

Interim results for the six months to 31 March 2015

14 May 2015

Agenda

Investing in homes since 1912
grainger plc

1. Introduction

Andrew Cunningham

2. The Grainger portfolio

Andrew Cunningham

3. Financial highlights

Mark Greenwood

4. Operational update

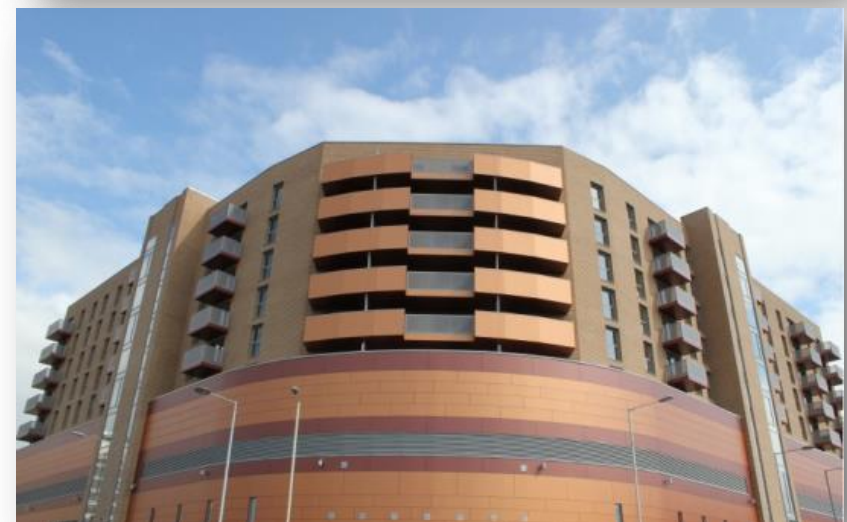
Nick Jopling

5. Summary and outlook

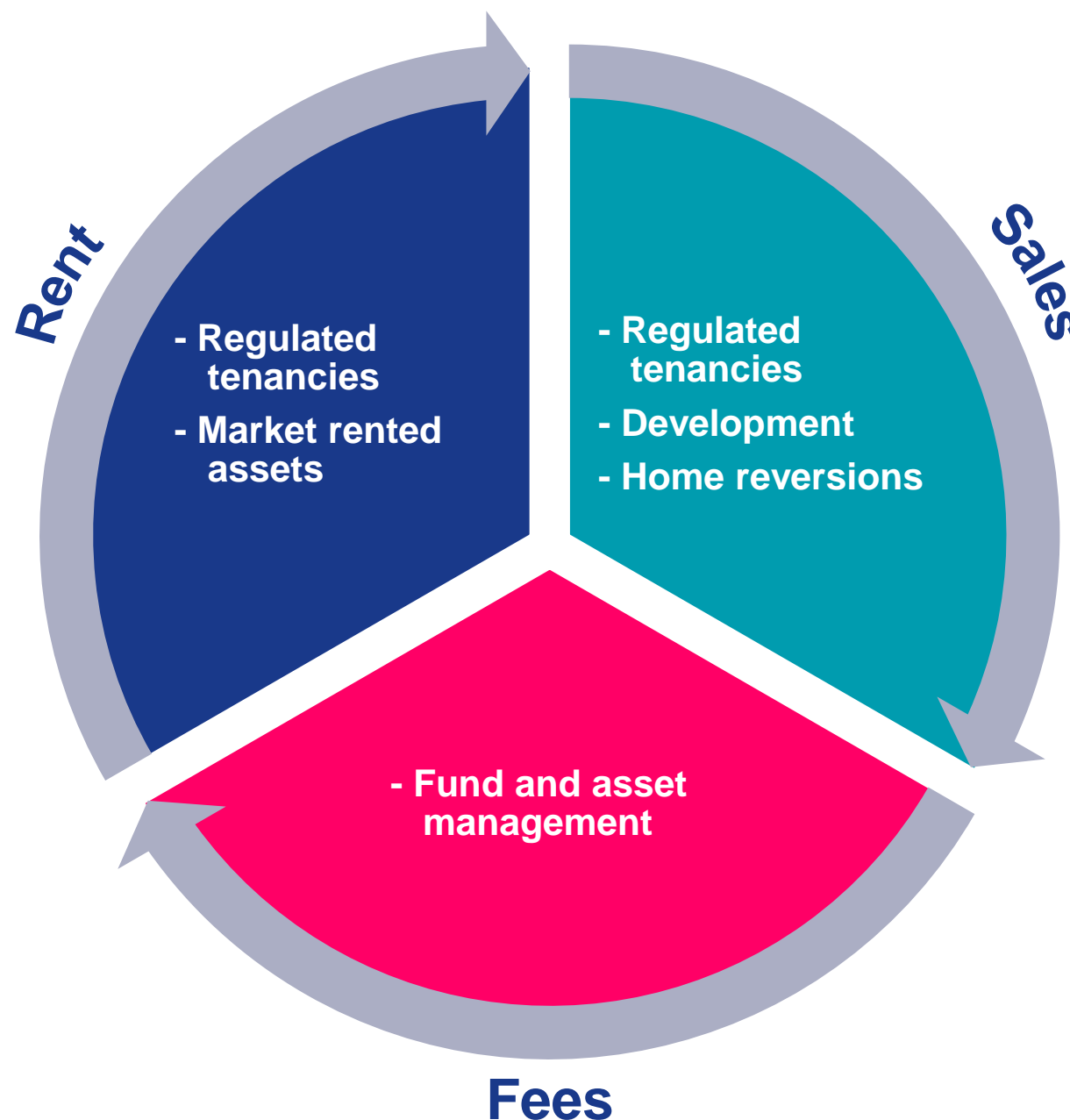
Andrew Cunningham

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 is supplementary to reported net assets
- Growth through active investment in stabilised regional PRS stock and build to rent schemes



Grainger's business model



Financial highlights

Underlying* Gross NAV and NNNAV up by 3.7% and 1.7%, respectively, since Sept 14

Gross NAV 

293p
(FY14: 291p)

NNNAV 

240p
(FY14: 242p)

Interim dividend 

0.64p
(HY14: 0.61p)

Recurring PBT 

£26.2m
(HY14: £23.1m)

Profit before tax** 

£9.1m
(HY14: £49.8m)

Normal sales margins 

52.6%
(HY14: 48.4%)

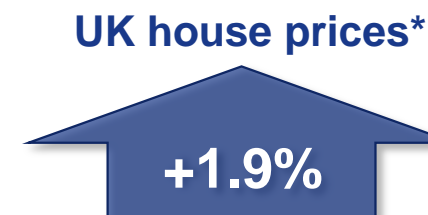
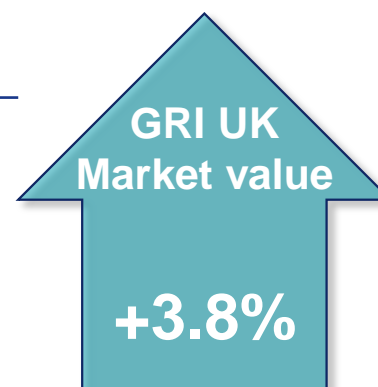
* Gross NAV before legacy swap breaks and the one-off impairment associated with the previously announced Equity Release (Increments) Limited (ERIL) transaction which completed on 2 April. NNNAV before the impact of the ERIL transaction and the impact of adverse derivative movements.

** There are three key factors that have contributed to the reduced profits in this period: lower valuation gains (£12.7m), negative movements in derivatives (£13.9m year-on-year variance) and the one-off impairment associated with the previously announced ERIL transaction which completed on 2 April (£18.2m).

