FOR IMMEDIATE RELEASE

9th December 2003

GRAINGER TRUST plc:

PRELIMINARY RESULTS FOR THE YEAR ENDED 30th SEPTEMBER 2003

HIGHLIGHTS

• Profit before tax and exceptional items up to £48.5m from £44.9m	+8%
• Earnings per share rise to 118.5p from 95.3p	+24%
• NAV per share up to £21.94 from £17.24	+27%
• NNNAV per share up to £13.91 from £12.03	+16%
• "Grainger" NAV, presented for the first time at £18.40 per share	+28%
• Final dividend increased to 12.80p per share	+15%

- 80% of debt hedged or fixed, average interest rate during the year only 5.6%

- **Tenanted Residential Division**

purchasers of tenanted residential stock, particularly life tenancies and our development and trading activities have produced good profits. We will continue to develop these key themes.

"The future looks both exciting and rewarding," Robert Dickinson, Chairman

-more-

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GRAINGER TRUST plc:

PRELIMINARY RESULTS FOR THE YEAR ENDED 30th SEPTEMBER 2003

Chairman's Statement

We started the year with four key objectives:-

- to maximise the benefits from Bromley, our joint venture company

- to continue to focus on our core tenanted residential business and, in particular, to develop our life tenancy activities

- to progress our development and trading business, realising profits where appropriate and creating effective relationships with partners

- to develop our asset and property management capabilities so that we can offer a high quality, national service

We are delighted to have made significant progress in all of these areas, whilst delivering record profitability and net asset value.

During the year we successfully refinanced our Bromley joint venture, comprising the BPT portfolio, lowering borrowing costs and enabling a dividend of £52.0m to be paid to each of the joint venture partners. BPT was further rationalised during the year and now comprises a portfolio principally of core regulated assets. Towards the year end we acquired Deutsche Bank's interest, to take full control of the business. This is the major factor in the doubling of the Group's asset base (market value at 30th September 2003 £1,388m, 2002, £691m) and has been achieved without recourse to shareholder funding.

Our tenanted residential business has prospered during the year and we continued to buy additional stock. In the year Grainger purchased a total of 1,736 units for £112.2m, and at the year end our portfolio, including the BPT assets, stood at 12,030 units with a market value of £1,164m and vacant possession value of £1,648m. These acquisitions included 918 life tenancy units bought from NPI for £40.5m taking our total life tenancy portfolio to 2,291 units with a market value of £134.3m.

Our development and trading business has generated total profits of £14.6m and we have several exciting opportunities in the pipeline. In particular, we announced in June 2003 that we had been selected by Islington Council to develop two key mixed-use sites in the Borough.

The acquisition of Bromley not only brings us complete ownership of a high quality portfolio of residential assets but also provides us with a core of experienced and efficient staff. This, combined with our longstanding network of external managing agents, enables us to achieve high quality national coverage, able to supply both asset and property management services.

Profit before tax and exceptional items has increased by 8% to £48.5m (2002: pre exceptional item £44.9m). Grainger's own profit before tax and exceptional items rose 20% to £37.7m from £31.4m, driven by a rise in profits from trading sales in our tenanted residential division. We did not acquire the outstanding interest in Bromley until our year end and so have only included a 50% share of their results. As expected Bromley's pre tax profits were lower at £10.8m from £13.5m last year because of the very significant £330m asset disposal programme in 2002. The post tax contribution has, however, remained relatively constant because the disposal programme produced a disproportionately high tax charge. The increase in group post tax profitability has produced a rise of 24% in earnings per share before exceptional items to 118.5p from 95.3p. Statutory earnings per share increased by 40% to 118.5p from 84.6p.

Net asset value per share ("NAV") after adjusting for the market value of our trading properties and investments has risen by 27% to £21.94 from £17.24. NNNAV, which takes account of all deferred tax liabilities and adjustments for the market value of our long term debt and financial instruments, has advanced by 16% to £13.91 from £12.03. Net asset value on a statutory balance sheet basis is £6.01 (2002: £4.89).

