

Investor Property Tour Summer 2015

Agenda for today

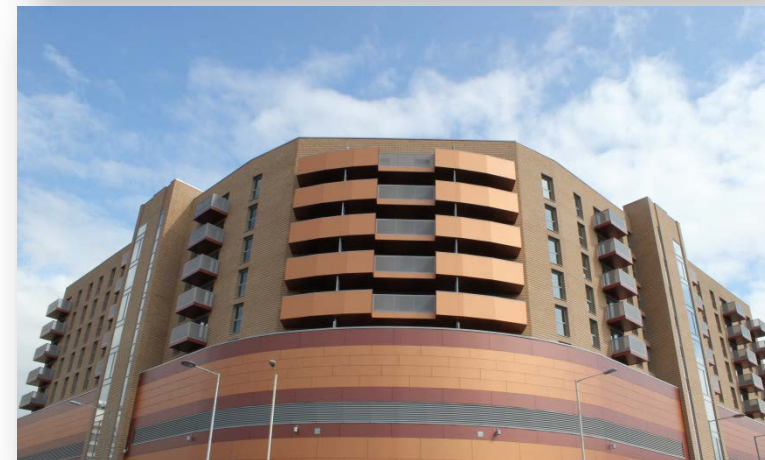
- Presentation
 - Grainger overview & strategy
 - Private Rented Sector (PRS)
 - Abbeville overview
- Q&A
- Tour of the building

Your hosts:

- **Nick Jopling**
Executive Director of Property
- **Kurt Mueller**
Director of Corporate Affairs
- **Anish Thobhani**
Director of Property and Asset Management (South)

