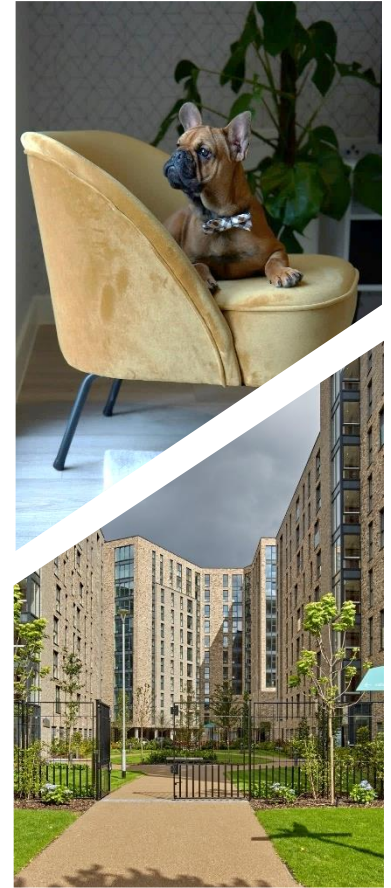


# A year of major transformation, delivering strong, sustainable returns, well ahead of plan

## 2019 Full Year Results

27 November 2019



Investing in homes since 1912  
**grainger plc**

# Agenda

Originate

Invest

Operate

## 1. Overview

**Helen Gordon**  
Chief Executive

## 2. Financial Results

**Vanessa Simms**  
Chief Financial Officer

## 3. CONNECT

**Vanessa Simms**  
Chief Financial Officer

## 4. Market and business update

**Helen Gordon**  
Chief Executive

## 5. Summary and Q&A

**Helen Gordon**  
Chief Executive

## 6. Appendix

# Renting homes, enriching lives

Originate

Invest

Operate



**Serving  
over 20k  
customers**

The Grainger Collection at Wellesley, Hampshire

# The market leader in a compelling sector

Originate

Invest

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## Why PRS



**Compelling long-term returns**



**Strong inflation linked rent growth**



**Underpinned by structural supply demand imbalance**



**PRS demand growing**

**4.5m** to **7.2m** by 2025



**Supply reducing**



**Competition's progress limited**

**3%** market share of large-scale corporate landlords



**Professionalisation**

Policy changes encouraging professional operators and discouraging private, amateur landlords

## Why Grainger



**Market leader with the largest operational PRS portfolio**



**£2.0bn pipeline to come**



**Fully integrated business model**

We originate, invest and operate all in house



**Excellent customer service**

Supported by technology



**Research led capital allocation**



**Depth of experience**



**Partner of choice**



**Strong balance sheet**

# Strong performance

Originate

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Profit before tax

**£131.3m**

+30%

Adjusted earnings

**£82.5m**

(12)%

Net rental income

**£63.5m**

+45%

Rental growth (L4L)

**+3.6%**

(38) bps

Total property return

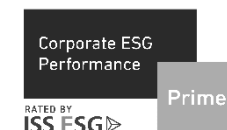
**5.0%**

(100) bps

## Key highlights:

- Significant income growth, both underlying and through investment
- Pipeline of new buildings now delivering at pace – 1,152 homes in FY19
- GRIP fully integrated and delivering shareholder value
- TfL & other partnerships to boost pipeline from FY21
- Reversionary surplus of £302m with £23m delivered in FY19
- Operational platform delivering outperformance, with GtN down to 25.2%
- CONNECT: technology to further enhance operational platform
- Excellent ESG achievement

## ESG achievements:



G R E S B<sup>®</sup>  
#2 in peer group



FTSE4Good

# A transformational year

Originate

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Operate

## Delivering today and building for tomorrow

### Delivering value today

- **Transitioned to a predominantly PRS business** – Balance sheet and earnings now aligned to PRS
- **Transformational GRIP transaction** – fully integrated & delivering strong results with £13.6m captured since acquisition
- **1,152 PRS homes delivered** – 4 schemes representing c.£10m of net rent completed in the year

### Building value for tomorrow

- **£2bn PRS pipeline** – representing c.9k homes
- **TfL partnership** – secured partnership for c.3,000 homes
- **c.1,000 homes to be delivered next year**
- **Leading sector engagement**

### Developing our platform and maximising efficiency

Building our CONNECT platform

Continually enhancing process

Cost focus; gross to net and overheads

Optimising capital structure

Exploiting scalability and operational leverage



# Successfully delivering returns from the GRIP acquisition

Originate

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**Strategic  
fit**

**Portfolio  
scale**

**Operational  
synergies**

**Financial  
benefits**

## We said...

- Immediate income growth
- Accelerates PRS transition
- Simplify structure
- Align operations
- Located in highest grow area
- £17m of value add
- Enable investment in London & South East on balance sheet
- Improve credit rating
- Lower debt cost

## We delivered...

- £17.7m additional net rent in 9 months
- PRS now majority of portfolio & income
- GRIP now fully integrated
- Gross to net reduced from 32% to 25%
- London demand fuelling rental growth
- £13.6m already delivered
- £103m secured post acq in addition to TfL partnership
- S&P upgrade in Dec 18
- Debt cost reduced by 1/3

# A clear growth trajectory

Originate

Invest

Operate

Delivery of the fully funded pipeline will create a PRS dominated business

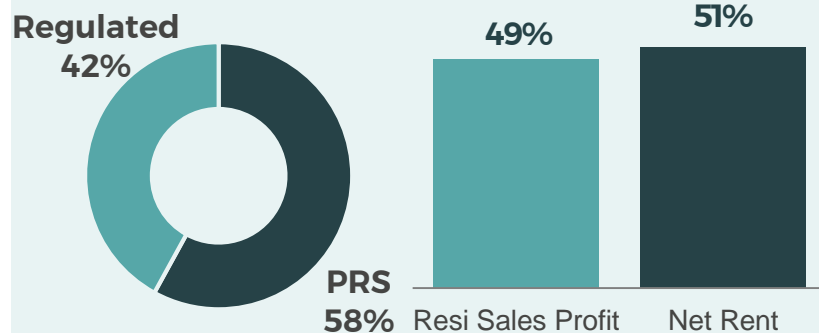
OPERATIONAL PORTFOLIO  
8,940 homes, £2.6bn

PIPELINE  
9,104 homes, £2.0bn



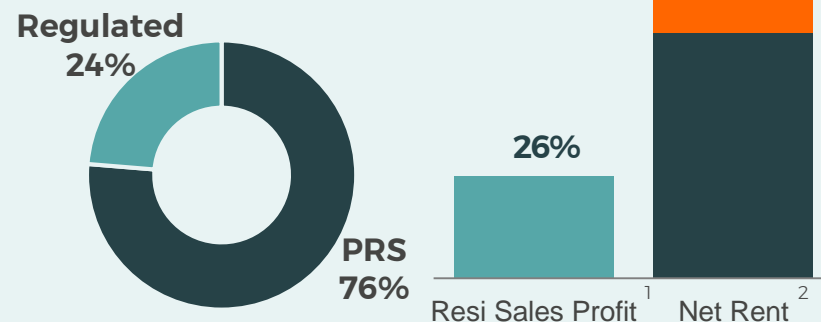
\* Tfl Partnership – indicative estimate of Grainger's unlevered 51% share based on c.3,000 units at an assumed £400k per unit.

## Current portfolio (GAV)



## Future portfolio (GAV)

(post-pipeline completions)



1 FY19 figure, used for illustrative purposes.

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



## 2. FY19 Financial Results

Vanessa Simms  
Chief Financial Officer



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**grainger plc**

# Financial highlights

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## Transformational year; PRS and net rent now the key drivers

Income	FY18	FY19	Change
Rental growth (like-for-like)	4.0%	<b>3.6%</b>	(38) bps
Net rental income	£43.8m	<b>£63.5m</b>	+45%
Adjusted earnings	£94.0m	<b>£82.5m</b>	(12)%
Profit before tax	£100.7m	<b>£131.3m</b>	+30%
Dividend per share*	4.75p	<b>5.19p</b>	+9%
Capital	FY18	FY19	Change
EPRA NTA per share	274p	<b>278p</b>	+1%
EPRA NNNAV per share - post rights issue*	270p	<b>272p</b>	+1%
Total Property Return	6.0%	<b>5.0%</b>	(100) bps
Total Accounting Return (ROSE)**	6.1%	<b>4.4%</b>	(174) bps
Reversionary surplus	£277m	<b>£302m</b>	+9%
Net debt	£866m	<b>£1,097m</b>	+27%
Group LTV	37.1%	<b>37.1%</b>	-
Cost of debt (year end)	3.2%	<b>3.0%</b>	(17) bps

\*Pence per share comparatives for FY18 have been adjusted for the impact of the rights issue. Pre rights issue FY18 NNNAV restated for bonus adjustment only stood at 286p

\*\*Excludes 5p mark to market movement in FY19

# Income statement

## Greater reliance on recurring net rental income

Originate

Invest

Operate

### Key highlights:

#### ■ Significant growth in NRI

- Gross to net = 26.1%  
Stabilised GtN = 25.2%

- Passing net rent = £70m pa

#### ■ Sales performance

- Sales velocity maintained at 111 days
- Selling at 0.4% ahead of valuations
- Lower volumes of vacant properties due to strong close to FY18 and lower vacancy rate at 5.9% (FY18: 6.7%)

- Development for sale concluded

#### ■ Cost control

- Flat overheads with larger portfolio
- Interest cost lowered by 30bps

- **Joint Ventures:** FY18 includes one off £7m profit from WIP sale

	FY18	FY19	Change
Net rental income	£43.8m	<b>£63.5m</b>	+45%
Profit from residential sales	£70.1m	<b>£60.4m</b>	(14)%
Profit from development	£11.7m	<b>£7.4m</b>	(37)%
Mortgage income (CHARM)	£5.8m	<b>£5.5m</b>	(5)%
Management fees	£7.1m	<b>£4.4m</b>	(38)%
Overheads	£(27.9)m	<b>£(28.0)m</b>	+0%
Pre-contract costs	£(1.1)m	<b>£(0.6m)</b>	(45)%
Joint ventures	£9.6m	<b>£2.0m</b>	(79)%
Net finance costs	£(25.1)m	<b>£(32.1)m</b>	+28%
<b>Adjusted earnings</b>	<b>£94.0m</b>	<b>£82.5m</b>	<b>(12)%</b>
Adjusted EPS* (diluted, after tax)	16.4p	<b>11.5p</b>	(30)%
<b>Profit before tax</b>	£100.7m	<b>£131.3m</b>	<b>+30%</b>
Earnings per share* (diluted, after tax)	18.9p	<b>19.8p</b>	+5%
<b>Adjusted EPRA Earnings</b>	£26.1m	<b>£28.8m</b>	<b>+10%</b>

\* Pence per share comparatives for FY18 have been restated for the bonus adjustment of the rights issue in December 2018.

