

Interim results

For the six months ended 31 March 2010

20 May 2010



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Highlights

- Operating profit up 16% to £48.0m (March 2009: £41.3m)
- Balance sheet reinforced by successful equity raise £250m (gross)
 - Undrawn committed facilities and cash of £300m
- Selective recommencement of acquisition programme
 - Total acquisition pipeline of £52m at 14 May 2010
- Portfolio liquidity demonstrated by level of pipeline sales:
 - Sales pipeline £108m (March 2009; £86m), £121m at 14 May 2010
 - Good sales values obtained; 6% above September vacant possession values
- Proposed acquisition of Sovereign Reversions plc to strengthen home reversions market position further
- Appointment of three executive directors which will strengthen the Board
- Interim dividend of 0.5p per share reflecting board's confidence



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Financial Results - Financial Summary

	<u>31 March 2010</u>	<u>Proforma post rights</u>	<u>Actual 30 September 2009</u>
Property and related assets (£m)	2,158	2,200	2,200
Gross NAV per share (p)	191	194	411
Grainger NAV per share (p) (basic)	173	177	360
LTV% (on core facility)	54%	54%	66%
Interest cover	3.1x		2.7x
	<u>31 March 2010</u>	<u>31 March 2009</u>	
Operating profit before valuation movements and non-recurring items (£m)		48.0	41.3
Dividends per share (p)		0.5p	-

Note: no revaluation of trading stock at 31 March 2010. Investment property and financial interests in property assets are subject to a directors' valuation



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Financial Results - Market Value Balance Sheet

	31 March <u>2010</u> £m	30 September <u>2009</u> £m
Before any deferred and contingent tax		
Property related assets		
- wholly owned	2,041	2,083
- JV/associates	117	117
Total property related assets	2,158	2,200
Other assets and cash	160	50
Gross assets	2,318	2,250
Debt	(1,434)	(1,577)
Other net liabilities	(89)	(103)
Net assets	795	570
Gross net asset value per share (p)	191p	411p
Proforma post rights issue		194p

Note: no revaluation of trading stock at 31 March 2010. Investment property and financial interest in property assets are subject to a directors' valuation



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Financial Results - market value of wholly owned assets

			31 March <u>2010</u>	30 September <u>2009</u>
	<u>Residential</u>	<u>Development</u>	<u>Total</u>	<u>Total</u>
£m				
UK	1,513	69	1,582	1,610
Germany	459	-	459	473
	1,972	69	2,041	2,083

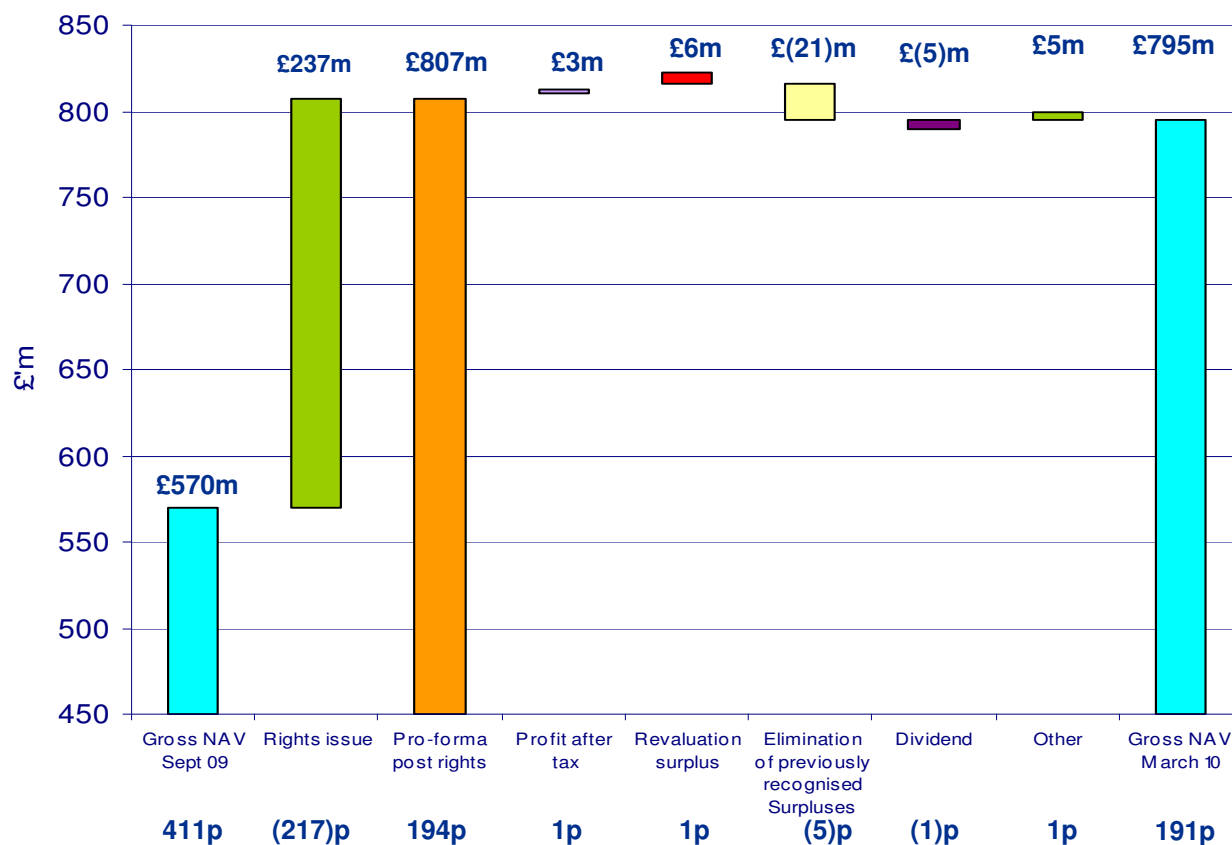
Trading stock is shown at 30 September 2009 values adjusted for sales and purchases in the period