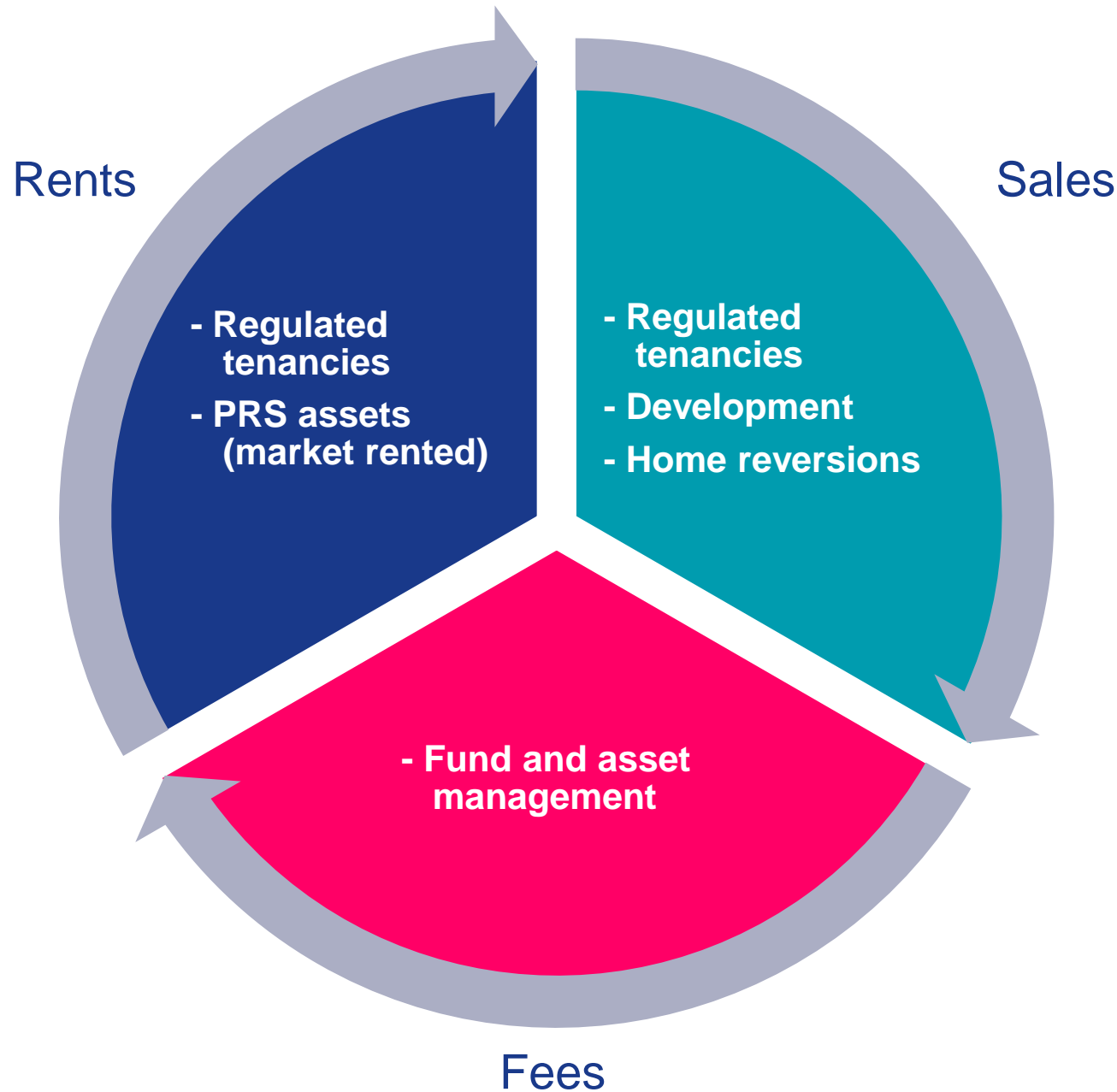
Grainger overview

- A market leading residential owner and manager with consistent outperformance
- Returns driven by asset value growth and income from sales, rents and fees
- Highly cash generative business model
- A high quality, national portfolio
- Latent value in reversionary portfolio
- Growth through active investment in stabilised regional PRS stock and build to rent schemes