For the first time we are disclosing an alternative measure of NNNAV to take into account the potential value of the reversionary surplus in our regulated and life tenancy portfolios. This is the difference between the vacant possession value of our properties and the investment or market value and currently stands at £455m. We have calculated the anticipated timing of the realisation of that surplus, discounted it back to present value and then deducted tax. This produces a discounted post tax reversionary surplus amounting to £111.2m or £4.49 per share. When added to NNNAV we obtain a "Grainger NAV" of £18.40 per share. Full details of the calculation are given in the operating and financial review.

Your directors are recommending a final dividend of 12.80p per share (2002: 11.13p), payable on 5th March 2004 to shareholders on the register at close of business on 13th February 2004. This together with the interim dividend of 3.51p per share (2002: 3.05p) amounts to a total of 16.31p per share (2002:14.18p), an increase of 15% for the fifth consecutive year.

We are pleased with the progress made on the business's objectives in the year. In particular, the acquisition of Bromley provides us with both the asset base and core of skilled, experienced staff that enables us to deliver effective residential asset and property management services on a national basis, not only for our own activities, but also to third parties.

We will continue to develop our key themes; focusing on tenanted residential activities, particularly the regulated sector but with the new challenge of developing the life tenancy business, applying our property and asset management skills to produce additional returns for the group and maintaining the momentum in our development and trading division.

The future looks both exciting and rewarding.

Robert Dickinson
Chairman
9th December 2003

Chief Executive's Review

Our operating divisions have performed well this year with both tenanted residential and development and trading delivering improved contributions.

Once again trading profits on residential sales have been very strong. The housing market has remained robust throughout the year, particularly for our core properties. Typically these are slightly below the average UK house price value and may require some refurbishment by the purchaser. In London, where we have approximately 43% of our portfolio by value we noticed some weakening of the market in the early part of the year, particularly at the higher end, but it has strengthened recently. In the regions we have seen consistent growth. Overall Grainger's properties have achieved an average sale value of £110,000, an increase of 26% from 2002.

We have continued to strengthen our position in the life tenancy market. We see this sector as being an increasingly important component of the Grainger business in the future, providing excellent reversionary opportunities and good synergies with the existing core regulated activities. Given the appetite shown by home owners to realise some or all of the equity in their properties, we, among others, believe this market has potential for significant growth.

The development and trading division continues to make a significant contribution, with good profits being made on sales of residential land at Kennel Farm and Townsend House in Victoria. Since the year end we have sold a further 10.9 acres for £12m at Kennel Farm completing the major residential land sales on that site. Future revenue is expected to arise from overage payments, the development of the B1 site and from the sale of some minor residential areas. Over the last five years, total revenues from Kennel Farm have amounted to £62m.

Our key strengths lie in our knowledge and experience of all sectors of the residential market, including mixed-use developments, and our ability to trade in those sectors. We will therefore concentrate on residential or mixed use opportunities or on projects which have a residential bias. We are moving away from pure commercial property investment, although we shall continue to be involved in commercial property where we perceive residential opportunities.

Disposals from the commercial portfolio will reduce gearing and free up resources for our core businesses. Over the next year we will continue to purchase regulated assets and to maximise the returns that we can obtain by selling on vacancy. We will grow our life tenancy portfolio and look for structures enabling us to do this without putting undue strain on gearing.

The major event of the year, however, has been the acquisition of Bromley. This confirms our position as the largest quoted residential investor in the UK and enables a move from a joint venture business plan focussed on cash generation to a platform from which we can take a long term view.

Following the acquisition we are restructuring the property management division which will strengthen our ability to provide high quality asset and property management services nationally. We believe that this ability will be of paramount importance in raising equity funding should a REIT (Real Estate Investment Trust) structure for tax transparent investment vehicles be introduced in the UK.

Grainger has a valuable pool of talented and committed staff - with the enlarged asset base now available to them we are confident of our ability to continue to deliver excellent returns for our shareholders.

Rupert Dickinson
Chief Executive
9th December 2003

Operating and Financial Review

Performance

Tenanted Residential

During the year 655 properties were sold for a gross consideration of £64.0m. (2002: 785 for £51.0m) and trading profits rose by 25% to £29.2m from £23.3m. Gross rents fell slightly by 1% to £16.6m from £16.8m, reflecting the higher proportion of life tenancy properties, which are non rent producing. This was more than compensated for by savings in property expenses of £0.4m.