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Financial Results - Movement in Gross NAV

- No revaluation of stock of 31 March 2010. Revaluation surplus arises from movement of properties into vacant with corresponding IV increase



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Financial Results - Net Asset Value Per Share

Pence per Share	31 March <u>2010</u>	Proforma post <u>rights issue</u>	Actual 30 September <u>2009</u>
Gross net asset value	191	194	411
Deduct:			
Mark to market adjustments	(21)	(20)	(61)
Deferred tax on revaluation surpluses (undiscounted)	(33)	(33)	(99)
NNNAV	137	141	251
Grainger NAV (base case)	173	177	360



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Financial Results – Property Income

£m	6 months ended 31 March					
	2010			2009		
	<u>Trading</u>	<u>Valuation and Non-recurring</u>	<u>Total</u>	<u>Trading</u>	<u>Valuation and Non-recurring</u>	<u>Total</u>
Net rents	27.0	-	27.0	27.5	-	27.5
Trading profit	28.6	-	28.6	24.2	-	24.2
Profit/(loss) on investment properties	0.4	-	0.4	(0.2)	-	(0.2)
Other income/interest income from property assets	6.3	-	6.3	5.3	-	5.3
NRV provision/write back	-	0.3	0.3	-	(10.2)	(10.2)
Revaluation	-	1.7	1.7	-	(19.6)	(19.6)
	62.3	2.0	64.3	56.8	(29.8)	27.0
Overhead costs	(14.3)	(2.0)	(16.3)	(15.5)	(1.1)	(16.6)
	48.0	-	48.0	41.3	(30.9)	10.4

Comments

Net rents:	Reduction reflects the lower rent in 2010 due to UK residential sales made during 2009
Revaluation:	UK portfolio £1.5m surplus; Germany £0.2m surplus – Investment property only and reflecting improvement in market conditions
Trading profit:	Increase of £9m in core and retirement solutions portfolios due to higher sales value and improvement in margins. Development £5m decrease as anticipated
Overheads:	Overall fall net of non-recurring costs reflects the cost reduction plans implemented in December 2008



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Financial Results – Pre-Tax Earnings

6 months ended 31 March						
£m	2010			2009		
	<u>Trading</u>	<u>Valuation and Non-recurring</u>	<u>Total</u>	<u>Trading</u>	<u>Valuation and Non-recurring</u>	<u>Total</u>
Property income	48.0	-	48.0	41.3	(30.9)	10.4
JV/associates	(1.4)	6.3	4.9	(2.1)	(20.4)	(22.5)
Goodwill impairment/provisions	-	(3.3)	(3.3)	-	(14.7)	(14.7)
Derivatives	-	(6.7)	(6.7)	-	(37.7)	(37.7)
Conversion of Bond	-	-	-	-	(31.1)	(31.1)
Profit/(loss) before interest and tax	46.6	(3.7)	42.9	39.2	(134.8)	(95.6)
Net interest	(40.3)	0.9	(39.4)	(42.3)	(5.1)	(47.4)
Profit/(loss) before tax	6.3	(2.8)	3.5	(3.1)	(139.9)	(143.0)

Comments

JV's/associates:	Revaluation movements in GenInvest and G:res
Derivatives:	SWAPs further “out of the money”
Conversion of bond:	One-off incentive payment relating to early bond conversion in 2009
Interest:	Lower net debt post rights and lower margin on debt



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Financial Results - Cashflow

£m	6 months ended	
	<u>March 2010</u>	<u>March 2009</u>
Income		
Rents and other income net of overheads	15	16
Property sales	97	78
Working capital movements	(5)	(7)
	107	87
Interest, tax and dividends	(42)	(64)
Net operating income	65	23
Loan movements including issue costs	(156)	34
Net proceeds from rights issue	237	-
Inducement cost on convertible bond	-	(31)
Available for property spend	146	26
Acquisitions/spend		
Total UK residential property	(34)	(12)
Development	(2)	(10)
Europe	-	-
Investment in JV/associates	(1)	(5)
Other	-	(1)
Total property spend	(37)	(28)
Cash movement	109	(2)