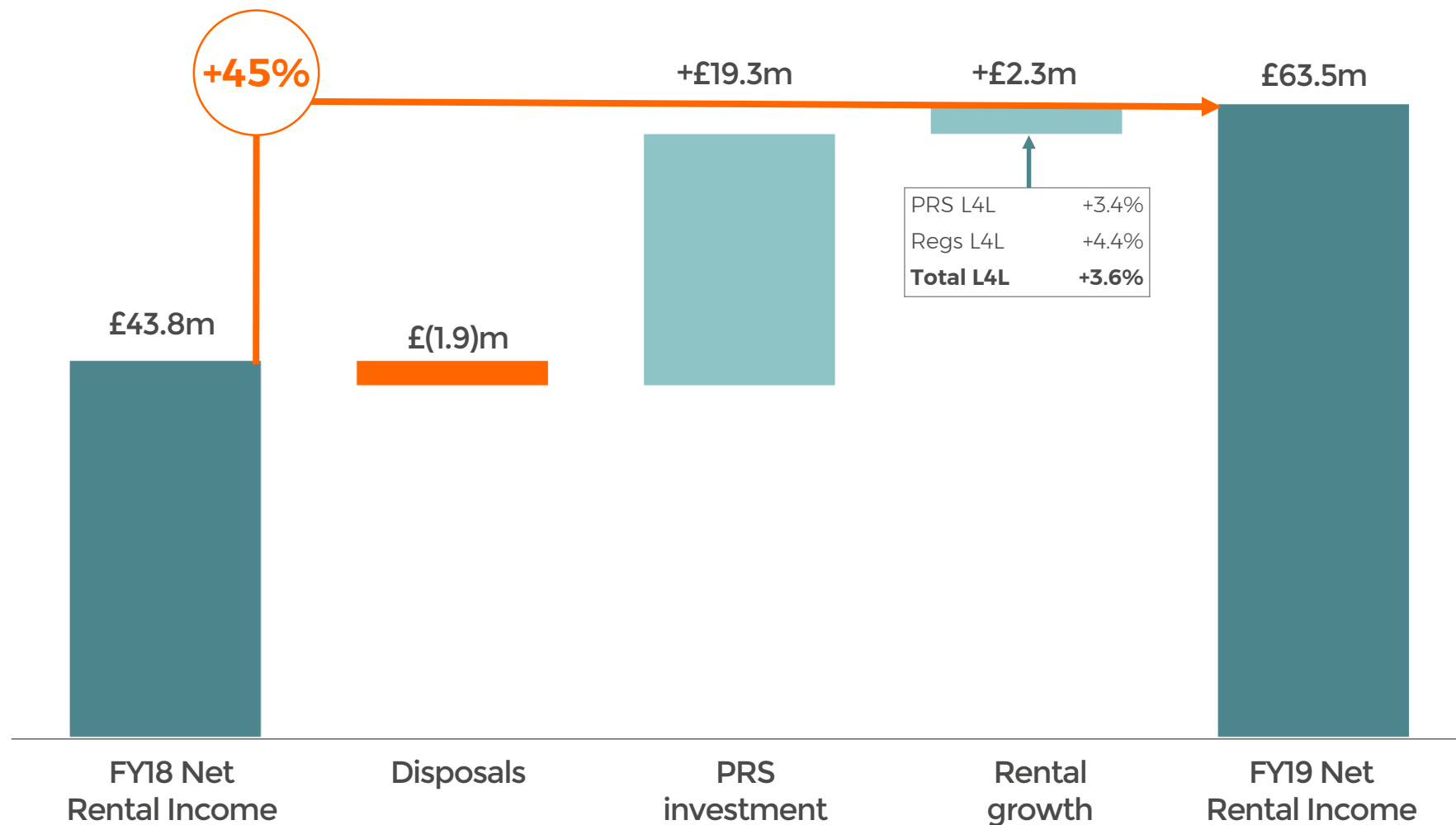
# Net rental income growth

Step change in net rent during the year

Originate

Invest

Operate



# EPRA Net Asset Values

Revised EPRA measures provide a more appropriate measure

Originate

Invest

Operate

	£m	pence per share
Property assets (market value)	2,932	478
Net liabilities	(1,111)	(181)
<b>EPRA NAV / EPRA Net Reinstatement Value (NRV)</b>	<b>1,821</b>	<b>297</b>
Tax – deferred & contingent – trading assets	(102)	(17)
Exclude: Intangible assets	(11)	(2)
<b>EPRA Net Tangible Assets (NTA)</b>	<b>1,708</b>	<b>278</b>
Add back: Intangible assets	11	2
Tax – deferred & contingent – investment assets	(19)	(3)
Mark to market fixed rate debt and derivatives	(34)	(5)
<b>EPRA NNNAV / EPRA Net Disposal Value (NDV)</b>	<b>1,666</b>	<b>272</b>
<b>Reversionary surplus</b> – excluded from NAV metrics	<b>302</b>	<b>49</b>

EPRA Net Tangible Assets (NTA)

**278pps**

New EPRA measures

EPRA NTA is the most appropriate NAV measure. Excludes the value of intangibles (technology investment).

Reversionary surplus

£302m of reversionary surplus to crystallise, after £23m realised in FY19

**+49pps**

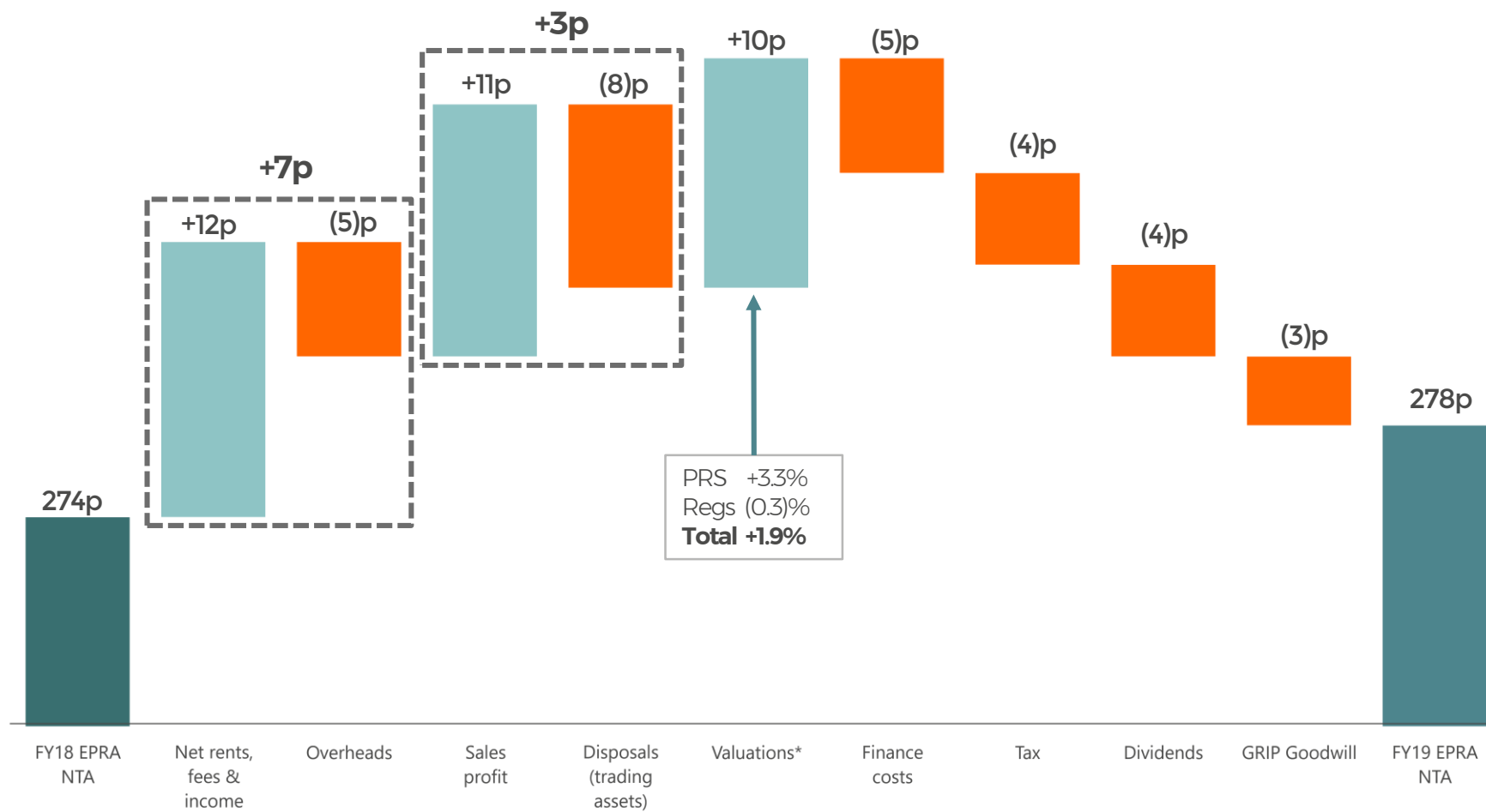
# EPRA Net Tangible Assets (NTA)