Tenanted Residential portfolio

	No. of Residential Properties	Vacant Possession Value £m	% of Vacant Possession	Investment Value £m	Current Gross Rent £m	Estimated Market Rent £m
Regulated	8,212	1,162	72	843	31	37
Assured tenancies	1,087	134	85	114	6	6
Vacant Properties	440	59	86	51	-	-
Life tenancies	2,291	263	51	134	-	-
Other interests	-	30	73	22	1	1
Total 30th September 2003	12,030	1,648	71	1,164	38	44
Total 30th September 2002	4,928	524	74	394	17	21

The increase in portfolio size comes from the Bromley acquisition and from our life tenancy acquisitions – these now represent 19% by unit number of properties owned (2002: 4%).

Assuming sale on vacancy the reversion on our tenanted residential portfolio (the difference between the vacant possession and investment values) now amounts to £484m, before contingent tax, or £19.55 per share.

The average vacant possession value of our properties at 30th September 2003 rose by 40% to £144,000 (2002: £103,000) both as a result of house price rises and of consolidating the higher average value BPT portfolio.

Bromley Joint Venture

The group acquired the balance of the Bromley joint venture at the end of its financial year and so group profit and loss account includes our 50% share of the joint venture's results. In future years, all of Bromley's results will be consolidated with those of the Grainger group.

The cash consideration for the acquisition was £24.3m, with up to a maximum additional amount of £10.0m payable in December 2004 if the Nationwide UK House Price Index rises by more than 10% in the two year period to August 2004. We have also agreed to purchase Deutsche Bank's outstanding loan stock and accrued interest amounting to £15.7m later this month.

The rationalisation of the portfolio continued with the sale of 1,519 units raising gross revenues of £150.9m. The joint venture contributed trading profits of £18.9m (2002: £26.6m) and net rents of £8.3m (2002: £13.6m). These decreases were anticipated because of the very significant disposal programme in 2002. Our share of administrative expenses fell from £7.3m to £3.9m, reflecting the controlled scaling down of the business in line with the portfolio rationalisation and cost saving measures put in place.

Development and trading

Including profits on sales of fixed assets and writebacks of valuation provisions this division contributed £14.6m (2002: £13.6m).

We sold a total of 16.4 acres of development land at Kennel Farm and adjacent sites, generating revenue of £15.5m and profits of £8.5m. Other major revenue generators in the year have been Townsend House (19,000 sq.ft. office block in Victoria sold for £8.2m, profit £2.7m) and Grainger Homes, our housebuilding division which sold 68 units for a total of £6.0m, generating profit of £0.8m. Contracts have been exchanged on 62 flats out of the total of 79 at the Pimlico development site. We anticipate these to complete early next year at total sales value in excess of £30m.

Administrative expenses

These have increased by 7% from £4.4m to £4.7m but at less than 4% of turnover are lower proportionally than last year. The movement has arisen because of inflation and an increase in staff numbers.

Net interest payable

Net interest payable, including our share of the joint venture charge, and having taken account of last years exceptional charge of £3.8m has decreased to £28.4m from £37.6m. The group has carried a lower average level of debt in the year, the cash generated by the Bromley rationalisation being a major factor, and our average interest payable has been lower at 5.6% (2002: 6.5%) The average cost of the debt in Bromley fell to 6.2% from 7.6%. Group interest cost is covered 2.7 times by profit before exceptional items, interest and taxation (2002: 2.2 times).

Taxation

As noted in previous years our annual tax charge is significantly affected by FRS 19, the accounting standard that prevents the provision of deferred tax on revaluation gains when companies are acquired. This serves to increase our effective tax rate which this year stands at 39.4% (2002: 49.2%); the equivalent figure for Grainger alone is 31.5% (2002: 34.2%). Major items affecting the tax charge, most of which relate to Bromley are:-

	£m
Group profit before tax	48.5
Tax at 30%	14.5
Adjusted for:	
Additional tax on the difference between the book and tax value of trading properties sales	4.4
Negative goodwill released (not taxable)	(1.5)
Tax on capital gains	1.7
Actual tax charge	19.1

Earnings per share and dividends

Earnings per share before exceptional items have increased by 24% from 95.3p to 118.5p and we have increased our dividends by 15%. Dividends are covered 7.3 times by profit after taxation and minority interest (2002: 6.7 times on a like for like basis).

