b>	<b>2,055</b>	<b>359</b>

*Excludes development work in progress and discontinued operations.*

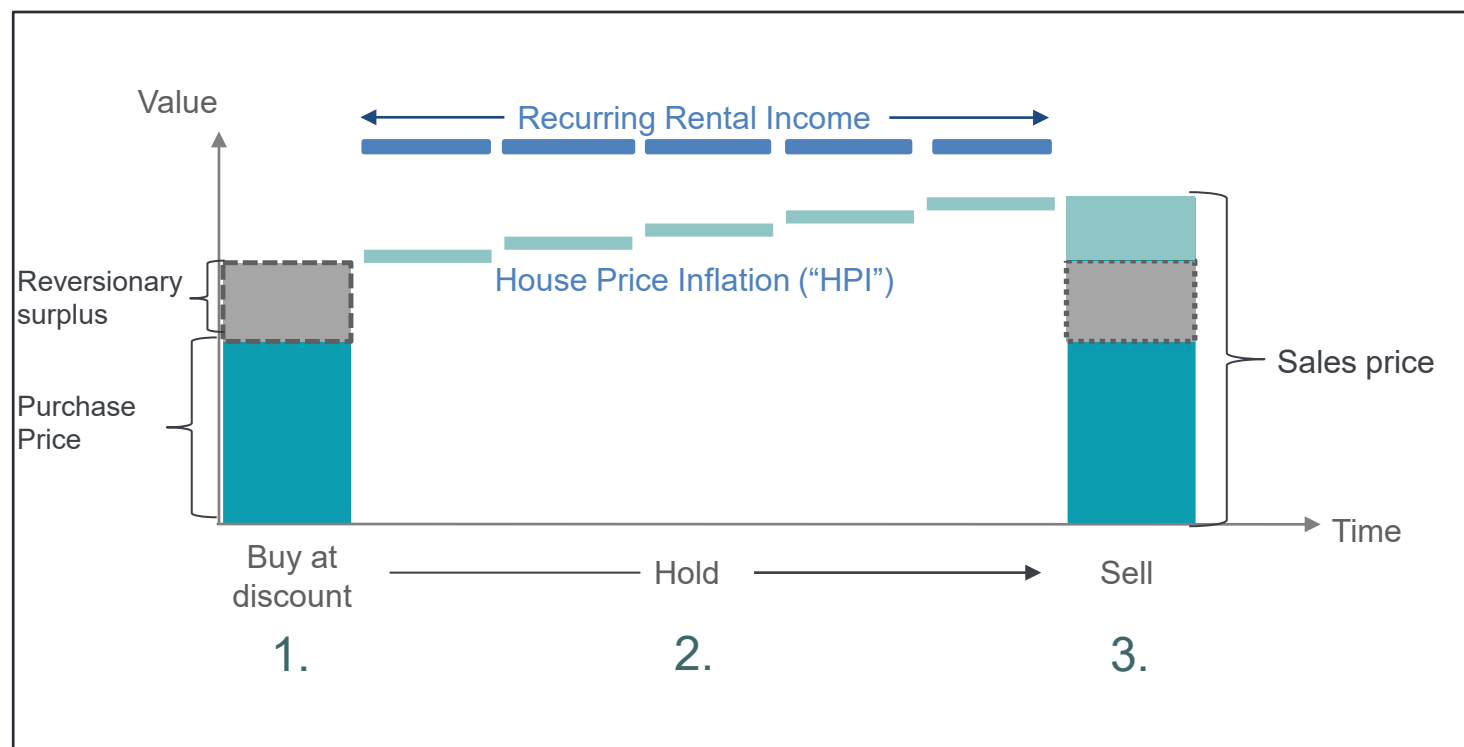
## 1. Buy at a discount

## 2. Hold and receive rental income

- Biennial rent reviews, achieving rental growth of up to 5% + RPI

## 3. Sell and capture house price inflation and reversionary surplus

- Reversionary surplus relating to regulated tenancies of £258m



# Balance Sheet

	FY16 £m	FY15 £m
Residential - Market Rented	461	399
Residential - Reversionary	1,342	1,317
Development Work In Progress	105	95
Investment in JVs/Associates	193	166
<b>Total Investments</b>	<b>2,101</b>	<b>1,977</b>
Net Debt	(764)	(1,138)
Other Assets/Liabilities	32	18
Discontinued (excluding loans)	11	477
<b>EPRA Net Asset Value (NAV)</b>	<b>1,380</b>	<b>1,334</b>
Deferred & Contingent Tax	(146)	(158)
Derivatives	(34)	(34)
Discontinued	0	(41)
<b>EPRA Triple Net Asset Value (NNNAV)</b>	<b>1,200</b>	<b>1,101</b>
<b>EPRA NAV (pence per share)</b>	<b>330</b>	<b>319</b>
<b>EPRA NNNAV (pence per share)</b>	<b>287</b>	<b>263</b>
LTV	35.9%	45.5%
Total Return (return on shareholder equity)	10.6%	10.0%

FY16 (£m)	GRIP	Walworth	Other	Total
Property assets	621	193	49	863
Other assets	26	10	2	38
Total assets	647	203	51	901
External debt	(215)	(60)	-	(275)
Loans to/(from) equity participants	(80)	(13)	(35)	(128)
Other liabilities	(9)	(16)	(20)	(45)
Total liabilities	(305)	(89)	(55)	(449)
Net assets	342	114	(4)	452
Grainger share	24.9%	50%	15-50%	
Grainger share £m	85	57	(2)	140
Loans net of provisions	20	7	17	44
<b>Total Grainger investment</b>	<b>105</b>	<b>64</b>	<b>15</b>	<b>184</b>
Vacant possession value	705	215	-	920
Reversionary surplus	82	22	-	104
Grainger share of reversionary surplus	21	11	-	32
Grainger share of property assets*	156	96	-	252

\*The Grainger share of property assets shown as other is reported within Development within the portfolio summary.

	FY16			FY15		
	Units sold	Sales £m	Profit £m	Units sold	Sales £m	Profit £m
UK residential	307	103.1	52.0	310	92.0	52.8
Charm sales	54	6.9	0.2	61	7.5	0.4