Operational highlights

Strong underlying performance

- Continued valuation outperformance after two strong years of growth



- Strong sales performance

**Profit on sales
up to £45.1m**
(HY14: £42.8m)



**Vacant sales
prices 6.6% above
Sept 14 values**



- Positive rental performance

+2.4% on renewals



**+6.2% on new
lets on like-
for-like basis**



* Average of Nationwide and Halifax house price indices over the six month period to 31 March 2015
HY Results 2015

Key transactions

Building for the future

£101m of committed on balance sheet investment

- c.£87m investment (acquired or contracts exchanged) into stabilised regional assets
- Abbeville Apartments, London Rd, Barking, a purpose built PRS block, completed ahead of schedule and acquired in May (£14m acquisition)

Secured PRS pipeline

- Planning consent for c.210 build to rent units on two phases at Berewood and Wellesley
- GRIP co-investment fund – c.130 unit, £33m build to rent scheme in Canning Town
- c.60 market rented units under construction in partnership with RBKC

Market commentary

UK housing market

Capital values and housing sales

- Strong fundamental background drivers
 - Improving economy and labour market; low mortgage interest rates
- Moderating house price inflation in Central London
- Accelerating house price inflation in outer London and regions
- Healthy levels of sales transaction activity

House price indices	April	3 mth
H'fax	1.6%	2.6%
N'wide	1.0%	0.7%

Rental market

- Strong fundamental background drivers
 - Improving economy and labour market
- High levels of investor interest
- Positive political support for build to rent
- Strong and growing levels of consumer demand in and out of London
- Robust levels of letting activity

Pre-Election Conservative proposals

- Support for PRS and build to rent and increase in housing supply
- Right to Buy extension
- Help to Buy extension
- London Land Commission
- Help to Buy ISA
- Build 200,000 starter homes

Pre-Election Labour proposals, no longer a risk in the medium term

- Mansion tax
- Rent caps

Grainger's focus

- Support modernisation of the rental sector, including longer term tenancies
- Regulatory regime that allows innovation, without burdensome red tape



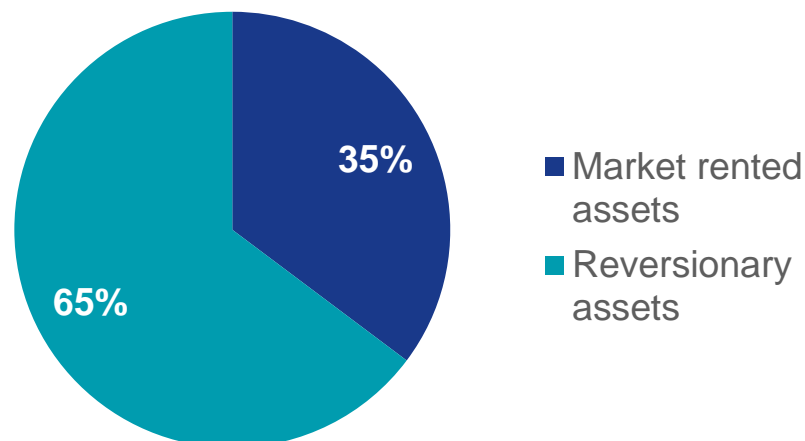
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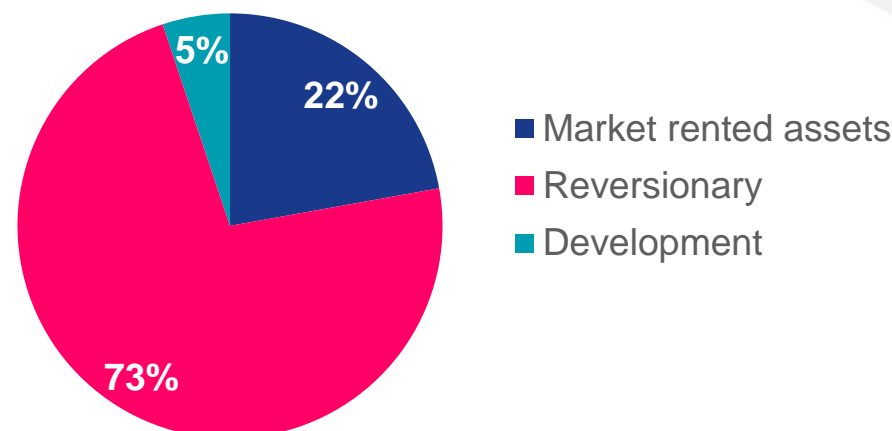
Grainger's portfolio

Wholly owned

Asset type by units



Asset type by market value (£m)



	No. of units	Market Value £m	VP Value £m	Reversionary surplus £m	IV/VP %	Annualised gross rent £m
Reversionary Assets	7,395	1,515	1,933	418	78%	29
Market Rented Assets*	4,024	463	496	33	93%	28
Development		88	88	-	100%	-
Total	11,419	2,066	2,517	451	82%	57

* Including German assets (2,848 units), market value of £140m
HY Results 2015

Our UK geographical exposure (wholly owned)



IPD region	No of units	% by units	Vacant Possession Value (£m)	% by VP	Avg VP* (£k)
1 London (Total)	2,303	27%	1,289	56%	567
2 South East	1,289	15%	259	11%	237
3 South West	1,269	15%	245	11%	215
4 East	802	9%	126	6%	188
5 East Midlands	461	5%	46	2%	122
6 West Midlands	738	9%	123	5%	184
7 Wales	68	1%	8	1%	150
8 Yorkshire	404	5%	49	2%	146
9 North West	889	10%	101	4%	130
10 North East	261	3%	30	1%	125
11 Scotland	87	1%	13	1%	158
	8,571	100%	2,289	100%	281

* Calculated using full VP value whereas rest of table shows only Grainger's share

UK portfolio characteristics

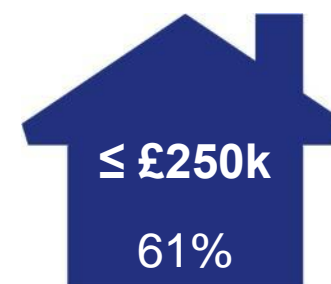
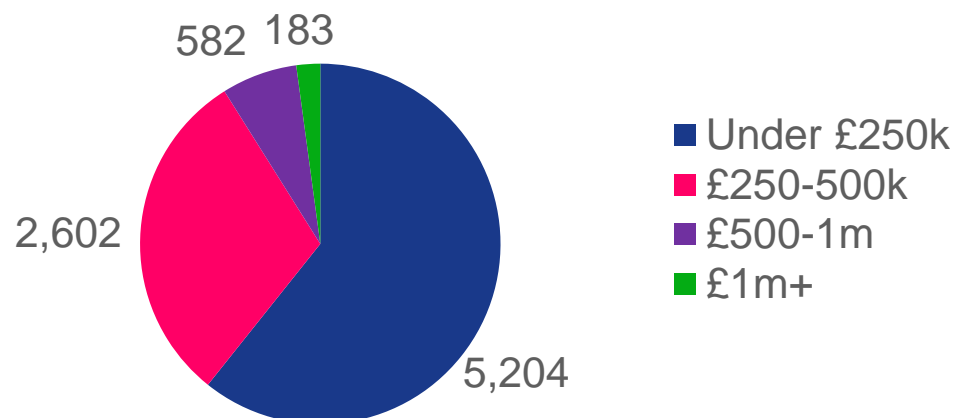
Resilient and defensive

Attractive pricing, type, location and condition

Low house prices, highly liquid assets

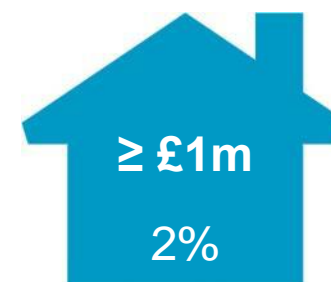
61% of our portfolio (5,204 properties) are worth £250k or below*

Units by price brackets**



Minimal exposure to higher value homes

2% of the portfolio (183 properties) worth £1m or over*



* Vacant possession value (VP)

** Calculated using full VP value

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2015 financial highlights:

Balance sheet

Gross NAV 

293p

(FY14: 291p)

NNNAV 

240p

(FY14: 242p)

Group LTV 

46.0%

(FY14: 46.5%)