Abbeville Apartments, Barking

Grainger's business model



....FOR GROWTH

PRS Business (market rented portfolio)

	Market value
Total (UK & Germany, wholly-owned and JV's/assoc's)	£1.1bn
Wholly-owned (UK & Germany)	£463m
JV's/assoc's (UK & Germany)	£670m

A SOLID
FOUNDATION...

Reversionary Business

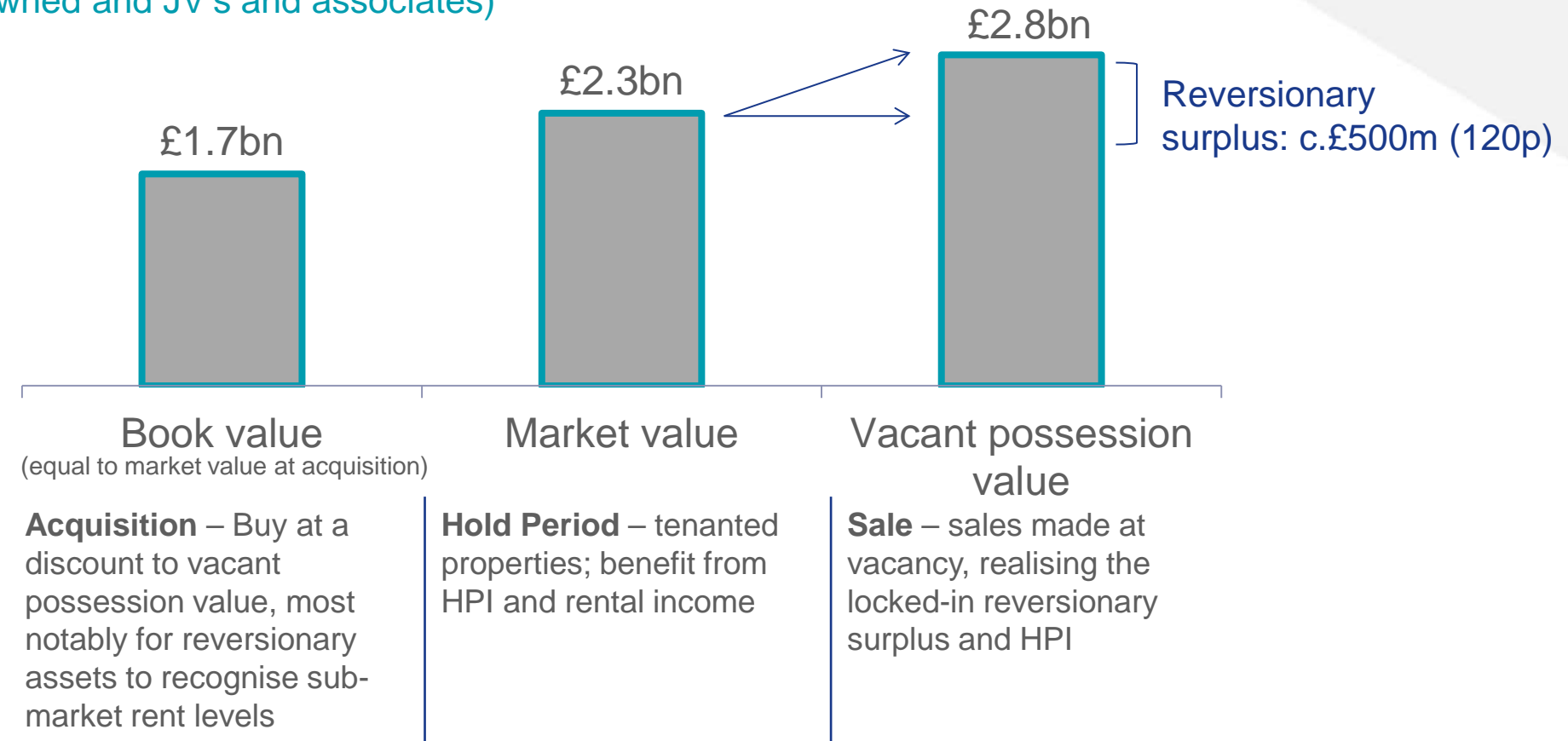
Will release circa £120m gross cash per annum to 2030

