

# Preliminary Announcement of Results for the year ended 30 September 2008

27 November 2008



# Agenda

- Introduction
- Operational Highlights
- Financial Results
- Market
- Portfolio Overview
- Update on Strategy
- Update on Outlook
- Key Conclusions
- Appendices



# Operational Highlights

- Sales from core and retirement solutions portfolios increased by 15% to £168m, from £146m
- Overheads reduced by 10% to £30.1m from £33.6m
- New debt facility of £228m raised during the year
- Cash of £122m generated by operating activities
- Property acquisitions and development spend curtailed in second half of the year
- Focus on cash conservation, operating overhead savings, covenant compliance
- Total dividend for year held at 2007 levels

# Financial Results - Financial Summary

	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>Change</u></b>
Property and related assets (£m)	2,399	2,505	(4.2%)
Gross NAV per share (p)	535	828	(35.4%)
Grainger NAV per share (p) (base case)	520	732	(29%)
Earnings before interest and tax* (£m)	106.0	89.0	+19.1%
Dividends per share (p)	6.18p	6.18p	-
LTV (%) (core facility, post balance sheet events)**	64%	55%	
Interest cover	2.2 x	2.8 x	

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

\*\*LTV calculated on core UK facility after adjusting for early conversion of 78% of convertible bond in November 2008

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# Financial Results - Market Value Balance Sheet

	<u>2008</u>	<u>2007</u>	
<b>Before any deferred and contingent tax</b>	<b>£m</b>	<b>£m</b>	
Property related assets			
- wholly owned	2,260	2,322	
- jv/associates	139	183	
<b>Total property related assets</b>	<b>2,399</b>	<b>2,505</b>	<b>(4.2%)</b>
Other assets and cash	57	105	
<b>Gross assets</b>	<b>2,456</b>	<b>2,610</b>	<b>(5.9%)</b>
Debt	(1,661)	(1,420)	
Other net liabilities	(107)	(125)	
<b>Net assets</b>	<b>688</b>	<b>1,065</b>	<b>(35.4%)</b>
<b>Gross net asset value per share (p)</b>	<b>535p</b>	<b>828p</b>	<b>(35.4%)</b>

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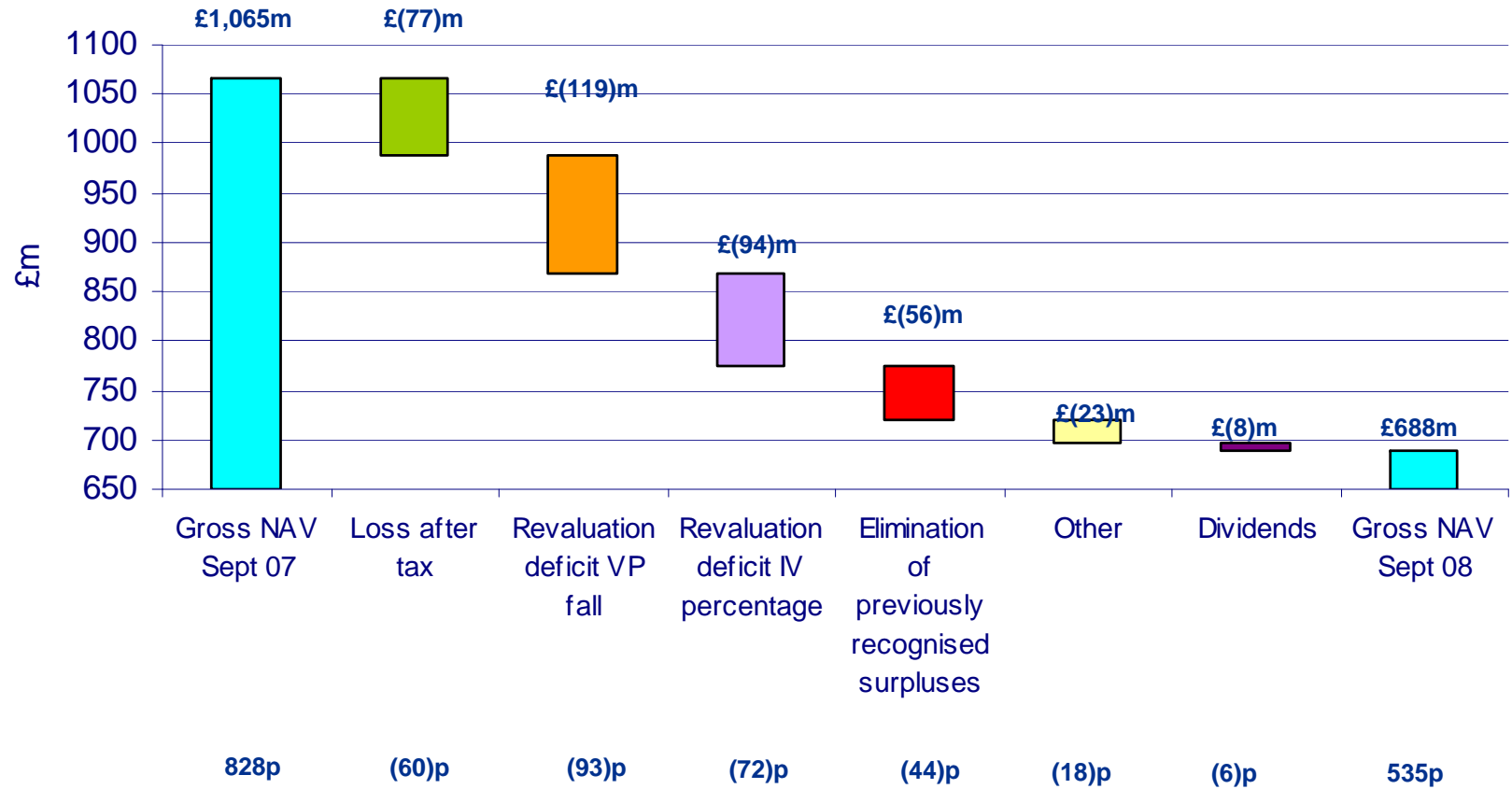
## Financial Results - Analysis of wholly owned assets

