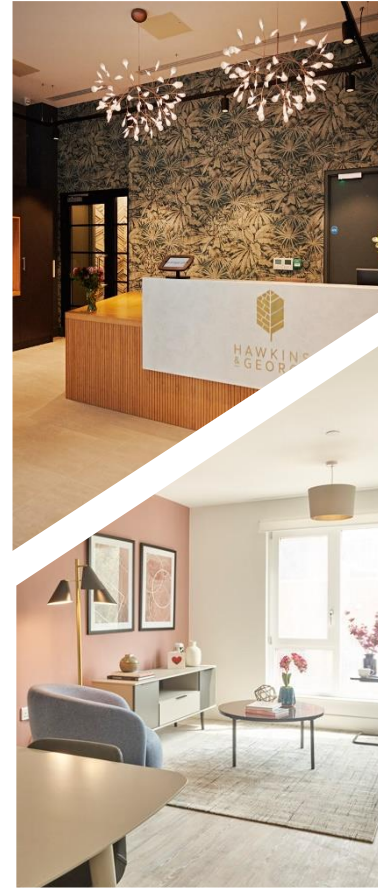


Building Homes & Communities for the future

2020 Investor Update

29 September 2020



Investing in homes since 1912
grainger plc

Agenda

Originate

Invest

Operate

1. Introduction

Helen Gordon

Chief Executive

2. Trading Update

Vanessa Simms

Chief Financial Officer

3. Focus on Health & Wellbeing

Helen Gordon

Chief Executive

4. Urbanisation Trends

Thomas Grounds

Head of Research

5. Product Resilience

Robin Keates

Director of Forwarded Funded
Delivery

6. Q&A



Pontoon Dock

Originate

Invest

Operate



Homes have never been so important

Originate

Invest

Operate



**Renting
homes,
enriching
lives**



Every home
matters



People at
the heart



Leading
The way



Exceeding
expectations

Our approach

Maintaining business continuity and strategic momentum

Originate

Invest

Operate

Innovate



Innovating to maintain business as usual and continue to serve our customers.

- Virtual viewings
- Direct customer sales
- Remote working
- Sales process re-engineered

Communicate



Continual communication with our customers, employees, partners and suppliers.

- Increased customer contact
- Increased Employee communications
- Government interaction
- Closely working with partners and suppliers

Improve



Focus on continuous improvement to our people, product and service.

- Live.safe 2.0
- Resident services manual
- CONNECT platform
- Community plans

A strong pipeline for growth

£1,085m secured pipeline

Originate

Invest

Operate

HY20 OPERATIONAL PORTFOLIO
9,270 homes, £2.8bn

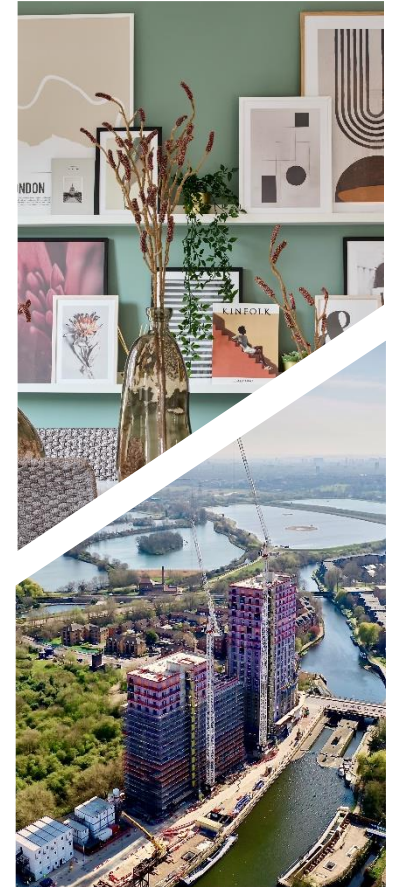
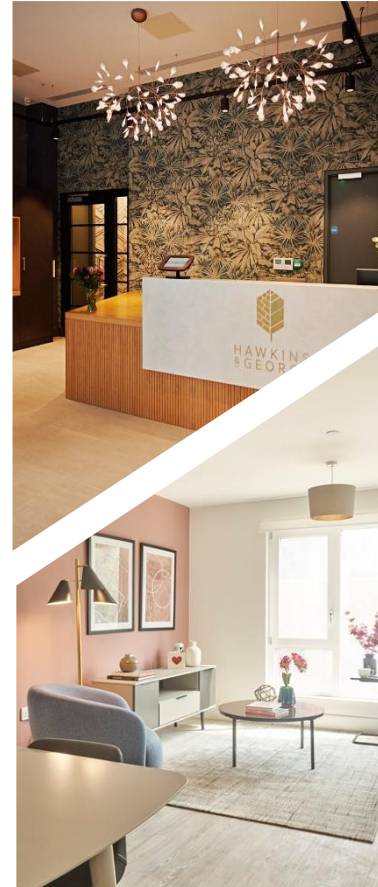
PIPELINE
8,536 homes, £2.0bn



- **Pipeline additions continue:** secured 6 schemes delivering 1,475 units representing over £400m of additional pipeline investment.
- **Besson street planning** committee approval for 324 new homes in our joint venture with the London Borough of Lewisham.
- **Good progress at TFL:** planning committee approval at Southall for 460 new homes with 3 more schemes currently in the planning process which together deliver over 1,200 homes.
- **Schemes delivered:** Millet Place and Solstice apartments completed with Apex Gardens and The Filaments to be delivered shortly.