	Market value	Vacant possession value	Reversionary surplus (VP – MV)
Wholly-owned	£1.5bn	£1.9bn	£418m

Reversionary surplus

Grainger's total portfolio

(wholly-owned and JV's and associates)



- Reversionary surplus, latent value not included in our NAV or NNNNAV of 120p per share (c.£500m), including owned assets and our share of joint ventures and associates
- Our reversionary portfolio is estimated to generate over £120m cash per year until 2030

* The above chart includes our share of JVs and associates

All numbers as at 31 March 2015

Private Rented Sector

The PRS market

Rapid growth in PRS over the last decade...

- PRS has nearly doubled in size since 2002, now with 4 million PRS properties, housing 9.1 million people in England in 2012-13, 18% of the population.

And it is set to continue...

- Savills forecast that the number of households in the private rented sector will rise by 1.2 million over the next five years, supported by: improving economy, population growth etc.

Where recent movers moved to.



24% moved into owner
occupied homes



16% moved into social housing

Source: English Housing Survey

Tenure Forecasts to 2019

UNDER **35**

+566K
more PRS
households

-520K
fewer owner
occupied households

16%
owner occupied
down from 28%

35-49

+483K
more PRS
households

-275K
fewer owner
occupied households

31%
growth in
private renting

50-64

+175K
more PRS
households

+337K
more owner
occupied households

72%
of households remain
in owner occupation

65+

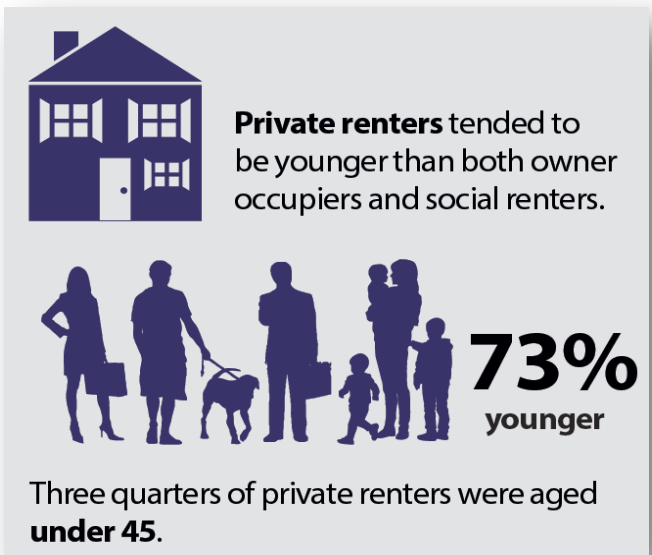
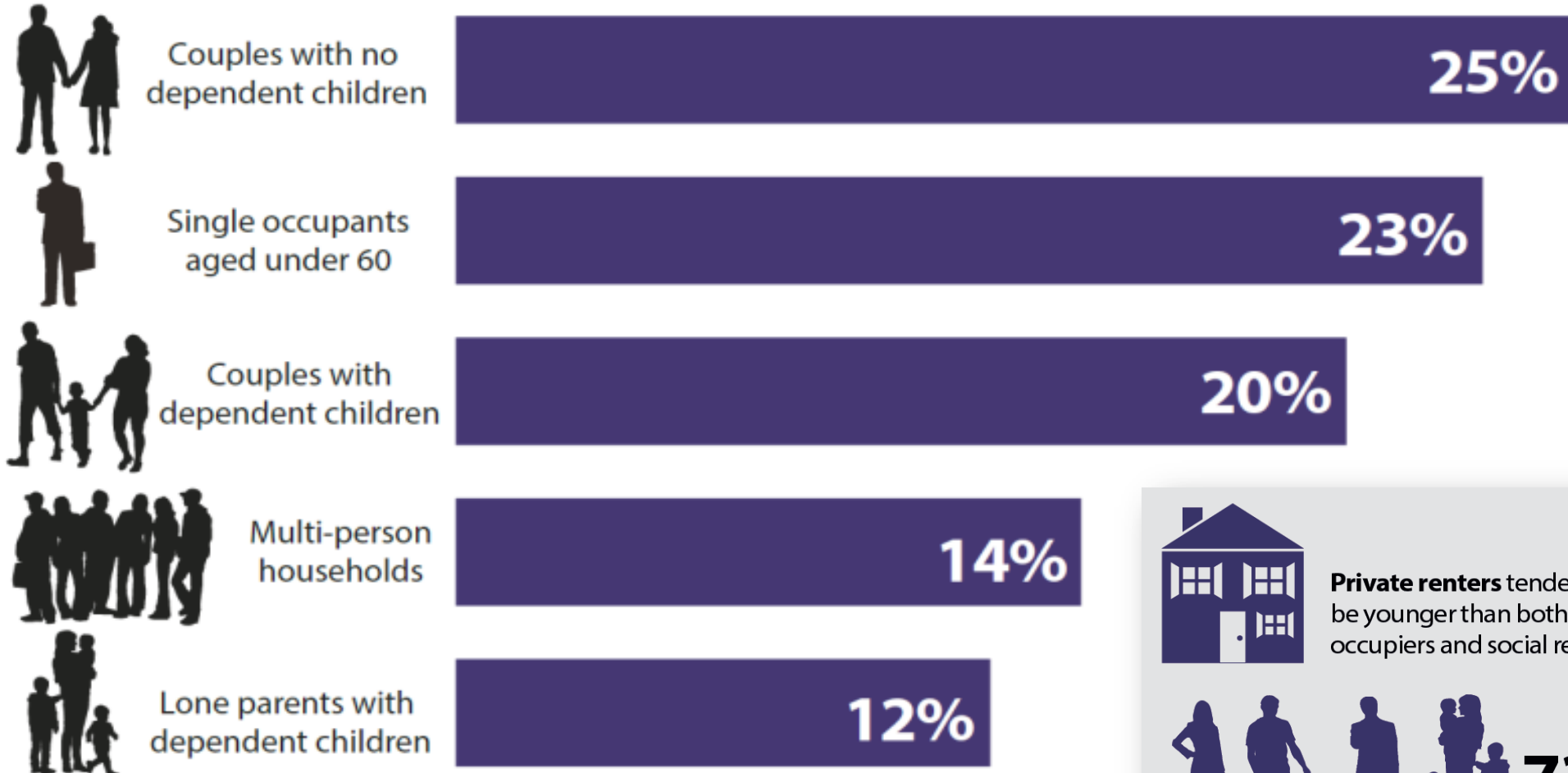
-42K
fewer PRS
households