			<u>2008</u>	<u>2007</u>	
	Residential	Development	Total	Total	
£m					
UK	1,711	132	1,843	2,069	(10.9%)
Germany/Europe	417	-	417	253	64.8%
	2,128	132	2,260	2,322	(2.7%)



# Financial Results - Movement in Gross NAV

## Gross NAV movements



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## Financial Results - Net Asset Value Per Share

<b>Pence per Share</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Gross net asset value	535	828
Add/(Deduct):		
Mark to market adjustments	(6)	6
Deferred tax on revaluation surpluses (undiscounted)	(144)	(221)
<b>NNNAV</b>	<b>385</b>	<b>613</b>
 Grainger NAV (base case)	 520	 732

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# Financial Results – Property Income

£m	2008			2007		
	<u>Trading</u>	<u>Valuation</u>	<u>Total</u>	<u>Trading</u>	<u>Valuation</u>	<u>Total</u>
Net rents	50.8	-	50.8	36.9	-	36.9
Trading profit	73.4	(12.3)	61.1	73.2	-	73.2
Profit on investment properties/subsidiaries	4.1	-	4.1	4.5	-	4.5
Other income/interest income from property assets	7.8	0.5	8.3	8.0	-	8.0
Revaluation	-	(43.1)	(43.1)	-	9.9	9.9
	136.1	(54.9)	81.2	122.6	9.9	132.5
Overhead costs	(30.1)	-	(30.1)	(33.6)	-	(33.6)
	106.0	(54.9)	51.1	89.0	9.9	98.9

## Comments

Net rents: Increase through TILT, German acquisitions, increases on core portfolio  
 Revaluation: Write downs on TILT, German properties and other investment properties  
 Trading profit: Valuation provisions against stock assets, particularly development division

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# Financial Results - Pre Tax Earnings

	2008			2007		
£m	<u>Trading</u>	<u>Valuation</u>	<u>Total</u>	<u>Trading</u>	<u>Valuation</u>	<u>Total</u>
Property income	106.0	(54.9)	51.1	89.0	9.9	98.9
Joint ventures/associates	(4.8)	(48.3)	(53.1)	1.2	39.4	40.6
Goodwill impairment	-	(9.6)	(9.6)	-	-	-
Derivatives	-	(11.5)	(11.5)	-	3.0	3.0
Profit before interest and tax	101.2	(124.3)	(23.1)	90.2	52.3	142.5
Net interest	(89.0)	-	(89.0)	(65.0)	-	(65.0)
(Loss)/profit before taxation	12.2	(124.3)	(112.1)	25.2	52.3	77.5