2. Performance Update

Vanessa Simms
Chief Financial Officer



* Company financial information covers the 11 months to the end of August 2020 unless otherwise stated

Strong performance & well positioned for future growth

Originate

Invest

Operate

Strong rental and sales performance, underpinned by a strong balance sheet

Rental income remains strong

- ▀ Rental growth remains strong at **3.0%**
- ▀ Cash collection over **95%**
- ▀ Occupancy **95%** YTD
- ▀ Development delays to slow rental progression on new schemes

Sales profits inline

- ▀ Profits in line with prior years
- ▀ Sales prices **c.1.7%** ahead of previous valuations
- ▀ Sales velocity stable at **117 days**

Strong balance sheet and liquidity

- ▀ Significant financing activity during the year
 - ▀ **£187m** equity raise
 - ▀ **£350m** bond
- ▀ Available headroom of **£622m**
- ▀ No debt maturities until **Nov 2022**
- ▀ Weighted average maturity increased to 6.7 years

Rental income resilience continues

Originate

Invest

Operate

Cash collections, rental growth and arrears have all remained strong

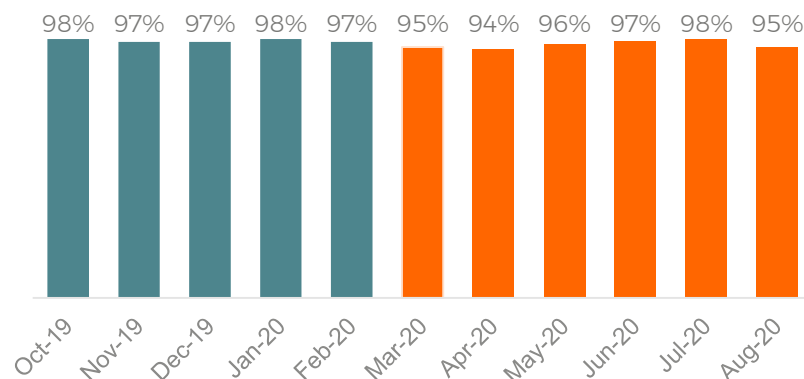
Rent Collection

- Rent collection inline with prior year levels
- In-house operations vital to strong performance
- Mid market product & diverse customer profile has proved resilient
- Low residential arrears at 1.9%

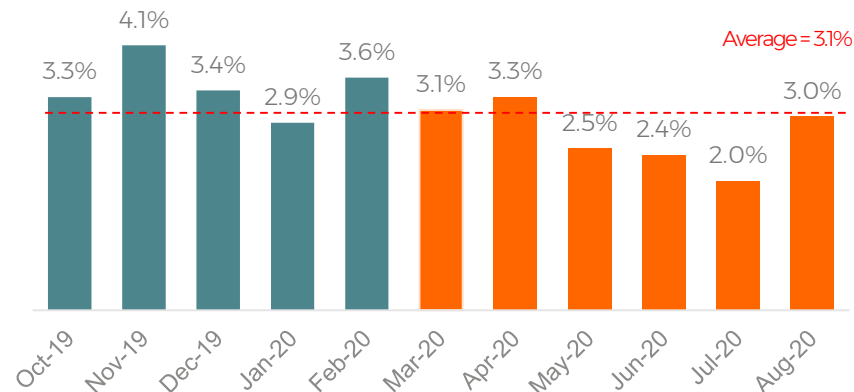
Rental Growth

- Strong rental growth at 3.0%
 - PRS rental growth at 2.5%
 - Renewals 2.5%
 - New lets 2.6%
 - Regulated portfolio 4.7%
- Occupancy at 95% YTD