+256K
more owner
occupied households

5%
growth in owner
occupied households

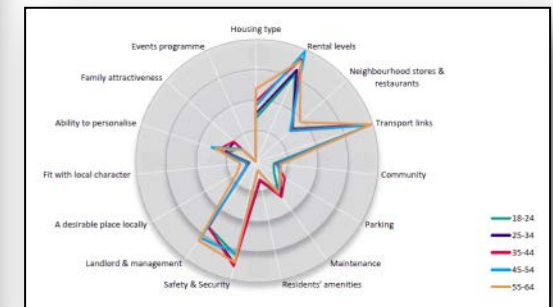
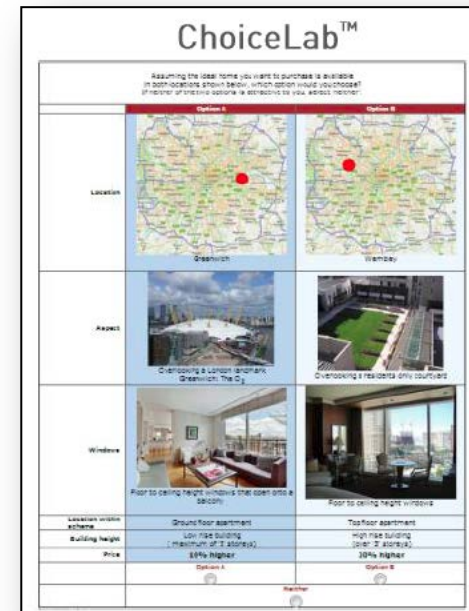
Who are our customers?

Private renters

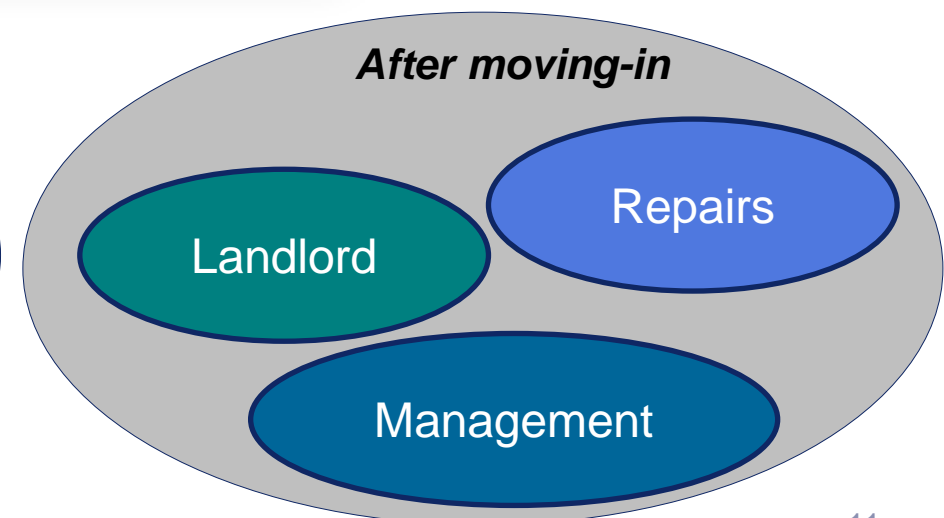
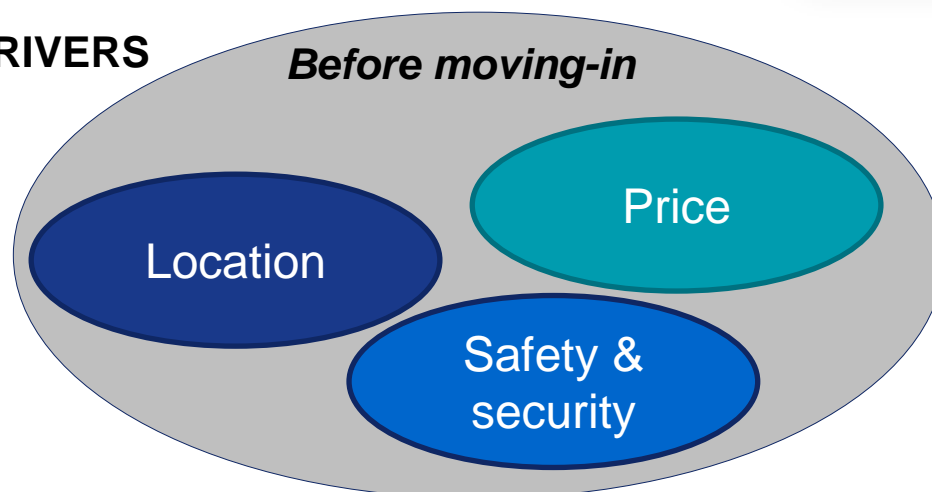