## Comments

Joint venture/associates – asset write downs in GenInvest, G:res, Schroders

Goodwill – write off of Tilt and CAT goodwill

Interest – higher debt levels and cost of funding

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# Financial Results - Cashflow

£m	<u>2008</u>	<u>2007</u>
Income		
Rents and other income net of overheads	31	27
Property sales	176	180
Net proceeds from sale of equity in subsidiary	4	251
Working capital movements	2	39
	213	497
Interest, tax and dividends	(91)	(69)
<b>Net operating income</b>	<b>122</b>	<b>428</b>
Loan movements	120	336
Available for property spend	242	764
Acquisitions/spend		
UK residential	(134)	(453)
Development	(53)	(51)
Europe	(44)	(110)
Investment in JV/Associates	(11)	(101)
Acquisition of FRM (net)	(29)	-
Other	(9)	(8)
Total property spend	(280)	(723)
<b>Cash movement</b>	<b>(38)</b>	<b>41</b>

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# Financial Results - Debt Analysis

<b>£m</b>	<b>Post Convertible</b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Gross debt		1,664	1,422
Cash		43	80
Net debt (before deducting costs)		1,621	1,342
Available headroom		370	226
Average maturity (years)		4.5	5.4
Hedging level		85%	74%
Blended interest rate		6.2%	6.1%
LTV (Group basis)	66%	68%	53%
LTV based upon vacant possession values	51%	52%	44%
LTV (core UK syndicate)	64%	66%	55%

During the year a further five year facility of £228m was raised as part of the UK core banking arrangement:

## Debt Maturity

<b><u>Years</u></b>	<b><u>£m</u></b>	<b><u>%</u></b>
0-1	18	1
1-2	396	24
2-5	791	47
5>	459	28
	1,664	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 30 September 2008 is 2.2 x
  - Tested semi annually based on previous 12 months results
  - Confident of meeting 31 March 2009 test
  - Based on current position c.£100m of sales income (residential, development, other) required on an annualised basis
  - Over £100m of sales achieved six months to 30 September 2008
- Loan to value (“LTV”)
  - At 70% LTV, purchasing restrictions apply
  - At 80% LTV, potential default
  - Without further action (for example, accelerated asset sales) if 2008 sales replicated fall in UK asset values of 24% required before 80% level reached
  - £100m of assets identified for sale (in addition to normal sales on vacancy)
  - Ongoing evaluation of introduction of third party equity (JV's, funds)



# Post Balance Sheet Event - Convertible bond

- 78% converted at £35,000 per £100,000 plus 11,574 shares
- Effective buy in price 45.4p per £\*
- Increase in NAV of £42m with marginal dilution of (1.6%) in NAV per share through issue of 10.08m new shares
- Effectively a rights issue at £4.16
- Taxation implications
- LTV reduced by 2.1%

\*based on 90p per share

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# The Market - UK Residential Market

- Land Registry indicates year on year fall to end September of 8% (Nationwide and Halifax show 12.4%)
- Historic long term annual growth rates:

5 year	5.5%
10 year	9%
20 year	5%
- Transaction volumes and values lowered because of lack of finance
- Investment market thin, leading to widening of discounts to vacant possession values



# The Market - UK Residential - Market Commentary

- Oversupply in certain speculative markets where we have virtually no exposure (e.g. newly built city centre flats)
- Medium and long term prices supported by imbalance between supply and demand
  - Historic shortfall (166,000 average annual completion 2000-2007 but demand > 200,000pa)
  - Will be exacerbated by current low new build volumes
- Near term shortage of credit
- Grainger has a robust and liquid portfolio even in challenging markets
- Extremely cautious approach being taken to new acquisitions