Monthly rent collected on time



Rental growth continues



Passing net rent progression

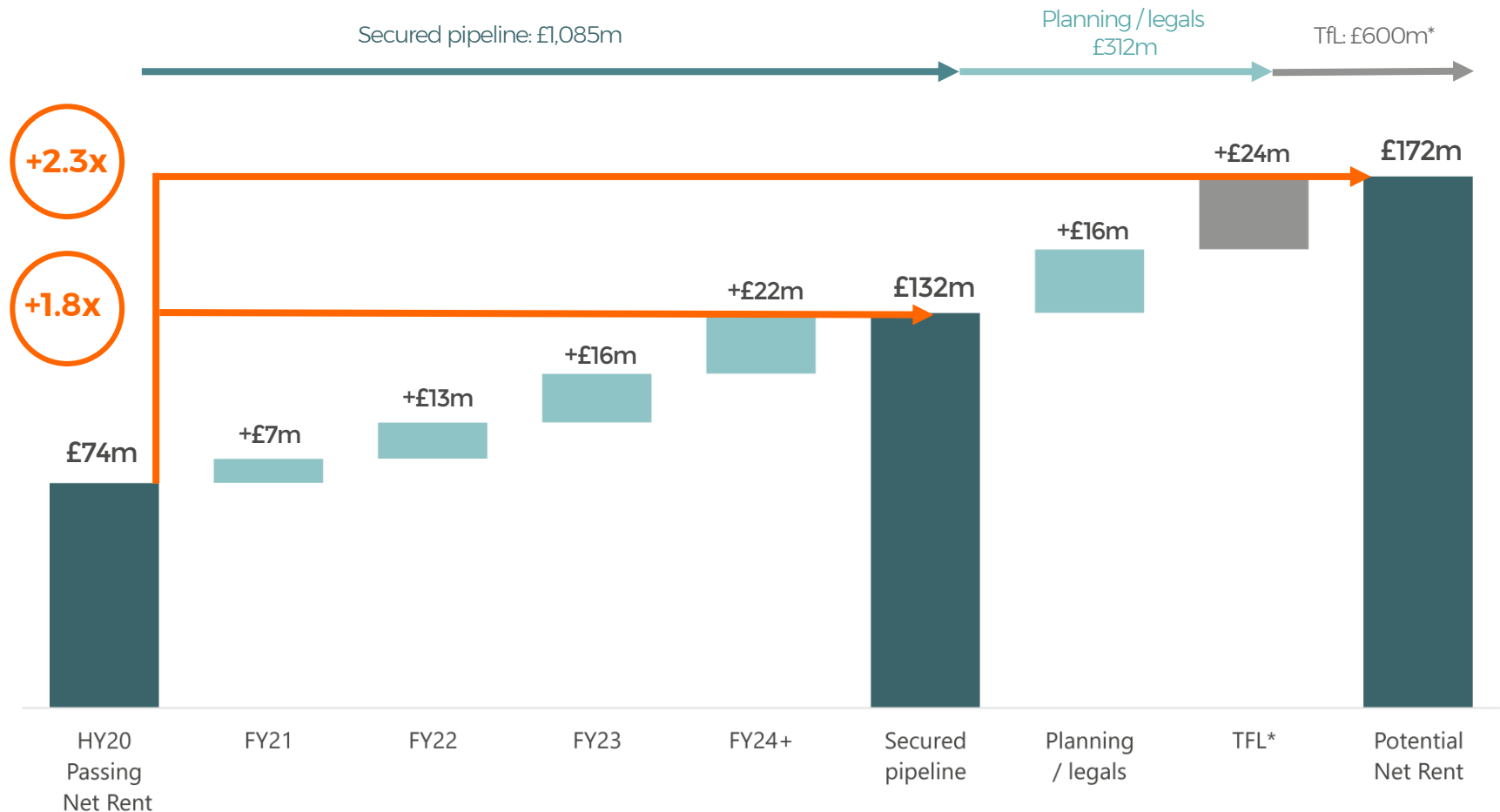
Revised NRI growth projections

Originate

Invest

Operate

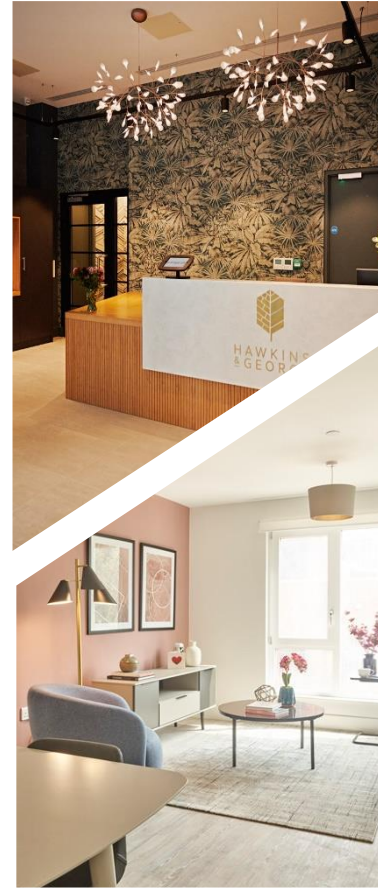
Timing of rental income shifts slightly as a result of lockdown related construction delays



*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 disposals and asset recycling.

3. Focus on Health & Wellbeing

Helen Gordon
Chief Executive



Investing in homes since 1912
grainger plc

Health and Wellbeing

We don't build houses, we build homes and communities

Originate

Invest

Operate

Happy residents stay longer



Experience of residents needs informs design



Wellbeing is integral to our design philosophy



Wellbeing is becoming increasingly important



Access to the outdoors

Originate

Invest

Operate

Our resident amenity spaces serve as an extension to residents homes.

They provide places to relax, entertain, work and socialise, both inside and out.

Recent launches all provide multiple and extensive outdoor terraces to enjoy.

Many of our homes also offer balconies.

In the case of Solstice Apartments and Millet Place, residents have the additional benefit of a beautiful park on their doorstep.



Health and fitness

Originate

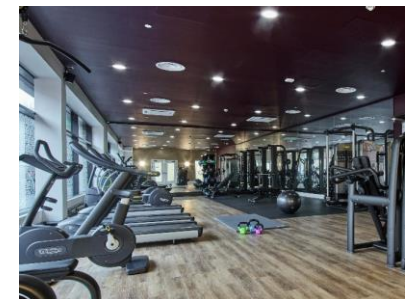
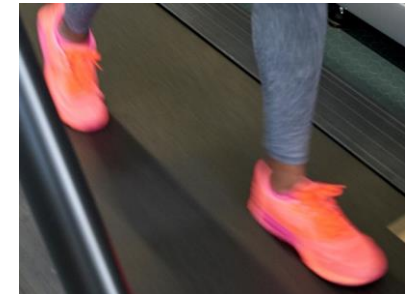
Invest

Operate

Gyms or fitness area's are a core offering within our buildings, providing residents with convenience and additional opportunities to interact with others.

Our shared spaces also work well as venues for wellness classes.

In lockdown, as part of our Wellness Wednesday's initiative at Clippers Quay, weekly virtual yoga sessions were held with a trained instructor, which was later rolled-out to residents at other buildings.



Measuring wellbeing

Originate

Invest

Operate

Wellbeing is increasingly considered in our asset acquisition and recycling.

We measure the WalkScore of our properties – how walkable a location is to local amenities.

Our development pipeline has an average WalkScore of 89/100 or “Very Walkable.”

Property locations are mapped against the Index of Access to Healthy Assets and Hazards.

We review our development specification against Fitwel and Home Quality Mark



Future spaces

Originate

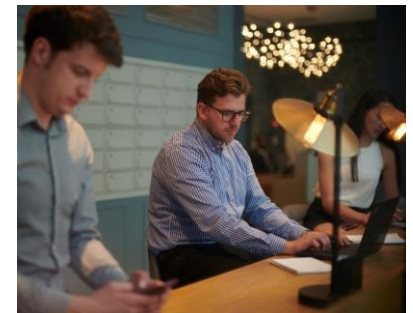
Invest

Operate

All of our operational and pipeline Build to Rent developments have a co-working space available to residents.

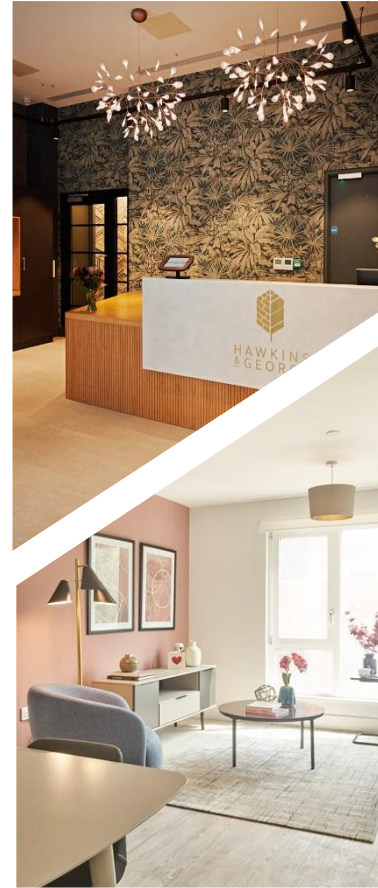
Our standard superfast WiFi offering, included within the rent, means that residents are up and running from day one.

As working from home at least some of the time increases, these elements are that little bit more appealing and valuable to residents.



