Preliminary Results for the year ended 30 September 2009

5 November 2009

grainger plc

Disclaimer

This presentation (the "Presentation") has been prepared by and in the sole responsibility of Grainger PLC ("Grainger" or the “Company”), whose registered office is at Citygate, St James’ Boulevard, Newcastle upon Tyne, NE1 4JE. Grainger plc is registered in England and Wales with registered no. 00125575. It is intended solely for the information of the initial recipient of this document (the “Recipient”). The information contained in this Presentation together with any additional information provided to the Recipient or its advisers (together the "Information") is strictly confidential to the Recipient and is provided on the terms of the Confidentiality Agreement entered into by the Recipient. This Presentation and the Information may not be distributed to any other person, and may not be reproduced or disclosed, in whole or in part, directly or indirectly, in any form. Failure to comply with this restriction may constitute a violation of applicable securities laws.

This Presentation is not for release, publication or distribution, directly or indirectly, in or into the United States, the Commonwealth of Australia, its territories and possessions, Canada, Japan, The Republic of South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

This Presentation comprises the written material/slides for a presentation concerning an issue of new ordinary shares (“Securities”) by Grainger PLC (the “Rights Issue”). This Presentation is an advertisement and not a prospectus and investors should not subscribe for or purchase any shares referred to in this Presentation except on the basis of information in the prospectus to be made available in due course in connection with the admission of the Securities (whether nil paid or fully paid) to the Official List of the Financial Services Authority and to trading on London Stock Exchange PLC’s main market for listed securities (“the Prospectus”). Copies of the Prospectus will, following publication, be available on Grainger's website (www.Graingerplc.co.uk). The information contained in Presentation is provided for general information and is not comprehensive and has not been prepared from any other purpose.

This Presentation is not intended to form the basis of any investment decision nor does it constitute an offer or invitation for the sale or purchase of, or the solicitation of any offer to acquire, the shares of Grainger nor shall any part of it nor the fact of its distribution form part of or be relied on in connection with any contract or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of Grainger. Nothing contained herein shall form the basis of any contract or commitment whatsoever. You are encouraged to seek individual advice from your personal, financial, legal, tax and other advisers before making any investment or financial decisions subscribing for or purchasing any Securities. Any decision to subscribe for or purchase any Securities should be made solely on the basis of information contained in the Prospectus (including any supplement thereto) relating the Rights Issue, including the risk factors.

This Presentation does not purport to be comprehensive and has not been independently verified by any of N M Rothschild & Sons Limited, J.P. Morgan Cazenove Limited, Barclays Bank PLC and Lloyds TSB (together the "Banks"). While the Information has been prepared by Grainger in good faith, no representation or warranty, express or implied, is or will be given and no responsibility or liability is or will be accepted by any of the Banks, Grainger or by any of their respective directors, officers, employees, advisers or agents (together "Persons") relating to the accuracy or completeness of any of the Information and any such liability for any loss howsoever arising, directly or indirectly, from any use of such Information or otherwise arising in connection therewith is expressly disclaimed. None of the Banks nor Grainger agree or give any undertaking to provide a Recipient with access to any additional information or to update the Information, or to correct any inaccuracies which may become apparent, whether as a result of new information, future events or otherwise.

In particular, but without limitation, nothing contained within any of the Information either is, or should be relied upon as, a promise or forecast. All projections, management estimates, prospects or returns or any of the underlying assumptions upon which they are based have been prepared for illustrative purposes only. The Information includes financial information for the year ended 30 September 2009 (the "2009 Financial Information").

Unless specified otherwise, all expressions of opinion and belief contained within the Information are opinions held by the management of Grainger. Without prejudice to any of the foregoing, no representation or warranty is given by any of the Persons as to the achievement or reasonableness of the 2009 Financial Information, any projections, management estimates, prospects or returns or any of the underlying assumptions upon which they are based contained within any of the Information.

Each of the Banks are acting for Grainger in connection with the proposed transaction and are not acting for any other person (whether or not the Recipient). None of the Banks will be responsible to anyone other than Grainger for providing the protections afforded to their respective clients nor for providing any advice in relation to the proposed transaction or any matters referred to in the Presentation.

This Presentation and its contents are strictly confidential to the Recipient and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Unauthorised distribution of the Information may constitute an offence (and, in particular, such unauthorised distribution in the UK may constitute an offence under the Financial Services and Markets Act 2000 (“FSMA”)). The content of this presentation has not been approved by a person authorised under the FSMA. Accordingly, the Information is directed only at persons whom are sufficiently expert or sufficiently substantial to understand the risks involved in entering into the proposed transaction (each being, (i) in case the of recipients in the EEA, ‘qualified investors’ within the meaning of the Prospectus Directive (2003/71/EC); and (ii) in addition, in the case of recipients in the UK, persons whom the Banks reasonably believe to be: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); or (ii) persons falling within Article 49(2)(a) to (d) of the Order or to those persons to whom it can otherwise lawfully be distributed (all such persons together being referred to as “relevant persons”)). The Presentation is directed only at such relevant persons, and if you are not such a relevant person, you must not rely on the Information and you must return it to the Banks immediately. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

This Presentation is not an offer of securities for sale in the United States. The securities mentioned herein have not been and will not be registered under the US Securities Act of 1933, as amended (the “US Securities Act”) or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, within the United States except to qualified institutional buyers (as defined in Rule 144A under the US Securities Act) in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of any securities of Grainger in the United States, the Commonwealth of Australia, its territories and possessions, Canada, Japan or The Republic of South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Neither this Presentation nor any copy of it may be taken or transmitted into the United States, its territories or possessions or distributed, directly or indirectly, in the United States, its territories or possessions. Neither this Presentation nor any copy of it may be taken or transmitted into Australia, Canada, Japan or South Africa or to any person in any of those jurisdictions. Any failure to comply with this restriction may constitute a violation of US, Australian, Canadian, Japanese or South African securities law. The distribution of this Presentation in other jurisdictions may be restricted by law and persons into whose possession this Presentation comes should inform themselves about, and observe, any such restrictions.