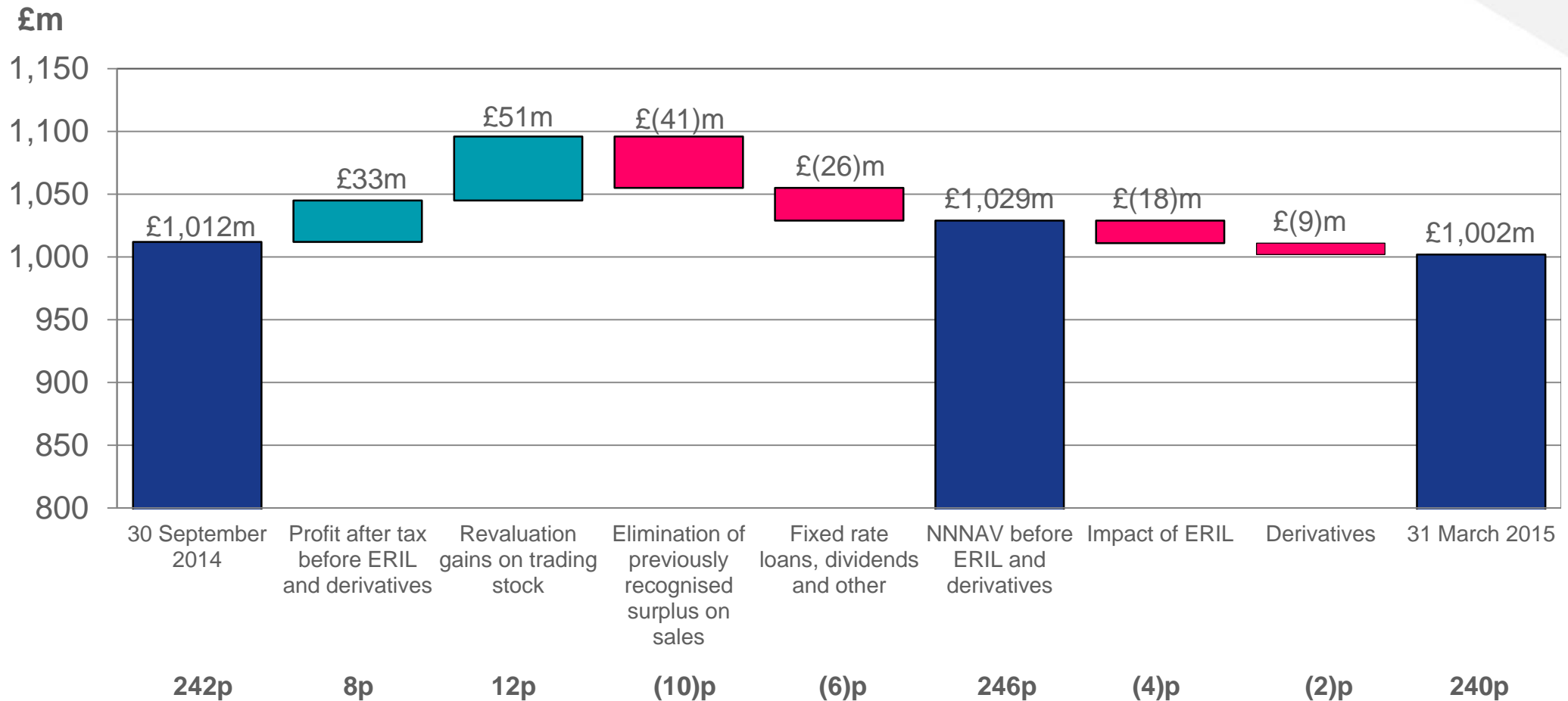
- Underlying* Gross NAV and NNNAV up by 3.7% and 1.7%, respectively since September 2014
- Follows 30% and 54% growth in Gross NAV and NNNAV for the two year period to September 2014
- **120p per share**** reversionary surplus, supplementary to NAV measures

* Gross NAV before legacy swap breaks and the one-off impairment associated with the previously announced Equity Release (Increments) Limited (ERIL) transaction which completed on 2 April. NNNAV before the impact of the ERIL transaction and the impact of adverse derivative movements.