# Portfolio Overview - Portfolio Analysis - Wholly Owned

	<u>No of units</u>	<u>Gross Market Value £m</u>	<u>Vacant Possession Value £m</u>	<u>Reversionary Surplus £m</u>	<u>VP%</u>
Regulated	7,316	1,000	1,399	399	72%
Home reversion	6,227	521	754	233	69%
Assured	531	88	101	13	87%
Vacant	222	36	36	-	100%
Other	50	66	79	13	84%
<hr/>					
UK - residential	14,346	1,711	2,369	658	
UK - development	-	132	132	-	
<hr/>					
<b>Total UK</b>	<b>14,346</b>	<b>1,843</b>	<b>2,501</b>	<b>658</b>	
<hr/>					
German portfolio	7,289	417			
<hr/>					
<b>Total</b>	<b>21,635</b>	<b>2,260</b>			

- Reversionary surplus on Grainger's wholly owned portfolio £658m (2007: £611m)

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# Portfolio Overview - Core portfolio - Characteristics

- Gross Asset Value £1,190m

- Portfolio acquired at discount to vacant possession value, reversionary surplus £425m
- Primarily (90% by value) regulated properties or vacant ex-regulateds
- Diverse portfolio assembled over a number of years; actively managed with high latent value
- High levels of demand with average value £190K (Halifax average £175K)
- Liquid portfolio – 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 52% by value in London and South East
- Unique and irreplaceable long term cashflows generated by this portfolio

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# Portfolio Overview - Home Reversions - Characteristics

- Gross Asset Value £521m

- Grainger is market leader with 35% market share (September 2008 figures from SHIP) through our various marketing initiatives
- Winner of Home Reversions Provider of the Year for the third 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%)



## Portfolio Overview - Fund Management and JV's/associates

- Gross Asset Value £139m

- Major co-investment vehicle is G:res1, Grainger has £34m equity (21.6%)
- Property and asset advisor to Schroders ResPUT: Grainger equity £17m (23.6%)
- Grainger GenInvest: 50/50 JV with Genesis, Grainger equity £65m (adjusting for mezzanine loan)
- Property and asset management activities produce £7m of fee income on annualised basis
- Appetite of institutional investors remains for the right residential and related assets, managed by an established operating company



## 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 JVs/associates as well as owned portfolio (total 26,722 units of which 7,289 are in Germany)
- Operates from seven 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



# Portfolio Overview - Development - Summary

- Balance sheet value at year end £132m (cost £133m)
- Expected end development value:
  - with planning consent £484m
  - without planning consent £366m
  - £850m
- Committed spend up to 2013 of £30m (of which £18m in 2009) including £11m on Hornsey Road and £8m balance of purchase price on Newlands Common
- Focus on larger long term residential led mixed use schemes, often with partners and intention for build to let if circumstances are favourable
- Curtailment of activities until market conditions improve



# Portfolio Overview - Development - Current Developments

## Wards Corner



Project Name	Wards Corner
Acquisition Date	2004
Development Partners	Haringey Borough Council Transport for London The Bridge NDC
Est. Development Value	£80m
Residential	197 units
Commercial/Retail	40,000 sq ft
Other benefits	New public square, new station entrances

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# Portfolio Overview - Development - Current Developments

## Hornsey Road



Project Name	Hornsey Road
Acquisition Date	2004
Development Partners	London Borough of Islington
Est. Development Value	£45m
Private Residential	150 units
Commercial/Retail	30,000 sq ft
Other benefits	Community space, nursery, Council offices

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# Portfolio Overview - Strategy for Germany

