Preliminary announcement of results for the half year as at 31 March 2012

grainger plc

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Executive Directors

- Andrew Cunningham, Chief Executive
- Mark Greenwood, Finance Director
- Nick Jopling, Executive Director, Property
- Peter Couch, Chief Operating Officer and Director of Retirement Solutions





Agenda

- 1. A strategy to deliver value
- 2. Financial highlights
- 3. Looking ahead
- 4. Appendices





Our business

grainger = residential

The UK's largest listed residential property owner and manager

A trader, investor and manager of residential properties

Offering investors an exposure to residential returns from three main sources of income:

Sales

Rents

Fees





Income streams

1H 2012 operating profit* (£m) **UK** Residential; Retirement Sales 39.9 Solutions; Germany; Development Fund and third party 5.0 **Fees** management 36.8 **Rents** 31.8 **UK Residential**; Germany





^{*} Before valuation movements and non-recurring items

A strategy to deliver value

Managing our portfolio

Extracting value

Third party offering





Delivering value

Managing our portfolio

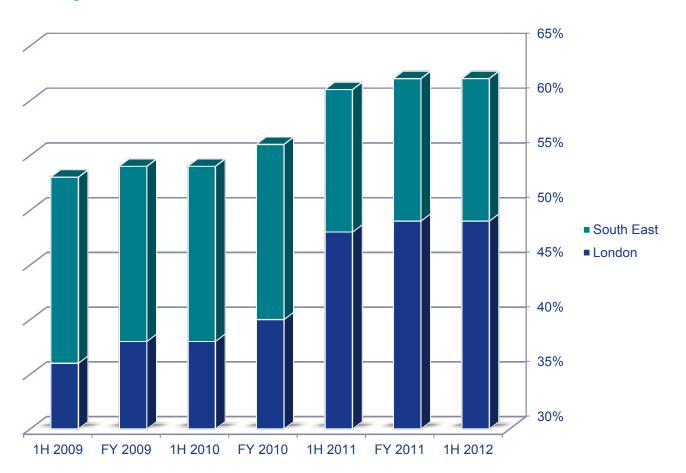
- Geographical weighting
- Strategic sales
- Trading and valuations





Geographical weighting in UK portfolio

Two thirds of portfolio in London and the South East







Delivering value

- Bayswater, London
- Emperor's Gate, London





Bayswater, London





- Ownership of freehold block
- Purchased March 2006
- Construction of 5,821 sq.ft. penthouse
- Penthouse sold March 2012





Bayswater, London









Emperor's Gate, London



- Refurbishment of five flats (3,868 sq ft)
- Two exchanged; two under offer; one for sale







Delivering value

Third party offering

- RAMP
- Wellesley, Aldershot, Hampshire





RAMP

Third party offering

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grainger RAMP Itd

- Processed over 2,000 units since May 2011
 - 345 assets sold for £35.7m over period







Wellesley, Aldershot, Hampshire

Third party offering

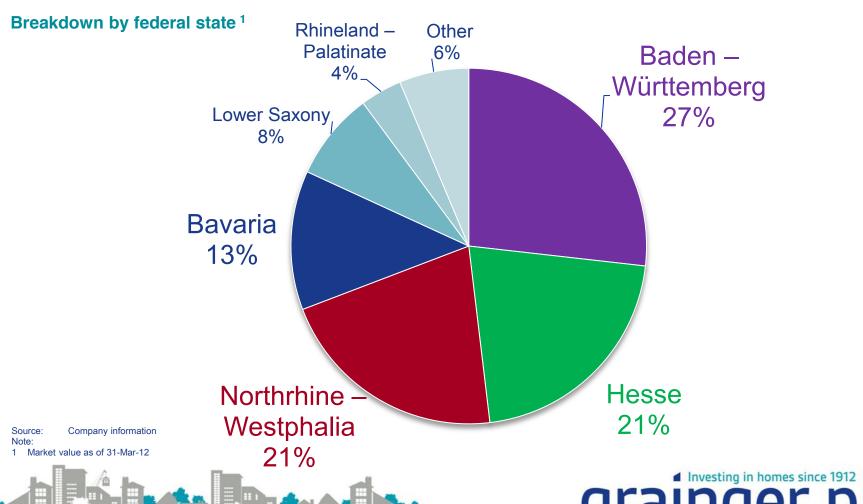


c4000 houses; development partner for DIO; c15 year; generating fees



Geographical weighting in German portfolio

82% of portfolio in economically strong areas



German strategy

	Action so far	Future potential
Portfolio optimisation	Disposal of assets in non- core regions. €24.3m in 2011, €21m to date 2012.	Further c.€40m identified
Rent and value improvements	Value-accretive capex of €1.4m, reducing void and driving rental uplift of c.300k annualised basis	Targeted improvements in arrears and service charge recovery
Platform restructuring	Overhead savings c.€0.4 million p.a.	Refinancing of 2013 debt well advanced. Simplification of corporate structure
Tenant privatisation	Potential €10 million in Mannheim for short-term	Further properties identified for longer-term privatisation