Financial Position

General

The group balance sheet has changed significantly since 2002 as the acquisition of the Bromley joint venture has resulted in its assets and liabilities being consolidated for the first time.

Most of our properties are held as trading stock and are therefore shown in the balance sheet at cost. This does not reflect the true worth of Grainger's assets and we set out below a statement of our net assets with the properties restated to market value.

Proforma Net Asset Statement

	30th September 2003 £m	30th September 2002 £m
Properties at market value:		
Tenanted residential	1,163.9	393.6
Development and trading	130.0	132.1
	1,293.9	525.7
Investments	11.0	153.9
Other assets	0.9	0.7
Cash	81.7	10.5
Total assets	1,387.5	690.8
Borrowings	(761.2)	(233.7)
Net current liabilities	(68.9)	(26.7)
Deferred tax/other liabilities	(14.0)	(3.7)
Total liabilities	(844.1)	(264.1)
Market value net assets	543.4	426.7

Fixed assets

Fixed assets in the statutory balance sheet have increased from £21.7m to £109.1m, the major movements being the effect of the Bromley acquisition, £84.7m, and surpluses on revaluation of £3.1m. Of the year end property value of £108.1m, £84.4m relates to tenanted residential properties and £23.7m to commercial investment properties.

Investments and intangible assets

Investment balances have decreased significantly because of the reclassification of the investment in the Bromley joint venture on consolidation. Other investments, being shares held in Grainger Trust plc for employee benefit purposes and our investment in Schroders ResPUT, have increased in market value by £1.1m to £11.0m. Book value of these investments is £9.2m (2002: £8.9m).

The negative intangible asset of £97.2m shown in the statutory balance sheet principally reflects negative goodwill arising on the acquisition of Bromley. It will be released to the profit and loss account in line with sales from the Bromley portfolio.

Trading properties
Our trading properties can be analysed as follows:-

	Statutory Balance Sheet		Market Value Balance Sheet	
	30th September 2003	30th September 2002	30th September 2003	30th September 2002
	£m	£m	£m	£m
Tenanted residential	807.2	224.4	1,079.5	393.6
Development and trading	81.1	80.7	106.3	111.1
Total	888.3	305.1	1,185.8	504.7

The cost of our tenanted residential stock as shown in our statutory balance sheet has increased from £224.4m to £807.2m. We acquired £112.2m of properties in the year, had sales or write offs of £33.1m, improvement costs of £3.2m and the balance of the movement, £500.5m, came from the consolidation of the Bromley assets.

The market value figures also show a significant increase from £393.6m to £1,079.5m, of which £572.9m arises from the Bromley consolidation. The remaining movement is due to valuation surpluses of £48.3m and the net effect of sales, acquisitions and transfers of £64.7m. The overall valuation increase in this portfolio over the course of the year amounts to 9.4%. The total market value of all our tenanted residential properties, including those classified as fixed assets is £1,163.9m (2002: £393.6m).

The overall value of the group's development and trading assets remained relatively constant over the year, the decrease in market value from £111.1m to £106.3m is the result of the net effect of sales at Kennel Farm and Townsend House and expenditure, mostly at Grainger Homes.

Other assets and liabilities
Other net liabilities, excluding current instalments due on borrowings and cash balances have increased from £26.7m to £68.9m. This is largely due to the loan stock and accrued interest due to be paid to Deutsche Bank later this month of £15.7m and increases in sundry creditors and taxation payable as a result of consolidating our joint venture interest.

