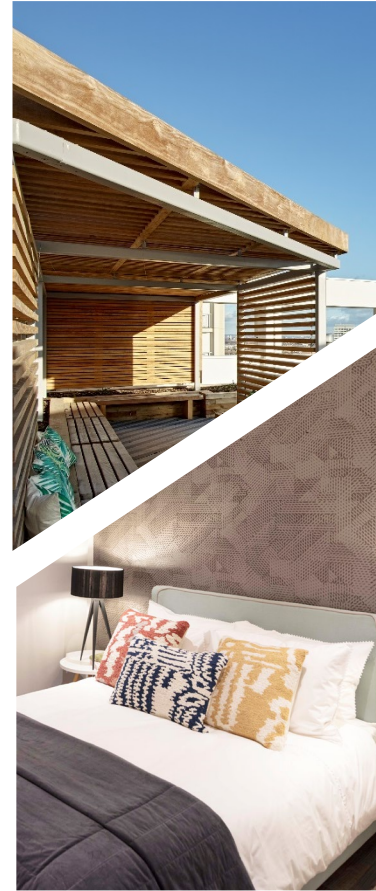


Delivering growth through operational excellence

Half Year Financial Results

From 1 October 2018 to 31 March 2019

16 May 2019



Updated on 30/05/2019 to make a correction on page 49

Agenda

Originate

Invest

Operate

1. Overview

Helen Gordon
Chief Executive

2. Financial Results

Vanessa Simms
Chief Financial Officer

3. Market and business update

Helen Gordon
Chief Executive

4. Summary and Q&A

Helen Gordon
Chief Executive

5. Appendix

Leading in a growth sector

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Leading in a growth sector

Delivering mid-market rental homes in a country facing a housing crisis

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A vast market opportunity



Demand growing

4.5m to 7.2m by 2025



Supply reducing

20% private landlords selling
43% fewer buy-to-let mortgages



Competition's progress limited

3% market share of large-scale corporate landlords
2.7m estimated PRS undersupply



Professionalisation

Policy changes encouraging professional operators and discouraging private, amateur landlords

Grainger's competitive advantage



Operational excellence

with 8,400 existing operational rental homes



Strong pipeline of new schemes

will deliver over 8,200 new rental homes



Targeting investible cities



Mid-market pricing



Internally funded pipeline



Fully integrated scalable platform



Proven partnership model

Sources: PwC; Knight Frank; MHCLG; UK Finance; Land Registry

Strong performance in HY19

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Six month performance

Profit before tax

£54.3m

+7%

Adjusted earnings

£38.3m

(6)%

Net rental income

£29.1m

+33%

Rental growth (L4L)

+3.7%

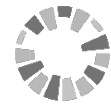
(40bps)

EPRA NNAV

271pps



FTSE4Good



G R E S B[®]

Key activities:

- Delivering resilient rental growth
- GRIP integration ahead of plan
- Development pipeline now coming through, Clippers Quay first phase fully let
- Operational platform delivering outperformance
- TfL partnership and other partnerships boost future pipeline from 2021



2018

**Asset Manager
of the Year
RESI Awards**



2017

**Property Company
of the Year
Property Awards**

**Landlord
of the Year
RESI Awards**

Accelerating growth with two major achievements

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GRIP Acquisition

- Operational improvements delivered day one
 - Gross to net from 32% to 26%
- Strong rental growth achieved of +3.4%
- Valuation uplift of +£4.1m since acquisition
- Value add initiatives delivering growth
 - Refurbishments
 - Asset recycling
- Overheads savings of £4m secured
- Credit rating upgraded for Group post-acquisition

TfL PRS Partnership

- 49:51 JV (TfL: Grainger)
- Sites located adjacent to London tube stations
- Over 3,000 new homes
- Construction targeted to commence in 2021
- Supplements pipeline from 2021
- Funded by future operational cashflows

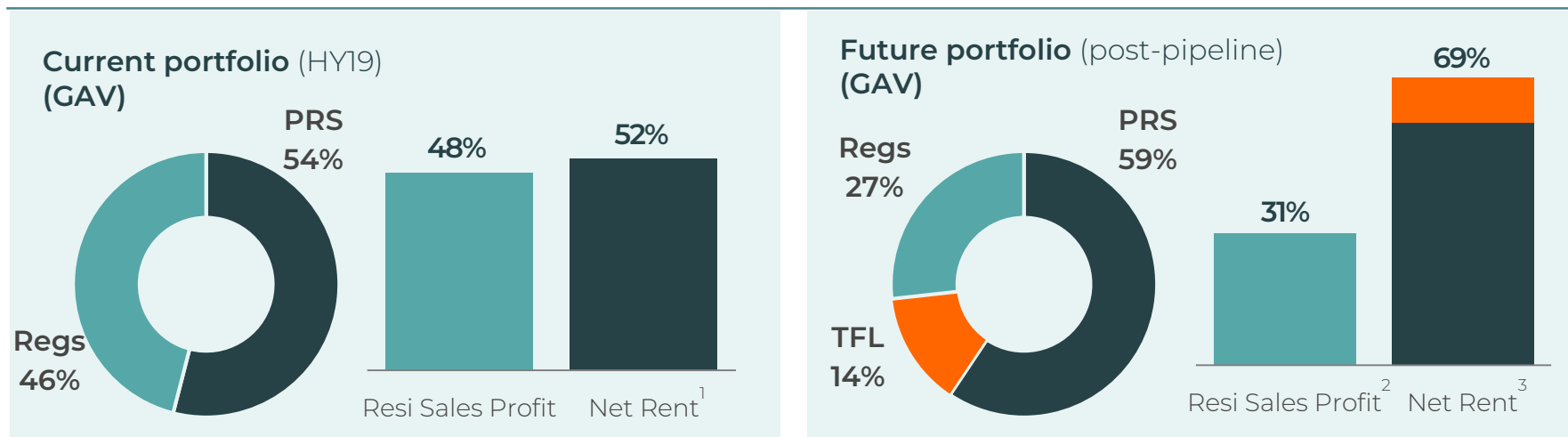
A strong growth trajectory



Growth internally funded from headroom, regulated tenancies and recycling



* TfL Partnership – indicative estimate of Grainger's unlevered 51% share based on c.3,000 units at an assumed £400k per unit.



¹ HY19 figure which includes 3.4 months impact of GRIP acquisition; HY19 annualised passing net rental income is £67m

² FY18 figure, used for illustrative purposes

³ Estimated NRI is a target only and not a forecast. There can be no guarantee of future performance.

2. HY19 Financial Results

Vanessa Simms
Chief Financial Officer



Investing in homes since 1912
grainger plc

Financial highlights

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Robust financial performance and repositioned income profile

Income	HY18	HY19	Change
Rental growth (like-for-like)	4.1%	3.7%	(40) bps
Net rental income	£21.8m	£29.1m	+33%
Adjusted earnings	£40.9m	£38.3m	(6)%
Profit before tax	£50.6m	£54.3m	+7%
Interim dividend per share*	1.57p	1.73p	+10%

Capital	FY18	HY19	Change
EPRA NAV per share - post rights issue*	292p	294p	+1%
EPRA NNNAV per share - post rights issue*	270p	271p	0%
Reversionary surplus	£277m	£331m	+19%
Net debt	£866m	£1,080m	+25%
Group LTV	37.1%	37.2%	+10 bps
Cost of debt (average)	3.4%	3.2%	(20) bps

* Pence per share comparatives for HY/FY18 have been adjusted for the impact of the rights issue. Pre rights issue FY18 EPRA NAV and NNNAV restated for bonus adjustment only stood at 314p and 286p respectively.

Income statement

Repositioned income profile with +33% growth in NRI

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Key highlights:

■ Significant growth in NRI

- £6.5m from 3.4 months of GRIP
- Gross to net = 26.2%
Stabilised G:N = 25.2%
- Passing rent = £67m pa

■ Sales performance

- Sales velocity maintained at 112 days
- Selling 0.4% ahead of previous valuations, year to date
- RBKC development completed
- Lower opening pipeline of £20m
- H2 weighted (40:60)
- Current FY pipeline £128m (April 18: £127m)

■ Revised segmental reporting

	HY18	HY19	Change
Net rental income	£21.8m	£29.1m	+33%
Profit from residential sales	£32.3m	£26.5m	(18)%
Profit from development	£6.6m	£4.8m	(27)%
Mortgage income (CHARM)	£2.9m	£2.8m	(3)%
Management fees and JVs	£4.3m	£4.0m	(7)%
Overheads	£(13.5)m	£(13.8)m	+2%
Pre-contract costs	£(0.3)m	£(0.6)m	+100%
Finance costs	£(13.2)m	£(14.5)m	+10%
Adjusted earnings	£40.9m	£38.3m	(6)%
Adjusted EPS* (diluted, after tax)	7.2p	5.7p	(21)%
Profit before tax	£50.6m	£54.3m	+7%
Earnings per share* (diluted, after tax)	9.1p	9.0p	(1)%

* Pence per share comparatives for HY18 have been restated for the bonus adjustment of the rights issue in December 2018.