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Financial highlights

		March 2012	March 2011	Movement
1	Operating profit* (£m)	64.1	59.4	7.9%
•	Profit before tax (£m)	15.1	65.2	(76.8)%
1	Dividends per share (p)	0.55	0.53***	3.8%
		March 2012	September 2011	
1	Gross NAV per share**	224p	216p	3.4%
1	NNNAV per share**	161p	153p	4.7%
•	Net debt (£m) of which - syndicate	1,412 833 (59%)	1,454 911 (63%)	
1	LTV - core facility	50%	52%	

^{*} Before valuation movements and non-recurring items

^{***} Including equivalent of tender offer at half year (0.53p)





^{**} NAV figures calculated in accordance with EPRA definitions

Profit summary

	Profit on sale of	F	ees/ other O	verheads/		
Six months to March 2012	assets	Net Rents	income	Other*	March 2012	March 2011
	£m	£m	£m	£m	£m	£m
UK Residential Portfolio	33.1	21.0	_	(3.9)	50.2	34.0
Retirement Solutions Portfolio	6.0	1.8	0.5	1.3	9.6	9.1
Fund and third party management	-	-	4.2	(2.8)	1.4	1.0
Development Assets	0.8	0.1	0.3	(0.7)	0.5	13.1
German Residential Portfolio	-	8.9	_	(1.3)	7.6	8.2
Group and other	-	-	-	(5.2)	(5.2)	(6.0)
OPBVM** - 2012	39.9	31.8	5.0	(12.6)	64.1	
OPBVM** - 2011	41.7	27.3	3.1	(12.7)		59.4
Net interest					(46.9)	(33.7)
JV/ associates					(0.8)	(2.8)
Trading profit					16.4	22.9
Valuation adjustments excluding derivatives					8.4	22.3
Non-recurring items					(0.9)	(2.9)
Profit before tax and derivatives					23.9	42.3
Derivatives					(8.8)	22.9

Profit/(loss) before tax

^{**} OPBVM - Operating profit before valuation movements/non-recurring items





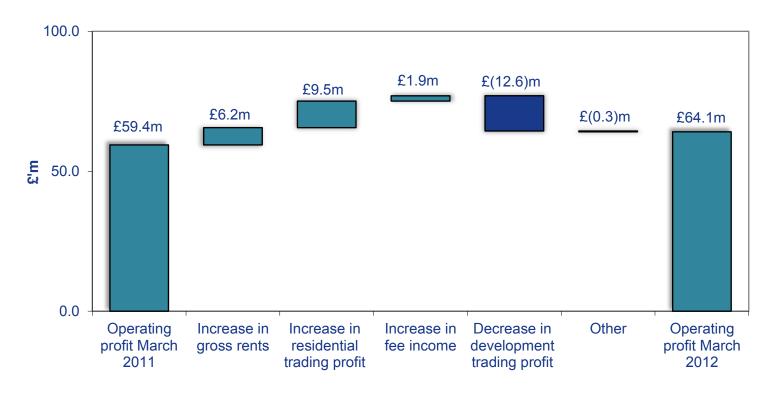
15.1

65.2

^{*} Includes CHARM

Movement in operating profit*

OPBVM up 7.9%

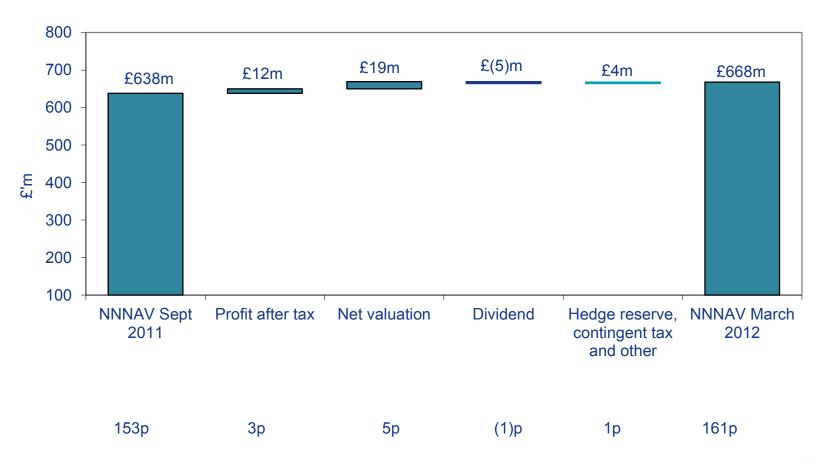


^{*} Operating profit is before valuation movements and non-recurring items (OPBVM)