Urbanisation: a long-term trend

Thomas Grounds
Head of Research



Investing in homes since 1912
grainger plc

Where Grainger invests

Originate

Invest

Operate

We are long term investors targeting undersupplied areas with high rental demand

- Our capital allocation is driven by long run supply and demand which can be either a city centre or suburban location
 - Typically the dynamics are most supportive in cities
 - Some suburban locations are attractive where the size of the rental market is large & the barriers to supply significant
- Alongside our city strategy we also have a suburban strategy which looks at the potential investability of suburban locations
- We will continue to be lead by the attractiveness of investment opportunities
- Our current analysis would suggest that urbanisation is a long term trend that will continue beyond the short term impacts of the Covid crisis
- We will continue to monitor the impacts on long term demand

Urbanisation: in it for the long haul

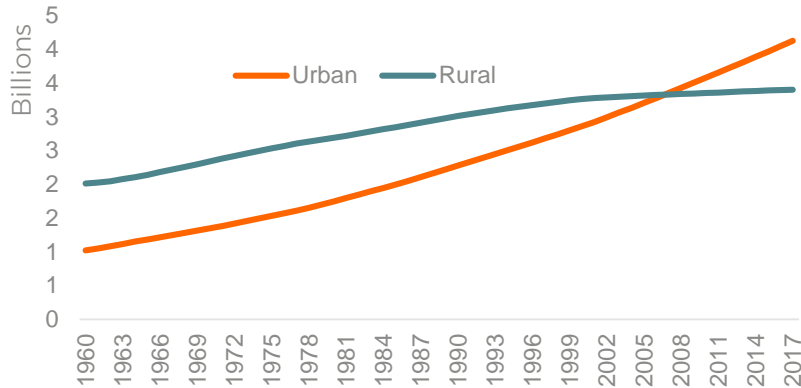
Grainger is a long-established business taking a long-term approach to investment

Originate

Invest

Operate

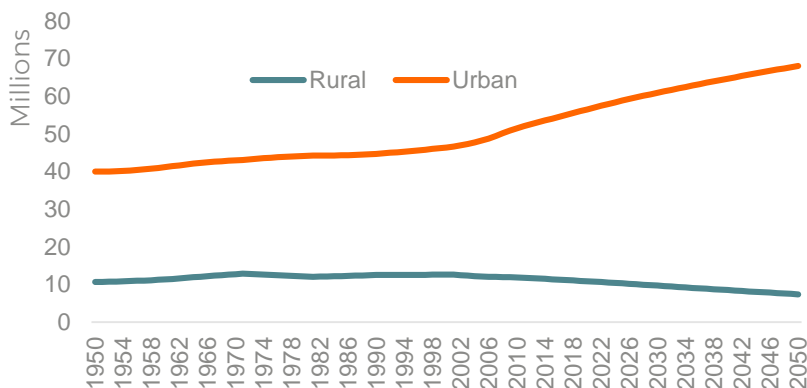
World population living in urban and rural areas



Cities' prosperity continues to draw in residents, worldwide

- By 2018, the world's population had grown to 7.6 billion people, with 4.2 billion in urban areas and 3.4 billion in rural.
- By 2050, the UN's medium-fertility scenario projects the total population will have grown to 9.8 billion, with more than twice as many in urban areas (6.7 billion) as rural (3.1 billion).
- Better wages and prospects than those offered in rural areas have continued to drive urbanisation over a long period.
- Whilst cities have been able to develop cultural, leisure and transport amenities superior to those of rural areas.

UK population projections to 2050



The UK will continue to see growth in its urban population

- By 2018, the UK had seen its population reach 67 million, with 83% of its population living in urban areas.
- By 2050, the overall population is expected to have increased to 75 million, with 90% of residents living in urban areas
- Between 1950 and 2003, the proportion of the UK population in urban areas stalled at under 80%; with its cities not always seen as attractive places to live.
- However, a process of urban renewal has seen the country's cities reinvigorated with growing businesses and young people increasingly migrating there to live, work and play.

Source: UN World Urbanization Prospects 2018 and others

Urban areas show higher productivity

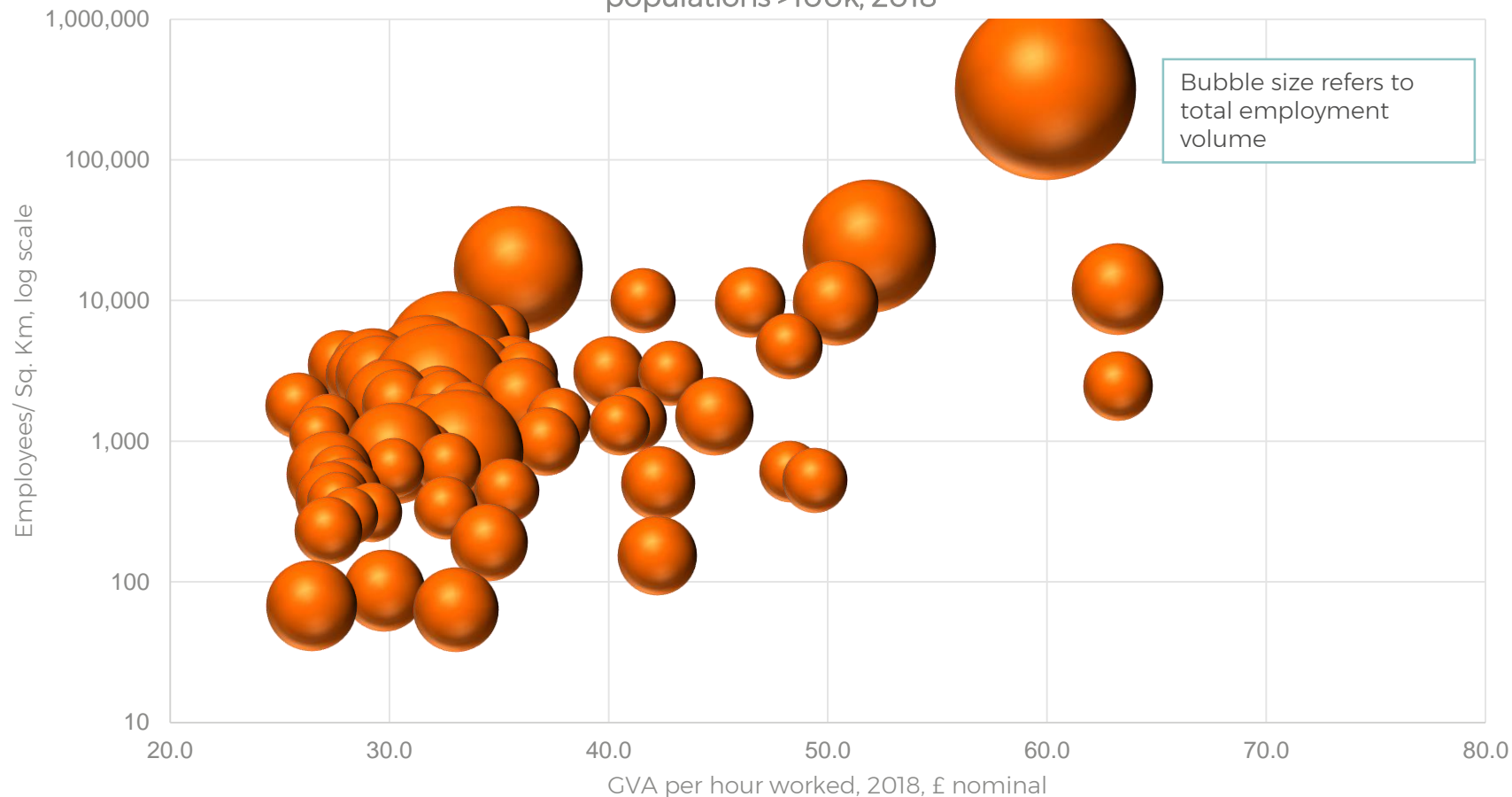
Higher geographic concentrations of workers produce more per hour