Net assets
Net assets at market value, have increased from £426.7m to £543.4m. The major movements are:-

	Reflected in the Accounts	Not reflected in the Accounts	Total
	£m	£m	£m
Net assets at 1st October 2002	121.1	305.6	426.7
Retained profits	25.3	-	25.3
Revaluation surpluses:-			
Grainger tenanted residential	-	30.7	30.7
Development and trading	6.2	(5.3)	0.9
Investments	-	0.8	0.8
Negative goodwill movements	-	(4.7)	(4.7)
Effect of acquisition of Bromley	(2.9)	69.3	66.4
Other share capital and reserve movements	(0.8)	(1.9)	(2.7)
Net assets at 30th September 2003	148.9	394.5	543.4
Net assets per share £	6.01	15.93	21.94

Net assets per share have increased by £4.70 from £17.24 to £21.94, the increase coming from retained earnings less negative goodwill of 83p, revaluation surpluses of £1.31, a one-off increase coming from the acquisition of Bromley of £2.68 and a decrease from sundry movements of 12p.

To obtain the figure of NNNAV per share, adjustments to the market value of long term debt and derivatives and for contingent tax are made. These amount to 31p and £7.72 per share respectively (2002: 48p and £4.73).

The analysis of our NAV and NNNAV is set out below:-

	Statutory Balance Sheet	Market Value Adjustments	Market Value Balance Sheet	FRS 13	Contingent Tax	NNNAV Balance Sheet
				£m		
Properties	996.4	297.5	1,293.9			1,293.9
Investments/other assets	10.	1	11.			11.
Negative goodwill	(97.2)	97.				
Cash	81.		81.			81.
Total assets	991.1	396.4	1,387.5			1,387.5
Borrowings	(761.2)		(761.2)	(11.0)		(772.2)
Net current liabilities	(68.1)	(0.	(68.9)			(68.9)
Provisions/ contingent tax	(12.8)		(12.8)	3	(191.3)	(200.8)
Minority interest	(0.	(1.	(1.			(1.
Total liabilities	(842.2)	(1.	(844.1)	(7.	(191.3)	(1,043.1)
Net assets	148.9	394.5	543.4	(7.	(191.3)	344.4
2003 Net assets per share £	6.	15.9	21.9	(0.31	(7.7	13.9
2002 Net assets per share £	4.	12.3	17.2	(0.4	(4.7	12.0

We have also calculated a "Grainger NAV". This reflects our estimate of the present value of the reversionary surplus in our regulated and life tenancy portfolios being the difference between vacant possession value and market value after tax. Using our knowledge of the age profile of these tenants we have estimated the expected average timing of future vacancies and the subsequent realisation of the reversionary surpluses. We have calculated the present value of those surpluses net of tax using 8.9% (our weighted average cost of capital plus a risk premium of three percentage points) as a discount rate. This adjustment increases NNNAV by £4.49 per share to £18.40 per share (2002: £14.43). Our calculation is based upon current house prices i.e no future house price movement assumed.

Cash and debt

Cash balances at the year end amounted to £81.7m (2002: £10.5m) of which £53.8m, (2002: £6.6m) is either held by lenders awaiting substitution of alternative security, represents deposits received or acts as security for cash backed loan notes.

Group borrowings have increased from £233.7m to £761.2m, as the Bromley debt is now consolidated onto the Grainger balance sheet. This debt, amounting to £493.7m, remains non-recourse to the rest of the Grainger group. New borrowings in the year amounted to £64.0m; (2002: £47.1m) these were used to finance the acquisition of the joint venture and the NPI life tenancy portfolio. Loan repayments were £30.2m (2002: £38.4m).

Gearing on a revalued balance sheet basis has moved to 125% from 52%.

Cashflow

The significant elements in the group's cashflow were:-

	£m
Receipts	
Net rents and other income	13
Property sales	95
Net new loans	34
Cash acquired on acquisition of subsidiaries	75
Dividends from JV	52
	269
Payments	
Interest, tax and dividends	26
Acquisition of subsidiaries	26
Property acquisitions and capitalised expenditure	139
Working capital movements/other costs	7
	198
Increase in cash in the year	71

The Grainger business is by nature strongly cash generative. Net income from rents and property sales amounted to £108m (2002: £96m).

Capital Management

The group finances its operations through a combination of shareholders funds and borrowings and seeks to optimise its weighted average cost of capital ("WACC"). The estimated WACC of the group at 30th September 2003 was 5.89% (2002: 6.34%).