** Includes our share of investment in Joint Ventures/Associates

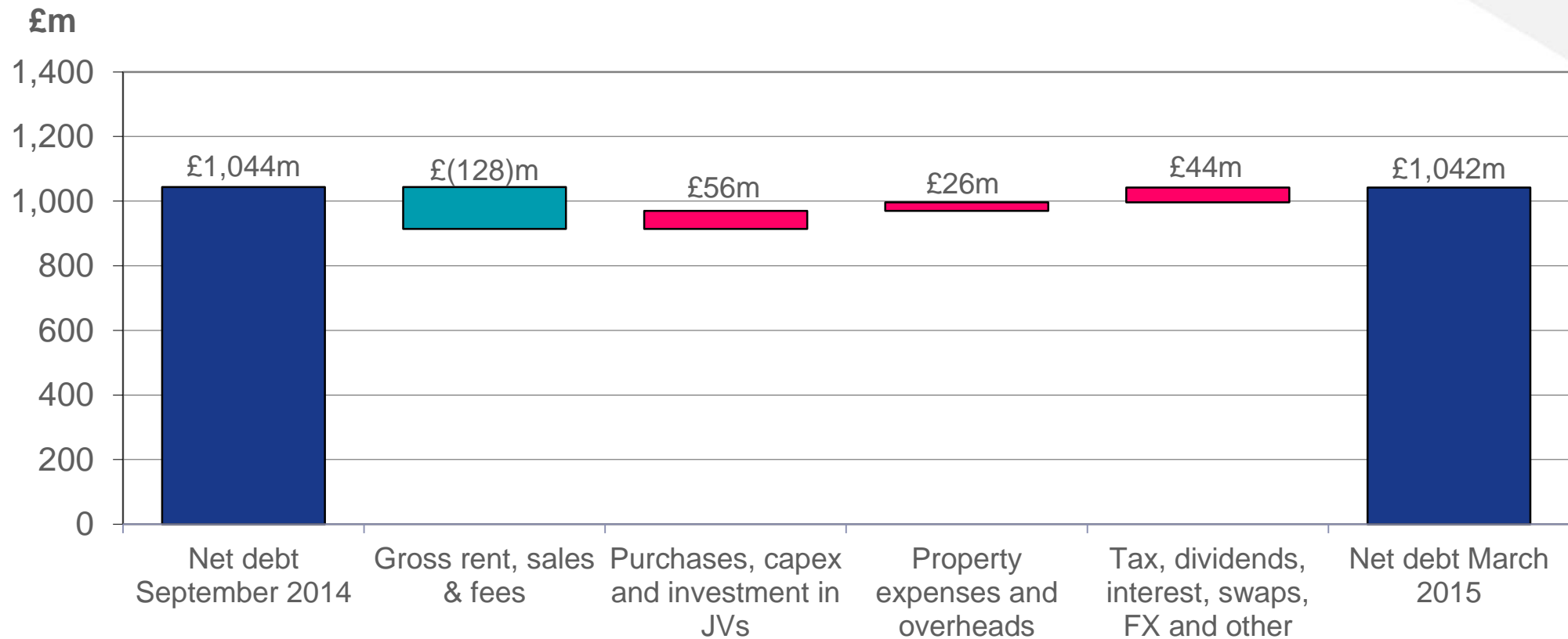
Movement in NNNAV

NNNAV down by 2p per share since 30 Sept 2014



Movement in net debt

Strong cashflows and reinvestment



Income statement highlights

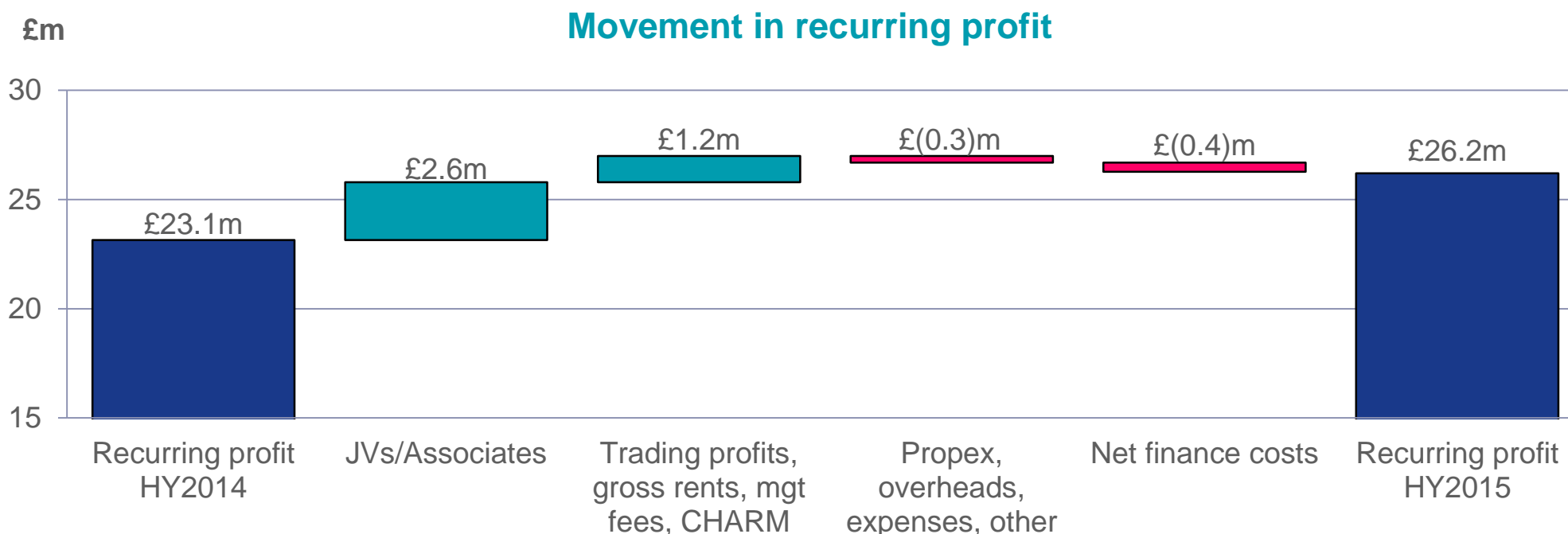
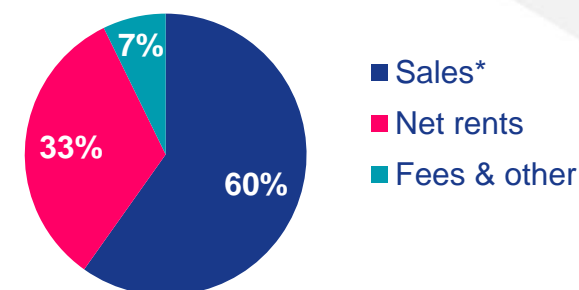
Recurring profit ↑

£26.2m
(HY14: £23.1m)

Profit before tax ↓

£9.1m
(HY14: £49.8m)

Income streams



* Adjusted for tenanted sales
HY Results 2015

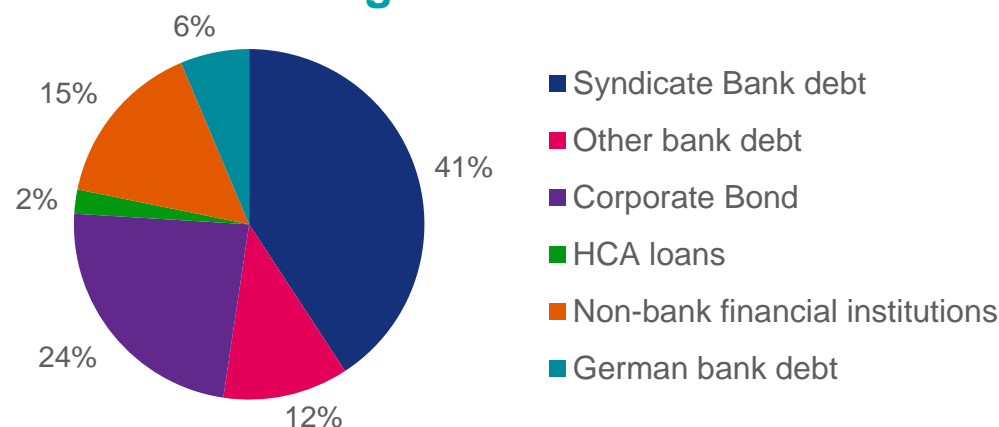
Debt position

Capital structure

- Syndicate refinancing in progress
- Reduction in average cost of debt (excl commitment fees) to 5.1% (FY14: 5.4%)
- Interest costs have benefitted from replacement swaps

	Pro forma HY15*	HY15	FY14
Net Debt	£1,089m	£1,042m	£1,044m
Consolidated Loan to Value	47.2%	46.0%	46.5%
Average maturity of drawn facilities	4.7 years	4.4 years	4.8 years
Headroom	£260m	£242m	£297m
Average cost of debt at period end**	5.1%	5.1%	5.4%

Diverse financing



* Pro forma at the period end to include impact of ERIL and Sovereign transactions

** Including costs but excluding commitment fees

JV & associates*

£187m equity invested in co-investment vehicles

	Units	Grainger share (%)	Gross assets £m	Grainger investment incl. loans £m	Return HY15 Annualised** £m	Return FY14 £m
GRIP	1,594	24.9%	516	89	12	21
Walworth	607	50%	183	55	5	16
Heitman	2,751	25%	201	16	1	3
Sovereign***	767	50%	55	14	2	4
Other investments			71	13	-	(2)
Total	5,719		1,026	187	20	42

* Further detail provided in appendices

** Return includes profit from venture, revaluation, management fees less costs and interest calculated on an annualised basis

*** Sovereign to be sold post period end realising a 14% IRR over life of investment.

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Operational update - agenda

1. Reversionary assets

- a. Our portfolio
- b. Chelsea Houses Portfolio acquisition – reversionary surplus and redevelopment opportunities

2. Private rented sector (market rent)

- a. Current portfolio
- b. Routes to market
- c. Pipeline

Reversionary assets

Portfolio size and valuation

- 7,395 units
- £1.5bn reversionary portfolio at market value
- £1.9bn at vacant possession value

Long term income and strong cash generation

- At current levels we estimate that our reversionary portfolio will generate over £120m of gross cash each year until 2030
- Realisation of £0.4bn (100p per share) reversionary surplus that is supplementary to our reported net assets*

Portfolio and asset characteristics

- Broad geographic spread
- Low average value
- Generally un-refurbished/un-modernised – attractive to buyers/investors
- Predictable reversion rates
- Excellent cash generation
- Highly liquid assets throughout economic cycles

** Relates to our wholly owned portfolio, excludes £82m (20p per share) of reversionary surplus in ventures.
Total reversionary surplus is therefore £0.5bn (120p per share).*

Chelsea Houses Portfolio

Reversionary assets

- 61 freehold tenanted residential properties with significant redevelopment opportunities
- Acquired in 2014 for £161m
- Strategy
 - **Acquire**
 - **Hold for the long term**
 - **Refurbish or redevelop**
 - **Sell**
- 17 vacant units in process of refurbishment or gaining consent for refurbishment, anticipated completion within next two years
- To date: one sold, two units undergoing internal refurbishments



First Street



Hasker Street



Ovington Street

The private rented sector

The opportunity

- Strong UK demographics for market rented homes
- Government support to grow rental market
- Opportunity to leverage our established brand and core competencies
- 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 creating, 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

Market rented assets

Current portfolio

Market rented assets	UK		Germany		Total	
	Units	Market value £m	Units	Market value £m	Units	Market value £m
Wholly owned assets	1,176	323	2,848	140	4,024	463
Co-investment vehicles	1,594	489	2,751	171	4,345	660
Total assets under management	2,770	812	5,599	311	8,369	1,123

Case study: Tabernacle St, London



Ownership: GRIP (JV)
Size: 15 units, c.£9m market value*

Asset strategy: Recent upgrade works and marketing strategy employed to capture higher value customer proposition.

