



grainger plc

Annual Report  
and Accounts 2024

Renting  
*great*  
homes

## Strategic report

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## Chief Executive's statement



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## Chair's statement



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## Chief Financial Officer's review




## Forward-looking statements

This Report may contain forward-looking statements with respect to certain plans and current goals and expectations relating to the future financial condition, business performance and results of Grainger plc. Further information about forward-looking statements can be found in the Shareholders' Information section on page 177.





A young boy and girl are smiling and petting a black and tan French Bulldog. The boy is on the left, wearing a light blue shirt, and the girl is in the middle, wearing an orange shirt. The dog is on the right, looking towards the camera. They are in a room with a large window and a potted plant in the background.

We are changing the way people think about renting. We are creating great rental homes that meet the needs of renters.

As one of the UK's largest professional landlords we are providing homes to help alleviate the UK's housing shortage and delivering homes that are great value, in great locations, whilst providing a great customer service and creating great communities.

*page*

Read more about our great rental offer.



## Our year in review

# A great performance

## Consistently delivering outperformance and growth

Grainger delivered another great performance across the business this year. With the delivery of four new schemes and the purchase of the stabilised asset, The Astley in Manchester, we have added 1,236 new homes to our portfolio and continue to see our pipeline developing well.

The outlook for Grainger is excellent. Our market leadership in the growing build-to-rent sector with the UK's largest portfolio, largest pipeline and best-in-class operating platform, is delivering compounding growth for Shareholders, whilst providing a brilliant service and rental experience to our customers.

## Highlights



Total operational portfolio size

**11,069**



New homes added

**1,236**



Total portfolio value

**£3.4bn**



Schemes added

**5**

## Our newest build-to-rent schemes

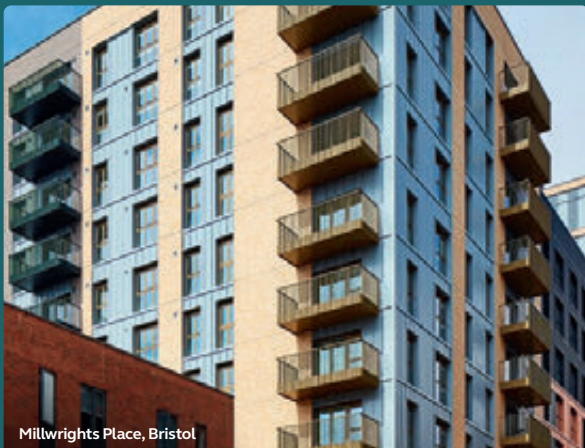
We have delivered four exciting new schemes this year and continued to develop our cluster strategy in key UK cities.



The Copper Works, Cardiff



Windlass Apartments Phase 2,  
North London



Millwrights Place, Bristol



The Silver Yard, Birmingham



The Astley, Manchester (acquired)

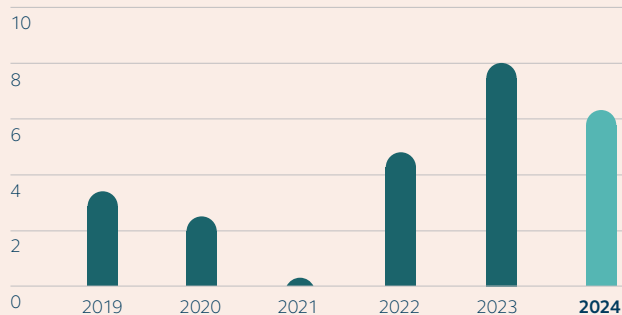


## Like-for-like rental growth (PRS)

Great performance driven by our best-in-class operational platform and high demand for our product.

# +6.3%

PRS rental growth (%)

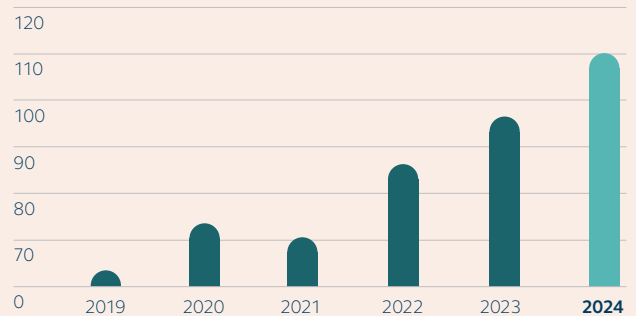


## Net rental income

The successful lease up of new launches, supported by our high-quality product and service offering has delivered double digit growth in net rental income.

# +14%

Net rental income (£m)



## Key facts

A platform that consistently delivers excellent operational performance.

Occupancy

# 97.4%

Average length of stay (PRS)

# 31 months

Customer satisfaction (NPS)

# +48

Customer retention

# 63%

Rent paid on time

# 99%

Energy Efficient Properties  
EPC A-C (PRS)

# 94%

## Chair's statement



# Positioned *to deliver*

**"Grainger has delivered another year of strong performance."**

### Dear Shareholders,

**I am pleased to say that Grainger has delivered another year of strong performance with a significant step up in net rental income, further dividend growth and excellent customer satisfaction scores, despite a challenging external environment.**

In the last 12 months Grainger has successfully delivered over 1,200 new homes in Cardiff, Birmingham, Bristol and London. The strategy to grow the business remains a priority and is supported by a substantial pipeline of schemes, a robust operating platform and great people across the whole organisation.

Delivering for customers remains a key area for the Board and great progress has been made through the delivery of our Customer Experience Programme which has, once again, resulted in further improvements in customer satisfaction levels and therefore customer advocacy. This is key to driving both customer retention levels and new customer enquiries. There continues to be a focus on how the use of data and AI will enable us to continue to make strides in delivering for our customers as well as improving the efficiency of everything we do.

The Board was pleased to see the Company's continued success of its ESG strategy and progress toward its ESG commitments, including further reducing its carbon emissions on an intensity basis. It was also good to hear the positive comments from colleagues in Grainger's new energy-efficient London office.

As the market leader, we continue to take the initiative on health and safety matters. We know that with over 25,000 residents staying in our properties every night, we must go above and beyond to keep them safe.

Our commitment to this is evidenced through our Live.Safe programme, with the results of our annual health and safety survey showing our Live.Safe culture is firmly embedded across the business and ahead of our peer group. In light of the Grenfell report this year, it is reassuring that a key focus for Grainger has been fire safety, where the Company is taking measures to be at the forefront of building safety.

One of the highlights of the year was the Board's visit to two of Grainger's newest communities in Nottingham and Derby, meeting colleagues and residents. It is always an uplifting experience hearing the enthusiasm of colleagues who have delivered these schemes as well as those on site delivering great service to our customers every day.

The Board closely reviewed and discussed people matters over the year including wellbeing, reward and recognition, diversity and inclusion and I am pleased to report some significant achievements in this area too. This year Grainger achieved the UK's leading recognition for equality, diversity and inclusion, the National Equality Standard. Grainger was also recognised as a Top 100 Employer by Best Companies as a result of the Company's bi-annual employee engagement survey. Finally, Grainger ranked highly in the FTSE Women Leaders review at 19th position out of the FTSE 250.

During the year, Grainger's Company Secretary, Adam McGhin, left the business after 13 years and I would like to thank him for his important contribution to the business and the support he provided to the Board over that time. I would also like to welcome our new Company Secretary and General Counsel, Sapna FitzGerald, to Grainger. The Board and I look forward to working closely with her.

The past year saw significant political change take place in the UK. The Board regularly reviewed Grainger's engagement with UK Government ministers and officials and the three main political parties, ensuring that Grainger's perspective and expertise helps inform policy making. We were pleased that the new Labour Government has publicly rejected the introduction of rent controls, recognising that it would harm housing supply and investment.

Reflecting the Company's strong performance and our commitment to deliver a progressive dividend, the Board is pleased to propose a final dividend per share of 5.01p, in line with our policy to distribute the equivalent of 50% of net rental income. This will result in a total dividend of 7.55p per share, an increase of 14% from last year.

Grainger is well positioned to continue to deliver significant earnings growth for years to come as it completes the existing schemes in its pipeline and new schemes it secures. One of the key areas of focus for the Board continues to be how quickly the Company can grow the pipeline into the future given the serious mismatch that exists in this country between the demand for homes and current supply. Given the size of the opportunity the Board remains confident that the Company can deliver further substantial value for Shareholders and customers alike going forward.

**Mark Clare**  
Chair

20 November 2024



## Chief Executive's statement

# Excellent Performance

**“We have a substantial opportunity to accelerate growth.”**

It is my pleasure to report another year of continuing accelerated growth for your Company and a very strong growth outlook.

Building on last year's record delivery of new homes, we have had another year of strong delivery, adding 1,236 new homes to our expanding portfolio.

We added four new communities to our existing clusters in Birmingham, Bristol, London, and Manchester and building on our national footprint of carefully selected locations, we are now building meaningful scale in these cities.



## Delivering homes

### The Silver Yard — Birmingham

In June 2024 we launched our second scheme in Birmingham.

**375**  
Homes



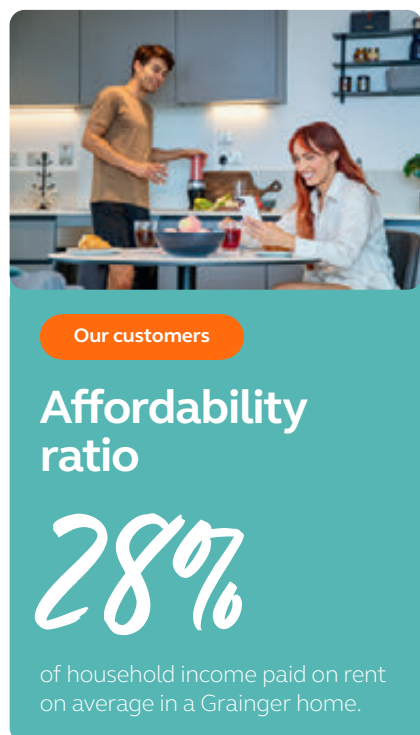
One of these was the acquisition of an existing BTR asset, The Astley, demonstrating the potential of stabilised acquisitions as a route to growth. We also opened our first scheme in Wales in Cardiff.

These new homes together with like-for-like rental growth of 6.3% have meant we have once again delivered double digit income growth at 14%, ahead of last year's 12% growth. For our Shareholders this also means a 14% growth in our dividend.

Our portfolio returned to valuation growth in the second half with a 1.1% increase which offset the decline in the first half related to the one-off impact of tax changes (the removal of multiple dwellings relief, MDR). Over the whole year valuation declined by 0.8% (FY23: (2.4)%) including this one off impact; excluding MDR underlying valuations increased 0.8% during the year.

Over the past two years, due to rising interest rates, we've experienced yield expansion yet our portfolio value's decline was successfully largely offset by rental growth due to the resilience of our assets and the strength of our operating platform.

## Chief Executive's statement continued



Our proactive asset recycling programme drives continued growth, which also preserves the strength of our balance sheet. This year we disposed of a recent record number of non-core assets generating £274m of gross revenue from these lower yielding assets. We are then reinvesting this capital into higher-yielding, modern, purpose-built, energy efficient, attractive homes. This, together with our high level of asset recycling last year is leading to the continued high quality and strong potential of our portfolio.

The investment and focus we have placed on creating the UK's leading build-to-rent ('BTR') operating platform means that we can leverage our planned growth using our central platform and deliver significant margin gains, with our EBITDA margin set to grow by six percentage points to over 60% by FY29, a compounding effect on our earnings growth.

The strategic transformation we have undergone since setting out our strategy in 2016 is enabling us to convert to a REIT in October 2025, made possible by the fact that the business will be majority BTR homes, focused on investment and growing net rental income and no longer reliant on trading profits. Our BTR/PRS portfolio now represents 83% of our operational portfolio given the success of both our pipeline delivery and recycling of our regulated tenancy portfolio.

### High customer satisfaction and healthy customer affordability

We are committed to delivering great homes and a great service to our customers. Satisfied customers deliver the most robust returns for our Shareholders.

Our investment in customer experience, including deeper customer insight, our CONNECT technology platform and our Company-wide customer service training programme, has led to year-on-year improvements in customer metrics.

Our key metric for customer satisfaction, the Net Promoter Score (NPS), has increased even further this year following last year's exceptional score, and is now +48, significantly ahead of industry peers and many other industry market leaders.

Customer retention is high at 63%.

On average, our customers stay with Grainger for nearly three years.

In addition to our customers telling us that they are happy renting with Grainger, we closely monitor the financial health of our customers and their rental affordability. It is generally accepted that housing costs should be no more than a third of a household's gross income.

I am pleased to report that Grainger's customer affordability remains healthy at 28%.

### Operational excellence

We have successfully been leasing our four new schemes well ahead of underwriting, which typically assumes 12-18 months to fully lease up a new building.

In Cardiff, at the Coppers Works (307 homes), in Bristol at Millwrights Place (231 homes), in Birmingham at The Silver Yard (375 homes), and in London, our second phase of Windlass Apartments (65 homes), our newly completed buildings are all leasing exceptionally well, ahead of underwriting.

We continue to reap the benefits of scale as we grow. Operating expenses continue to be improved with our 'gross to net' leakage down from 25.5% to 25%, a 75% gross rental margin.

This margin is after refresh and refurbishment costs which are included in the 25%.

In addition, with scale we have created efficiencies in our procurement and supply chain. Good examples of this were our consolidation of our repairs and maintenance supplier in the South of England and our consolidation of national furniture suppliers this year, both enabling us to drive savings and, importantly, further enhance customer experience.

Our fully integrated and fully digitised customer journey, combined with our CONNECT technology platform, enables





us to benefit from the significant data and insight we have at our fingertips, a benefit of operating all our own properties directly. CONNECT, along with our data, enables us to readily utilise AI and analytics across the business, such as lettings, customer experience, building operations, asset management, development and our core corporate functions too.

We also launched a new website improving our leasing journey for those wishing to rent with Grainger.

### Leading the way on sustainability and responsibility

We continue to demonstrate our leadership in sustainability and responsibility.

94% of our properties are compliant with future energy efficiency standards expected to come into force in 2030 (BTR/PRS portfolio, EPC ratings A-C).

We continue to make good progress against our target to be net zero carbon for our operations by 2030 with our Scope 1 & 2 emissions reducing again year on year by 8%.

Our focus to reduce Scope 3 emissions, particularly our customer emissions, supported by our consumer campaign, Living a Greener Life, continues to bear fruit, with operational Scope 1-3 emissions per m<sup>2</sup> reducing by 9% year on year on the PRS portfolio.

Through targeted initiatives, we have successfully established a robust baseline of customer emissions data, which has enabled us to apply for our established carbon targets to be recognised as science-based targets, an important step on our net zero carbon pathway.

Safety remains a core focus for Grainger. All housing businesses have a responsibility to keep their residents safe.

Most of our BTR properties were built post Grenfell. This year, with the publication of the report on Grenfell, we have further invested in keeping safety at the front of all Grainger employees' minds, a commitment that runs from the Board all the way through the organisation.

Our Live.Safe programme continues to successfully engender a safety-first culture. With the enactment of the Building Safety Act, we have been at the forefront of the industry, getting ahead of new building safety regulations and going beyond the new minimum safety standards.

### Political and regulatory landscape

During the year we have worked with both Governments on their proposals for reforming the rental housing market, which have been broadly similar.

The UK now has a Labour Government with a notable majority. The Labour manifesto focused on driving economic



#### Our customers

## High Customer Satisfaction

We have continued to increase our net promoter score for customer satisfaction.

**+48**  
nps

#### Delivering homes

**+231**  
homes  
**Millwrights Place**  
— Bristol

Millwrights Place, the second of three Grainger developments in Bristol. By creating an operational cluster we are investing £275 million in the local Bristol community and providing a total of 893 new, high-quality, energy-efficient homes.

**Chief Executive's statement continued**

growth through stimulating the supply side, particularly through the delivery of 1.5 million new homes over this Parliament. At the same time, the Labour Government also committed to raising standards in the private rented sector.

We have been heavily engaged in dialogue with policy makers, including the Labour Party, both before the election and now they are in government, to ensure our perspective is understood and that policy and regulation continues to encourage investment into private rented homes, which is being met positively.

We were pleased to see that the Labour Government publicly ruled out any form of rent controls in favour of stimulating housing supply and raising standards.

Proposals to raise rental standards have been consistently informed by Grainger over the years. We will continue to engage with Government and policy makers to ensure such changes protect future investment and housing delivery. Our ambition is to lead in the quality of homes and services our customers enjoy.

The Labour Government's commitment to reforming the planning system to stimulate housing delivery is also welcome and aligns to our growth strategy.

We will continue to engage with policy makers and the UK Government in the shaping of future legislation and regulation.

**A great place to work**

We know Grainger is a great place to work because our colleagues tell us it is. The number one reason is because of the people.

I am very proud to announce that Grainger this year achieved the UK's leading benchmark for Equality, Diversity and Inclusion (ED&I), the National Equality Standard, which entailed an in-depth and comprehensive assessment of our ED&I programme and supportive culture and policies.

I am also proud that this year Grainger was recognised as a leading FTSE business for women in business, ranking 19th out of the FTSE250 in the FTSE Women Leaders review.

It is also pleasing to report that our colleague engagement scores remain high, achieving a 'Very Good' rating in our annual survey administered independently by Best Companies. Grainger is now in the Top 100 Employers according to Best Companies.

**Outlook of compounding growth and market momentum**

FY24 marked another year of very strong growth in net rental income and EPRA earnings as our operating platform and excellent pipeline continue to deliver compounding growth. With earnings guidance increased for the next two years and a sizable opportunity for further additional growth beyond, we are accelerating our growth and delivering on our strategy.

The market opportunity for the UK BTR sector is substantial and Grainger, as market leader with a proven track record of successfully launching and operating new BTR homes, is best placed to continue to accelerate and grow in this sector.

Rental growth for the year ahead is expected to remain above the long-term historical average of 3.5% as well as above our underwriting assumptions.

Our pipeline for growth is impressive at c.50% of our current BTR portfolio. This growth in our core cities will be delivered with our strengthening relations with partners including public sector landowners.

Our asset recycling programme will continue to support our growth ambitions whilst allowing us to maintain a strong balance sheet.

Structural undersupply combined with a pipeline for growth, our expertise and leading operating platform means we are perfectly positioned to continue to grow rapidly. The benefits of scale will enhance returns and deliver compound earnings growth for our Shareholders as well as providing a great experience for renters.

I am proud to lead a great team whose purpose is to enrich people's lives by the homes we create and the service we deliver. I want to thank the Grainger team, our Board and our Shareholders for continuing to support us in this endeavour.

**Helen Gordon**  
Chief Executive Officer

20 November 2024



Our colleagues

**Engaged Workforce**

Colleague engagement remains high with Grainger now in the Top 100 best companies in the independently administered survey by Best Companies.

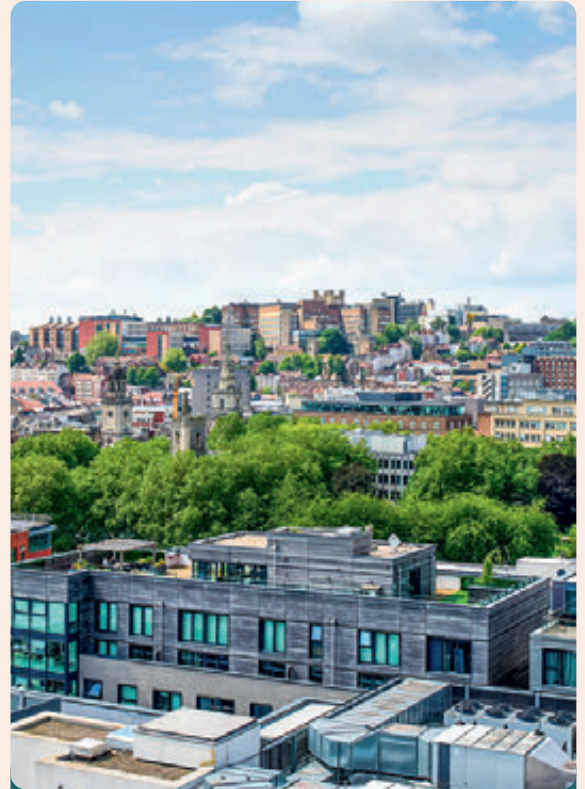




# Great Renting

Grainger provides high quality, mid-market homes to rent in vibrant, well-connected locations across the UK. We are working alongside and creating exciting communities with teams that go above and beyond to provide exceptional customer service.

A good home is the foundation for a great life, if you Rent Well then you can Live Well.



Great value

p10

Great locations

p12



Great customer  
service

p14



Great communities

p16

# Great value



*Jonathan Pitt*

Director of Lettings &  
Residential Marketing

## Renting with Grainger is more than just a home

When you rent with Grainger you get more than a place to live. We provide a home in which you can put down roots and grow. We offer flexible long-term tenancies and rents that are affordable to a wide range of households.

Our buildings and homes are designed with people at the heart, with a variety of amenities available to all customers at no extra cost, including 24-hour gyms so residents can exercise at a time convenient for them, free Wi-Fi in our homes and amenity spaces so customers are connected from day one and co-working spaces for hybrid and flexible workers.

Our Resident Services teams are on hand to help with any queries or just to be a friendly face, from taking deliveries, arranging repairs to organising social events.

**“Our affordable and flexible tenancies provide exceptional value for residents.”**

### Included in your rent



Wi-Fi included



Co-working spaces



24hr Gym

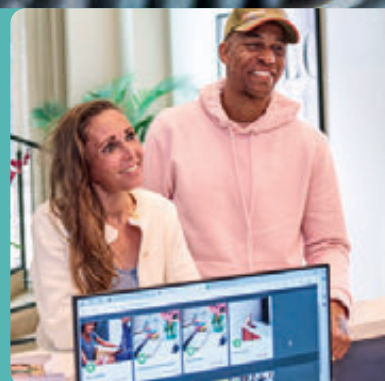


### Co-working spaces included


With hybrid working as important as ever, we provide a variety of flexible co-working spaces within our amenity offering, including individual working pods, co-working lounges and bookable meeting rooms, all with free Wi-Fi.

### On-site support

Grainger prides itself on great customer service, and by directly employing Resident Services Teams, who are located within our buildings, we ensure the highest quality service. We provide in-house customer service training to all our employees ensuring consistency across the business.







Proportion of  
household income  
spent on rent

28%

Grainger customer  
affordability ratio

34.2%

England's average private  
rental affordability ratio





# Great locations

## New Launch – The Silver Yard, Birmingham

Providing 375 high quality, one- and two-bedroom rental homes in the heart of the city, bringing our regional offering up to 533 homes.



## Millwrights Place, Bristol

Part of our Bristol cluster, Millwrights Place is Grainger's second of three BTR developments in the city. By creating an operational cluster, we generate operational efficiencies and can further invest in the customer experience.

Providing 833 homes in Bristol .



*Tom Grounds*

Head of Research

**Disciplined and  
research-led  
decision-making**





## Average Connectivity Score

# 88/100\*

\* As measured by Walk Score

View of Bristol from Millwrights Place

### Q: How does Grainger identify its 'Great Locations'?

We identify our great locations through a rigorous investment and research-led process. Through this process we have scored all cities and major towns throughout the UK and identified the locations with the greatest rental demand and greatest growth prospects. Once identified we can then look to allocate capital in line with our strict investment criteria. We create operational clusters, building scale and opportunities for operational and management efficiencies, and enhanced customer service.

### Q: What key criteria do great locations require?

Our locations of focus are typically built-up areas, mostly in cities, where we see large numbers of 20- to 40-year-old private renters, strong employment easily accessible by public transport, walking and cycling, as well as a strong local amenity offering including GPs, supermarkets, and cultural and recreational facilities.

### Q: How many homes do Grainger typically build in their target locations?

Grainger typically targets building sizes of 150 to 300 homes, depending on

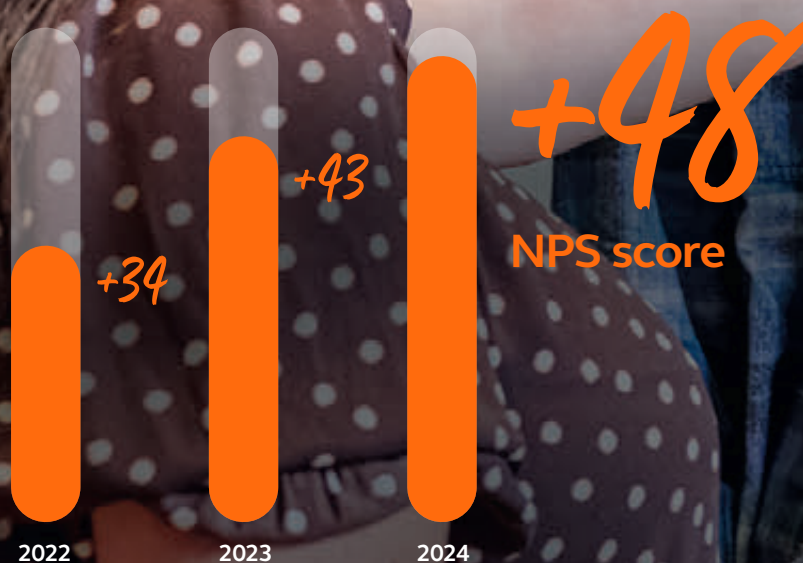
the market. We look to create clusters of multiple buildings, totalling between 500 to 1,500 homes in a city or region, varying dependent on the city size.

### Q: Why does Grainger create operational clusters?

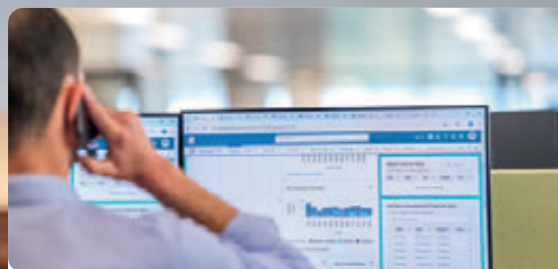
By creating clusters and building scale in our target locations we can drive efficiencies across the cluster, from a single building management team who provide a consistent service across the network of buildings in that location, to using local suppliers and contractors to service the cluster, therefore providing cost savings and enhanced service.



# Great *customer service*







### Building insight into our Customer Experience strategy

Leveraging data to inform our decision-making is the foundation to successfully delivering our Customer Experience strategy. By measuring Grainger's performance at every stage of the customer journey we can collect and analyse this data to inform and shape our service delivery and continuously improve the service we provide.



*Jenny Lorimer*

Director of Customer Experience

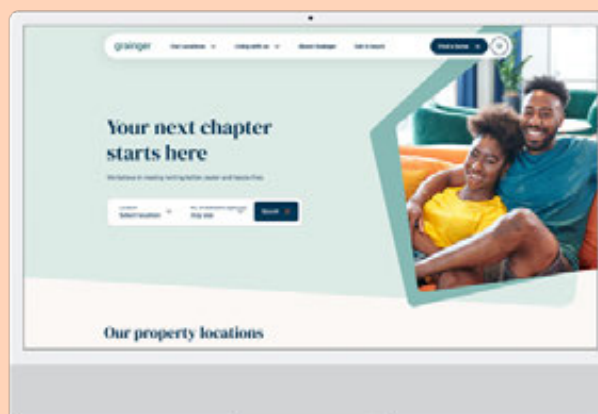
## Delivering a great experience to customers

Our people are the leading reason customers recommend living in a Grainger home. By providing consistently great customer service, we aim to attract and retain high-value customers. Through a customer experience programme that is insight led we are delivering on our purpose of renting homes, enriching lives.

Over the past three years we have developed and implemented a series of targeted service initiatives from improving all customer communications and providing customer service training to all colleagues to developing the MyGrainger customer app and launching a user-friendly leasing website. Through these initiatives we have repeatedly increased customer engagement levels and satisfaction scores.

### Customer website

In August, Grainger launched a new customer-facing, leasing website. The site showcases and advertises Grainger's available homes in real-time and provides users with a step-by-step guide to renting with Grainger, allowing them to easily find their new Grainger home.





# Great *communities*



598

Community events





### An active Community Engagement Programme

Over the past year Grainger's Resident Services teams have held over 598 events with residents, creating a strong sense of community within our schemes.



*Samantha Lancaster*

Senior Resident Services Manager

## Making a positive impact in our local communities

During 2024, we established our community engagement programme to create positive social connections with the wider communities around our buildings and in our clusters. As part of the programme, each building or cluster has identified three separate local stakeholder community partners including a charity, local police liaison and school or community project to connect and work with through events, donations and volunteering.

From food bank donations, to volunteering in a charity shop, litter picking and coffee mornings with the local police, we have already seen our residents and local communities come together to establish a wider evolving community and we are already recognising the positive impact the continued connections are building for the longer term.



### Wellesley children's play area opening

This summer, our development in Wellesley, Aldershot proudly opened its inclusive children's play area. It was designed in collaboration with young Wellesley resident, Dylan, who inspired, informed and fed back on the design to provide a welcoming and inclusive space for all.

# The shape and strength of our market leading business

We are the UK's leading publicly listed provider of private rental homes. We develop, own and operate rental homes across the country.

**112** **25,000+** **11,069** **4,730**

Years in operation

Customers

Operational homes

Pipeline homes

## Purpose built private rental homes

We own over 9,000 private rental, predominantly build-to-rent (BTR), homes across the UK, with a further 4,730 in our pipeline. Our portfolio offers a mix of apartment buildings to suburban housing, all in great locations and leased at mid-market rents. We build all our new homes to high standards and technical specifications and manage them in-house to ensure the best customer service.