Net rent and PRS valuation gains now key components

Originate

Invest

Operate



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

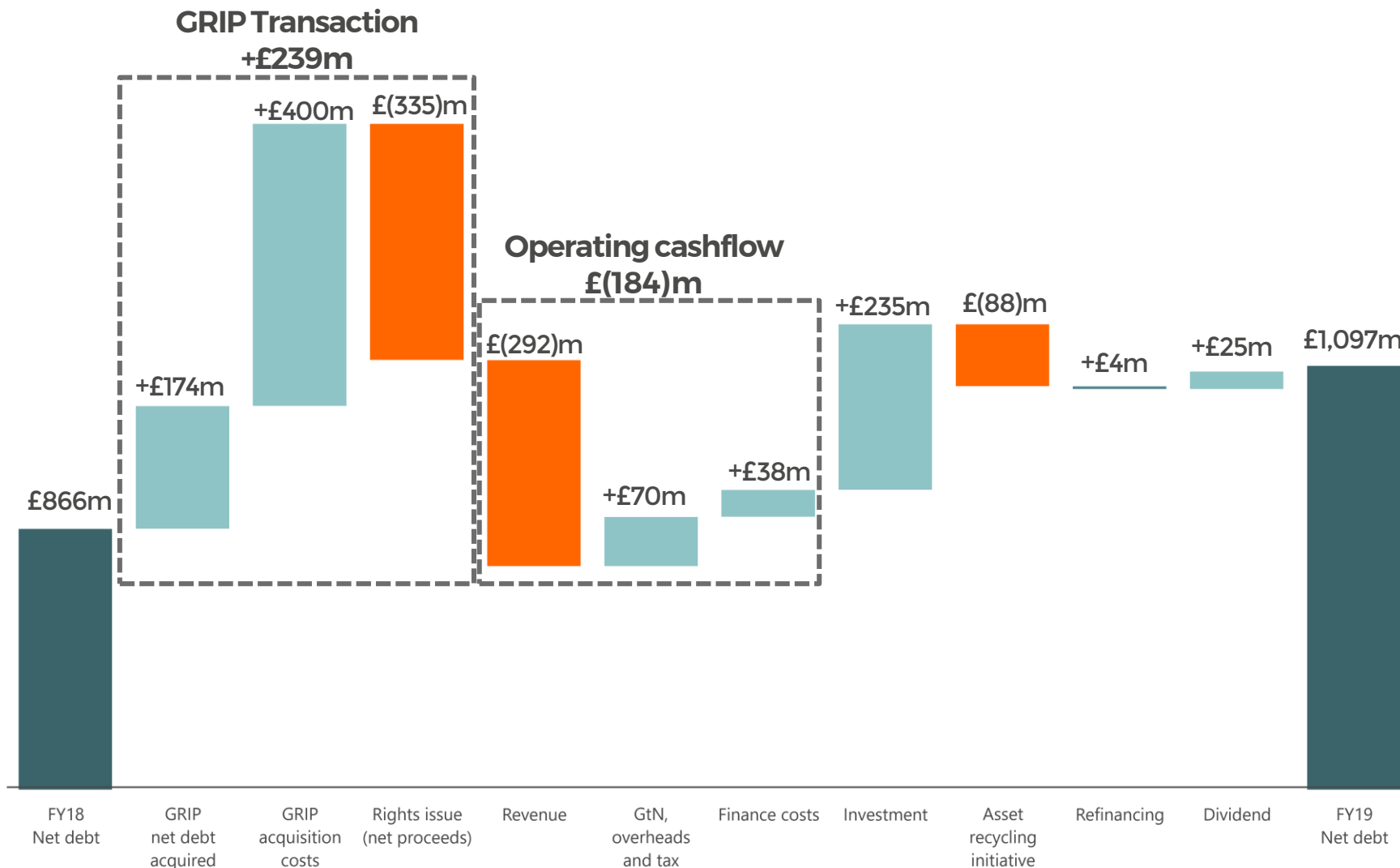
# Net debt

Strong operational cashflow supports our growth plans

Originate

Invest

Operate





# Robust and flexible capital structure

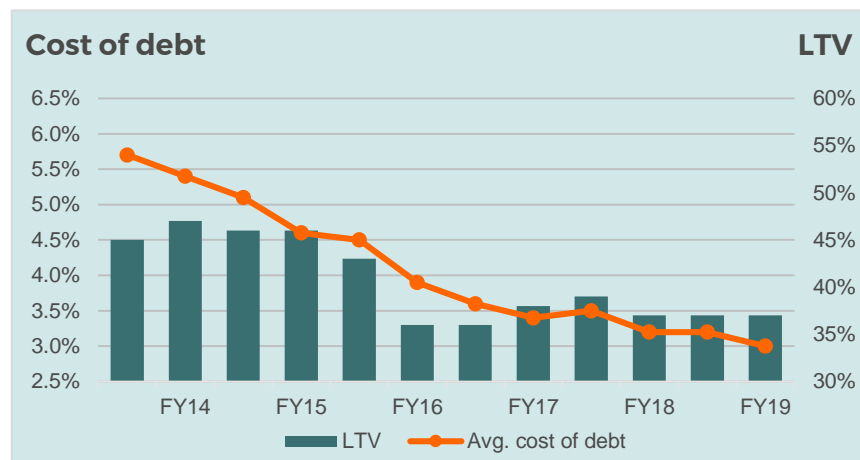
## Low risk, flexible capital structure to support growth

Originate

Invest

Operate

	FY19
Net debt	£1,097m
Loan to value	37.1%
Cost of debt (period end)	3.0%
Incremental cost of debt	1.7%
Fully drawn cost of debt	2.9%
Headroom	£430m
Weighted avg. facility maturity	5.8 years



## Funding strategy: Diversification, lower debt cost, extend maturity

### Credit rating upgrade

S&P upgraded to BB+ following GRIP acquisition

### £325m refinanced

£275m GRIP debt refinancing at 2.3% from 3.2%

New £50m facility with Wells Fargo

### 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

# GRIP Acquisition

Fully integrated and delivering ahead of plan

Originate

Invest

Operate

## Restructure

- Voluntarily exited REIT regime
- Delisted from Jersey stock exchange (TISE)
- Debt refinanced reducing cost and extending maturity
- Unit trusts brought on shore

## Operational

- Operational integration implemented on day one
- People and processes aligned to Grainger's operating model
- Operational synergies delivered
- Portfolio will further benefit from enhanced CONNECT platform

## Value add

- 55 homes renovated & re-let with 36 in progress
- Silbury Boulevard, Milton Keynes to complete in H1 FY20
- East St, Southampton on site
- New schemes secured: Hale Wharf and Canning Town 2
- TfL partnership secured

- £4m overhead savings secured
- Cost of debt reduced from 3.2% to 2.3%
- Weighted average debt maturity improved from 1.7 yrs to 9 yrs

- LFL Rental growth +3.0%
- Reduced gross to net from 32% to 25%

- £13.6m of added value
- Rental growth of 20% achieved on refurb
- Return on capex c.10%
- £103m of additional London & South East pipeline secured post acquisition

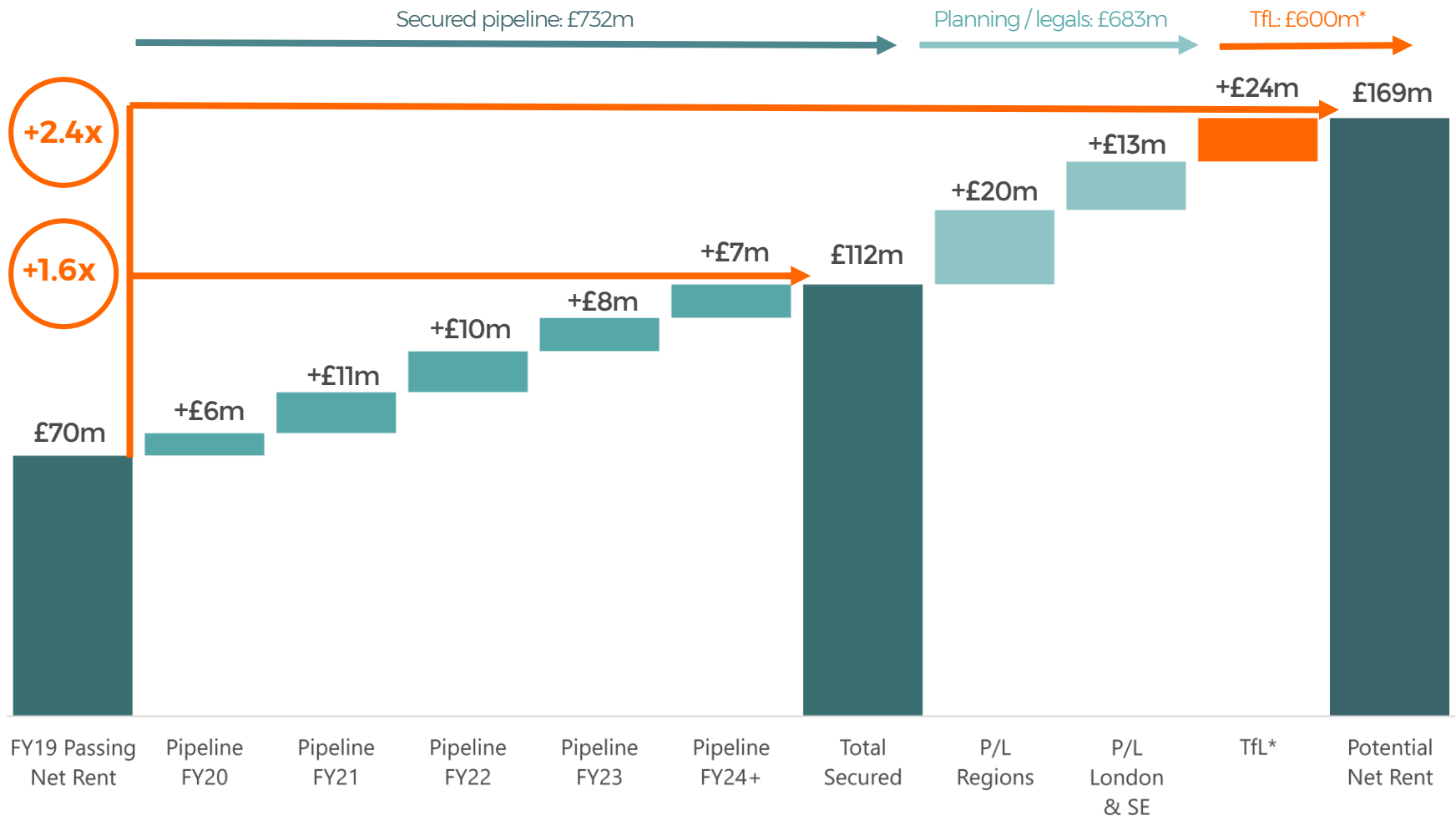
# Passing net rent progression

## Dividend growth underpinned by NRI growth

Originate

Invest

Operate



\*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.

## Acceleration of our PRS strategy and repositioning our return profile

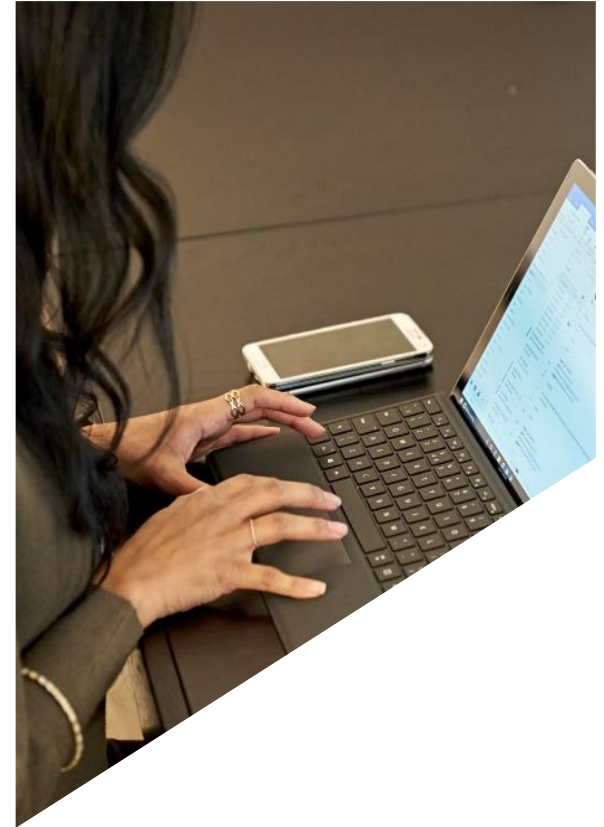
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- Strong rental growth continues at +3.6%
- Transitioning our return profile – greater reliance on resilient net rental income
- Asset base now 58% PRS and post pipeline >75%
- Strong and flexible capital structure
- GRIP fully integrated and delivering returns
- Pipeline now delivering with potential to more than double net rental income
- Investment in technology driving platform efficiency to further improve operating leverage

---

# 3. CONNECT

Vanessa Simms  
Chief Financial Officer



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**grainger plc**

# CONNECT: the market leading PRS technology platform

Originate

Invest

Operate

CONNECT will enable us to realise our transformational growth plans. It will bring together leading technologies with best-practice ways of working to improve outcomes for customers, colleagues and investors.

## Customer experience

Enhancing customer satisfaction



## Operating efficiency

Increases platform scalability



## Licence to operate

Enhanced control environment



# Our CONNECT platform

Originate

Invest

Operate

CONNECT is equipping all aspects of the business with the best of breed technology – underpinning our future success as the industry leader.

## Implementing 8 technology solutions



Customer Relationship Management



Online Leasing Journey



Revenue Optimisation



Customer Portal



Asset & Property Management



Financial Operations



Financial Planning & Analysis



Business Intelligence & Analytics



# Key benefits of CONNECT

Originate

Invest

Operate

## 1. Customer experience

Delivering a differentiated experience through higher-quality, more consistent service levels, and better customer insight.

High satisfaction

Customer data and insight

Longer retention

## 2. Rent maximisation

Growing our rents by letting our properties faster (reducing void periods) and optimising the rents that we receive.

Lower voids

Faster lettings

Optimised revenue

## 3. Licence to operate

Enhancing our controls environment by increasing the number of risk controls; and enhancing these via automation & prevention.

Enhanced control environment

Greater automation

Increased preventative controls

## 4. Platform for growth

We will automate low-value high-volume work and increase productivity.