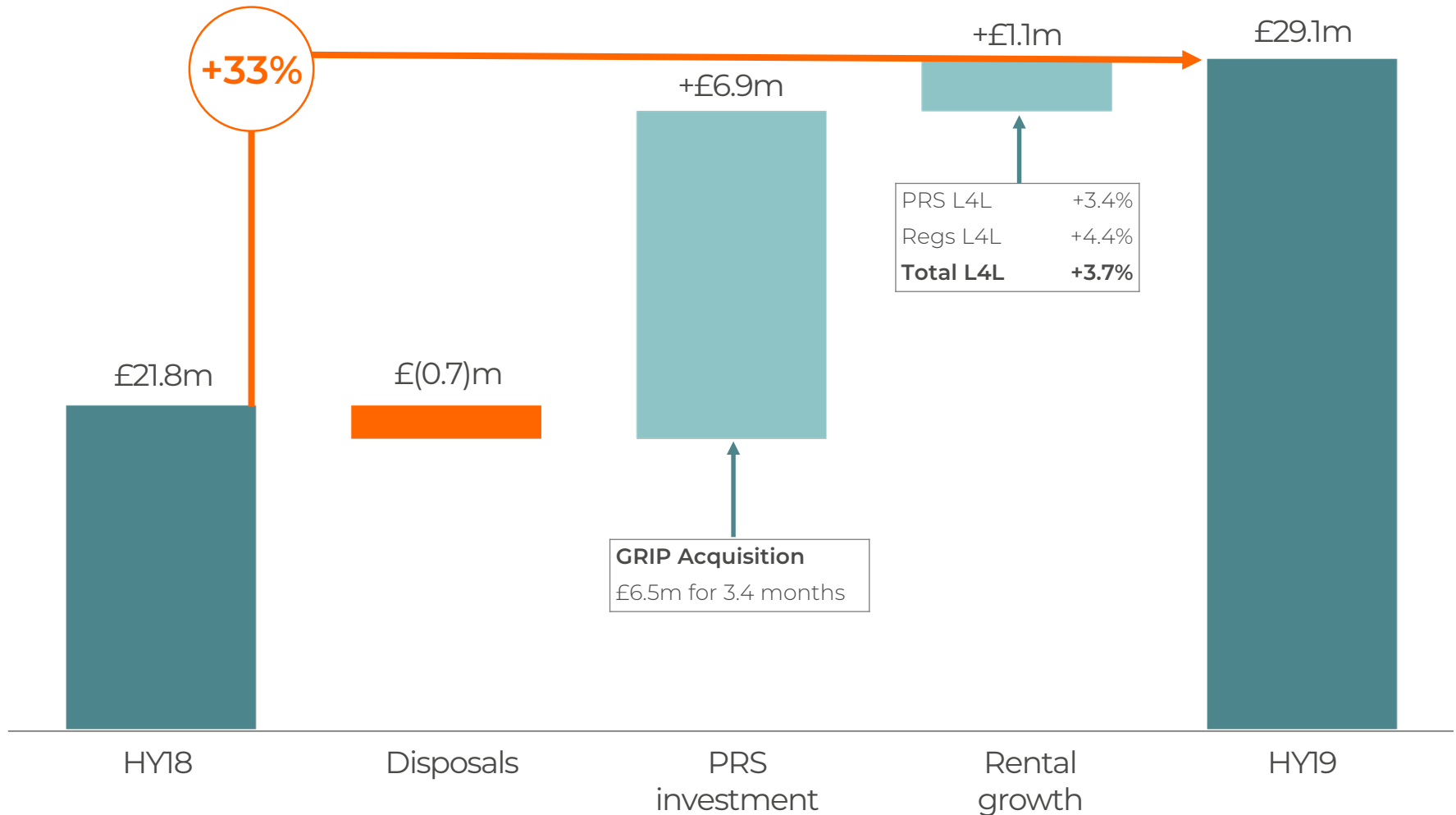
Net rental income growth

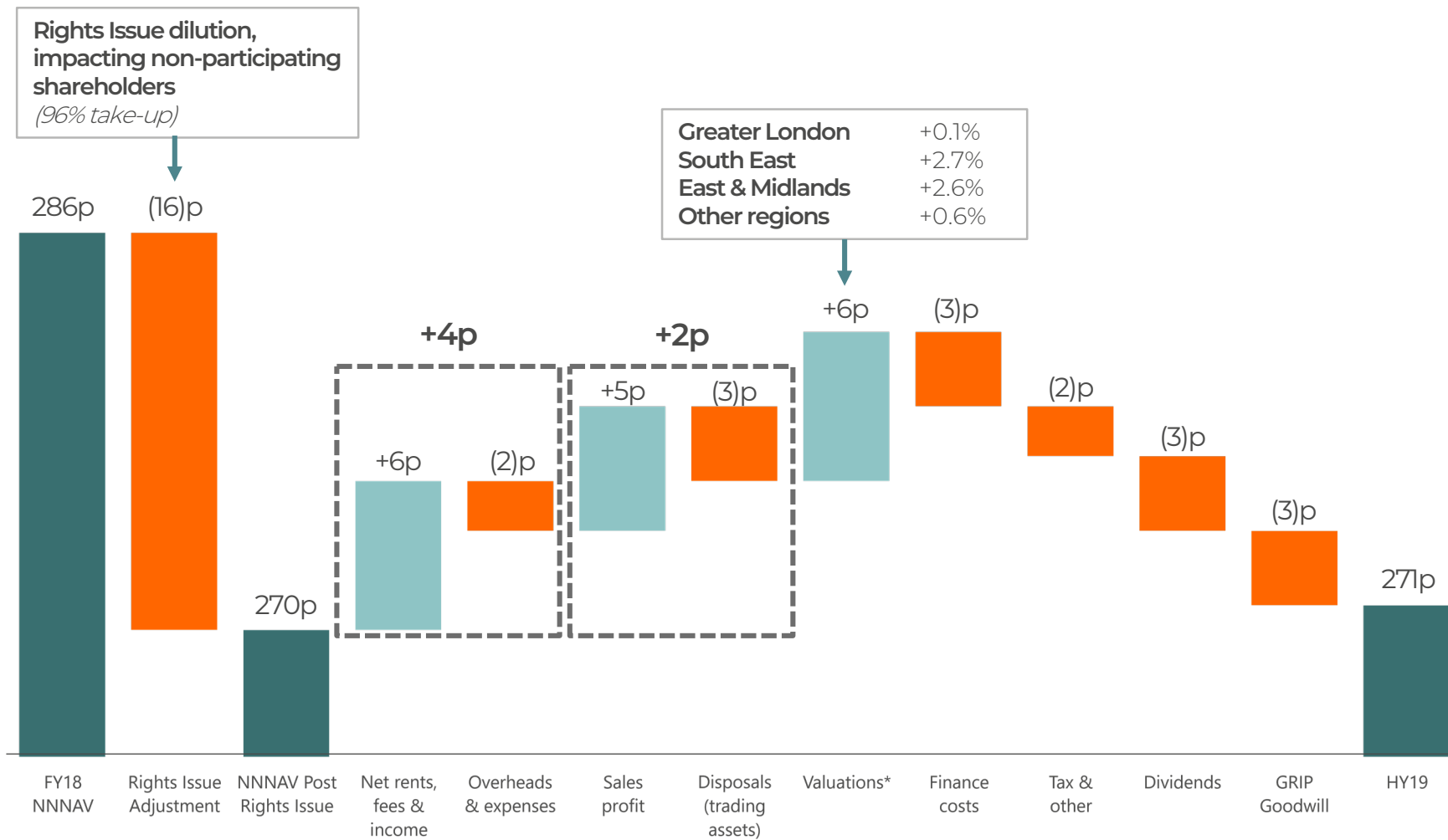
Underpinning dividend growth of +10%

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Operate





* Breakdown of valuation growth by region available in the Appendix.

EPRA NAV & NNNAV

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	£m	pence per share
Property assets (market value)	2,861	466
Net liabilities	(1,060)	(172)
EPRA NAV	1,801	294
Tax – deferred & contingent – trading assets	(102)	(18)
Sub-total	1,699	276
Tax – deferred & contingent – investment assets	(12)	(2)
Mark to market fixed rate debt and derivatives	(22)	(3)
EPRA NNNAV	1,665	271
Reversionary surplus – excluded from NAV metrics	331	54

Reversionary surplus

£331m of reversionary surplus to crystallise

+54pps

Deferred tax

£102m of deferred tax liabilities due as trading assets are sold

(18)pps

Mark to market

Move by £19.6m during the period to £22m.

