

17 February 2020

Grainger plc
(“Grainger”, the “Company”, the “Group”)

Acquisition

Grainger agrees to forward fund and acquire a 348 home, PRS development at Queens Road in Nottingham for £55.6m

Grainger plc, the UK’s largest provider of private rental homes, today announces further details on its recently announced new scheme in Nottingham. Grainger has agreed to forward fund and acquire a 348-home PRS (‘build to rent’) development from Blocwork LLP for £55.6m. Blocwork LLP, a 50:50 joint venture between Network Rail and Bloc Group setup to develop rail side sites nationally, is developer of the scheme.

This is Grainger’s first investment in the city of Nottingham, a key target city for Grainger’s national build-to-rent and PRS investment strategy, identified for its strong market fundamentals as a location with deep rental demand and strong economic growth prospects. Despite the positive market backdrop, Nottingham has a limited amount of similar purpose-built, large scale rental housing schemes offering resident amenities. The Build to Rent scheme is in an attractive location on the Queens Road, within close proximity to the town centre and adjacent to Nottingham railway station.

The transaction is subject to the satisfactory appointment of a contractor and other conditions. Once these have been met, expected in the next few months, the transaction will become unconditional and then considered fully secured.

Planning permission for the scheme was granted in late 2019 subject to agreement of the Section 106 agreement.

Construction is expected to commence in H2 2020 with the scheme expected to be leased and stabilised by early 2024. Grainger expects this investment to generate a gross yield on cost of over 7% once stabilised.

Knight Frank acted for the vendor in securing this acquisition.

Helen Gordon, Chief Executive of Grainger, said:

“We are pleased to agree this significant new investment for housing in Nottingham, a city we have been keen to invest in for some time due to its strong market characteristics and growth prospects. Nottingham has a vibrant community, with strong and growing demand for renting, but lacks high quality, professionally managed rental housing with amenities. Our rental housing scheme on the Queens Road will represent great value for renters with long-term, flexible tenancies, professional on-site resident services team, high speed broadband, and communal spaces and amenities such as a lounge and gym. We look forward to bringing this scheme forward swiftly with Blocwork Group.”

Richard Thomas, Director, Blocwork LLP, said:

“We are delighted to be working with Grainger on this project. We have been developing ideas to redevelop the site for some time. This has resulted in a viable development coming forward on this site that that will add to the vibrancy of this part of Nottingham and complete the redevelopment of the station which has become a great regional transport hub. We look forward to delivering this scheme and hopefully many others with Grainger in the future”

David Biggs, Managing Director, Network Rail Property said:

“The Nottingham development is a fantastic example of Network Rail working closely with the private sector to deliver vital new homes on land no longer required by the operational railway. The investment by Grainger points to the growing appetite in the sector for viable Build to Rent schemes, and we are pleased this early investment has been secured. Network Rail has a growing track record of successful partnership projects across the country, which not only deliver housing, jobs and economic growth, but also generate vital funds to be reinvested back into the railway, improving services for our passengers.”

-ENDS-

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