**Operational leverage**  
Minimal overhead inflation  
Enhanced gross to net cost ratio

# 4. Market and business update

Helen Gordon  
Chief Executive



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**grainger plc**

# Structural undersupply underpins returns

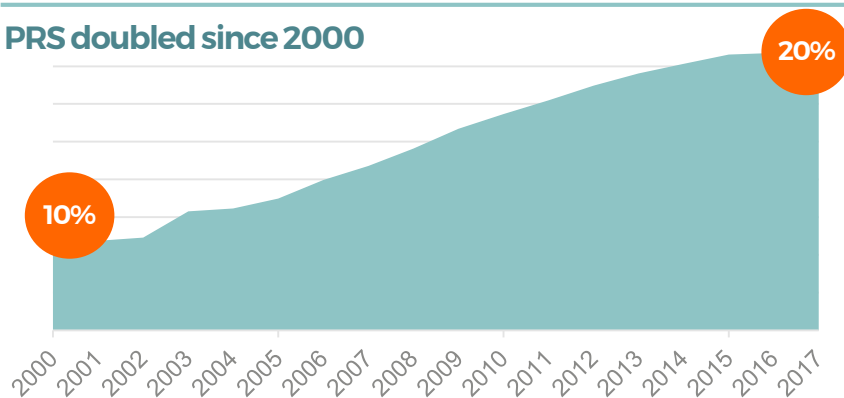
Originate

Invest

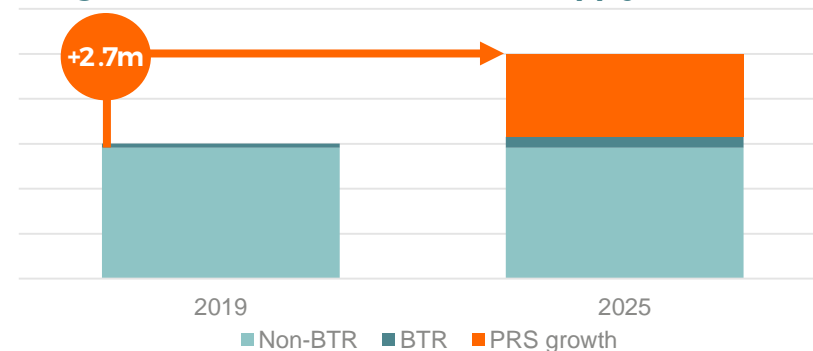
Operate

## Rental demand continues to increase...

PRS doubled since 2000

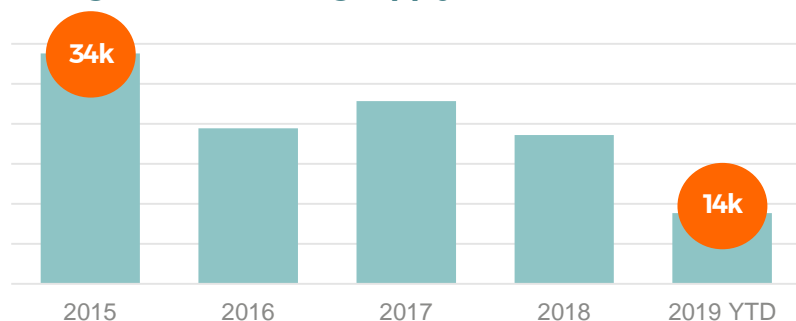


PRS growth set to continue as undersupply increases

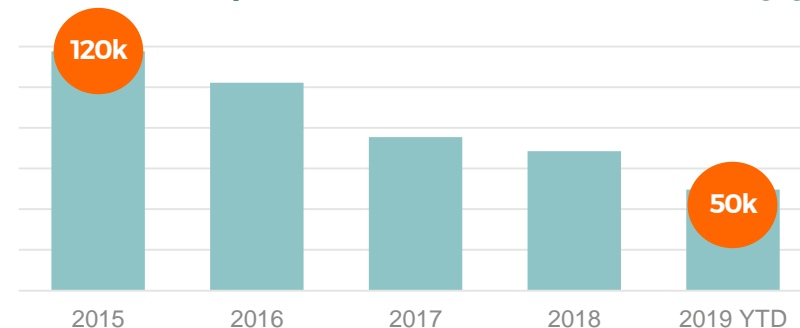


## Supply continues to slow

Slowing London housing supply



Exodus of small private landlords (reduction in BTL mortgages)



Sources: English Housing Survey, ONS, PwC, Knight Frank, BPF, Molior, UK Finance, Company estimates

## Our professional management and mid-market approach is aligned to the parties across the political spectrum

### Conservative

Supports build to rent and investment in new private housing supply



### Labour

“Tackle dodgy landlords”  
Supports professionalisation of the PRS and improved management standards



### Liberal Democrats

Improve rental standards  
“Help to rent” policy  
Supports professionalisation of the PRS and improved management standards



### Leading sector engagement

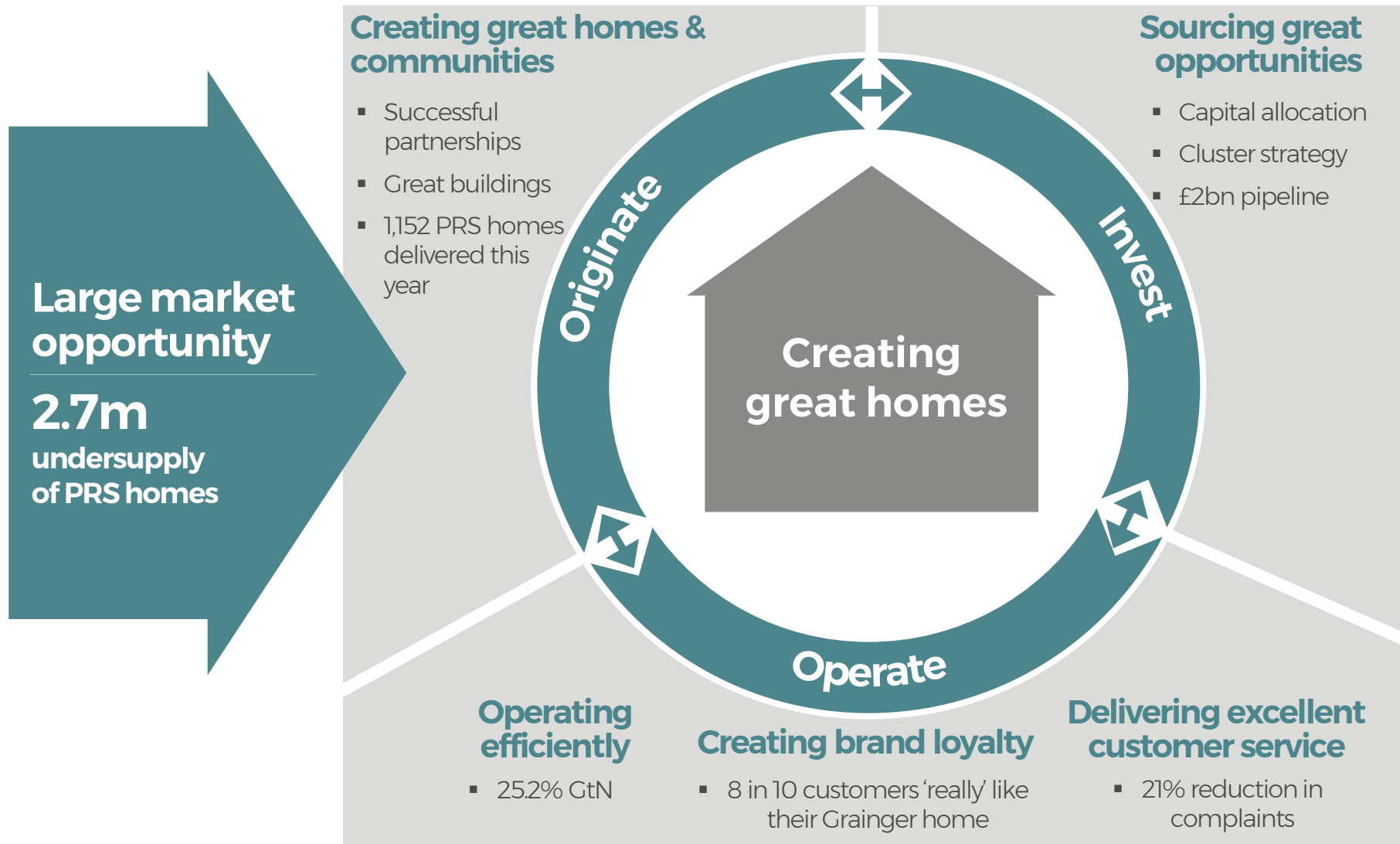
- Proactive political engagement programme, including property tours
- Hosting workshops on PRS and opportunities for public land and partnerships
- Leading the professionalisation of the PRS, improving rental housing standards

# Creating shareholder value by creating great homes

Originate

Invest

Operate



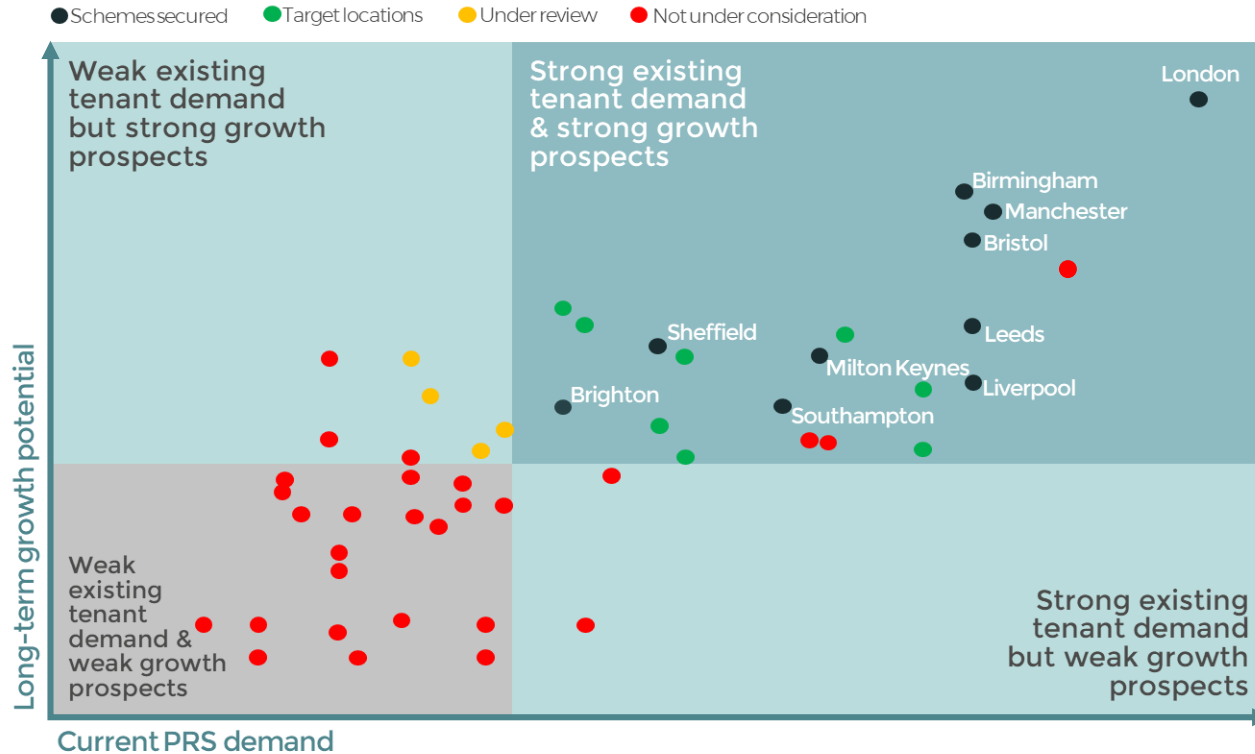
# Research backed capital allocation

Originate

Invest

Operate

## Driving outperformance through proprietary research



Analysed 62 cities

Using 22 economic indicators

Targeting 18 cities

Detailed rental market analysis

Secured investment in 10 cities

Proprietary data analysis

- Annual review of cities' investability
- Rigorous investment analysis
- City Champions
- Strong sourcing ability
- Robust underwriting

# Sourcing success

Originate

Invest

Operate

## Operational portfolio and pipeline

OPERATIONAL PORTFOLIO  
8,940 homes, £2.6bn

PIPELINE  
9,104 homes, £2.0bn



## Secured pipeline delivery timing



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



# Creating homes through partnerships

Building on our reputation as an excellent partner

Originate

Invest

Operate

London  
> 3,000 homes



Besson Street,  
London  
c.300 homes



Hale Wharf,  
London  
108 homes



Pontoon Dock,  
London  
236 homes



# TfL Partnership

Originate

Invest

Operate

## Our Shared Vision

To create quality rental homes for London in sustainable communities where people from all backgrounds are living, connecting and thriving.