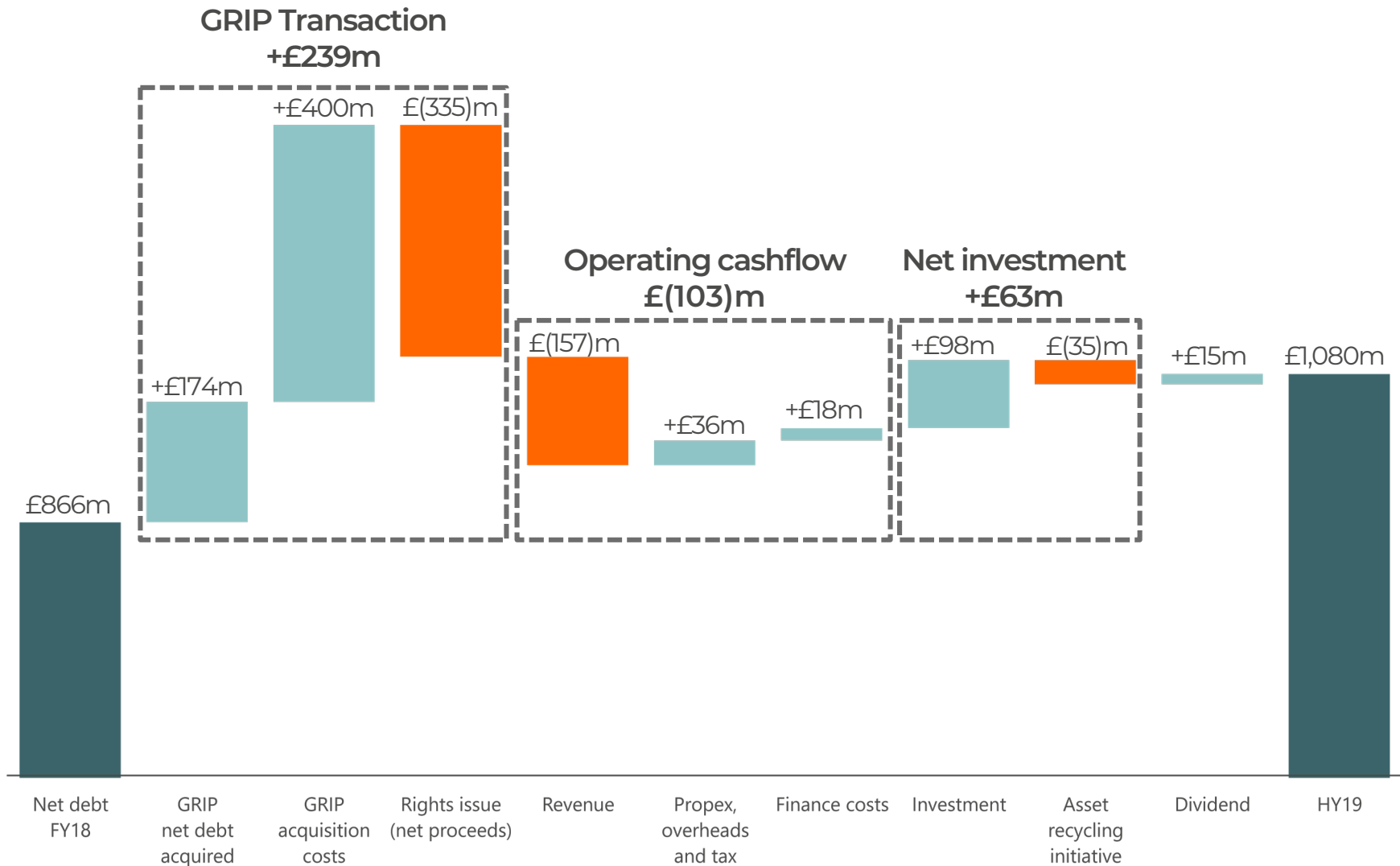
Net debt

Originate

Invest

Operate

Strong operational cashflow supports our growth plans



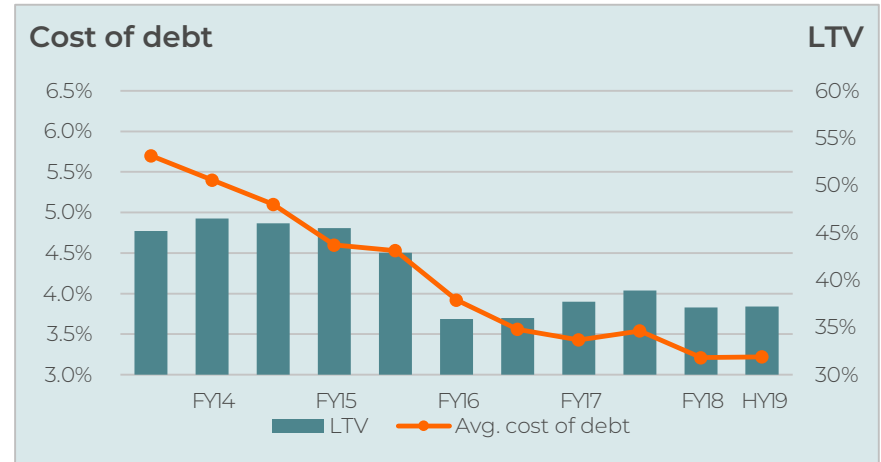
Robust and flexible capital structure

Originate

Invest

Operate

	HY19
Net debt	£1,080m
Loan to value	37.2%
Cost of debt (period end)	3.2%
Marginal cost of debt	1.8%
Fully drawn cost of debt	3.0%
Headroom	£395m
Weighted avg. facility maturity [^]	5.0 years



A capital structure that supports our growth plans

Credit rating upgrade

Upgraded to BB+ following GRIP acquisition

GRIP refinancing

Refinancing scheduled for summer 2019 to lock into lower rates for longer

Robust and flexible

A low risk, robust capital structure, with flexibility to support growth

Diverse sources

A variety of lenders, reducing risk and optimising costs and structure

[^] Including extension options.

GRIP integration

Ahead of plan and delivering strong results

Originate

Invest

Operate

Restructure

Voluntarily exited REIT regime

Delisted from Jersey stock exchange

Refinance scheduled for summer 2019

Operational

Operational integration implemented on day one

People and processes aligned to Grainger's own operating model

Operational synergies delivered

Value add

Refurbishments delivering rental growth of +46%

Asset recycling generated profits of £2.6m

Developments progressing to plan

Hale Wharf scheme secured

Performance

Rental growth +3.4%

Achieved gross to net target of 26% from 32%

£4m overhead savings secured

Valuation growth of +£4.1m on purchase price

54% of premium paid recovered through value add activities

Portfolio facts

c.1,700 homes

£696m portfolio valuation

£22.0m net rental income

Portfolio and pipeline overview

Originate

Invest

Operate

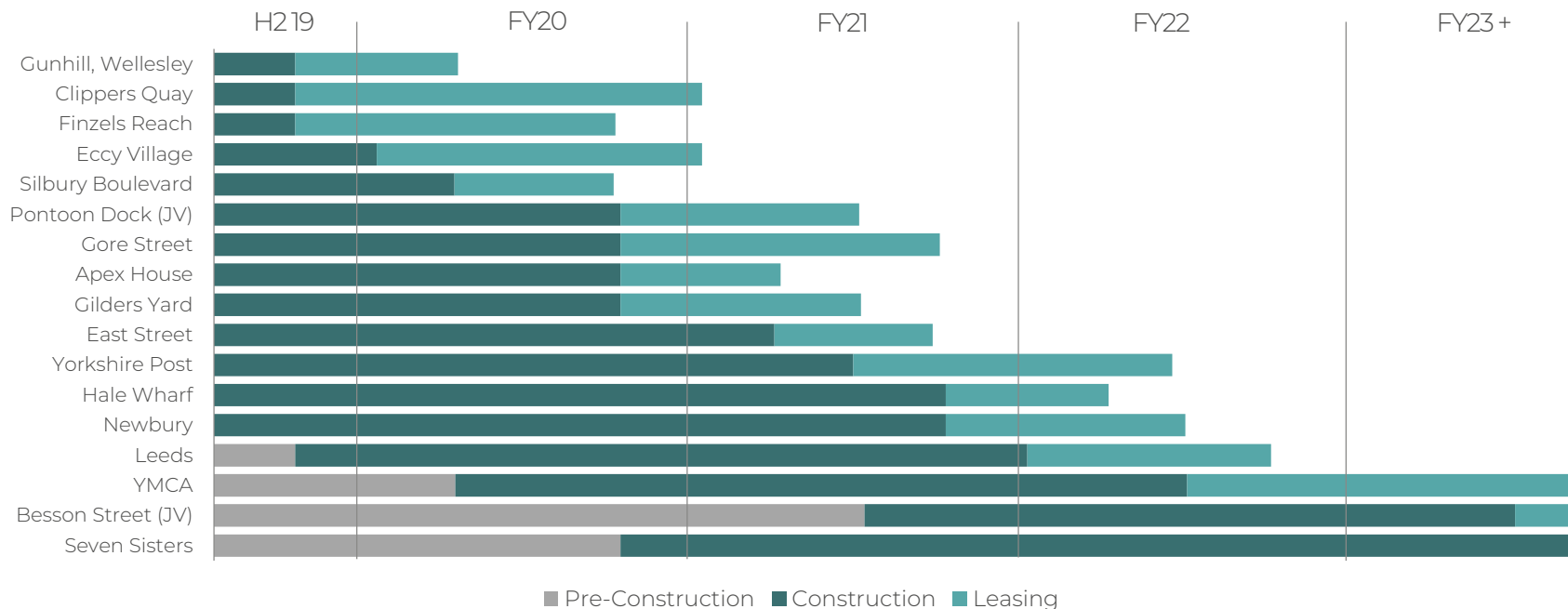
Operational portfolio and pipeline

OPERATIONAL PORTFOLIO
8,431 units, £2.5bn

PIPELINE
8,202 units, £1.8bn



Secured pipeline delivery timing



* Indicative estimate of Grainger's unlevered 51% share based on c.3,000 units at an assumed £400k per unit.