<b>Sales on vacancy</b>	<b>361</b>	<b>110.0</b>	<b>52.2</b>	<b>371</b>	<b>99.5</b>	<b>53.2</b>
Tenanted and other	59	12.5	7.7	130	23.5	8.0
<b>Residential sales total</b>	<b>420</b>	<b>122.5</b>	<b>59.9</b>	<b>501</b>	<b>123.0</b>	<b>61.2</b>
Development	-	25.1	11.8	-	33.8	9.8
Construction contract	-	24.1		-	-	-
<b>Continuing Operations</b>	<b>420</b>	<b>171.7</b>	<b>71.7</b>	<b>501</b>	<b>156.8</b>	<b>71.0</b>
<i>Reconciliation to statutory numbers</i>						
<i>Less Charm portfolio</i>	<i>(54)</i>	<i>(6.9)</i>	<i>(0.2)</i>	<i>(61)</i>	<i>(7.5)</i>	<i>(0.4)</i>
<b>Statutory sales and profit</b>	<b>366</b>	<b>164.8</b>	<b>71.5</b>	<b>440</b>	<b>149.3</b>	<b>70.6</b>

*\* Restated for continuing operations*

# Net asset reconciliation

FY16 (£m)

	Statutory Balance Sheet	Market Value Adjustments	Market value Balance Sheet	Add back Def Tax on property	Add back Fair value of derivative financial instruments	Gross NAV	Adj IAS 39 re fixed rate loan and derivative financial instruments	Deferred and Contingent Tax	NNNAV Balance Sheet
Investment Property	261	-	261	-	-	261	-	-	261
CHARM	93	-	93	-	-	93	-	-	93
Trading stock	904	649	1,553	-	-	1,553	-	-	1,553
JV/Associates	184	-	184	7	2	193	(2)	(7)	184
Cash	91	-	91	-	-	91	-	-	91
Deferred tax	-	-	-	-	(3)	(3)	7	-	4
Other assets	77	8	85	-	-	85	-	-	88
Assets classified as held-for-sale	3	-	3	-	-	3	-	-	3
<b>Total assets</b>	<b>1,613</b>	<b>657</b>	<b>2,270</b>	<b>7</b>	<b>(1)</b>	<b>2,276</b>	<b>5</b>	<b>(7)</b>	<b>2,274</b>
External debt	(844)	-	(844)	-	-	(844)	(26)	-	(870)
Derivatives	(13)	-	(13)	-	13	-	(13)	-	(13)
Deferred tax	(30)	-	(30)	28	-	(2)	-	(139)	(141)
Other liabilities	(50)	-	(50)	-	-	(50)	-	-	(50)
<b>Total liabilities</b>	<b>(937)</b>	<b>-</b>	<b>(937)</b>	<b>35</b>	<b>13</b>	<b>(896)</b>	<b>(39)</b>	<b>(139)</b>	<b>(1,074)</b>
<b>Net assets</b>	<b>676</b>	<b>657</b>	<b>1,333</b>	<b>35</b>	<b>12</b>	<b>1,380</b>	<b>(34)</b>	<b>(146)</b>	<b>1,200</b>
<b>Net assets per share pence</b>	<b>161</b>	<b>157</b>	<b>318</b>	<b>9</b>	<b>3</b>	<b>330</b>	<b>(8)</b>	<b>(35)</b>	<b>287</b>