Movement in NNNAV

NNNAV up 4.7% since 30 Sept 2011 and 15% since 30 Sept 2010







Debt reduction programme

Net debt reduced by £42m*

Highly selective acquisitions

Portfolios naturally cash generative

Sell off non-core and under-performing assets

Further debt reduction

* Over the six month period to 31 March 2012

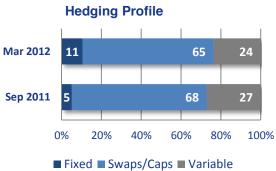


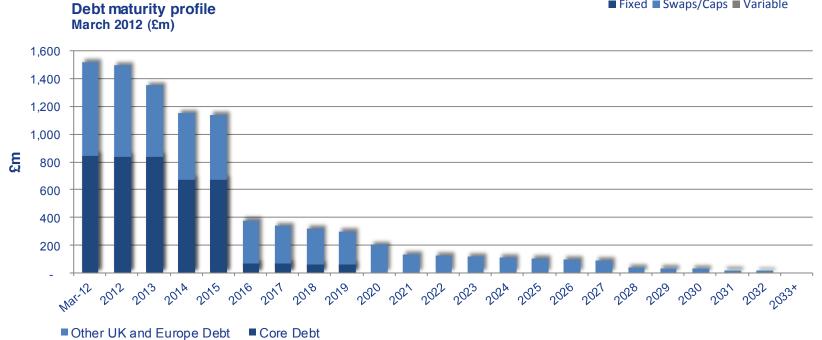


Debt

	Mar 2012
Average debt maturity	5.7 years
Proportion of debt at fixed rates or hedged	76%
Weighted average maturity of fixed rates or hedged	7.3 years
Current mark to market swap liability	£152m
Weighted average cost of debt including hedging	6.00%

Sep 2011
5.9 years
73%
7.5 years
£154m
5.80%







■ Investing in homes since 1912

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Looking ahead

Continued focus on sales, rents and fees

Managing our portfolio

Extracting value

Third party offering

Short to medium term: driving value

- Amwell Street, Islington, London
- Macaulay Road, Clapham, London
- Berewood, Hampshire

Longer term: identifying opportunities

 Changes in the housing market and private rented sector





Amwell Street, Islington, London





- Purchased March 2010
- 10 AST/vacant units and 4 regulated tenancies
- 14 flats (11,700 sq.ft.) bought for £3.8m (£324 per sq.ft.)
- Expected value post work in excess of £800 per sq. ft.
- To be marketed Summer 2012





Macaulay Road, Clapham, London



- Redevelopment of 1.8 acre brownfield site owned freehold
- Prime south London
- 97 residential units 65 private, 32 affordable
- Commercial space of 30,000 sq. ft.
- Gross development value c £45m



Berewood, Waterlooville, Hampshire

Construction begun on-site; sales receipts commence Autumn 2012



2550 houses; 211 hectares; c13 years in phases sold to house builders



Suited to changing market

Growing rental market

- Shortage of housing supply
- Mortgage illiquidity/ unaffordability
- Growing cultural acceptance of renting
- Significant political support
- Increasing international and institutional investor interest





Announcement of Results for the half year ended 31 March 2012

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Appendices





% of market

value

49% 13% 13% 25%

100%

Portfolio overview

Reversionary surplus of UK portfolio is £571m and annual gross rent roll is £63m for UK, £27m for Germany, totalling £90m





UK (incl RS)	No. of units	Vacant possession value (£m)	Market value (£m)
London total	3,926	1,165	915
South East	2,106	335	243
South West	1,757	290	244
Other areas	5,556	650	467
UK total	13,345	2,440	1,869
Germany	6,495	395	395
Total owned assets	19,840	2,835	2,264
Assets under management	No. of units		
UK	19,692		
Germany	20,166		

39,858



Total



Grainger UK portfolio

IPD region: Relative change in valuation



			Vacant possession	Market value,	Market value,
UK		No. of units	value, £m	£m	%
1	London (Total)	3,926	1,165	915	49%
2	South East	2,106	335	243	13%
3	South West	1,757	290	244	13%
4	East	1,268	163	118	6%
5	East Midlands	540	59	42	2%
6	West Midlands	1,008	146	107	6%
7	Wales	138	15	9	0%
8	Yorkshire	654	69	49	3%
9	North West	1,334	138	98	5%
10	North East	358	39	29	2%
11	Scotland	245	20	14	1%
12	Northern Ireland	11	1	1	0%
Tota	al	13,345	2,440	1,869	100%



Grainger German portfolio

Germany:

Socioeconomic attractiveness





G	ermany	No of Units	Market value €m	% of market value
1	Baden – Württemberg	1,501	127	27%
2	Hesse	1,382	101	21%
3	Northrhine – Westphalia	1,669	100	21%
4	Bavaria	560	60	13%
5	Lower Saxony	749	38	8%
6	Rhineland – Palatinate	230	18	4%
7	Other	404	30	6%
To	otal	6,495	474	100%