Using research to inform our investment decisions

- Who will be our customer?
- What do they want?
- What do they value?
- Proprietary research conducted by Mindfolio, using their YieldLab analytics and ChoiceLab tool
- 1,287 respondents



KEY DRIVERS



The PRS market and Grainger

The opportunity

- Strong, supportive UK demographics for market rented homes
- Government support to grow rental market
- Opportunity to leverage our established brand and core competencies, with an existing and proven operating platform
- Few experienced residential landlords and managers
- Respond to growing institutional investor interest in the sector
- Maximising shareholder value

What we bring to the market

- A strong, reputable management platform
- Knowledge of developing, managing and trading residential property
- National presence with local expertise
- Balance sheet and access to third party capital
- Willingness to forward fund
- Contacts and product sourcing

Leveraging our existing platform & expertise to maximise shareholder value

Growth in our PRS Investment Business

- **We have...**
 - One of the largest UK PRS portfolios (c.3,000 units)
- **We're growing...**
 - One of the biggest PRS pipelines in the UK – c.2,000 units by 2017 (secured and advanced)
 - More than 6 live build to rent sites underway – consented, under works or completed (Berewood, Wellesley, Abbeville, RBKC (2x), Canning Town)
 - At least 6 further projects coming forward (Apex, Waterloo, Newbury, Pontoon, Wellelsey CMH, Sigma)

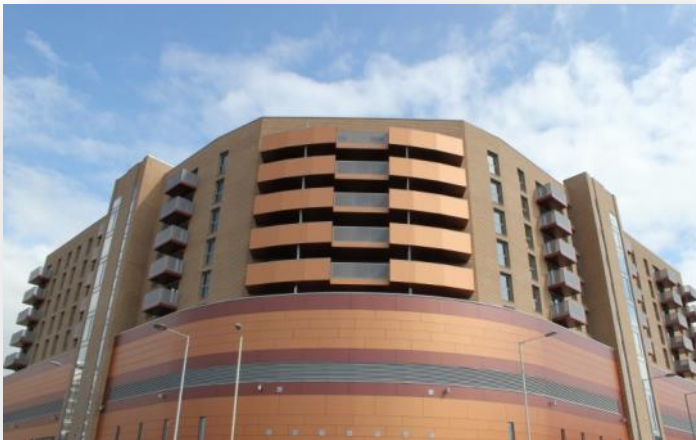
“Grainger's focus is on simplification of our business and accelerated execution of our PRS strategy”

Build to rent & PRS pipeline

Pipeline of a further c.2,000 PRS market rented units

SECURED PIPELINE:

		<u>Est. completion</u>
1.	Regional portfolios – balance sheet	c.570 units
2.	Abbeville Apartments – balance sheet	c.100 units
3.	RBKC sites – w/ local authority	c.60 units
4.	Berewood – balance sheet	c.100 units
5.	Wellesley – w/ MoD	c.110 units
6.	Canning Town – GRIP and Bouygues	c.130 units