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Financial Results - Debt Analysis

£m	<u>31 March 2010</u>	<u>30 September 2009</u>
Gross debt	1,445	1,589
Cash	137	28
Net debt (before deducting costs)	1,308	1,561
Undrawn committed facilities and cash	300	171
Average maturity (years)	4.0	4.4
Hedging level	85%	92%
Blended interest rate	5.4%	5.5%
LTV (Group basis)	60%	71%
LTV based upon vacant possession values	48%	57%
LTV (core UK syndicate)	54%	66%

<u>Years</u>	<u>£m</u>	<u>%</u>
0-1	11	7
1-2	78	5
2-5	1,173	81
5>	183	13
	1,445	100



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Financial Results - UK Core Banking Facility – Covenant Compliance

- Interest cover
 - Net cashflow (sales, net rents, other income less costs, tax and dividends) to be 1.25 x interest cost
 - Position at March 2010 is 3.1x
 - Tested quarterly on a 12 monthly rolling basis
- Loan to value (“LTV”)
 - At 70% LTV, purchasing restrictions apply
 - At 80% LTV, potential default
 - Current LTV is 54%
 - Based on position at 31 March 2010, future fall of 32% in property values required to reach 80% level



The Market - UK Residential Market

- Nationwide and Halifax show annual increase of 9.0% and 5.2% from March 2009 to March 2010
- Mortgage approvals for house purchases in March 2010 were 48,900 – up 17% compared with March 2009, but significantly below ‘pre crisis’ normal levels
- Wide geographic and residential type variances:
 - London and South East performing strongly (54% of Grainger’s assets)
 - Grainger has virtually no exposure to certain speculative markets where there is still oversupply



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The Market - UK Residential

- Current conditions
 - Some evidence of market conditions easing since mid 2009, but house prices still fragile
 - Significant challenges facing broader UK economy
- Longer term prospects more favourable
 - Medium and long term prices supported by imbalance between supply and demand exacerbated by current low new build volumes
 - Historical strength of residential real estate prices (real house prices up by 274% compared to fall in real commercial property values of 55%: 50 year figures from IPD)



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The Market - UK Residential – Grainger's response

- Robust and liquid portfolio
- Relatively low average value, generally un-modernised properties provide stable floor with greater reversionary potential
- Properties bought at discount to vacant possession and held for the long term which mitigates against price volatility



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The Market - UK Residential – Recent Acquisitions



- Charles Allen House;
14 properties £3.8m



- Apostles Portfolio; 16 properties £3.9m



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The Market - UK Residential – Recent Acquisitions



- Paignton Portfolio; 235 properties £17.2m (including 73 garages)



- Harley House; 3 properties £4.5m



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The Market - UK Residential – Recent Acquisitions



- Clapham Common North side;
8 properties £2.8m



- Hazel House, Gloucestershire; £190K



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Portfolio Overview - Portfolio Analysis - Wholly Owned

	No of units	Gross Market Value £m	Vacant Possession Value £m	Reversionary Surplus £m	VP%
Regulated	6,171	851	1,169	318	73%
Assured shorthold	584	94	108	14	87%
Vacant	246	47	47	-	100%
Other	50	47	63	16	75%
Uk Residential	7,051	1,039	1,387	348	
Retirement Solutions	5,997	474	694	220	68%
UK - total residential	13,048	1,513	2,081	568	
UK - development	-	69	69	-	
Total UK	13,048	1,582	2,150	568	
German portfolio	7,189	459			
Total	20,237	2,041			

- Reversionary surplus on Grainger's wholly owned portfolio £568m (September 2009: £570m)



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Portfolio Overview – UK Residential - Characteristics

Gross Asset Value £1,039m

- Portfolio acquired at discount to vacant possession value, reversionary surplus £348m
- Primarily regulated properties or vacant ex-regulateds (86% by value)
- Diverse portfolio assembled over a number of years; actively managed with high latent value
- High levels of demand with relatively low average value £189K (Halifax average £168K)
- Liquid portfolio – there is always a market clearing price for a house
- High margins on sale offer price flexibility – only selling 8-9% of portfolio per annum
- Geographic spread mitigates against cluster risk, but 54% by value in London and South East
- Portfolio generates unique long term cashflows



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Portfolio Overview – Retirement Solutions - Characteristics

Gross Asset Value £474m

- Grainger is market leader with a 26% market share (Source: quarter to March 2010 figures from SHIP) through our various marketing initiatives
- Winner of Home Reversions Provider of the Year for the fourth consecutive year
- Core skills in distribution and product innovation
- Strong market position and Grainger's established infrastructure in management and development allow us to investigate other potential sectors of retirement market
- Portfolio is sufficiently mature to be cash generative (vacancy rate c.4%)
- Post balance sheet: proposed acquisition of Sovereign Reversions at £2.02 per share (c. £34.2m); portfolio value 31 October 2009 £63.7m (at April 30 valuation) to strengthen further our market position