Certain statements, beliefs and opinions in this Presentation, including those related to the rights issue, are forward-looking, which reflect Grainger or, as appropriate, Grainger’s directors’ current expectations and projections about future events. These statements may be identified by such words as “may”, “plans”, “expects”, “believes” and similar expressions. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of Grainger speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Grainger does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements.

By receiving this Presentation you will be taken to have represented, warranted and undertaken that: (i) you are a relevant person (as defined above) who is outside the United States; (ii) you have read and agree to comply with the contents of this notice; and (iii) you will not at any time have any discussion, correspondence or contact concerning the Information in this Presentation or the transaction with any of the directors or employees of Grainger nor with any of their suppliers, customers, sub contractors or any governmental or regulatory body without the prior written consent of Grainger.

All opinions expressed in this Presentation are subject to change without notice and may differ from opinions expressed elsewhere.

Unless otherwise specified herein, all figures are given as at 30 September 2009.

No reliance may be placed for any purposes whatsoever on the information contained in this document or any other material discussed verbally or on its completeness, accuracy or fairness. No representation or warranty, express or implied, is given by or on behalf of the Company or the Banks or any of such persons’ directors, officers or employees or any other person as to the accuracy or completeness of the information or opinions contained in this document and no liability whatsoever by the Company, the Banks or any of such persons’ directors, officers or employees or any other person for any loss howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith.

2009 Highlights

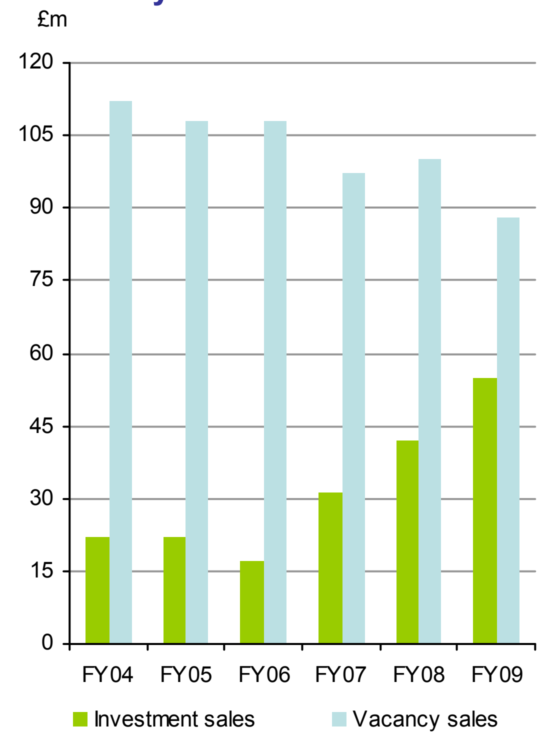
Introduction

- Considerable self help implemented and achieved
- Market deal flow has accelerated in core business areas with opportunities in regulated tenancies and selective opportunities in other business areas
- Announced rights issue to raise gross proceeds of up to £250m
- Opportunity to recapitalise the business ahead of potential market recovery
- Grainger is providing shareholders with a geared exposure to UK residential market, with the benefit of a strengthened capital structure
- Experienced senior management team

2009 Highlights

- **Maintained focus on cash conservation, covenant compliance, financial stability**
  - Record Group turnover of £302m up 23% from £246m
- **Sales acceleration**
  - Total sale proceeds of £220m up 21.5%, with higher than normal level of investment sales (2009: £55m, 2008: £41m)
  - Successful sales programme at our Hornsey Road development in Islington with 91 out of 92 units exchanged
- **Purchase restriction**
  - UK property acquisitions restricted to £12m (2008: £123m)
  - Development capex restricted to commitments
- **Financial measures**
  - Early conversion of 78% of the convertible bonds to reduce LTV and increase net assets
  - New banking agreement with extended maturities for certain facilities
- **Operational measures**
  - Overhead reduction: already delivered, taking out 40 FTEs and reducing FTE headcount by 13%
  - New CEO appointed, search for new Property Director and Finance Director ongoing
  - Operational board chaired by Chief Operating Officer

UK residential core regulated vacancy and investment sales

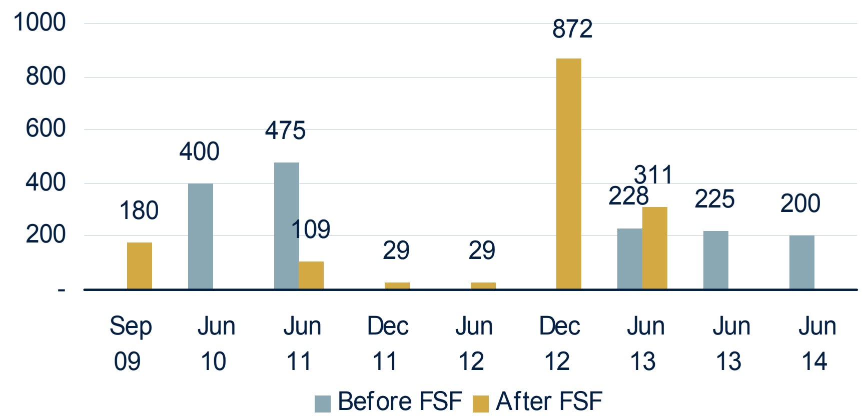


grainger plc

New Debt Package

- Signing in September of two new forward start credit facilities totalling £615m, significantly strengthening the Group's liquidity profile until December 2012
- The two new facilities comprise a £250m committed term loan available June 2010 and a £365m committed term loan available June 2011
  - The facilities will be used to refinance existing revolving credit facilities of £400m and £475m
- Both the new forward start facilities will mature in December 2012

