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17 JUNE 2010

GRAINGER PLC
(‘Grainger’)

**Update regarding the proposed acquisition of Sovereign Reversions plc
(‘Sovereign Reversions’)**

The Scheme Document has been posted today to Sovereign Reversions’ Shareholders. The Court Meeting and General Meeting to approve the Scheme are scheduled to take place on 12 July 2010. An expected timetable of the principal events is set out in the Scheme Document. The expected Effective Date is 9 August 2010.

On 16 June 2010 Grainger received written notification of the approval of the Financial Services Authority to the proposed change of control of Home and Capital Trustee Company Limited, Home and Capital Trust Limited, Home and Capital Advisers Limited and The Welfare Dwellings Trust Limited (all being subsidiaries of Sovereign Reversions) to Grainger Equity Release Limited pursuant to the Transaction, provided such change of control becomes effective on or before 15 September 2010.

Following the Announcement on 4 June 2010 of the recommended acquisition of Sovereign Reversions by Grainger, Grainger was approached by a UK-based real estate investor and fund manager, Moorfield, with a view to establishing a joint venture between Grainger and the Moorfield Real Estate Fund II and becoming a funding partner in respect of Sovereign Reversions’ portfolio of equity release investments.

Such an arrangement would, if completed, be consistent with Grainger’s strategy of investing alongside co-investment partners across a range of residential sectors and of utilising third party capital in the development of its business. Following this approach, Grainger and Moorfield have entered into a binding exclusivity agreement and non-binding heads of terms in connection with this proposed joint venture, under which, inter alia:

- Moorfield has agreed that, during the period ending (with certain limited exceptions) on 31 December 2010, no Moorfield Affiliate will deal in any Shares or encourage, solicit, participate in or publicly indicate support for any competing proposal or offer to acquire Sovereign Reversions; and
- Grainger and Moorfield have agreed to work towards agreeing the binding terms of a joint venture (to be owned as to 50 per cent. each) which would, after completion of the Transaction, become the owner of Sovereign Reversions’ portfolio of equity release investments, such portfolio to be managed by Grainger.

Discussions between Grainger and Moorfield are at an early stage and are subject, inter alia, to due diligence by Moorfield and the conclusion of binding legal documentation. There is no certainty that the proposed joint venture will be completed on the terms currently proposed or an agreement between Grainger and Moorfield is reached at all, but implementation of the

transaction by Grainger is not dependent or conditional on such completion or an agreement between Grainger and Moorfield being reached. Shareholders will be informed of any material developments before the Effective Date concerning the proposed joint venture.

Capitalised terms used in this announcement shall have the meanings given to them in the Scheme Document posted today to Sovereign Reversions' Shareholders.

Enquiries

Grainger plc

Andrew Cunningham, Chief Executive
Peter Couch, Chief Operating Officer
Dave Butler, Director, Corporate Affairs

Tel: 020 7795 4700

Moorfield Group Limited

Charles Ferguson Davie
Sadie Chave

Tel: 020 7399 1900

J.P. Morgan Cazenove, Financial Adviser to Grainger

Robert Fowlds
Bronson Albery

Tel: 020 7588 2828

Financial Dynamics, Financial PR to Grainger

Stephanie Highett
Dido Laurimore
Rachel Drysdale

Tel: 020 7831 3113

J.P. Morgan Cazenove is a marketing name for the UK investment banking business of J.P. Morgan plc and its associated companies. J.P. Morgan Cazenove is acting exclusively for Grainger and no one else in connection with the possible Transaction and will not be responsible to anyone other than Grainger for providing the protections afforded to customers of J.P. Morgan Cazenove or for providing advice in relation to the possible Transaction or any other matter referred to herein.

Brewin Dolphin Investment Banking acts as joint broker to Grainger.

About Moorfield Group Limited

Moorfield Group is a UK based real estate and real estate related investor, developer and private equity fund manager, with c. £1.3 billion currently under management through the Moorfield Real Estate Funds. Moorfield acquires single or multiple assets, or indirectly invests through corporate vehicles, including joint ventures. Moorfield manages two real estate private equity funds for third party investors: the Moorfield Real Estate Fund; and the Moorfield Real Estate Fund II (both of which they also invest directly in) as well as holding investments directly through Moorfield Group Limited and subsidiaries. More information about Moorfield can be found on its website www.moorfield.com