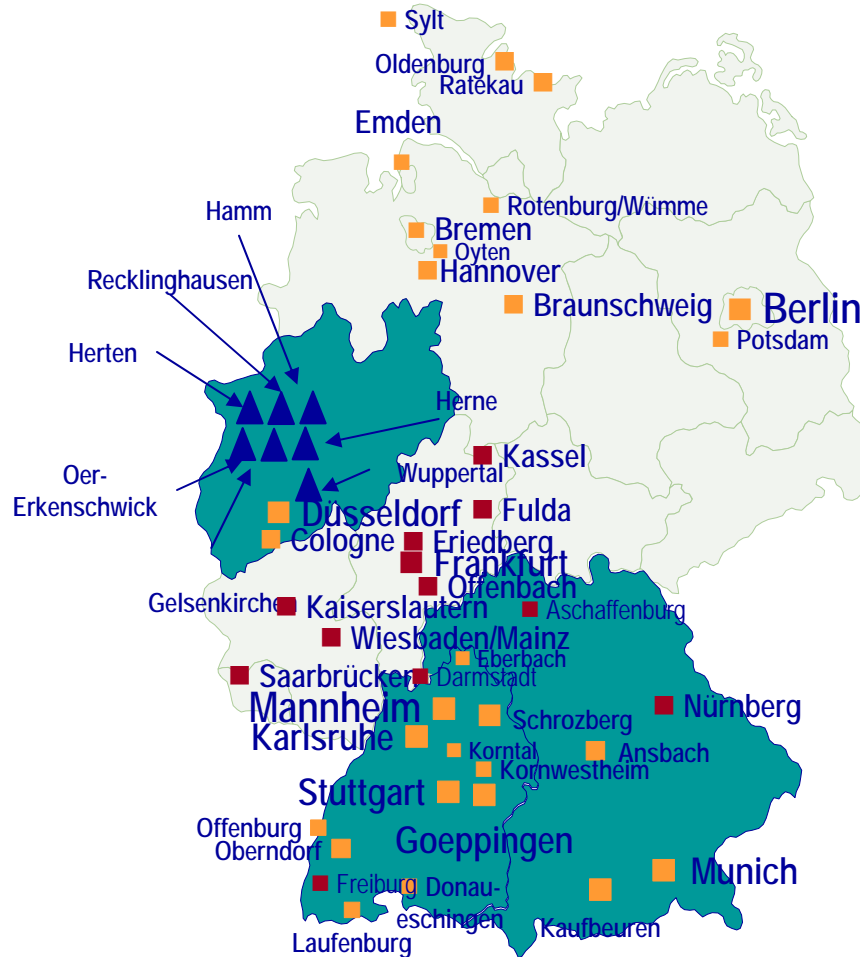
## Grainger Model

- Areas of population growth
- Portfolio has been built on property characteristics through smaller lot sizes
- Potential for long term capital growth
- Long term aim remains to attract third party equity to apply co-investing fund management model
- Grainger's reputation as a professional landlord differentiates us from financial purchasers



# Portfolio Overview - Germany

## Portfolio Overview



## Portfolio Overview

- 6,894 residential units
- 395 commercial units
- 1 nursing home in Northern Germany
- 484,570 sq. metres in total
- €530m book value
- €27.8m gross rent
- €36.4m gross running rent
- Valuation deficit of 3.4%

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# Update on Strategy

- Short to medium term focus on cash conservation and covenant compliance
- Maximise efficiency of capital structure through introduction of third party equity and debt
- Strong operational platform and access to deals in order to diversify income streams
- Unique brand as long term holder, asset manager, manager, trader and developer of residential property
- Leverage operational platform, balance sheet and reputation to become the UK's leading integrated residential co-investor, developer, operating company and fund manager



# Update on Outlook

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



# Key Conclusions

- Management focus remains on maximising cashflow
- Active management of sales, operating costs, bank covenant compliance
- Core portfolio has strong defensive characteristics
- Market leadership and structure offers strong opportunities that we expect to be able to exploit in the medium term



# Appendices - Detailed Profit and Loss Account

	2008				2007			
	UK Residential £m	UK Development £m	Europe £m	Total £m	UK Residential £m	UK Development £m	Europe £m	Total £m
Gross rents/other income	56.4	1.2	21.8	79.4	47.1	1.9	9.9	58.9
Property expenses	(13.3)	(0.2)	(6.4)	(19.9)	(13.2)	(0.5)	(2.2)	(15.9)
	43.1	1.0	15.4	59.5	33.9	1.4	7.7	43.0
Trading profits	72.9	0.5	-	73.4	70.6	2.7	-	73.3
NRV provision against trading stock	(3.1)	(9.2)	-	(12.3)	-	-	-	-
Profits on sale of fixed assets	1.2		0.1	1.3	2.1	0.4	0.4	2.9
Profit on sale of interest in Prague	-	-	3.5	3.5	2.0	-	-	2.0
Interest income from financial assets	3.0	-	-	3.0	2.0	-	-	2.0
	74.0	(8.7)	3.6	68.9	76.7	3.1	0.4	80.2
Direct overheads	(16.3)	(3.6)	(4.1)	(24.0)	(17.3)	(3.8)	(3.0)	(24.1)
Operating contributions	100.8	(11.3)	14.9	104.4	93.3	0.7	5.1	99.1
Administrative expenses				(6.1)				(9.5)
				98.3				89.6
Joint ventures/associates	(52.3)	(0.9)	0.1	(53.1)	36.1	3.3	1.2	40.6
Net interest payable				(89.0)				(65.0)
				(43.8)				65.2
Goodwill impairment net	(9.6)	-	0.5	(9.1)				-
Derivative fair value movements				(11.5)				3.0
Asset revaluation	(34.5)	-	(8.6)	(43.1)	0.9	-	9.0	9.9
CHARM revaluation movement	(4.6)	-	-	(4.6)	(0.6)	-	-	(0.6)
(Loss)/ Profit before tax				(112.1)				77.5