Wholly owned portfolio summary

Portfolio	No of <u>units</u>	Market <u>value</u> £m	VP <u>value</u> £m	Reversionary <u>surplus</u> £m	<u>VP</u> %	Gross rent £m	Gross sales proceeds £m	Profit on sale
Regulated	5,631	954	1,279	325	7 6	17	17	7
AST	1,276	247	276	29	89	7	3	,
Vacant	230	53	53	29	100	1	49	23
Tricomm (MOD)	317	107	107		100	4	-	-
Other	50	35	52	17	67	1	7	3
Total UK Residential (UKR)	7,504	1,396	1,767	371	79	29	76	33
Reversion	4,868	373	570	197	65	2	14	6
Charm	973	100	103	3	97	_	3	_
Total Retirement Solutions (RS)	5,841	473	673	200	70	2	17	6
Total UKR and RS	13,345	1,869	2,440	571	77	31	93	39
Development	-	81	81	-	100	-	1	1
Total UK	13,345	1,950	2,521	571	77	31	94	40
Germany	6,495	395	395	-	100	14	18	-
Overall Total	19,840	2,345	2,916	571	80	45	112	40
30 September 2011	20,282	2,371	2,942	571	81	86	223	81



Property sales and margins

March 2	201	2
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	Units Sold	Gross sales value £m	Profit £m	Margin %
Total Property Sales				
UKR	275	75.8	33.1	43.6
RS	149	17.7	6.0	34.1
Development	_	1.1	8.0	69.9
Germany	225	17.7	-	0.2
	649	112.3	39.9	35.5
UKR/RS:				
Sales on vacancy	321	58.4	24.8	42.4
Tenanted sales	56	6.2	2.3	36.5
Other sales	47	28.9	12.0	41.7
Total	424	93.5	39.1	41.8



Portfolio overview – JV/Associates

	Joint Ventures					Associate		
	Curzon Park	Hammersmith	Prague/ Zizkov	Gebau	Sovereign	G:Res	Total	
<u>£m</u>								
Property assets	37	-	27	-	63	370	497	
Other assets		4	2	-	6	25	37	
Total assets	37	4	29	-	69	395	534	
External debt	(16)	-	(12)	_	(29)	(201)	(258)	
Other liabilities	(26)	(4)	(13)	-	(5)	(23)	(71)	
Total liabilities	(42)	(4)	(25)	_	(34)	(224)	(329)	
Net assets	(5)	-	4	-	35	171	205	
Grainger share	50%	50%	50%	50%	50%	21.96%		
Grainger share £m	(3)	-	2	-	17	38	54	
Loans net of provisions	3	2	-	-	-	-	5	
Total Grainger investment	_	2	2	-	17	38	59	
Vacant posession value					101	406	507	
Reversionary surplus					38	36	74	
Grainger share of reversionary surplus					19	8	27	



Purchases

	To 31	March 2012 Total	To 31	March 2011 Total	
Tenure	Units	Market value (£m)	Units	Market value (£m)	
Regulated	17	3	487	96	
AST	54	8	671	133	
Assured	7	1	304	57	
Leaseholders	-	-	157	1	
RS reversions	88	7	107	7	
Other	-	-	34	5	
Tricomm/ MOD	-	-	317	105	
Total	166	19	2,077	404	

- Figures to 31 March 2011 include the Corporate acquisition of Tricomm and Grainger Invest.
- Figures to 31 March 2012 represent the acquisition of individual units only.





Income statement

<u>£m</u>	March <u>2012</u>	March <u>2011</u>	Movement	Commentary
Gross rental income Property expenses Net rental income	45 (13) 32	39 (12) 27	6 (1) 5	Increase primarily from Tricomm and Grainger Invest acquired February and March 2011 respectively
Property sales net of sales fees Property cost of sales Profit on sale of property	109 (69) 40	88 (46) 42	(23) (2)	Development sales and profit £19m and £13m lower respectively compared to 2011. UKR sales £20m higher generating £11m extra profit, Germany sales £17m higher but made at book value
Other income and expenses/ CHARM Overheads Total	7 (15) (8)	5 (15) (10)	2 - 2	Increase from new G: Ramp management fees
Operating profit (OPBVM)	64	59	5	
Net Interest JV/ Associates	(47) (1)	(33) (3)	(14) 2	Higher debt levels arising from Tricomm and Grainger Invest acquisitions at the end of H1 2011 and an increase in the average cost of debt following the 2011 refinancing activities
Trading profit	16	23	(7)	
Valuation	-	45	(45)	2011 included gain on acquisition of £16m; a mark to market credit on Swaps of £23m and valuation gains on JV/Associates of £6m
Non-recurring Profit before tax	(1) 15	(3) 65	(50)	