## Our objectives

- Develop at least 3,000 quality, well designed and sustainable homes in London by 2025
- Swift delivery with construction to begin by 2021
- Deliver secure and stable returns
- Lead innovation in the BtR sector
- Be a leading ambassador for the BtR sector
- Deliver 40% affordable housing
- Expand the portfolio over the longer term

CONNECTED LIVING  
LONDON



MAYOR OF LONDON

Investing in homes since 1912  
grainger plc

## An income-sharing model

Scale

**c.3,000**  
homes

Quick delivery

**< 5 years**  
targeted

# Seven initial seed sites within the TfL PRS Partnership

Originate

Invest

Operate



# Delivering great homes

Originate

Invest

Operate

1,152 homes delivered this year and the same to come next

## Delivered this year



### Clippers Quay, Manchester

- ▀ 614 PRS homes
- ▀ £99m investment
- ▀ c.8% gross yield targeted



### Wellesley, Hampshire

- ▀ 107 PRS homes
- ▀ £22m investment
- ▀ c.6.5% gross yield targeted



### Hawkins & George, Bristol

- ▀ 194 PRS homes
- ▀ £46m investment
- ▀ c.7% gross yield targeted



### Brook place, Sheffield

- ▀ 237 PRS homes
- ▀ £32m investment
- ▀ c.7% gross yield targeted

## Delivering next year



### Silbury Blvd, Milton Keynes

- ▀ 139 PRS homes
- ▀ £32m investment
- ▀ c.6% gross yield targeted



### Pontoon Dock, London

- ▀ 236 PRS & affordable homes
- ▀ £26m investment (our share)
- ▀ c.6% gross yield targeted



### Gore Street, Manchester

- ▀ 375 PRS homes
- ▀ £80m investment
- ▀ c.7% gross yield targeted



### Apex House, London

- ▀ 163 PRS homes
- ▀ £60m investment
- ▀ c.6.5% gross yield targeted

### Affordable homes

- ▀ 132 homes in Hampshire



# Creating great communities

A successful asset is more than the bricks and mortar

Originate

Invest

Operate

## Benefits

- ▀ Lower churn
- ▀ Greater retention
- ▀ More referrals
- ▀ Lower voids
- ▀ Less marketing
- ▀ Lower costs
- ▀ Lower gross to net
- ▀ High satisfaction
- ▀ Maximise net rental income



Hawkins & George, Bristol

# Great customer service is key

Originate

Invest

Operate

## A B2C business driven by customer service

### Intensive

- ▀ Interactions on a daily basis
- ▀ Not just point of sale
- ▀ Housing a vital consumer need

### In House

- ▀ Customers interact with Grainger directly
- ▀ Unique approach in the sector
- ▀ Leveraging technology - CONNECT

### Integrated

- ▀ Informs investment decision
- ▀ Feedback into design and amenity

## Why this matters

Higher retention



Lower churn



Lower voids



Lower marketing costs



Stronger more sustainable rental income

# Summary

## Delivering strong, sustainable returns, well ahead of plan

Originate

Invest

Operate

### Leading transformation in a growth sector

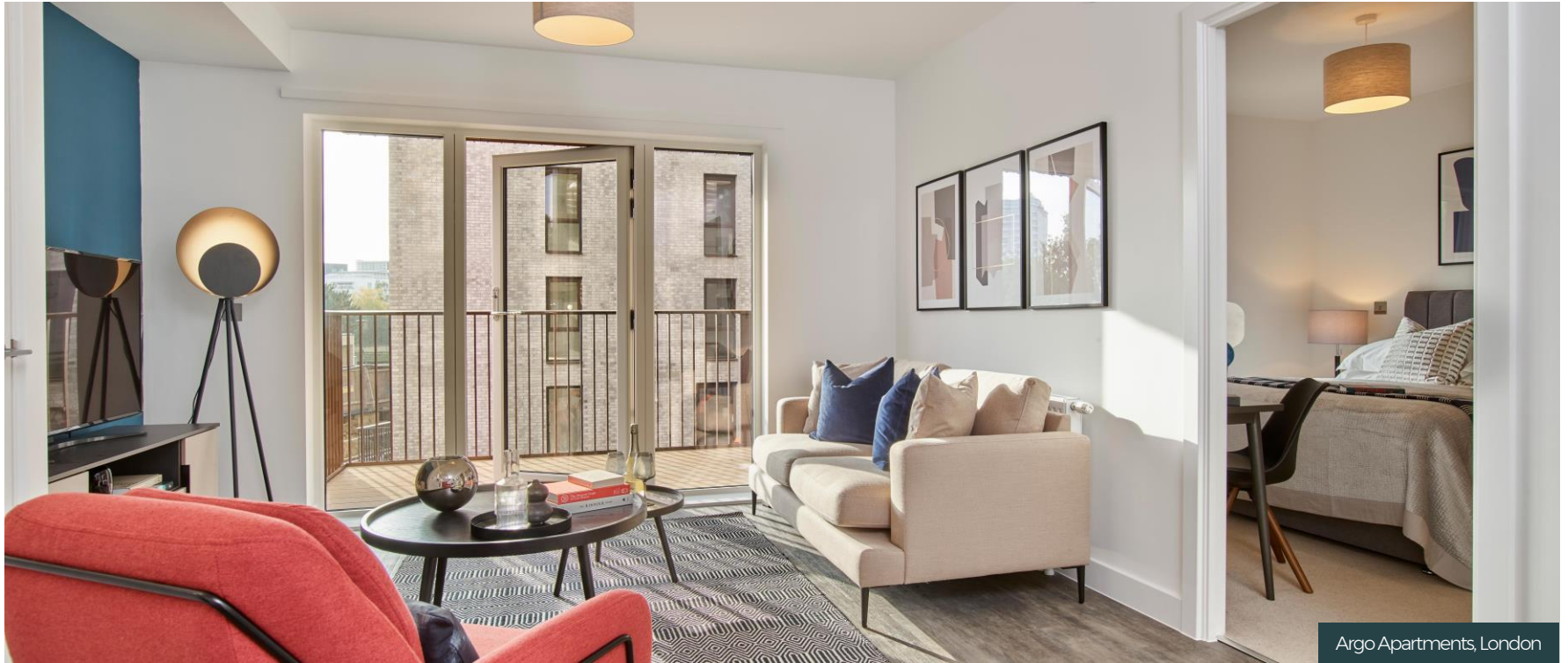
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- Strong performance
- Step change in NRI
- Change in balance of business, now PRS dominant
- Good growth trajectory
- Strong pipeline, now delivering
- Connect: extending our lead
- Scale delivers improved returns and greater opportunities



# Thank you

## Q&A



Argo Apartments, London

Investing in homes since 1912  
**grainger plc**

# CONNECT

Making renting easy

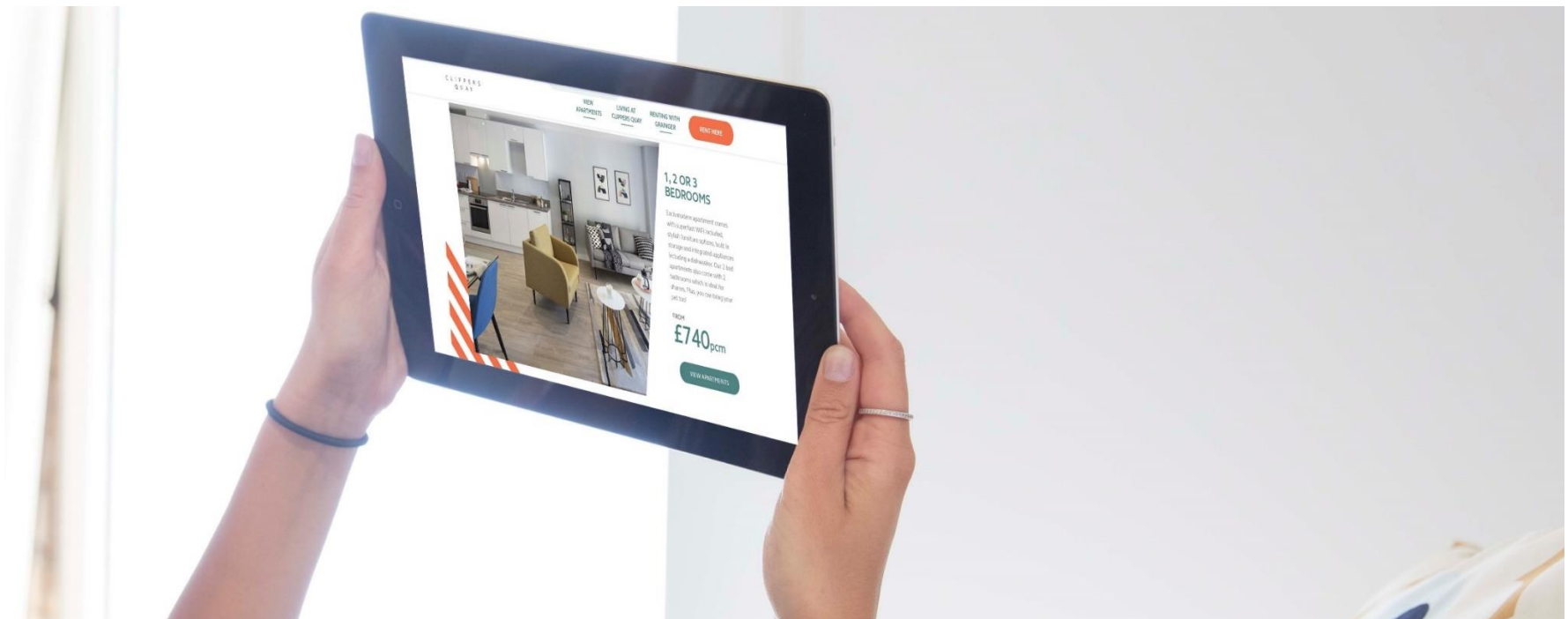
The Online Leasing Journey



# CONNECT

Making renting easy

The MyGrainger App 





# Clippers Quay

At Salford Quays, Greater Manchester

Originate

Invest

Operate



- Forward Funding project  
– 614 apartments
- **Developer:** Amstone
- **Contractor:** Sir Robert McAlpine
- c.£99m acquisition secured in Feb 2016
- Completed in Spring 2019