Debt refinancing profile (£m)



grainger plc

Covenants and Headroom

Loan to value ("LTV")

- The Group is subject to a number of restrictions if the LTV rises above 70%
  - LTV > 70% – purchases restricted to £2m per month, cash sweep comes into operation
  - LTV > 75% – no dividend can be paid
  - LTV covenant breach is 80%
- Following rights issue and mandatory prepayments, Core LTV will reduce to 53%, on a proforma basis as at 30 September 2009 and the Group's headroom under the banking facilities will increase to £305m
- Going forward, the Group intends to maintain its LTV ratio in line with the Group's leverage prior to the current recession

Interest cover

- The margin ratchet currently in place under the forward start agreements reduces the interest margin above LIBOR payable on £615m of facilities as follows

LTV	Margin
• 75% ≤ LTV < 80%	3.25%
• 70% ≤ LTV < 75%	3.00%
• 67.5% ≤ LTV < 70%	2.75%
• 65% ≤ LTV < 67.5%	2.50%
• 60% ≤ LTV < 65%	2.25%
• LTV < 60%	2.00%

grainger plc

2009 Results

Results Highlights (1)

- Maintained focus on cash conservation, covenant compliance, financial stability
- Record Group turnover increased by 23% from £246m to £302m
- Total sale proceeds increased by 21.5% from £181m to £220m
- Cash of £170m generated by operating activities
- Successful sales programme at our Hornsey Road development
- UK property acquisitions restricted to £12m (2008: £123m)
- Core banking facilities renegotiated to enhance liquidity until 2012

grainger plc

Results Highlights (2)

Financial Summary

	2009	2008	Change
Property and related assets (£m)	2,200	2,405	(8.3%)
Gross NAV per share (p)	411	535	(23.1%)
Grainger NAV per share (p) (base case)	360	520	(31.1%)
Earnings before interest and tax* (£m)	78.8	106.0	(25.7%)
Dividends per share (p)	3.91p	6.18p	(36.7%)
LTV (%) (Core banking facilitities)	66%	64%	
Interest cover	2.7 x	2.2 x	

* Earnings before interest and tax comprises operating profit before valuation gains, trading stock and loan impairment provisions, fair value adjustments and goodwill impairment

**LTV calculated on the Core banking facilities. In 2008 the LTV was adjusted for early partial conversion of the convertible bond in November 2008

grainger plc

Annual Financial Results

Market Value Balance Sheet

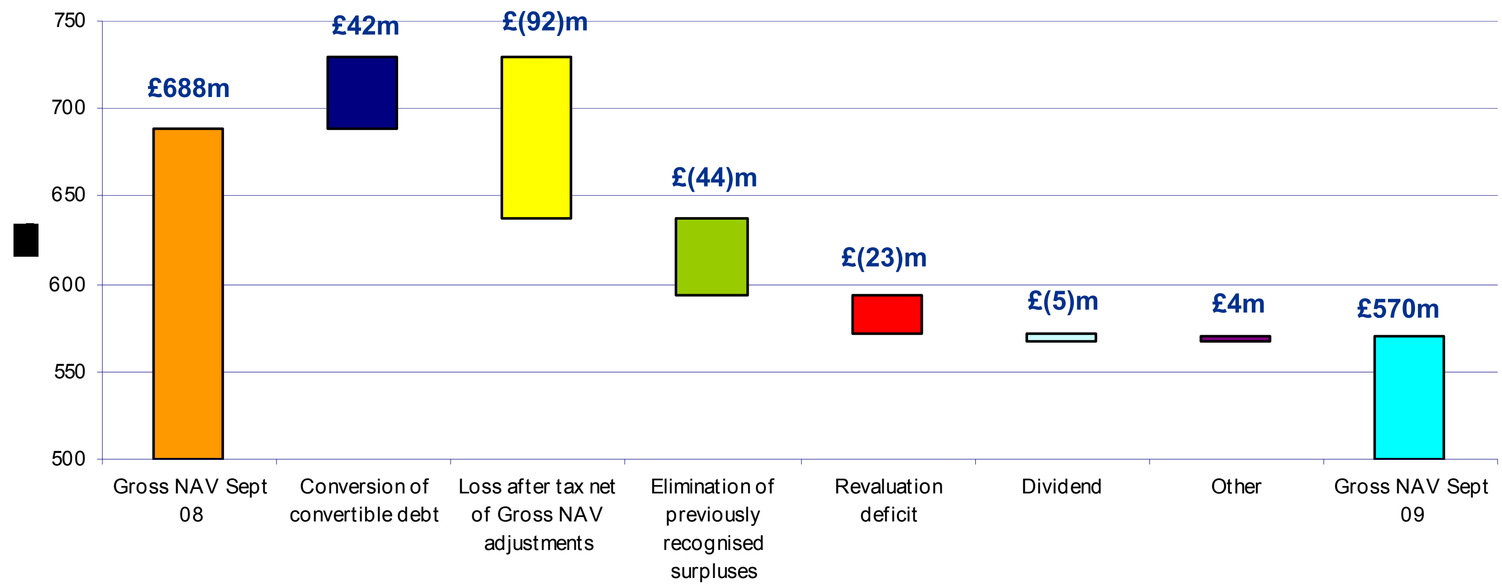
Before any deferred and contingent tax	2009 £m	2008 £m
Property related assets		
- wholly owned	2,083	2,260
- jv/associates	117	139
Total property related assets	2,200	2,399
Other assets and cash	50	57
Gross assets	2,250	2,456
Debt	(1,577)	(1,661)
Other net liabilities	(103)	(107)
Net assets	570	688
Gross net asset value per share (p)	411p	535p

grainger plc

Annual Financial Results

Movement in Gross NAV

- UK Core Portfolio has shown decrease in vacant possession values of -4% (Halifax HPI -7.4%, Nationwide -3.0%)
- Discount to vacant possession on regulated properties (within Core Portfolio) has narrowed (2009: 72.5% of VPV, 2008: 71.3%)
- German Portfolio shows decrease in value of 2.4%, primarily relating to properties in Berlin and Recklinghausen