Regular, resilient cashflows

	6 months to 31 March 2012			Financial Years	ial Years Ended 30 September			
(£m)	2012	2011	2010	2009	2008	2007	2006	
Gross rents								
UK Residential	29	51	39	41	42	39	47	
Retirement Solutions	2	5	6	6	6	2	-	
Development	-	-	1	1	1	2	1	
Germany	14	30	30	30	22	10	5	
Total	45	86	76	78	71	53	53	
Property Sales net of sales fees								
UK Residential	74	148	118	139	137	125	124	
Retirement Solutions	17	27	29	27	27	19	12	
Development	1	22	19	46	10	39	56	
Germany	17	21	4	3	2	2	1	
Total	109	218	170	215	176	185	193	
Fees/ other income	5	8	7	7	9	6	3	
Overall Total	159	312	253	300	256	244	249	
Group overheads	(15)	(32)	(29)	(30)	(30)	(34)	(32)	
Net Interest Payable	(47)	(76)	(77)	(79)	(89)	(65)	(57)	

Recessionary / Low growth; Euro crisis still destabilising financial markets

Recessionary / Low growth; massive cuts in public spending announced RBS/Lloyds

April 2009, Govt announce record budget deficit

Oct 2008, Govt Mar 2008, Bear Aug 2007, Credit Property market rescues Stearns collapse markets freeze

Sep 2008. Lehmans

Sep 2007. Run on Northern bankrupt

■ Investing in homes since 1912

booming



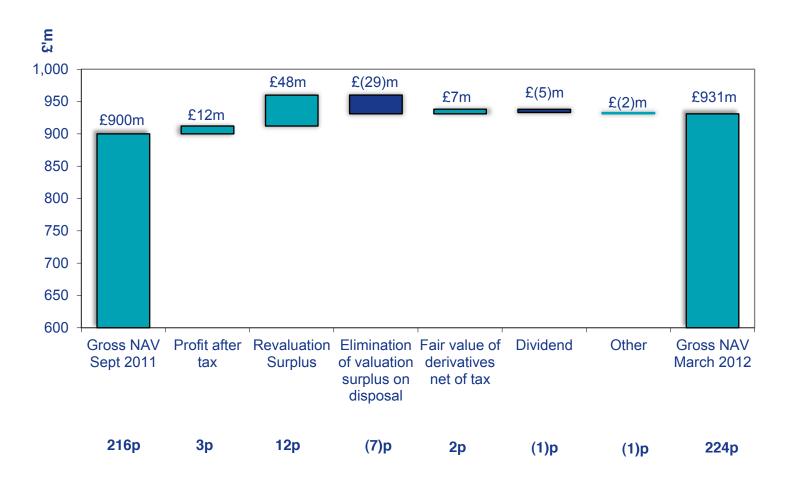
Gross NAV balance sheet

	March <u>2012</u> £m	September 2011 £m
Property related assets		
- wholly owned	2,345	2,371
- jv/associates	58	59
Total property related assets	2,403	2,430
Other assets	33	34
Cash	92	91
Gross assets	2,528	2,555
Debt	(1,504)	(1,545)
Other net liabilities	(93)	(110)
Net assets	931	900
Gross NAV per share (p)	224p	216p

Gross net assets are before any deferred or contingent tax and excluding the fair value of interest derivatives.



Movement in gross NAV





Net asset values per share

	March 2012	September 2011
Number of shares for NAV	416,381,206	416,372,103
Statutory net assets per share	97	93
Increase to market value	88	83
Mark to market adjustment	28	29
Deferred tax on property valuations	11	11
Gross NAV per share	224	216
Mark to market adjustment reversal	(28)	(29)
Mark to market fixed rate debt	(4)	(2)
Deferred tax on property valuations reversal	(11)	(11)
Contingent tax on increase to market value at 24% (Sept 2011: 25%)	(20)	(21)
NNINAV por oboro	161	153
NNNAV per share		133
Discounted reversionary surplus	56	57
Tax thereon at 24% (Sept 2011: 25%)	(14)	(14)
Grainger NAV per share (Base case)	203	196