Performance: New let rent increases after refurb of 31%

Case study: Winchester Park, London



Ownership: On balance sheet
Size: 93 units, c.£30m market value**

Asset strategy: good strategic location; strong capital growth; high levels of lettings demand; possible upgrade works to drive performance

Performance: Vacant possession value rose by c.40% in last two years***

Case study: Kimmerston Hse, London



Ownership: GRIP (JV)
Size: 38 units, c.£6.5m market value*

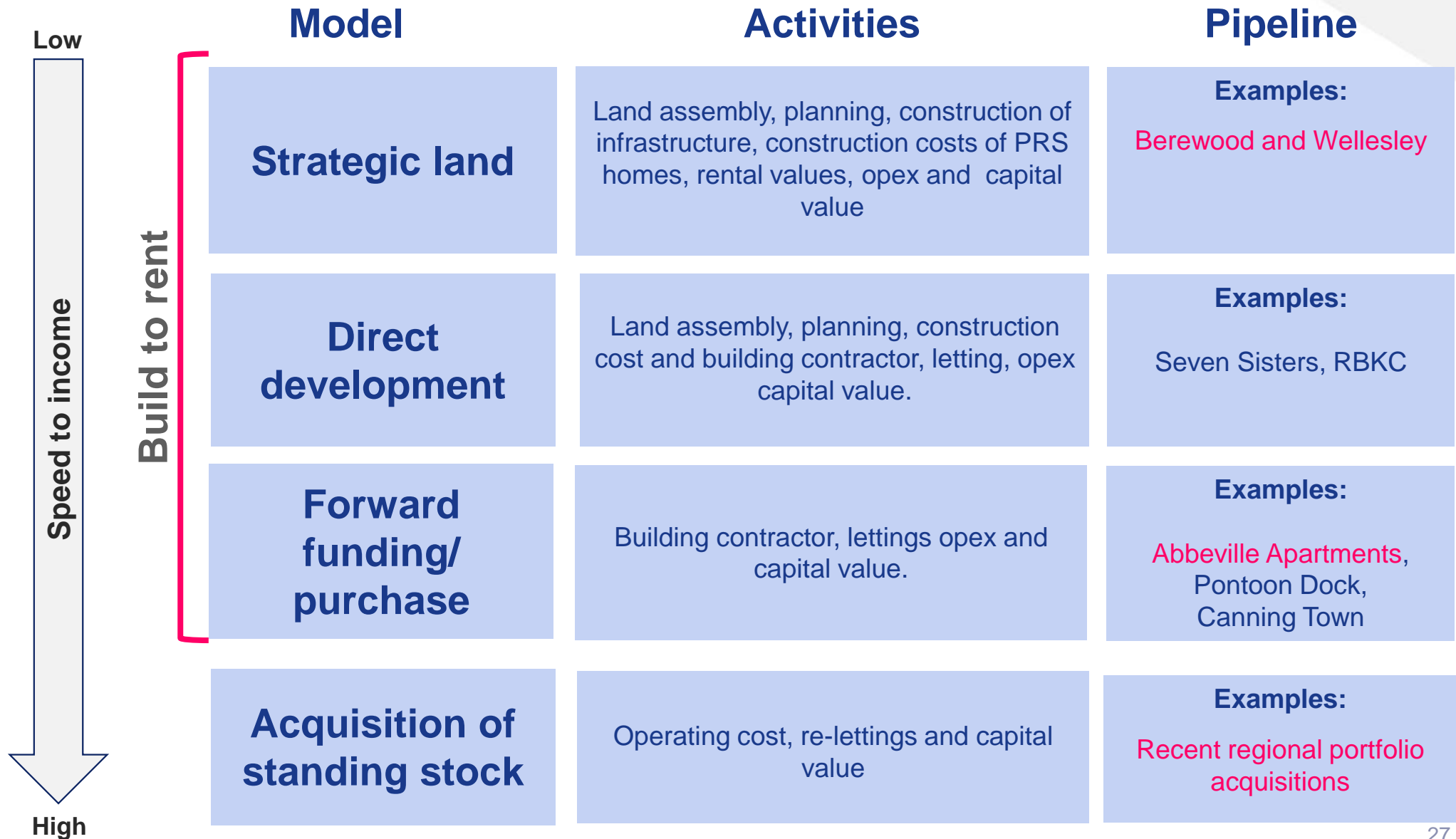
Asset strategy: Recent upgrade works, targeting week-only mid-career professionals.

Performance: New let rent increases after refurb of 32%

* As at 31 December 2014; ** As at 30 September 2014; *** From March 2013 to March 2015
HY Results 2015

Routes to market

Our delivery model in PRS



Build to rent & PRS pipeline

Secured pipeline of a further c.1,070 market rented units

c.40% growth in our total managed market rented portfolio in the UK, to total c.3,840 units

		<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

HY Results 2015



Young Street, RBKC



Canning Town

PRS pipeline reconciliation

c.2,020 units in our total PRS pipeline

(secured and in advanced stages)

Acquisitions	Units	Value £'m
Completed in six months to 31 March 2015		
Market rented - regions	250	18
Regulated tenancies & other - primarily regions	170	15
Total completed acquisitions	420	33
Contracts exchanged by 31 March 2015 To complete post period end		
Market rented - regions	570	55
Total completed and at contracts exchanged	990	87

Secured Pipeline Summary	Units
Market Rented - standing stock, regions	
Contracts exchanged for H2'15 completion*	570
Build to rent, partnerships and phases in large schemes	
London Road, Barking	100
RBKC	60
Berewood, Waterlooville and Wellesley, Aldershot	210
GRIP - Canning Town	130
Build to rent total	500

Secured Pipeline 1,070

Pipeline of Projects in Advanced Stages (Preferred Bidder / Detailed Appraisal)	Units
Partnership with Sigma Capital Group	150
Pontoon Dock with Bouygues and LPFA	140
Other	660
Total Pipeline of Projects in Advanced Stages	950

Secured Pipeline and Projects in Advanced Stages 2,020

* This figure is included in the 990 unit total in the left hand table.
HY Results 2015

Berewood and Wellesley

PRS on Strategic Land sites

- c.210 units on two phases at Berewood and Wellesley, Hampshire, South East of England
- Accelerating delivery
- Improving place making
- Maximising values
- Enhancing returns
- Berewood PRS Phase on balance sheet
- Wellesley PRS Phase to be owned in JV with MoD and managed by Grainger



Abbeville Apartments, Barking

- Acquisition completed post-period end
- 100 apartments will generate gross rent of c.£1.4m
- Completed ahead of schedule
- Designed for the rental customer
 - On-site management staff
 - Residents' lounge
 - Fitness Studio
 - Wifi from Day One
 - Only double bedrooms
 - Three year tenancies available, with inflation linked rental increases
- Great transport links
 - 5 min walk from the station
 - 25 min into the City and Canary Wharf

ABBEVILLE APARTMENTS. Barking.

1 - 2 - 3 BEDROOMS AVAILABLE

Flexible renting from £975pcm direct from one of the UK's leading professional landlords

Register your interest here:

www.abbevilleapartmentsbarking.co.uk

0207 940 9630

Homes to rent with Grainger.

PRS regional investment

During period: **c.250 units (completed)**

Post-period & secured: **c.570 units**

Post-period & in advanced stages: **c.150 units (Sigma)**

Case study: Acquisition of regional portfolios during and post-period end

- Tenanted portfolios consisting of £71m of market rented assets and £16m of reversionary assets
- Unbroken blocks or clusters of assets in concentrated areas
- Located across Cambridgeshire, Greater Manchester, Lancashire, Cheshire, Derbyshire, Merseyside and Nottinghamshire
- Est. annualised gross rent of £6m
- Market rented assets generating a gross yield of c.8%



**Spectrum building,
Liverpool**

Agenda

- 
1. Introduction *Andrew Cunningham*
2. UK housing market overview *Andrew Cunningham*
3. The Grainger portfolio *Andrew Cunningham*
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Summary and outlook

GROWTH IN VALUE

UK Portfolio
market valuation

3.8%

Nationwide
& Halifax

1.9%

UNDERLYING* STRENGTH

Gross
NAV

3.9%

NNNAV

1.7%

HIGHER MARGINS

Vacant sales above
Sept 14 values

6.6%

Margins on normal
sales up to

52.6%

(HY14: 48.4%)

BUILDING FOR THE FUTURE

Completed
acquisition of

c.420 units

Secured
PRS pipeline

c.1,070 units

* Gross NAV before legacy swap breaks and the one-off impairment associated with the previously announced Equity Release (Increments) Limited (ERIL) transaction which completed on 2 April. NNNAV before the impact of the ERIL transaction and the impact of adverse derivative movements.