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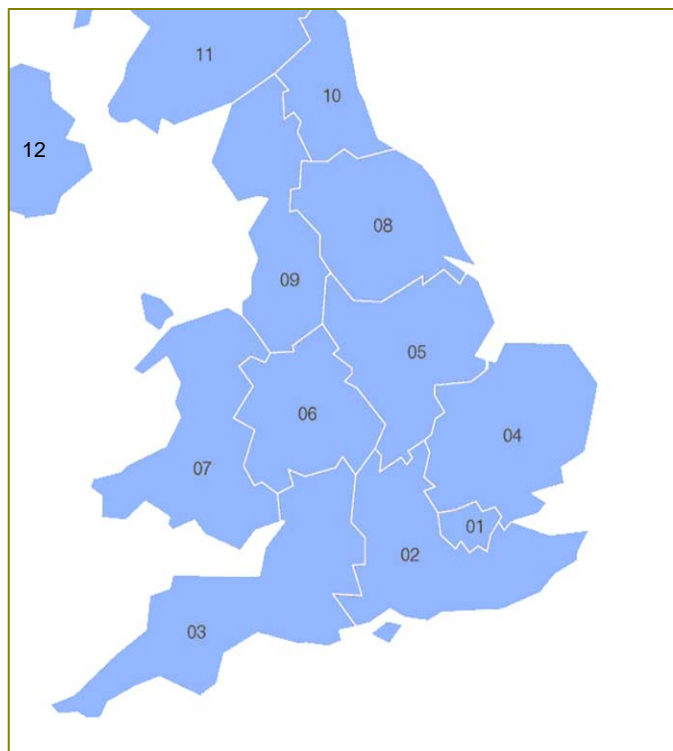


## Appendices - Detailed UK Residential Income Account

	<u>£m</u>			
	<u>Core</u>	<u>Home Reversion</u>	<u>Fund Management/ Residential Investments</u>	<u>Total</u>
Gross rents/other income	44.2	5.9	6.3	56.4
Property expenses	(12.0)	(1.3)	-	(13.3)
	32.2	4.6	6.3	43.1
Trading Profits	62.9	10.0	-	72.9
NRV provision against trading stock	(3.1)	-	-	(3.1)
Profit on sale of fixed assets	0.3	0.9	-	1.2
Interest income from financial assets	-	3.0	-	3.0
	60.1	13.9	-	74.0
	92.3	18.5	6.3	117.1
Divisional overheads	(9.8)	(2.9)	(3.6)	(16.3)
Operating contribution	82.5	15.6	2.7	100.8



# Appendices - Portfolio Overview - UK Portfolio Location



		Number of units	Investment Value		Vacant Possession Value		Value reduction in year
			£m	%	£m	%	%
01	Central London	584	181	10.6%	255	10.8%	(3.4%)
01	Inner London	1,145	236	13.8%	319	13.5%	(10.6%)
01	Outer London	1,296	184	10.8%	261	11.0%	(7.8%)
02	South East	2,507	287	16.8%	398	16.8%	(9.3%)
03	South West	1,489	146	8.5%	200	8.4%	(8.3%)
04	East	1,488	144	8.4%	197	8.3%	(8.8%)
05	East Midlands	954	83	4.9%	117	4.9%	(7.1%)
06	West Midlands	1,192	153	8.9%	203	8.6%	(4.7%)
07	Wales	195	17	1.0%	25	1.0%	(7.4%)
08	Yorkshire	940	74	4.3%	106	4.5%	(7.0%)
09	North West	1,764	141	8.2%	199	8.4%	(7.0%)
10	North East	436	41	2.4%	56	2.4%	(3.4%)
11	Scotland	339	22	1.3%	31	1.3%	(6.1%)
12	Northern Ireland	17	2	0.1%	2	0.1%	(33.3%)
		14,346	1,711	100%	2,369	100%	(7.6%)