**Shares** 418,374,535

**Treasury/ EBT Shares** 3,239,427



# Look through debt

Counterparty	Group (£m)	WIP 50%	GRIP 25%	Total JVs (£m)	Grainger Share JVs
Syndicate	302				
Corporate Bond	275				
M&G	100				
<b>Core Total</b>	<b>677</b>				
Bilateral	150				
HCA funding	25				
Joint Ventures and associates		60	217	277	84
<b>Total Group Gross Debt</b>	<b>852</b>	<b>60</b>	<b>217</b>	<b>277</b>	<b>84</b>
Cash	(80)				
Finance Costs	(8)				
<b>Total Group Net Debt</b>	<b>764</b>	<b>60</b>	<b>217</b>	<b>277</b>	<b>84</b>
<b>Group Property and investment assets (IV)</b>	<b>2,129</b>	<b>191</b>	<b>598</b>	<b>789</b>	<b>244</b>
<b>Group LTV *</b>	<b>35.9%</b>	<b>31.5%</b>	<b>36.3%</b>	<b>35.1%</b>	<b>34.4%</b>

Core Property and investment assets (IV)	2,024
Core facility LTV (at IV)	33.0%
Core Property and investment assets (VP)	2,321
Core facility LTV (at VP)	28.8%

\* Excludes £8.0m Fair Value Adjustment on acquired debt for purposes of Group LTV

## PROPERTY

### **Assured periodic tenancy ('APT')**

Market-rented tenancy arising from succession from a regulated tenancy. Tenant has security of tenure.

### **Assured shorthold tenancy ('AST')**

Market-rented tenancy where landlord may obtain possession if appropriate notice is served.

### **Assured tenancy ('AT')**

Market-rented tenancy where tenant has the right to renew.

### **Investment value ('IV') or market value**

Open market value of a property subject to relevant tenancy in place.

### **PRS**

Private rented sector.

### **Regulated tenancy**

Tenancy regulated under the 1977 Rent Act. Rent (usually sub-market) is set by the rent officer and the tenant has security of tenure.

### **Vacant possession value**

#### **('VP' or 'VPV')**

Open market value of a property free from any tenancy.

## FINANCIAL

### **Contingent tax**

The amount of tax that would be payable should trading property be sold at the market value shown in the market value balance sheet.

### **Dividend cover**

Earnings per share divided by dividends per share.

### **Earnings per share ('EPS')**

Profit after tax attributable to shareholders divided by the weighted average number of shares in issue in the year.

### **EPRA NAV**

Shareholders' funds adjusted for the market value of property assets held as stock but before deduction for deferred tax on property revaluations and before adjustments for the fair value of derivatives.

### **Loan to value ('LTV')**

Ratio of net debt to the market value of properties.

### **EPRA NNNAV**

EPRA NAV adjusted for deferred tax and those contingent tax liabilities which would accrue if assets were sold at market value and for the fair value of long-term debt and derivatives.

### **Adjusted earnings**

Adjusted earnings, previously called recurring profit, is profit before tax, less valuation movements and non-recurring items.

### **Total Return / Return on shareholders' equity**

Growth in NNNAV in the year plus the dividend per share relating to each year as a percentage of opening NNNAV.

### **Weighted average cost of capital ('WACC')**

The weighted average cost of funding the Group's activities through a combination of shareholders' funds and debt.