**9,443**

PRS homes

**£2.7bn**

Portfolio valuation

**97.4%**

Occupancy

**+6.3%**

Like-for-like rental growth



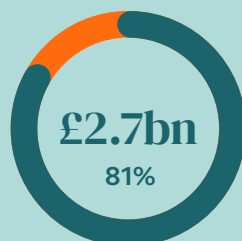
## Our strategic transition to BTR (investment value)

● BTR/PRS ● Regulated tenancy

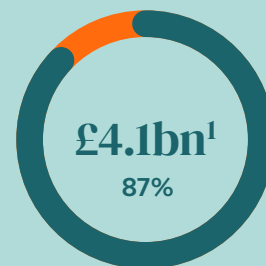
2015



2024



Post-  
pipeline  
delivery



1. Post pipeline includes committed and secured schemes and those going through planning and legals.

## Regulated tenancy homes

We own and manage 1,472 regulated tenancy homes across the UK. These historical tenancy agreements were created before 1989 and the tenant has the right to reside for life. Rents are set at levels below the open market by independent local rent officers, but the capital gain on the eventual sale is significant. When these properties are vacated, we typically sell them, generating significant cash flow each year, providing funding for growth in our BTR portfolio.

**£648m**

Portfolio value

**(2.0)%**

Average sales price  
achieved against  
valuation

**7.1%**

of portfolio  
sold following  
vacancy



## Pipeline of growth

We have a significant £1.4bn investment pipeline which will deliver 4,730 homes and an estimated 75% growth in net rental income when delivered and leased.

**Operational\***  
11,069 homes

**£3.4bn**



**£648m**

Regulated  
tenancies  
1,472 homes

**£2,781m**

PRS portfolio  
9,597 homes

\*Including Vesta co-investment, 154 homes at Millet Place.

**PRS pipeline**  
4,730 homes

**£1.4bn**



**£481m**

Committed  
1,330 homes

**£541m**

Secured  
2,009 homes

**£379m**

Planning/Legals  
1,391 homes

## Strong financials and balance sheet

Net rental income

**+14%**

FY24: £110.1m  
FY23: £96.5m

Dividend

**+14%**

FY24: 7.55p  
FY23: 6.66p

Like-for-like rental growth

**+6.3%**

(141)bps  
FY23: 7.7%

EPRA earnings

**£48.0m**

+21%  
FY23: £39.8m

EPRA NTA

**298pps**

(2)%  
Sep-23: 305p

Adjusted earnings

**£91.6m**

(6)%  
FY23: £97.6m

**No material refinancing  
requirement until 2028**

**Strong liquidity**  
with our pipeline fully fundable  
through existing resources

**Cost of debt fixed in  
mid 3% for c.4 years**

**Strong cash flows**  
of £200m+ per annum from operating  
activities and sales proceeds

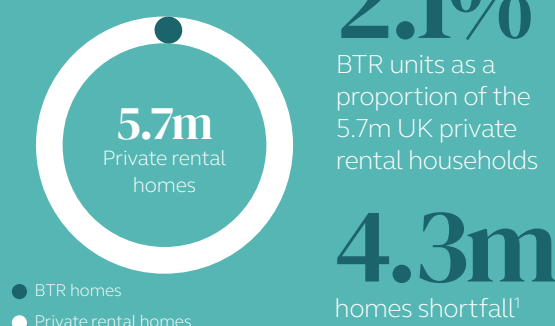
## The shape and strength of our business continued

## Exciting opportunities in the UK rental market

As demand continues to outstrip supply, Grainger can play a vital role in providing much needed homes across the country.

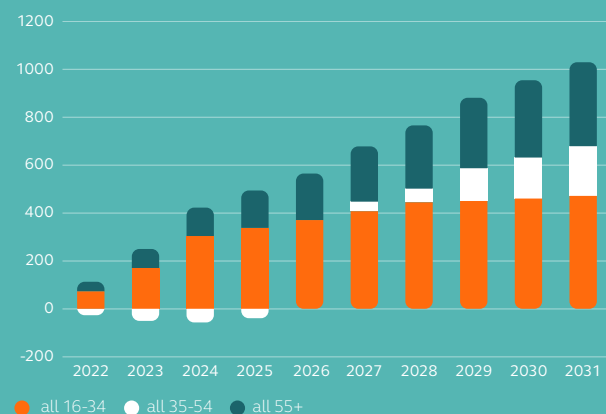
## Scope for growth

BTR market share chart



## 20% cumulative growth in PRS households forecast

Source: Savills Research using English Housing Survey



1. Centre for Cities, February 2023: The-housebuilding-crisis-February-2023.pdf (centreforcities.org)

## Research-led investment decisions

Our investment process begins with comprehensive research by our in-house research team using macro and micro-level data to identify the cities and locations we want to invest in.

At the macro-level, we assess cities on their demographic, economic and real estate fundamentals.

At the micro-level, we build a full understanding of the surroundings, including local amenities, transport links and access to employment centres.

We can then target the right locations that will deliver growing customer demand and rental growth and allocate our capital in line with our discerning investment criteria.

Read more about our 'Great locations' on page 12

## Growth strategy to continue to deliver

£38m

Additional net rent from committed pipeline

54% to over 60%

EBITDA margin by FY29 as pipeline delivers

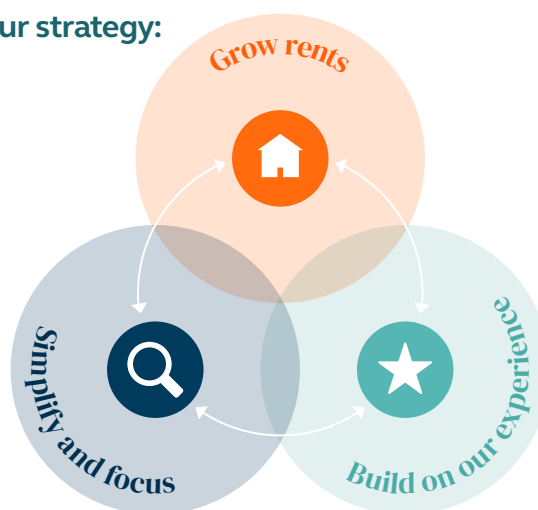
£60m

Upgraded near term FY26 EPRA Earnings

8%

Sustainable Total Accounting Return

## Our strategy:



- 1 Analysed 329 local authorities
- 2 Analysed 58 cities
- 3 Targeting top ranking cities
- 4 Ranked on six success factors
- 5 Underpinned by 22 economic data sets
- 6 Detailed demographic and rental market analysis



## Best-in-class operating platform powered by our

# CONNECT technology

Through our technology platform, CONNECT, we have invested in the business, creating a digital solution that puts the entire rental process online and an app that enables customers to easily connect with our teams.

Behind the scenes, technology is enabling ever increasing efficiency across all business functions, linking everything from marketing to payment processing, giving more control and greater efficiency, and, importantly, supporting the delivery of great customer service.

## A leading approach to ESG

Our commitment to being a responsible business, from being a best-in-class employer, to delivering the best customer service, providing sustainable homes that enhance wellbeing and creating social value for our customers and communities, is embedded throughout the business.



### People

We put people at the heart of everything we do and are committed to being a great employer, a great landlord, and to delivering long-term social value to communities.



Read more about our people  
Page 39



### Assets

We design and create quality homes with high standards of sustainability that attract and retain customers and helps to deliver long-term value to our stakeholders.



Read more about our assets  
Page 44



### Environment

We are committed to reducing our environmental impact and protecting the long-term future of our business, including our commitment to being net zero carbon in operations by 2030.



Read more about environmental  
impact Page 46

## The shape and strength of our business continued

## North West

(Manchester &amp; Liverpool)

**1,900** Operational homes

The Astley, Manchester

## North East (Newcastle)

**344** Operational homes

## Yorkshire

(Leeds, Sheffield)

**1,035** Operational homes

## East &amp; Midlands

(Birmingham, Derby, Nottingham)

**1,332** Operational homes

Silver Yard, Birmingham

## South West &amp; Wales

(Bristol, Cardiff, Exeter)

**1,216** Operational homes

The Copper Works, Cardiff

Millwrights Place, Bristol

**468** Glasshouse Sq, Redcliff, Bristol**230** Exmouth Junction, Exeter

## London (See overleaf)

**3,053** Operational homes

Windlass Apt Ph2, Tottenham

**2,312** Pipeline homes

## South East

(Guildford, Southampton)

**2,189** Operational homes**150** West Way Sq, Oxford**179** Guildford Phase 2

## Key

Operational BTR cluster

FY24 homes added

Pipeline BTR schemes

## Geographic breakdown of our total operational portfolio by number of homes

**16%** Central London**12%** Outer London**16%** South East**8%** South West**16%** East & Midlands**17%** North West**15%** Other regions

## National rental portfolio

We have a national portfolio, specifically targeted at locations with the highest demand, most significant housing shortages, and the strongest growth prospects.

**11,069** **£3.4bn**

Operational homes<sup>1</sup>

Portfolio value

**4,730** **£1.4bn**

Pipeline homes

Pipeline



1. Includes London Portfolio



**North London****61** Operational homes**162** Arnos Grove (CLL)**North East London****349** Operational homes

Windlass Apts Ph2, London

**East London****706** Operational homes**132** Seraphina Apts, Fortunes Dock, Canning Town**London City Fringe****413** Operational homes**South East London****344** Operational homes**324** Besson Street, Lewisham**Inner London****430** Operational homes**215** Waterloo Estate, Waterloo**139** Montford Place, Kennington (CLL)**479** Nine Elms (CLL)**West London****292** Operational homes**401** Merrick Place, Southall**460** Southall Sidings (CLL)**South West London****458** Operational homes

## London rental portfolio

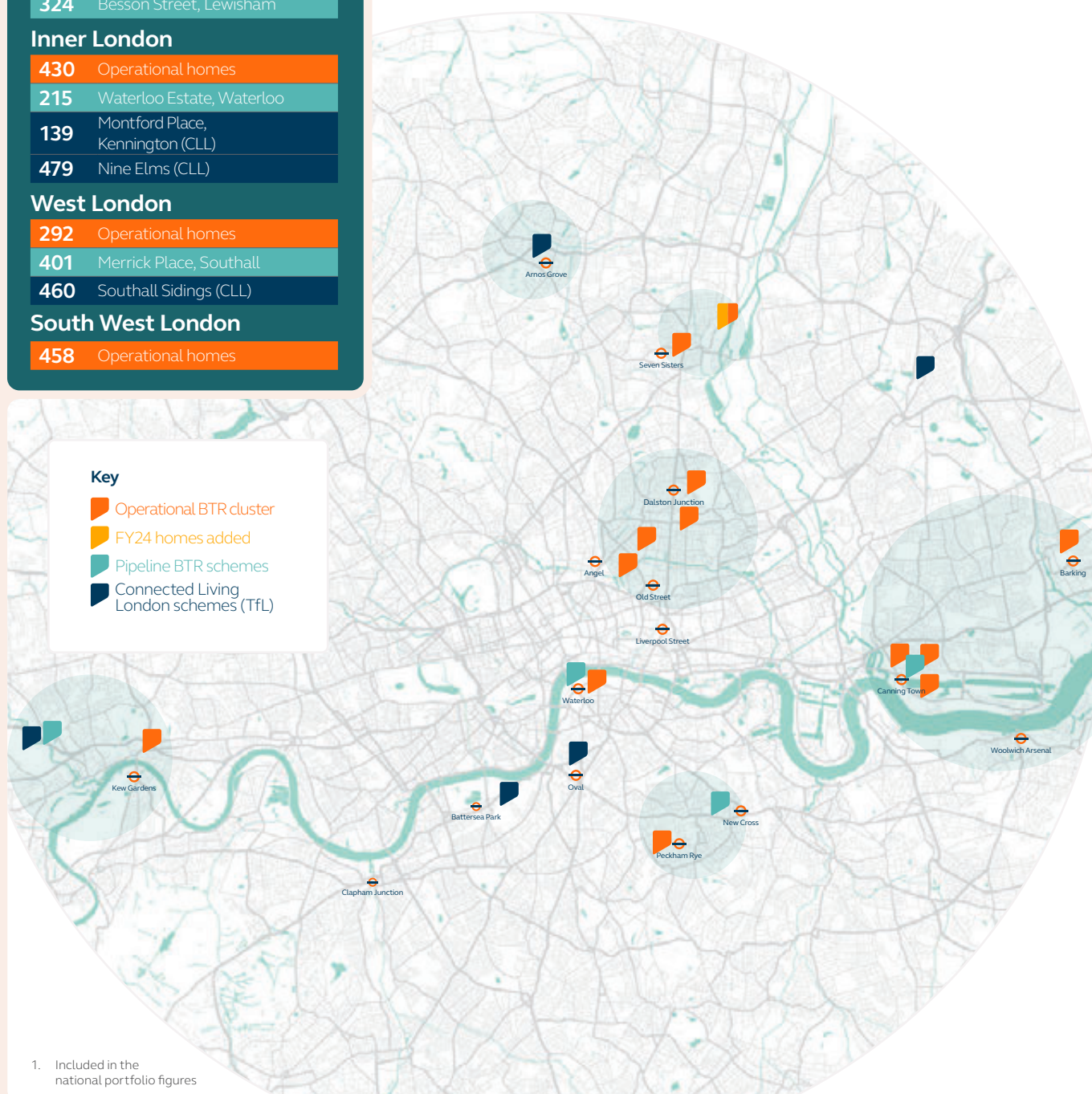
We continue to invest in new homes through capital allocation and partnerships with private and public sector organisations including Transport for London.

**3,053**Operational homes<sup>1</sup>**£1.5bn**Portfolio value<sup>1</sup>**2,312**

Pipeline homes

**£0.7bn**

Pipeline



1. Included in the national portfolio figures

## Our market

# Strong income growth and a resilient asset class

## An 'all weather' asset class

Over the past five years the UK has experienced several political, public health and economic challenges, not dissimilar to many other parts of the world.

However, what has been true throughout all of this is the resilience of housing demand, with the official UK Government statistics (ONS) recording positive rental growth despite these challenges - see chart below.

Indeed, private rental growth remained positive throughout Covid, before accelerating in the aftermath. In contrast, commercial property rents have tended to show notable volatility in response to shifts in the economic outlook.

The residential asset class's resilience reflects the sector's status as a 'need' rather than 'want' based real estate sector.

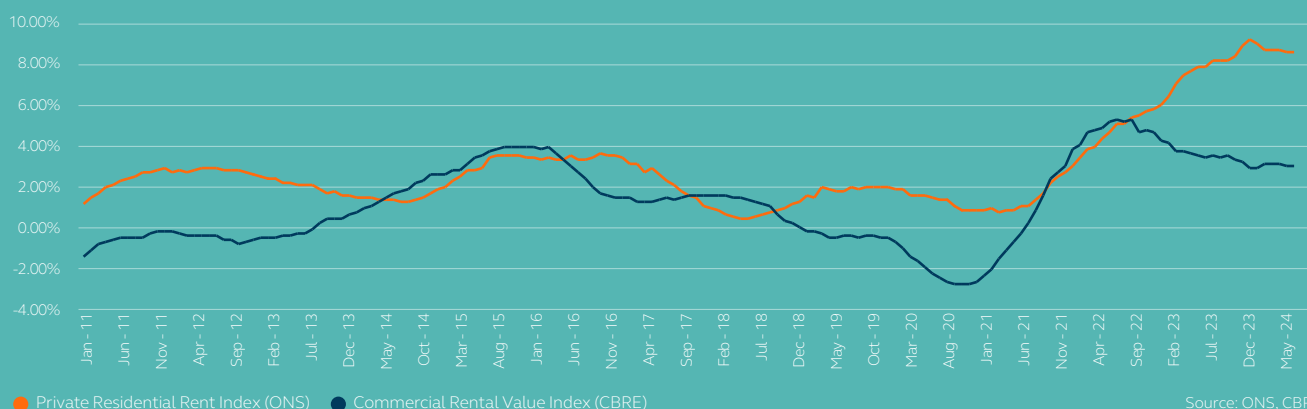
## "A 'need' rather than 'want' based real estate sector."

**Tom Grounds**  
Head of Research



Millwrights Place, Bristol

### Residential rents are less volatile than commercial rents





## Strong market fundamentals, defined by growing rental demand and chronic undersupply that is set to remain

The UK has for many years delivered fewer new homes than is required. In 2019/2020 housing delivery in England peaked at circa 250,000 net additional homes - short of the Government's target of 370,000 homes per annum.

The latest available data suggests that net additional dwellings in 2023/24 was circa 230,000 - see chart below.

It is unlikely that any supply-side stimulus will sufficiently boost new housing numbers to meet demand in the short term due to the structural constraints within the housebuilding and construction industries.

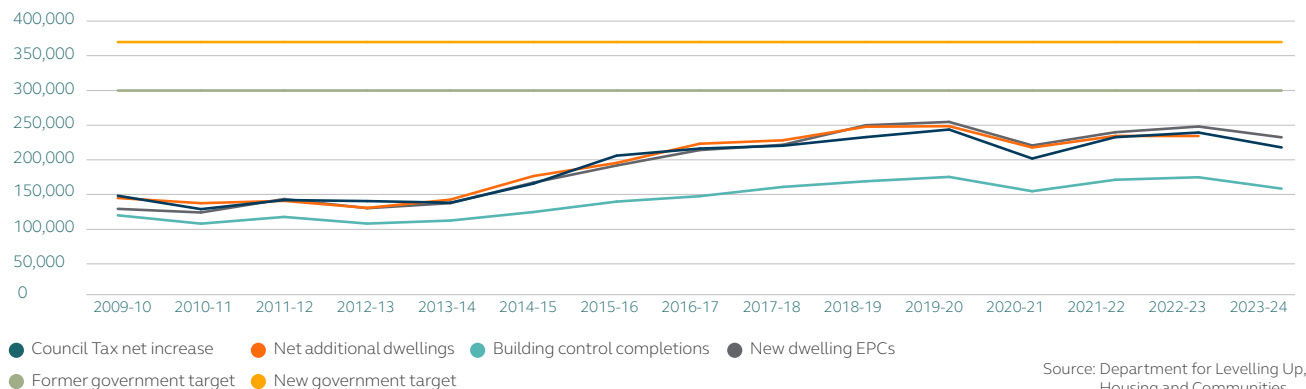
Savills estimates that demand for renting will increase by a further one million households by 2031, a 20% increase.

The proposed changes to the planning system are welcome and a step in the right direction, supporting Grainger's growth plans, but it will take time for some of the positive measures to work their way through the system and the gap to fill is significant, estimated to be a 4.3 million homes shortfall by the Centre for Cities thinktank.

**370k** New government target

**300k** Former government target

Indicators of new housing supply



## The BTR sector is growing and maturing, but small landlords are exiting, offsetting new BTR supply in the rental market

Aside from the overall challenges with housing supply, the private-rented sector is facing its own supply-side challenges.

The BTR sector now represents an estimated 120,000 completed homes out of the UK rental market which represents 5.7 million homes. Industry estimates point to the BTR sector delivering up to 30,000 homes per annum, subject to a continued supportive regulatory environment.

The new supply from the BTR sector, however, is not sufficient to offset the exit from the sector of small private landlords - see chart below.

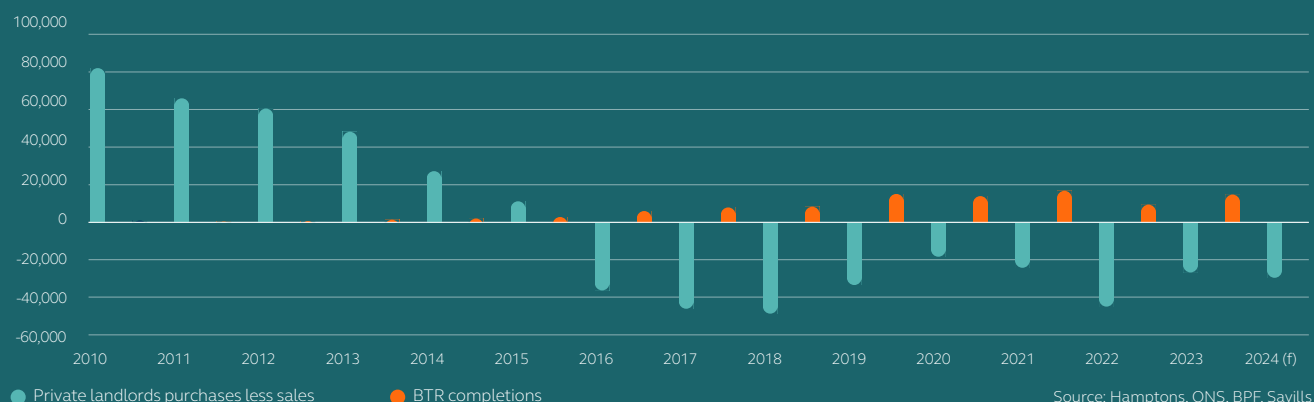
Since 2016, private landlords have been net sellers, on the back of the restriction of mortgage interest tax relief to 20% (the basic rate of income tax), the 3% surcharge on additional residential property purchases, amongst other

tax and regulatory changes. Higher tax measures affecting small landlords were also announced in the UK Government Budget in October 2024.

Moreover, the proposed reform of the private rented sector, while aligned to Grainger's own operational model, will be challenging for many smaller, private landlords. The likely result is that an increasing number of these small landlords will sell their properties and they are lost to the rental market, further exacerbating undersupply.

The numbers of landlords looking to exit the market has accelerated in the latter half of 2024.

Small private landlords exiting versus BTR supply



Our business model

Our operating platform:  
market leading, fully integrated, scalable

The inputs to our business



Our people

People are at the heart of everything we do, from colleagues to customers. We are committed to delivering great homes and excellent service.

+ See page 39



Technology

Leading the way through our CONNECT technology platform, supporting our sustainable growth and enhancing our customer experience.

+ See page 21



Data insight and knowledge

Driven by in-house research we have a wealth of data, expertise and knowledge, enabling us to maintain our market leading position.

+ See page 20



Our relationships

Building direct, positive relationships with our residents, suppliers and partners to deliver long-term, sustainable value.

+ See page 47



Our portfolio and pipeline

With a portfolio of 11,069 operational rental homes and a pipeline of 4,730 rental homes in the strongest cities and towns, we have the UK's leading rental housing portfolio.

+ See page 22



Financial capital

A strong balance sheet, robust capital structure and disciplined approach to investment, we are in a position of resilience to ensure sustainable returns.

+ See page 31

Outputs that benefit our key stakeholders



Customers

Benefit from safe, sustainable high quality homes with great facilities and service.

+48 pts  
Net Promoter Score (NPS)



Local communities

We are committed to supporting the local communities where we invest and operate to ensure we make a positive impact.

598 events



Suppliers

We work closely with our suppliers, acting with integrity and always ensuring we are fair and responsible.

70%  
Spent locally



Shareholders

We generate attractive, long-term, and risk-adjusted sustainable returns for our investors and deliver on our ESG commitments.

7.55p  
dividend per share

+ See page 31



Colleagues

We offer a place where individuals can be part of a caring team, reach their full potential and enjoy a fair and welcoming workplace.

'Very good'  
employee survey score



Government

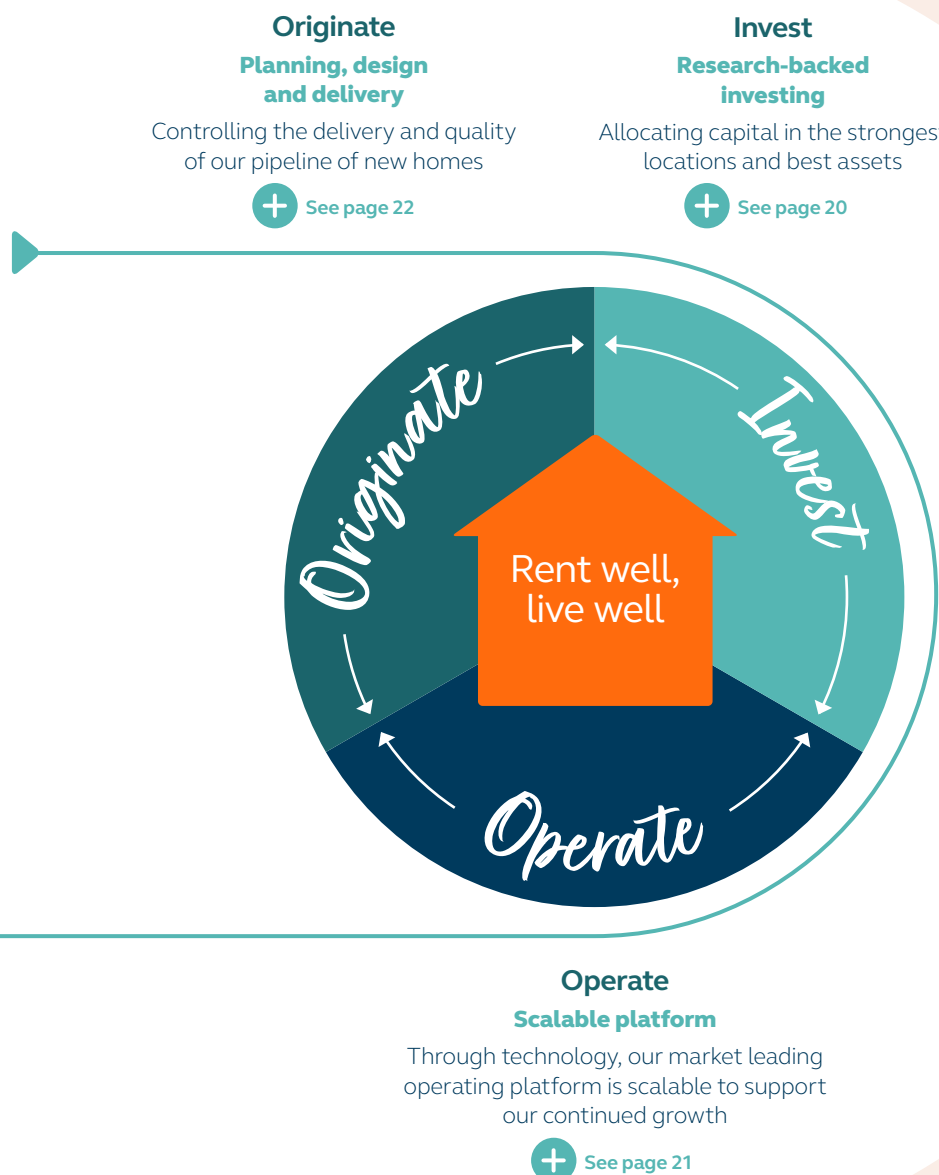
We are helping support the Government's aim of increasing housing supply, improving standards in the rental housing market and progressing towards net zero.

1,236  
new homes added



## How we create value

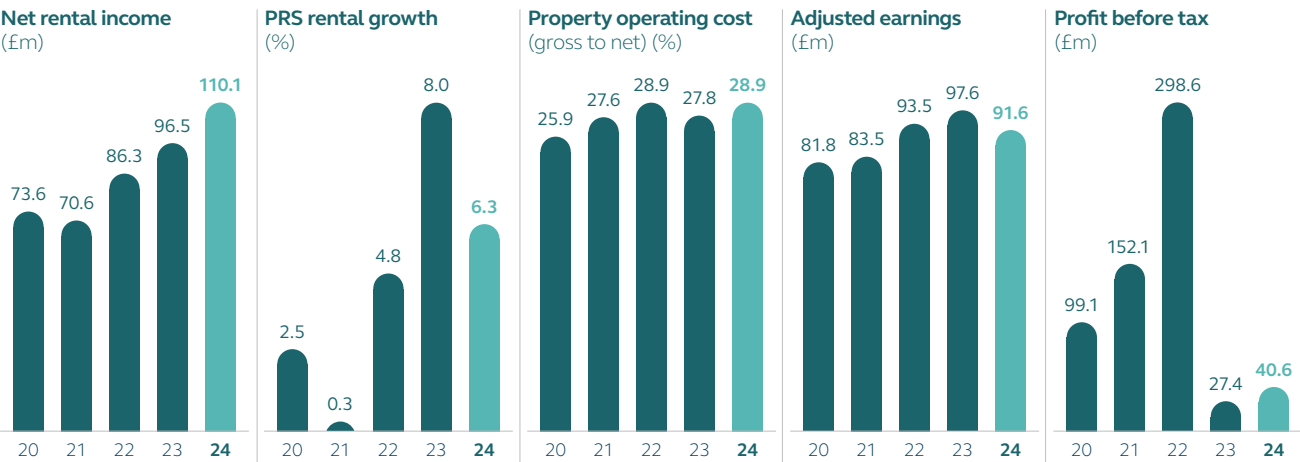
Our fully integrated business model and operating platform ensures we are investing in, designing and operating the best possible homes while providing excellent service. Great homes and great service means higher customer satisfaction, higher occupancy, better rental growth and better valuations, enabling us to deliver market leading, sustainable returns for our Shareholders, and creating value for all our stakeholders.



KPIs

Driving income returns

Our key performance indicators ('KPIs') are aligned to the business strategy. These measures are used by the Board and senior management to actively monitor business performance.