Abbeville Apts, Barking



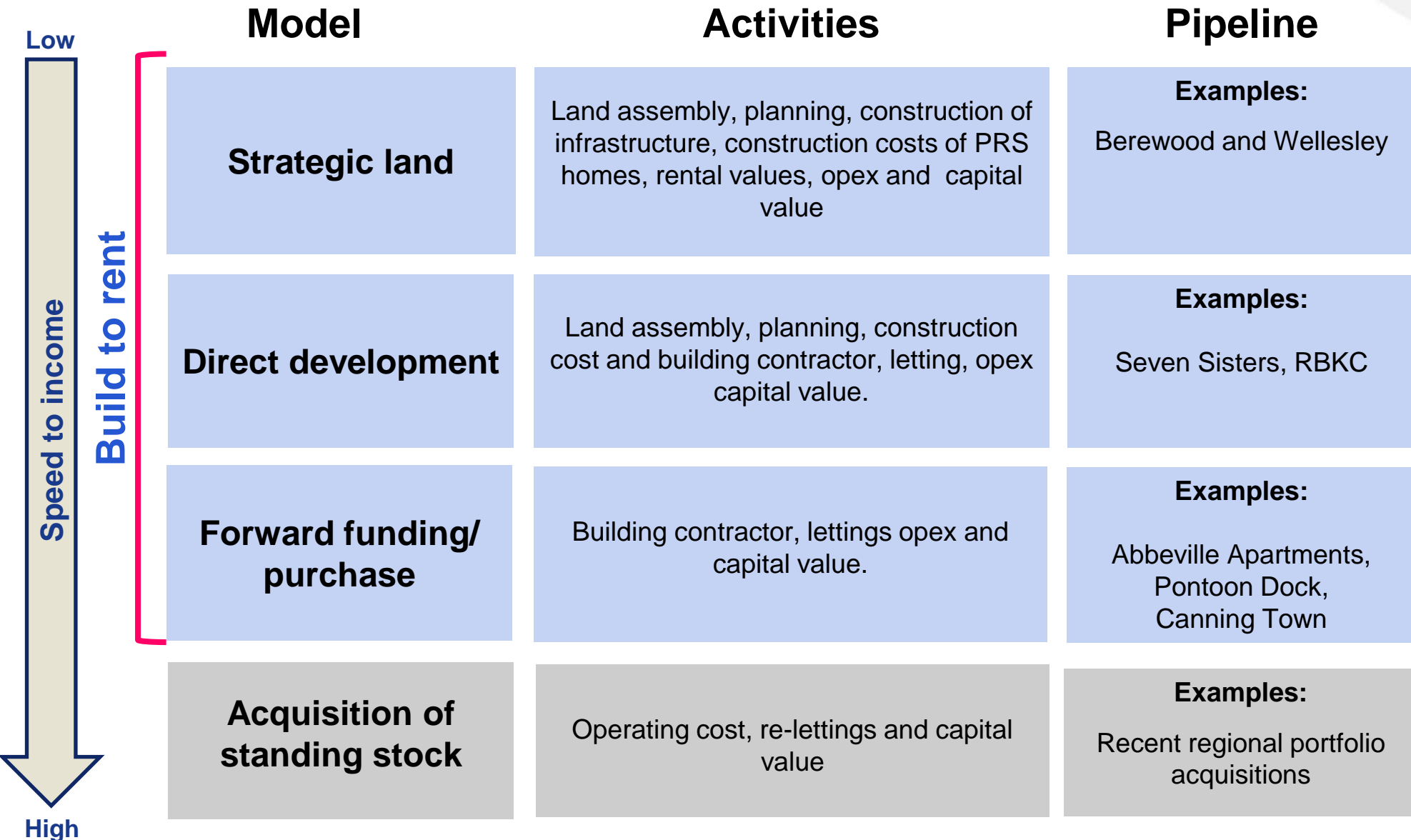
Young Street, RBKC



Canning Town

Routes to market

Our delivery model in PRS



Next steps

- Continue to add to robust pipeline
- Increase scale of dedicated PRS team in line with activities
- Further develop strategic sourcing partners
- Grow activities in the regions



Abbeville Apartments

‘BETTER RENTING WITH GRAINGER’

Abbeville Apartments, Barking

- 100 apartments and amenity / communal space
 - 54 one beds, 36 two beds, 10 three beds
- Forward purchase agreement with Bouygues, the contractor, made in 2012
- Initial down payment to secure acquisition
- Remainder paid on completion
- Construction completed ahead of schedule in April 2015



Financials for Abbeville

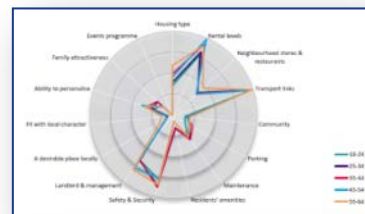
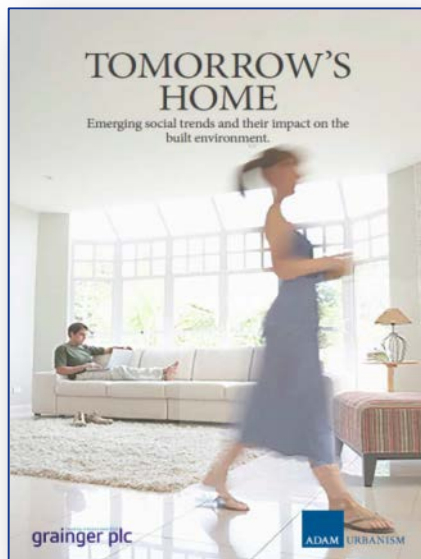
- Acquisition cost: c.£14m
- Annual gross rent: est. £1.34m