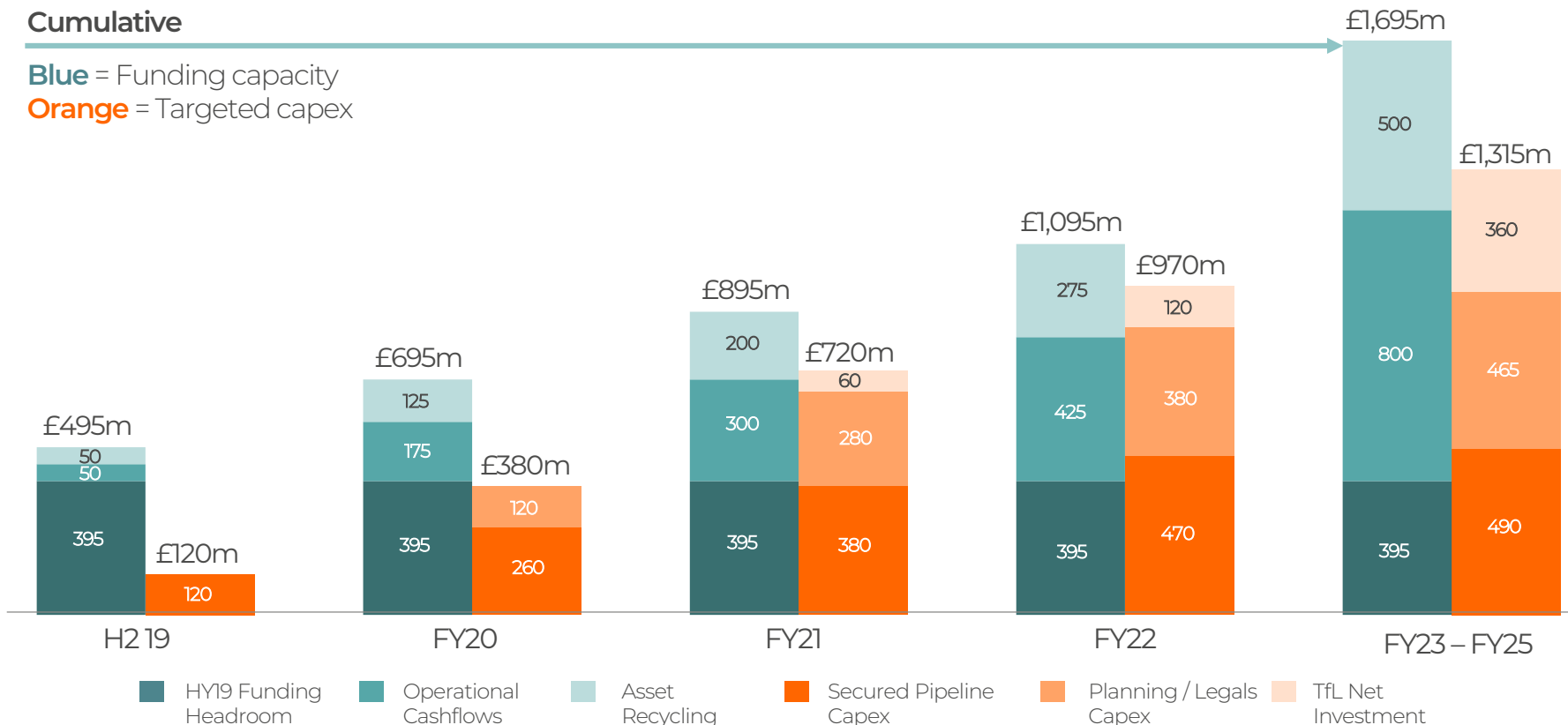
Funding our pipeline

Through regulated sales, asset recycling and headroom



Cumulative

Blue = Funding capacity
Orange = Targeted capex

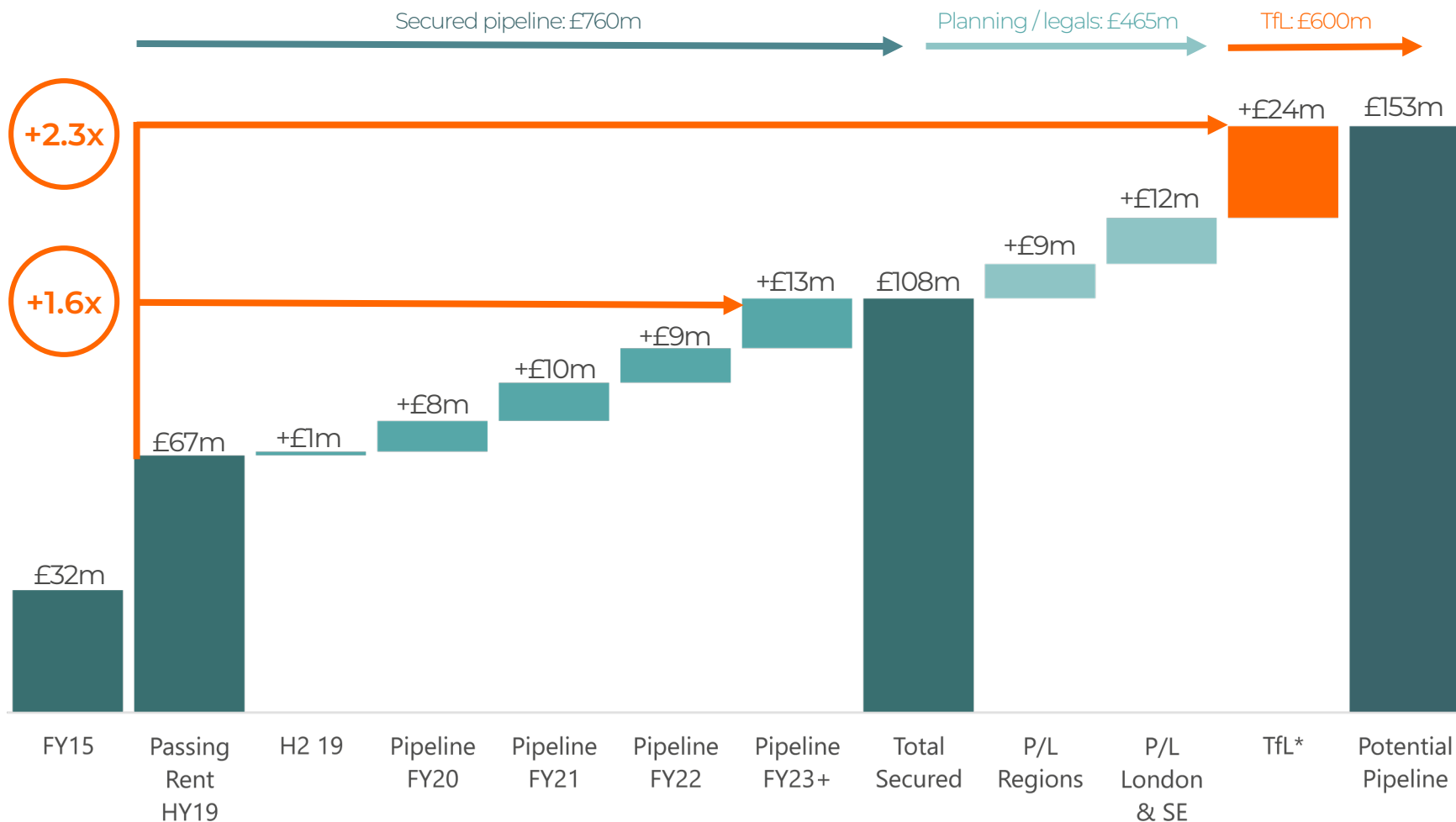


Assumptions:

Indicative funding capacity assuming HY19 headroom plus targeted £125m per annum generated from operational cashflows and £75m per annum from asset recycling.
 Indicative capital expenditure for secured pipeline and high level assumptions for planning / legal pipeline and Grainger's 51% share of the TfL partnership assuming 40% levered.

Passing rent progression

Dividend growth underpinned by NRI growth



*TfL Partnership – indicative estimate of Grainger’s unlevered 51% share based on c.3,000 units at an assumed £400k per unit and 4% NY. Assumption that rental growth from operational portfolio nets off against disposal of regulated tenancies.

Significant growth plans, underpinned by operational leverage

- Pipeline fully funded by regulated tenancy sales and asset recycling
- Strong capital structure and flexibility
- GRIP integration ahead of plan and delivering results
- Robust balance sheet
- Repositioned income profile

3. Market and business update

Helen Gordon
Chief Executive



Investing in homes since 1912
grainger plc

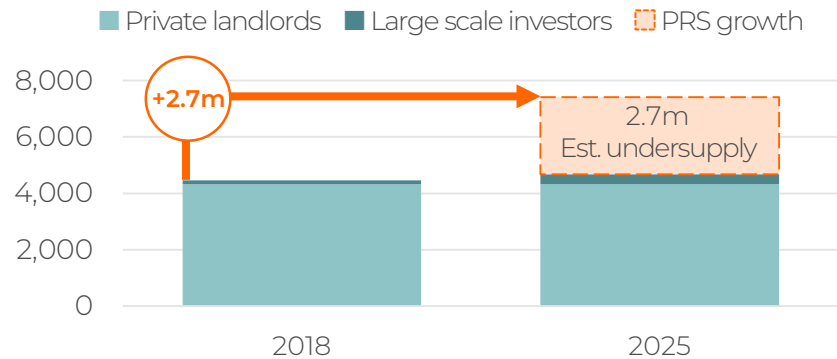
A vast structural market opportunity

Originate

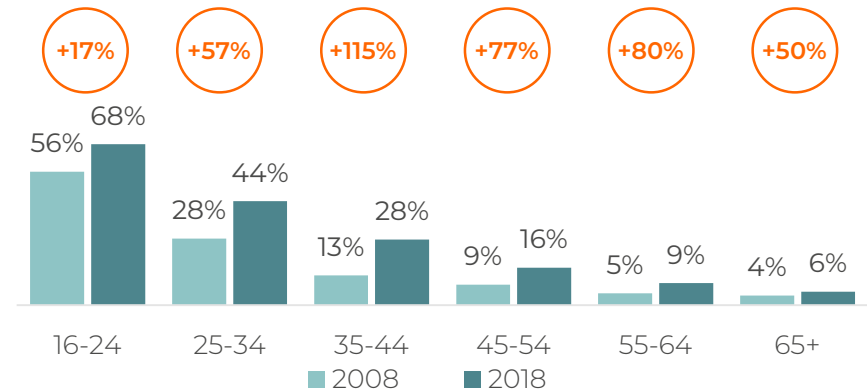
Invest

Operate

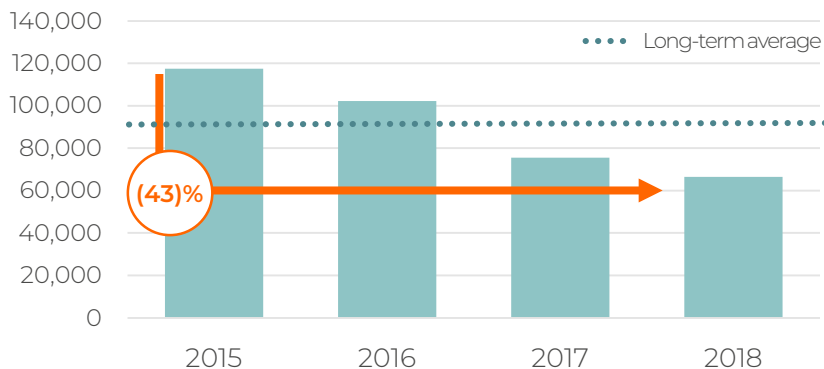
2.7m projected PRS undersupply (households, thousands)



Renting growing across all age groups

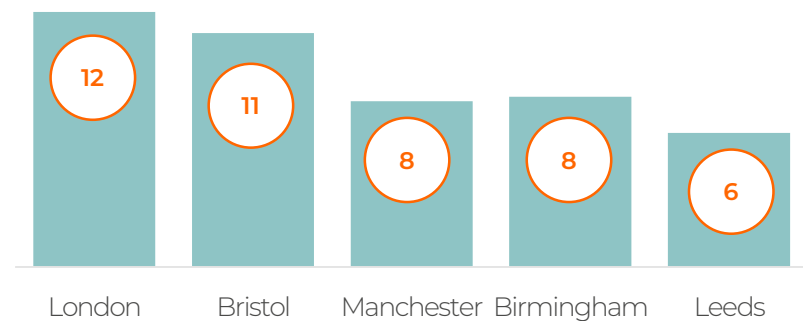


(43)% decline in mortgage approvals for private landlords



High barriers to home ownership

(Years to save a 10% deposit for first time buyers)



Sources: PwC; Knight Frank; MHCLG; UK Finance; Land Registry; UK Finance, Hometrack, Nationwide, ONS & OBR

Who rents in the UK?