KPI definition

Gross rental income after deducting property operating expenses.	Like-for-like average growth of rents across our PRS portfolio.	Property operating costs expressed as a percentage of gross rental income.	Profit before tax, valuation movements on investment assets and derivatives, and other adjustments, which do not form part of the normal ongoing revenue or costs of the business.	Profit before tax is a statutory IFRS measure as presented in the Group's consolidated income statement (including valuation movements).
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Comment

Increase of 14% due to a combination of strong delivery of pipeline schemes launches (£10.9m), strong like-for-like rental growth (£6.1m) reflecting strong demand for our product, offset by disposals (£3.4m).	6.3% like-for-like growth in our PRS rental income driven by our strong leasing performance, with strong growth in new lets (5.6%) and renewals (6.8%).	Gross to net for our stabilised portfolio improved 50bps to 25.0% as we continue to deliver efficiency benefits as we build out our clusters.	Decreased by 6% as sales profits were lower than prior years as we continue to shrink our regulated tenancy portfolio in line with our strategy.	Increase of 48% driven by stronger property valuation performance than the prior year.
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Link to strategy

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Notes

See Note 6 to the financial statements.	See Glossary on page 178 for definition and calculation basis.	See Note 6 to the financial statements.	See Note 3 to the financial statements for explanation and for reconciliation to statutory measures.	See Consolidated income statement on page 123.
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Link to strategy



Grow rents



Simplify and focus

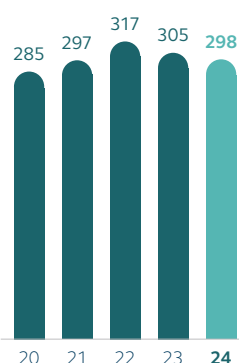


Build on our experience

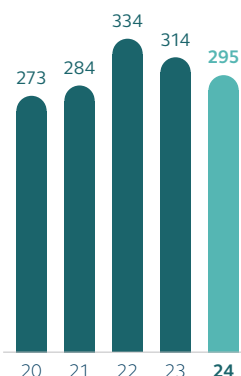


# Delivering capital returns

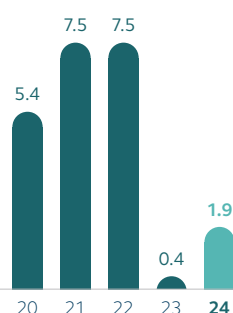
**EPRA NTA**  
(pps)



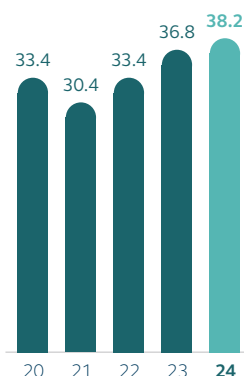
**EPRA NDV**  
(pps)



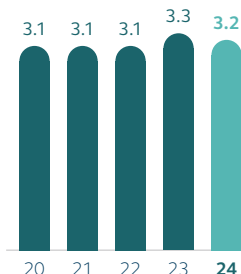
**Total Property Return ('TPR') (%)**



**Loan to value ('LTV') (%)**



**Cost of debt (average) (%)**



## KPI definition

EPRA NTA (Net Tangible Assets) is the market value of property assets after deducting deferred tax on trading assets, excluding intangible assets and derivatives.

EPRA NDV (Net Disposal Value) is EPRA NTA after deducting deferred tax on investment property revaluations and including market value adjustments of debt and derivatives.

TPR is the change in gross asset value (net of capital expenditure), plus property related net income, expressed as a percentage of opening gross asset value.

Ratio of net debt to the market value of properties on a consolidated Group basis.

Average cost of debt for the year including costs and commitment fees.

## Comment

Decreased by 2% to 298p per share reflecting the impact during the first half of the removal of multiple dwellings relief (MDR) equating to 8p per share.

19p reduction in the year reflecting valuation performance, as well as market movements in fixed rate debt and derivatives.

Returns of 1.9% demonstrating strong operational performance offset by property valuation declines including the one-off impact of the Government's withdrawal of MDR.

LTV is up marginally on the prior year at 38.2%, however it is down from the half year of 39.1%.

Average cost of debt at 3.2% as we have locked into rates in the mid 3% range for the next four years.

## Link to strategy



## Notes

See page 34 for further detail on EPRA NTA and page 171 for EPRA performance measures.

See Note 4 to the financial statements for reconciliation to statutory measures and EPRA performance measures from page 171.

See Alternative Performance Measures on page 176 for calculation.

See Alternative Performance Measures on page 176 for calculation.

See Note 27 to the financial statements for further detail regarding capital risk management.



## Non-financial and ESG KPIs



## Our customers and communities

We continue to invest in our Customer Experience Programme and customer service training, enhancing our offer to our customers and communities.

We are committed to creating thriving communities that help attract and retain customers and benefit those living and working in the areas close to our schemes.

# +48pts

Customer Net Promoter Score

# 31 months

average length of stay for PRS customers

# 598

resident and community events



## Our people

We are committed to putting 'people at the heart', aligning to our focus on positive colleague engagement. We continue to invest in the wellbeing and development of our people.

Our independent colleague engagement survey confirms that we have a highly engaged workforce which is reflected in the high levels of participation.



# Very Good

rating by colleagues in our annual survey by Best Companies

# 86%

response rate to our employee engagement survey

# 84%

ED&I colleague data coverage demonstrating high levels of engagement



## Our impact on the environment

We have made great progress in measuring and reducing our carbon emissions in alignment with our net zero carbon pathway. This year we continued to implement our Living a Greener Life customer engagement campaign and commenced a supplier engagement programme to enhance measurement and reduction of Scope 3 emissions.

# -48%

reduction in Scope 1-2 carbon emissions per m<sup>2</sup> (market based)

# -23%

reduction in Scope 1-3 carbon emissions per m<sup>2</sup>

# 94%

EPC ratings 'C' and above (for PRS properties)



## Financial review

# Strong Growth

“FY24 has been another year of substantial growth in the business driving continuing compounding growth in EPRA earnings.”



The 14% growth in our net rents has been achieved by the continuing delivery of our high quality pipeline and excellent operational performance with like-for-like rental growth of 6.3% and occupancy of 97.4%.

The demand for our homes continues to grow as consumers' awareness of the benefits of our offering increases. This strong revenue growth is magnified by the operational leverage generated through our CONNECT platform, scale efficiencies and continued cost control to deliver even stronger earnings growth with EPRA earnings up 21% in the year.

It was also an exceptional year for sales with a record £274m of sales delivered during the year.

This higher level of asset recycling ensures that our property level returns are optimised while also providing capital for further investment and managing our net debt in line with our plans.

The second half of the year saw a return to valuation growth. Over the year we saw a continuation of the theme of strong ERV growth of 5.2% offsetting yield shift of c.20bps, but with yields stabilising the balance of these two components should prove more positive going forward.

Our balance sheet remains in great shape with strong liquidity and a strong hedging profile giving us minimal exposure to interest rate rises for the next four years. Both net debt and LTV have decreased from the half year levels demonstrating our ability to flex our capital structure through the strong liquidity in our asset base.

Our dividend per share continues its strong growth trajectory, increasing by 14% to 7.55p on a per share basis (FY23: 6.65p). This year's strong growth looks set to continue with similar levels of absolute growth in net rents expected next year as well as a dividend that will continue to grow strongly as we convert to a REIT.

We also upgrade our EPRA earnings guidance for FY26 by £5m to £60m, the second upgrade over the last 12 months, with the potential to deliver 50% EPRA earnings growth from the delivery of our committed pipeline over the medium term.

## Financial review continued



## Highlights

Income returns	FY24	FY23	Change
Rental growth (like-for-like)	6.3%	7.7%	-141 bps
- PRS	6.3%	8.0%	-167 bps
- Regulated tenancies (annualised)	6.6%	5.9%	+74 bps
Net rental income (Note 6)	£110.1m	£96.5m	+14%
Adjusted earnings (Note 3)	£91.6m	£97.6m	(6%)
EPRA earnings (Note 4)	£48.0m	£39.8m	+21%
IFRS profit before tax (Note 3)	£40.6m	£27.4m	+48%
Earnings per share (diluted, after tax) (Note 15)	4.2p	3.5p	+20%
Dividend per share (Note 14)	7.55p	6.65p	+14%
Capital returns	FY24	FY23	Change
Total Property Return	1.9%	0.4%	+153 bps
Total Accounting Return (NTA basis) (Note 4)	0.3%	(1.8)%	+207 bps
EPRA NTA per share (Note 4)	298p	305p	(2%)
Net debt	£1,453m	£1,416m	+3%
Group LTV	38.2%	36.8%	+135 bps
Cost of debt (average)	3.2%	3.3%	13 bps
Reversionary surplus	£147m	£213m	(31%)

## Income statement

The business continues to deliver very strong growth in EPRA earnings, up 21% to £48.0m (FY23: £39.8m) with the strong growth in net rents of 14% driving even stronger earnings growth as a result of the strong operational leverage inherent in our business.

Adjusted earnings decreased by 6% to £91.6m (FY23: £97.6m) as sales profits were lower than prior years as we continue to shrink our regulated tenancy portfolio in line with our strategy. Other adjustments include hedge ineffectiveness of £6.6m and a £5.0m fire safety provision. See Note 3 of the financial statements on page 135 for a reconciliation between adjusted earnings and IFRS profit before tax.

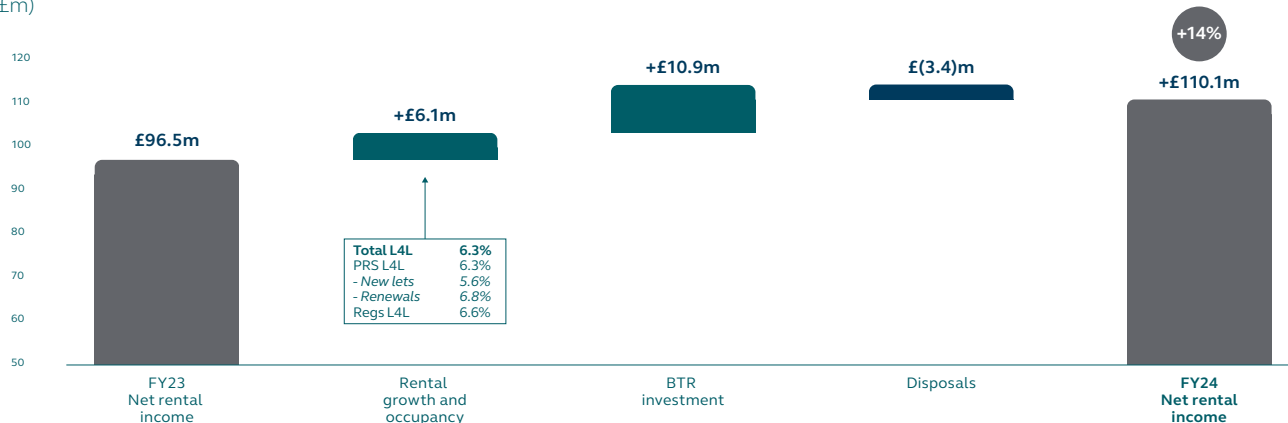
Income statement (£m)	FY24	FY23	Change
Net rental income	110.1	96.5	+14%
Mortgage income (CHARM)	4.6	4.7	(3)%
Management fees and other income <sup>1</sup>	8.1	5.0	+59%
Overheads	(35.3)	(33.5)	(5)%
Pre-contract costs	(1.0)	(1.2)	+20%
Net finance costs	(38.8)	(31.8)	(21)%
Joint ventures	0.3	0.1	+193%
<b>EPRA Earnings</b>	<b>48.0</b>	<b>39.8</b>	<b>+21%</b>
EPRA EPS	6.5p	5.4p	+21%
Profit from sales	43.6	57.8	(24)%
<b>Adjusted earnings</b>	<b>91.6</b>	<b>97.6</b>	<b>(6)%</b>
Adjusted EPS (diluted, after tax) <sup>2</sup>	9.3p	10.3p	(10)%
Valuation movements <sup>3</sup>	(39.4)	(70.2)	+44%
Other adjustments	(11.6)	-	(100)%
<b>IFRS profit before tax</b>	<b>40.6</b>	<b>27.4</b>	<b>+48%</b>
Earnings per share (diluted, after tax)	4.2p	3.5p	+20%

1. Including LADs: "liquidated and ascertained damages" which provide financial compensation for the loss of rental income caused by delays to the practical completion of our schemes.

2. Adjusted earnings per share includes tax of £22.9m (FY23: £21.5m) in line with Corporation Tax of 25% (FY23: 22%).

3. Including £(59)m in H1 due to the removal of MDR; excluding this, underlying valuation movement was +£20m in FY24.



**Rental income**  
(£m)**Rental income**

Net rental income increased by 14% to £110.1m (FY23: £96.5m), as we continue our trajectory of recurring double-digit growth. The substantial £13.6m increase was driven by a combination of strong delivery of pipeline scheme launches which contributed £10.9m along with another year of good rental growth reflecting strong demand for our product.

Overall like-for-like rental growth was +6.3% (FY23: +7.7%) with the PRS portfolio continuing to deliver strong growth at +6.3% (FY23: +8.0%), with rental growth on renewals of +6.8% (FY23: +7.2%) and +5.6% (FY23: +9.2%) on new lets. Our regulated tenancy portfolio also delivered strong rental growth at +6.6% (FY23: +5.9%). Looking forward we see rental growth in the coming year continuing above the long-run average of 3-3.5%.

Gross to net for our stabilised portfolio improved to 25.0% (FY23: 25.5%) as we continue to deliver efficiency benefits as we build out our clusters.

We expect FY25 to deliver similar levels of absolute growth in net rent.



The Copper Works, Cardiff

## Financial review continued

### Sales

FY24 was an exceptional year for sales. As we had previously guided we stepped up asset recycling in the year in order to maintain our balance sheet and create further capacity for investment. Delivery on this strategy has been very strong with overall sales revenue of £274.3m, a 42% increase on the prior year (FY23: £193.7m) with £147.6m of sales revenue coming from PRS recycling.

Sales profits were lower at £43.6m (FY23: £57.8m) as expected reflecting a smaller regulated tenancy portfolio from which sales profits are generated whereas profits from PRS recycling are based on valuation and therefore have much lower profit margins.

Vacant property sales profits in the period were down 26% as expected, delivering £25.4m (FY23: £34.1m) due to the reducing regulated tenancy portfolio size and a strong end to the prior years' sales. Vacancy rates were flat at 7.1% (FY23: 7.8%) with margins similar to the prior year. Pricing achieved remained robust with sales values within 2.0% of vacant possession values.

Sales of tenanted and other properties delivered £15.6m of profit (FY23: £19.4m) from £194.0m of revenue (FY23: £88.1m) with the increased revenues driven by the higher PRS recycling.

Margins on the regulated tenancy sales which make up the balance and deliver the profit were broadly in line with prior years.

Development profits in the period were £2.6m which relates to the sale of two land plots at our Berewood location.

### Overheads

Overheads increased by 5% in the period to £35.3m (FY23: £33.5m) as a result of wage growth across our employee base.

	FY24			FY23		
	Units sold	Revenue £m	Profit £m	Units sold	Revenue £m	Profit £m
<b>Sales (£m)</b>						
Residential sales on vacancy	132	54.9	25.4	148	70.1	34.1
Tenanted and other sales	868	194.0	15.6	389	88.1	19.4
<b>Residential sales total</b>	<b>1000</b>	<b>248.9</b>	<b>41.0</b>	<b>537</b>	<b>158.2</b>	<b>53.5</b>
Development sales		25.4	2.6		35.5	4.3
<b>Overall sales</b>	<b>1000</b>	<b>274.3</b>	<b>43.6</b>	<b>537</b>	<b>193.7</b>	<b>57.8</b>

### Balance sheet

Our PRS portfolio now represents 81% of our operational portfolio given the success of both our pipeline delivery and regulated tenancy recycling, putting us in the position to convert to a REIT in October 2025.

LTV is up marginally on the prior year at 38.2% (FY23: 36.8%) reflecting investment, however it is down from the half year of 39.1%, reflecting accelerated sales in the second half. Looking forward, in the higher interest rate environment, we will be using our strong operating cash flows to reduce debt and LTV over the medium term.

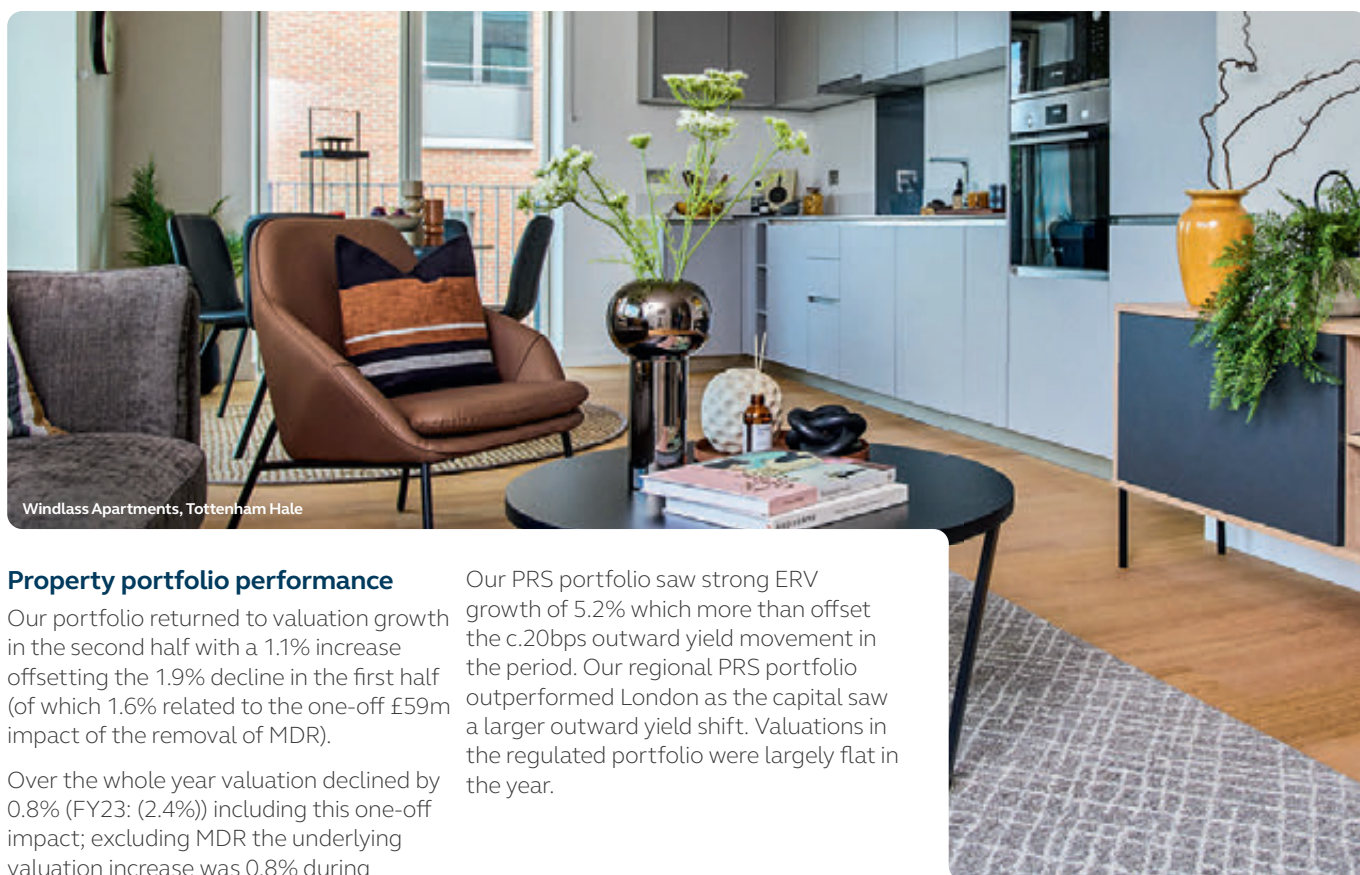
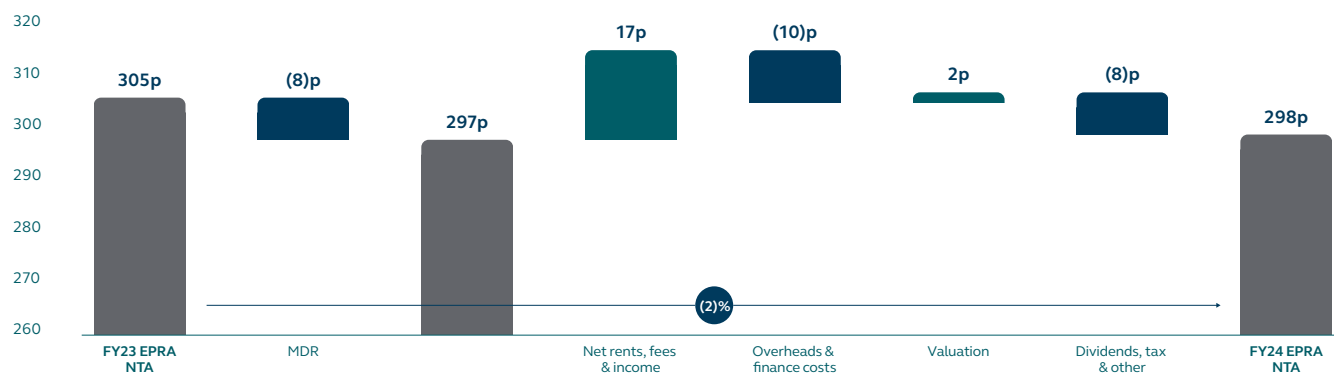
EPRA NTA decreased by 2% to 298p per share (FY23: 305p per share) reflecting the impact during the first half of the removal of multiple dwellings relief (MDR) equating to 8p per share; excluding this one-off impact NTA would be marginally up. EPRA NTA was up 4p (1.4%) on the half year position of 294p.

Market value balance sheet (£m)	FY24	FY23
Residential – PRS	2,708	2,423
Residential – regulated tenancies	591	693
Residential – mortgages (CHARM)	57	67
Forward funded – PRS work in progress	266	441
Development work in progress	84	126
Investment in JVs/associates	91	91
<b>Total investments</b>	<b>3,797</b>	<b>3,841</b>
Net debt	(1,453)	(1,416)
Other liabilities	(48)	(66)
<b>EPRA NRV</b>	<b>2,296</b>	<b>2,359</b>
Deferred and contingent tax – trading assets	(76)	(91)
Exclude: intangible assets	(2)	(1)
<b>EPRA NTA</b>	<b>2,218</b>	<b>2,267</b>
Add back: intangible assets	2	1
Deferred and contingent tax – investment assets	(113)	(106)
Fair value of fixed rate debt and derivatives	88	171
<b>EPRA NDV</b>	<b>2,195</b>	<b>2,333</b>
EPRA NRV pence per share	309	318
<b>EPRA NTA pence per share</b>	<b>298</b>	<b>305</b>
EPRA NDV pence per share	295	314



**EPRA net tangible assets (NTA)**

Pence per share

**Property portfolio performance**

Our portfolio returned to valuation growth in the second half with a 1.1% increase offsetting the 1.9% decline in the first half (of which 1.6% related to the one-off £59m impact of the removal of MDR).

Over the whole year valuation declined by 0.8% (FY23: (2.4%)) including this one-off impact; excluding MDR the underlying valuation increase was 0.8% during the year.

Our PRS portfolio saw strong ERV growth of 5.2% which more than offset the c.20bps outward yield movement in the period. Our regional PRS portfolio outperformed London as the capital saw a larger outward yield shift. Valuations in the regulated portfolio were largely flat in the year.

Portfolio	Region	Capital value	Total valuation movement	
		(£m)	£m	%
PRS	London & SE	1,277	(31)	(2.5%)
	Regions	1,431	6	(0.4%)
	<b>PRS total</b>	<b>2,708</b>	<b>(25)</b>	<b>(0.9%)</b>
Regulated tenancies	London & SE	512	(2)	(0.4%)
	Regions	79	1	0.9%
	<b>Regulated tenancy total</b>	<b>591</b>	<b>(1)</b>	<b>(0.2%)</b>
<b>Operational portfolio</b>		<b>3,299</b>	<b>(26)</b>	<b>(0.8%)</b>
	PRS development	350	(5)	(1.3%)
<b>Total portfolio<sup>1</sup></b>		<b>3,649</b>	<b>(31)</b>	<b>(0.8%)</b>

1. Excluding CHARM and Vesta.

Financial review continued

Financing and capital structure

Net debt increased slightly during the year to £1,453m (FY23: £1,416m), however it was down from the half year position of £1,497m. The significant investment in our pipeline of £270m was offset by the step up in our sales programme which generated £269m of net sales proceeds.

We maintained a strong level of liquidity with £509m of headroom in our facilities with an average debt maturity of 4.7 years including extension options. Refinancing risk is minimal with no material refinancing required until 2028. We continue to benefit from a very strong hedging profile, with four years remaining and with our average cost of debt remaining relatively flat at 3.2% (FY23: 3.3%).

	FY24	FY23
Net debt	£1,453m	£1,416m
Loan to value	38.2%	36.8%
Cost of debt (average)	3.2%	3.3%
Headroom	£509m	£519m
Weighted average facility maturity (incl. extension options)	4.7	5.5
Hedging	95%	95%



Summary and outlook

FY24 marked another year of very strong growth in net rents and EPRA earnings as our operating platform and excellent pipeline continue to deliver compounding growth. With earnings guidance increased for the next two years and a sizeable opportunity to deliver further additional growth beyond, we are accelerating our growth and delivering on our strategy.

**Rob Hudson**  
Chief Financial Officer

20 November 2024



# Sustainability

## is embedded through the business

Grainger's approach to sustainability	38
Great people	39
Great assets	44
Great environment	46



## Grainger's approach to sustainability

# Positive outcomes



**Being a responsible business is core to Grainger's purpose to enrich people's lives by providing high-quality rental homes. We are committed to delivering positive impacts for our customers, colleagues and communities and for the environments in which we operate.**

### Our commitments

#### People

- Measure and deliver positive social value contribution to our customers and local communities
- Ensure Grainger's workforce is reflective of society.

#### Assets

- Deliver enhanced investment decisions through incorporating ESG considerations including risks, costs and returns.

#### Environment

- Achieve net zero carbon for our operations by 2030.

### Strategy

Sustainability is fully integrated into Grainger's business strategy and informs our key decision-making through the inclusion of sustainability requirements in our key policies and processes, including our asset hierarchy and specification for new developments. This year we have invested in developing asset level transition strategies informed by net zero audits. All customer-facing colleagues have been trained in sustainability and we have appointed champions across different teams to ensure our approach is consistently delivered across our portfolio.

**+** See page 50

### Metrics and targets

Building on the successful implementation of our strategy to measure Scope 3 emissions, we have committed to set a science-based target which is currently in the process of validation by the Science-Based Targets initiative. This target covers our key emissions sources including development and our customers using energy in their homes. We are making good progress on the implementation of our embodied carbon roadmap and our operational carbon LTIP metric.

**+** See page 54

### Governance

The delivery of our sustainability programme is monitored with strong oversight from Grainger's Board through our dedicated Responsible Business Committee, our Executive Committee and internal management committees including our Operations and Development Boards. This year we updated our policy framework, including the Human Rights Policy, to ensure all our stakeholders act in alignment with Grainger's values and our commitments to support and respect the human rights of everyone affected by our business. We are proud to have achieved the National Equality Standard reflecting our best-in class approach to ED&I.

**+** See page 86

### Risk management

Climate change and other sustainability-related risks are considered within Grainger's corporate risk framework. Physical and transition risks and environmental impacts and opportunities are assessed on our existing portfolio and pipeline assets. This analysis informs our investment, asset management and refurbishment decisions and ensures we retain a resilient and highly energy efficient portfolio.

**+** See page 53



1

19th

## FTSE Women Leaders

Grainger achieved **19th** out of 250 companies in the FTSE Women Leaders review, an independent evaluation against gender-focused targets.

250

## Great people

### Creating inclusive communities for colleagues and customers

Our leading approach to ED&I contributes to making Grainger workplaces a great place for our colleagues to develop and progress. We are committed to creating communities around our homes that help our customers put down roots and provide opportunities for colleagues to give back.



## Sustainability continued



## Great colleagues: Ensuring Grainger's workforce is engaged and reflective of society

With people at the heart of everything we do, we are committed to colleague wellbeing and development, as well as leading the way in ED&I.

# 84%

of colleagues completed our  
Workforce Diversity Tracking  
questionnaire

### People Strategy

Our People Strategy is at the heart of everything we do, and this includes prioritising ED&I, as an inclusive employer, and also reflecting the communities that we serve.

### Listening and acting on feedback

Our colleague-centric approach to sharing insight and listening to colleague feedback, is supported by multiple routes for colleagues to contribute their ideas and suggestions. We have a well-established approach, through two-way communication and co-creation of people-focused initiatives to ensure that the colleague experience is at the forefront of our initiatives. We have embraced feedback which has helped shape our people processes and policies, with colleague experience at the centre.

### An inclusive workplace

#### Achieving the National Equality Standard

We are proud to have achieved the National Equality Standard, the UK's leading benchmark in ED&I. Our approach was informed by our People Strategy and listening to colleague feedback as to what matters most to them. ED&I remains at the forefront of our People Strategy and reflects the high standard of our inclusive practices.

We continue to participate in the Workforce Disclosure Initiative (WDI), delivering year on year improvements.

This year, we achieved the highest score yet at 98%, a score placing Grainger amongst a very small number of organisations, leading on workforce disclosures.

We have broadened our ED&I training with the delivery of Unconscious Bias training for all colleagues and Mental Health Awareness for People Managers, through e-learning modules, by ENEI.

Our Company values were also reviewed and refreshed, and now include ED&I in each of the four values, which reflects our core purpose and organisational culture.

Our ED&I Steering Committee, working alongside our employee-led ED&I Network, continue to work collaboratively to support the delivery of a range of initiatives and events, to create a culture which is inclusive and where everyone can bring their whole self to work. Our well-developed programme of awareness-raising activity and campaigns for both colleagues and residents has been expanded, listening to feedback to cover a broader selection of topics.

This was the third year we have issued the ED&I questionnaire, which was voluntarily completed by 84% of our colleagues. This information helps us to understand the diversity of characteristics within our workforce and to tailor our People Strategy accordingly. During the year, we have taken the following steps to support colleagues:

- We are members of Carers UK which provides support, guidance and resources to colleagues via an external platform.

- We celebrated Carers Week with a colleague lunch and learn delivered by Carers UK.
- The ED&I Network have established a Working Parents Group.
- For office based colleagues, we have a hybrid working policy with core office days and flexibility around days worked from home.

We are proud to have sponsored a Bursary student through the Worshipful Company of Chartered Surveyors (WCCS) to achieve a first-class honours degree in Building Surveying. Our commitment to careers in real estate is supported by our active engagement with the WCCS as we continue our partnership and support students into the sector on an ongoing basis.