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Portfolio Overview - Fund Management and Residential Investments - Grainger Investment Value £102m

- Major co-investment vehicle is G:res1; Grainger has £26m equity (21.63%)
- Property and asset advisor to Schroders ResPUT: Grainger equity £1m (21.8%); liquidation strategy in progress
- Grainger GenInvest: 50/50 JV with Genesis; Grainger equity including loans £75m
- Property and asset management activities produce £5m of fee income on annualised basis
- Scaleable platform established



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Portfolio Overview - Property and Asset Management Services

- Provides unique perspective of owner/manager
- Combines long term asset management, day to day property management and specialist sales and acquisitions teams on nationwide basis
- Provides services to JV's/associates as well as owned portfolio (total 36,524 units of which 19,669 are in Germany)
- Operates from six UK offices with over 100 dedicated property management staff
- At forefront of professionalism of residential property management with consistent standards in terms of quality of service and tenant care – investing for the future
- Clear market leader with scaleable and marketable model



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Portfolio Overview - Development - Summary

- Balance sheet value at end March £69m
- Expected end development value:
 - with planning consent £442m
 - without planning consent £136m

£578m
- Committed spend up to 2013 of only £10m (of which £6m in remainder of 2010)
- Focus on residential led schemes, often with partners and intention for build to let if circumstances are favourable
- Sales proceeds of £7.3m this half year from Hornsey Road development, with only eight units remaining



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Portfolio Overview - Strategy for Germany

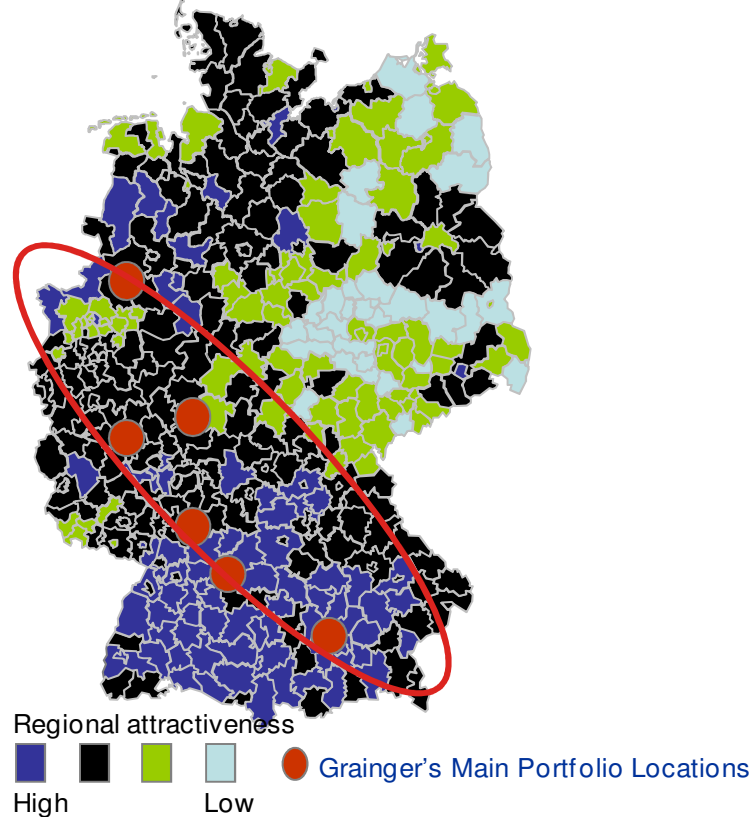
Grainger strategy

- Focus on areas where population growth is predicted to be highest
- Portfolio has been built on property characteristics through smaller lot sizes
- Potential for long term capital growth
- Medium term aim remains to attract third party equity to apply co-investing fund management model
- Grainger's reputation as a professional landlord with experienced and well-established local platform differentiates us from financial purchasers



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German Portfolio Overview Portfolio Concentration and Assessment



Source: Berlin Institute – The Demographic State of Nation (2006).
Note: Based on economic development, population and recreational opportunities.

Key Portfolio Statistics

- Middle-quality multi-family housing
- Book value of assets: €514m (£459m)
- Gross rental income: €17.6m⁽¹⁾ (£15.7m)
- Total number of units: 7,189
 - Residential units: 6,812
 - Commercial units: 377
- Total area: 482,489 sqm
- Gross rent per sqm per month: €6.31
- Vacancy 5.13% (available for re-letting)
- Gross rental yield: 6.84%⁽¹⁾

Note: As of 31 March 2010 (1)



Strategy – Group

- Take advantage of attractively priced opportunities in core business areas
- Strong and scaleable operating platform to diversify income streams and further reinforce market position
- Unique brand as long term holder, asset manager, manager, trader and developer of residential property
- Leverage operational platform, balance sheet and build on reputation as one of the UK's leading integrated residential co-investor, developer, operating company and fund manager