- 52% (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 - Portfolio Overview - Analysis of JV's associates

			Gross	Liabilities/	Net	Grainger	Grainger		Total
			Assets	Debt	Assets	Share	Share	Loan	Grainger
2008									Investment
<u>Designation</u>			<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>%</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
UK	- Residential								
	G:res1	Associate	401	(242)	159	21.6%	34	-	34
	Schroder	Associate	73	-	73	23.6%	17	-	17
	GenInvest	JV	298	(303)	(5)	50.0%	(2)	80	78
UK Residential Total			772	(545)	227		49	80	129
UK	- Development								
	Curzon Park	JV	37	(40)	(3)	50.0%	(1)	7	6
	Hammersmith	JV	-	-	-	50.0%	-	1	1
Europe - Prague/Zizkov			23	(17)	6	50.0%	3	3	6
Total 2008 balance sheet			832	(602)	230		51	91	142
Total 2007 balance sheet			956	(565)	391		108	75	183



## Appendices - UK Residential - Sales and Acquisitions Summary

Sales			Acquisitions	
<u>Number</u>	<u>Proceeds £m</u>	<u>Profit £m</u>	<u>Number</u>	<u>Cost £m</u>
696	111	52	277	36
121	20	6	126	24
185	27	11	460	43
-	10	5	-	20
<hr/> 1,002 <hr/>	<hr/> 168 <hr/>	<hr/> 74 <hr/>	<hr/> 863 <hr/>	<hr/> 123 <hr/>