Originate

Invest

Operate

GVA per hour worked vs employment density, England, Local Authorities with workplace populations >100k, 2018



Sources: ONS. Annual Population Survey Workplace Analysis, ONS Labour Productivity Indices by Local Authority District

Cities have a strong culture advantage

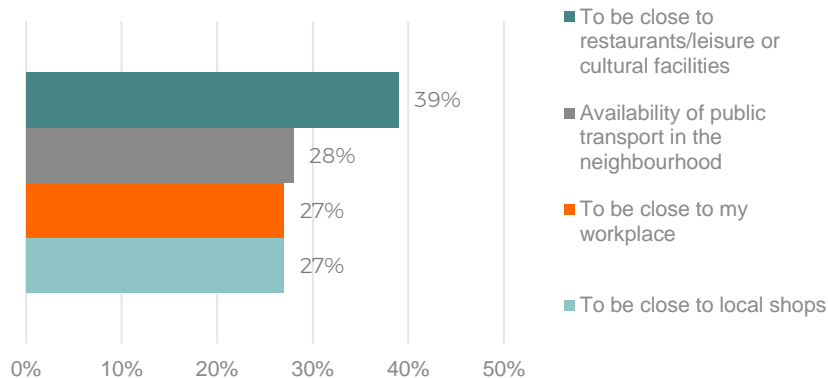
Originate

Invest

Operate

City centre residents prioritise accessibility to amenities, culture and public transport

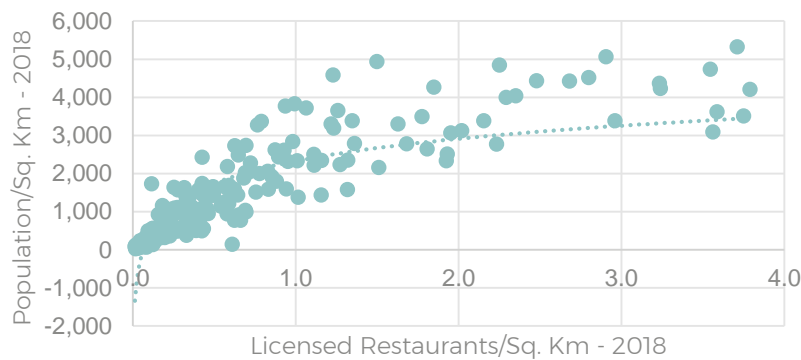
The main reason why respondents chose to live in their neighbourhood – City Centre Residents



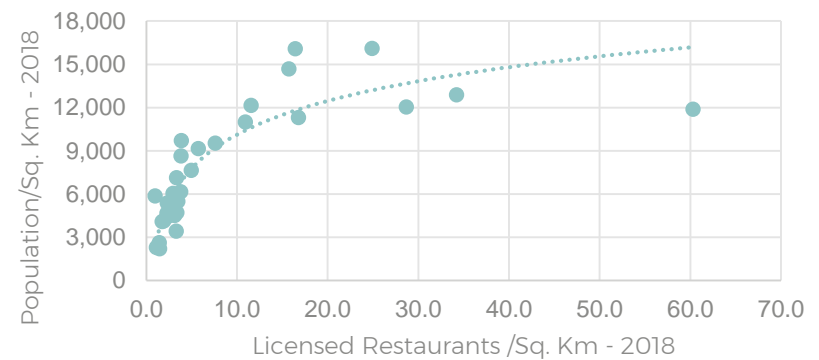
Research suggests that residents in cities prioritise access to leisure and cultural facilities, as well as public transport hubs

- Survey work from Centre for Cities shows that being “close to restaurants/leisure and cultural facilities” was by far the biggest factor in determining city centre residents’ decisions to live in their neighbourhoods.
- Whilst data from the ONS demonstrates the strong correlation between population density and provision of restaurants, with high density areas also having a much higher concentration of restaurants, increasing choice for residents.
- In short, people do not live in cities merely to be close to work, but rather because of the lifestyle benefits provided by accessibility to amenities and culture superior to that provided in the suburbs and rural areas.