535p	30p	(66)p	(31)p	(17)p	(4)p	(36)p*	411p

*the pence per share movement in “other” reflects the impact on the opening balance resulting from the increase in shares in issue (mainly from partial conversion of the convertible bond)

Portfolio Overview

Portfolio Analysis - Wholly Owned

	No of units	Gross Market Value £m	Gross Vacant Possession Value £m	Reversionary Surplus £m	VP%
Regulated	6,327	871	1,197	326	73%
Assured	495	78	89	11	88%
Vacant	286	51	51	-	100%
Other	50	59	74	15	80%
Core UK portfolio	7,158	1,059	1,411	352	
Home Reversion	6,101	481	699	218	69%
UK - residential	13,259	1,540	2,110	570	
UK - development	-	70	70	-	
Total UK	**13,259**	**1,610**	**2,180**	**570**	
German portfolio	7,180	473			
Total	20,439	2,083			

- **Reversionary surplus on Grainger's wholly owned portfolio £570m (2008: £658m)**

* VP%: Market Value as percentage of Vacant Possession Value

grainger plc

Annual Financial Results

Net Asset Value per Share

Pence per Share	**2009**	**2008**
Gross net asset value	411	535
Add/(Deduct):		
Mark to market adjustments	(61)	(6)
Deferred tax on revaluation surpluses (undiscounted)	(99)	(144)
NNNAV	251	385
Grainger NAV (base case)	360	520

Annual Financial Results

Income Statement

£m	2009 Trading	2009 Valuation	2009 Non Recurring	2009 Total	2008 Trading	2008 Valuation	2008 Total
Net rents	53	-	-	53	51	-	51
Trading profit	54	-	-	54	73	-	73
(Loss)/profit on investment properties/subsidiaries	(1)	-	-	(1)	4	-	4
Fees from fund and asset management	6	-	-	6	6	-	6
Other income/interest income from property assets	(3)	-	-	(3)	2	-	2
Net realisable value provisions	-	(18)	-	(18)	-	(12)	(12)
Revaluation	-	(26)	-	(26)	-	(43)	(43)
	109	(44)	-	65	136	(55)	81
Overhead costs	(30)	-	(3)	(33)	(30)	-	(30)
Property income	79	(44)	(3)	32	106	(55)	51

Comments

Net rents: Increase relates to Germany which includes full year FRM results. FRM acquired April 2008

Trading profit: Reduction of £26m in Core and Retirement Solutions portfolios due to higher proportion of investment sales; Development £7m increase

Revaluation: UK portfolio £15m deficit: Germany £11m deficit

Overheads: Non-recurring overheads includes redundancy costs and German integration costs

grainger plc

Annual Financial Results

Pre-Tax Earnings

£m	2009 Trading	2009 Valuation	2009 Non Recurring	2009 Total	2008 Trading	2008 Valuation	2008 Total
Property income	79	(44)	(3)	32	106	(55)	51
Joint ventures/associates	(3)	(5)	-	(8)	(5)	(48)	(53)
Goodwill and loan impairment	-	(22)	-	(22)	-	(10)	(10)
Derivatives	-	(39)	-	(39)	-	(11)	(11)
Conversion of bond	-	-	(31)	(31)	-	-	
Profit before interest and tax	76	(110)	(34)	(68)	101	(124)	(23)
Net interest	(79)	-	(23)	(102)	(89)	-	(89)
(Loss)/profit before taxation	(3)	(110)	(57)	(170)	12	(124)	(112)

Comments

Joint venture/associates – asset write downs in GenInvest, G:res, Schroders
Loan impairment – primarily against loans to GenInvest and Curzon Park
Derivatives – hedging instruments 'out of the money'
Conversion of bond – partial early conversion to increase net assets by £42m
Interest – Lower cost of funding. Non-recurring includes write off brought forward loan costs, costs incurred in refinancing and one-off interest re potential tax liability

Annual Financial Results

Impact of valuation and one-off items

	£m
Loss before taxation	(170)
Adjust for non-cash items	
: Property - valuation movements	49
: Financial - mark to market and one off items	118
: Other - cost of sales and other movements	173
Cashflow generated from operations	170

grainger plc

Annual Financial Results

Cashflow

£m	2009	2008
Income		
Rents and other income net of overheads	29	31
Property sales	215	176
Net proceeds from sale of equity in subsidiary	-	4
Working capital movements	(9)	2
	235	213
Interest, tax and dividends (including inducement)	(129)	(91)
Net operating income	**106**	**122**
Loan movements	(74)	120
Available for property spend	32	242
Acquisitions/spend		
UK residential	(20)	(134)
Development	(18)	(53)
Europe	(4)	(44)
Investment in JV/Associates	(5)	(11)
Acquisition of FRM (net)	-	(29)
Other	-	(9)
Total property spend	**(47)**	(280)
Cash movement	**(15)**	**(38)**

grainger plc

Debt Analysis

£m	2009	2008
Gross debt	1,589	1,664
Cash	28	43
Net debt (before deducting costs)	1,561	1,621
Available headroom	171	370
Average maturity (years)	4.4	4.5
Hedging level	93%	85%
Blended interest rate	5.5%	6.2%
LTV (Core banking facilities)	66%	66%
LTV (Group basis)	71%	68%
LTV based upon vacant possession values	57%	52%