Gross NAV and NNNAV Reconciliation to Statutory Balance Sheet

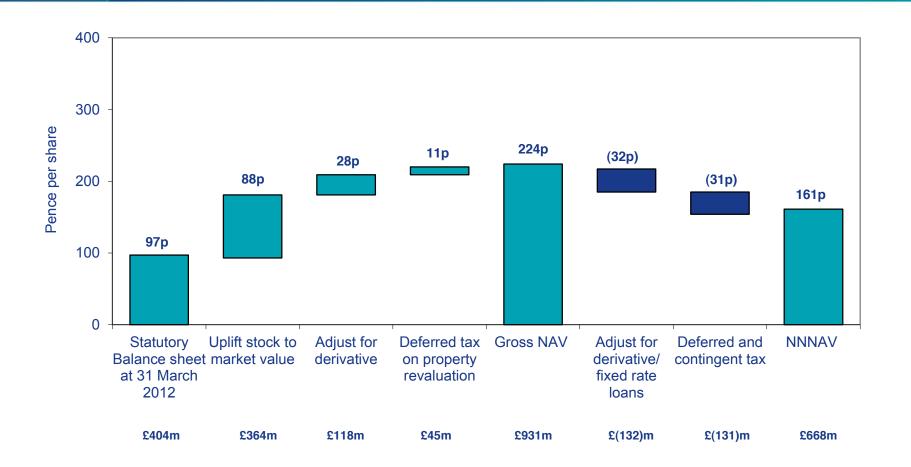
				Deferred tax		Add back	Add back	
	Statutory	Adjust	Adjust	on		derivatives	deferred	
	balance	to market	for	property	Gross	adjust for fixed	tax and adjust for	
<u>£m</u>	sheet	value	derivatives	revaluations	NAV	rate loans	contingent tax	NNNAV
Investment property	796	_	-	_	796	-	-	796
CHARM	100	-	-	-	100	-	-	100
Trading stock	1,086	362	_	-	1,448	-	-	1,448
JV/ Associates	59	(4)	3	-	58	(3)	-	55
Cash	92	-	-	-	92	-	-	92
Deferred tax	41	-	(37)	-	4	41	-	45
Other assets	23	7	-	-	30	-	-	30
Total assets	2,197	365	(34)	-	2,528	38	-	2,566
External debt	(1,504)	_	_	_	(1,504)	-	_	(1,504)
Derivatives	(151)	-	151	-	-	(170)	-	(170)
Deferred tax	(45)	-	-	45	-	-	(131)	(131)
Other liabilities	(93)	_	_	_	(93)	-	-	(93)
Total liabilities	(1,793)	-	151	45	(1,597)	(170)	(131)	(1,898)
Net assets	404	365	117	45	931	(132)	(131)	668
31 March 2012 pence/ share	97	88	28	11	224	(32)	(31)	161
30 September 2011 pence/ share	93	83	29	11	216	(31)	(32)	153

Number of shares for NAV is 416,381,206.





NAV Reconciliation as at 31 March 2012







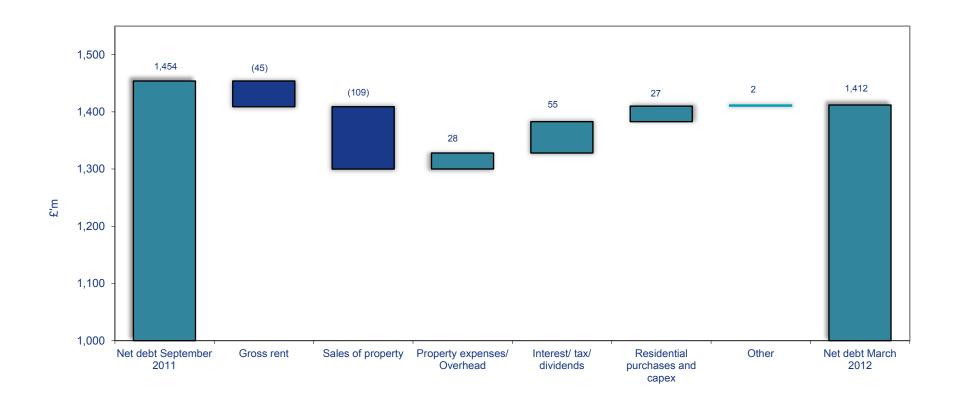
Summary cashflow

Six months ended

	OIX IIIOIIIII	onaca
£m	March 2012	March 2011
Income		
Net rents and other income net of overheads	22	16
Property sales	109	88
Working capital movements	(14)	(1)
Total cash generated	117	103
Interest, tax and dividends	(55)	(41)
Net operating cash	62	62
Loan movements	(33)	(39)
JV loan repaid	2	-
Sale of subsidiary/ associate	-	18
Available for property spend	31	41
Acquisitions/spend incl capex		
Total UK residential property	(25)	(16)
Development	(3)	(1)
Germany	(2)	-
Investment in JV/associates	-	(15)
Acquisition of subsidiaries net of cash acquired	-	(23)
Other	-	(4)
Total property spend	(30)	(59)
Cash movement	1	(18)



Movement in net debt





Group debt analysis

	March 2012 £m	September 2011 £m	March 2011 £m
Balance sheet debt	1,504	1,545	1,643
Cash	92	91	73
Net debt	1,412	1,454	1,570
Available cash and undrawn committed facilities	154	214	155
Average debt maturity (years)	5.7	5.9	4.2
Hedging level on gross debt	76%	73%	70%
LTV - core facility	50%	52%	54%
Interest cover - core facility	3.0:1	3.1:1	2.6:1
LTV on a group basis	59%	61%	63%
Average interest rate during the period/year	5.9%	5.4%	4.9%
Average interest rate end of period/year	6.0%	5.8%	4.9%