The main source of borrowings are banks and building societies but the group also has fixed rate institutional debt of £19.9m (2002: £20.5m). The group protects its underlying profitability from treasury risk by managing both its level and cost of debt.

The group does not take trading positions in financial instruments but holds them to minimise the risk of exposure to fluctuating interest rates. The majority of our debt is maintained at fixed rates of interest or is subject to protective caps or collars. At 30th September 2003, £611.7m (80%)of the group debt was either fixed to termination, or for over one year, or was protected by financial instruments (2002: £185.5m, 79%).

A combination of interest rate swaps and financial caps are used to provide a degree of certainty over future interest rates costs whilst enabling the group to take advantage of any favourable short term rates. At 30th September 2003 the group held £298.4m of swap contracts at an average rate of 5.4% maturing between June 2006 and September 2013 (2002: £87.5m at an average rate of 5.3%). There were also financial caps in place of £235.1m at an average pre margin rate of 6.1%, expiring between February 2004 and December 2009 (2002: £102.5m at an average rate of 6.5%).

A summary of our borrowings is:-

	Principal £m	Interest Payable %	Repayable
Permanently fixed	78.2	8.1	2004-2032
Hedged by swap contracts	298.4	6.6	2006-2013
Hedged by financial caps	235.1	5.0	2004-2009
Variable/fixed under one year	149.5	4.7	2004-2022
Total debt	761.2	5.9	
Less: cash	(81.7)		
Net debt	679.5		

The notional effect of the fair value adjustment of marking the group's fixed rate debt and derivatives to current market rates ("FRS 13 adjustments") would be to produce an additional 'liability' after tax of £7.7m or 31p per share (2002: 48p). This adjustment represents approximately 1% of group gross borrowings at 30th September 2003 and will not be recognised in the accounts until the position matures or is terminated.

The group also maintains a range of borrowing maturities to enable it to balance continuity of funding with flexibility. At 30th September 2003 the average duration of the group's debt was 6.0 years (2002: 6.9 years).

Since the year end we have announced the repayment of the outstanding £2.5m balance of our 2024 quoted debenture stock at an early redemption cost of £1.8m. The administrative burden associated with this relatively small level of debt exceeded the benefit which we obtained from it.

Andrew Cunningham
Deputy Chief Executive and Finance Director
9th December 2003

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CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th SEPTEMBER 2003

	Year Ended 30.09.2003 (unaudited) £m	Year Ended 30.09.2002 (audited) £m
Turnover (including share of joint venture)	173.6	213.8
Less: Share of turnover of joint venture	(55.6)	(110.3)
Group turnover	118.0	103.5
Gross rentals	21.4	22.0
Trading profits	38.8	33.7
Other income	0.9	0.4
	61.1	56.1
Less:		
Property expenses	(9.1)	(9.7)
Administration expenses	(4.7)	(4.4)
Group operating profit	47.3	42.0
Share of operating profit of joint venture (after amortisation of goodwill of £35,000 (2002 : £97,000))	23.6	33.0
Total operating profit : group and share of joint venture	70.9	75.0
Net profit on disposal of & provisions against fixed assets		
- Group	1.9	0.1
- Joint venture	4.1	7.4
	6.0	7.5
Profit on ordinary activities before interest and taxation	76.9	82.5
Net interest payable and similar charges		
- Group normal	(11.5)	(10.7)
- Group exceptional	-	(3.8)
- Joint venture	(16.9)	(26.9)
	(28.4)	(41.4)
Profit on ordinary activities before taxation	48.5	41.1
Tax on profit on ordinary activities	(19.1)	(20.2)
Profit on ordinary activities after taxation	29.4	20.9
Minority interest – equity	(0.1)	-
Profit attributable to shareholders	29.3	20.9
Dividends	(4.0)	(3.5)
Retained profit for the year	25.3	17.4
Earnings per share	118.5 p	84.6 p
Diluted earnings per share	118.0 p	84.2 p
Earnings per share before exceptional items	118.5 p	95.3 p

All results relate to continuing operations.