Debt Maturity

Years	£m	%
0-1	23	1
1-2	113	7
2-5	1,280	81
5>	173	11
	1,589	100

grainger plc

Dividend Policy

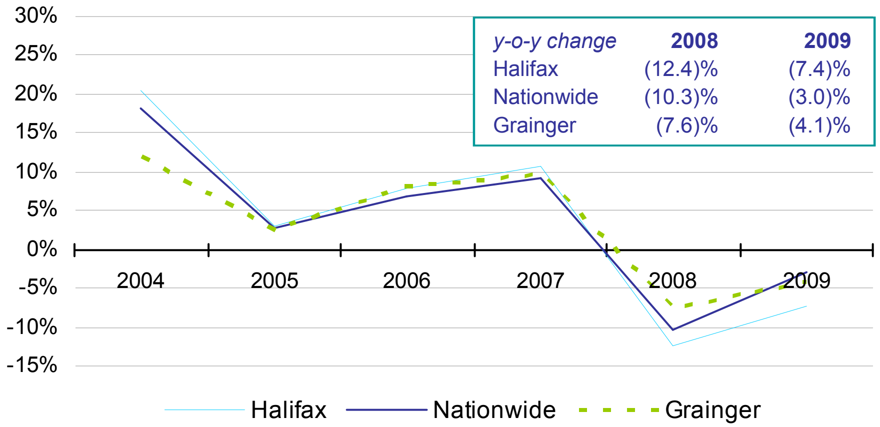
- For 2009, Directors have recommended a final dividend equivalent to 2008 final with a £5m payout on existing shares
- For 2010, the Board expects the dividend payout including interim dividend to range between 2009 and 2008 level (i.e. £5-8m)
- For 2011 onwards, progressive dividend policy

Outlook and Rights Issue

Current Trading

- Portfolio liquidity - £45m of sales with contracts exchanged or 'in solicitors hands'
- Residential property values in general appear to be stabilising across the UK with signs of particular improvement in Central and Greater London
- Market deal flow in the UK has noticeably increased at all levels whether individual residential properties or larger portfolios
- Several recent reverse enquiries for co-investment opportunities

Historic HPI performance y-o-y change



y-o-y change	**2008**	**2009**
Halifax	(12.4)%	(7.4)%
Nationwide	(10.3)%	(3.0)%
Grainger	(7.6)%	(4.1)%

grainger plc

Use of Proceeds

Proceeds from the rights issue to strengthen Grainger financial position and enable the group to make compelling acquisitions

Optimise capital structure

- £105m to repay permanently existing facilities under the terms of the forward start agreements
- Mandatory prepayment to result in a 50bps reduction in margin under ratchet structure on £615m of forward start facilities and £5.7m reduction in annual interest charge as compared to the margin and annual interest charge in effect prior to the completion of the rights issue
- Pending on any utilisation of funds, balance of proceeds to temporarily reduce existing revolving credit facility and result in additional monthly interest savings of £0.1m
- Pro forma Core LTV down to 53% and proforma headroom of £305m including remaining proceeds

Purchases in Core Portfolio

- Grainger to take advantage of compelling opportunities in the regulated tenancy market as the market recovers
- Deal flow has increased both for individual residential properties and portfolios
- Opportunity to grow market share in regulated tenancy market which has a finite life

Opportunistic approach to other business areas where compelling returns can be achieved

Current Market Opportunities

- Increased deal flow in the last 3 months for both single asset purchases as well as larger corporate/portfolio opportunities
  - Regulated / Reversionary single assets: advantageous pricing, balance sheet replenishment (core business), arbitrage opportunities
  - Larger market rented/mixed tenure portfolios: yield, break-up opportunities

- Current pipeline (all pre due diligence) phase:
  - Ranges from single reversionary assets (approx. £150k) to larger portfolios (>£100m) – mainly London / South East focused
  - Possibility to acquire through various structures (on BS, JVs, funds)

- Developing further opportunities: enhanced pipeline of investments in attractive new sectors as well
  - We are seeing an increased level of investment activity
  - Several recent reverse enquiries for co-investment opportunities

grainger plc

Rights Issue

Principal terms and headline timetable

Grainger plc is announcing a 2 for 1 fully underwritten rights issue to raise gross proceeds of up to £250m

Rights issue highlights	
Net proceeds raised	£238m
Basis	2 for 1 at the Issue Price
Total number of shares following issue	416m
Issue Price	90p
TERP[1]	149p
Issue price discount to TERP[1]	39.7%

Proposed timetable	
Announcement of Rights Issue	5 Nov
Ex-dividend date	18 Nov
Dividend record date	20 Nov
GM to approve Rights Issue	30 Nov
Nil-paid rights trading commences (ex-rights date)	1 Dec
Rights Issue closes	15 Dec
Dealings commence in New Shares	16 Dec

Note 1 As at dividend-adjusted close at 4 November 2009

grainger plc

Proforma Financials Post Rights Issue

- Strengthened financial position post rights issue bringing proforma Core LTV down to 53%
- Provides ability to make compelling acquisitions
- Annual interest savings of £5.7m expected post mandatory prepayment under the debt restructuring

	Proforma 30 September 2009	**Actual 30 September 2009**
Property and related assets (£m)	2,200	2,200
Gross NAV (£m)	808	570
Gross NAV per share (p) (basic)	194	411
LTV% (Core banking facilities)	53%	66%
Group Headroom (£m)	305	171

grainger plc

Summary

- Considerable self help implemented and achieved (e.g. accelerated sales and new banking deal)
- Market deal flow has accelerated in core business areas with opportunities in regulated tenancies and selective opportunities in other business areas
- Opportunity to recapitalise the business ahead of potential market recovery
- Rights issue strengthens financial position to provide ability to make compelling acquisitions
- Grainger is providing shareholders with a geared exposure to UK residential market, with the benefit of a strengthened capital structure
- Experienced senior management team