# The Grainger Collection at Wellesley

Originate

Invest

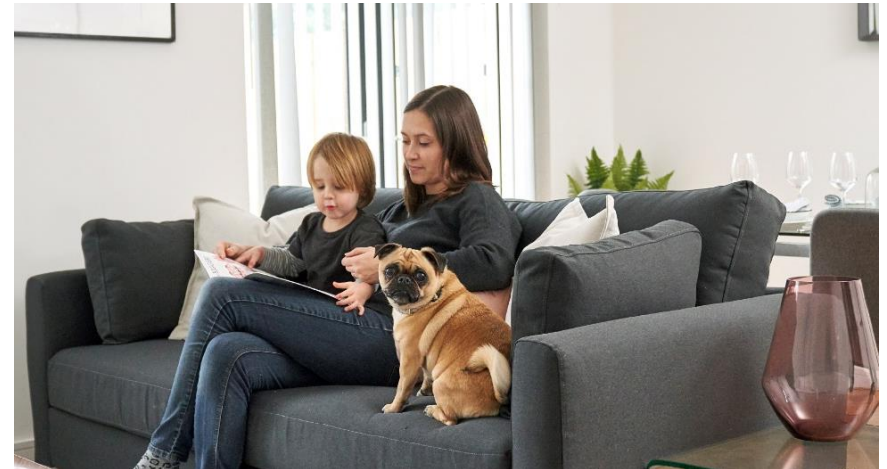
Operate

At Gunhill, Wellesley, Hampshire



THE GRAINGER COLLECTION  
AT WELLESLEY

- Direct Development project  
– 107 apartments
- **Developer:** Grainger
- **Contractor:** PJ Carey
- c.£22m acquisition secured in 2016
- Completed in Summer 2019





# Hawkins & George

## At Finzels Reach, Bristol

Originate

Invest

Operate



- Forward Funding project – 194 apartments
- **Developer:** Cubex
- **Contractor:** Willmott Dixon
- c.£46m acquisition secured in Nov 2016
- Completed in Summer 2019



# Brook Place

## At Sheffield

Originate

Invest

Operate



- Forward Funding project – 237 apartments
- **Developer:** Abode Hallam
- **Contractor:** Winvic
- c.£32m acquisition secured in Jan 2018
- Completed in Autumn 2019



# Appendix

Originate

Invest

Operate

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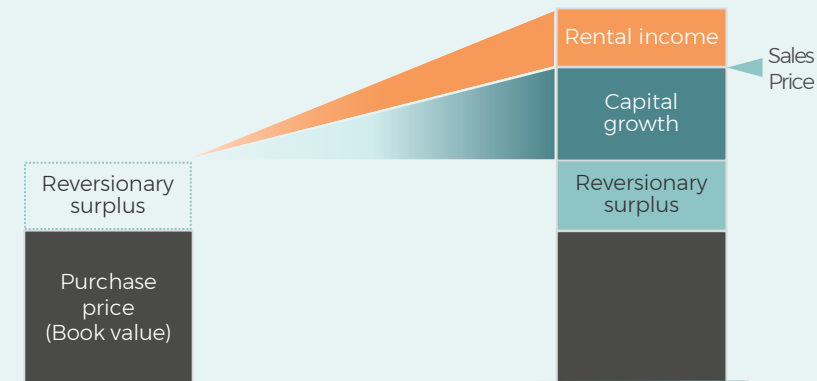
### 3. Other

Future reporting dates	Page 65
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## 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 comprise
  - 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 6-7.5%
  - 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

Originate

Invest

Operate

	Units	Market value £m	Vacant possession value £m	Reversionary surplus £m	Net yield
Residential - PRS	5,597	1,526	1,638	112	4.0%
Residential - regulated tenancies	2,822	1,017	1,207	190	2.0%
Residential - mortgages (CHARM)	521	76	76	-	-
Forward Funded - PRS work in progress	-	160	160	-	-
Development work in progress	-	120	120	-	-
<b>Total investments</b>	<b>8,940</b>	<b>2,899</b>	<b>3,201</b>	<b>302</b>	

# Portfolio geographical breakdown

Originate

Invest

Operate

## PRS & Reversionary\* (FY19)

Region	PRS units	PRS market value £m	Reversionary units	Reversionary market value £m	Total units	Total market value £m
Central / Inner London	1,335	585	959	608	2,294	1,193
Outer London	572	249	293	111	865	360
South East	863	170	376	105	1,239	275
South West	514	184	307	51	821	235
East and Midlands	108	12	755	136	863	148
North West	1,683	255	367	47	2,050	302
Other regions	522	71	286	35	808	106
<b>Total</b>	<b>5,597</b>	<b>1,526**</b>	<b>3,343</b>	<b>1,093</b>	<b>8,940</b>	<b>2,619</b>

\* Regulated tenancies and mortgages (CHARM)

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

# Valuation movements by region

Originate

Invest

Operate

## FY19

Region	Units	Market value £m	Change since FY18	Avg house price Avg VP per unit £000s
Central / Inner London	2,292	1,193	(0.1)%	590
Outer London	860	359	+1.1%	461
South East	1,161	261	+6.0%	275
South West	732	221	+4.1%	313
East and Midlands	692	123	+4.1%	207
North West	1,970	292	+4.3%	158
Other regions	712	94	+2.0%	135
<b>Total</b>	<b>8,419</b>	<b>2,543</b>	<b>+1.8%</b>	<b>338</b>

The table above includes PRS and regulated tenancy assets only. It excludes 521 units and £76m of market value relating to mortgages (CHARM), as well as forward funded PRS work in progress and development work in progress

# Portfolio geographical breakdown

Originate

Invest

Operate

## PRS & Regulated tenancies (FY19)

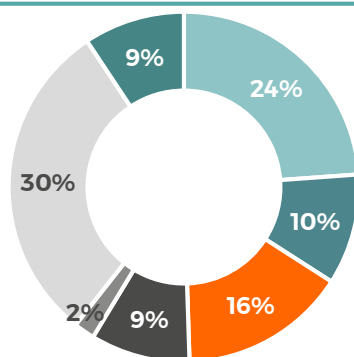
Region	PRS				Regulated tenancies			
	Units	Market value £m	Change since FY18	Net yield	Units	Market value £m	Change since FY18	Net yield
Central / Inner London	1,335	585	+1.0%	3.4%	957	607	(1.1)%	1.6%
Outer London	572	249	+2.1%	3.8%	288	110	(1.1)%	2.0%
South East	863	170	+9.3%	3.2%	298	91	+0.3%	2.5%
South West	514	184	+4.5%	4.8%	218	37	+1.9%	3.4%
East and Midlands	108	12	+22.4%	4.7%	584	111	+2.5%	2.8%
North West	1,683	255	+4.6%	5.1%	287	38	+2.4%	3.3%
Other regions	522	71	+2.1%	4.9%	190	23	+1.6%	3.9%
<b>Total</b>	<b>5,597</b>	<b>1,526</b>	<b>+3.3%</b>	<b>4.0%</b>	<b>2,822</b>	<b>1,017</b>	<b>(0.3)%</b>	<b>2.0%</b>

The table above includes PRS and regulated tenancy assets only. It excludes 521 units and £76m of market value relating to mortgages (CHARM), as well as forward funded PRS work in progress and development work in progress

## Top 10 assets by value

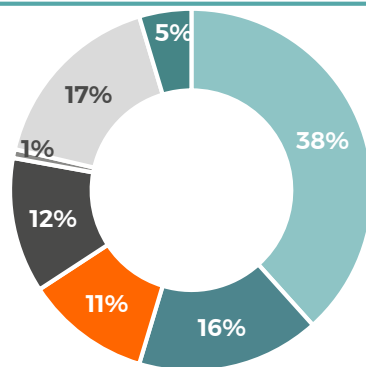
Asset	City	Units	Annual ERV
Clippers Quay	Manchester	614	£8.0m
Hawkins & George	Bristol	194	£3.3m
The Gardens	London	209	£3.1m
Argo Apartments	London	134	£2.7m
Ability Plaza	London	112	£2.5m
Brook Place	Sheffield	237	£2.4m
Ability Towers	London	93	£2.4m
Springfield House	London	102	£2.4m
Kew Bridge Court	London	103	£2.2m
Mitre Road, Waterloo	London	100	£1.7m

### Geographic breakdown by units

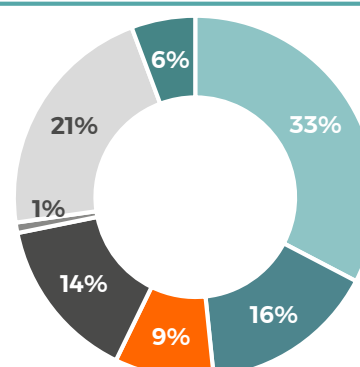


■ Central / Inner London 
 ■ Outer London 
 ■ South East 
 ■ South West 
 ■ East and Midlands 
 ■ North West

### Geographic breakdown by value (£m)

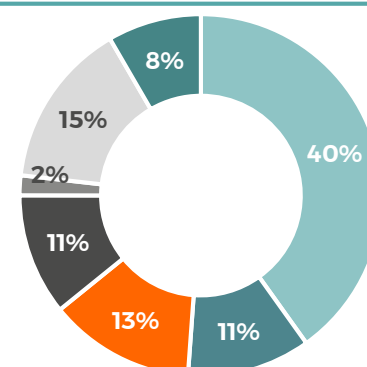


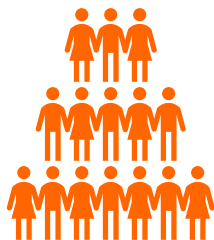
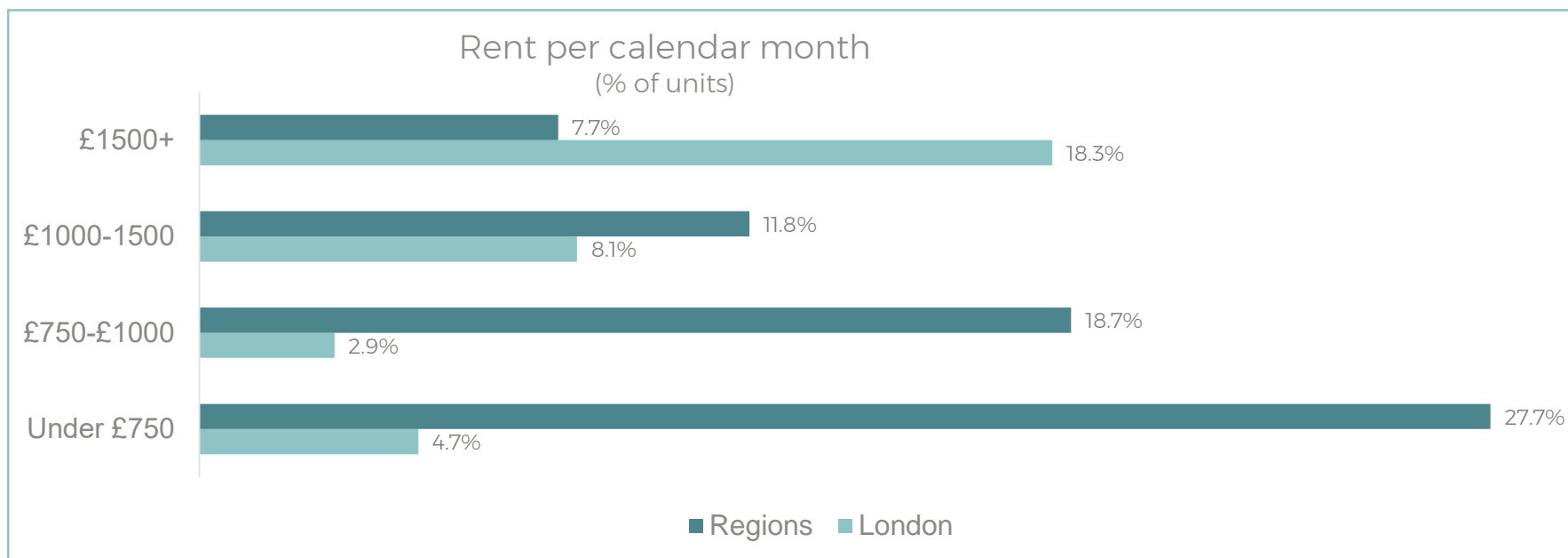
### Geographic breakdown by Rent (£m)