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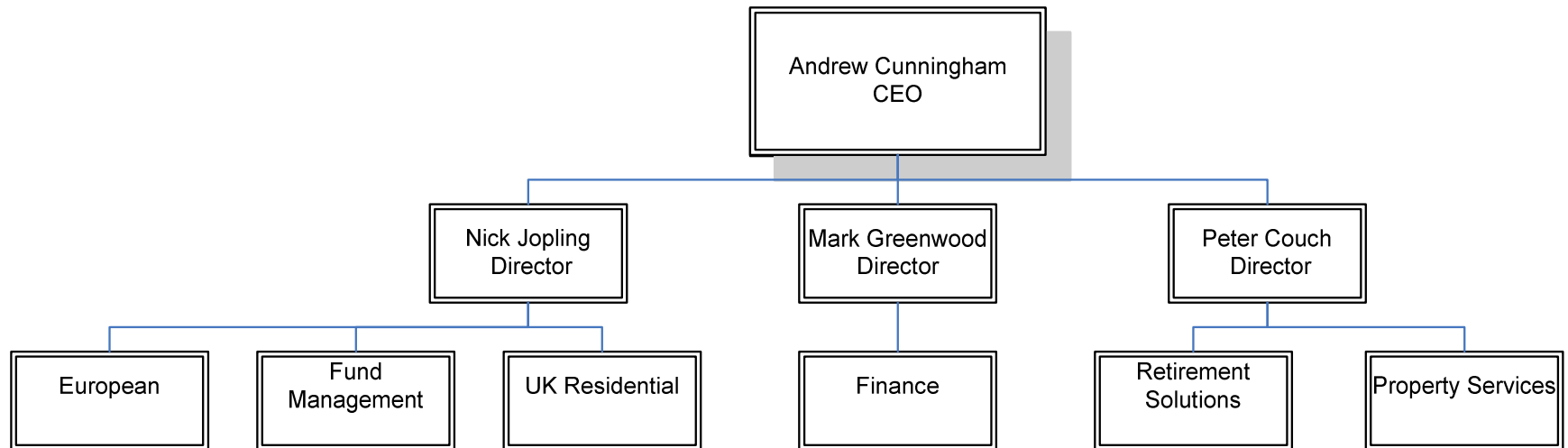
Outlook

- Highly experienced and soon to be further strengthened management team which has operated through many cycles
- Long term HPI expectations – although cautious in the immediate term
- Unique portfolio and diversification of income streams
- Market leading infrastructure
- Strong stakeholder and market reputation
- Proven ability to work with co-investors and partners
- Political and economic imperative: establishment of long term, large scale professionally managed residential investment sector



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Management Structure



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Appendices



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Appendices - Detailed Profit and Loss Account (Management Basis)

	31 March 2010				31 March 2009			
	Total UK Residential Property £m	Development £m	European Residential £m	Total £m	Total UK Residential Property £m	Development £m	European Residential £m	Total £m
Gross rents/other income	24.7	0.5	15.9	41.1	26.5	0.7	15.4	42.6
Property expenses	(5.8)	(0.1)	(5.2)	(11.1)	(5.9)	-	(5.4)	(11.3)
	18.9	0.4	10.7	30.0	20.6	0.7	10.0	31.3
Trading profits	27.1	1.4	0.1	28.6	18.6	5.6	-	24.2
Profit/(loss) on sale of fixed assets	0.8	-	0.1	0.9	-	-	(0.1)	(0.1)
Interest income from financial assets	1.5	-	-	1.5	1.5	-	-	1.5
	29.4	1.4	0.2	31.0	20.1	5.6	(0.1)	25.6
Direct overheads	(7.5)	(0.5)	(1.9)	(9.9)	(8.0)	(1.4)	(2.9)	(12.3)
Operating contributions	40.8	1.3	9.0	51.1	32.7	4.9	7.0	44.6
NRV provision trading stock	0.3	-	-	0.3	(5.2)	(5.0)	-	(10.2)
Other charges				(0.1)				-
Administrative expenses				(6.4)				(4.3)
				44.9				30.1
JVs/associates	6.0	(0.2)	(0.2)	5.6	(22.0)	(0.5)		(22.5)
Net interest payable				(39.4)				(47.4)
				11.1				(39.8)
Goodwill impairment				-	(0.5)	-	(0.4)	(0.9)
Inducement costs				-				(31.1)
Derivative fair value movements				(6.7)				(37.7)
Asset revaluation	1.5	-	0.2	1.7	(18.0)	-	(1.6)	(19.6)
CHARM revaluation movement	0.7	-	-	0.7	(0.1)	-	-	(0.1)
Impairment provisions on loans				(3.3)				(13.8)
Profit/(loss) before tax				3.5				(143.0)



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Appendices - Detailed Total UK Residential Property Profit and Loss Account (Management Basis)

Six months to 31 March 2010 (£m)