Population vs Restaurant Density, English LAs exc. London



Population vs Restaurant Density, London LAs



Sources: Centre for Cities – Urban demographics – Why people live where they do. ONS – Inter-Department Business Register

Emigration from London is nothing new

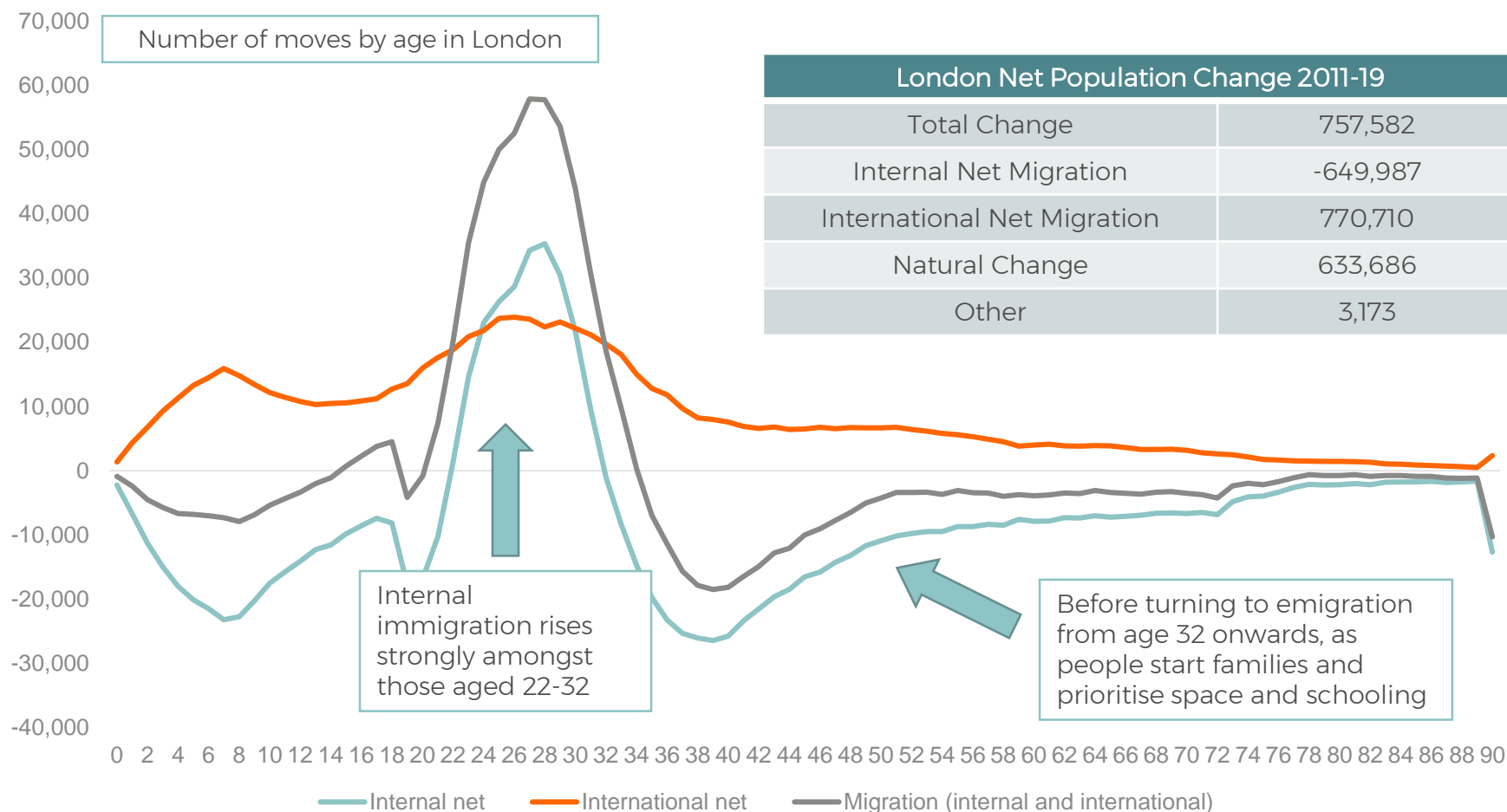
London saw a significant outflow of domestic residents over the last decade, with growth driven by international migration and births

Originate

Invest

Operate

Impact of Age on London's population - 2011 to 2019



Source: ONS - Population estimates for the UK - mid-2019

City centres remain vital HQ locations

The transport links of city centres enable recruitment of employees from wide catchment areas