### Wellbeing

Since the implementation of our Wellbeing Strategy, we have continued to further build our approach to supporting colleague wellbeing. Our specially dedicated Hub supports the delivery of our Wellbeing Strategy with guidance, information, an events calendar and mental health champions. Key programmes include access to a range of resources and wellness campaigns, promoting a healthy work life balance.

By prioritising our colleagues' overall wellbeing, we are committed to fostering a supportive and resilient workplace, where everyone can thrive.

### Investing in colleague development and skills

We have continued to invest in colleague development and our established career framework is embedded within our operations BTR teams. Due to the success of the framework, we have developed this further into other operations teams and into non-operations areas.

We continue to sustainably develop our colleagues by creating opportunities for internal mobility, development and growth, which supports our retention strategy as well as building succession for the future.



We have supported more secondments and promotions this year than ever before, contributing to developing careers at Grainger.

Our approach to investing in colleague learning and manager development has been further enhanced with bite sized, module training including Effective Recruitment, Induction & Onboarding and Performance Reviews.

We have continued to utilise the Apprentice Levy and have supported colleagues to achieve apprenticeships on Data and CMI Management qualifications. In addition we have supported other formal qualifications to assist colleagues in their roles.

We launched our Grainger Mentoring Programme for the third year, based on the positive feedback from both mentors and mentees who had completed the scheme. The value this brings to our colleagues has supported a range of development areas including technical expertise, management development and soft skills. The programme supports cross-collaboration between different departments and sites, to help bring the sharing of diversity of knowledge.



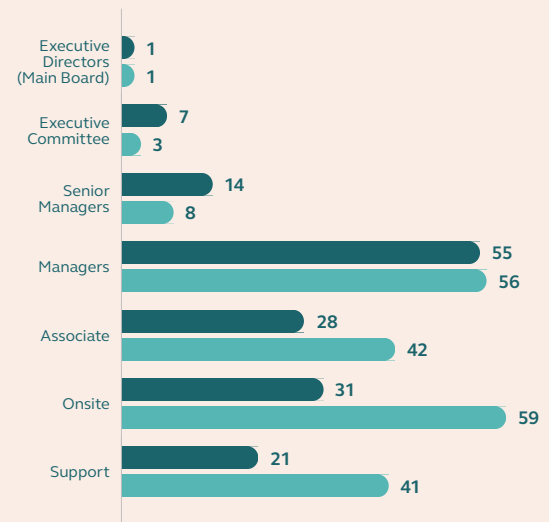
World Cuisine Day event led by our colleague ED&I Network

### Achieved National Equality Standard



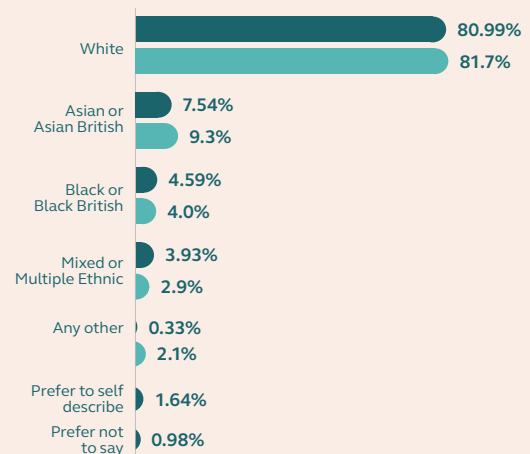
This year Grainger are proud to have achieved the UK's leading benchmark for ED&I. Achieving the accreditation recognises our inclusive best practices and our commitment to excellence in ED&I.

## Gender split



## Ethnicity split

● All colleagues ● England and Wales 2021 census



This data is derived from our voluntary workforce diversity data tracking questionnaire, which is undertaken annually, and this year we achieved an 84% response rate. This diversity data ensures that we can better understand the make-up of our workforce and support our colleagues. Our workforce diversity aspiration is to reflect the communities in which we operate, and by capturing this data we are able to assess how our workforce compares to our local communities and develop action plans accordingly. By comparing our data to the 2021 Census data, we have identified that in the North East, one of our major places of employment, our colleague diversity is in line with regional ethnicity demographics. In London and the South East, our other major places of employment, whilst our workforce is broadly reflective of the regional population, we are looking at how we can improve ethnic diversity as part of our ongoing commitment to support increased diversity across the business including in our senior management. For reporting on Board and senior management diversity, please see further reporting included in our Governance report on page 82.

## Sustainability continued

## Our values

Our values help us fulfil our purpose. They direct how we make choices and perform at our best. They set us apart for our customers, employees, investors and partners.



**We're passionate about providing every customer with a great place to rent that they can make their home.**

- We set the bar for professionalism in the rental sector.
- We give people more reasons to choose renting.
- We create communities and cultivate a culture of diversity and inclusion.
- We improve the housing landscape in the UK.

*Every home matters*



**We want our colleagues and customers to feel safe, secure and happy at work and in their homes.**

- We offer high levels of comfort, service, flexibility and choice.
- We respect individuals and individuality.
- We celebrate diversity and treat our colleagues, customers and suppliers with respect.
- We treat everyone with equal friendliness and decency.
- We make our customers' lives easier.

*People at the heart*



Our purpose

*Renting homes,  
enriching lives*



*Leading the way*

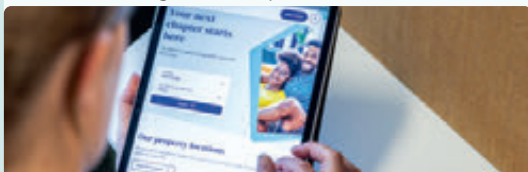
**We are ambitious about giving people the best renting experience and never stop finding smart and creative ways to help them enjoy renting with us.**

- We find new and better ways to put the joy into renting.
- We harness technology.
- We encourage collaboration, two-way communication and innovation.
- We set big ambitions for how we manage our environmental and social impacts.
- We recruit, develop and retain colleagues with diverse backgrounds, experiences and ideas.

*Exceeding expectations*

**With over 100 years' experience, we know what we're doing and what our customers need to enjoy their homes. We go beyond expectations.**

- We strive to meet our customers' needs with the best possible service.
- We proactively seek feedback to ensure we never rest on our laurels.
- We embrace a culture of equality and inclusion and create an environment where all colleagues are given the opportunity to thrive.







'Sip & Paint' event at The Copper Works, Cardiff

## Great communities: Delivering a positive social value contribution to our customers and local communities

Creating a sense of community in our buildings helps our residents put down roots in an area and helps maintain high levels of customer satisfaction and retention. Our community engagement programme is creating important connections between our customers and local community stakeholders.

The charitable activities conducted as part of our operational community engagement contributed to high levels of charitable investment, with 13% of Grainger colleagues volunteering across 23 activities and over £130,000 including donations, time and in-kind invested. This included charitable donations worth over £32,000 made to the local charity partners Grainger has been supporting across our key cluster locations where the funds are helping increase service provision in the areas around our buildings, and to our corporate charity partner LandAid where the funds are contributing to the charity's ambitious new strategy to support 10,000 young people over the next five years.

Grainger also continued to use our homes to support those who need them the most, by continuing to house Ukrainian refugee families at a discounted rent and through supporting the launch of LandAid's Pathfinder programme with our pledge of three homes to house young people at risk of homelessness. The homes are leased to local charities who manage the tenancies and we have already welcomed our first residents who benefit from all the building's amenities, residents events programme and Grainger's Resident Services Team alongside all our residents.

### Communities

#### Delivering enhanced community engagement for colleagues and customers

This year we built on the success of our Community Engagement Blueprint by developing local community engagement plans. Designed to help foster relationships between our customers and their local communities, all BTR sites identified three local community stakeholders and partnered with them to deliver initiatives and events for our residents:

**Food banks** – All sites partnered with a local food bank to collect donations from Grainger colleagues and residents to help local families in need. In addition to food donations, we held fundraising initiatives at our residents' social events, raising over £3,000 across our sites for local charities. Many of the charities attended our sites to meet with residents and to raise awareness of their work and how they are helping the communities around our buildings.

**Community policing teams** – Security is a priority for Grainger's customers and so we provided opportunities for our residents to meet with their local community policing teams and receive personalised safety advice at 'cops and coffee' events.

Other relevant stakeholders – sites chose one additional stakeholders group that was relevant to their resident demographic. For example, at properties with a high proportion of families, we partnered with local schools and Grainger colleagues helped deliver learning programmes and reading support. Some sites opted to partner with local voluntary groups and charities, contributing their time to activities from litter picks to sorting donations, and over 120 volunteering hours were contributed.

Our Birmingham sites partnered with Birmingham City University on a local community arts project where students were asked to create artwork representing what Birmingham means to them, with the winning pieces now on display in Grainger's newly opened building The Silver Yard.

# 598

resident events held across  
our national portfolio.  
82 activities involved local  
stakeholder partners,  
including charities

Grainger is a founding partner of LandAid's new BTR Pathfinder initiative to provide tenure-blind homes to young people facing homelessness, helping them take their first step to living independently.



## Sustainability continued

47%

market average

94%

BTR properties with  
EPC rating of A to C**Great**  
*assets***Incorporating ESG  
considerations including  
risks, costs and returns**

Grainger continues to optimise the energy efficiency of our long-term hold portfolio through our asset management and refurbishment strategies. Informed by external audits of asset performance, we are developing plans to ensure our portfolio is fossil-fuel free and aligned to the net zero transition.



To ensure our BTR properties continue to meet the highest standards of energy and carbon performance, we completed a thorough review of our specification for new developments, ensuring opportunities to reduce operational and embodied carbon requirements are integrated throughout. These include expanding our requirement for embodied carbon to be measured on all projects and ensuring we procure energy efficient appliances.

Alongside developing new energy efficient BTR buildings, Grainger has a core portfolio of long-term hold assets. These assets have been assessed through our bespoke asset hierarchy review which includes ESG related criteria and identifies which assets offer opportunities for renovation and repositioning to align them with the high quality standards of our new build portfolio.

We have commenced a programme to develop net zero asset management plans for all assets we plan to retain as long-term holds. These plans are informed by a detailed site audit undertaken by a third-party expert which identifies improvements that can be made to the communal areas and the apartments in the building. The recommendations include lighting upgrades, installation of efficient ventilation systems (MVHR) and replacing gas boilers with heat pumps. The identified actions are incorporated into our long-term capital investment plans.

Major refurbishments continue to be implemented at key assets to upgrade the building fabric and lighting and enhance the apartment interiors. Improvement works are designed to maximise resident comfort and energy efficiency and following refurbishments, we typically see improved EPC ratings.

## Net zero asset plans with potential savings of 500 tonnes of CO<sub>2</sub>e.

Asset management plans are being developed for all long-term hold assets which identify improvements to communal areas and homes, informing our net zero transition plans.

At sites with communal heating systems, we have undertaken third-party assessments to optimise the system performance, reducing the energy required to power the system and the energy used by our customers for their heating and hot water. We continue to focus on electrifying our portfolio to align with a fossil-fuel free transition, and all future schemes are designed to have low-carbon heating and hot water systems supplied by heat pumps or low-carbon district heat networks.

Reducing Grainger's corporate emissions is a key element of our net zero transition. All Grainger's permanent offices now meet our desired energy efficiency standards following the opening of our new Birmingham and London offices during the year. The fit-out of these offices was designed to support colleague wellbeing and align to our net zero commitments, achieving energy efficiency B ratings and significant energy consumption reductions.

### Offices fit for the future

Our new Birmingham office is located in a listed building which is part of our Gilders Yard scheme. The office was designed to maximise the building's heritage as a former jewellery factory, with the original staircase and key features including the jewellery display cases, stained glass, herringbone flooring and original tiling retained. Unlike our previous office it is fossil-fuel free, reducing our Scope 1 emissions.

Our move to a new office allowed us to hand over our old office in Harborne, the final part of the community facilities on the Moor Pool Estate to Moor Pool Heritage Trust for the benefit of local residents.

To celebrate our enhanced presence in Birmingham following the opening of the office and The Silver Yard, our second scheme in the city, Grainger made a donation through LandAid to support the completion of St Basils Live and Work accommodation, providing affordable homes to young people.



Grainger's new London office reception

Sustainability criteria was integrated into every stage of our London office move, from the brief for our search for a new space, to the design and materials used in the fit-out. Natural light, energy efficiency, safety, inclusivity and access to local amenities were priorities to create a workplace that is flexible and fit for the future.

Our new London office is in a multi-tenanted building and we worked closely with the landlord to deliver a fit-out which consumes 5% less energy than our previous office following a full retrofit of the lighting. Where possible we retained existing fixtures and the furniture from our old office was reused to save embodied carbon.

All colleagues contributed to the development of the office layout and design, through consultations with each team and workshops held with our architects. The fit-out uses natural materials including Forestry Stewardship Council (FSC) certified wood and the carpet is made from recycled plastic bottles.

We have also incorporated more planting with air quality in mind and Verkada Environmental Sensors will enable us to monitor the office environment and comfort levels. The office is designed to be inclusive, encourage collaboration and provide flexible spaces with a large colleague hub and a multipurpose faith and quiet room.

Feedback from colleagues following the office move has been positive, with colleagues rating the new office feel, layout, colleague hub and meeting provision 9/10 on our feedback survey.

**“Simply wonderful. Space reflects who we are now - cutting edge, modern, well located and fits the culture.”**

Grainger colleague about our new London office



## Great *environment*

### Achieve net zero carbon for our operations by 2030

Involving our key stakeholders is fundamental to delivering on our net zero transition plan. This year Grainger colleagues continued our engagement programmes with our customers, suppliers and our industry to ensure we are making collective progress towards net zero.

↓ 23%  
reduction in Scope 1-3  
emissions per m2



## Supporting our customers to live greener

Touchpoints where we have integrated Living a Greener Life on the customer journey:

Lettings

Move In

Occupation

Move Out

Grainger's award-winning Living a Greener Life programme was enhanced to ensure we consider opportunities to help our customers live greener at each stage of the customer journey.

Our Lettings Teams showcase the buildings' environmental credentials at property viewings and when our residents move in they receive a comprehensive induction which includes bespoke tips and guidance to operate their home efficiently. Our residents events programme includes green themed events and campaigns including a Living a Greener Life Week held across our portfolio, where residents experienced activities from sustainable fashion shows to community gardening.

Colleagues from key operational teams have supported the delivery of the programme in our buildings and shared learnings through our champions network. Grainger's Resident Services Teams conduct regular building walkarounds to look for energy saving opportunities and at inspections check that our customers know how to use their appliances and share our greener living guide. At move-out our customers are encouraged to donate unwanted clothing in our recycling bins and to share furniture with fellow residents on our Grainger marketplace.

### Partnering with our suppliers to reduce our carbon footprint

Grainger's supply chain related emissions are currently measured through spend data. To improve the accuracy of our data we are partnering with our top 15 highest emitting suppliers in key spend categories to measure actual emissions associated with the products and services they are supplying to Grainger. Included in the scope of our programme is our new repairs and maintenance partnership which is the most significant

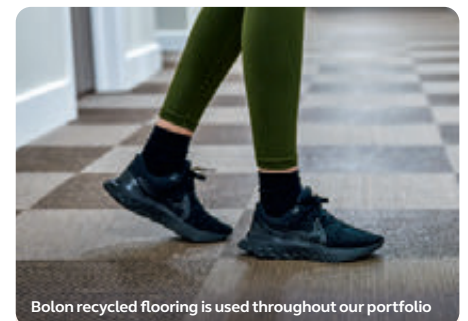
contributor to our operational supply chain emissions. ESG criteria were included in the tender process and informed the appointment of the new partner and we have implemented quarterly emissions reporting as part of the partnership. Other key categories contributing to our emissions are furniture and IT infrastructure.

We continue to measure embodied carbon emissions for our development projects in alignment with our embodied carbon roadmap and have introduced a mandatory requirement for embodied carbon to be measured on major refurbishment projects.

### Engaging with our industry to further best practice

Grainger colleagues informed the development of the British Property Federation's carbon manifesto for our sector which sets out policy proposals. We are actively engaging with the new Government on energy efficiency and carbon standards for buildings. Access to data is a key challenge in measuring progress towards net zero, and Grainger participated in some industry research to identify opportunities to overcome data barriers which has been shared with Government.

Grainger has also supported the development of a new best practice standard, the Net Zero Carbon Buildings Standard, through attending industry workshops on the standard's scope and content, responding to consultations on the proposals and reviewing the potential embodied and operational carbon performance standards for residential buildings.



Bolon recycled flooring is used throughout our portfolio

Our supplier carbon engagement programme is focused on our

**top 15  
suppliers,  
covering  
36%**

of our operational supply chain emissions and designed to enhance carbon measurement and identify reduction opportunities.

**50+**

customer-facing colleagues  
trained in Grainger's Living  
a Greener Life

## Task Force on Climate-related Financial Disclosure

Grainger has complied with the Financial Conduct Authority Listing Rules and confirms that:

1. Our climate-related financial disclosures for the year ended 30 September 2024 are consistent with the Task Force on Climate-related Financial Disclosures ('TCFD') Recommendations and Recommended Disclosures (as defined in Appendix 1 of the Financial Conduct Authority Listing Rules).
2. The detail of these climate-related financial disclosures is conveyed in a decision-useful format to the users of this report and that these disclosures provide sufficient detail to enable users to assess Grainger's exposure to and approach to addressing climate-related issues.

In drafting this report, Grainger has considered the requirements of the IFRS S2 Sustainability Disclosure Standard for Climate-related Disclosures.

Grainger is committed to providing comprehensive and transparent disclosure on climate-related risks and opportunities and in addition to this report, Grainger makes the following public disclosures:

Grainger's net zero carbon pathway which provides a summary of our net zero transition plan is available on Grainger's website at: <https://corporate.graingerplc.co.uk/investors/investor-downloads>. Disclosure on the recommended topics and metrics for Grainger's real estate portfolio are reported in the EPRA Sustainability Report published at the same link. Grainger responds annually to the CDP Climate Change Programme and our responses are publicly available at: <https://www.cdp.net/en/responses>

The following table signposts where further relevant information is provided in this Report.

TCFD recommendations	Description	Section
<b>Governance</b>		
<b>1. Board oversight of climate-related risks and opportunities</b>	Grainger's Board has oversight of the Company's sustainability strategy including climate-related matters. Grainger's Audit Committee undertakes a twice-yearly review of the Company's principal risks including climate-related risks. The Responsible Business Committee reviews climate-related risks and opportunities, strategic implications and our net zero transition plan	Audit Committee report page 86  Responsible Business Committee report page 84
<b>2. Management's role in assessing and managing climate-related risks and opportunities</b>	Grainger's Executive Committee assesses and manages climate-related risks and opportunities through applying the Company's risk management framework and 'three lines of defence' model	Risk management page 56
<b>Strategy</b>		
<b>3. Climate-related risks and opportunities over the short, medium, and long term</b>	Climate-related risks are reported within principal risks. Material risks and opportunities affecting the business over the short term include increasing regulation and flood risk and over the medium to long term include chronic temperature change and impacts on customer and investor demand	Principal risks page 63
<b>4. Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning</b>	The potential impacts of climate-related risks and opportunities on Grainger's business strategy and financial planning include increasing investment in energy efficiency and electrification of our assets, meeting higher stakeholder expectations and enhanced access to capital	Principal risks page 63
<b>5. Resilience of the organisation's strategy taking into consideration different scenarios</b>	Grainger has assessed our property portfolio for transition risks and physical risks under two scenarios and believes our strategic focus on investing in high quality, energy efficient rental homes supports the Company to be resilient in the short, medium and long term	TCFD Report page 48
<b>Risk management</b>		
<b>6. Processes for identifying, and assessing climate-related risks</b>	Climate-related risks are identified through a range of channels including our involvement in industry bodies, stakeholder engagement and asset level due diligence. Risks are assessed through our risk scoring tool in alignment with all material risks as reported on page 56	Risk management page 56
<b>7. Processes for managing climate-related risks</b>	Climate-related risks are managed through applying Grainger's 'three lines of defence' model including through regular reviews by internal management committees	Risk management page 57
<b>8. How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management</b>	Climate-related risks are integrated into Grainger's risk management framework which is applied to all principal risks and is detailed on page 56	Risk management page 56



## Metrics and targets

<b>1. Metrics to manage climate-related risks and opportunities</b>	The Key Performance Indicators used to manage climate-related risks and opportunities are reported on page 30	KPIs page 30
<b>2. Disclosure of Scope 1, 2 and 3 GHG emissions</b>	Grainger reports Scope 1, 2 and 3 GHG emissions in our Streamlined Energy and Carbon Report	SECR Statement page 110
<b>3. Targets used by the organisation to manage climate-related risks and opportunities and performance against targets</b>	Grainger has committed to set a science-based target which is currently in process of validation by SBTi. Grainger has operational and embodied carbon LTIP targets and progress against actions contributing to these targets is reported throughout the sustainability section of this report.	Sustainability page 54 LTIP page 102

## Governance

### Board oversight of climate-related risks and opportunities

Grainger's Responsible Business Committee and Audit Committee have oversight of climate-related risks and opportunities and this responsibility is reflected in the Terms of Reference for these Committees. All Board members attend these Committees which are informed about climate-related risks and opportunities as a formal agenda item every six months. Grainger's Board includes multiple Directors with climate-related expertise and Grainger's Nominations Committee conducts regular reviews of Board effectiveness and ensures the balance of skills and experience is appropriate to oversee the business's strategies including those in response to climate-related risks and opportunities.

Grainger's Responsible Business Committee meets twice a year and receives an update on our net zero transition plan and associated actions and workstreams, a regulatory update and an overview of stakeholder engagement activity for climate-related matters. It oversees the setting of climate-related targets including approving the science-based target which is currently in process of validation by SBTi and the carbon metrics incorporated in the LTIP for Executive Directors, as reported in the Remuneration Committee report on page 102. A progress update on these targets and other related objectives is provided as a standing agenda item at all meetings.

Grainger's Board considers climate-related risks and opportunities in scheduled reviews of the organisation's strategy. Where applicable, the environmental impacts of potential transactions and associated trade-offs are recorded in all Investment Committee papers, ensuring climate-related risks and opportunities are considered in all major transactions. Grainger's Audit Committee reviews the company's principal risks, which include climate change, twice a year and considers if the appropriate management processes and controls are in place as part of this review.

### Management's role in assessing and managing climate-related risks and opportunities

The Board has assigned responsibility for management of climate-related issues to the Chief Executive and Executive Committee. The climate-related updates that are provided to the Board are shared with the Executive Committee, and the Committee monitors progress against the Company's climate-related targets and objectives.

The Company's principal risks, which include climate change, are reviewed at Executive Committee meetings every six months. They are also considered at meetings of various sub-committees which report into the Executive Committee, including the Investment Committee which considers climate-related risks and opportunities related to property acquisitions and the Development Board which considers environmental risks and opportunities on development projects. This ensures the controls and procedures to manage climate-related risks and opportunities are integrated with other business functions. The CEO and CFO attend meetings of these sub-committees.

Grainger's CFO has oversight of the sustainability function and the day-to-day management of climate-related risks and opportunities. Progress is monitored through quarterly KPI reviews. Grainger's internal audit programme includes regular audits of the sustainability function and key climate-related processes and controls.

## Task Force on Climate-related Financial Disclosure continued

### Strategy

#### Climate-related risks and opportunities Grainger has identified over the short, medium, and longterm

Grainger uses the following time horizons for evaluating climate-related risks:

- Short-term risks are forward-looking to 2030, aligned to the time horizon used for the Company's strategy, financial planning and asset hierarchy planning.
- Medium-term risks are forward-looking to 2050, aligned to the UK Government's net zero target and the timeline used for Grainger's net zero transition plan.
- Long-term risks are looking beyond 2050 and are open-ended to reflect Grainger's full asset lifecycle, which can extend to 100 years or beyond.

The potential climate-related risks and opportunities we have identified that could have a material financial impact on the Company are:

Category	Risk / opportunity	Timeline	Company response
Transition	Costs and technology implications of new legislation such as the Future Homes Standard	Short-term (<2030)	<ul style="list-style-type: none"> <li>– Specification for new developments aligned to Future Homes Standard</li> <li>– Technology strategy reviewed through an ESG lens</li> </ul>
	Potential for stranded assets if properties do not comply with Minimum Energy Efficiency Standards	Short-term (<2030)	<ul style="list-style-type: none"> <li>– Refurbishments programme to increase energy efficiency</li> </ul>
	Increased revenues from development opportunities meeting the increased demand for energy efficient homes in response to climate-related changes in customer expectations	Short-term (<2030)	<ul style="list-style-type: none"> <li>– Grainger's ESG approach including climate-related strategies is integrated into bid documentation for potential developments and in reporting to development partners</li> </ul>
	Increased access to capital from responsible investors	Short-term (<2030)	<ul style="list-style-type: none"> <li>– Sustainable Finance Framework</li> <li>– Extensive ESG disclosure to investors</li> </ul>
	Increasing energy costs and energy security issues, resulting from climate-related changes to the UK's energy sources	Short-term (<2030)	<ul style="list-style-type: none"> <li>– Energy broker partnership and central energy contracts for Grainger procured energy</li> <li>– Refurbishments programme to increase energy efficiency</li> <li>– Investing in energy efficient buildings and reducing our customers' energy bills</li> <li>– Reducing reliance on energy networks operated by third parties and exploring alternative energy supplies for new developments</li> </ul>
	Investor demand for non-compliant assets may be impacted by the investor community's own response to climate-related issues	Short-term (<2030)	<ul style="list-style-type: none"> <li>– Climate-related criteria integrated into asset investment and recycling strategies</li> <li>– Strategy to enhance the energy efficiency of our assets and ensure compliance</li> </ul>
	Impacts of changing weather patterns and energy efficiency on customer demand	Long-term (>2050)	<ul style="list-style-type: none"> <li>– Due diligence of acquisitions and existing assets includes climate risks and energy efficiency</li> <li>– Refurbishments programme to increase energy efficiency</li> <li>– Customer awareness campaigns to influence behaviour</li> </ul>
Physical	Increased risk of flooding	Short-term (<2030)	<ul style="list-style-type: none"> <li>– Due diligence of acquisitions and existing assets includes flood risk</li> <li>– Mitigation strategies including flood management plans in operation at assets with identified potential risk</li> </ul>
	Increased severity and frequency of extreme weather events	Medium-term (<2050)	<ul style="list-style-type: none"> <li>– Comprehensive Business Continuity Programme in place</li> <li>– Due diligence of acquisitions and existing assets includes physical climate risks</li> <li>– Mitigation strategies in operation at assets with identified potential risk</li> </ul>



## Impact of climate-related risks and opportunities on Grainger's business, strategy, and financial planning

Grainger's purpose and business model is to invest in high quality, energy efficient rental homes which we plan to hold for the longterm. Climate-related risks and opportunities have been considered in reviews of Grainger's business strategies for development, acquisitions, refurbishment and asset recycling. Changes made in response to potential climate-related risks and opportunities include enhanced asset due diligence for acquisitions, integrating standards for energy efficiency and fossil-fuel free heating into our bespoke specification for new developments, incorporation of energy and carbon criteria into our asset hierarchy and increased investment in refurbishments to enhance the energy efficiency of assets.

We therefore consider the current effects of climate-related risks and opportunities on the Company's business model to be limited. Transition risks largely affect the non-core assets which Grainger plans to sell in line with our business strategy. In the longterm, transition risks related to development activity and the associated embodied carbon it generates may impact on our business model for new development. Growth is expected to continue through a combination of new development and acquisition of existing buildings.

Although we have not yet experienced climate-related risks and opportunities affecting customer decision-making on where to rent, we are seeing increased interest in this area from our customers and expect that in the longterm our portfolio will be responsive to changing customer demands due to the focus of our asset management strategy on energy efficiency and customer satisfaction. We believe our business model is well placed to benefit in the future in the event that customer decision-making does end up being based on climate-related factors.

Physical risks are concentrated in the Company's BTR portfolio where, due to the scale of these buildings and our cluster strategy, a higher proportion of customers could be affected by acute risks such as a major flood event affecting multiple assets. Chronic risks are concentrated in our London & South East portfolio where scenario analysis has identified a greater proportion of assets vulnerable to risks such as heat stress and drought in a higher warming scenario. Transition risks are concentrated in the PRS portfolio where assets will require capital expenditure to meet higher standards of energy efficiency and to decarbonise heating in alignment with future regulation.

Climate-related opportunities are concentrated in the business's BTR portfolio and in repositioning long-term hold assets to meet future customer demand for properties that are highly energy efficient and resilient to increasing temperatures.

Grainger's strategy to achieve our climate-related targets is to:

- Increase the energy efficiency of our portfolio;
- Decarbonise heating in our homes;
- Procure renewable energy for all Grainger purchased energy; and
- Measure and reduce embodied carbon through the design, construction and operation of our buildings.

To deliver these targets, Grainger has made the following strategy and resource allocation decisions:

1. Dedicated budgets to improve energy efficiency of our portfolio and achieve EPC C rating or above on all PRS properties.
2. Investment in research and development to pilot low-carbon heating systems in our buildings.
3. Development of net zero asset plans for long-term hold assets with associated refurbishment plans.
4. Reviewed our specification for new developments ensuring it is aligned to our energy and GHG targets.

Grainger has a net zero transition plan, which is summarised in the net zero carbon pathway published on our website at <https://corporate.graingerplc.co.uk/investors/investor-downloads>. This transition plan has been developed and disclosed with consideration of the UK's commitment to be a net zero economy by 2050. Grainger supports this commitment and our transition plan is aligned to the UK Government's target. Government policies have informed the actions and timelines set out in Grainger's transition plan. The key assumptions and dependencies that inform the plan are the timeline for decarbonisation of the UK electricity grid, and the Government's policy for decarbonising heating in homes including equalising running costs of heat pumps to gas boilers and the introduction of mandatory emissions thresholds for heat networks.