Originate

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20%

UK households in PRS



40

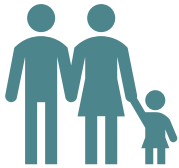
average age of PRS customer



33% **48%**

25-34 age group

35-64 age groups



21% **37%**

couples

families with children



74%

in work



34%

income spent on rent

Source: English Housing Survey, Private Rented Sector report, 2016-2017

Maximising net rental income

Pricing based on embedded local rents, calibrated against local average wages

Why?

- ▀ Faster lease up
- ▀ Longer retention
- ▀ Lower churn
- ▀ Political support for mid-market housing

Resulting in...

- ▀ Lower risk
- ▀ Lower void & turnover costs
- ▀ Higher occupancy
- ▀ Lower gross to net
- ▀ **Higher, more sustainable rental growth**

High occupancy

97.5%

Strong L4L PRS rental growth

+3.4%

Strong customer retention

32 months

Investing in strong rental growth markets

Originate

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Targeting the largest PRS locations with the best proven rental growth prospects

● Schemes secured ● Target locations ● Under review ● Not under consideration

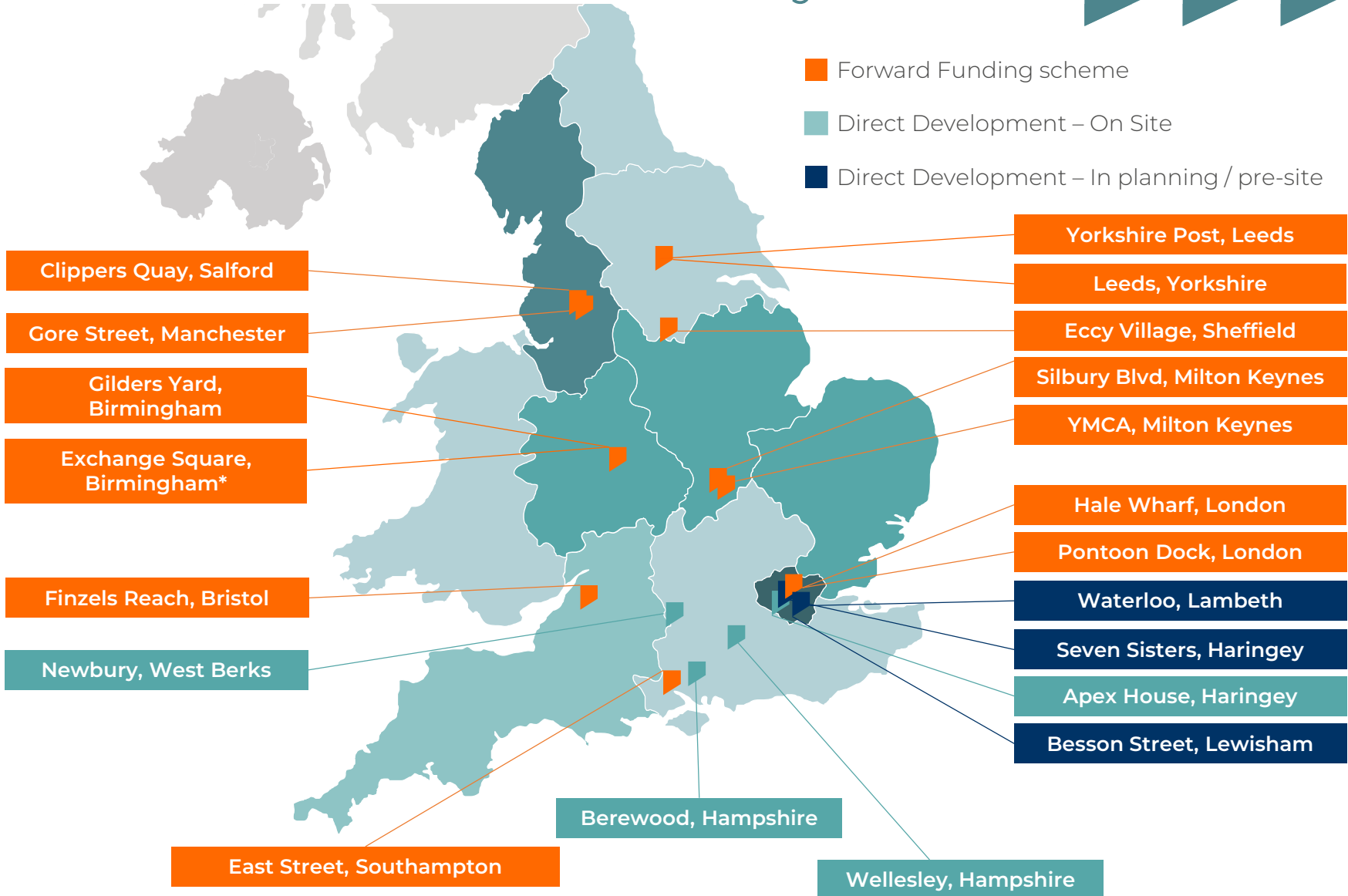


Secured investments in key cities

Originate

Invest

Operate



*Exchanged subject to planning, included within planning / legal element of the pipeline.

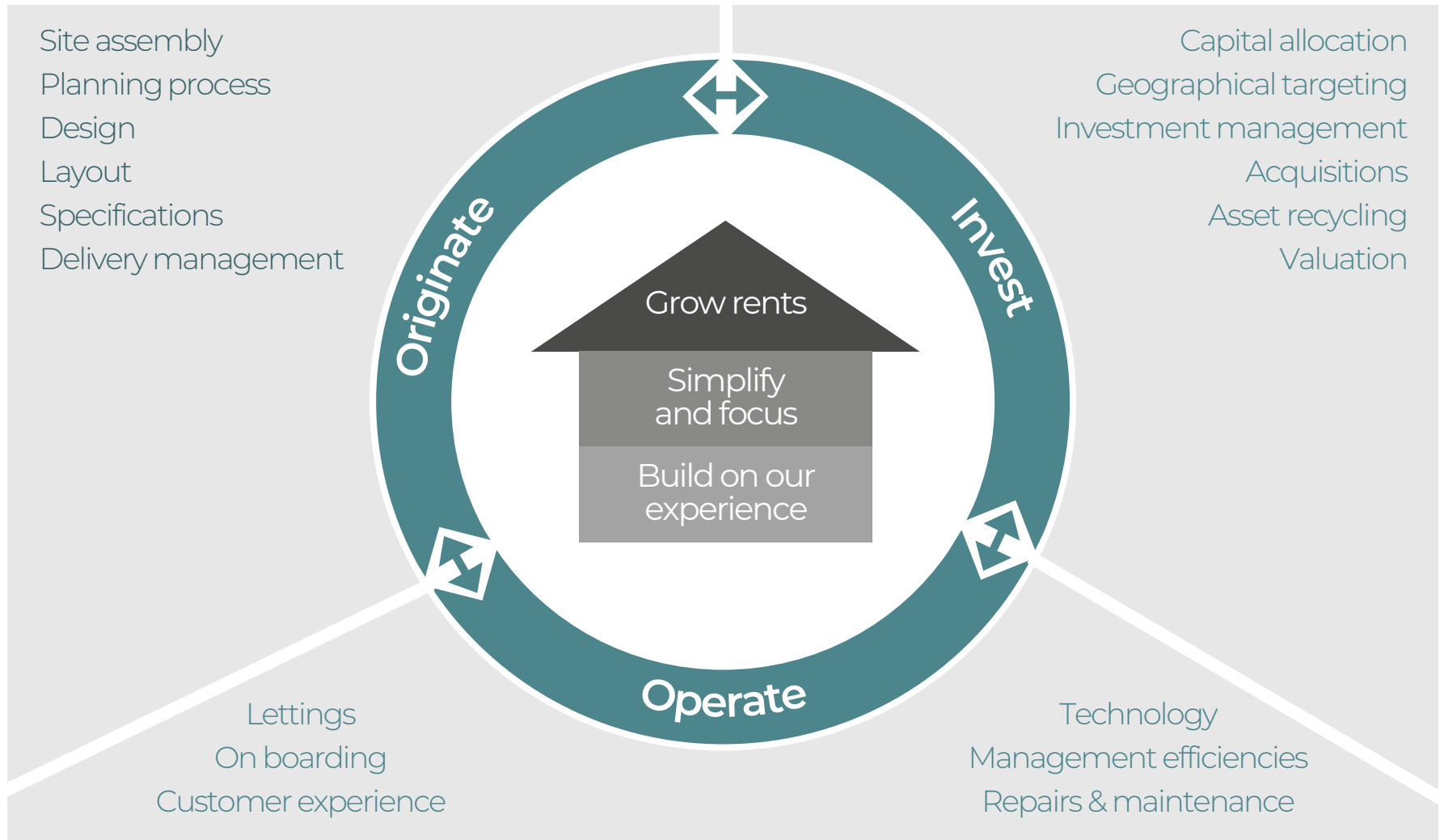
A fully integrated business model

How we create value

Originate

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Operational excellence delivering growth through continual improvement

Originate

Invest

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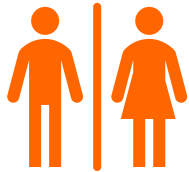


Understanding our PRS customers

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30

average age*



£36k

average income*



32 months

average time with Grainger



42%

Customers are couples**



c.1/3

income spent on rent**



Pet friendly policies

more popular in regions**

Sources: *Grainger's Applicant Data; **Grainger's Annual PRS Customer Survey

Why partner with Grainger?