Summary terms of existing debt

Position at 31 March 2012

Maturity	Quantum	Drawn amount	Head room	Blended margin	Blended swap rate	Hedged / fixed	Cost of debt
Up to 3 years 3 to 6 years 6 to 9 years > 9 years	474 817 193 141	374 817 193 141	100	1.7% 2.3% 3.7% 1.5%	4.4% 4.5% 4.8% 5.2%	83% 76% 41% 100.0%	5.5% 6.0% 6.4% 6.0%
Total Debt	1,625	1,525	100	2.3%	4.5%	76%	6.0%
Unamortised costs		(21)					
Total debt after costs		1,504	100				
Cash & cash equivalents		(92)	54				
Net Debt		1,412	154				





Summary terms of existing debt

Size:

- Current MOF bank facility totals £948m with headroom of £100m
- Following signing of new FSF on 30 September 2011, this will drop to £840m by 30 September 2012

Maturity:

- Term A, £332.5m, 20% in December 2014 balance July 2016
- Term B, £100m, matures in December 2014
- Term C, £37.5m, 10% July 2016 and 2018 balance in July 2020
- RCF 1, £332m, matures in July 2016
- RCF 2, £37.5m, 10% reduction July 2016 and 2018 balance in July 2020
- The remainder of the old facilities mature by September 2012
- Bilateral with M&G matures in March 2021

Covenants:

- Current covenanted LTV is 50%
- LTV default >75%
- LTV >67.5%:
 - Restriction on purchases limited to £2m per month
 - Restriction on corporate acquisitions
- ICR covenant at 1.35x (current ICR 3.0x)
 - For the purposes of the ICR covenant, the calculation incorporates Gross Sales Proceeds + Net Rental Income Less Dividends and Taxes





Debt maturity





Group debt maturity profile

	Drawn at	Total		Sept	March	Sept	March	Sept	March	Sept	March
As at 31 March 2012	period end	facility	Undrawn	2012	2013	2013	2014	2014	2015	2015	2016
<u>UK</u>											
Core banking facility											
FSF - Facility A	333	333	-	_	_	_	_	_	67	_	_
FSF - Facility B	100	100	-	_	_	_	_	_	100	_	_
FSF - Facility C	38	38	-	_	-	-	-	_	-	_	-
FSF - Revolver 1	332	332	-	-	-	-	-	-	-	-	-
FSF - Revolver 2	37	37	-	_	-	-	-	_	-	_	-
New FSF	840	840	-	-	-	-	-	-	167	-	-
Current facility	8	108	100	108	-	-	-	-	-	-	-
Total core facility	848	948	100	108	-	_	-	_	167	_	_
Partnership	81	81		3	3	3	3	2	3	4	3
M&G	100	100	_	_	_	_	_	_	_	_	_
Bank of America - Tricomm	68	68	_	1	_	1	_	1	_	1	1
HSBC/ Santander - Grainger GenInvest	119	119	-	2	_	3	_	3	_	1	110
Lloyds - Bantam	35	35	-	_	_	_	-	_	_	_	_
Convertible Bond	23	23	-	_	-	-	-	23	-	_	-
Other	-	5	5	_	-	-	-	_	-	_	-
Total UK	1,274	1,379	105	114	3	7	3	29	170	6	114
Germany											
Eurohypo	159	159	_	1	1	1	135	_	_	_	_
Other	92	92	-	1	7	1	1	1	1	1	1
Total Germany	251	251	-	2	8	2	136	1	1	1	1
Total debt	1,525	1,630	105	116	11	9	139	30	171	7	115
Unamortised costs	(21)										
Debt on Group balance sheet	1,504										

Note: Once Forward Start Facility is fully drawn facility total £1,522m.



Group debt and interest costs

As at 31 March 2012		Blended rate					
	Debt	UK	Germany	Total			
	£m	%	%	%			
Fixed	162	6.4	1.1	5.7			
Hedged by SWAPS	941	7.3	5.7	6.9			
Hedged by CAPS	62	3.4	3.7	3.7			
Variable	360	4.8	3.4	4.2			
-	1,525	6.4	4.9	6.0			