Grainger recognises that engaging with our key stakeholders is critical to delivering our net zero transition plan. We have implemented a comprehensive programme of engagement with our customers, suppliers and our industry, which is summarised in our net zero carbon pathway and a progress update is provided in this Report on page 47.

The potential impacts on the Company's financial position and financial performance include:

- Changes in costs related to insurance, energy procurement, investment in adaptation measures and compliance with regulation;
- Changes in revenues from rental income and sales for assets that have undergone energy efficiency improvements;
- Changes in the value of existing properties following improvements to energy efficiency and increased investment in new developments;
- Potential for decreased asset values or early retirement of assets due to physical climate-related risks or any potential non-compliance with climate regulation; and
- Increased access to capital from responsible lenders and investors.

Grainger's financial planning processes reflect the climate-related risks and opportunities we have identified, prioritising any requirements necessary to maintain regulatory compliance, deliver the Company's net zero transition plan and maintain high levels of customer satisfaction. The one-year budget and the five-year business plan both include estimates of the costs required to improve the energy efficiency and carbon performance of our assets. Grainger does not currently use a bespoke internal carbon price, however in London we refer to an external carbon price in our decision-making, which is the £95 per tonne price set by the Greater London Authority for carbon offset funds which Grainger pays into on its developments in London.

## Task Force on Climate-related Financial Disclosure continued

The effects of climate-related risks and opportunities on the Company's financial position, performance and cash flows in the reporting period have been minimal. Grainger has secured additional finance of £50m through upsizing our Sustainably Linked RCF Facility. Capital expenditure related to energy efficiency improvements to our properties remains high. The scale of this investment is within Grainger's normal levels of capital expenditure and the climate-related improvements usually form part of wider packages of asset improvements and so we do not consider it possible to quantify the impact of these considerations on the financial position or financial performance of the Company. Climate-related considerations form part of discussions with the external valuers of Grainger's assets, however we have not yet seen the energy efficiency performance of our assets reflected in our valuations. We consider that there is no significant risk of material adjustments within the next annual reporting period arising from this.

In the shortterm we anticipate a continuation of capital expenditures as we upgrade the energy efficiency of existing properties and decarbonise heating systems in new development projects. We anticipate securing additional sustainability-linked finance from credit facilities and bonds to fund the acquisition of new energy efficient homes.

The impacts of climate-related risks and opportunities on demand for our assets and future investment market have also been considered. In the mediumterm, we expect to see customer demand for energy efficient properties to increase which may increase revenues from rental income. Given renters spend on average 8% of the cost of their rent on energy bills, we have conservatively estimated that our customers may be willing to pay a rental uplift of 5% for a more efficient property. When determining which energy efficiency improvements to make to our buildings, we factor in the potential effects on running costs for customers and associated impacts on affordability, satisfaction and retention. For example, we are planning to commence a replacement programme for gas boilers once the costs of heat pumps achieve parity in line with the Government's Heat and Buildings Strategy. We intend to replace commercial scale and individual boilers when they reach the end of their useful life from 2030 onwards and we expect to incur capital expenditure to fund this programme between 2030 and 2040.

### Resilience of Grainger's strategy, taking into consideration different climate-related scenarios

Grainger is supportive of the Government's target to transition to a net zero carbon economy consistent with the Paris Agreement goal to limit warming to well below 2°C and pursue efforts towards 1.5°C. We have considered the resilience of our strategy to this transition through considering the climate-related scenarios used by the Government to develop its climate-related policies. We consider these scenarios relevant to assess the resilience of Grainger's business because they identify implications for residential properties and inform the policies that sit as assumptions behind Grainger's transition plan. The key assumptions are that heat pumps will be the preferred strategy for heating new homes, the rate of decarbonisation of the UK electricity grid and the extent of customer behaviour change. This analysis is reviewed on an annual basis and considers short- and medium-term timelines up to 2050 in alignment with the Government's net zero target deadline.

This analysis demonstrated that our strategy to sell non-core assets and invest in highly energy-efficient new homes is resilient in the face of increasing regulatory risk. We have enhanced our asset management strategies, introduced policies to align to future climate-related regulation such as minimum energy efficiency standards and made a commitment to transition our portfolio away from fossil fuel heating.

We have considered the potential impact of two climate Representative Concentration Pathways (RCP) scenarios published by the Intergovernmental Panel for Climate Change on the vulnerability of our real estate portfolio and pipeline to physical climate risks:

- RCP 2.6 which aims to keep global warming at +1.5°C (below 2°C) above pre-industrial temperatures. This scenario aligns to the Paris Agreement and requires prompt and significant reduction of GHG emissions.
- RCP 8.5 which assumes minimal abatement of GHG and associated global warming of 4°C over the longer term.





These scenarios were considered over three timelines: the current position, short-term (2030) and medium to long-term (2050 and beyond) and considered all current PRS assets and pipeline assets. The assessment was undertaken in FY22 and will be reviewed every three years. Our assessments indicate that our portfolio would remain operational under both scenarios, albeit with potentially higher levels of flood and drought risk, in line with many urban areas.

The assessment identified some acute risk exposure to flood and windstorm risks. Windstorm risk is typical for the UK and could affect all assets with moderate (medium) intensity. The Company's strategy to invest in urban locations results in some exposure to flood risk in locations such as Bristol, Leeds and London and one asset in Southampton is exposed to storm surge. Affected assets have appropriate mitigations incorporated into their design and operation.

Under a high emissions scenario from 2050, drought stress and heat stress increase and become a medium risk which could impact water scarcity and customer wellbeing, however in the short-term or under a low emissions scenario, these risks are rated low or very low risk. We undertake overheating assessments for all new developments and ensure passive measures to minimise overheating risk are incorporated into building design. Subsidence conditions also increase beyond 2050 under both scenarios. We will continue to assess potential risks in due diligence for future acquisitions and to make appropriate adaptations where required.

This analysis focuses on the vulnerability of the locations of our portfolio and pipeline assets to climate change and does not take into account specific asset mitigation measures. We consider that it is not possible to quantify an isolated impact from these scenarios on our financial performance and position at this time. To ensure the business remains resilient, we have the following capacity to adapt our strategy:

- Flexibility to deploy capital to asset improvements that safeguard against transition and physical risks;
- Regular reviews of our asset hierarchy with the ability to retain and refurbish additional assets;
- Option to pursue growth through new acquisitions; and
- Capacity to meet short-term costs if one or more assets are affected by an acute climate event.

## Risk management

### Processes for identifying, assessing and managing climate-related risks and opportunities

Climate change is considered to be a principal risk affecting the business's strategy and is included in our corporate risk management framework (see page 63). Risks are considered in relation to all business operations and the Company's full operational real estate portfolio and pipeline.

Corporate and portfolio level risks and opportunities are identified through periodic sustainability materiality reviews, regular monitoring of current and emerging regulation and ongoing stakeholder engagement. Grainger works closely with industry bodies, partners and advisers to identify, understand and respond to risks and opportunities affecting Grainger and our sector.

Asset level risks and opportunities for existing assets are identified and reviewed through the Company's annual asset hierarchy assessment, quarterly asset reviews and scenario analysis undertaken annually for transition risks and every three years for physical risks. These assessments are informed by data on our properties which is obtained from a range of sources including site inspections, audits and insurance reviews. Risks for new acquisitions are identified through due diligence undertaken pre-acquisition and reviewed through the Investment Committee process. Where a risk is identified, appropriate mitigation methods are incorporated into the building design.

Risks are prioritised through an assessment of the nature, likelihood and magnitude of the effects using a quantitative scoring matrix including thresholds to assess financial impact and a qualitative review of the impact on Grainger's business strategy. Risks are considered in line with the methodology used to assess all principal risks and inform the Company's overall risk management process which is reported on page 56. This process has not changed since the last reporting period.

Climate-related risks are monitored through quarterly risk reviews undertaken by the Management Committee in addition to the Finance Committee, Development Board and Operations Board, which inform the principal risk reviews undertaken by the Executive Committee and Grainger's Board every six months. Climate-related risks are incorporated into Grainger's internal controls and audit programme.



## Task Force on Climate-related Financial Disclosure continued

### Metrics and targets

#### Climate-related metrics

Grainger's greenhouse gas emissions for Scopes 1, 2 and 3 are reported in the SECR statement on pages 110 to 113 of this report. Emissions have been calculated in alignment with the GHG Protocol Corporate Standard and all Scope 1 and 2 emissions and material Scope 3 categories have been externally verified to a limited assurance standard.

Metrics related to the real estate sector sustainability disclosure topics of energy and water management, management of tenant sustainability impacts and climate change adaptation are provided in the Company's annual EPRA Sustainability Reports, available on the Company's website at: <https://corporate.graingerplc.co.uk/investors/investor-downloads>

The following cross-industry metrics and sector-specific metrics are aligned to Grainger's net zero transition plan and provide an overview of the Company's exposure to climate-related risks and opportunities:

Metric category	Metric	FY23	FY24
GHG emissions	GHG emissions (Scope 1 and 2)	1,911 tonnes CO <sub>2</sub> e	1,757 tonnes CO <sub>2</sub> e
GHG emissions	GHG emissions (Scope 3)	91,430 tonnes CO <sub>2</sub> e	78,330 tonnes CO <sub>2</sub> e
GHG emissions	GHG emissions per unit (based on emissions reported on EPC certificates)	1.9 tonnes CO <sub>2</sub> per unit	1.6 tonnes CO <sub>2</sub> per unit
GHG emissions	GHG emissions intensity for PRS properties per m <sup>2</sup>	23 kg CO <sub>2</sub> e per m <sup>2</sup>	21 kg CO <sub>2</sub> e per m <sup>2</sup>
Transition risks	% of PRS assets rated EPC A-C	91% rated A-C	94% rated A-C
Transition risks	% of BTR assets with low-carbon heating (properties with non-gas heating)	62% of BTR properties	69% of BTR properties
Transition risks	Energy consumption in MWh	15,360 MWh	16,407 MWh
	% renewable electricity	90% renewable	95% renewable
Physical risks	Value of PRS assets vulnerable to flood risk (in locations with medium or high flood risk)	£650 million	£796 million
Climate-related opportunities	Value and % of PRS assets rated EPC B and above and associated revenues	£1.3 billion; 58.5% by value 49.8 % of revenue	£1.6 billion; 65.7% by value 57.7% of revenue
Capital deployment	Capital expenditure deployed towards energy efficiency	£9.1 million	£10.8 million
Internal carbon prices	Carbon price used in Grainger's decision-making	Grainger does not currently have a bespoke internal carbon price, but refers to an external carbon price of £95 per tonne in our decision-making	Grainger does not currently have a bespoke internal carbon price, but refers to an external carbon price of £95 per tonne in our decision-making
Remuneration	Proportion of Executive remuneration linked to climate considerations	7% of the 2023 annual bonus opportunity. 10% of the 2023 LTIP	10% of the 2024 LTIP

#### Climate-related targets

Grainger is currently in the process of setting a science-based target validated by the Science-Based Targets initiative. This target will cover Grainger's Scope 1 and 2 emissions and key Scope 3 emissions categories.

Once validated, this target will replace our previous target to achieve net zero for our Scope 1 and 2 emissions by 2030. This target is an absolute target applying to all Scope 1 and 2 emissions measured vs a 2020 baseline. We have continued to reduce our emissions, with a 42% reduction in our Scope 1 and 2 market-based footprint and 8% reduction in our location-based footprint between 2023 and 2024.

Grainger also has an embodied carbon reduction target to achieve a 40% reduction in the intensity of Scope 3 emissions from direct development projects in design by 2030. This target applies to direct development projects only, because we have more control over the design and are able to influence emissions reductions whereas this is not the case on our forward funded portfolio. It is an intensity target measuring kg CO<sub>2</sub>e per m<sup>2</sup> of development gross internal area, measured vs the baseline for each development scheme which is established at the initial design stage. Grainger's direct developments in scope of this target are currently in the design stage and so there is no progress update in the reporting period. Grainger is not currently planning to use offsets to achieve these targets.

Grainger's net zero carbon pathway sets out our key objectives and actions towards achieving our targets, including ensuring 100% of PRS properties achieve EPC Rating C or above and purchasing 100% renewable energy for all eligible supplies. For our embodied carbon target, we intend to achieve half the targeted reduction through lean design and half the reduction through lower-carbon construction methods and materials choices. Both Grainger's current targets support climate mitigation and are aligned to our net zero transition plan. Progress towards our targets is reviewed through quarterly assessments of key performance indicators and annual progress reviews.



## Engagement with stakeholders - section 172 reporting

### Engagement with our stakeholders

The Board takes its responsibilities to all stakeholders seriously, and has acted consistently to promote the long-term success of the Company for the benefit of Shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

An overview of the key channels and processes used for engagement with our stakeholders and outcomes from this engagement during the year are set out on page 73. A summary of the Board's activity and how matters raised through engagement have been considered in key decisions taken during the year is provided on pages 75 to 77.

Section 172 matter	Overview	FY24 comment	Relevant disclosures
(a) the likely consequences of the decision in the long term	Grainger is committed to being a long-term investor in homes and communities, and delivering long-term success to our Shareholders.	The Board undertook a comprehensive review and update of the business's long-term strategy during the year.	→ Business model pages 26 and 27.
(b) the interests of the Company's employees	Employees are at the heart of our business and our People Strategy focuses on delivering the highest levels of learning and development, wellbeing and inclusion, including via our established colleague ED&I Forum.	The Responsible Business Committee oversees employee engagement and consultation. This year we gained National Equality Standard accreditation.	→ Our people pages 39 to 43.
(c) the need to foster the Company's business relationships with suppliers, customers and others	The relationships with our key partners and suppliers are critical to our ability to deliver and maintain high-quality rental homes. Strong relationships with our customers, built by our property managers and on-site teams, supports retention and creates a community within our buildings.	The Board considered reports on the increased focus on decarbonisation and human rights issues within our supply chain.	→ Suppliers page 73.
(d) the impact of the Company's operations on the community and the environment	We consider communities to encompass those created within our buildings as well as those around them, and we actively seek ways to promote thriving communities and to minimise our impact on the environment.	The Responsible Business Committee oversees community and environmental matters and biannual updates on progress against Grainger's long-term ESG commitments, its approach to net zero carbon and charity were provided.	→ Sustainability pages 37 and 38. → Responsible Business Committee report pages 84 and 85.
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	Grainger is proud to be a FTSE4Good business and adheres to the highest standards of business conduct in interactions with all our stakeholders.	Our values set the standards of conduct for all involved in our organisation and our values were a key feature in our refreshed Company-wide customer service style training programme.	→ Our values page 42. → Governance pages 66 to 114.
(f) the need to act fairly as between members of the Company	We conduct regular direct engagement with our Shareholders through a range of channels, and ensure key issues raised are factored into strategic decision-making, facilitated by our investor relations team.	This year we continued our extensive programme of investor engagement which included over 460 meetings, 15 conferences and conducted tours of our sites with investors.	→ Shareholder engagement page 74.

## Risk management

# Effective risk management contributing to delivering sustainable growth

Our risk management framework is designed to identify the principal risks to our business and ensure that they are being appropriately monitored, suitable controls are in place and the required actions have clear ownership and accountability.

### Risk management approach

Risk management is fundamental to meeting our operational and strategic objectives. The markets we operate in require effective decision-making, ensuring we properly assess risks, apply controls and balance risk with returns. We continue to closely monitor the external environment accepting that our influence over external factors can be limited, and we have built resilience to risks by focusing on internal controls and mitigants. Risk and resilience are important concepts to us that relate to our ability to absorb, recover, adapt, and transform in the face of stresses, change and uncertainty.

Our forward-looking risk management ethos drives a stronger focus on emerging risks that have the potential to rapidly become a challenge to our business including the transition to net zero. Our approach is to give appropriate balance to being responsive, forward-looking, consistent and accountable. At Grainger, we seek to do this by applying and reinforcing our risk management culture in the way we do business and by adopting a ‘three lines of defence’ model throughout the business (see diagram on page 57). Managing risks and maximising opportunities supports our growth and risk-based decision-making has provided a proactive approach to anticipate threats before they occur.

We continue to learn and evolve our mature risk management framework which has shown its in-built flexibility and is capable of adapting to a swiftly changing environment. The economic challenges facing the UK housing market have remained throughout 2024 and our focus towards a mid-market rental product, coupled with the demand for new rental homes has proven resilient.

### Rigorous risk assessment

During the year we considered a range of risk categories, including strategic, market, financial, legal and regulatory, operational, IT, project and people. We identify individual risks using both a ‘bottom-up’ and a ‘top-down’ approach.

We determine the potential probability and impact of each risk and give it a gross (before mitigation) and net (after mitigation) score. This identifies which risks depend heavily on internal mitigating controls, and those that require further treatment.

We use a risk-scoring matrix to ensure we take a consistent approach when assessing their overall impact. We have expanded key impact criteria to other categories of risk helping to enhance and further embed risk appetite.

For risks in operational areas, we base their likelihood on how often they occur in a rolling 12-month period. We record their impact and likelihood scores in departmental risk registers. These risk registers are regularly reviewed, reflecting our adaptability where required. The appropriate internal committee reviews these registers at least quarterly.

We also collate a Group top risk report for consideration by the Executive Committee and Audit Committee.

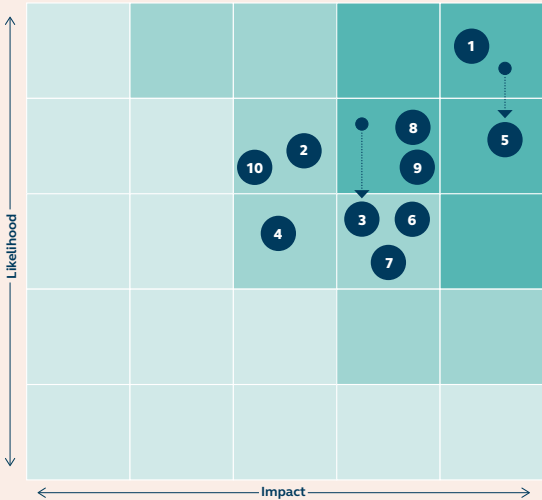
This process has identified ten principal risks which we monitor (see pages 59 to 63). Two of the principal risks have decreased in their likelihood assessment, whilst eight remain unchanged from the 2023 assessment. We have not identified any new risks which are material enough to be considered a principal risk for the business. We have reached this prudent assessment after considering external factors and key influences, including a structural supply demand imbalance, supported by a more stable political backdrop, and our ability to secure investment opportunities from a variety of sources. The diagram below illustrates this assessment.

### Mapping our key risks and movement

#### Current principal risk areas

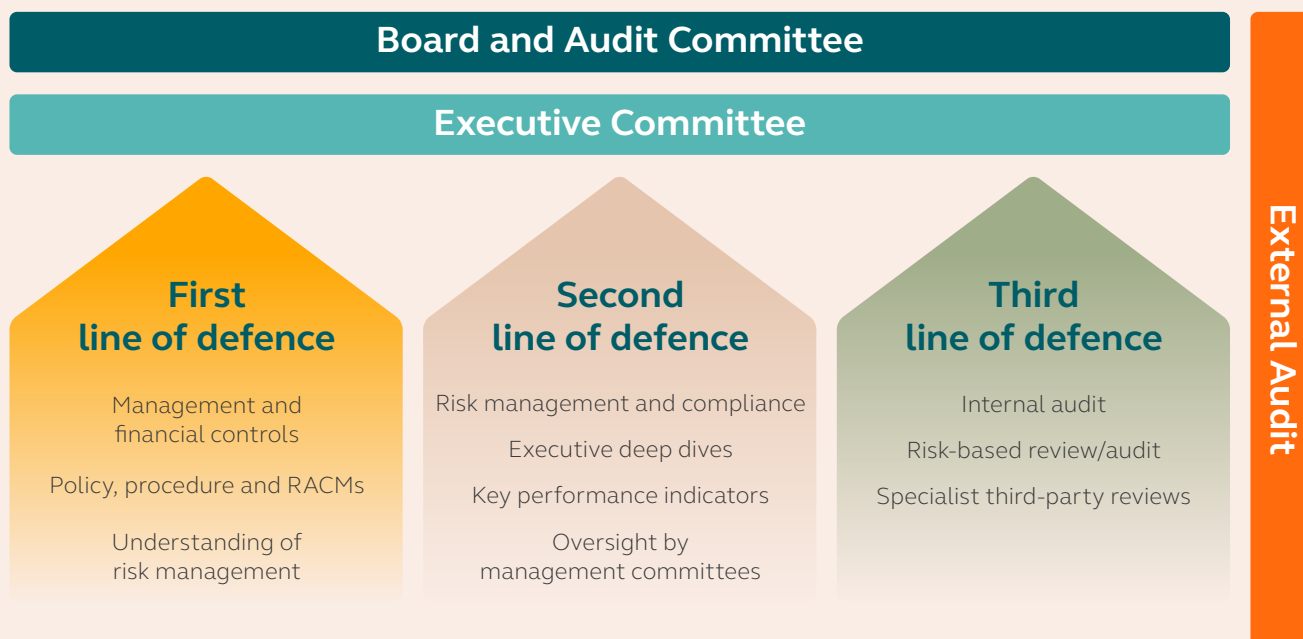
- 1 Market and transactional
- 2 Financial
- 3 Political and regulatory
- 4 People
- 5 Supplier
- 6 Health and safety
- 7 Development
- 8 Cyber and information security
- 9 Customers
- 10 Climate change

.....> Indicates risk movement from last year





## Risk control framework, three lines of defence model



We have a structured approach to the identification and assessment of emerging risks. Our internal committees are tasked with identifying risks on the horizon which may develop or already exist but are difficult to quantify. We use a 'risk radar' to capture these risks which are monitored continuously and reviewed regularly. We believe tackling emerging risks enables us to build and maintain resilience to ensure we can thrive in uncertain times.

### Risk control framework and appetite

The Board has ultimate responsibility for Grainger's risk management and internal control systems, and for determining the Group's risk appetite. As part of the risk management framework, the structure of risk appetite statements align to our principal risks. This year we have validated our assessment of risk appetite for our principal risks with the Audit Committee, including through risk deep dives. The Board adopts a generally low tolerance for risk, particularly for regulatory and reputational matters. Regarding development risk, a medium risk appetite is tolerated by the Board in order to continue to capitalise on the substantial opportunity within the residential real estate sector.

The Executive Committee develops and submits the risk management framework to the Board for review, consideration, approval and adoption. This year we have developed a long-term plan focused on strengthening risk management and internal controls going beyond compliance to create a risk and controls-focused culture. The benefits will help us to enhance the quality of our reporting, support better decision-making and protect Shareholder value. Our internal governance structure complements our 'three lines of defence' model, with a view to having clear divisions between each line. This framework includes various management committees, with dedicated risk registers, overseeing key investment, operational and corporate functions.

The oversight committees and the Executive Committee examine the identified risks, reported controls, mitigation and the principal risk report. The Audit Committee supports the Board by monitoring and reviewing the control environment and risk process. This process ensures we regularly reconsider the principal risks. We monitor the internal control framework for these risks through the Internal Audit monitoring plan and the resulting audit outcomes.

**+** For more information on internal controls, please refer to page 89.

Assurance on risk controls is provided by internal management information, internal audits, external audits and Board oversight. We also hold assurance maps for our principal and operational risks.

Our risk culture promotes open communication and we support this by operating an externally supported whistleblowing hotline that our colleagues can use anonymously if they do not wish to use our other processes for raising concerns.

The data protection activities of the business form part of Grainger's business as usual processes overseen by the Data Protection Committee, consisting of senior people from across the key areas of the business. The Board and Audit Committee are updated regularly on matters arising and activities undertaken to develop our data protection compliance regime. Our health and safety initiative, Live.Safe, which embeds a culture that puts health and safety at the heart of everything that we do, has remained a priority. This year we have completed our sixth safety climate survey.

Looking forward to 2025, we will continue to closely monitor the external environment, managing risks and maximising opportunities and paying particular attention to emerging risks. The application of a robust risk management framework and controls will continue to be fundamentally important, as well as having the flexibility to adapt to changing external conditions.

## Principal risks and uncertainties

# Managing our principal risks and uncertainties

The Directors have systematically assessed the Group's principal risks. They have considered them across four years, which aligns with our viability assessment - see the statement on page 64.

### Principal risks, uncertainties and opportunities

Risks and uncertainties are considered by the Board as an intrinsic part of strategy setting and consideration of new opportunities.

### UK outlook

There is an ongoing structural imbalance in the supply and demand for housing. This has led to an expansion of the PRS market as more people turn to renting. Investors are increasingly entering the rental market, often seeking shorter-term profits compared to traditional landlords, which is changing the dynamics of the market. Regulatory change such as the Renter's Rights Bill, tax reforms and the Government implementing new regulations to protect tenants is shaping the market. All of these factors are presenting exciting acquisition opportunities as we pursue multiple routes for future growth and secure investment opportunities.

The start of the economic recovery, with reducing inflation which has facilitated a first cut in interest rates, could set a more stable interest rate environment which will offer a greater degree of pricing certainty. The reduced level of construction cost inflation will also improve the viability of development opportunities.

During the remainder of 2024 through to 2025, we expect the focus on building safety to intensify, and it is indeed a critical concern for us. Planning will remain a key challenge which will require careful consideration and adaptability.

As the market leader in the PRS, we are strongly positioned for the future. Our research delivers granular understanding of customer affordability and ensures that our high-quality, energy efficient homes achieve the desired mid-market position.

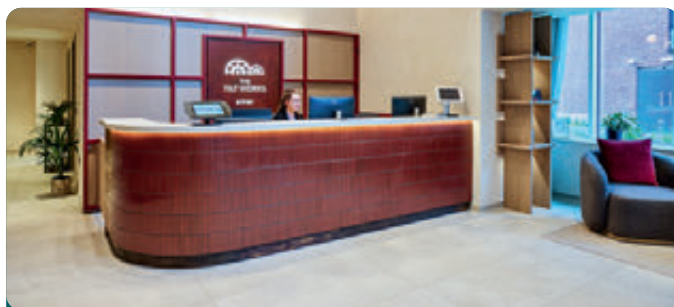
Going forward, we continue to scrutinise those risks most likely to impact our business model and disrupt operations.

**“Risks and uncertainties are an intrinsic part of strategy setting and consideration of new opportunities.”**

**Justin Read**  
Chair of Audit Committee







## Market and transactional

Unchanged



### Risk description

The current UK economy remains uncertain. While inflation and wage growth are currently moderating, tax rises and higher public spending could see inflation return and interest rates rise.

### Impact on strategy

Constrained rental growth caused by increased pressures on affordability. Constrained growth in the capital valuation of our property assets.

Constrained sales activity driven by relatively high interest rates and associated affordability issues.

Reduced viability of new development driven by increased costs and constrained valuations.

Reduced consumer and investor confidence.

More limited availability of debt financing and tighter financial terms.

Insufficient time and resources to satisfy our growth strategy.



### Key mitigants

Focus on mid-market product with relatively high affordability metrics and greater capacity for rental growth.

Demand for new rental homes continues to rise.

Demand for rented housing is typically high during uncertain economic periods, and rental growth has historically tracked wage growth providing a hedge against inflation.

An ongoing structural undersupply of housing in the UK supports our growth opportunity.

We have the ability to secure investment opportunities from a variety of sources, such as acquiring stabilised assets which bring immediate income and control the timeframes of delivery.

Whilst low yielding, our regulated tenancies provide resilient income.

Our regulated tenancies are appealing to purchasers given the inherent discount to vacant possession value and opportunities to add value on securing vacant possession.

We have a high proportion of liquid and diverse assets to enable sales where necessary, as was shown clearly in the last economic downturn.

To support capital growth, performance has been driven by income return, placing the focus on active asset management in our target towns and cities for future investment.



## Financial

Unchanged



### Risk description

Macro, market, or borrower specific issues could result in the inability to obtain sufficient finance at acceptable prices and/or increase the cost of any existing floating rate debt.

### Impact on strategy

Lack of availability from credit markets; breach of loan and bond covenants; adverse movement in interest rates could have an unacceptable impact on the cost of new debt and existing unhedged debt adversely impacting delivery of the growth strategy and our ability to maintain a strong capital structure.



### Key mitigants

We successfully extended and upsized our bank lending, with some additional extension options, locking in interest rates and increasing our weighted average debt maturity. Our debt is very highly hedged giving good protection against rising rates.

We conduct our business within Board-approved capital operating guidelines and an interest rate hedging policy.

We closely monitor our banking covenants and our performance against credit rating criteria and use this information to drive decision-making.

We have a diversity of financing sources and strong relationships with lenders. We engage early with lenders prior to funding requirements in order to mitigate against refinancing risk.

Due to our close monitoring of the transactional pipeline, we can control the timing and number of new acquisitions, to reduce cash outflows if needed.

Our strategic focus is to increase income to provide greater interest cover. We have optionality over multiple sources of funding including recycling of regulated tenancies, debt and equity (equity markets permitting) with the ability to flex between sources.

We carry out detailed financial viability sensitivity testing and develop clear mitigation and contingency plans.



Principal risks and uncertainties continued



Political and regulatory

Decreased



Risk description

Introduction of an unfavourable political or policy landscape that is unsupportive towards housing investment, development and build-to-rent. Introduction of regulatory changes to key legislation including, but not limited to:

- Tax reforms
- Building safety
- Renters rights
- Economic crime and Corporate Transparency Act

Impact on strategy

New regulation affecting our revenue streams and profitability, increasing the cost of compliance through greater administrative burdens or development costs. Risk of reduced rental income, reduced certainty of returns or profitability; risk of fines, penalties, and sanctions.

In case of non-compliance; damage to reputation; loss of operational efficiency and competitiveness; increased costs; reduction in market opportunities; impact on ability to finance opportunities; inability to build competitive PRS portfolio; attracting adverse publicity.