Originate

Invest

Operate

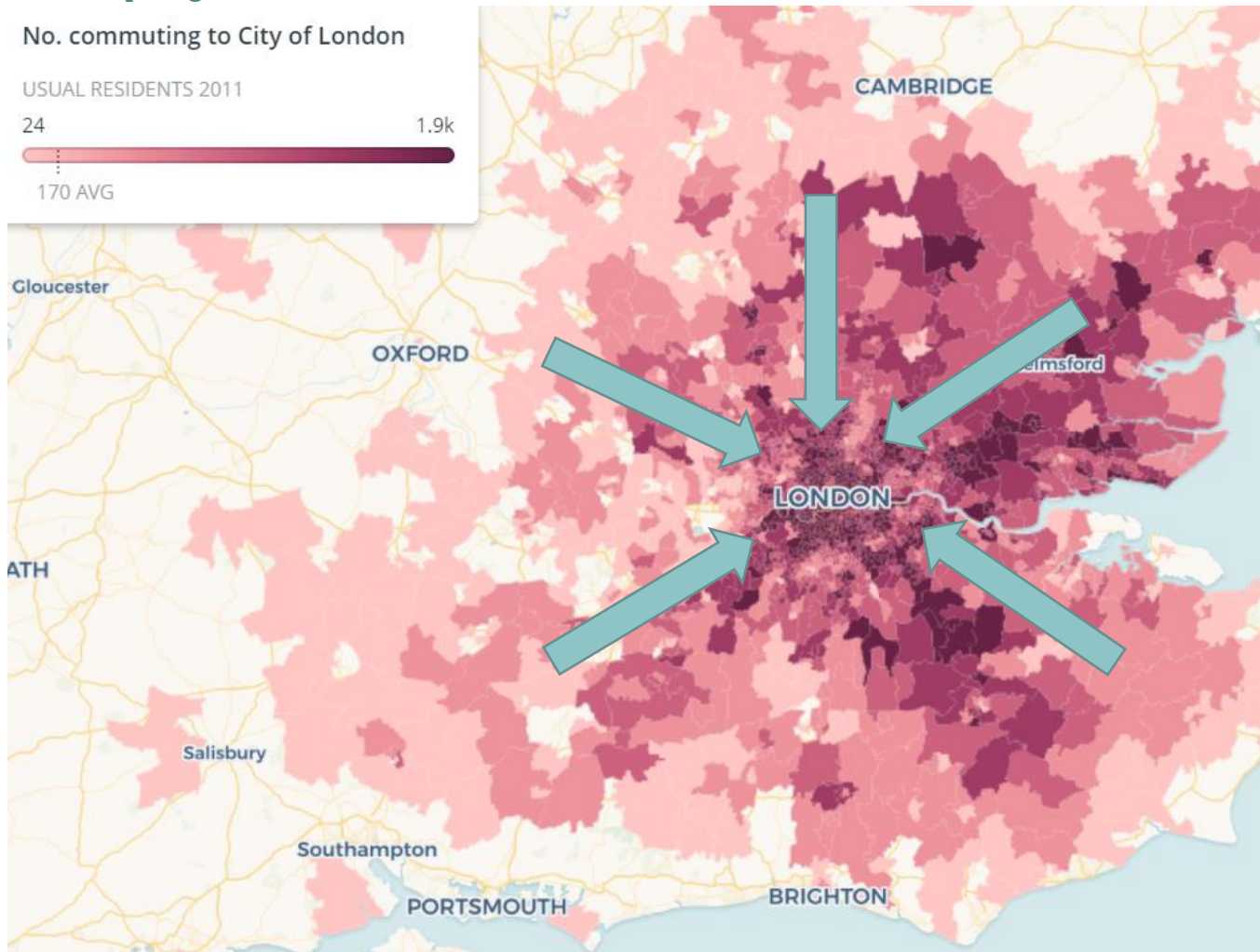
No. commuting to City of London

USUAL RESIDENTS 2011

24

1.9k

170 AVG



Commuting to City of London

- Maps shows commuting flows from Census 2011.
- Map reflective of number of commuters from each area travelling to the City of London as their main place of work.
- A city centre HQ allows companies to draw in human capital from a larger geographic area than would be possible from a suburban or rural location.
- Even with some increase in home working, it is unlikely companies' HQs will move from city centres.
- Particularly given the need to attract young, professionals, who prefer living, working and playing in urban areas.

Source: ONS Census 2011

Cities can be drivers of sustainability

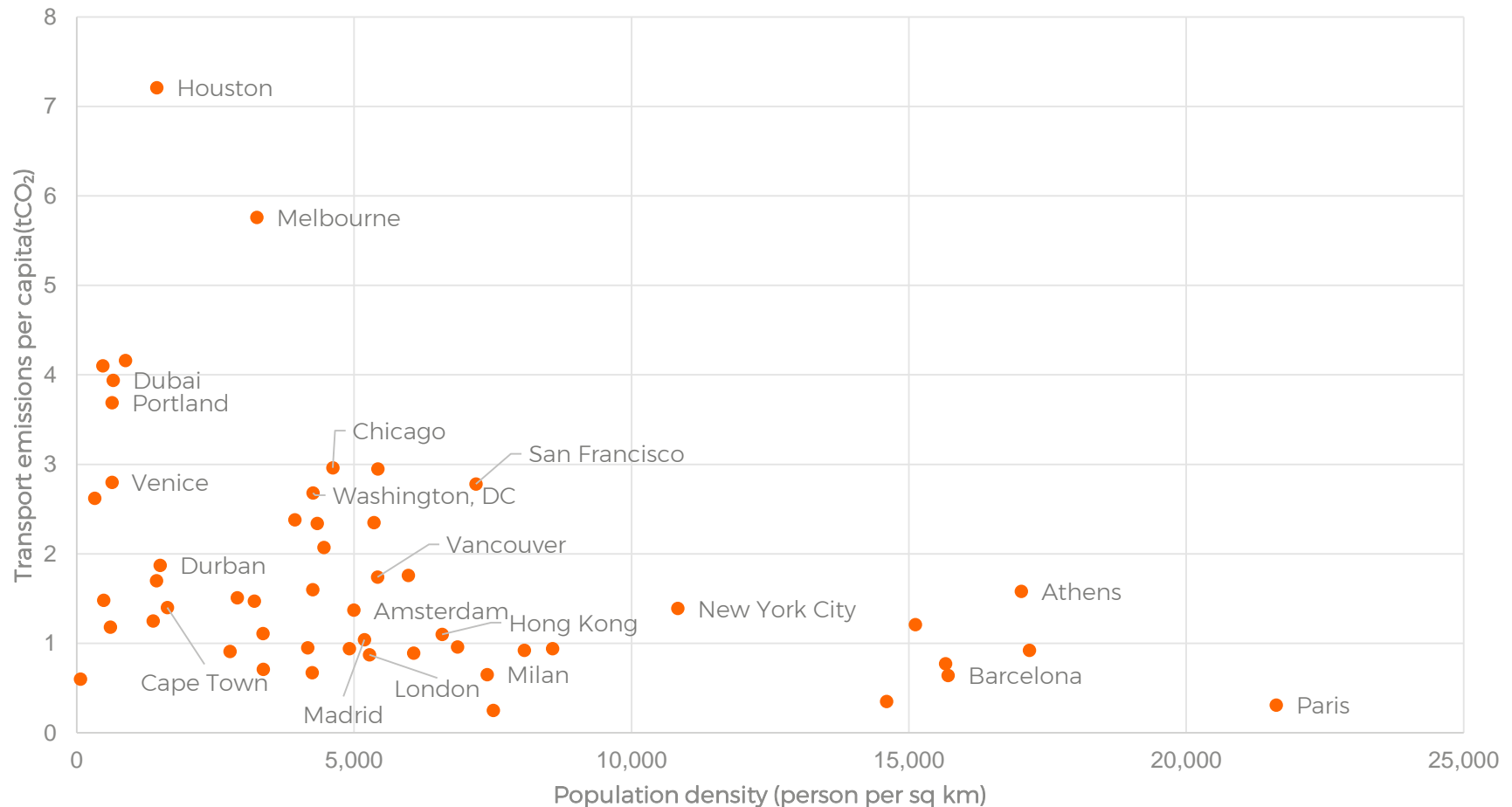
Originate

Invest

Operate

Denser populations with public transport access produce lower emissions

Transport CO2 emissions per capita vs population density of cities



Source: C40 Cities (2017), Our World in Data

Economies of agglomeration

- There is a lot of evidence supporting the idea of economies of agglomeration within large cities, notably the knowledge spillovers so vital to driving innovation
- Although a more distributed method of working and networking, facilitated by video conferencing, has helped maintain activity during lockdown, this is unlikely to be viable over the long-term

Amenities, culture and transport

- Cities offer a level of cultural and leisure facilities to residents that cannot be replicated in lower density areas
- Alongside a choice of restaurants not available in lower density locations
- Public transport is available that makes cars less necessary, and getting to workplaces far easier