	<u>UK Residential</u>	<u>Retirement Solutions</u>	<u>Fund Management/ Residential Investments</u>	<u>Property Services</u>	<u>Total UK Residential Property</u>
Gross rents/other income	19.2	2.7	2.5	0.3	24.7
Property expenses	(4.9)	(0.7)	-	(0.2)	(5.8)
	14.3	2.0	2.5	0.1	18.9
Trading Profits	21.9	5.2	-	-	27.1
Profit on sale of fixed assets	0.3	0.5	-	-	0.8
Interest income from financial assets	-	1.5	-	-	1.5
	22.2	7.2	-	-	29.4
	36.5	9.2	2.5	0.1	48.3
Direct overheads/internal recharges	(4.3)	(1.4)	(2.0)	0.2	(7.5)
Operating contributions	32.2	7.8	0.5	0.3	40.8



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Appendices – Detailed Profit and Loss Account (Statutory Basis)

31 March 2010

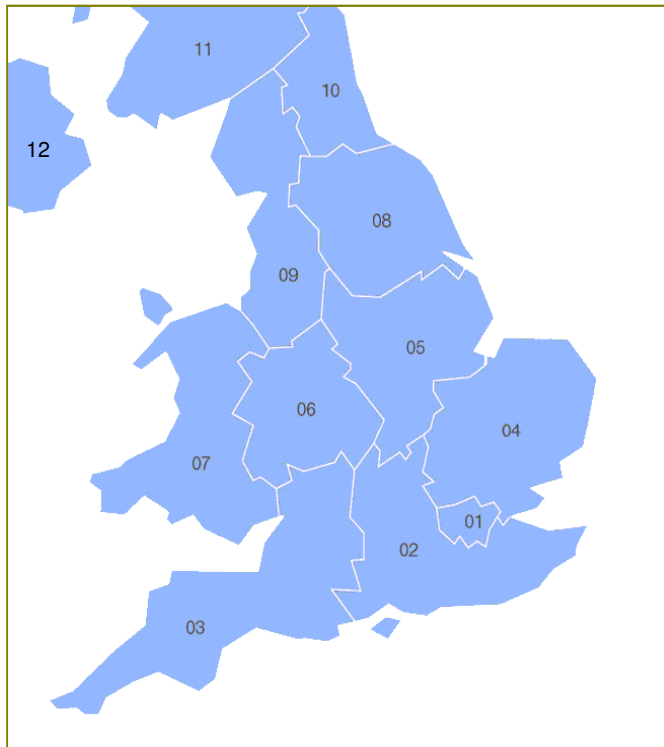
Segment revenue and result £m

	UK residential	Retirement solutions	Property services	Fund management/ residential investments	Development	European residential	All other segments	Total
Revenue - property	58.8	11.3	-	-	9.7	0.7	-	80.5
- rents/other	19.3	2.7	0.3	2.5	0.5	20.5	-	45.8
Total Group revenue	78.1	14.0	0.3	2.5	10.2	21.2	-	126.3
Net rents	9.7	2.0	(0.1)	-	0.4	8.6	-	20.6
Trading profit	20.0	4.1	-	-	0.9	0.1	-	25.1
Other	2.5	2.4	0.4	1.2	-	0.3	(4.5)	2.3
Operating profit/(loss) before net valuation gains on investment	32.2	8.5	0.3	1.2	1.3	9.0	(4.5)	48.0
Net interest payable								(40.3)
Share of trading loss of joint ventures and associates after tax								(1.4)
Trading profit before tax								6.3
Reversal of write down of inventories to net realisable value								0.3
Net valuation gains on investment properties								1.7
Change in fair value of derivatives								(6.7)
Provision for impairment of loans receivable net of write backs								(3.3)
Share of valuation surplus of joint ventures and associates after tax								6.3
Other non-recurring items								(1.1)
Profit before tax								3.5



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Appendices - Portfolio Overview - UK Portfolio Location



		Number of units	Investment Value		Vacant Possession Value	
			£m	%	£m	%
01	Central London	533	179	12%	241	12%
01	Inner London	1,090	233	15%	304	15%
01	Outer London	1,189	167	11%	233	11%
02	South East	2,252	246	16%	343	16%
03	South West	1,531	142	9%	193	9%
04	East	1,402	129	9%	179	9%
05	East Midlands	856	69	5%	97	5%
06	West Midlands	1,050	113	7%	155	7%
07	Wales	183	14	1%	22	1%
08	Yorkshire	787	59	4%	85	4%
09	North West	1,476	110	8%	157	8%
10	North East	395	34	2%	46	2%
11	Scotland	290	17	1%	24	1%
12	Northern Ireland	14	1	0%	2	0%
		13,048	1,513	100%	2,081	100%

- 54% (by value) of our properties in London and South East – forecast future high growth areas
- (N.B: analysis excludes ground rents, garages and other property or our share of joint venture assets)



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Appendices – Total UK Residential Property – Sales and Acquisitions Summary

Sales				Acquisitions	
Number	Proceeds £m	Profit £m		Number	Cost £m
288	44	18	Regulated	87	10
17	4	0	Assured	116	17
138	16	6	Retirement Solutions	35	3
-	15	4	Other	7	2
443	79	28		245	32