Key mitigants

We have increased focus and resourcing within our Corporate Affairs function to provide oversight on political developments and policy direction.

Proactively, we have close involvement with leading industry bodies and engagement with the relevant government and political parties.

Where required we retain specialist public affairs consultants to support our outreach, engagement and influencing on policy matters.

Our corporate governance structure ensures we have the framework and oversight to assess our obligations.

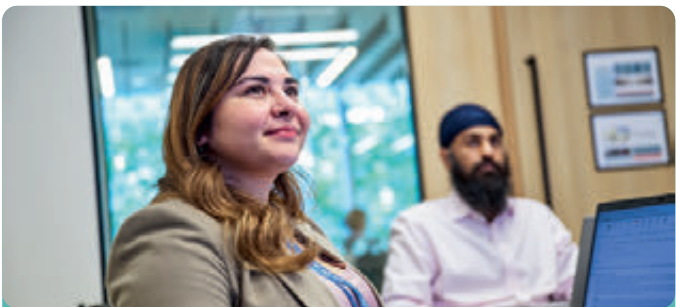
We have an ongoing programme of management and colleague training which covers key regulatory developments.

To react to an evolving landscape, we have invested in established specialist legal, compliance and corporate affairs teams which monitor and advise internally, and review the regulatory horizon.

We have well-established relationships with expert law firms and other professional services organisations who keep us updated about forthcoming changes to the regulatory framework.

We have strict asset management controls and compliance processes which can also adapt to change.

Our position as the UK’s foremost PRS provider brings a cultural ethos of leadership and best practice.



People

Unchanged



Risk description

Failure to attract, retain, and develop an inclusive and diverse workforce to ensure we drive business transformation at a time of business growth.

Failure to recognise our talented colleagues by providing development opportunities, workplace flexibility, a sense of purpose and remuneration.

Impact on strategy

Reduced ability to achieve business plan and strategy. Reduced control and inability to grow market share in the PRS. Failure to innovate and evolve to maintain competitiveness in a customer-driven market.

Damage to reputation, increased colleague turnover and lower retention. Failure to recruit a diverse workforce; increased costs for recruitment.



Key mitigants

We have a strong strategic resourcing approach and People Strategy which includes our build-to-rent sites, which has lowered churn.

We listen to our colleagues’ views and opinions by undertaking six-monthly engagement surveys and act upon the findings.

We have a talent identification process and have succession plans for key colleagues.

We have a programme of learning and development for colleagues.

We carry out regular performance reviews with colleagues to identify opportunities to develop, and for internal career progression.

We undertake regular reviews of our benefit structure against the external market to ensure we remain competitive.

We are committed to raising awareness and encouraging diversity amongst the workforce through a diversity network initiative.

We have Board oversight and a member with specific responsibilities on colleague engagement.





## Supplier

Decreased



### Risk description

Financial or operational factors creating increased risk of contractor failure, destabilising the commercial environment and impacting on logistics and supply chain activities leading to a significant failure within, or by, a key third-party supplier or contractor.

### Impact on strategy

Reputational damage; increased costs; inability to achieve performance objectives; legal action and regulatory sanctions; customer dissatisfaction; a restriction on ability to grow platform; negative impact on growth plans; increased Grainger workload to reschedule supplier delivered activities in a timely manner.



### Key mitigants

We have greater buying power demonstrated by our ability to implement a national furniture contract and a new repairs and maintenance supplier.

Our procurement approach and policy promotes a balanced, risk-based selection process to encourage appropriate supplier selection.

Our procurement approach and policy sets our intent towards internal controls and management systems regarding contractors/suppliers, which include counterparty reviews, and covenant strength assessments are well developed.

The approach ensures that key relationships are highlighted and are managed to a high standard. We work closely with a number of legal specialists appointed on their experience and understanding of our business and ability to provide appropriate advice.

Our finance team supports in completing the financial due diligence of our supply chain through regular dialogue and reviews.

We work closely with our supply chains to understand their risk profile.



## Health and safety

Unchanged



### Risk description

A significant health and safety incident, in particular a fire or gas safety incident owing to inadequate or inappropriately implemented procedures.

Our reputation as a leading landlord impacted by not fulfilling our responsibility to understand and follow health and safety, fire safety and building control requirements to protect our residents. Ensuring the performance of our portfolio aligns to our Environmental, Social and Governance standards.

### Impact on strategy

Harm to customers, colleagues, contractors, or visitors; possible legal action or fine; subsequent reputational damage. Reduced investor interest.



### Key mitigants

We have clear governance structures in place for health and safety. The Board, supported by the Health and Safety Committee, sets the direction, monitors and reviews performance and delegates responsibility to the senior management team for ensuring a positive health and safety culture.

Fire safety and the ongoing changes in this field received substantial focus from the Board and across the business.

Our health and safety management system is supported by Live.Safe, our initiative to promote a positive health and safety culture. All colleagues are invited to undertake a Safety Climate survey annually.

Our technology platform delivers efficient recording and reporting.

We have planned and reactive maintenance measures in place, which address gas, electrical, water, asbestos, fire and mechanical requirements.

We employ a dedicated Head of Building Safety, Director of Health and Safety, as well as experienced and qualified health and safety professionals.

## Principal risks and uncertainties continued



## Development

Unchanged



## Risk description

We allocate a portion of our capital to development activities which may be complex and potentially bring multiple related risks.

Increased costs including build cost inflation, labour and material shortages.

Reduction in value through economic climate.

## Impact on strategy

Exposure to risk of cost overrun, cost inflation, income shortfall and yield expansion, affecting achievement of the strategy and returns in developing build-to-rent schemes.



## Key mitigants

We monitor the capital we deploy to development matters carefully, following capital allocation guidelines and updating hurdle rates to reflect prevailing economic conditions.

We carry out thorough due diligence and in-depth research before committing to a scheme, ensuring we have a good understanding of the context, the contractor and its supply chain.

We proactively monitor cost inflation, rents and yields to allow us to identify trends and understand any negative risk impact.

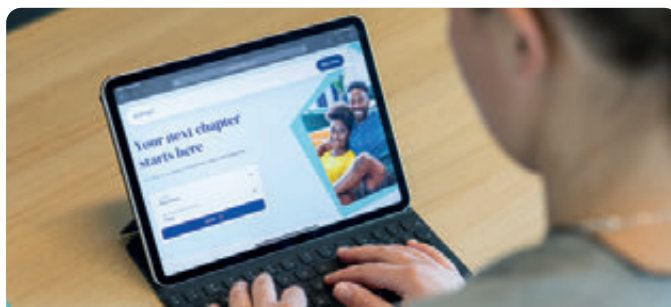
We enter into fixed price contracts with our supply chain for construction.

On our direct development schemes we control when we commit to start investing and developing.

We employ an experienced team with specialist development skills and have established relationships with expert advisers and development partners.

We have well-established governance structures which provide strong oversight to our development schemes, applying the skills of our in-house development management experts, together with qualified external consultants and professionals.

As part of our PRS strategy, the portfolio of development schemes now focuses on build-to-rent assets and does not seek speculative returns from investing in development that is solely for sale.



## Cyber and information security

Unchanged



## Risk description

The breach of confidential data or technology disruption due to an internal or external attack on our information systems and data or by internal security control failure.

## Impact on strategy

Financial loss; fines; reputational damage; operational and business disruption; loss of customers; loss of colleagues; share price devaluation; inability to serve our customers, manage our properties and conduct our business; competitive disadvantage; inability to meet contractual obligations.



## Key mitigants

We employ an experienced and qualified IT team with the knowledge to defend our networks and deliver our strategy.

We engage external security expertise to carry out regular penetration testing to ensure our systems are robust.

We have a mandatory online cyber security training and awareness system for all colleagues.

We operate a Security Information Event Management system which uses artificial intelligence to baseline normal digital behaviour and identify anomalies through advanced analytics, alert detection, and threat visibility.

We continue to evolve our suite of Information Security and Data Protection policies which provide guidance to colleagues and align to best practice standard ISO 27001.

We have a Cloud Security partner responsible for our security improvement programme and to ensure our technology platform is well understood, resilient and protected now and in the future.





## Customer satisfaction

Unchanged



### Risk description

Our ability to successfully retain our customers caused by a failure to demonstrate our value and/or fulfil our customer proposition and our service standards, amidst a backdrop of cost of living challenges.

### Impact on strategy

Negative publicity; increased complaints; poor customer experience; reputational damage; loss of customers; lower rental increases; rent arrears and higher voids.



### Key mitigants

The UK rental market continues to have a hugely attractive outlook that favours the professional, large-scale landlord.

We provide high quality modern homes with lower running costs.

We embed our Environmental, Social and Governance strategy across our business and throughout the customer experience.

Throughout a customer's journey, we track and record interactions which feed into our insight platform and informs our decision-making.

We continue to manage and support individual circumstances arising from the economic uncertainties.

We have a leading operating platform with substantial experience in managing a substantial portfolio of assets and of meeting the requirements of our residential customers.

Our operating model is designed to provide a platform for optimising a customer-focused strategy.

Our proactive asset management means we can gather greater asset and customer knowledge.

We understand what is important to our customers by carrying out customer service-focused reviews measuring customer preferences and satisfaction levels.

We monitor customer feedback through several channels, such as tracking our Net Promoter Score and Google reviews and have a clear and transparent complaints process.

Our colleagues receive customer service training, and their performance is measured against key metrics.



## Climate change

Unchanged



### Risk description

The impacts of climate change on our business and operations; including: an extreme weather event; adaptation to changes in weather patterns; compliance with increased climate-related regulation; energy security and price volatility; the cost and technology implications of transitioning to a zero-carbon economy; customer and investor preference for more energy efficient properties and growing stakeholder expectations.

### Impact on strategy

Business disruption; infrastructure damage; communication network damage; increased insurance costs; reputational damage; increased wear and tear on buildings; cost of investment adaptation measures.

Decreased asset value; asset impairment or early retirement of existing assets.

Additional capital expenditure to adapt buildings, increased disclosure requirements, tougher building standards.

Risk to Company brand and reputation and associated impact on securing and maintaining investment.



### Key mitigants

We work closely with Government bodies to influence and stay abreast of regulatory developments.

We are members of leading industry bodies who influence policy on energy efficiency and emerging building standards.

Due diligence of acquisitions and existing assets includes physical risks and transition risks such as flood and EPC risks.

We invest in improvements to our properties to mitigate and adapt to climate change.

We are a responsible business with a strong commitment to minimising our impact on climate change and comprehensive disclosure on our performance in alignment with TCFD.

We have a detailed net zero carbon strategy and pathway, with clear objectives and actions to achieve net zero carbon for our operations by 2030.

Climate-related metrics are integrated into Executive remuneration.

## Viability statement

In accordance with the 2018 UK Corporate Governance Code, the Board has assessed the prospects of the Group over what it considers to be an appropriate period. In doing so, the Board considered the Group's financial position, strategic plan and refinancing requirements in light of the current economic environment, the potential impact of our principal risks and the future prospects of the Group.

The strategic plan is reviewed and approved by the Board each year, with year one forming the budget for the next financial year. This plan is regularly reviewed to ensure it remains reflective of current operating and macro-economic environment, and provides a basis for setting all detailed financial budgets and strategic priorities that are subsequently used by the Board to measure and monitor performance and by the Remuneration Committee to set targets for the annual incentive plans.

The Board has reviewed the strategic plan in detail and believes that a viability assessment period to September 2028 is appropriate, given this covers the period of the detailed strategy and incorporates the timescales for the significant majority of investments currently considered as being secured and committed. Additionally, it covers the Group's next material refinancing in March 2028.

The Group's business model has proven to be strong and resilient throughout economic cycles, even with higher levels of gearing, consistently demonstrating its ability to sell assets and let vacant properties to provide stable income returns and cash generation, even during challenging market conditions. Currently the Group directly owns £3.5bn of residential property assets, many of which are of a relatively granular nature which are attractive to investors and therefore relatively liquid, as proven throughout previous property cycles.

The Group would remain viable even in the event of severe and sustained house price deflation as it would be able to accelerate the natural conversion of our assets to cash including the sale of tenanted assets and reduce or suspend development and acquisition activity. Given this flexibility, only an unprecedented and continued long-term decline in residential property valuations, involving a significant reduction in rental income and a lack of liquidity in UK residential property markets would represent a material threat to the Group. In this situation, the Group has the option to continue to let assets to generate income and protect overall asset value.

The financing risks of the Group are also considered to have an impact on the Group's financial viability. The two principal financing risks for the Group are the Group's ability to replace expiring debt facilities and adverse movements in interest rates. The Group has been successful in securing longer-term funding to deliver the secured PRS pipeline and has prepared the strategic plan on this basis. The Group currently has total facilities of c£2.0bn with an average maturity of 4.7 years including extension options. At 30 September 2024, £1,608 was drawn, demonstrating the significant headroom available. During the period of this review, £75m is due to mature in July 2026, £75m is due to mature in October 2027 and £350m in March 2028. In addition, the Group continues to manage its interest rate risk exposure through fixed rate borrowing and with interest rate hedging closely matching our forecast drawn debt. The fixed rate/hedge percentage at 30 September 2024 was 95%.

The viability assessment was made with the Group strategic plan forming the base case and updated to create scenarios reflecting the potential impact the Group's principal risks could have on the future performance of the Company. The viability analysis process incorporates severe but plausible scenario planning, reflecting the amalgamation of multiple risks, including sensitivities to rental level, asset valuations, financing and costs to assess the impact on the longer-term viability of the Company.

The sensitivity analysis involved a severe but plausible downside scenario which incorporated the following assumptions:

- Reduced rental income through lower PRS occupancy (-10%), lower growth (-100bps) and 3-month delays to practical completion and leasing up of our pipeline impacting both income and property valuations;
- Reduced HPI growth of -800bps, lowering both property valuations and sales revenue;
- Reductions to property valuations of 10% in FY25 (including the effect of rental income and HPI assumptions);
- Cost inflation on construction and operating costs of 10%; and
- Interest rates increase by 2% for the duration of the review period and our credit rating is downgraded causing the coupon rates of our two corporate bonds to each step up by 1.25%.

The amalgamation of these downside assumptions leads to an overall reduction in asset value of c.17% by the end of the review period. Even at these levels and before any mitigating actions, LTV remains compliant with banking covenants through the period of this review.

Throughout this downside scenario, the Group had sufficient resources to remain in operation and compliant with its banking covenants. This scenario testing, together with the Group's strong financial position, current rent collection and lettings evidence, and mitigating actions available including selling assets and deferring non-committed capital expenditure, support the assessment that the Group will have the ability to continue to meet its liabilities as they fall due.

The Group has also modelled a reverse stress test scenario in which the Group would be able to withstand a 45% decline in property valuations from September 2024 levels before breaching the Group's core LTV covenant in the period under review. Such a scenario is considered to be a remote risk and is before reflecting any mitigating actions available to the Group.

Based on the Board's assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period to September 2028.

**Rob Hudson**  
Chief Financial Officer



# Strong Governance

## focused on long-term success

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## Chair's introduction to governance

# The Board believes that good leadership, culture and governance are essential to our continuing success and benefit all of our stakeholders

### In this report

#### Leadership and purpose

The Board's primary function is to promote the long-term sustainable success of the Company. It does this by leading by example, promoting the culture of the business and ensuring effective engagement with, and considering the interests of, stakeholders. More information can be found on pages 68 to 77.

#### Division of responsibility

The Board ensures that the Company has the correct balance of Executive and Non-Executive Directors in order to lead the Company effectively, with clear definition of the respective responsibilities of the Board and the executive leadership of the Company. Please see pages 78 and 79 for more details.

#### Composition, succession and evaluation

The Nominations Committee ensures that the Board maintains an appropriate balance of diversity, skills, experience and knowledge to ensure that it can effectively lead and govern the Company. Effective evaluation of Board performance and succession planning are crucial in this. To find out more please see pages 80 to 84.

#### Responsible business

The Board provides oversight of the delivery of the Company's ESG strategy including its net zero transition plan, diversity and inclusion activities and employee engagement programme. Please see pages 85 and 86 for more details of our actions in this arena.

#### Audit, risk and internal controls

The Board sets the Company's strategy, taking account of the need to balance risk and reward. With the oversight of the Board, the Audit Committee has established formal and transparent processes to oversee the independence and effectiveness of internal and external audit functions and risk management approach. Pages 87 to 98 provide details of these activities.

#### Remuneration

Our Remuneration Policy aims to ensure that the Executive Directors, senior management and the wider workforce are appropriately and fairly incentivised, and aligned with long-term, sustainable strategic execution. We also monitor wider colleague remuneration across the business. More information is available at pages 91 to 109.

#### Dear Shareholders,

The Directors and I are committed to applying effective corporate governance and promoting the highest standards of behaviour and values throughout the Company.

I am therefore pleased to introduce this year's Governance report, in which we describe our corporate governance arrangements, the operation of the Board and its Committees, and how the Board and its Committees or the Directors discharged their responsibilities.

The Company has delivered another strong operating performance in a macro environment that included a period of political and economic instability and uncertainty, but ended with a change in government and the expectation of a period of political stability. We have continued to build on our market leadership in the growing build-to-rent ('BTR') sector. We have the UK's largest portfolio, largest pipeline and best-in-class operating platform, delivering compounding growth for Shareholders, whilst providing an excellent service and rental experience to our growing number of customers. Our extensive dialogue with all the main political parties provides them with an insight into market dynamics to inform progress of the new regulation from the current administration. The imperative for the delivery of new housing across the country is entirely in line with our strategic approach.

The Board is able to provide strong support to the management team. We have considered and debated various challenging scenarios, taking into account the interests of all the Company's stakeholders.

The coming year presents exciting opportunities for the Company to grow our pipeline and enhance our customer service offering.

The Board considered the implications of the proposed conversion of the Company to a Real Estate Investment Trust ('REIT') carefully and comprehensively. We determined that the conversion was in the best interests of Shareholders and other stakeholders.

The Board has continued to focus on the Company's ESG activities. We have overseen the development of a net zero transition plan, have submitted science based targets to the Science Based Targets Initiative ('SBTi') for approval, and have received advice on setting longer-term targets, to 2050 and beyond.

Having provided oversight and support to the Company's application process for National Equality Standard ('NES') accreditation, the Board was delighted to see Grainger gain accreditation this year.





The Board conducted an assessment of the Company's strategy in June of this year. We looked at options for funding growth, the increasing number of stabilised assets now coming onto the market and potential consolidation in the sector. We continue to believe that our growth strategy is the correct one for the Company.

Good governance also means ensuring we have rigorous risk management and controls in place and we have reviewed and strengthened our approach in this area. The application of the skills and experience of the Directors, coupled with the wide-ranging work of the Audit Committee, provides strong governance for the benefit of all our stakeholders. To learn more about our Board activity in 2024, please see page 72.

**Mark Clare**  
Chair

20 November 2024

**“Grainger continues to increase the scale of its PRS business and deliver operational excellence through its culture, people and investment in technology.”**

## Highlights

1. Oversight and leadership of the response to the changing macroeconomic environment, including a change of government.
2. Compliance with the Corporate Governance Code during the year.
3. Reviewed and considered proposed conversion to a REIT.
4. Enhancement of our ESG regime.
5. Board review and reaffirmation of strategy.
6. The Board visited our assets and met our team in the regions.
7. Focus on the wellbeing of staff and customers.



## Leadership and purpose

# Board of directors

### 1. Mark Clare

(N) (R) (B)

Non-Executive Chair

#### Appointment

Appointed Chair  
in February 2017

#### Skills, competence and experience

Mark has wide-ranging experience in a number of sectors and extensive knowledge of the residential property market. He has substantial plc-level experience and is chair of Ricardo plc, senior independent director of Wickes Group plc and a non-executive director of Premier Marinas Holdings Limited. Mark was chief executive of Barratt Developments plc from 2006 to 2015, and is a former trustee of the Building Research Establishment and the UK Green Building Council. Prior to joining Barratt, he was an executive director of Centrica plc and held a number of senior roles within both Centrica plc and British Gas. Mark has also been a non-executive director of United Utilities Group plc, Ladbroke's Coral Group plc and BAA plc, the airports operator.

#### Tenure

7 years and 7 months

### 2. Helen Gordon

(E)

Chief Executive

#### Appointment

Appointed to the Board  
in November 2015

#### Skills, competence and experience

Helen is a highly experienced, proven and well regarded real estate investor. She has significant experience working across a wide range of real estate asset classes, including residential property. This is combined with an extensive knowledge of the City. Helen is the senior independent non-executive director of Derwent London plc, a non-executive director of BusinessLDN, vice chair of EPRA, a member of the New Towns Taskforce and a board member of the British Property Federation. She is a chartered surveyor and before joining Grainger was global head of Real Estate Asset Management of Royal Bank of Scotland plc. She previously held senior property positions at Legal & General Investment Management, Railtrack and John Laing Developments.

#### Tenure

8 years and 10 months

### 3. Robert Hudson

(E)

Chief Financial Officer

#### Appointment

Appointed to the Board in August 2021

#### Skills, competence and experience

Rob has 30 years' experience in finance. Rob was previously the chief finance and operations officer and interim chief executive of St Modwen plc, where he worked from 2015 to 2021. Prior to that, Rob was the group financial controller at British Land plc from 2011 to 2015. Rob joined PricewaterhouseCoopers on graduation, then moved to Experian plc in 2000 where he held a number of senior financial roles, including global finance director of its Decision Analytics business and UK finance director. Rob is a qualified chartered accountant.

#### Tenure

3 years and 2 months

### 4. Justin Read

(A) (N) (R) (B)

Non-Executive Director

#### Appointment

Appointed to the Board in February 2017 and appointed as Senior Independent Director in February 2022

#### Skills, competence and experience

Justin has substantial experience in real estate and corporate finance. Justin is a non-executive director of Ibstock plc, Affinity Water Limited and Marshall of Cambridge (Holdings) Limited, chairing the audit committee of all three companies and being the senior independent non-executive director of Affinity. Justin is a Patron of Real Estate Balance and an independent member of the Investment Committee of the Logistix pan-European real estate fund. He was group finance director of SEGRO plc from August 2011 to December 2016. Between 2008 and 2011, Justin was group finance director at Speedy Hire plc.

#### Tenure

7 years and 7 months

### 5. Janette Bell

(A) (N) (R) (B)

Non-Executive Director

#### Appointment

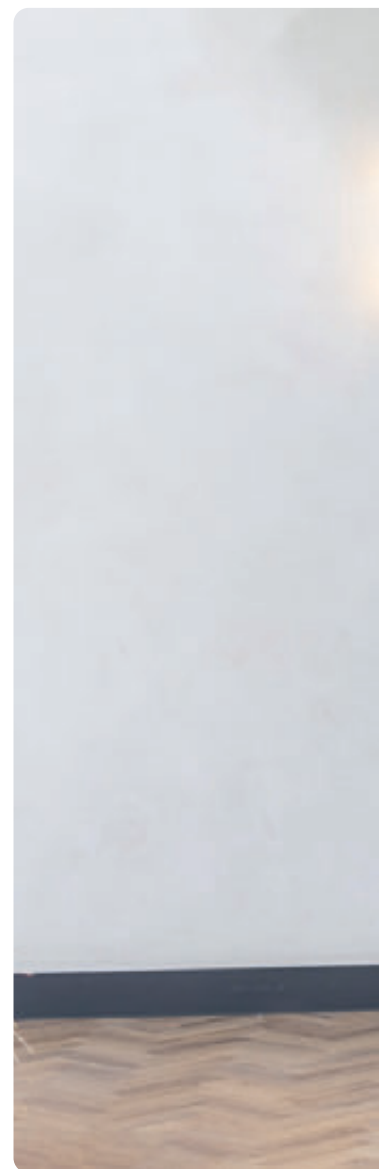
Appointed to the Board in February 2019

#### Skills, competence and experience

Janette is the managing director of FirstBus, part of FirstGroup plc. She is a director of the Confederation of Passenger Transport. Janette held the position of chief executive officer at P&O Ferries from January 2018 to September 2020. Janette is an experienced board director, with a breadth of operational experience in customer centric organisations. She was sales & marketing director for Hammerson plc and has also worked in senior customer strategy and marketing positions at PwC, Tesco and Centrica, where she was sales and marketing director of British Gas Services.

#### Tenure

5 years and 9 months



**6. Carol Hui OBE**

(A)(N)(R)(B)

Non-Executive Director

**Appointment**

Appointed to the Board in October 2021

**Skills, competence and experience**

Carol has substantial non-executive experience in a wide range of sectors and has particular expertise in law, sustainability and infrastructure. Carol is a non-executive director of Breedon Group plc, where she is the chair of the sustainability committee. Carol is also a non-executive director of the Lord Chamberlain's Committee in the Royal Household and a board trustee of Christian Aid. Carol was the non-executive chair of Robert Walters plc until 2020. In an executive capacity, Carol's most recent role was as chief of staff and general counsel at Heathrow Airport, stepping down in August 2021. Carol has served in senior positions in oil and gas, logistics and infrastructure companies. She was also a corporate finance lawyer at Slaughter and May.

**Tenure**

3 years

**7. Michael Brodtman**

(A)(N)(R)(B)

Non-Executive Director

**Appointment**

Appointed to the Board in January 2023

**Skills, competence and experience**

Michael was Chairman of the UK advisory arm of CBRE, having spent a 40-year career at the agency. Michael led its valuation and operational real estate departments, growing specialist teams in emerging sectors and internationally. He moved into the role of chairman in January 2020 and retired on 30 June 2022.

Michael is a non-executive director of Target Healthcare REIT, Chair of the Industrial Dwelling Society and a strategic adviser to the Unite Student Accommodation Fund. He is a Fellow of the Royal Institution of Chartered Surveyors and a Trustee of Jewish Care, the health and social welfare charity serving London's Jewish community.

**Tenure**

1 year and 9 months

**Key:**

- (E) Executive Committee
- (A) Audit Committee
- (R) Remuneration Committee
- (N) Nominations Committee
- (B) Responsible Business Committee
- Committee Chair

**Balance of Directors  
(as at the date of this report)**

 **58%**  
Male

 **42%**  
Female

-  Chair
-  Executive Directors
-  Non-Executive Directors



## Leadership and purpose continued

### Purpose

Grainger's purpose is renting homes and enriching lives by providing high-quality rental homes and great customer service.

The Board keeps this purpose in mind when considering all decisions it takes.

### Culture

The Board believes that the culture of a business, in conjunction with its values, is vitally important to its successful long-term performance and is integral to all that we do, including governance. How the Board members, particularly the Executive team, conduct themselves sets the culture within the Company.

The Board assesses and monitors the culture of the business to ensure that policy, practices and behaviour throughout are aligned with the Company's purpose, values and strategy. Each November, the Board receives a detailed presentation from the CPO on culture and engagement and how it supports our strategy. The Board is informed of our employee engagement survey results, highlighting what we do well and the areas where the Company and its senior management can improve. The Board monitors activities to increase diversity and inclusion, including setting targets for ethnic diversity in the senior management of the Company. The Responsible Business Committee provided details of our employee engagement plans to the Board and updates us on the activities in relation to the Employee Voice undertaken by the Chair of the RBC, for more details see page 84.

We report further details on our culture and employee engagement on page 85. During the year, the Board and I have also spent time with our colleagues from across the business, on-site visits and took these opportunities to gauge their views on the business, the strategy and its implementation. The Board received the results of a review from the Chair of the RBC on employee engagement activities.

The Board oversaw and received reports on the progression of the People Strategy, which was significantly refreshed during the year, our ongoing mentorship scheme and our diverse talent and future leaders programmes and our Talent Forum.

The Company achieved accreditation with the National Equality Standard, recognising our commitment to ED&I, involving interviews with many of our colleagues and a comprehensive review of our processes and practices. To read more about this please go to page 85.

From our engagement with colleagues and the reports received, we firmly believe that the culture of the Company is strong and has enabled us to perform well in the current market conditions. Our NPS increased this year to +48 which we consider to be a reflection of the strength of our culture. Our people understand and support the strategic direction of the business and are focused on delivering it.

### Stakeholder engagement

The Board believes that good engagement with investors and other stakeholders is crucial to understanding their views. We are also supportive of the emphasis the Code puts on the wider stakeholder group, particularly the Director's duty under section 172 of the Companies Act 2006. In order to achieve our aim of being the UK's leading residential landlord, we keep in contact with our people, customers, suppliers, government and investors to ensure that we harness their views and communicate the Company's progress. Please see page 55 for our section 172 Statement, the box below for our well-received Summer Property Tours and page 73 for examples of our work with our stakeholder groups. Specifically, regarding our investors, Helen Gordon and Rob Hudson had over 460 engagements with the Company's Shareholders and analysts throughout the year.



### Summer Property Tours

Over spring/ summer 2024, the Grainger executive team hosted a series of property tours to 20 investors at our East London cluster, Fortunes Dock in Canning Town. During the tour investors were shown around both Argo and Nautilus Apartments where they were able to see the amenity spaces on offer to residents as well as a show apartment. During the tour the executive team discussed Grainger's investment and clustering strategy and how this enables us to create operational efficiencies across our portfolio.



## Compliance with the 2018 Corporate Governance Code

The governance rules applying to all UK companies on the Official List of the UK Listing Authority are set out in the Code, published by the Financial Reporting Council ('FRC'). Copies of the Code can be obtained from [www.frc.org.uk](http://www.frc.org.uk). The Board fully supports the principles set out in the Code and confirms we have complied with all its provisions throughout the financial year ended 30 September 2024. The Board is cognisant of the requirements of the 2024 Code and preparations for compliance with it are underway.

This report sets out Grainger's governance policies and practices and includes details of how the Company applies the principles and complies with the provisions of the Code.

As required by the Code, this Report describes our activities and key achievements during the year, giving Shareholders and stakeholders the necessary information to evaluate how the Code's Principles have been applied.