	Marketed pricing from	Avg sq ft
1 Bed	£975 pcm	548 sq ft
2 Bed	£1200 pcm	717 sq ft
3 Bed	£1325 pcm	970 sq ft

Research driven: Understanding our customers

- Who will be our customer?
- What do they want?
- What do they value?



ChoiceLab™

Ranking the 1000 homes you want to purchase in order of preference (based on the factors which you value most) and then comparing the results to the actual market.

	Option A	Option B
Location		
Price		
Features		
Summary	<p>Option A is a 2-bed apartment in a modern building with a balcony and parking. It is located in a prime location with excellent transport links and amenities.</p> <p>Option B is a 3-bed house in a traditional street with a garden and parking. It is located in a quiet area with good schools and transport links.</p>	<p>Option B is a 2-bed apartment in a modern building with a balcony and parking. It is located in a prime location with excellent transport links and amenities.</p> <p>Option A is a 3-bed house in a traditional street with a garden and parking. It is located in a quiet area with good schools and transport links.</p>

Utilising:

- Our local knowledge
- Proprietary research (e.g. Mindfolio)
- Industry research
- Tapping into our wide network of lettings agents (Bairstow Eves)
- Mystery shopping
- Data analytics (website registration and referencing)

What's different?

- Targeted customer base
 - Late 20s; Early 30s
 - Young couples
 - Incomes of £30-40k
 - City & Wharf workers
 - IT employees
 - Key workers (e.g. teachers, nurses, police)
- Tried & Tested by Grainger
- On-site lettings and management
- Amenity offering



Designed for the rental customer

- On-site management staff
- Residents' lounge
- Fitness Studio
- Communal Garden
- Interior Designs by HemingwayDesign
- Wifi from Day One
- Only double bedrooms
- Furniture packages available
- Balconies for every apartment
- One, Two or Three year tenancies



Grainger's offering

- Rent directly from your landlord; no middle-men
- A safe pair of hands - A professional FTSE250 residential landlord
- Over 100 years' experience
- Providing you with your own dedicated property manager and a dedicated repairs team with a 24/7 repairs line
- Meeting the London Rental Standard



**ABBEVILLE
APARTMENTS.
Barking.**

Homes to rent
with Grainger.

**ABBEVILLE
APARTMENTS.
Barking.**

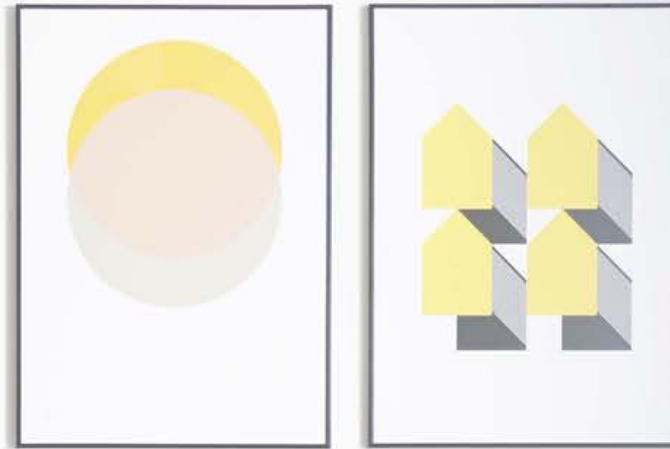


Hugely successful launch

Launch day: Thursday, 18 June

- Over 4,500 have viewed the Abbeville website
- 228 viewings booked for the first 2 weeks
- 52 viewings undertaken in the first 3 days
- 31 reservations taken in first 3 days
- As at 13 July,
 - c.60% under offer/let
 - 25% occupied
- c.25% on 3 year tenancies
- All at or above marketing prices
- Positive customer feedback





Thank you