■ South West

### Post secured pipeline geographic breakdown by value (£m)





## 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
<b>Forward funding / acquisition</b>						
Silbury Boulevard, Milton Keynes	139	Early FY20	On site	£32m	£27m	c.6%
Pontoon Dock, London (Vesta JV – 20%)	154	Mid FY20	On site	£13m	£11m	c.6% + fees
Gore Street, Manchester	375	Mid FY20	On site	£80m	£58m	c.7%
Remaining Affordable homes acquisitions (inc. Pontoon Dock)	105 /156	Mid FY20	Phased completions	£15m /£21m	£14m	5-6% + sales profit
Gilders Yard, Birmingham	156	Mid FY21	On site	£28m	£16m	c.7%
East Street, Southampton	132	Early FY21	On site	£28m	£13m	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	£13m	5.5-6%
Fabrik, Leeds	216	Late FY21	On site	£34m	£7m	c.6.5%
YMCA, Milton Keynes	261	Early FY22	Exchanged	£63m	-	c.6.25%
Well Meadow, Sheffield	284	Mid FY22	Exchanged	£42m	-	c.7%
Canning Town 2, London	146	Early FY23	Exchanged	£62m	-	c.5.5%
<b>Grainger forward funding sub-total</b>	<b>2,318</b>			<b>£480m</b>	<b>£164m</b>	



# 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
<b>Direct development</b>						
Apex House, London	163	Mid FY20	On site	£60m	£38m	c.6.5%
Newbury, West Berks	232	Mid FY22	On site	£61m	£12m	c.6.25%
Besson St, Lewisham, London (JV - 50%)	300	Mid FY23	In planning	£51m	£2m	c.6.25%
Seven Sisters, London	196	Land assembly Timing TBC	Consent granted, CPO awarded, subject to JR	£80m	£21m	c.7%
<b>Direct development total</b>	<b>891</b>			<b>£252m</b>	<b>£73m</b>	
<b>Total Secured Pipeline</b>	<b>3,209</b>			<b>£732m</b>	<b>£237m</b>	

# Secured pipeline projects

Originate

Invest

Operate

## 15 high quality PRS schemes

### Forward funding/ Acquisitions

Pontoon  
Dock, London



Silbury  
Boulevard,  
Milton Keynes



Gore Street,  
Manchester



East Street,  
Southampton



Gilders Yard,  
Birmingham



Yorkshire Post,  
Leeds



Hale Wharf,  
Tottenham



Fabrik,  
Leeds



YMCA, Milton  
Keynes



Canning Town  
2, London

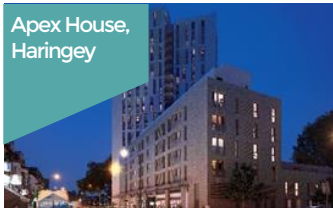


Well Meadow,  
Sheffield



### Direct Development

Apex House,  
Haringey



Newbury,  
West Berks



Besson Street,  
Lewisham



Seven Sisters,  
Haringey



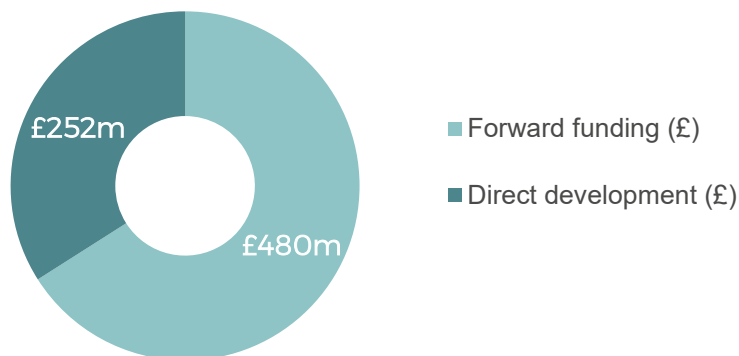
# Pipeline update

Originate

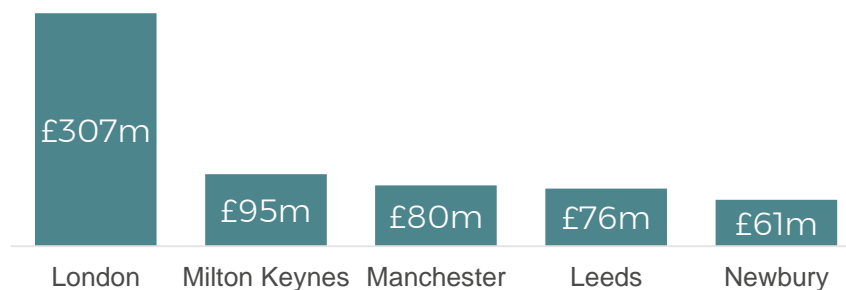
Invest

Operate

## Type of investment

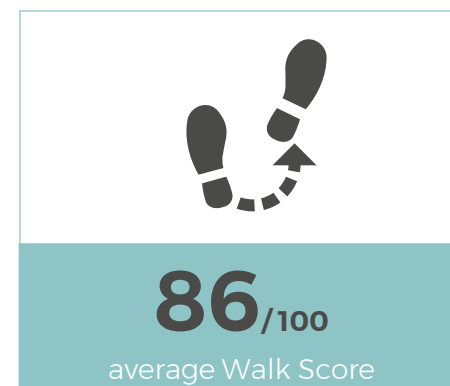


## Top 5 cities by value



## Indicative launches and future schemes

FY20 Launches	FY21	FY22	FY23	Future schemes
Silbury Blvd	East Street	YMCA	Canning Town 2	TfL sites
Pontoon Dock	Yorkshire Post	Well Meadow	Exchange Square	Seven Sisters
Gore Street	Gilders Yard		Besson Street	Waterloo
Apex House	Hale Wharf			
	Newbury			
	Fabrik			



See appendix for a detailed schedule

Direct development

Forward funding

# ESG: Securing our long-term future

Originate

Invest

Operate

## 4 long-term ESG commitments

People:

1

Measure and deliver positive social value

2

Diverse workforce reflective of our customer base

Assets:

3

Enhance investment decisions further by integrating ESG considerations

Environment:

4

Net zero carbon of our operational buildings (aspiring to 2030)

## Excellent ESG benchmark achievements

Corporate ESG Index



FTSE4Good

Constituent since 2010

ESG benchmark



'Prime' rating

Real estate ESG reporting



Gold Award 2014-2018

ESG benchmark



'AA' rating

Real estate ESG benchmark



G R E S B<sup>®</sup>  
#2 in Peer Group

ESG Risk Rating



'Low risk' rating

# Income statement

Originate

Invest

Operate

	FY18	FY19			Change
		Grainger (excl GRIP)	GRIP <sup>3</sup>	Combined total	
Net rental income	£43.8m	£45.8m	£17.7m	<b>£63.5m</b>	+45%
Profit from sales – residential	£70.1m	£59.3m	£1.1m	<b>£60.4m</b>	(14)%
Profit from sales – development	£11.7m	£7.4m	-	<b>£7.4m</b>	(37)%
Mortgage income (CHARM)	£5.8m	£5.5m	-	<b>£5.5m</b>	(5)%
Management fees <sup>1</sup>	£7.1m	£4.3m	£0.1m	<b>£4.4m</b>	(38)%
Overheads	£(27.9)m	£(28.0)m	-	<b>£(28.0)m</b>	+0%
Pre-contract costs	£(1.1)m	£(0.6m)	-	<b>£(0.6m)</b>	(45)%
Joint ventures	£9.6m	£2.0m	-	<b>£2.0m</b>	(79)%
Net finance costs	£(25.1)m	£(25.1)m	£(7.0)m	<b>£(32.1)m</b>	+28%
<b>Adjusted earnings</b>	<b>£94.0m</b>	<b>£70.6m</b>	<b>£11.9m</b>	<b>£82.5m</b>	<b>(12)%</b>
Adjusted EPS (diluted, after tax) <sup>2</sup>	16.4p			<b>11.5p</b>	(30)%
<b>Profit before tax</b>	£100.7m	<b>£106.9m</b>	<b>£24.4m</b>	<b>£131.3m</b>	<b>+30%</b>
Earnings per share (diluted, after tax) <sup>2</sup>	18.9p			<b>19.8p</b>	5%

<sup>1</sup> Fees and other income to Grainger includes £0.8m from GRIP in FY19 prior to acquisition (FY18: £3.8m).

<sup>2</sup> Pence per share comparatives for FY18 have been restated for the bonus adjustment of the rights issue.

<sup>3</sup> Post acquisition contribution of 9.4 months

# Segmental income statement

Originate

Invest

Operate

	FY18				FY19			
£m	PRS	Reg*	Other	Group	PRS	Reg*	Other	Group
Net rental income	23.3	20.1	0.4	43.8	<b>42.6</b>	<b>20.6</b>	<b>0.3</b>	<b>63.5</b>
Profit from sales – trading property	-	68.7	11.7	80.4	<b>1.6</b>	<b>56.9</b>	<b>7.4</b>	<b>65.9</b>
Profit from sales – investment property	1.4	-	-	1.4	<b>1.9</b>	-	-	<b>1.9</b>
Mortgage income (CHARM)	-	5.8	-	5.8	-	<b>5.5</b>	-	<b>5.5</b>
Management fees	4.7	0.1	2.3	7.1	<b>2.1</b>	<b>0.1</b>	<b>2.2</b>	<b>4.4</b>
Overheads	-	-	(27.9)	(27.9)	-	-	<b>(28.0)</b>	<b>(28.0)</b>
Pre-contract costs	(1.1)	-	-	(1.1)	<b>(0.6)</b>	-	-	<b>(0.6)</b>
Joint ventures	2.2	-	7.4	9.6	<b>0.7</b>	-	<b>1.3</b>	<b>2.0</b>
Net finance costs	(10.5)	(12.8)	(1.8)	(25.1)	<b>(19.4)</b>	<b>(11.9)</b>	<b>(0.8)</b>	<b>(32.1)</b>
<b>Adjusted earnings</b>	<b>20.0</b>	<b>81.9</b>	<b>(7.9)</b>	<b>94.0</b>	<b>28.9</b>	<b>71.2</b>	<b>(17.6)</b>	<b>82.5</b>
Valuation movements				34.1				<b>65.9</b>
Other adjustments				(27.4)				<b>(17.1)</b>
<b>Profit before tax</b>				<b>100.7</b>				<b>131.3</b>

\* Includes regulated tenancy portfolio and CHARM portfolio (£76m).