## Information flow

The Chair, Executive Directors and the Company Secretary ensure the Directors receive clear, timely information on all relevant matters. Board papers are circulated in advance of meetings to ensure there is adequate time for them to be read and to facilitate robust and informed discussion.

The papers contain the CEO's review, Finance review, reports on each business area, key figures and papers on specific topics of interest to the Board. Minutes of the Executive Committee meetings and detailed financial and other supporting information are also provided. The Board receives presentations throughout the year from various departments across the business and from external advisers on subjects including financing, regulatory issues for listed companies, business valuation, ESG and customer feedback. The papers also contain information on how stakeholder interests have been taken into account when considering decisions taken by the Company.

The CEO also provides ad hoc updates to the Board on any significant matters between scheduled meetings.

## Effectiveness

The standard Board schedule sets six meetings throughout the year, one of which is an off-site session over two days specifically focused on a review of the Company's longer-term strategy. Additional meetings can be added if required.

The Board has a list of matters reserved to it, and a rolling annual plan of items for discussion, agreed between the Chair and the CEO. They review the list of reserved matters and annual plan regularly, to ensure they are properly covered, together with other key issues as required. At each Board meeting, the CEO provides a review of the business, setting out how it has been progressing against strategic objectives and details of any issues arising. In addition, items that require formal Board approval are circulated in advance with all supporting paperwork to aid appropriate decisions.

During the year, members of the Board spent time visiting our buildings at the Condor in Derby and the Barnum in Nottingham. Board members met staff at these sites, providing valuable insight into the operation of the Company and engagement with colleagues.

The Board activity table below shows examples of the subjects and matters the Board debated and considered throughout the year.

## Attendance table to 30 September 2024

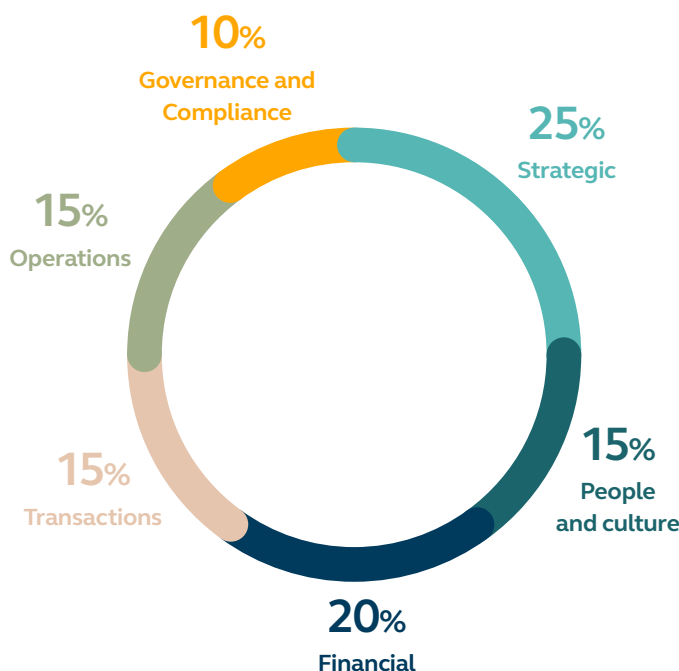
	Meetings attended	Meetings eligible to attend
Executive Directors		
Helen Gordon	6	6
Rob Hudson	6	6
Non-Executive Directors		
Mark Clare	6	6
Justin Read	6	6
Janette Bell	6	6
Carol Hui	6	6
Michael Brodtman	6	6

## Board meetings 2023/24

Board meeting 		Site visit 
October	November 	December
January	February 	March 
April	May 	June  
July	August	September 

## Leadership and purpose continued

## Board activity: How the Board spent its time



## Strategic 25%

- Carried out an in-depth review of Grainger's strategy. It considered further opportunities for growth in the current PRS market, including the acquisition of stabilised stock and potential consolidation in the PRS market.
- Received market update reports and presentations from JPMC and Numis regarding performance in relation to the market and peer group companies.
- Considered competitor activity in the PRS sector.
- Monitored the economic, legislative and geopolitical landscape and received and considered papers on the impact of the new Labour Government.
- Considered the ESG strategy for the business, including our 'net zero carbon pathway', which is now an integral part of our business, considered setting longer-term targets, received a presentation from PwC on this and reviewed progress reports throughout the year.
- Received a presentation from our brokers on our share price performance and the factors which may be impacting it.
- Considered the implications of the conversion of the Company to a REIT.

## People and culture 15%

- Received reports on the activities to increase the diversity of the business including the activities of the Employee Equality, Diversity & Inclusion Network.
- Received reports on roundtables with employees.
- Reviewed the culture of the business and employee engagement. This included the Chief People Officer presenting the results of the annual employee engagement survey to the Board.
- Reviewed reports and updates on the health, safety and wellbeing of our people and customers.
- Received reports on progress of the Company's People Strategy.

## Financial 20%

- Reviewed the Company's debt and capital structure.
- Reviewed the Company's financing plans including approval of the annual budget.
- Considered the Group's financial performance throughout the year.
- Agreed the continued application of the dividend policy.
- Monitored performance of the agreed KPIs for the business.
- Received reports on interaction with the credit ratings agencies and insurance providers.

## Governance and Compliance 10%

- Undertook and considered an internal evaluation of the Board's effectiveness.
- Received briefings on regulatory and governance issues.
- Considered health and safety matters.
- Considered Shareholder relations, in particular the feedback from investors and analysts in connection with the 2023 full year results and the 2024 interim results.
- Received reports on development of the ESG strategy and our activities in this area, particularly the 'net zero carbon pathway' plan and SBTi submission.
- Received reports from the Nominations, Audit, Remuneration and Responsible Business Committees.

## Transactions 15%

- Reviewed reports on the progress of our development schemes proceeding in partnership with TfL.
- Considered material transactions and business opportunities including, among others, our BTR schemes in Bristol and Milton Keynes.
- Received reports on the progression of our existing development projects in the UK.
- Considered the ESG impact of prospective transactions.

## Operations 15%

- Considered management of our suppliers, and alternative supplier arrangements, including the oversight of the significant project to replace our main repairs and maintenance supplier with an alternative organisation.
- Received reports from consultants on our customer service performance and other operational KPIs.
- Oversaw the successful completion of Grainger's National Equality Standard accreditation project.

# How the Board understands and responds to the needs of our stakeholders

The Board takes the interests of stakeholders into account when making decisions. The relevance of each stakeholder group may increase or decrease by reference to the issue in question, so the Board seeks to understand the needs and priorities of each group during its deliberations.

This, together with the combination of the consideration of long-term consequences of decisions and the maintenance of our reputation for high standards of business conduct, is integral to the way the Board operates.

We have continued to embed stakeholder interests into the culture and operating model of our business. Papers presented to decision-making committees include a section on stakeholders' interests.

One of the key areas of focus for the Board during the year was the changes in both national and local government. The Board was kept abreast of our comprehensive efforts to help the new Government to understand the influence of BTR on the housing sector which is a key focus for the new administration. Management was tasked with engaging meaningfully with local authority partners.



## Customers

Received reports on customer insight programme outputs.

Reviewed and fed back on plans to improve customer service.

Oversaw ESG initiatives, including setting longer-term targets for carbon emissions reduction.

More detail on how Grainger delivered for its customers is included on page 75.



## Shareholders

Reviewed and considered reports of meetings with investors.

Considered questions and comments from analysts.

Met with the Company's brokers to understand investor sentiment.

More detail on Grainger's engagement with Shareholders is included on page 75.



## Suppliers

Considered reports on change of suppliers in key repairs and maintenance workstreams.

Increased supply chain focus on issues like decarbonisation, human rights and modern slavery.

More detail on Grainger's engagement with suppliers is included on page 77.



## Local communities

Reviewed reports on Grainger's engagement with local communities.

Considered schemes in which Grainger participated at development sites.

Reviewed community engagement plans.



## Government

Considered reports on Grainger's contributions to Government matters.

Oversaw Grainger's relationships with key local authority partners.

Reviewed reports on meetings with Government, shadow government, party civil servants in key Government departments.



## Colleagues

Monitored employee engagement survey results.

Chair of RBC met with colleagues in a series of roundtable meetings to canvas employee views.

Received updates on the Company's successful application for National Equality Standard accreditation.

Considered the gender pay gap for the business and means to address it.

Engagement with employees at office and site visits.

Received reports on the activity of the ED&I Network.

More detail on Grainger's engagement with employees is included on page 76.





## Leadership and purpose continued



### Key Shareholder events 2023/24

An ongoing dialogue with our Shareholders is fundamental to ensuring that there is an understanding of the strategy and governance of the business, and that the Board is aware of the issues and concerns of our investors. In this section of the report, we highlight the key activities of our Shareholder engagement programme throughout the year.

#### October 2023

- Closed period
- Post close update

#### November 2023

- Company Results Presentation and Company Results Roadshow
- UBS Global Real Estate Conference (London)

#### January 2024

- Barclays Conference (London)
- EPRA Insight Panel

#### February 2024

- AGM (Newcastle)
- Trading update
- Citi REIT Call

#### March 2024

- Citi Conference (US)
- Kempen Conference (US)
- Berenberg Conference (UK)
- Bank of America Conference (London)
- FMR Conference (London)

#### April 2024

- Closed period

#### May 2024

- HY Results Roadshow
- Kempen Conference (Amsterdam)

#### June 2024

- Morgan Stanley Conference (London)
- Peel Hunt Conference (London)
- EPRA Corporate Access Conference (London)
- EPRA Asia Week (virtual)

#### July 2024

- Edinburgh Roadshow
- Summer Property Tours

#### September 2024

- Bank of America Conference (US)
- Goldman Sachs Conference (London)
- EPRA Conference (Berlin)

### Substantial shareholdings

At 30 September 2024 and 18 November 2024 (being the latest practicable date prior to the date of this report), the Company is aware, from analysts' reports and replies received from Shareholders, of the following interests amounting to 3% or more in the Company's shares.

	30 September 2024		18 November 2024	
	Holding m	Holding %	Holding m	Holding %
BlackRock Inc	80.0	10.8	79.1	10.7
Norges Bank Investment Management	70.2	9.5	68.4	9.2
The Vanguard Group Inc	41.5	5.6	42.0	5.7
MFS Investment Management	30.5	4.1	32.5	4.4
Dimensional Fund Advisers	27.9	3.8	27.7	3.7
Man Group	26.5	3.6	28.0	3.8
Legal & General Investment Management	26.5	3.6	24.2	3.3
FMR LLC	26.2	3.5	25.6	3.5
Franklin Resources Inc	22.6	3.1	22.7	3.1
Cohen & Steers Inc	21.3	2.9	24.6	3.3

### Relations with Shareholders

The Group's website includes a comprehensive investor relations section, containing all announcements issued via the Regulatory News Service ('RNS'), share price information, annual documents available for download and similar materials.

We send out the Notice of Meeting and Annual Report and Accounts at least 20 working days before the meeting. We hold separate votes for each proposed resolution. A proxy count is given in each case. Grainger includes, as standard, a 'vote withheld' category, in line with best practice. Shareholders can also lodge their votes through the CREST system.

The Board believes that understanding the views of its Shareholders is a fundamental principle of good corporate governance. Strong engagement with stakeholders, including investors, is key to achieving this.

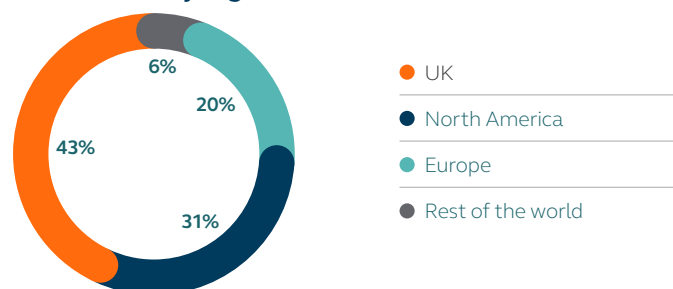
Our investor relations activities are tailored to the financial reporting calendar, with additional engagement when considered beneficial to the Company. During the year, we have held over 460 meetings with Shareholders, analysts and potential investors in the year. Helen Gordon, Rob Hudson and other senior managers attend the vast majority of these meetings and manage the Group's investor relations programme with the Director of Corporate Affairs. We always seek feedback at these meetings and present it to the Board. In addition, the Company Secretary engaged with a combination of fund managers and corporate governance officers of the Company's major Shareholders before the 2024 AGM. We anticipate a similar pre-AGM engagement process will take place in 2025.

Presented to over 460 investors

### Attendance at investor meetings

Chief Executive	91%
Chief Financial Officer	88%
Senior executive	97%

### Shareholder by region



## How the business understands and responds to the needs of our stakeholders continued



### Customers

**For Grainger to provide safe, high-quality homes and good service, whilst responding to their needs promptly.**

Understanding our customers and their needs, and communicating effectively with them, is essential to providing the great homes and service that we aim to deliver.

Our customer insight programme provides us with this essential knowledge and is factored into the decisions we take, the buildings we create and how we operate.

We use multiple communication channels and methods to reflect the wide range of customers we have.

Our far-reaching Customer Experience Programme is designed to continually enhance and improve the Grainger rental experience for our customers. It includes bespoke customer service training for the entire business including our Executives.

- We are using AI to review our customer feedback to give us a holistic and consistent understanding over all of our feedback. We can drill down to actionable insights in minutes, see what our biggest customer issues are, and prioritise them
- Delivered 1,236 new homes
- PRS Customer Net Promoter Scores increased by 12%
- PRS average length of stay of 31 months



### Shareholders

**For Grainger to generate long-term, sustainable, attractive total returns and to meet ESG expectations.**

We have a comprehensive investor relations programme, which we build upon and extend each year. Activities include investor roadshows, conferences, trading updates and property tours. Key engagement events are reported on page 74. We ensure that we are both accessible and approachable and that we respond promptly to all queries.

We respond annually to a range of ESG benchmarks, as reported on page 54.

- We have held over 460 investors, analysts and potential investors meetings this year
- We have spoken at two panel events with a combined attendance of over 50 investors
- We have met with 8 sales teams
- Received 33 pieces of analyst coverage, with 11 analysts covering Grainger
- Attended 15 investor conferences/events
- Hosted two investor roadshows, and nine property tours

Stakeholder expectations

How we engage

Outcomes &amp; examples

## Leadership and purpose continued

## How the business understands and responds to the needs of our stakeholders continued

Stakeholder expectations

How we engage

Outcomes &amp; examples



### Local communities

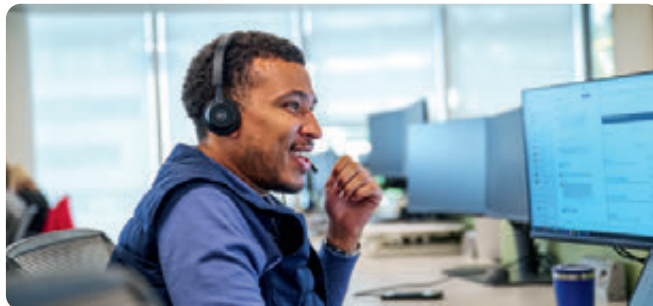
**For Grainger to act responsibly and make a positive impact on the local area while listening to and taking onboard local views, preferences and concerns.**

Grainger seeks to develop thriving communities both within and around our buildings. We conduct extensive local engagement and consultation around our assets and developments via events, meetings, and direct communications.

Supporting local is one of the goals of our Customer Experience Programme and our Living a Greener Life engagement campaign. We engage with local authorities and create partnerships to support local businesses and charities.

Our Residents Events Committee ensures our residents feel at home in their community through organising local activities and events and building relationships with the local community.

- The Board set the Company a target to engage with three key stakeholders in their locality, including the police, food banks and local schools
- Supported local charity partners including The People's Kitchen in Newcastle upon Tyne, Salford Food Bank in Salford and Emmaus in Leeds
- Continued to provide five homes at discounted rent to refugee families from Ukraine
- Pledged three homes for young people at risk of homelessness through the LandAid BTR Pathfinder
- 598 residents and community events held throughout the year
- Further enhanced and embedded Living a Greener Life customer and colleague engagement programme



### Colleagues

**For work to be fulfilling and rewarding. To be fairly treated, recognised and remunerated. To operate in a safe and comfortable environment, with learning and development opportunities.**

Our colleagues' experience of working at Grainger is critical to our ongoing success. We actively seek feedback and listen to our colleagues and base our activity programme upon that feedback. Our internal engagement programme includes surveys, Company-wide calls hosted by our CEO, our internal newsletter and our intranet. We organise a range of events for colleagues, including campaigns from our colleague-led ED&I Network and charity fundraising events.

Carol Hui, an independent Non-Executive Director and Chair of the Responsible Business Committee, is responsible for the Voice of the Colleague and workforce engagement.

- Extended the long service holiday accumulation rights to apply to onsite staff
- Achieved 'Very Good' rating in our annual employee survey, run by Best Companies and listed in UK's Best 100 Large Companies to Work for 2024
- High levels of colleague engagement evidenced by above average, high response rates to feedback surveys
- Colleague-led internal roundtable events on a variety of topics
- Achieved NES accreditation
- Regular all-staff calls led by our CEO, Helen Gordon and involving briefings from different business areas





## Suppliers

**For us to act with integrity and professionalism, pay promptly and ensure that we are protecting the rights of all those employed through our supply chain.**

Our key suppliers and partners are carefully managed to deliver agreed service levels and positive customer outcomes.

Our supplier selection process is supported by ConstructionLine and incorporates our CONNECT system, including Risk Radar services.

Proactive contractor management ensures regulatory, health and safety and modern slavery compliance.

- Considered reports on change of suppliers in key repairs and maintenance workstreams
- Increased supply chain focus on issues including decarbonisation, human rights and modern slavery
- Consistently paying suppliers within our standard 30 day terms
- Regular supplier health and safety audits completed, with six audits undertaken within the year



## Government

**For Grainger to lead the sector as a responsible employer and housing provider. To support Government in delivering its objectives such as increasing provision of high-quality homes and meeting its net zero carbon ambitions.**

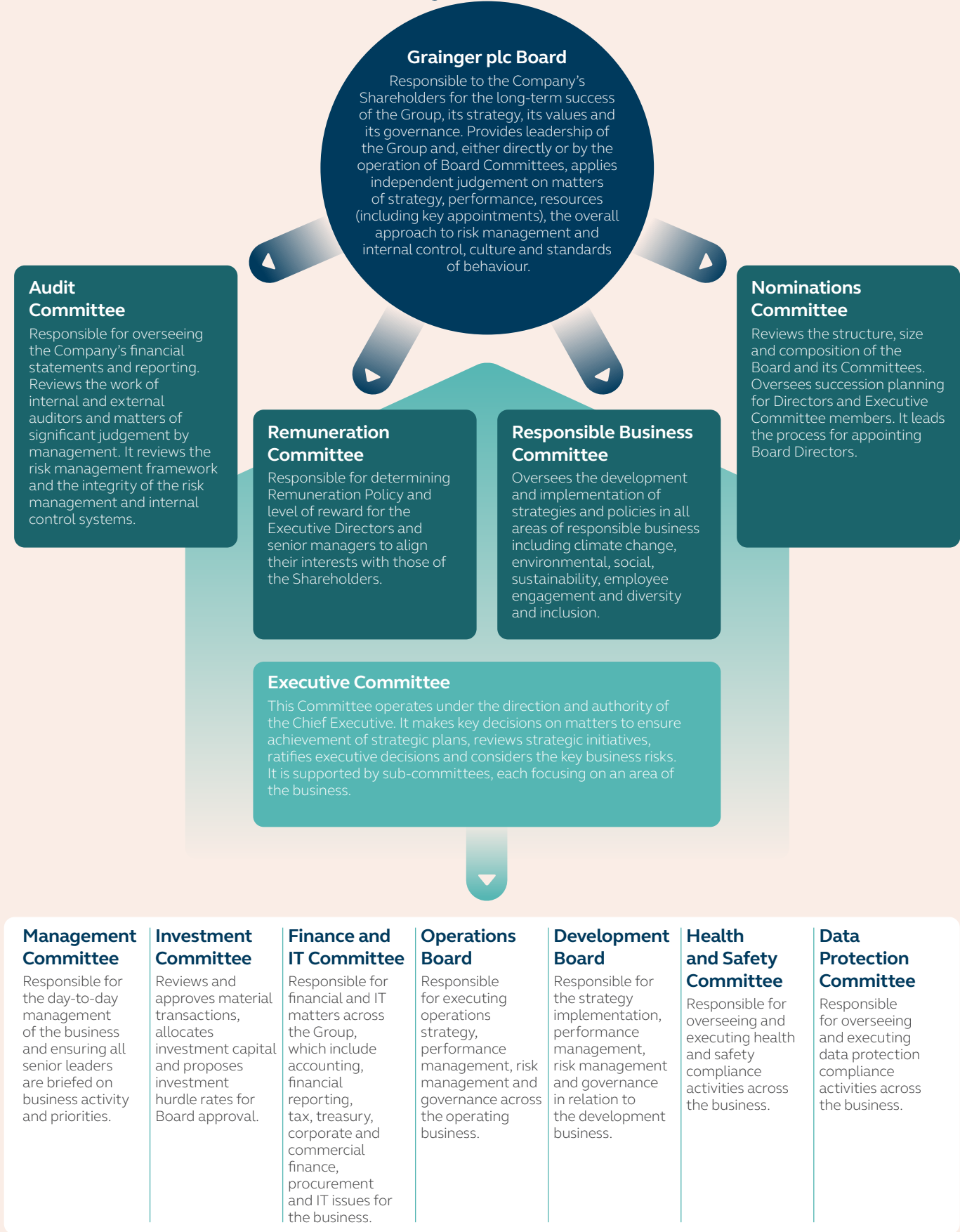
As the UK's leading landlord, we take a front-footed, proactive approach to engagement with the Government, and the main opposition parties and other relevant public bodies, such as Homes England, Greater Manchester Combined Authority and the Greater London Authority.

We respond to relevant Government consultations and meet with Ministers, officials and politicians on important topics affecting our sector. We take a thought leadership role and actively participate and contribute to our industry trade associations, the British Property Federation, Business London and others.








- Regular Board reports, updates and discussions re political engagement and the General Election
- Helen Gordon appointed to HM Government's New Towns Taskforce
- Engaged heavily with policy makers, Members of Parliament, Government Ministers and Government Officials on reform of the private rented sector
- Provided insight to ministers and regulators in consultations on the planning system
- Provided policy makers with expert insight on how to stimulating housing supply and investment, and on areas impacting our business such as Selective Licensing, Building Safety Levy, Second Staircases, Rental Affordability and other proposed legislation

Division of responsibility

# Governance framework



## Roles and responsibilities of Directors

Role	Responsibilities
<b>Chair</b> 	<p>Responsible for running the Board and ensuring its effectiveness. The Chief Executive reports to the Chair, as does the Company Secretary, on matters of corporate governance. The Chair is the guardian of the Board's decision-making process and is responsible for ensuring a constructive relationship between Executive and Non-Executive Directors and for fostering open debate with an appropriate balance of challenge and support. In accordance with the Code, the posts of Chair and Chief Executive are separate, with their roles and responsibilities clearly established, set out in writing and agreed by the Board.</p>
<b>Chief Executive</b> 	<p>Responsible for running the business and implementing the Board's decisions. She recommends the strategy to the Board and is responsible for implementing it. She chairs a regular meeting with the Chief Financial Officer and the additional members of the Executive Committee.</p>
<b>Chief Financial Officer</b> 	<p>Responsible for the financial stewardship of the Group's resources through compliance and good judgement. He provides financial leadership in the implementation of the strategic business plan and alignment with financial objectives.</p>
<b>Non-Executive Directors</b>   	<p>Responsible for bringing independent and objective judgement and scrutiny to all matters before the Board and its committees, using their substantial and wide-ranging skills, competence and experience. The key responsibilities of Non-Executive Directors are set out in their letters of appointment and include requirements to:</p> <ul style="list-style-type: none"> <li>• challenge and contribute to the development of the Company's strategy;</li> <li>• scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;</li> <li>• satisfy themselves that financial information is accurate, and that financial controls and systems of risk management are rigorous and secure; and</li> <li>• oversee the Company's ESG, non-financial KPIs and employee voice programmes via the Responsible Business Committee.</li> </ul> <p>A copy of the letter of appointment and service contracts for all Non-Executive Directors is available from the Company Secretary and at the AGM. During the year, the Non-Executive Directors meet periodically without the Executive Directors present and also without the Chair.</p>
<b>Senior Independent Director</b> 	<p>Acts as a sounding board for the Chair and serves as an intermediary for the other Directors where necessary. The Senior Independent Director will meet Shareholders if they have concerns, and where contact through the normal channels has not resolved the issue or is inappropriate. The Senior Independent Director leads the annual performance review of the Chair.</p>



Composition, succession and evaluation

The Nominations Committee report



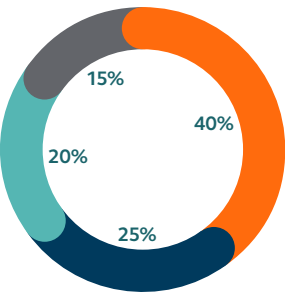
“The Nominations Committee ensures that the Board has the right balance of skills, experience and knowledge to guide the Company.”

Mark Clare  
Chair of the Nominations Committee

Attendance table

Non-Executive Directors	Member since	Meetings eligible to attend	Meetings attended
Mark Clare (Committee Chair)	February 2017	2	2
Justin Read	March 2017	2	2
Janette Bell	February 2019	2	2
Carol Hui	October 2021	2	2
Michael Brodtman	January 2023	2	2

How the committee spent its time



- Non-Executive Director succession
- Executive and senior management succession
- Committee composition
- Governance

Dear Shareholders,

I am pleased to present the Nominations Committee report for 2024 which details the main activities we undertook during the year.

The Nominations Committee plays a fundamental role in ensuring we select and recommend strong candidates for appointment to the Board. The Committee monitors the balance of skills, experience, independence, knowledge and diversity of the Board and its Committees, with any changes recommended to the Board for its review and decision. The Committee is also responsible for succession planning, and monitors talent development at senior management level.

Key responsibilities

The key responsibilities of the Committee are to:

- review the size, balance and constitution of the Board, including the diversity and balance of skills, knowledge and experience of the Non-Executive Directors, considering length of service of the Board as a whole and looking for membership to be regularly refreshed;
- maintain an effective succession plan for Board and senior management;
- identify and nominate, for the approval of the Board, candidates to fill Board vacancies, and ensure that appointments to the Board are subject to a formal, rigorous and transparent procedure;
- ensure that both appointments and succession plans are based on merit and objective criteria and promote diversity of gender, social and ethnic backgrounds and cognitive and personal strengths and work closely with the Responsible Business Committee with regard to the wider diversity and inclusion strategy and agenda;
- review annually the time commitment required of Non-Executive Directors;
- make recommendations to the Board, in consultation with the respective committee Chairs, regarding membership of the four Board committees; and
- conduct an annual evaluation of the Board, considering its composition, diversity and how effectively members work together to achieve objectives and whether each Director continues to contribute effectively.

Process for Board appointments

Before making an appointment, the Nominations Committee will evaluate the balance of skills, knowledge, diversity and experience currently on the Board. Following this, a specification of the personal attributes, experience and capabilities required to perform the relevant appointment is produced. In circumstances where external recruitment or benchmarking of an internal candidate is appropriate, an independent external search consultancy will be engaged to support the process. A recommendation is then made to the Board concerning the appointment of any Director. The Committee also supports the Board in the appointment of the Company Secretary.

There were no appointments to, or departures from, the Board in the year covered by this report.

## Board composition and independence

In accordance with the Code, all current Directors will stand for re-election at the 2025 Annual General Meeting ('AGM').

## Main activities of the Committee during the year

The Committee met on two occasions during the year to 30 September 2024, supplemented by other discussions to support the work of the Committee. At the scheduled meetings the Committee considered a number of standing agenda items relating to its key responsibilities detailed above. In applying those responsibilities, the Committee made decisions on a range of matters during the year, the most significant of which are referenced in this Report.

Invitations to attend Committee meetings extend to the CEO, Chief People Officer ('CPO') and others as necessary and appropriate. Details of the Directors are set out on pages 68 and 69 together with a summary of their experience and skills.

The Board reviews Non-Executive Director independence annually, and takes into account each individual's professional characteristics, their behaviour at Board meetings, and their contribution to unbiased and independent debate. The Board agreed that I was independent on my appointment as Chair. The Board considers all the Non-Executive Directors to be independent.

## Board performance evaluation

An external review having been undertaken last year, this year the evaluation of Board effectiveness was carried out internally.

We issued detailed questionnaires to all Board members, collated the feedback and created an action list of suggested improvements.

The review concluded that the Board and its committees were operating effectively. A selection of the key findings and recommendations are set out below.



### Findings

The Board's role is well understood, with good clarity between the role of the Non-Executives and Executives.

The quality and comprehensiveness of Board papers remains reassuringly high. Board meetings have a good level of contribution and the range of guests has added value to the meetings.

There is good engagement with investors and other stakeholders.

There is appropriate visibility and oversight of risk.

All Board committees are working effectively, including the RBC which is now well established.

The Chair leads the Board well; he encourages contributions from Board members. The Chair has good working relationships with the senior management team.

### Principal recommendations

Time to be factored into Board meetings for general discussion.

There is good exposure to senior management there could also be more opportunities for exposure to rising or emerging talent.

While the quality of Board papers is very high, they could be reduced in length.

Greater visibility of the operational change programme would be welcome given the level of change and restructuring envisaged in future.

**The Board has developed an action plan to address the recommendations arising from the Board review. Progress will be monitored regularly.**

## Composition, succession and evaluation

### The Nominations Committee report continued

#### Induction and professional development

The Board is updated on a range of matters throughout the year. Subjects include the business of the Group, legal and regulatory responsibilities of the Company (including updates to the legislative landscape) and changes to accounting requirements. This takes the form of presentations by Grainger senior management, external and internal auditors and other professional advisers, and Board papers and briefing materials.

