

For immediate release

6 May 2010

Grainger PLC

PROPOSED ACQUISITION OF SOVEREIGN REVERSIONS PLC

This announcement does not constitute an announcement of a firm intention to make an offer under Rule 2.5 of the Takeover Code (the "Code") and shareholders are advised that, even if the pre-condition referred to below is satisfied or waived, there can be no certainty under the Code that any offer to acquire Sovereign shares will be made. For clarity, Grainger reserves the right to waive the pre-condition at any time. In addition, Grainger reserves the right, if the pre-condition is not satisfied or waived, not to make an offer for Sovereign.

The Boards of Grainger PLC ("Grainger") and Sovereign Reversions PLC ("Sovereign") announce that they have reached agreement in principle on the terms of a recommended offer expected to be made by Grainger subject to a pre-condition that pre-acquisition due diligence is completed by Grainger to its satisfaction. The expected consideration payable is 202 pence per Sovereign share in cash. The possible offer may be implemented by way of an offer to all shareholders of the Company or by a scheme of arrangement.

The Board of Sovereign (the "Board"), having reviewed the terms of the possible offer with its advisors Charles Stanley Securities and Fairfax I.S. PLC, has agreed unanimously to recommend Sovereign shareholders to accept Grainger's offer if it is made. Sovereign has agreed to pay an inducement fee if, broadly, at any time before midday on 4 June 2010, Grainger confirms that it is in a position to make an offer at a price of 202 pence per Sovereign share or above and (i) the Board fails to recommend such offer or subsequently withdraws its recommendation; (ii) Sovereign or any of its group undertakings announces the disposal of a significant part (being 10 per cent. of more) of its undertaking, business or assets or a transaction requiring Sovereign shareholder approval under London Stock Exchange plc's AIM Rules for Companies or the City Code on Takeovers and Mergers; (iii) the Board recommends, or announces that it intends to recommend, any competing offer; (iv) an offer by a third party is completed; or (v) Sovereign is in breach of its obligation not to solicit a competing offer and Grainger decides not to proceed with the acquisition. The amount of the inducement fee is £300,000 (inclusive of VAT if applicable). Further details will be set out in the full terms of the offer, if it should be made.

Irrevocable undertakings to accept the offer, if it should be made by 4 June 2010, have been given by certain Sovereign shareholders whose names, shareholdings and percentage of Sovereign's issued share capital are set out below. The irrevocable undertakings fall into the three categories shown in the table, being "hard" (indicating that they do not fall away in the event of a higher offer), "soft with a hurdle" (indicating that they cease to be binding if a firm offer is announced by a third party, the value of which is 222 pence or more per Sovereign share) and "soft without a hurdle" (indicating that they cease to be binding if a firm offer is announced by a third party, the value of which is more than 202 pence per Sovereign share).

Shareholder name	Category	Number of shares	% of Issued Share Capital
Bob Wigley *	Hard	50,035	0.29
Graeme Marshall *	Hard	1,071,964	6.32
Graeme Marshall nominee	Soft with a hurdle	5,424	0.03

Robert Lo *	Hard	62,150	0.37
Rupert Pearce Gould *	Hard	18,528	0.11
Rupert Pearce Gould nominee	Soft with a hurdle	43,119	0.25
Rockhopper Investments Limited	Hard	1,525,060	8.99
Pensions Insurance Corporation	Soft with a hurdle	1,327,750	7.83
JPMorgan Asset Management (UK) Limited	Soft without a hurdle	694,050	4.09
El Oro and Exploration Company Limited	Soft without a hurdle	288,069	1.70
AXA Investment Managers UK Limited	Soft without a hurdle	206,225	1.22
Total		5,292,374	31.20

* indicates a director of Sovereign.

Sovereign also received on 28 April 2010 and duly considered an expression of interest from a third party consortium for making an offer for the entire issued share capital of Sovereign at 200 pence per share in cash which envisaged including a potential equity stub alternative providing Sovereign shareholders with the opportunity to remain shareholders in Sovereign should they elect to do so rather than sell their shares for cash. This announcement is being made without the consent of the third party referred to above and there can therefore be no certainty as to whether an offer will be made by the third party or as to the terms on which any such offer will be made.

There can be no guarantee that any offer will be made by Grainger plc and a further announcement will be made in due course.

Pursuant to Rule 2.4 (c) of the Code, Grainger reserves the right to reduce the level of this possible offer if Sovereign pays a dividend or makes any other distribution to its shareholders in which case Grainger would make an equivalent reduction. Grainger also reserves the right to reduce the level of this possible offer with the recommendation of the Board of Sovereign. In addition, Grainger reserves the right to introduce other forms of consideration in substitution for all or part of the cash consideration.

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This announcement does not constitute an offer or invitation to buy, sell or subscribe for securities.

J.P. Morgan Cazenove is a marketing name for the UK investment banking business of J.P. Morgan plc and its associated companies. J.P. Morgan Cazenove is acting exclusively for Grainger and no one else in connection with the possible offer and will not be responsible to anyone other than Grainger for providing the protections afforded to customers of J.P. Morgan Cazenove or for providing advice in relation to the possible offer or any other matter referred to herein.

Brewin Dolphin Investment Banking acts as joint broker to Grainger.

Fairfax I.S. PLC is acting exclusively for Sovereign and no one else in connection with the possible offer and will not be responsible to anyone other than Sovereign for providing the protections afforded to customers of Fairfax I.S. PLC or for providing advice in relation to the possible offer or any other matter referred to herein.

Charles Stanley Securities, a division of Charles Stanley & Co Limited is acting exclusively for Sovereign and no one else in connection with the possible offer and will not be responsible to anyone other than Sovereign for providing the protections afforded to customers of Charles Stanley Securities or for providing advice in relation to the possible offer or any other matter referred to herein.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of

the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.