# Balance sheet

Originate

Invest

Operate

	FY18	FY19		
Market value balance sheet (£m)		Grainger (excl GRIP)	GRIP	Combined total
Residential – PRS	591	868	658	<b>1,526</b>
Residential – regulated tenancies	1,107	1,017	-	<b>1,017</b>
Residential – mortgages (CHARM)	82	76	-	<b>76</b>
Forward Funded – PRS work in progress	198	117	43	<b>160</b>
Development work in progress	100	120	-	<b>120</b>
Investment in JVs/associates	146	33	-	<b>33</b>
<b>Total investments</b>	<b>2,224</b>	<b>2,231</b>	<b>701</b>	<b>2,932</b>
Net debt	(866)	(843)	(254)	<b>(1,097)</b>
Other assets/liabilities	99	(68)	54	<b>(14)</b>
<b>EPRA NAV/EPRA NRV</b>	<b>1,457</b>	<b>1,320</b>	<b>501</b>	<b>1,821</b>
Deferred and contingent tax – trading assets	(109)	(101)	-	<b>(102)</b>
Exclude intangible assets	(5)	(11)	-	<b>(11)</b>
<b>EPRA NTA</b>	<b>1,343</b>	<b>1,208</b>	<b>501</b>	<b>1,708</b>
Add back intangible assets	5	11	-	<b>11</b>
Deferred and contingent tax – investment assets	(22)	(20)	-	<b>(19)</b>
Fair value of fixed rate debt and derivatives	(2)	(34)	-	<b>(34)</b>
<b>EPRA NNNNAV/EPRA NDV</b>	<b>1,324</b>	<b>1,165</b>	<b>501</b>	<b>1,666</b>
EPRA NAV (pence per share)*	314			
<b>EPRA NAV (pence per share) - post rights issue</b>	<b>292</b>			<b>297</b>
EPRA NNNNAV (pence per share)*	286			
<b>EPRA NNNNAV (pence per share) - post rights issue</b>	<b>270</b>			<b>272</b>
<b>EPRA NTA</b>	<b>274</b>			<b>278</b>

# Segmental balance sheet

Originate

Invest

Operate

	FY18				FY19			
EPRA NTA market value balance sheet (£m)	PRS	Reg*	Other	Group	PRS	Reg*	Other	Group
Investment property	564.4	25.3	-	589.7	1,550.7	23.9	-	1,574.6
Investment in joint ventures and associates	134.4	-	11.6	146.0	16.3	-	17.0	33.3
Financial interest in property assets	-	82.2	-	82.2	-	76.4	-	76.4
Inventories - trading property	278.0	1,082.2	46.2	1,406.4	215.2	993.5	40.1	1,248.8
Cash and cash equivalents	44.9	54.6	9.8	109.3	114.2	70.0	5.1	189.3
Other assets**	4.8	4.8	152.6	162.2	6.5	6.1	37.4	50.0
<b>Total Assets</b>	<b>1,026.5</b>	<b>1,249.1</b>	<b>220.2</b>	<b>2,495.8</b>	<b>1,902.9</b>	<b>1,169.9</b>	<b>99.6</b>	<b>3,172.4</b>
Interest-bearing loans and borrowings	(394.6)	(480.2)	(86.5)	(961.3)	(770.6)	(472.2)	(34.0)	(1,276.8)
Deferred and contingent tax liabilities	(21.1)	(87.8)	(2.6)	(111.5)	(22.2)	(79.4)	(5.0)	(106.6)
Other liabilities**	(24.3)	(14.2)	(41.6)	(80.1)	(41.9)	(7.8)	(31.2)	(80.9)
<b>Total Liabilities</b>	<b>(440.0)</b>	<b>(582.2)</b>	<b>(130.7)</b>	<b>(1,152.9)</b>	<b>(834.7)</b>	<b>(559.4)</b>	<b>(70.2)</b>	<b>(1,464.3)</b>
<b>Net assets</b>	<b>586.5</b>	<b>666.9</b>	<b>89.5</b>	<b>1,342.9</b>	<b>1,068.2</b>	<b>610.5</b>	<b>29.4</b>	<b>1,708.1</b>

\* Includes regulated tenancy portfolio and CHARM portfolio (£76m).

\*\* Derivatives disclosed on a gross basis, being derivative assets of £nil (FY18 £4.4m) in other assets and derivative liabilities of £17.3m (FY18 £3.4m) in other liabilities.



	FY18			FY19		
	Earnings £m	Shares millions <sup>^</sup>	Pence per share <sup>*</sup>	Earnings £m	Shares millions <sup>^</sup>	Pence per share
<b>Earnings per IFRS income statement</b>	<b>100.7</b>	<b>463.0</b>	<b>21.7</b>	<b>131.3</b>	<b>581.2</b>	<b>22.6</b>
Adjustments to calculate adjusted EPRA Earnings:						
Changes in value of investment properties, development properties held for investment and other interests	(23.3)	-	(5.0)	<b>(56.2)</b>	-	<b>(9.7)</b>
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(8.4)	-	(1.8)	<b>(1.9)</b>	-	<b>(0.3)</b>
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	(59.8)	-	(12.9)	<b>(52.1)</b>	-	<b>(9.0)</b>
Goodwill impairment	-	-	-	<b>12.7</b>	-	<b>2.2</b>
Changes in fair value of financial instruments and associated close-out costs	27.6	-	5.9	<b>0.8</b>	-	<b>0.1</b>
Acquisition costs on share deals and non-controlling joint venture interests	-	-	-	<b>3.8</b>	-	<b>0.7</b>
Adjustments in respect of joint ventures	(10.7)	-	(2.3)	<b>(9.6)</b>	-	<b>(1.6)</b>
<b>Adjusted EPRA Earnings/Earnings per share</b>	<b>26.1</b>	<b>463.0</b>	<b>5.6</b>	<b>28.8</b>	<b>581.2</b>	<b>5.0</b>

<sup>^</sup>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.

<sup>\*</sup> Pence per share comparatives for FY18 have been restated for the bonus adjustment of the rights issue.

# EPRA NAV & NNNAV

Originate

Invest

Operate

	FY18			FY19		
	Net assets £m	Shares millions <sup>^</sup>	Pence per share <sup>*</sup>	Net assets £m	Shares millions <sup>^</sup>	Pence per share
<b>NAV from the financial statements</b>	<b>815.6</b>	<b>463.5</b>	<b>176</b>	<b>1,223.5</b>	<b>613.8</b>	<b>199</b>
Revaluation of other non-current investments	7.0	-	1	6.5	-	1
Revaluation of trading properties	607.1	-	131	548.8	-	90
Fair value of financial instruments	(0.8)	-	-	14.4	-	2
Deferred tax	27.9	-	6	27.7	-	5
Adjustments in respect of joint ventures	0.3	-	-	-	-	-
<b>EPRA NAV/EPRA NAV per share</b>	<b>1,457.1</b>	<b>463.5</b>	<b>314</b>	<b>1,820.9</b>	<b>613.8</b>	<b>297</b>
Fair value of financial instruments	0.5	-	-	(14.3)	-	(2)
Fair value of debt	(2.8)	-	-	(19.4)	-	(3)
Deferred tax	(131.1)	-	(28)	(121.0)	-	(20)
<b>EPRA NNNAV/EPRA NNNAV per share</b>	<b>1,323.7</b>	<b>463.5</b>	<b>286</b>	<b>1,666.2</b>	<b>613.8</b>	<b>272</b>
<b>EPRA NAV per share – post rights issue</b>			<b>292</b>			<b>297</b>
<b>EPRA NNNAV per share – post rights issue</b>			<b>270</b>			<b>272</b>

<sup>^</sup>EPRA NAV and EPRA NNNAV have been divided by the number of shares in issue at the end of the period.

<sup>\*</sup> Pence per share comparatives for FY18 have been restated for the bonus adjustment of the rights issue.

# EPRA NRV, EPRA NTA and EPRA NDV

Originate

Invest

Operate

	FY18			FY19		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
<b>IFRS Equity attributable to shareholders</b>	<b>815.6</b>	<b>815.6</b>	<b>815.6</b>	<b>1,223.5</b>	<b>1,223.5</b>	<b>1,223.5</b>
<b>Diluted NAV</b>	<b>815.6</b>	<b>815.6</b>	<b>815.6</b>	<b>1,223.5</b>	<b>1,223.5</b>	<b>1,223.5</b>
Include:						
Revaluation of other non-current investments	7.0	7.0	7.0	<b>6.5</b>	<b>6.5</b>	<b>6.5</b>
Revaluation of trading properties	613.4	503.9	503.9	<b>557.1</b>	<b>455.5</b>	<b>455.5</b>
<b>Diluted NAV at fair value</b>	<b>1,436.0</b>	<b>1,326.5</b>	<b>1,326.5</b>	<b>1,787.1</b>	<b>1,685.5</b>	<b>1,685.5</b>
Exclude:						
Deferred tax in relation to fair value gains of IP	21.6	21.6	-	<b>19.4</b>	<b>19.4</b>	-
Fair value of financial instruments	(0.5)	(0.5)	-	<b>14.4</b>	<b>14.4</b>	-
Goodwill as per the IFRS balance sheet	-	(0.5)	(0.5)	-	<b>(0.5)</b>	<b>(0.5)</b>
Intangibles as per the IFRS balance sheet	-	(4.2)	-	-	<b>(10.7)</b>	-
Include:						
Fair value of fixed interest rate debt	-	-	(2.8)	-	-	<b>(19.3)</b>
<b>NAV</b>	<b>1,457.1</b>	<b>1,342.9</b>	<b>1,323.2</b>	<b>1,820.9</b>	<b>1,708.1</b>	<b>1,665.7</b>
Rights issue	334.5	334.5	334.5	-	-	-
<b>NAV post rights issue</b>	<b>1,791.6</b>	<b>1,677.4</b>	<b>1,657.7</b>	<b>1,820.9</b>	<b>1,708.1</b>	<b>1,665.7</b>
Fully diluted number of shares	463.5	463.5	463.5	<b>613.8</b>	<b>613.8</b>	<b>613.8</b>
<b>NAV pence per share</b>	<b>314</b>	<b>290</b>	<b>286</b>	<b>297</b>	<b>278</b>	<b>272</b>
<b>NAV pence per share post rights issue</b>	<b>292</b>	<b>274</b>	<b>270</b>	<b>297</b>	<b>278</b>	<b>272</b>

# Debt facilities

Originate

Invest

Operate

	Lender	Size	Facility Drawn	Maturity
Core Facilities:				
Corporate Bond	Listed	£350m	£350m	Apr 2028
Revolving Credit Facility	HSBC, NatWest, Barclays	£330m	£31m	Aug 2024
Term Debt	Nationwide	£100m	£100m	Aug 2020
Term Debt	HSBC, NatWest, Barclays, AIB	£170m	£170m	Aug 2024
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	£791m	
Excluded Entities:				
GInvest Term Debt	HSBC, Santander	£150m	£150m	Oct 2020
Institutional Term Debt	Rothsay Life	£75m	£75m	July 2026
Institutional Term Debt	Rothsay Life	£75m	£75m	Oct 2027
Institutional Term Debt	Rothsay Life	£200m	£200m	July 2029
Total Group Facilities		£1,590m	£1,291m	

# Future reporting dates

Originate

Invest

Operate

## 2020

AGM / Trading update	5 February
Half year results	14 May
Trading update	September
Full year results	19 November

## 2021

AGM / Trading update	10 February
Half year results	13 May
Trading update	September
Full year results	18 November