The UK's leading PRS business

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- ▶ A leading, responsible landlord since 1912
- ▶ A fully integrated business, combining investment, development and operations
- ▶ Trusted partner, with strong credentials
- ▶ A proven ability to deliver
- ▶ Committed to delivering mid-market housing, aligned to local incomes
- ▶ Strong corporate values
- ▶ Our purpose:
"To enrich lives through providing high quality rental homes and great customer service"

8,431
rental homes



17
schemes secured
in pipeline



**Customer &
community**
at our core



Growth through partnerships

Originate

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London
> 3,000 homes



NEW

Besson Street,
London
c.300 homes



NEW

London
7 sites, 162 homes
Completed



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

Wellesley,
Hampshire
c.3,850 homes



Hale Wharf,
London
108 homes



NEW

Pontoon Dock,
London
154 homes



Market Street, Newbury
232 homes



NEW

Pipeline update

Some of the schemes launching in 2019 & 2020

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Clippers Quay, Manchester – 614 apartments

Lease up underway – Phase 1 fully let in 4.5 months,
Rents achieved +6.3% above ERV
8% targeted gross yield on cost
at underwriting

Gunhill, Wellesley, Hampshire 107 homes

Lease up underway,
+10.5% > ERV
6.5% targeted gross
yield on cost

Finzels Reach, Bristol 194 homes

Launch in 2019
7% targeted gross
yield on cost

Eccy Village, Sheffield 237 homes

Launch in 2019
7% targeted gross
yield on cost

Pontoon Dock, London 154 homes

Launch in 2020
6%+fees targeted
gross yield on cost

Gore Street, Manchester 375 homes

Launch in 2020
7% targeted gross
yield on cost

Gilders Yard, Birmingham 156 homes

Launch in 2020
7% targeted gross
yield on cost

See appendix for a detailed schedule.

4. Summary

Driving growth through operational excellence

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Leading in a growth sector

- Strong H1 performance
- Step change in NRI
- Change in balance of business, now PRS dominant
- Good growth trajectory
- Strong pipeline, now delivering
- Scale delivers improved returns and greater opportunities

Thank you

Q&A



Appendix

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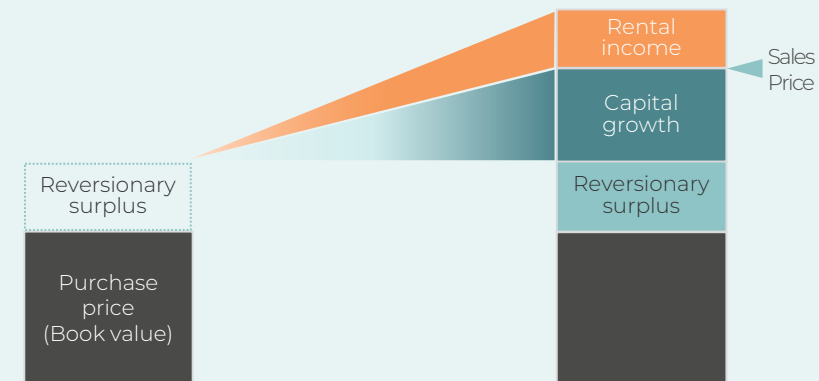
Operate

Contents

1. Property information	Portfolio overview	Page 36
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	Portfolio geographical breakdown	Page 38
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2. Financial information	Income statement	Page 48
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	Debt facilities schedule	Page 55
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3. Other	Future reporting dates	Page 57

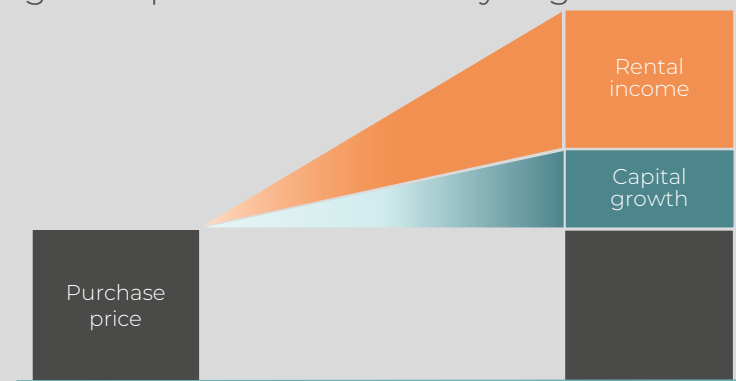
Regulated tenancies

- Tenant has the right to live in the property for the rest of their life
- Sub-market rent set by Valuation Office Agency
- Upon vacancy Grainger sells the property
- Returns comprised of
 - Resilient rental income: typically 2-4% gross yield, increasing at RPI+5% over two years
 - Capital growth during investment period
 - Reversionary surplus realised upon vacancy: typically 21-25% uplift
- Long term, predictable source of cash generation



PRS

- Leases with typical duration of 1-3 years
- Market rents
- Returns based on
 - Securing rental income at gross yields on cost of 6.5-8%
 - Capital growth
- Securing schemes in areas with high demand and rental growth potential
- Significant opportunity for growth underpinned by long term and structural trends
- Investment funded through cash generated from regulated portfolio and asset recycling



Portfolio summary

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	Units	Market value £m	Vacant possession value £m	Reversionary surplus £m	Net yield
Residential – PRS	4,893	1,343	1,472	129	3.8%
Residential – regulated tenancies	2,986	1,077	1,279	202	1.9%
Residential – mortgages (CHARM)	552	80	80	-	-
Forward Funded – PRS work in progress	-	217	217	-	-
Development work in progress	-	119	119	-	-
Total investments	8,431	2,836	3,167	331	

Portfolio geographical breakdown

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PRS & Reversionary* (HY19)

Region	PRS units	PRS market value £m	Reversionary units	Reversionary market value £m	Total units	Total market value £m
Central / Inner London	1,337	577	1,000	641	2,337	1,218
Outer London	649	264	322	124	971	388
South East	635	120	391	109	1,026	229
South West	317	122	328	54	645	176
East and Midlands	124	12	799	142	923	154
North West	1,550	214	392	49	1,942	263
Other regions	281	34	306	38	587	72
Total	4,893	1,343**	3,538	1,157	8,431	2,500

* Regulated tenancies and mortgages (CHARM)

** Excluding forward funded PRS work in progress and development work in progress

Valuation movements by region

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HY19

Region	Units	Market value £m	Change since FY18	Avg house price Avg VP per unit £000s
Central / Inner London	2,335	1,217	0.0%	596
Outer London	964	386	+0.5%	447
South East	944	214	+2.7%	283
South West	554	162	+0.6%	313
East and Midlands	741	128	+2.6%	201
North West	1,858	254	+1.4%	148
Other regions	483	59	+0.6%	132
Total	7,879	2,420	+0.6%	349

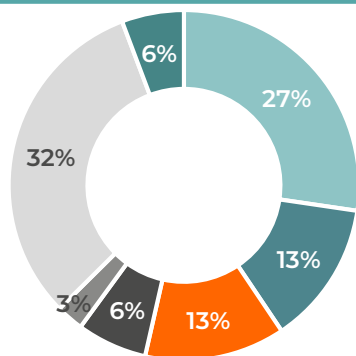
The table above includes PRS and regulated tenancy assets only. It excludes 552 units and £80m of market value relating to mortgages (CHARM).

Top 10 assets by value

Asset	City	Units	Annual gross rent
Clippers Quay*	Manchester	614	£7.9m
The Gardens	London	209	£2.7m
Argo Apartments	London	134	£2.6m
Ability Plaza	London	112	£2.3m
Ability Towers	London	93	£2.2m
Kew Bridge Court	London	103	£2.1m
Springfield House	London	102	£2.1m
The Rock	Bury	233	£1.8m
Mitre Road, Waterloo	London	100	£1.5m
Abbeville	London	100	£1.5m

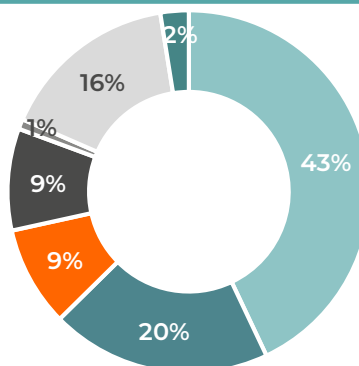
*Clippers Quay presented as the 614 units and total targeted gross rent.

Geographic breakdown by units

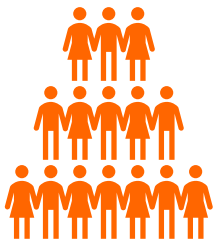
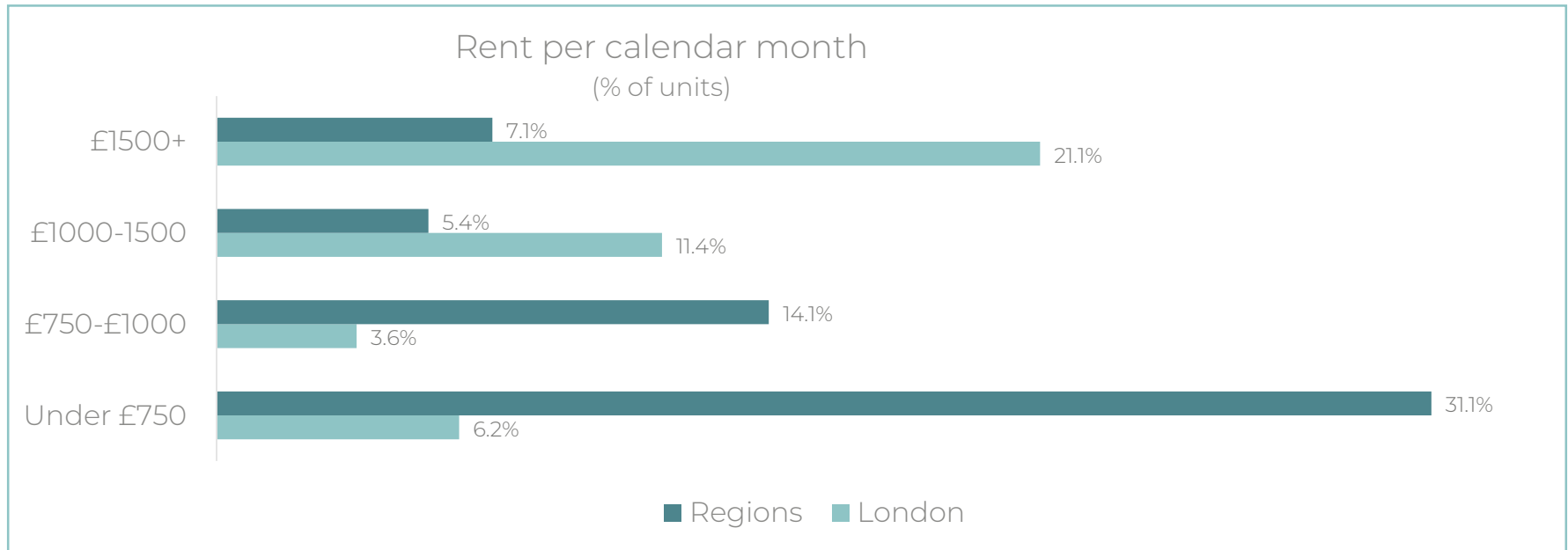


