10 February 2021

# Grainger plc

("Grainger", the "Group", or the "Company")

## TRADING UPDATE

# Resilient performance continues

- Like-for-like rental growth of +2.4%
- 98% rent collection
- PRS occupancy at 90%
- Strong sales performance

Grainger plc, the UK's largest listed provider of private rental homes, today provides an update on trading for the first four months of its financial year to the end of January 2021, alongside its AGM which is being held today. The Company will announce its half year financial results on 13 May 2021.

**Helen Gordon, Chief Executive, said:**

"I am pleased to report that Grainger continues to perform well despite the ongoing challenges posed by lockdown restrictions. Our mid-market price point, coupled with our market-leading operational platform, are proving invaluable during these testing times, with rent collection at 98%. Our regional investment strategy has held us in good stead. While we have seen a delay in the anticipated recovery of occupancy in our PRS portfolio, particularly in London, due to the new restrictions imposed since the Christmas period, we are seeing strong levels of new enquiries among prospective PRS customers, albeit with the majority of interest focused on move-in dates in the Spring, pointing to a strong lettings market when restrictions are lifted. Our PRS pipeline activity remains broadly on track, and leasing of our scheme in Milton Keynes has gone well, in line with underwriting. The for-sale housing market continues to be buoyant. Our sales performance of ex-regulated tenancy properties has been notably strong, with high volumes ahead of valuations."

### Resilient rental performance

Our market-leading operational platform continues to deliver value:

- Strong rental growth, with total like-for-like rental growth of +2.4%
    - PRS like-for-like rental growth of +1.8%
    - Regulated tenancy like-for-like rental growth of +4.2%
- Rent collection on time remains high at 98%
- Residential customers with rental payment plans in place remains low at 42, representing less than 0.5% of our customer base
- Residential rent arrears remain low at 1.9%
- Occupancy on our PRS portfolio remains at 90% in line with levels at the end of FY20, with the anticipated recovery delayed due to new lockdown restrictions
- Our PRS portfolio represents c.75% of total net rental income, and the regulated tenancy portfolio the remainder

**Strong sales performance**

- Sales performance remains positive across all regions
- We continue to have a strong forward-looking sales pipeline which is on track to deliver a strong sales performance for the year, with pricing ahead of valuations by between 1-2%
- Regulated portfolio vacancy rate year to date remains stable at 7.3%
- Asset recycling – sales of investment (tenanted) properties have also continued to perform well

**Progress on pipeline delivery**

- We have secured planning consent for our second scheme within Connected Living London, our joint-venture with TfL:
    - Montford Place – planning permission secured to deliver 139 homes and 2,700 sqm of light industrial workspace
- We have completed on another forward-funding transaction, which is now included within our secured pipeline and was announced on 11 January 2021 – Millwright Places in Bristol was acquired for £63m and will deliver 231 new homes and a targeted gross yield on cost of c.6%
- Enabling works have begun at the Guildford Station scheme, where we recently agreed to forward-fund 98 PRS homes with Solum Regeneration for £37m
- Despite on-going social distancing measures on our construction sites, our schemes scheduled to complete this financial year are experiencing only marginal delays and we continue to expect them to complete later this year, broadly in line with previous guidance
- We have launched our first homes at our newest scheme The Filaments in Manchester (376 homes in total), with good levels of interest and eight apartments pre-let
- Solstice Apartments in Milton Keynes (139 homes) leased-up well, in line with underwriting, and is now considered fully let and stabilised
- The investment market for build-to-rent and high quality PRS is strong and we continue to pursue a number of exciting new opportunities that will be accretive to returns, with over £500m of opportunities either in the planning and legal stages or under consideration

**Credit ratings**

- Fitch Ratings have initiated coverage with an investment grade rating for both our corporate and bond ratings (BBB- and BBB respectively), supporting future funding activity, and S&P recently affirmed their credit rating of BB+ for Grainger and BBB- for Grainger's senior secured bond

**Awards**

- Grainger secured three RESI Awards by Property Week during the period:
    - Private Landlord of the Year
    - Asset Manager of the Year
    - PRS Deal of the Year for Connected Living London, JV between TfL and Grainger

**-ENDS-**

**For further information:**

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