Thank you

Appendices

Portfolio summary (wholly owned)

	No. of units	Market Value £m	VP Value £m	Reversionary surplus £m	IV/VP %	Gross rent £m	Gross sales proceeds £m	Profit on sale £m
Reversionary Assets								
Regulated	3,750	1,105	1,414	309	78%	14	2	-
Vacant	298	67	67	-	100%	-	47	28
RS Reversion	2,555	241	350	109	69%	1	15	7
CHARM	792	102	102	-	100%	-	3	-
	7,395	1,515	1,933	418	78%	15	67	35
Development*								
		88	88	-	100%	-	27	9
Total	7,395	1,603	2,021	418	79%	15	94	44
Market Rented Assets								
Germany	2,848	140	140	-	100%	5	1	-
AST	787	165	182	17	91%	3	-	-
Tricomm (MOD)	317	110	110	-	100%	4	-	-
Other	72	48	64	16	75%	1	2	1
Market Rented Total	4,024	463	496	33	93%	13	3	1
Overall Total	11,419	2,066	2,517	451	82%	28	97	45
Total at 30 September 2014	11,315	2,048	2,503	455	82%			
Total at 31 March 2014						28	171	43
Assets under management								
UK	14,008							
Germany	5,599							
Total AUM	19,607							

Portfolio summary by division

£m	HY 2015		FY 2014	
	Vacant Possession Value	Market value	Vacant Possession Value	Market value
UK Residential Retirement Solutions Portfolio	1,824	1,482	1,793	1,448
Development Portfolio	465	355	454	345
UK Joint Ventures and Associates*	88	88	107	107
German Portfolios*	286	237	281	233
	183	183	195	195
Total	2,846	2,345	2,830	2,328

Asset performance

	HY 2015		FY 2014	
	Vacant Possession Value	Market Value	Vacant Possession Value	Market Value
HPI (Nationwide and Halifax)	1.9%		9.5%	
Grainger's UK Residential portfolio	1.8%	2.7%	14.6%	15.9%
Grainger's Retirement Solutions portfolio	4.3%	8.4%	6.0%	9.4%
Grainger's combined UK portfolio	2.3%	3.8%	12.0%	14.6%

* Includes our share of assets in Joint Ventures/Associates
HY Results 2015

Asset overview

JV & Associates

	Joint Ventures					Associates			
	Prague/ Zizkov	Hammersmith	Curzon Park	Sovereign	Walworth	Heitman	GRIP	G:Res	Total
£m									
Property assets	22	6	35	48	175	171	498	-	955
Other assets	2	-	-	7	8	30	18	6	71
Total assets	24	6	35	55	183	201	516	6	1,026
External debt	(7)	-	(4)	(23)	(60)	(105)	(155)	-	(354)
Loans to/(from) Grainger	2	(11)	(21)	1	(14)	-	(127)	-	(170)
Other liabilities	(17)	4	(19)	(4)	(14)	(32)	(4)	-	(86)
Total liabilities	(22)	(7)	(44)	(26)	(88)	(137)	(286)	-	(610)
Net assets	2	(1)	(9)	29	95	64	230	6	416
Grainger share	50%	50%	50%	50%	50%	25.00%	24.9%	26.2%	
Grainger share £m	1	-	(4)	15	48	16	57	2	135
Loans net of provisions	(1)	5	10	(1)	7	-	32	-	52
Total Grainger investment	-	5	6	14	55	16	89	2	187
Vacant possession value				88	201	237	567	-	1,093
Reversionary surplus				33	25		78		136
Grainger share of reversionary surplus				16	13		19		48

German portfolio

Our focus:

- Investing in our platform – people, processes and systems
- Major refurbishment programme on some of our wholly owned assets
- We continue to review our wholly owned assets and will thereafter consider moving them into a joint venture in the future.



Wholly owned, excl Heitman Germany		No of Units	Market value £m	% of market value
1	Baden – Württemberg	209	14	10%
2	Hesse	1,066	59	42%
3	Northrhine – Westphalia	1,157	44	31%
4	Bavaria	73	3	2%
5	Lower Saxony	58	3	2%
6	Rhineland – Palatinate	221	12	9%
7	Other	64	5	4%
Total		2,848	140	100%

Heitman co-investment vehicle Germany		No of Units	Market value £m	% of market value
1	Baden – Württemberg	1,050	67	39%
2	Hesse	-	-	0%
3	Northrhine – Westphalia	418	22	13%
4	Bavaria	325	44	25%
5	Lower Saxony	637	23	14%
6	Rhineland – Palatinate	-	-	0%
7	Other	321	15	9%
Total		2,751	171	100%

Profit summary

	HY 2015	HY 2014
	£m	£m
Profit on sale of assets*	45.1	42.8
Net rents	19.0	19.5
Management fees	4.4	5.1
CHARM	4.6	4.9
Overheads and other expenses	(17.6)	(17.7)
Operating profit**	55.5	54.6
Finance costs, net	(30.6)	(30.2)
JV's and associates	1.3	(1.3)
Recurring profit before tax	26.2	23.1
Valuation movements	11.5	24.2
Derivative movements	(9.0)	4.9
Non-recurring items	(19.6)	(2.4)
Profit before tax	9.1	49.8
Tax	(2.7)	(4.6)
Profit after tax	6.4	45.2

* Includes tenanted sales

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

	HY 2015	HY 2014
	£m	£m
Non-Recurring		
Profit on disposal of subsidiary/JV	-	0.8
ERIL - impairment of receivable	(11.4)	-
ERIL – impairment due to mark to market debt adjustment	(6.8)	-
Other non-recurring costs	(1.4)	(3.2)
	(19.6)	(2.4)