■ Central / Inner London
 ■ Outer London
 ■ East and Midlands
 ■ North West

Geographic breakdown by value (£m)



■ South East
 ■ South West
 ■ Other regions



97.5%

Occupancy

+3.3%

5-year Avg Annual Rental Growth

Secured pipeline schedule

(1 of 2 pages)

Originate

Invest

Operate

Name	No. units	Targeted launch	Status	Est. Grainger investment	Spend to date	Gross yield target
Forward funding / acquisition						
Remaining Clippers Quay, Manchester (part complete)	202 / 614	Mid FY19	Phased Completions	£33m / £99m	£25m	c.8%
Finzels Reach, Bristol	194	Mid FY19	On site	£46m	£41m	c.7%
Eccy Village, Sheffield	237	Late FY19	On site	£32m	£23m	c.7%
Silbury Boulevard, Milton Keynes	139	Early FY20	On site	£32m	£20m	c.6%
Pontoon Dock, London (Vesta JV – 20%)	154	Mid FY20	On site	£13m	£7m	c.6% + fees
Gore Street, Manchester	375	Mid FY20	On site	£80m	£36m	c.7%
Remaining Affordable homes acquisitions (inc. Pontoon Dock)	127 /156	Mid FY20	Phased completions	£17m /£21m	£13m	5-6% + sales profit
Gilders Yard, Birmingham	156	Mid FY20	On site	£28m	£14m	c.7%
East Street, Southampton	132	Early FY21	On site	£28m	£8m	c.6.5%
Yorkshire Post, Leeds	242	Mid FY21	On site	£42m	£5m	c.7%
Hale Wharf, Tottenham Hale, London	108	Mid FY21	On site	£41m	£8m	5.5-6%
Leeds, Yorkshire	200+	Late FY21	Exchanged	£34m	-	c.6.5%
YMCA, Milton Keynes	261	Early FY22	Exchanged	£63m	-	c.6.25%
Grainger forward funding sub-total	2,527			£489m	£200m	

Secured pipeline schedule

(Continued from previous page)

Originate

Invest

Operate

Name	No. units	Targeted launch	Status	Est. Grainger investment	Spend to date	Gross yield target
Direct development						
Remaining Gunhill, Wellesley (Part complete)	92 /107	Early FY19	Part Complete	£19m /£22m	£14m	c.6.5%
Apex House, London	163	Mid FY20	On site	£60m	£28m	c.6.5%
Newbury, West Berks	232	Mid FY22	Onsite in Mid 2019	£61m	£7m	c.6.25%
Besson St, Lewisham, London (JV - 50%)	300	Mid FY23	Design phase	£51m	£1m	c.6.25%
Seven Sisters, London	196	Land assembly Timing TBC	Consent granted, CPO awarded, subject to JR	£80m	£21m	c.7%
Direct development total	983			£271m	£71m	
Total Secured Pipeline	3,510			£760m	£271m	

Secured pipeline projects

Originate

Invest

Operate

17 high quality PRS schemes

Forward funding/ Acquisitions

Clippers Quay,
Salford



Finzels Reach,
Bristol



Eccy Village,
Sheffield



Silbury
Boulevard,
Milton Keynes



Gore Street,
Manchester



Pontoon
Dock, London



Gilders Yard,
Birmingham



East Street,
Southampton



Yorkshire Post,
Leeds



Hale Wharf,
Tottenham



Leeds,
Yorkshire



YMCA, Milton
Keynes



Direct Development

Cunhill,
Wellesley,
Hampshire



Apex House,
Haringey



Newbury,
West Berks



Besson Street,
Lewisham

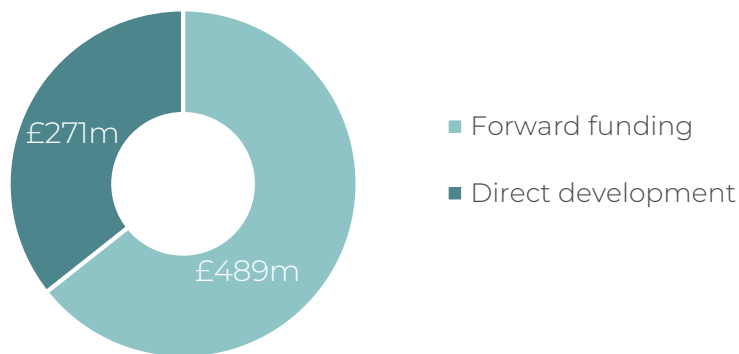


Seven Sisters,
Haringey

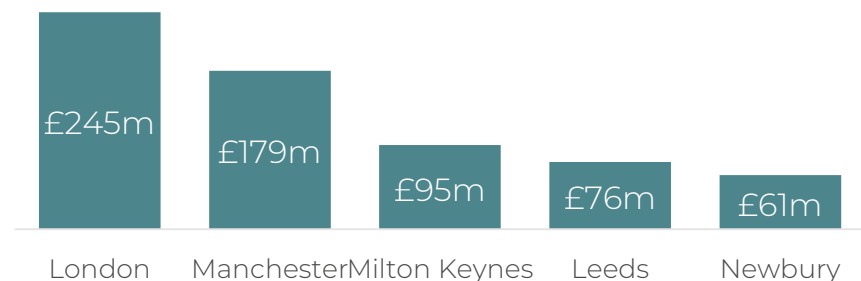


Pipeline update

Type of investment



Top 5 cities by value



Indicative launches and future schemes

FY19	FY20	FY21	FY22	Future schemes
Clippers Quay	Silbury Blvd	East Street	YMCA	TfL sites
Gunhill, Wellesley	Pontoon Dock	Yorkshire Post		Besson Street
Finzels Reach	Gore Street	Hale Wharf		Exchange Square
Eccy Village	Apex House	Newbury		Seven Sisters
	Gilders Yard	Leeds		Waterloo

Direct development Forward funding

87 / 100
average Walk Score

See appendix for a detailed schedule

Delivering affordable housing, enabled by PRS

Originate

Invest

Operate

360

operational
affordable homes

+c.1,400

new affordable homes in our
pipeline (incl TfL, 1,200)

+c.2,100

new affordable homes to be delivered at
Berewood and Wellesley, our strategic land sites

Wellesley, Hampshire

35% affordable

1,347 affordable homes

Delivering adapted and
accessible properties for
disabilities



Pontoon Dock, London

35% affordable

82 affordable homes

Tenure blind design

Equal access to amenities

6% targeted gross yield on cost



Strategic rationale for affordable housing delivery

- Built into our investment return hurdles
- Key factor in successful pipeline growth
- Aligned to Draft London Plan requirements
- Provides competitive advantage over peers
- Supports our license to operate and reputation
- Delivers operational efficiencies and integrated community management

ESG: Taking sustainability seriously



- People:** Launched Live.Safe strategy: our best-in-class health and safety commitment
- Assets:** Sustainability criteria e.g. EPC and flood risk integrated into asset investment strategy
- Environment:** Continued energy efficiency improvements programme to go beyond compliance

Charity partners, aligned to our customers:



On our regulated portfolio:
Supporting our elderly and vulnerable tenants



On our PRS portfolio:
Helping young people into secure housing

External benchmarking:	Corporate ESG Index FTSE4Good Constituent since 2010	Real estate ESG reporting EPRA sBPR GOLD Gold Award 2014-2018
	ESG benchmark Corporate Responsibility Prime rated by ISS - oekom Ranked 'Prime'	Real estate ESG benchmark G R E S B REAL ESTATE Sector Leader 2018 GRIP Ranked #1 Grainger Ranked #3 #1 in Health & wellbeing

Income statement

Originate

Invest

Operate

	HY18		HY19		Change
		Grainger (excl GRIP)	GRIP ³	Combined total	
Net rental income	£21.8m	£22.6m	£6.5m	£29.1m	+33%
Profit from sales – residential	£32.3m	£25.0m	£1.5m	£26.5m	(18)%
Profit from sales – development	£6.6m	£4.8m	-	£4.8m	(27)%
Mortgage income (CHARM)	£2.9m	£2.8m	-	£2.8m	(3)%
Management fees ¹	£2.8m	£2.2m	-	£2.2m	(21)%
Overheads	£(13.5)m	£(13.7)m	£(0.1)m	£(13.8)m	+2%
Pre-contract costs	£(0.3)m	£(0.6m)	-	£(0.6)m	+100%
Joint ventures	£1.5m	£1.8m	-	£1.8m	+20%
Finance costs	£(13.2)m	£(12.5)m	£(2.0)m	£(14.5)m	+10%
Adjusted earnings	£40.9m	£32.4m	£5.9m	£38.3m	(6)%
Adjusted EPS (diluted, after tax) ²	7.2p			5.7p	(21)%
Profit before tax	£50.6m	£44.3m	£10.0m	£54.3m	+7%
Earnings per share (diluted, after tax) ²	9.1p			9.0p	(1)%

¹ Fees and other income to Grainger includes £0.8m from GRIP in HY19 prior to acquisition (HY18: £1.9m).

² Pence per share comparatives for HY18 have been restated for the bonus adjustment of the rights issue.