Net debt including JVs/associates

March	September
2012	2011

Balance sheet debt Cash Net debt

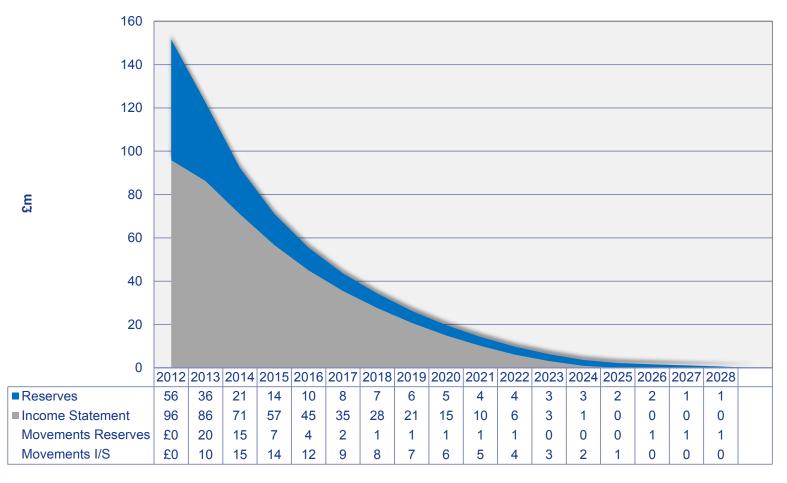
Group	JV/ Assoc*	Total	Group	JV/ Assoc*	Total
£m	£m	£m	£m	£m	£m
1,504	259	1,763	1,545	279	1,824
92	32	124	91	35	126
1,412	227	1,639	1,454	244	1,698

*JV/ Associate is the full amount of debt and not just Grainger's share. All JV/ Associate debt is non recourse to Grainger except £15.6m for Curzon Park which is recourse to both JV partners.



Derivative liability runoff chart

Mark to Market Run off





Tax

- The tax charge for the six months ended 31 March 2012 is £2.6m. This represents an effective tax rate of 17.4% based on a profit before tax of £15.1m.
- The main CT rate for the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the group's profit for the financial year ending 30 September 2012 will be taxed at a corporation tax rate of 25%.

	31 March 2012 £m
Profit before tax	15.1
Profit before tax at a rate of 25%	3.8
Expenses not deductible for tax	0.4
Benefit of utilising capital losses	(1.6)
Impact of tax rate change	(0.1)
Other	0.1
Total tax charge to the income statement	2.6

- Future tax rate expected to follow the headline rate. The group retains a policy of prudent tax provisioning.
- The 'pure' tax effect of the proposed reduction in CT rates to 23% from 1 April 2013 would result in a reduction in the contingent tax provision of £3.6m.



Glossary

Property	
Assured periodic tenancy ("APT")	Market rented tenancy arising from succession from regulated. Tenant has security of tenure.
Assured shorthold tenancy ("AST")	Market rented tenancy where landlord may obtain possession if appropriate notice served.
Assured tenancy ("AT)"	Market rented tenancy where tenant has right to renew.
Investment value ("IV")	Open market value of a property subject to relevant tenancy in place.
Home reversion	Rent free tenancy where tenant has right of occupation until possession is forfeited (usually on death). If tenant retains an equity interest in the property this is a partial life tenancy.
PRS	Private Rented Sector.
Regulated tenancy	Tenancy regulated under 1977 Rent Act, rent (usually sub market) set by rent officer and tenant has security of tenure.
Tenanted residential ("TR")	Activity covering the acquisition, renting out and subsequent sale (usually on vacancy) of residential units subject to a tenancy agreement.
Vacant possession value ("VP")	Open market value of a property free from any tenancy.
Financial	
Сар	Financial instrument which, in return for a fee, guarantees an upper limit for the interest rate on a loan.
Contingent tax	The amount of tax that would be payable should property assets be sold at their market value
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.



Glossary

Financial (continued)	
Gearing	The ratio of borrowings, net of cash, to market net asset value.
Hedging	The use of financial instruments to protect against interest rate movements.
IFRS	International Financial Reporting Standards.
Interest cover	Profit on ordinary activities before interest and tax divided by net interest payable.
Goodwill	On acquisition of a company, the difference between the fair value of net assets acquired and the purchase price paid.
Gross net asset value ("GNAV")	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 net of deferred tax.
Net net asset value (triple net or "NNNAV")	NAV adjusted for deferred tax on property revaluations and those contingent tax liabilities which would accrue if property assets were sold at market value and for the fair value of long term debt and derivatives net of deferred tax.
Grainger NAV	NNNAV adjusted for the taxed discounted reversionary surplus in our long-term UK residential and home reversion portfolios.
Return on shareholder equity	Growth in NNNAV in the year plus the dividend per share relating to each year as a percentage of opening NNNAV
Return on capital employed	Operating profit after net valuation movements on investment properties plus share of results from Joint Ventures/Associates plus the movement on the uplift of trading stock to market value as a percentage of opening gross capital defined as investment property, financial interest in property assets (CHARM) Investment in Joint Ventures/Associates and trading stock at market value
Sales margin	Profit on sale divided by gross sales proceeds
Swap	Financial instrument to protect against interest rate movements.
Total shareholder return ("TSR")	Return attributable to shareholders on basis of share price growth with dividends reinvested.
Weighted average cost of capital ("WACC")	The weighted average cost of funding the Group's activities through a combination of shareholders' funds and debt.



Announcement of Results for the half year ended 31 March 2012

grainger plc