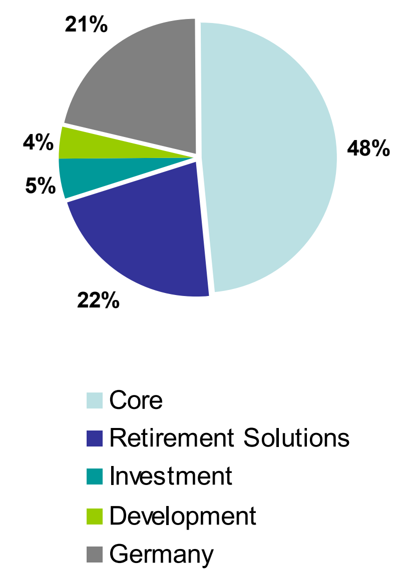
Appendices

grainger plc

Group Overview

- UK's largest quoted specialist residential property owner
- Substantial liquid portfolio valued at £2.1bn at 30 September 2009, mostly un-modernised properties of low average value
- Diversified business including regulated properties, market rents, home reversions, selective developments and presence in Germany
- Six business areas, five related portfolios:
  - Core (mostly regulated properties)
  - Retirement Solutions
  - Fund Management and Residential Investment
  - Development
  - Germany
  - Property Services Business
- Leading residential platform in the UK with 6 offices throughout the UK and over 250 staff

Gross asset value per portfolio at 30 September 2009



grainger plc

Business Areas Overview

Core

- Properties typically acquired at discount to vacant possession value, reversionary surplus £352m
- Primarily (90% by value) regulated properties or vacant ex-regulated
- Diverse portfolio assembled over a number of years
- Sustainable demand with average value of regulated properties £189K (Halifax average £164K)
- Liquid portfolio
- Acquisition at discount to vacant possession value offers price flexibility – sales margin historically high
- Selling 8-9% of portfolio per annum
- Geographic spread mitigates against cluster risk, but 54% by value in London and South East
- Long term cash flows generated by this portfolio

Strategy: Regulated properties are finite asset class, replenish stock at attractive prices; grow market share

Business Area Overview
Retirement Solutions

- Grainger is UK market leader in home reversion with 31% market share as at 30 September 2009 (source: SHIP)
- Bridgewater business winner of Best Home Reversions Provider in 2008 for the third consecutive year
- Established distribution network
- Portfolio is sufficiently mature to be cash generative (vacancy rate c.2.8% per annum in 2009)

Strategy: Seek alternative methods of funding (asset specific debt, 3rd party equity) maintain leading position and recommence acquisitions as market conditions allow

Business Area Overview

Fund Management and Residential Investments

- Major co-investment vehicle is G:res1, Grainger has £24m equity (21.6%)
- Property and asset advisor to Schroders ResPUT: Grainger equity £9m (21.8%), liquidation currently in progress
- Grainger GenInvest and Geninvest II : 50/50 JVs with Genesis, Grainger equity across both £54m (adjusting for mezzanine loan)
- Property and asset management activities produced £6m of fee income in the year ended 30 September 2009

Strategy: Leverage experience and expertise to target further fund or JV propositions and increase level of fee income

Business Area Overview
Property and Asset Management Services

- Combines long term asset management, day to day property management and specialist sales and acquisitions teams on nationwide basis
- Provides services to JVs/associates as well as owned portfolio (total 24,414 units of which 7,180 are in Germany)
- Operates from six UK offices with over 250 staff

grainger plc

Business Area Overview

Development

- Market Value balance sheet at year end £71.4m
- Committed spend up to 2013 of £10m (of which £6m in 2009-10) including £4m balance of purchase price on Newlands Common
- Successful completion and sale of Hornsey Road development

Strategy: Asset base not to exceed 10% of group assets, objective is to deliver 15-20% of Group's gross profits. Focus on residential led schemes, often in JV arrangements with appropriate partners

grainger plc

Business Area Overview

Germany

- 6,807 residential units
- 373 commercial units
- 1 nursing home in Northern Germany
- 482,624 sq. metres in total
- €516m book value
- €35.7m gross running rent
- Valuation deficit of 2.4% in 2009

Grainger Germany Portfolio as at 30 June 2009

Strategy: Introduce third party capital into structure while retaining a management or services role but only if acceptable price can be obtained

grainger plc

Annual Financial Results

Detailed Profit and Loss Account

	2009				2008			
	UK Residential	UK Development	Europe	Total	UK Residential	UK Development	Europe	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Gross rents/other income	53.4	1.1	30.9	85.4	56.4	1.2	21.8	79.4
Property expenses	(12.5)	-	(11.9)	(24.4)	(13.3)	(0.2)	(6.4)	(19.9)
	40.9	1.1	19.0	61.0	43.1	1.0	15.4	59.5
Trading profits	46.7	7.3	-	54.0	72.9	0.5	-	73.4
NRV provision against trading stock	(4.4)	(14.0)	-	(18.4)	(3.1)	(9.2)	-	(12.3)
Profits/(losses) on sale of fixed assets	0.4	-	(1.1)	(0.7)	1.2		0.1	1.3
Profit on sale of interest in Prague	-	-	-	-	-	-	3.5	3.5
Interest income from financial assets	3.0	-	-	3.0	3.0	-	-	3.0
	45.7	(6.7)	(1.1)	37.9	74.0	(8.7)	3.6	68.9
Direct overheads	(16.1)	(2.2)	(6.0)	(24.3)	(16.3)	(3.6)	(4.1)	(24.0)
Operating contributions	70.5	(7.8)	11.8	74.6	100.8	(11.3)	14.9	104.4
Administrative expenses				(8.9)				(6.1)
				65.7				98.3
Joint ventures/associates	(7.2)	(0.6)	-	(7.8)	(52.3)	(0.9)	0.1	(53.1)
Net interest payable				(101.9)				(89.0)
				(44.0)				(43.8)
Goodwill impairment net	(2.2)	-	(0.7)	(2.9)	(9.6)	-	0.5	(9.1)
Inducement costs				(31.1)				-
Derivative fair value movements				(38.7)				(11.5)
Asset revaluation	(14.7)	-	(10.9)	(25.6)	(34.5)	-	(8.6)	(43.1)
CHARM revaluation movement	(8.1)	-	-	(8.1)	(4.6)	-	-	(4.6)
Provision for impairment on loans				(19.6)				-
(Loss)/ Profit before tax				(170.0)				(112.1)