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30th SEPTEMBER 2003

	Year Ended 30.09.03 (unaudited) £m	Year Ended 30.09.02 (audited) £m
Profit attributable to shareholders	29.3	20.9
Taxation on realisation of property revaluation gains of previous years	-	(0.4)
Unrealised surplus on revaluation of properties	3.1	0.4
Diminution transferred (to)/from revaluation reserve (from)/to profit and loss account	(1.3)	0.1
Adjustment to reserves arising from consolidation of joint venture	(2.9)	-
Total gains and losses recognised – Group	28.2	21.0
Share of joint venture tax on realisation of revaluation reserves	(0.9)	-
Unrealised surplus on revaluation of joint venture properties	4.4	7.8
Total gains and losses recognised since the last annual report - Group and Joint Venture	31.7	28.8

GRAINGER TRUST plc

CONSOLIDATED BALANCE SHEET

AT 30th SEPTEMBER 2003

	30.09.03 (unaudited) £m	30.09.02 (audited) £m
Fixed assets		
Intangible assets	(97.2)	(0.9)
Tangible assets	109.1	21.7
Investments:		
Investment in joint venture:		
Share of gross assets	-	307.0
Share of gross liabilities	-	(281.1)
	-	25.9
Goodwill	-	0.3
	-	26.2
Loan to Joint Venture	-	13.7
	-	39.9
Other investments	9.2	8.9
	9.2	48.8
	21.1	69.6
Current assets		
Stocks	888.3	305.1
Debtors: amounts falling due within one year	10.0	3.5
Cash at bank and in hand	81.7	10.5
	980.0	319.1
Creditors: amounts falling due within one year		
Short term borrowings	76.4	22.2
Other creditors	78.1	30.2
Net current assets	825.5	266.7
Total assets less current liabilities	846.6	336.3
Creditors: amounts falling due after more than one year	684.8	211.5
Provision for liabilities and charges	12.8	3.7
Net assets	149.0	121.1
Capital and reserves		
Called-up share capital	6.2	6.2
Share premium account	21.4	21.3
Revaluation reserve	14.7	11.6
Capital redemption reserve	0.2	0.2
Profit and loss account	106.4	81.8
Equity shareholders' funds	148.9	121.1
Minority interests – equity	0.1	-
Total capital employed	149.0	121.1

GRAINGER TRUST plc
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 30th SEPTEMBER 2003

	Year Ended 30.09.03 (unaudited) £m	Year Ended 30.09.02 (audited) £m
Net cash outflow from operating activities	(37.3)	(18.3)
Dividends from joint ventures and associates	52.0	-
Returns on investments and servicing of finance		
Interest received	2.9	7.6
Interest paid – normal	(14.0)	(18.6)
- exceptional	-	(3.8)
Dividends received	0.2	-
	(10.9)	(14.8)
Taxation		
UK corporation tax paid	(11.8)	(8.1)
Capital expenditure and financial investment		
Purchase of fixed asset investments	(1.4)	(8.1)
Purchase of tangible fixed assets	(0.5)	(0.8)
Sale of fixed asset investments	-	0.1
Sale of tangible fixed assets	2.1	7.1
Repayment of loanstock	-	26.3
	0.2	24.6
Acquisitions and disposals		
Purchase of subsidiaries	(25.9)	(0.2)
Costs on purchase of subsidiaries	(0.3)	(0.1)
Cash acquired on purchase of subsidiaries	74.9	-
Sale of subsidiaries	-	0.2
Investment in Joint Venture	-	(1.6)
	48.7	(1.7)
Equity dividends paid	(3.6)	(3.1)
Cash inflow/(outflow) before financing	37.3	(21.4)
Financing		
New loans raised	64.0	47.1
Repayment of loans	(30.2)	(38.4)
Issue of shares	0.1	0.1
Net cash inflow from financing	33.9	8.8
Increase/(decrease) in cash in the year	71.2	(12.6)

Reconciliation of operating profit to net cash outflow from operating

	Year Ended 30.09.03 £m	**Year Ended 30.09.02 £m**
Operating profit	47.3	42.0
Depreciation	0.2	0.2
Amortisation of goodwill	(0.2)	(0.4)
(Increase)/decrease in debtors	(1.6)	1.0
(Decrease)/increase in creditors	(13.6)	7.9
Increase in stocks	(69.4)	(69.0)
Net cash outflow from operating activities	(37.3)	(18.3)