A magnet for the young

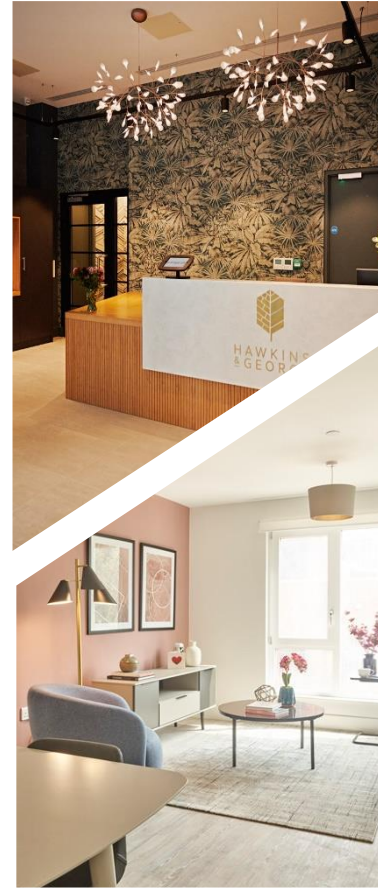
- Young professionals overwhelmingly desire to live, work and play in cities, moving to them in large numbers during their 20s
- For employers seeking to attract the best talent, city centre HQs provide a place for young professionals to learn, network and socialise with their peers that cannot be replicated in low density suburban and rural areas

Sustainability

- High population densities already allow us to live in a way that is more environmentally sustainable, shortening distances needed to travel for work or leisure
- As the environment continues to move up the global priority list, cities offer us a chance to live efficiently and minimise the impact of our actions on the world around us

5. Product Resilience

Robin Keates
Director of Forward Funded
Delivery



Investing in homes since 1912
grainger plc

“No place like home”

Originate

Invest

Operate

In a post-Covid-19 environment, we can expect renters to be more conscious of the resilience of their home during uncertain times

Temporary focus:

- ▶ “I feel unsafe”
- ▶ “I’m going to be home more often”
- ▶ “I don’t want to be near others”
- ▶ “I don’t need to live near work”
- ▶ “I feel isolated and alone”

Long-term behavioural effect:

- ▶ “I want more certainty that my home will be liveable during difficult times”
- ▶ “I want to know that my home is safe and secure”
- ▶ “I want my home to fulfil my leisure and work requirements”
- ▶ “I want to make sure I am connected”

A single point of contact

Originate

Invest

Operate

“I want more certainty that my home will be liveable during difficult times and I want to know that my home is safe and secure”: Covid-19 has made tenants more conscious of the management and security of their living space

Fully-integrated, seamless customer service



Communication & responsiveness



A place for living

Originate

Invest

Operate

“I want my home to fulfil my leisure and work requirements”: A home that is for more than just eating and sleeping

Flexible, connected workspace



Outdoor space



Residents' lounge



In-house gyms



A thriving community

Originate

Invest

Operate

"I want to make sure I am connected": Feeling part of a thriving, generous community has never felt more important



Residents are able to partake in community events with their neighbours

- Residents' quiz
- Virtual book clubs
- Yoga classes held via Zoom
- Photography competitions
- Virtual fitness challenges
- Fundraising events



21st century renting

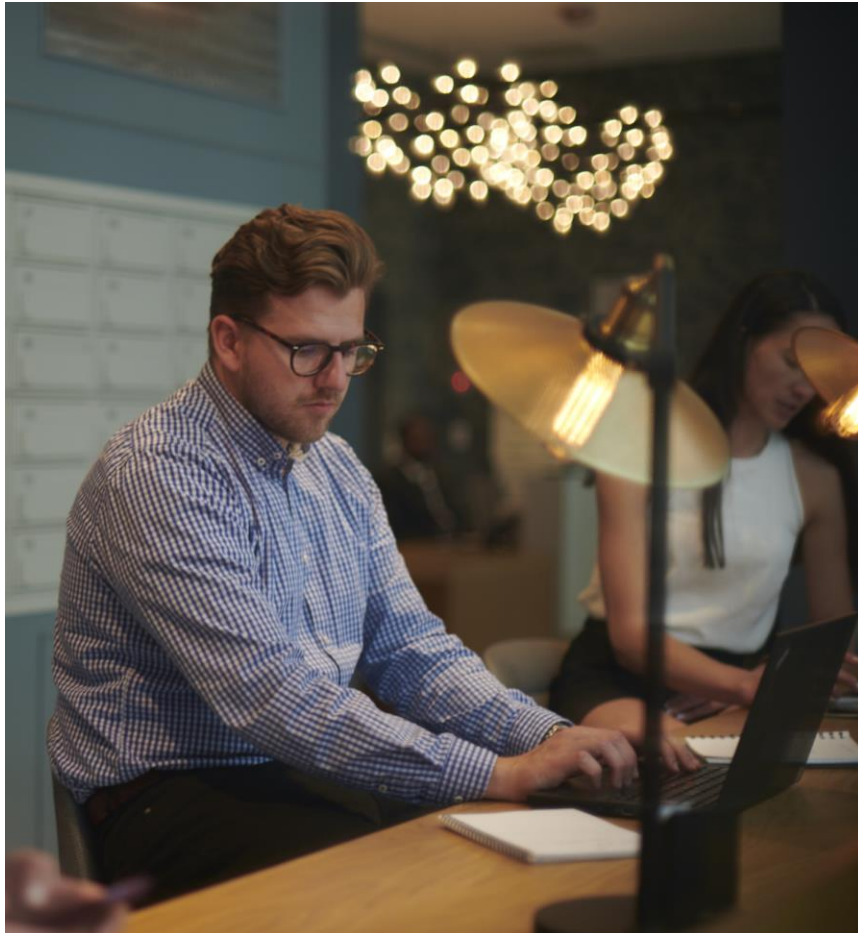
Seamless provision of products and services that help tenants manage their busy, modern lives

Originate

Invest

Operate

Grainger provides a rental experience fit for modern living



Summary

Originate

Invest

Operate



Strong track record



Leader in the sector



Resilient residential strategy



Compelling long term return



Strong operational model



Pipeline for growth



Investing in people



Research backed capital allocation