Annual Financial Results

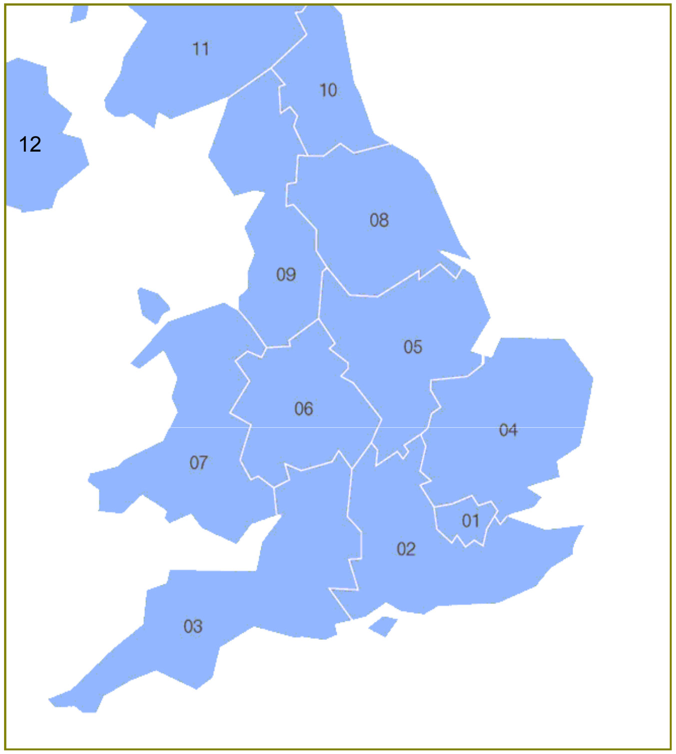
Detailed UK Residential Income Account

			£m	
		Retirement	Fund Management/	
	Core	Solutions	Residential Investments	Total
Gross rents/other income	41.7	6.0	5.7	53.4
Property expenses	(10.6)	(1.5)	(0.4)	(12.5)
	31.1	4.5	5.3	40.9
Trading Profits	39.7	7.0	-	46.7
NRV provision against trading stock	(4.4)	-	-	(4.4)
Profit on sale of fixed assets	0.4	-	-	0.4
Interest income from financial assets	-	3.0	-	3.0
	35.7	10.0	-	45.7
	66.8	14.5	5.3	86.5
Divisional overheads	(10.3)	(2.7)	(3.1)	(16.1)
Operating contribution	56.5	11.8	2.2	70.5

grainger plc

Portfolio Overview

UK Portfolio Location



		Number of units	Investment Value £m	Investment Value %	Vacant Possession Value £m	Vacant Possession Value %	Value reduction in year %
01	Central London	534	179	12%	242	11%	2.4%
01	Inner London	1,127	238	15%	309	15%	(1.3%)
01	Outer London	1,200	167	11%	233	11%	(3.3%)
02	South East	2,315	254	16%	350	17%	(3.5%)
03	South West	1,401	129	8%	177	8%	(6.2%)
04	East	1,425	131	9%	181	9%	(3.6%)
05	East Midlands	887	73	5%	102	5%	(8.0%)
06	West Midlands	1,086	126	8%	169	8%	(6.2%)
07	Wales	182	14	1%	22	1%	(8.8%)
08	Yorkshire	813	60	4%	87	4%	(7.8%)
09	North West	1,538	114	7%	162	8%	(8.9%)
10	North East	408	35	2%	47	2%	(7.1%)
11	Scotland	326	19	1%	27	1%	(12..0%)
12	Northern Ireland	17	1	-	2	-	(20.1%)
		13,259	1,540	100%	2,110	100%	(4.1%)

- 54% (by value) of our properties in London and South East – greatest future anticipated capital appreciation in the UK
- (N.B: analysis excludes ground rents, garages and other property or our share of joint venture assets)

grainger plc

Portfolio Overview

Analysis of investment in JVs and Associates

	2009 Designation	Gross Assets £m	Liabilities/ Debt £m	Net Assets £m	Grainger Share %	Grainger Share £m	Goodwill £m	Loan £m	Total Grainger Investment £m
UK Residential									
- G:res1	Associate	365	(252)	113	21.6%	24	-	-	24
- Schroder	Associate	40	-	40	21.8%	9	-	-	9
- GenInvest	JV	290	(312)	(22)	50.0%	(11)	-	79	68
UK Residential Total		695	(564)	131		22	-	79	101
UK Development									
- Curzon Park	JV	37	(41)	(4)	50.0%	(2)	-	2	-
- Hammersmith	JV	-	-	-	50.0%	-	-	1	1
Europe - Gebau	JV	1	-	1	50.0%	-	3	-	3
Europe - Prague/Zizkov	JV	28	(22)	6	50.0%	3	-	6	9
Total 2009 balance sheet		761	(627)	134		23	3	88	114
Total 2008 balance sheet		832	(602)	230		51	-	91	142