³ Post acquisition contribution of 3.4 months

Segmental income statement

Originate

Invest

Operate

£m	HY18				HY19			
	PRS	Reg*	Other	Group	PRS	Reg*	Other	Group
Net rental income	11.4	10.4	-	21.8	18.8	10.3	-	29.1
Profit from sales – trading property	-	31.7	6.6	38.3	1.6	23.1	4.8	29.5
Profit from sales – investment property	0.6	-	-	0.6	1.8	-	-	1.8
Mortgage income (CHARM)	-	2.9	-	2.9	-	2.8	-	2.8
Management fees	2.2	0.1	0.5	2.8	1.4	0.1	0.7	2.2
Overheads	-	-	(13.5)	(13.5)	-	-	(13.8)	(13.8)
Pre-contract costs	(0.3)	-	-	(0.3)	(0.6)	-	-	(0.6)
Finance costs [^]	(5.2)	(7.1)	(0.9)	(13.2)	(8.2)	(5.8)	(0.5)	(14.5)
Joint ventures [^]	1.5	-	-	1.5	0.5	-	1.3	1.8
Adjusted earnings	10.2	38.0	(7.3)	40.9	15.3	30.5	(7.5)	38.3
Valuation movements				9.7				31.7
Other adjustments				-				(15.7)
Profit before tax				50.6				54.3

* Includes regulated tenancy portfolio and CHARM portfolio (£80m).

[^] Headings corrected on 30/05/2019

Balance sheet

Originate

Invest

Operate

	FY18	HY19		
		Grainger (excl GRIP)	GRIP	Combined total
Market value balance sheet (£m)				
Residential – PRS	591	678	665	1,343
Residential – regulated tenancies	1,107	1,077	-	1,077
Residential – mortgages (CHARM)	82	80	-	80
Forward Funded – PRS work in progress	198	186	31	217
Development work in progress	100	119	-	119
Investment in JVs/associates	146	25	-	25
Total investments	2,224	2,165	696	2,861
Net debt	(866)	(903)	(177)	(1,080)
Other assets/liabilities	99	13	7	20
EPRA NAV	1,457	1,275	526	1,801
Deferred and contingent tax – trading assets	(109)	(102)	-	(102)
Deferred and contingent tax – investment assets	(22)	(12)	-	(12)
Fair value of fixed rate debt and derivatives	(2)	(21)	(1)	(22)
EPRA NNAV	1,324	1,140	525	1,665
EPRA NAV (pence per share)*	314			
EPRA NAV (pence per share) - post rights issue	292			294
EPRA NNAV (pence per share)*	286			
EPRA NNAV (pence per share) - post rights issue	270			271
LTV	37.1%			37.2%

* Pence per share comparatives for FY18 have been restated for the bonus adjustment of the rights issue. Post rights issue EPRA NAV and NNAV stood at 292p and 270p respectively.

Segmental balance sheet

Originate

Invest

Operate

Market value balance sheet (£m)	FY18				HY19			
	PRS	Reg*	Other	Group	PRS	Reg*	Other	Group
Investment property	564.4	25.3	-	589.7	1,431.9	24.5	-	1,456.4
Investment in joint ventures and associates	134.0	-	11.6	145.6	7.6	-	17.4	25.0
Financial interest in property assets	-	82.2	-	82.2	-	80.1	-	80.1
Inventories - trading property	278.0	1,082.2	46.2	1,406.4	211.5	1,052.1	36.0	1,299.6
Cash and cash equivalents	44.9	54.6	9.8	109.3	80.2	56.2	4.6	141.0
Other assets**	4.8	4.8	162.1	171.7	17.6	6.4	77.0	101.0
Total Assets	1,026.1	1,249.1	229.7	2,504.9	1,748.8	1,219.3	135.0	3,103.1
Interest-bearing loans and borrowings	(394.5)	(480.2)	(89.9)	(964.6)	(688.5)	(482.6)	(56.2)	(1,227.3)
Deferred and contingent tax liabilities	(42.7)	(87.8)	(2.6)	(133.1)	(30.0)	(84.4)	(5.1)	(119.5)
Other liabilities**	(24.3)	(14.2)	(45.0)	(83.5)	(32.9)	(7.9)	(50.8)	(91.6)
Total Liabilities	(461.5)	(582.2)	(137.5)	(1,181.2)	(751.4)	(574.9)	(112.1)	(1,438.4)
Net assets	564.6	666.9	92.2	1,323.7	997.4	644.4	22.9	1,664.7

* Includes regulated tenancy portfolio and CHARM portfolio (£80m).

** Derivatives disclosed on a gross basis, being derivative assets of £0.9m (FY18 £4.4m) in other assets and derivative liabilities of £10.5m (FY18 £3.4m) in other liabilities.

EPRA Earnings

Originate

Invest

Operate

	HY18			HY19		
	Earnings £m	Shares millions [^]	Pence per share [*]	Earnings £m	Shares millions [^]	Pence per share
Earnings per IFRS income statement	50.6	463.1	10.9	54.3	548.5	9.9
Adjustments to calculate adjusted EPRA Earnings:						
Changes in value of investment properties, development properties held for investment and other interests	(6.4)	-	(1.4)	(22.0)	-	(4.0)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(0.6)	-	(0.1)	(1.8)	-	(0.3)
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	(28.1)	-	(6.1)	(21.7)	-	(3.9)
Changes in fair value of financial instruments and associated close-out costs	0.1	-	-	-	-	-
Acquisition costs on share deals and non-controlling joint venture interests	-	-	-	15.7	-	2.9
Adjustments in respect of joint ventures	(3.1)	-	(0.7)	(9.8)	-	(1.8)
Adjusted EPRA Earnings/Earnings per share	12.5	463.1	2.6	14.7	548.5	2.8

[^]Adjusted EPRA earnings have been divided by the weighted average number of shares in issue, including dilutive shares that may potentially be issued in relation to share option schemes and contingent share awards for the period.

^{*}Pence per share comparatives for HY18 have been restated for the bonus adjustment of the rights issue.

EPRA NAV & NNNNAV

Originate

Invest

Operate

	FY18			HY19		
	Net assets £m	Shares millions [^]	Pence per share [*]	Net assets £m	Shares millions [^]	Pence per share
NAV from the financial statements	815.6	463.5	176	1,179.1	613.6	192
Revaluation of other non-current investments	7.0	-	1	6.2	-	1
Revaluation of trading properties	607.1	-	131	587.3	-	96
Fair value of financial instruments	(0.8)	-	-	8.0	-	1
Deferred tax	27.9	-	6	20.5	-	4
Adjustments in respect of joint ventures	0.3	-	-	-	-	-
EPRA NAV/EPRA NAV per share	1,457.1	463.5	314	1,801.1	613.6	294
Fair value of financial instruments	0.5	-	-	(8.0)	-	(1)
Fair value of debt	(2.8)	-	-	(13.8)	-	(2)
Deferred tax	(131.1)	-	(28)	(114.6)	-	(20)
EPRA NNNNAV/EPRA NNNNAV per share	1,323.7	463.5	286	1,664.7	613.6	271
EPRA NAV per share – post rights issue			292			294
EPRA NNNNAV per share – post rights issue			270			271

[^]EPRA NAV and EPRA NNNNAV have been divided by the number of shares in issue at the end of the period.

^{*}Pence per share comparatives for FY18 have been restated for the bonus adjustment of the rights issue.

Net asset reconciliation

Originate

Invest

Operate

£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	1,456		1,456			1,456			1,456
CHARM	80		80			80			80
Trading stock	712	588	1,300			1,300			1,300
JV/Associates	25		25			25			25
Cash	141		141			141			141
Deferred tax	5		5		(2)	3	4		7
Other assets	87	6	93			93			93
Total assets	2,506	594	3,100	-	(2)	3,098	4	-	3,102
External debt	(1,211)		(1,211)			(1,211)	(16)		(1,227)
Derivatives*	(10)		(10)		10	-	(10)		(10)
Deferred tax	(25)		(25)	20		(5)		(114)	(119)
Other liabilities	(81)		(81)			(81)			(81)
Total liabilities	(1,327)	-	(1,327)	20	10	(1,297)	(26)	(114)	(1,437)
Net assets	1,179	594	1,773	20	8	1,801	(22)	(114)	1,665
Net assets per share pence	192	97	289	4	1	294	(3)	(20)	271

Shares 613,616,533

Treasury / EBT shares 2,629,300

* Derivatives disclosed on a net basis, being derivative assets of £0.9m and derivative liabilities of £10.5m.

Debt facilities

Originate

Invest

Operate

	Lender	Facility		
		Size	Drawn	Maturity
Core Facilities:				
Corporate Bond	Listed	£350m	£350m	Apr 2028
Revolving Credit Facility	HSBC, NatWest, Barclays	£330m	£21m	Aug 2023*
Term Debt	Nationwide	£100m	£100m	Aug 2020
Term Debt	HSBC, NatWest, Barclays, AIB	£170m	£170m	Aug 2023*
Bi-Lateral Term	HSBC	£50m	£50m	Nov 2023
Bi-Lateral Term	NatWest	£50m	£50m	Nov 2022
Bi-Lateral Term	Handelsbanken	£40m	£40m	June 2023
Sub total		£1,090m	£781m	
Excluded Entities:				
GInvest Term Debt	HSBC, Santander	£150m	£150m	Oct 2020
Institutional Term Debt	Rothsay Life	£75m	£75m	Oct 2027
Sub total		£225m	£225m	
GRIP Term Facility	Axa, Barclays, Santander	£192m	£192m	June 2020
GRIP Revolving Credit Facility	Barclays	£33m	£25m	June 2020
Total Group Facilities		£1,540m	£1,223m	

* Further 1 year extension options available

Per share restatements

Originate

Invest

Operate

	Originally Reported	Bonus adjustment factor	Restated
HY18			
Dividend per share	1.74	1.1066	1.57
Adjusted EPS fully diluted	7.92	1.1066	7.16
Statutory EPS fully diluted	10.04	1.1066	9.07

FY18

EPRA NAV per share	348	1.1066	314
EPRA NAV per share	316	1.1066	286

Future reporting dates

Originate

Invest

Operate

2019

Trading update	September
Full year results	27 November

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