* Retirement solutions acquisitions include circa £0.5m of expenditure on increments



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Appendices - Portfolio Overview – Portfolio Analysis - JV's and associates

	<u>No of units</u>	<u>Gross Market Value £m</u>	<u>Gross Vacant Possession Value £m</u>	<u>Grainger Share %</u>	<u>Grainger Equity £m</u>	<u>Grainger Share of Reversionary Surplus £m</u>
G:res1	2,029	352	399	21.6%	26	10
Schroders	35	3	4	21.8%	1	-
GenInvest	1,507	282	351	50.0%	(8)	35
Total	3,571	637	754		19	45

- Grainger's share of reversionary surplus £45m (30 September 2009: £47m)



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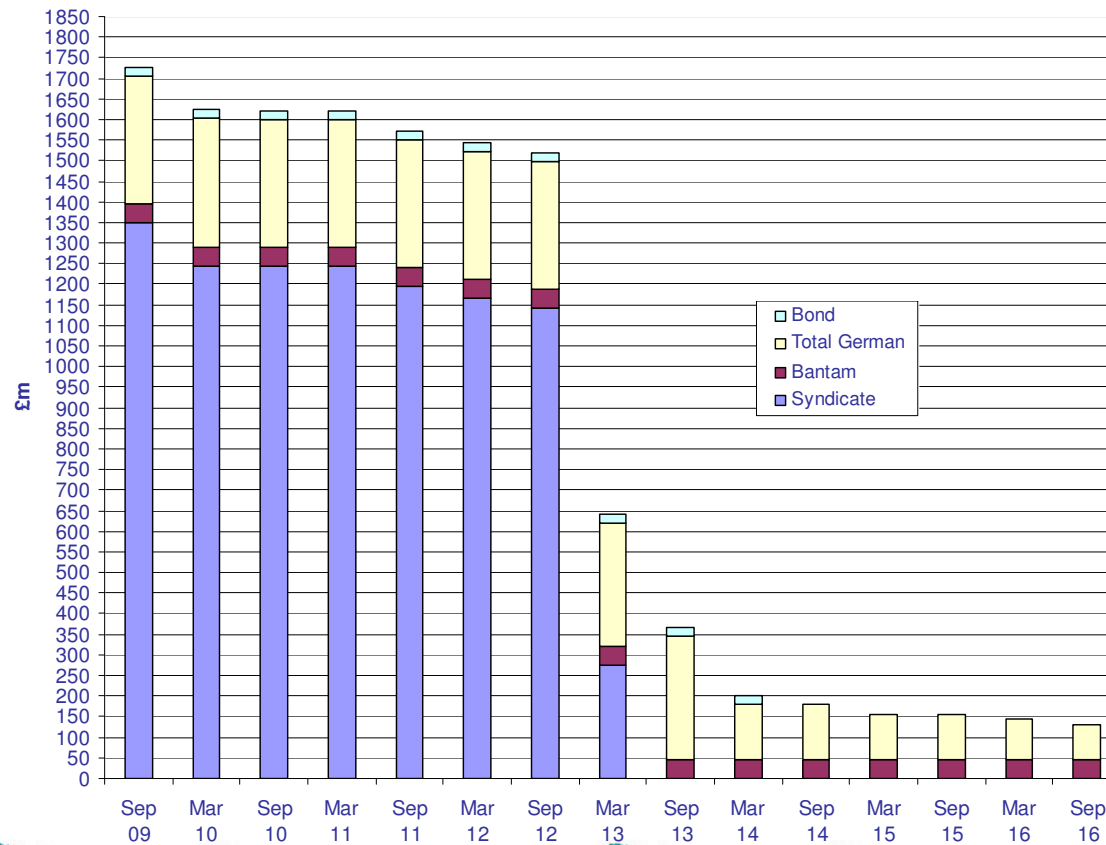
Appendices - Portfolio Overview - Analysis of JV's and associates

			Gross	Liabilities/	Net	Grainger	Grainger			Total
			Assets	Debt	Assets	Share	Share	Goodwill	Loan	Grainger
			£m	£m	£m	%	£m	£m	£m	Investment
										£m
UK	- Residential									
	G:res1	Associate	378	(256)	122	21.6%	26	-	-	26
	Schroder	Associate	5	-	5	21.8%	1	-	-	1
	GenInvest	JV	292	(308)	(17)	50.0%	(8)	-	83	75
UK Residential Total			675	(565)	110		19		83	102
UK	- Development									
	Curzon Park	JV	37	(41)	(4)	50.0%	(2)	-	2	-
	Hammersmith	JV	-	-	-	50.0%	-	-	2	2
Europe-Gebau			1	-	1	50.0%	-	3	-	3
Europe - Prague/Zizkov			28	(23)	5	50.0%	2	-	6	8
Total 31 March 2010 balance sheet			741	(629)	112		19	3	93	115
Total 30 September 2009 balance sheet			761	(627)	134		23	3	88	114