grainger plc

Portfolio Overview

Development - Status of Major Projects

Project	Description	Status
Newlands Common	537 acre greenfield site, freehold with overage interest in Waterlooville, Hampshire.	Outline Consent granted for 1635 residential units and 1 million sq. ft. B1-B8 space. 1000 further properties on land in local core strategy
Macaulay Road, Clapham	1.811 acres brownfield site, Clapham, freehold.	Detailed consent granted for 97 residential units and 30,000 sq. ft. office. Demolition complete.
Wards Corner	Development agreement with London Borough of Haringey. A number of smaller interests within overall site currently owned.	Planning consent granted for 197 residential units with ground floor retail units. CPO likely to be required to purchase remaining site.
Gateshead College	9.87 acres brownfield former college site, Gateshead. Owned freehold with deferred purchase payment.	Planning consent granted for 245 residential units.
Newbury	Preferred developer status with Newbury for key town centre site.	Conditional development agreement under current discussion for approximately 330 residential units, 50,000 sq. ft. retail.
Curzon Park	10 acres brownfield freehold, central Birmingham, 50:50 joint venture with Development Securities Plc.	Outline planning consent granted for 400,000 sq. ft. residential, 800,000 sq. ft. office, 20,000 sq. ft. retail, 200-bed hotel
Hammersmith	Preferred developer of Hammersmith and Fulham Borough Council. Development Agreement signed with Borough and JV partner Helical Bar, King Street, Hammersmith.	Application for 290 residential units, 5,202 sq. m. commercial space, 11,000 sq. m. council offices, a public square, a bridge linking Hammersmith with the river, and 200 car parking spaces to be submitted spring/summer 2010.
Zizkov	Joint Venture (50% owned by Grainger), 31 acre brownfield site, Prague	Planning application in preparation for mix use scheme comprising 483,000 sq. ft. retail, 580,000 sq. ft. office, 245 residential units, hotel.

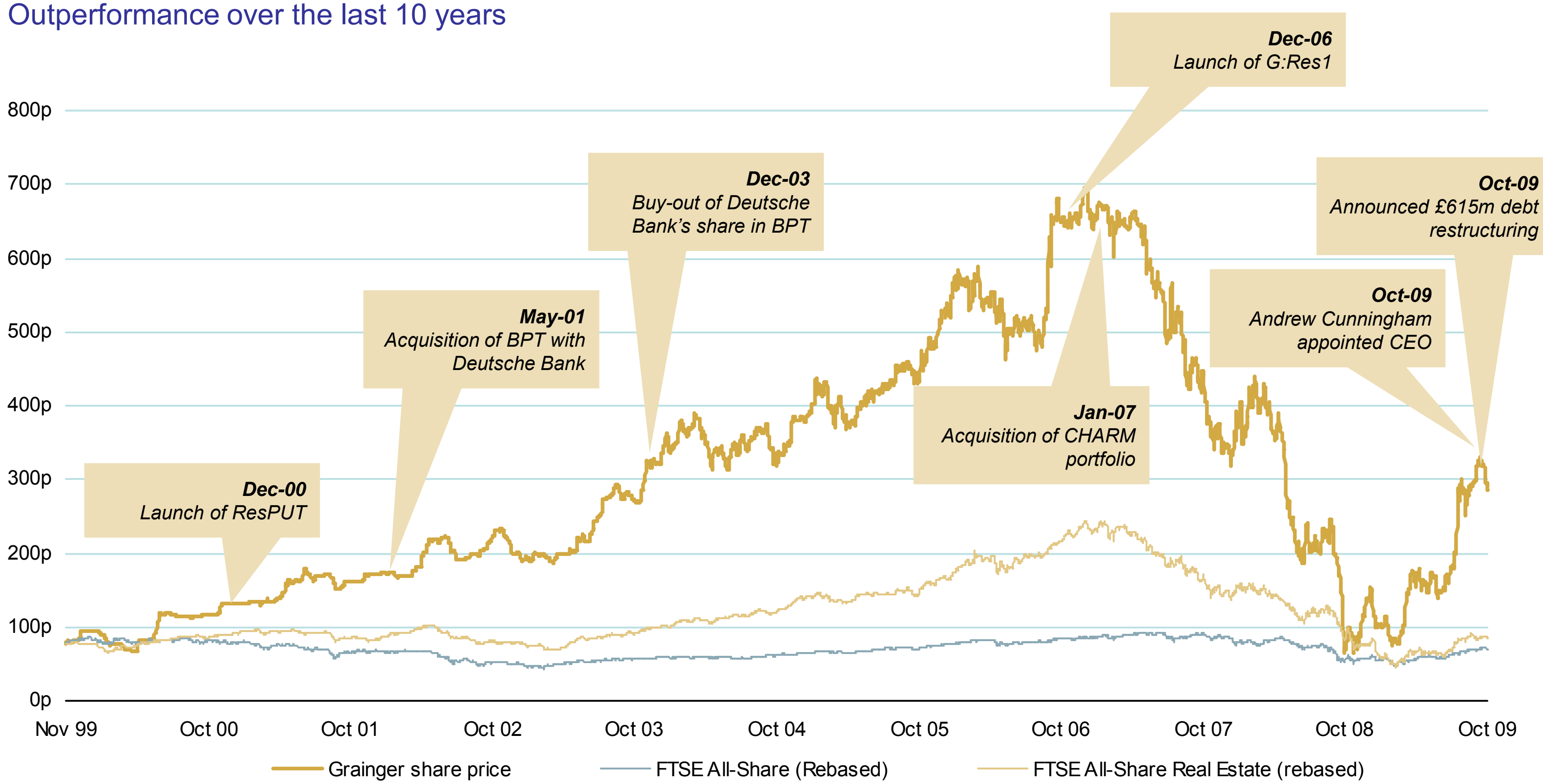
The Regulated Tenancy Market
Core Portfolio

Regulated tenancy market

- c. 120,000 units remaining in England (Source: Communities and Local Government)
- Typically bought by Grainger at a discount to the Vacant Possession Value and therefore have an inherent Reversionary Surplus
- With an average value of £189k in the Core Portfolio and largely un-modernised, they have, on vacancy, continued to be in demand
- Margin on disposal of regulated tenancies on vacancy was 38% in 2009
- Provided the Group historically with stable rental income with uplift potential linked to and limited by a margin over RPI
- No other UK listed property company with the same size and strategy as the Company
- Strategy is to take advantage of compelling opportunities to acquire regulated properties as the market recovers
- Opportunity to grow market share in regulated tenancy market, which has a finite life

Track Record

- Outperformance over the last 10 years



grainger plc