NOTES TO THE RESULTS ANNOUNCEMENT

1. Earnings Per Share

The calculation of earnings per share is based on the following number of shares:

	Year Ended 30.09.03			Year Ended 30.09.02		
Basic earnings per share	Profit for the year £m	Average Number of shares 000's	Earnings per share pence	Profit for the year £m	Average Number of shares 000's	Earnings per share pence
Profit attributable to shareholders	29.3	24,745	118.5	20.9	26,682	84.6
Exceptional interest payable and similar charges	-		-	2.7		10.7
Adjusted earnings	29.3		118.5	23.6		95.3
Diluted earnings per share						
Profit attributable to shareholders	29.3	24,862	118.0	20.9	24,808	84.2
Exceptional interest payable and similar charges	-		-	2.7		10.6
Adjusted earnings	29.3		118.0	23.6		94.8

2. Taxation

Tax on profit on ordinary activities:-

	30.09.03 £m	30.09.02 £m
Group:		
Normal	11.9	10.6
Exceptional	-	(1.1)
	11.9	9,5
Share of joint venture	7.2	10.7
	19.1	20.2

3. Dividends

Dividends on ordinary shares:-

	30.09.03 £m	30.09.02 £m
Interim paid of 3.51p per share (2002:3.05p)	0.8	0.7
Final proposed of 12.80p per share (2002:11.13p)	3.2	2.8
	4.0	3.5

4. **Debtors**

	30.09.03 £m	30.09.02 £m
Trade debtors	2.6	1.7
Other debtors	0.6	0.6
Prepayment and accrued income	4.0	1.2
Deferred tax	2.8	-
	10.0	3.5

5. **Creditors**

	30.09.03 £m	30.09.02 £m
Amounts falling due within one year:		
Mortgages and other loans	11.7	0.4
Loan notes	41.3	1.9
Bank loans	23.4	19.9
Deposits received	1.0	0.6
Trade creditors	7.0	7.5
Corporation tax payable	24.9	8.3
Other taxation and social security	2.0	1.6
Accruals and deferred income	40.0	9.4
Dividends payable	3.2	2.8
	154.5	52.4
Amounts falling due after more than one year:		
Debenture stock	2.5	2.8
Mortgages and other loans	427.6	28.6
Loan notes	-	0.8
Bank loans	254.7	179.3
	684.8	211.5

6. This announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 30th September 2002 have been filed with the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain any statement under Section 237(2) or (3) of the Companies Act 1985.

7. Copies of this statement can be obtained from the Company's registered office, Citygate, St. James' Boulevard, Newcastle upon Tyne. NE1 4JE. Further details of this announcement can be found on our website, www.graingertrust.co.uk.

8. The Board of Directors approved this preliminary announcement on 9 December 2003.

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 tenancies in place.
Life tenancy	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.
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 tenancies.
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 dividend by dividends per share
Earnings per share ("EPS")	Profit after attributable to shareholders divided by the weighted average number of shares in issue in the year.
FRS 13	Accounting standard requiring the disclosure of the market value of long term debt and financial instruments
FRS 19	Accounting standard prohibiting the provision of deferred tax on stock revaluation surpluses when companies are acquired.
Gearing	The ratio of borrowings net of cash to net asset value
Hedging	The use of financial instruments to protect against interest rate movements.
Interest cover	Profit ordinary activities before interest and tax divided by net interest payable
Negative goodwill	On acquisition of a company, the surplus of the value of the statutory net assets acquired over 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
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.
Corporate	
BPT plc	Formerly Bradford Property Trust plc. Major residential investor acquired by Bromley in May 2001.
Bromley Joint Venture ("Bromley JV")	The joint venture between Grainger and Deutsche Bank which acquired BPT plc.
Bromley Property Holdings Limited ("Bromley")	Holding company of the vehicle used to acquire BPT plc.
Deutsche Bank ("DB")	Our joint venture partners in acquisition of BPT plc.