Regulated  
Assured  
Home reversion  
Other

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

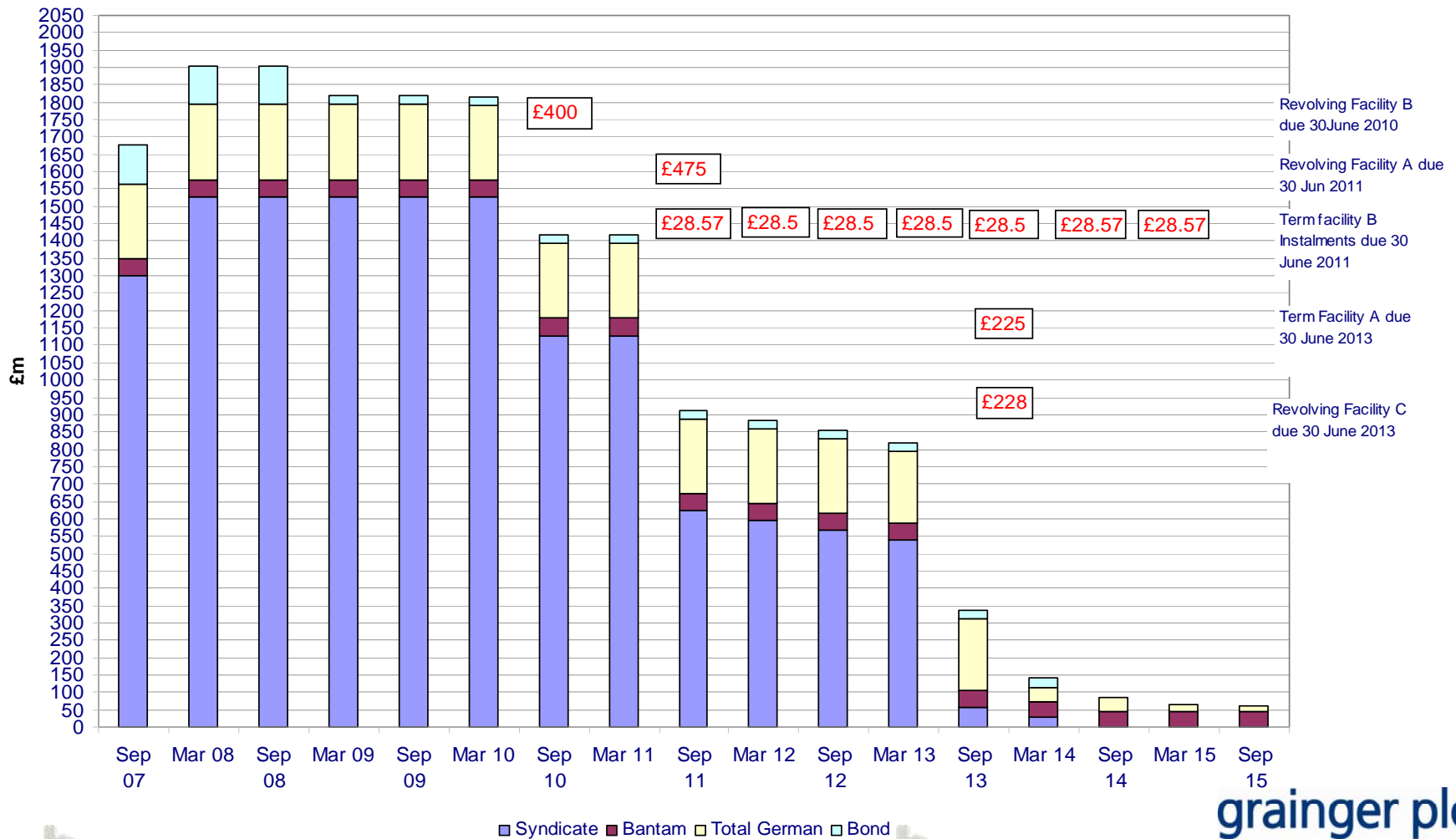
		<b>Gross Market Value £m</b>	<b>Gross Vacant Possession Value £m</b>	<b>Grainger Share %</b>	<b>Grainger Equity £m</b>	<b>Grainger Share of Reversionary Surplus £m</b>
	<b><u>No of units</u></b>	<b><u>Value £m</u></b>	<b><u>Value £m</u></b>	<b><u>Share %</u></b>	<b><u>Equity £m</u></b>	<b><u>Surplus £m</u></b>
G:res1	2,149	378	445	21.6	34	14
Schroders	519	72	87	23.6	17	4
GenInvest	1,566	283	355	50.0	(2)	36
Total	4,234	733	887		49	54
UK - development	-	37				
Europe - development	-	22				
	4,234	792				

- Grainger's share of reversionary surplus £54m (2007: £38m)

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# Appendices - Committed Facilities - Post Bond



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# Appendices - Portfolio Overview - Development - Status of Major Projects

<u>Project</u>	<u>Description</u>	<u>Status</u>	Expected Gross Development Value
Hornsey Road, Islington	200 residential units, community building	Construction almost complete	45
New lands	100,000 sq. m commercial, 1,550 new homes & 1,000 reserve	Planning consent granted	141
Macaulay Road Clapham	97 residential units, 30,000 sq. ft retail	Consent granted and demolition complete. Site is currently on the market	47
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	80
Gateshead College	245 residential units	Planning appeal due end of November 2008	70
New bury	330 residential units, 50,000 sq. ft retail	Preferred developer status, conditional development agreement expected Summer 2009	82
Joint ventures			
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	231
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.	89

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# Appendices - Grainger NAV – Sensitivity Analysis

## Without discounting tax

		Discount rate		
		8.43%	7.0%	5.43%
HPI	0%	520p	544p	576p
	2%	557p	588p	628p
	4%	604p	643p	695p
	5%	631p	675p	734p
	6%	662p	712p	778p

### Note

- Grainger NAV brings in the present taxed value of reversionary surpluses in our long term portfolio
- Grainger WACC: 5.43%
- Full sensitivity available on Grainger website: [graingerplc.co.uk](http://graingerplc.co.uk)

## Discounting tax

		Discount rate		
		8.43%	7.0%	5.43%
HPI	0%	612p	627p	646p
	2%	650p	671p	699p
	4%	696p	726p	766p
	5%	724p	759p	805p
	6%	754p	795p	849p

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# Appendices - Glossary of Terms

<b>Property</b>	
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.
<b>Financial</b>	
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

<b>Financial (continued)</b>	
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.