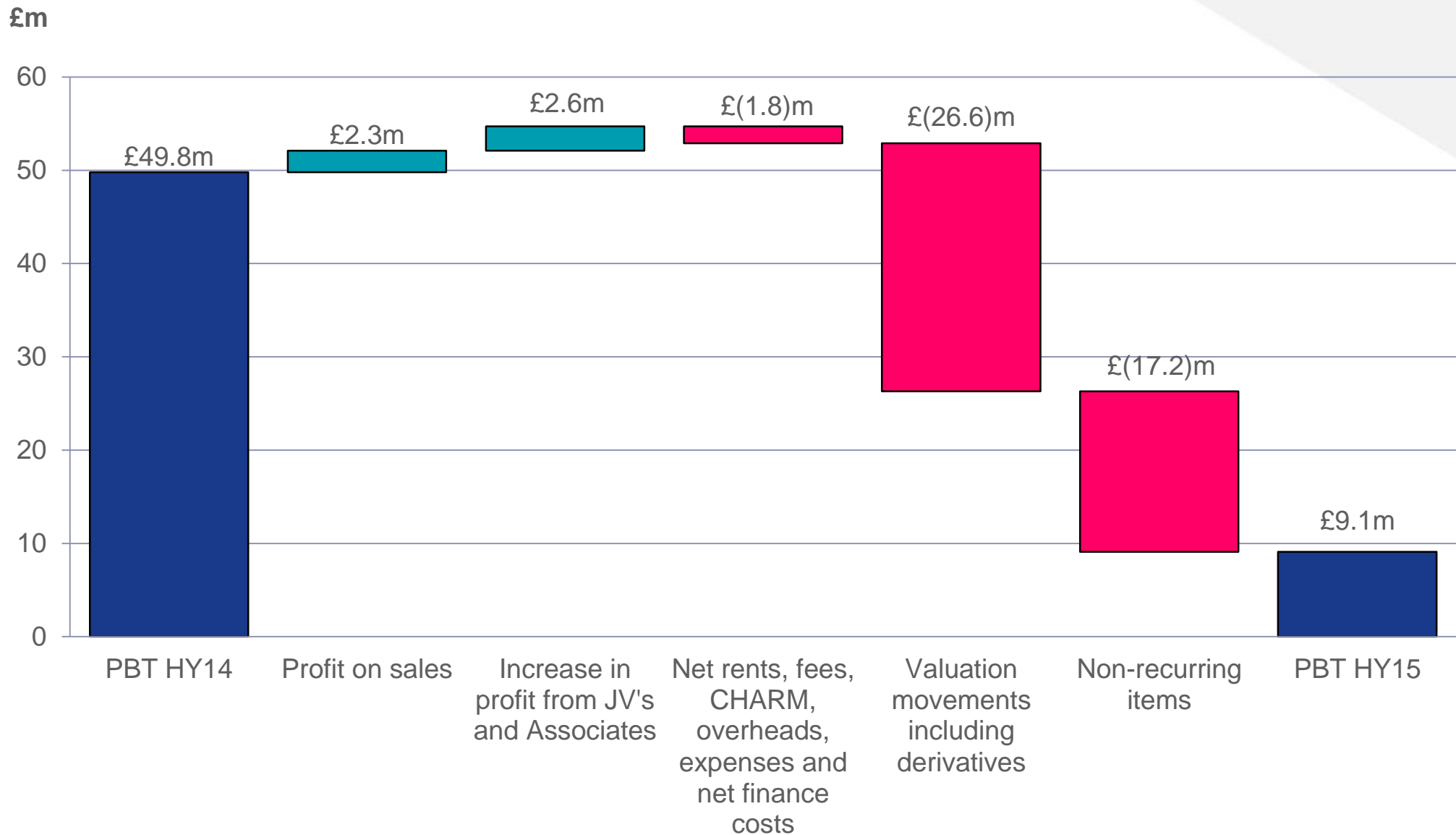
Property sales and profits

	HY 2015			HY 2014		
	No. of units	Gross sales value (£m)	Profit (£m)	No. of units	Gross sales value (£m)	Profit (£m)
Trading sales on vacancy						
UK Residential	152	47.4	27.6	149	35.8	19.2
Retirement Solutions	138	18.1	6.9	187	21.8	8.7
	290	65.5	34.5	336	57.6	27.9
Tenanted and other sales	17	3.9	1.9	1,322	99.3	14.2
Residential Total	307	69.4	36.4	1,658	156.9	42.1
Development	-	27.0	8.6	-	2.9	1.0
UK Total	307	96.4	45.0	1,658	159.8	43.1
Germany	13	0.7	0.1	171	14.0	(0.3)
Overall Total	320	97.1	45.1	1,829	173.8	42.8
Deduct: Sales of CHARM properties	(26)	(3.1)	(0.1)	(32)	(2.8)	(0.1)
Statutory sales and profit	294	94.0	45.0	1,797	171.0	42.7

Regular, resilient cashflows

£m	HY 2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross rents										
UK Residential	22	44	51	58	51	39	41	42	39	47
Retirement Solutions	1	2	4	5	5	6	6	6	2	-
Development	-	-	-	-	-	1	1	1	2	1
Germany	5	11	16	27	30	30	30	22	10	5
Total	28	57	71	90	86	76	78	71	53	53
Property Sales net of sales fees										
UK Residential	50	94	260	172	148	118	139	137	125	124
Retirement Solutions	18	92	55	38	27	29	27	27	19	12
Development	27	32	15	18	22	19	46	10	39	56
Germany	1	15	17	24	21	4	3	2	2	1
Total	96	233	347	252	218	170	215	176	185	193
Fees/other income	4	13	13	11	8	7	7	9	6	3
Overall Total	128	303	431	353	312	253	300	256	244	249

Movement in PBT



NAV measures reconciliation*

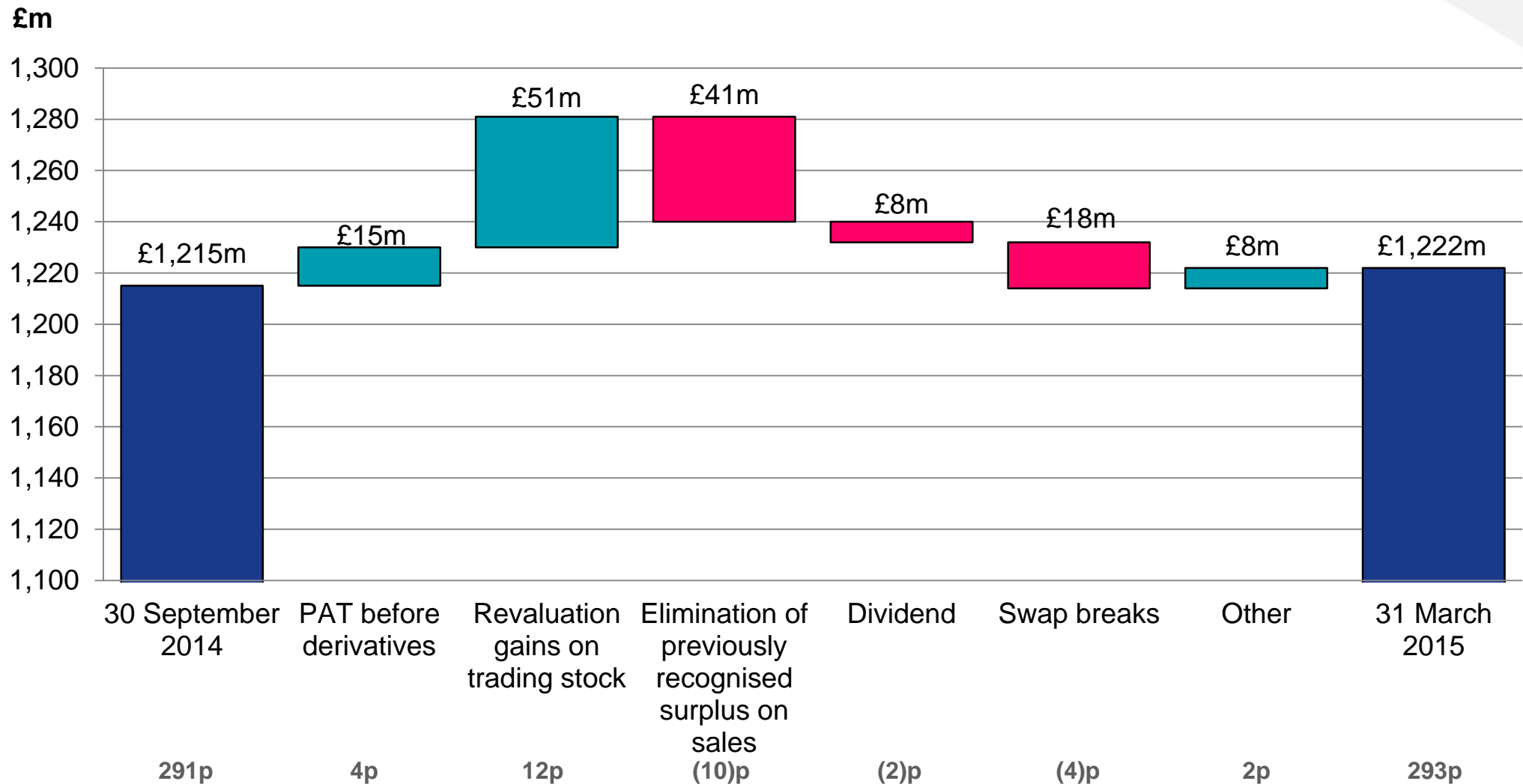
	Statutory Balance Sheet	Market Value Adjustments	Market value Balance Sheet	Add back Def Tax on property	Add back Fair value of derivative financial instruments	Gross NAV	Adj IAS 39 re fixed rate loan and derivative financial instruments	Deferred and Contingent Tax	NNNAV Balance Sheet	Grainger NAV Adjustments	Grainger NNNAV **
Investment Property	328.6		328.6			328.6			328.6		328.6
CHARM	102.2		102.2			102.2			102.2		102.2
Trading stock	1,019.1	607.6	1,626.7			1,626.7			1,626.7	228.8	1,855.5
JV/Associates	172.6	(3.6)	168.9	10.4	1.1	180.5	(1.1)	(10.4)	168.9		168.9
Cash	113.3		113.3			113.3			113.3		113.3
Deferred tax	12.6		12.6		(7.8)	4.7	15.6		20.3		20.3
Held-for-sale assets	22.1	4.2	26.4	0.8	0.1	27.3	(0.1)	(0.8)	26.4		26.4
Other assets	51.7	10.7	62.4		(2.9)	59.6	2.9		62.4		62.4
Total assets	1,822.2	618.9	2,441.0	11.3	(9.5)	2,442.9	17.2	(11.3)	2,448.8	228.8	2,677.6
External debt	(1,155.5)		(1,155.5)			(1,155.5)	(38.8)		(1,194.3)		(1,194.3)
Derivatives	(40.8)		(40.8)		40.8	-	(40.8)		(40.8)		(40.8)
Deferred tax	(27.3)		(27.3)	24.6		(2.7)		(146.1)	(148.8)	(45.8)	(194.5)
Other liabilities	(62.4)		(62.4)			(62.4)			(62.4)		(62.4)
Total liabilities	(1,286.0)	-	(1,286.0)	24.6	40.8	(1,220.6)	(79.6)	(146.1)	(1,446.3)	(45.8)	(1,492.0)
Net assets	536.2	618.9	1,155.0	35.9	31.3	1,222.3	(62.3)	(157.3)	1,002.5	183.0	1,185.5
Net assets per share pence	128.3	148.1	276.5	8.6	7.5	292.6	(14.9)	(37.7)	239.9	43.8	283.8
Shares	417,799,640										
Treasury/EBT Shares	5,177,282										

* Please note that the above table may not cast due to rounding.