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Appendices – Financial Results – Debt maturity profile



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Appendices - Portfolio Overview – Development - Status of Major Projects

<u>Project</u>	<u>Description</u>	<u>Status</u>	<u>With planning permission £m</u>	<u>Without planning permission £m</u>
Newlands	100,000 sq. m commercial, 1,550 new homes & 1,000 reserve	Planning consent granted, but master plan for the site is being revised in conjunction with the local council to optimise project returns.	167*	-
Macaulay Road Clapham	97 residential units, 30,000 sq. ft retail	Consent granted and demolition complete. Looking to revise planning consent to optimise project returns	50	-
Wards Corner	197 residential units with a range of retail units, including provision for the Seven Sisters market.	Resolution to grant planning permission achieved 17 November 2008, planning consent is subject to judicial review process.	70	-
Gateshead College	252 residential units	Planning appeal awarded in favour of Grainger in July 2009	7*	-
Newbury	330 residential units, 50,000 sq. ft retail	Preferred developer status, undertaking revised viability assessment following changes in market conditions	-	-
Curzon Park	Mixed use joint venture with Development Securities including 400,000 sq. ft residential, 800,000 sq. ft office, 20,000 sq. ft retail, 118 bed hotel	Outline planning consent granted. Impact of HS Rail Network being evaluated	140	-
Hammersmith	Mixed use joint venture with Helical Bar including 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.	Awarded scheme with Helical Bar as JV partner. Working up a scheme in preparation for submission of a planning application in July 2010.	-	91
Other			8	45
Total			442	136

*Land/site value shown



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Appendices - Grainger NAV – Sensitivity Analysis

Without discounting tax

		Discount rate		
		8.69%	7.0%	5.69%
HPI	0%	173p	180p	187p
	2%	182p	192p	200p
	4%	194p	206p	217p
	5%	201p	214p	227p
	6%	209p	224p	238p

Note

- Grainger NAV brings in the present taxed value of reversionary surpluses in our long term portfolio
- Grainger WACC:5.69%
- Full sensitivity available on Grainger website: graingerplc.co.uk

Discounting tax

		Discount rate		
		8.69%	7.0%	5.69%
HPI	0%	193p	198p	203p
	2%	203p	210p	216p
	4%	215p	224p	233p
	5%	222p	233p	243p
	6%	229p	242p	254p



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Appendices - Glossary of Terms

Property	
Assured periodic tenancy ("APT")	Market rented tenancy arising from succession from regulated. Tenant has security of tenure.
Assured shorthold tenancy ("AST")	Market rented tenancy where landlord may obtain possession if appropriate notice served.
Assured tenancy ("AT")	Market rented tenancy where tenant has right to renew.
Investment value ("IV")	Open market value of a property subject to relevant tenancy in place.
Home reversion	Rent free tenancy where tenant has right of occupation until possession is forfeited (usually on death). If tenant retains an equity interest in the property this is a partial life tenancy.
PRS	Private Rented Sector.
Regulated tenancy	Tenancy regulated under 1977 Rent Act, rent (usually sub market) set by rent officer and tenant has security of tenure.
Tenanted residential ("TR")	Activity covering the acquisition, renting out and subsequent sale (usually on vacancy) of residential units subject to a tenancy agreement.
Vacant possession value ("VP")	Open market value of a property free from any tenancy.
Financial	
Cap	Financial instrument which, in return for a fee, guarantees an upper limit for the interest rate on a loan.
Contingent tax	The amount of tax that would be payable should assets be sold at the market value shown in the accounts.
Dividend cover	Earnings per share divided by dividends per share.
Earnings per share ("EPS")	Profit after tax attributable to shareholders divided by the weighted average number of shares in issue in the year.



Appendices - Glossary of Terms

Financial (continued)	
Gearing	The ratio of borrowings, net of cash, to market net asset value.
Hedging	The use of financial instruments to protect against interest rate movements.
IFRS	International Financial Reporting Standards.
Interest cover	Profit on ordinary activities before interest and tax divided by net interest payable.
Goodwill	On acquisition of a company, the difference between the fair value of net assets acquired and the purchase price paid.
Net asset value ("NAV")	Shareholders' funds adjusted for the market value of property assets held as stock.
Net net asset value (triple net or "NNNAV")	NAV adjusted for contingent tax liabilities which would accrue if assets sold at market value and for the market value of long term debt and derivatives
Grainger NAV	NNNAV adjusted for the taxed discounted reversionary surplus on core UK residential portfolios.
Return on capital employed	Growth in NNNAV plus dividends paid per share as a percentage of opening NNNAV
Return on shareholders' equity	Profit before financing costs plus all revaluation surpluses as percentage of opening gross capital.
Swap	Financial instrument to protect against interest rate movements.
Total shareholder return ("TSR")	Return attributable to shareholders on basis of share price growth with dividends reinvested.
Weighted average cost of capital ("WACC")	The weighted average cost of funding the Group's activities through a combination of shareholders' funds and debt.