**Grainger NNNAV calculated by discounting the reversionary surplus using (WACC), deducting tax at the prevailing rate

Movement in NAV

NAV up 2p per share since 30 September 2014

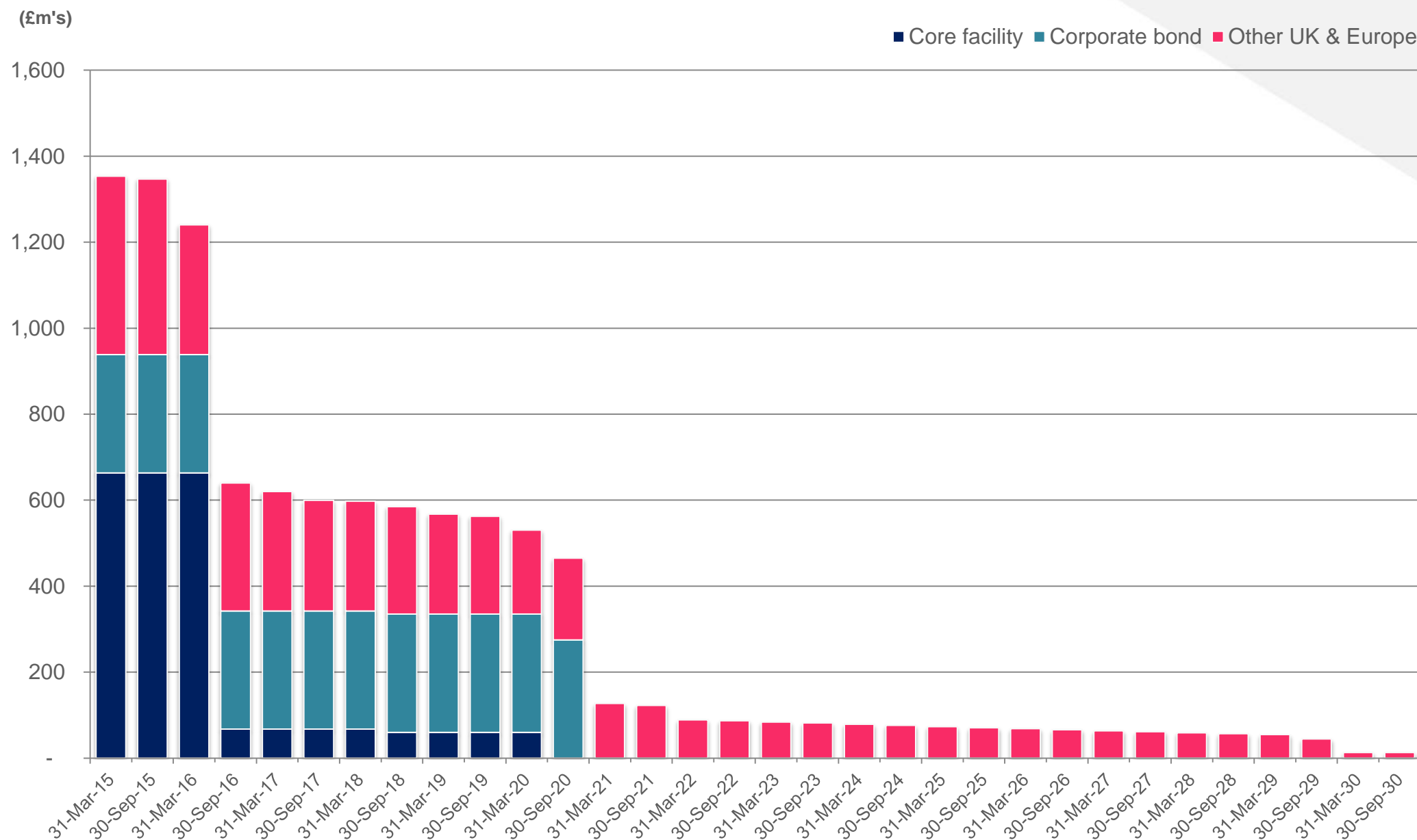


* Fair value of swaps added back including JVs & associates, deferred tax on swaps added back, and movement in hedging & translation reserves
HY Results 2015

Look through debt

	Group						3rd Party	Total	3rd Party	Group
Counterparty	Debt	Heitman	WIP	GRIP	Sovereign	Other	Debt	Debt	Share	Share
	(£m)	25%	50%	24.9%	50%	50%	(£m)	(£m)	(£m)	(£m)
- Syndicate	475							475		475
Corporate Bond	275							275		275
M&G	100							100		100
Core Total	850							850		850
Bilateral	135							135		135
HCA funding	25							25		25
Insurance Companies	81							81		81
Joint Ventures and Associates		106	60	157	23	12	358	358	(245)	113
Germany	74							74		74
Total Group Gross Debt	1,165	106	60	157	23	12	358	1,523	(245)	1,278
Cash	(113)							(113)		(113)
Finance Costs	(10)							(10)		(10)
Total Group Net Debt	1,042	106	60	157	23	12	358	1,400	(245)	1,155
Group Property and investment assets (IV)	2,267	201	183	516	55	71	1,026	3,293	(693)	2,600
Group LTV	46.0%						34.9%			44.4%
Core Property and investment assets (IV)	2,020									
Core facility LTV (at IV)	42.4%									
Core Property and investment assets (VP)	2,470									
Core facility LTV (at VP)	34.6%									

Facility maturity profile



- The Group has an overall tax charge of £2.7m for the period (2014: £4.6m), which relates to UK tax only.
- The net increase of £0.8m, from the expected charge of £1.9m, results from a prior period credit of £2.4m, a £0.9m reduction as tax on associates and joint ventures profit is included above the tax line in the Income Statement offset by non-deductible impairment charges and expenditure totalling £4.1m.
- The Group has made corporation tax payments totalling £1.7m in the period.
- The Group works in an open and transparent manner with the tax authorities. HM Revenue & Customs classes the group as a “low risk” taxpayer. The Group is committed to maintaining this status.

ERIL re-acquisition

- January 2014 sale to Clifden Holdings Limited ('CHL') with terms that included a £35m deferred consideration payment. Failure to pay prompted Grainger to exercise its security rights. This was done through appointment of administrators;
- The re-acquisition completed on 2 April 2015

ERIL re-acquisition & impact at 31 March 2015	£'m
2 April 2015 - re-acquisition	
Gross Assets	96.5
Loans	(65.2)
Other liabilities	(3.1)
Deferred tax	(2.1)
Net assets before mark to market on loans	26.1
Mark to market adjustment	(6.8)
Net assets after mark to market	19.3
Impairment at 31 March 2015	
Receivable	35.1
Net assets before mark to market on loans	26.1
Impairment before mark to market	(9.0)
Other costs	(2.4)
Impairment before mark to market	(11.4)
Impairment before mark to market p/share	-2.7p
Impairment post market to market	(18.2)

- Proforma net debt and LTV at 31 March 2015 including ERIL of £1,116m and 47.6% respectively.
- Grainger will benefit from ongoing gross proceeds (approaching £10m next year) and from the unwind of the reversionary surplus, currently valued at c.£60m.
- Prior year profit recognised of £10.6m; over the two years, the total loss on transaction amounts to £7.6m, or £0.8m before the debt mark to market adjustment.
- Grainger in conjunction with administrators of CHL, continue to investigate the affairs of both ERIL and CHL and is considering its options to recover additional value.

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