New Board members are provided with a comprehensive induction programme. There were no new appointments this year.

We also expect individual Directors to identify their own training needs, and to ensure they are adequately informed about the Group and their responsibilities as a Director.

The formal evaluation process and empirical observation provides the Board with confidence that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

#### Committee changes

It is our policy to have all Non-Executive Directors as members of all of the Board committees, as we have a small Board and we consider that this arrangement gives good visibility across the Company's activities.

#### Diversity

The Directors are committed to having a diverse group of employees. This starts with having a balanced Board which includes diversity of perspectives, skills, knowledge and background. For gender diversity specifically, the Board continues to support the aspiration of the Hampton-Alexander Review to promote greater female representation on listed company boards.

We have instructed our recruitment agents to provide us with a diverse range of candidates. We make all appointments to the Grainger Board on merit, and within this context the Directors will continue to follow best practice on the issue of diversity as it develops further. At the date of this report, female representation at Board level was at 43%. The current level exceeds the 33% level recommended by the Hampton-Alexander Review.

The objective for the Board and the Committee is to consistently have at least one-third of the Board being female Directors.

The Board is also mindful of the Parker Review regarding ethnic diversity on UK boards that was published in 2017. The Review recommends that each FTSE 250 board should have at least one director of colour by 2024. The Board meets the recommendation of the Parker Review.

The responsibility for diversity and inclusion across Grainger's wider employee basis is now within the remit of the Responsible Business Committee. For details on the activities in this area, please see pages 84 and 85.

## Gender diversity and ethnic origin

	Board		Senior positions on the Board <sup>1</sup>		Executive Committee	
	Number	%	Number	%	Number	%
<b>Gender</b>						
Men	4	57	3	75	7	70
Women	3	43	1	25	3	30
Other						
Not specified/prefer not to say						
<b>Ethnicity</b>						
White British/White Other	6	86	4	100	8	80
Mixed/Multiple Ethnic Group						
Asian/Asian British	1	14			2	20
Black/African/Caribbean/						
Black British						
Other Ethnic Group						
Not specified/prefer not to say						
<b>Total</b>	<b>7</b>		<b>4</b>		<b>10</b>	

1. CEO, CFO, Chair, SID



## Succession planning

The Committee received a detailed presentation from the CPO in relation to our succession plans for key people in the business and related retention strategies for them. Specifically with regard to succession planning of senior executives, a number of senior appointments were made during the year, including Sapna Fitzgerald as Group General Counsel and Company Secretary, who was appointed after a thorough recruitment process involving specialist recruitment consultants. Sapna brings significant legal and company secretarial experience gained in a plc environment. She replaces Adam McGhin, who departed after 13 years at Grainger, including ten years as Company Secretary. The Board wishes to thank Adam for his service to the Company.

The Committee is cognisant of the fact that Mark Clare and Justin Read are approaching their nine-year term limit and consideration is being given to their succession.

The Committee also received presentations from the CPO in relation to the Company's talent management initiative, which seeks to identify and prepare future leaders of the business and support them in developing and progressing their careers at Grainger. This includes putting in place learning opportunities and interventions which add the most value, including external coaching.

## Time commitment

The Board, supported by the Nominations Committee, carefully considered the external commitments of the Chair and each of the Non-Executive Directors. The Board is satisfied that each Director committed enough time to be able to fulfil their duties and has capacity to continue doing so.

## Re-election of Directors

We continue to adopt the recommendations of the Code that all Directors offer themselves for re-election annually, even though the Company's Articles of Association only require this every three years. Therefore, all current Directors will stand for re-election at the 2025 AGM.

In light of the performance evaluation, the Board recommends that all Directors proposed are re-elected.

## Access to independent advice

All Directors have access to the advice and services of the Group General Counsel and Company Secretary, who ensures we follow Board processes and maintain high corporate governance standards. Any Director who considers it appropriate may take independent, professional advice at the Company's expense.

## Balance of knowledge, skills and experience

The Directors have wide-ranging experience as senior business people. The Board has particular expertise in finance, property, operations, development and the listed company environment.

## Mark Clare

Chair of the Nominations Committee

20 November 2024



The Silver Yard, Birmingham

Responsible Business

Responsible Business Committee



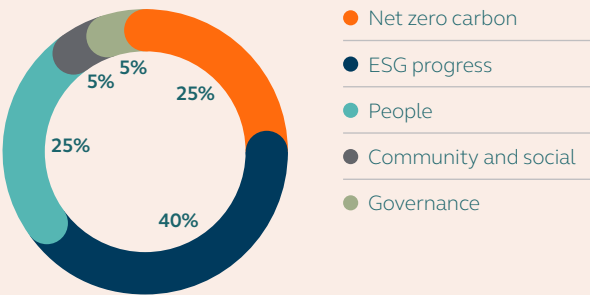
“The Responsible Business Committee has enabled the Board to allocate more time to focus on strategic ESG issues.”

Carol Hui  
Chair of the Responsible Business Committee

Attendance table

Non-Executive Directors	Member since	Meetings eligible to attend	Meetings attended
Carol Hui (Committee Chair)	March 2022	2	2
Janette Bell	March 2022	2	2
Mark Clare	March 2022	2	2
Justin Read	March 2022	2	2
Michael Brodtman	January 2023	2	2

How the committee spent its time



**Dear Shareholders,**

I am pleased to present Grainger’s Responsible Business Committee report. Established in 2022, the Committee oversees a broad remit of responsible business topics including climate change, environmental, biodiversity, community engagement, social impact, colleague engagement and ED&I. This report summarises the main activities undertaken during the year.

Key focus areas during 2024

During the year, the Committee reviewed reports from management and received updates from colleagues across Grainger’s business on topics including progress towards Grainger’s net zero carbon commitments and science-based target-setting, community engagement strategy and developing our approach to ED&I (which was recognised with the achievement of the NES). The Committee also received my report on the roundtables that I conducted to gather feedback from colleagues.

The Committee had the opportunity to meet Grainger colleagues and to experience our ED&I, Living a Greener Life and community engagement initiatives in action at a site visit to The Barnum in Nottingham. The Board also visited Grainger’s new London office which was refurbished to a strong ESG brief. We met with colleagues and saw first hand how the energy efficient space has been designed to support colleague inclusivity and wellbeing.

Key responsibilities

The key responsibilities of the Committee include:

- Agreeing and measuring progress against the Company’s sustainability strategy, commitments and targets
- Overseeing and monitoring the development and implementation of the Company’s net zero carbon transition plan
- Monitoring the areas and activities likely to impact Grainger’s performance and reputation as a responsible business
- Reviewing and approving responsible business-related policies and disclosures
- Monitoring stakeholder engagement on relevant issues
- Gathering and considering the views of the workforce through our Voice of the Colleague
- Monitoring the development and implementation of the Company’s ED&I Strategy, plans and commitments
- Monitoring charitable and colleague volunteering activities
- Supporting the Audit Committee in reviewing responsible business-related risks and controls and the Remuneration Committee in setting responsible business-related Group objectives and approving the LTIP scoring in relation to these.

**+** The full terms of reference for the Committee are available on Grainger’s website at: <https://corporate.graingerplc.co.uk/investors/governance/board-committees?tab=responsible-business-committee>.

The existence of the Committee has enabled the Directors to allocate more time to discuss strategic ESG topics.



**For more information on ESG topics, please refer to pages 37 to 54.**

## ESG progress

The Committee assessed progress against the Group 2024 ESG objectives reported on page 102 in the Directors' Remuneration report and workstreams in support of the business's long-term ESG commitments, reported on pages 50 to 54 in the Sustainability section. The Committee received regular reports on stakeholder engagement activities, more detail on which is provided on page 73 of the report.

## Net zero transition

The Committee approved the Company setting a science-based target and was pleased to see the progress made with the target currently subject to validation by SBTi and expected to be confirmed in early 2025. Potential approaches to carbon offsetting were reviewed and the agreed strategy remains to focus on carbon reduction initiatives before considering offsets. Updates on the actions taken on the operational portfolio to deliver carbon reduction and support the achievement of the LTIP carbon metrics were presented. The Committee was pleased to see continued progress in measuring Scope 3 GHG emissions through the successful implementation of the customer emissions strategy and supplier engagement programme.

## Community and social impact

Following the review of charitable investment which the Board considered previously, the progress made in both the operational and corporate charity programmes was a key focus during the year. The Committee enjoyed hearing about the charity and community engagement activities implemented by Grainger's Resident Services Teams with both colleagues and customers and were pleased to see examples of the positive social impact generated for local community partners and charities. The Committee approved Grainger's pledge of homes to the LandAid Pathfinder programme, to help house young people at risk of homelessness.

## Human rights

The Committee reviewed and approved a Human Rights Policy which translates Grainger's strong social purpose and commitments to being a responsible landlord, employer and partner into a public statement available on the Company's website.

## Equality, Diversity and Inclusion

Our continued focus on ED&I remains integral to our People Strategy and we are committed to creating an inclusive culture where diversity is recognised and celebrated. We are proud to have achieved the leading external benchmark, the NES this year, with significant contribution by the ED&I Network, ED&I Steering Committee and multiple enhancements to our ED&I practices. The progress and achievement of NES was overseen by the Committee with detailed reporting on the actions and initiatives that were implemented. Our colleague-led ED&I Network, delivered a range of events and awareness raising sessions such as World Cuisine Day and colleague led panel events, and also included new topics such as celebrating Neurodiversity Month, taking onboard colleague feedback. Celebrating diversity and inclusion were also integrated into our Residents Events Committee calendar for our customers.

Following the launch of our first ED&I data questionnaire, we have since issued it for a third year and we now hold diversity data for 84% of our colleagues.

Due to the success of our mentoring programme which launched in 2022, we were delighted to open it up for a third round following feedback from mentors and mentees on the value the programme brings to colleagues.

## Voice of the Colleague

Our Voice of the Colleague activities have been led by me as Grainger's designated Non-Executive Director for workforce engagement. Our approach to support colleague engagement is designed to enable colleagues to speak up, share their feedback and contribute views on what they are experiencing from an engagement perspective. During 2024, I held two roundtable events, which were held in person and remotely.

Colleagues who participated in the focus groups were from a range of roles and based in different locations. Through their feedback, we gathered a variety of perspectives and helpful suggestions. By actively listening to colleague insight, a number of initiatives have been rolled out to enhance engagement and embed our culture. For more details see page 40 of the people section.

A deep dive into our colleague survey engagement results was delivered by our CPO which gave further insight into our culture across the Grainger teams and will continue to be shared with the Committee at both full engagement and pulse survey points. Analysis and colleague feedback from the survey resulted in action plans being devised for each area of the business including supporting colleague wellbeing, learning & development and enhancing our approach to ED&I.

## Looking ahead

The Committee's key activities for 2025 will include further monitoring and challenging progress against ESG objectives, the LTIP carbon metrics and science-based target, reviewing the Company's Net Zero Transition Plan and associated investment required to deliver it, continuing to deliver our enhanced approach to ED&I and monitoring our social impact across our community and charitable programmes.

## Carol Hui OBE

### Chair of the Responsible Business Committee

20 November 2024



Audit, risk and internal controls

Audit Committee report



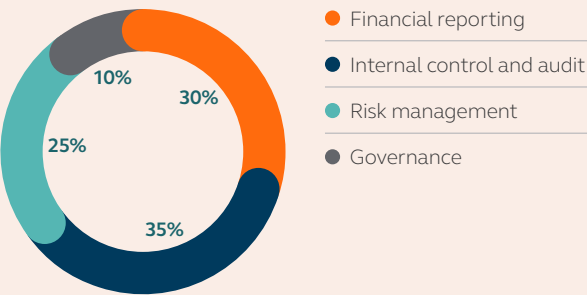
“The Audit Committee oversees the Board's financial reporting, internal controls and risk management frameworks.”

Justin Read  
Chair of the Audit Committee

Attendance table

Non-Executive Directors	Member since	Meetings eligible to attend	Meetings attended
Justin Read	March 2017	4	4
Janette Bell	February 2019	4	4
Carol Hui	October 2021	4	4
Michael Brodtman	January 2023	4	4

How the committee spent its time



Dear Shareholders,

I am pleased to present the Audit Committee report for the year ended 30 September 2024.

The Company and its business has proved to be highly resilient in a changeable economic environment. The Committee’s role within the Company’s governance framework, including supporting the Board in risk management, internal control and financial reporting remains of fundamental importance.

This report provides an overview of the significant issues the Committee considered, and its assessment of this Report as a whole, including how we have reviewed the narrative reporting to ensure it is an accurate reflection of the financial statements.

Governance

As a matter of course, the Committee considers its terms of reference each year, taking into account changes to Grainger and to external governance requirements, including the Code. In this regard, we have during the course of the year been mindful of the evolving requirements of the Government’s reform agenda for the corporate governance regime, and notwithstanding a level of uncertainty over the details of this reform, the Company has been developing its audit and assurance regime.

Risk and controls

A key responsibility of the Committee is ensuring that the Company operates an effective risk assessment and management process and has an appropriately robust control framework in place. We were helped by the Internal Audit team at PwC, which reported directly to us, and which worked to an agreed plan to ensure controls were effective. This year we have spent time reviewing our risk appetite and tolerance across our principal risks.

The Committee has also supported the Board in considering the principal risks of the Company. We undertook a thorough review of the control environment during this period and it was determined to be robust. We provide details of the risk management framework, principal risks and key mitigants on pages 56 to 63.

Financial statements

One of the Committee’s other key responsibilities which we carried out during the year is ensuring the Group’s published financial statements show a true and fair view and are consistent with accounting and governance requirements. We also considered the viability statement closely, having regard to the continued progress of the implementation of our rental market strategy, the overall strategic horizon and the current uncertainties of the UK and global economic and political environments. This included interrogating the financial models and related sensitivity analysis of various economic scenarios and amalgamations of these scenarios. In addition, we have concentrated on the fair, balanced and understandable requirements for the Report.

In this regard, we are helped by receiving a number of appropriate papers from the CFO and his team, and by the independent work of our Internal and External Auditors.

As well as our planned work programme, we respond to key matters as they arise. This included briefings on the UK Corporate Governance Code.

This year, the Committee closely followed the evolution of the Government's Restoring Trust Reform Agenda that culminated in the publication of the UK Corporate Governance Code 2024 in January 2024. The new Code will generally be applicable to the Company's 2027 Annual Report and Accounts, with changes to Provision 29 around internal controls applicable from 2028. The Committee is cognisant of the Board's existing obligations in respect of internal controls under the 2018 Code and, in addition to completing the regular annual review of the effectiveness of the internal control environment, received reporting on Grainger's long-standing programme of work to evolve the internal control environment and ensure that it provides a robust basis for the declarations that will be required under the 2024 version of the Code.

The Committee was also briefed on and considered the Pereira Gray Review and the effects on the valuation process of assets for investment purposes. The Company will be adapting its procedures accordingly.

### Auditors

The standard of auditing is of crucial importance to Grainger and the Committee has received briefings and carefully considered the further developments in this area in the last 12 months.

I believe the regular constructive challenge and engagement with management, the external auditor and the internal audit team, together with the timely receipt of high-quality reports and information from them, has enabled the Committee to discharge its duties and responsibilities effectively.

### Justin Read Chair of the Audit Committee

20 November 2024

## Significant matters relating to the Group's 2024 financial statements

The most significant matters considered by the Committee and discussed with the external auditor in relation to the Group's 2024 financial statements were as follows:

### 1 Property valuations

Property valuation continues to be the most significant matter for consideration. In this respect, we received reports and presentations directly from the valuers and management on the assumptions utilised in valuing the Group's property assets, the suggested discount rates for reversionary assets and the valuations. We considered the prevailing valuation methodology and process.

We were content, after close scrutiny and debate, with the assumptions and judgements applied to the valuations. We also considered that the external valuers were sufficiently independent and capable and required that they present directly to the Committee. KPMG also independently reviews the valuation process and results. The results of the valuations form the basis of management's assessment to support the carrying value of investments in subsidiary companies by the parent Company.

### 2 Recoverability of inventories

Management utilise the valuation information referred to above to perform an assessment of recoverability of inventories. Inventories comprise mainly residential trading property held for-sale in the normal course of business. The valuations include references to comparable market evidence of similar transactions along with the Group's own evidence and experience in sales of similar assets. Along with our assessment of property valuations, we have considered management's assessment of recoverability of inventories and are satisfied that the approach adopted, and results, are appropriate.



## Audit, risk and internal controls

### Audit Committee report continued

#### Invitations to attend meetings

There is a standing invitation to the Chair of the Board and the Executive Directors, who in turn attended all of the Committee's meetings during the year. The Director of Group Finance and representatives of the internal and external auditors also attended meetings of the Committee, and both sets of auditors met privately with the Committee during the year. Our valuers attend Committee meetings to explain their methodology, processes and conclusions directly.

#### Role, responsibilities and experience

The Committee's role and responsibilities are concerned with financial reporting, narrative reporting, whistleblowing and fraud, internal control and risk management systems, internal audit and external audit.

The Board has determined that Justin Read has recent and relevant financial experience as required by the Code. The Committee as a whole has the competence relevant to the sector in which it operates. Please refer to pages 68 and 69 for skills and experience of the Directors and page 80 for the Nominations Committee report.

#### Terms of reference

The Committee's terms of reference are approved by the Board. We confirmed during the year that they continued to be appropriate. We propose to continue our annual review of the terms of reference going forward. The Committee's terms of reference comply with the Code and they can be found on the Group's website. The terms of reference will be reviewed to take into account the requirements of the 2024 Code.

#### Objectives

The Board has delegated authority to the Committee to oversee and review the:

- Group's financial reporting process, including the classification of other adjustments;
- system of internal control and management of business risks;
- whistleblowing;
- internal audit process;
- external audit process and relationship with the external auditor; and
- Company's process for monitoring compliance with applicable laws and external regulations.

Final responsibility for financial reporting, compliance with laws and regulations and risk management rests with the Board, to which the Committee reports regularly.

#### Meetings

The Committee's main work follows a structured programme of activity agreed at the start of the year. As well as its main work, the Committee undertakes additional work in response to the evolving audit landscape. Page 90 shows a non-exhaustive list highlighting the Committee's work during the year under review.

#### Fair, balanced and understandable

The Committee has undertaken a detailed review in assessing whether this Report is fair, balanced and understandable, and whether it provides the necessary information to Shareholders to assess the Group's position and performance, business model and strategy. The Committee reviewed and made suggestions about the processes put in place by management to provide the necessary assurance that they have made the appropriate disclosures. The Committee considered management's assessment of items included in the financial statements and the prominence given to those items. This review also included receiving a final draft of this Report in advance of the November 2024 Committee meeting. This was accompanied by a reminder of the areas the Committee should focus on having regard to the Audit Committee Institute guidance, and how it can be applied to the draft Report. The Committee, and subsequently the Board, were satisfied that, taken as a whole, the Report is fair, balanced and understandable.

#### Going concern and financial viability

The Committee reviewed the appropriateness of adopting the going concern basis of accounting in preparing the full year financial statements and assessed whether the business was viable in accordance with the requirements of the Code. The assessment included a review of the principal risks facing the Group, their financial impact, how they were managed, the availability of finance and covenant compliance, together with a discussion as to the appropriate period for assessment. The Group's viability statement is on page 64.

#### External auditor objectivity and independence

The objectivity and independence of the external auditor are critical to the integrity of the Group's audit. During the year, the Committee reviewed the external auditor's own policies and procedures for safeguarding its objectivity and independence. There are no contractual restrictions on the Group appointing an external auditor. On three occasions during the year the audit engagement partner made representations to the Committee as to the external auditor's independence. This also confirmed that KPMG's reward and remuneration structure includes no incentives for the audit partner to cross-sell non-audit services to audit clients. KPMG duly applies the requirement to rotate audit partners every five years. This will be the first audit conducted under Craig Steven-Jennings as the audit partner.

The Committee appraised KPMG's performance by assessing its audit plan, the quality and consistency of its team and reports received and discussions held with the Committee. The Committee considered the FRC's Guidance for Audit Committees and noted the steps taken by KPMG in this regard which include having a separate Audit Board. In addition, we received feedback from the finance team. We also considered the tone of KPMG's relationship with the Executive Directors, which we assessed as constructive and professional yet independent and robust.



In respect of KPMG's independence, the Committee applies its policy for the use of external auditors for non-audit services. This policy substantially restricts the types of non-audit services that can be rendered and specifies the limited circumstances in which an engagement can be made.

Services the external auditor is prohibited from providing to the Group include, amongst others:

- bookkeeping and preparing financial information;
- the design, supply or implementation of financial information systems;
- appraisal or valuation services;
- internal audit services; and
- actuarial services.

Regarding potentially permitted non-audit services, key criteria that must be evidenced to the Committee's satisfaction is that the external auditor is best suited to undertake the relevant services and that the engagement will not jeopardise external auditor independence.

The engagement of KPMG for the provision of non-audit services requires prior approval from the Audit Committee Chair.

The non-audit services provided by KPMG, set out in the table below, related primarily to their review of our half year reporting. This was approved by the Committee in September 2024. In making their decision, the Committee was duly satisfied that the:

- key criteria noted above had been satisfied;
- non-audit services policy had been applied; and
- appointments were in the best interests of the Company and its stakeholders.

The Committee considered the FRC Revised Ethical Standard 2019 and noted that this activity is permitted. The Committee was also satisfied that the overall levels of audit-related and non-audit fees were not of a material level relative to the income of the external auditor firm as a whole.

### External auditor tenure

The Company confirms that it has complied with the Competition and Markets Authority's Order for the year. Following this year's audit, KPMG will have been the Group's auditor for ten years. A tender process was undertaken last year, which as detailed in the 2023 Annual Report and Accounts, resulted in the re-appointment of KPMG for a further term.

The Committee monitors the performance of the external auditor, providing an in-depth evaluation of its performance following the external audit, and then makes a recommendation to the Board. When considering the appropriateness of the re-appointment of KPMG, we considered in our review, the ratio of audit to non-audit fees and the effectiveness of the audit process, together with other relevant review processes. We were satisfied that we should recommend the re-appointment of KPMG.

### Internal controls

The Board, assisted by the Audit Committee, is responsible for reviewing the operation and effectiveness of the Group's internal controls. This internal control system is designed to manage risks as far as possible, acknowledging that no system can eliminate the risk of failure to achieve business objectives entirely. The Board did not identify any significant failings or weaknesses in the year.

The Board is also responsible for ensuring that appropriate systems are in place to enable it to identify, assess and manage key risks. The preparation of financial statements and the wider financial reporting process and control system are monitored by the adoption of an internal control framework to address principal financial reporting risks. In accordance with the Code we have carried out a robust assessment of emerging risks as well as principal risks, explain in the Report what procedures are in place to identify emerging risks and explain how these risks are being managed or mitigated. Please see pages 56 to 63 for details of how we addressed the requirements.

The effectiveness of the internal controls is evaluated by a combination of review by all of the Grainger management committees and boards, and the internal and external auditors.

The performance of the Committee is reviewed as part of the Board effectiveness review, more information on which can be found at page 81.

### Internal Audit

PwC is appointed by the Company as Internal Auditor, working with our internal audit resource in a co-sourced model. Internal Audit focuses on the areas of greatest risk to the Company. Audits are considered during an annual audit planning cycle. This is informed by the results of current and previous audit testing, the Company's strategy, performance and the risk management process. Additional audits may be identified during the year in response to changing priorities and requirements.

The Committee approves the plan and monitors progress accordingly. All Internal Audit findings are graded, appropriate remedial actions agreed, and progress monitored and reported to the Committee.

	Year ended 30 September 2024 £
<b>Schedule of fees paid to KPMG</b>	
Statutory audit of Grainger Group	612,725
<b>Total audit fees</b>	<b>612,725</b>
Half year review	67,000
<b>Total non-audit fees</b>	<b>67,000</b>

## Audit, risk and internal controls

### Audit Committee report continued



#### Key activities

##### November 2023

- Received a presentation from the independent external valuers of Grainger's reversionary and market rented assets.
- Considered and received matters relating to the 2023 full year, including:
  - management's summary of the accounting positions;
  - KPMG's year end audit report;
  - going concern and viability review of the business; and
  - the draft Annual Report and Accounts.
- Considered KPMG's independence and recommended to the Board KPMG's re-appointment.
- Received a report on corporate governance reforms.
- Received an audit plan update and Internal Audit reports on:
  - refurbishments; and
  - site audits of Solstice Apartments.

##### February 2024

- Received Internal Audit reports on payroll and our direct development process.
- In respect of risk, considered:
  - a compliance update; and
  - risk management training.
- Reviewed the Company's Modern Slavery Statement.
- Received a report on internal controls.
- Considered KPMG's plan for its review of the 2024 half year results.
- Reviewed and approved the Committee's terms of reference.
- Carried out a detailed evaluation of the performance of the external auditors. Considered it to be effective and also identified certain areas for future improvement.

##### May 2024

- Considered issues regarding the 2024 half year results, including:
  - the draft half year financial statements and announcement;
  - management's judgements and assessment;
  - KPMG's half year review report; and
  - feedback from the valuer half year reports.
- Received a risk deep dive on the finance functions.
- Received a report on the RICS valuation reforms.
- Considered the FRC audit quality review of KPMG's work on the 30 September 2023 financial statements.
- Received Internal Audit reports on:
  - lettings;
  - site audits.

##### September 2024

- Considered the 2024 draft viability statement and related analysis.
- Considered KPMG's audit strategy memorandum and engagement regarding the audit for the full year 2024.
- Considered and approved the forward Internal Audit plan.
- Reviewed the timetable for production of the Annual Report and Accounts.
- Received Internal Audit reports on:
  - lease extensions;
  - customer experience;
  - cyber attack prevention;
  - site audits for The Condor and Clippers Quay; and
  - progress of completing actions from previous internal audits.
- Reviewed reports on Risk and Internal Controls including:
  - principal and emerging risks, including climate change risk;
  - political and regulatory risk deep dive;
  - internal control framework; and
  - legal and regulatory compliance.

Internal Audit has a direct reporting line to the Chair of the Audit Committee. We assess the effectiveness of Internal Audit by reviewing its reports, feedback from the Chief Financial Officer, and through meetings with the Internal Auditor without management being present.

The Internal Audit programme for 2024 included reviews of:

- Customer experience
- Block management
- Fraud
- Cyber security
- Procurement and contract management
- Health and safety
- Lease extensions
- Business continuity
- The rolling programme of site audits

The Internal Audit plan for 2025 has a particular focus on:

- Procurement and contract management
- IT general controls
- Sustainability reporting
- Grainger Trust
- Building Safety Act
- Health and Safety

#### Looking ahead

The Committee looks forward to providing continuing support to the Board and Company in the coming year, and will be focusing on further strengthening the Company's reporting, risk management and assurance activities.

## Remuneration

### Directors' Remuneration report



**“Our focus this year has been on implementing our Shareholder-approved Policy to ensure pay outcomes are appropriately aligned with the delivery of our strategy and Company performance.”**

Janette Bell  
Chair of the Remuneration Committee

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#### Dear Shareholders,

I am pleased to present on behalf of the Board the Directors' remuneration report for the year ended 30 September 2024. As in previous years, the report has been divided into the following three sections:

1. This Annual Statement, which summarises the remuneration outcomes for the year ended 30 September 2024, the key decisions taken by the Remuneration Committee during the year and how the Directors' Remuneration Policy ('Policy') will be operated in the following financial year;
2. The Policy, which sets out the remuneration policy for Executive and Non-Executive Directors and was approved by Shareholders at the 2023 AGM; and
3. The Annual Report on Remuneration, which discloses how the Policy was implemented in the year ended 30 September 2024 and how the Policy will be operated in the year ending 30 September 2025.

We were delighted to receive strong support from Shareholders for our Directors' Remuneration report with c.97% of shares cast in favour at the 2024 AGM. I set out below a summary of business performance during the year, incentive outcomes for 2024 and our approach for 2025. I confirm that preparations are underway for compliance with the 2024 UK Corporate Governance Code.

#### Annual Statement

##### 2024 business context

2024 has been another successful year for Grainger. The management team delivered an exceptional operating performance across all areas of the business and have continued to build on our market leadership in the growing BTR sector. This has included strong rental growth and successful delivery and lease up of our new schemes. An exceptional sales performance in the year resulted from strong execution, valuations continuing to demonstrate resilience and returning to growth in the second half of the year, and our balance sheet remaining strong.

Net rental income was up by 14% in the period reflecting the strong delivery and lease up of over 1,200 new homes over the course of the year. Whilst keeping a close eye on customer affordability levels, we delivered 6.3% growth in like-for-like PRS net rental income. Current leasing at our recently opened schemes is exceeding both underwriting and estimated rental values. Occupancy has been underwriting at 97.4%. Our measure of customer satisfaction (NPS) has increased by 12% to 48 and colleague engagement has remained high. The NPS increase is a significant improvement through the delivery of our Customer Experience Programme and the successful roll-out of our customer facing technology improvements with our new customer website launch during the year and new customer MyGrainger app capabilities.

An exceptional sales performance of £274m was delivered in the year reflecting the delivery of a stretch plan to provide strong balance sheet liquidity together with investment for the ongoing delivery of our PRS pipeline. Whilst sales profits were down on last year, this was in line with our plan and reflects the impact of having a smaller regulated tenancy portfolio from which to generate sales profits, the ongoing reduction of this non-core element of the business, and a higher proportion of sales from our PRS portfolio both of which were at values broadly in line with vacant possession value and book respectively.



## Remuneration

### Directors' Remuneration report continued

As a result of this reducing regulated tenancy portfolio, our adjusted earnings were down on last year by 6%, as expected. A continued focus from the team on driving scale efficiencies from our operating model and platform have meant that our gross to net costs have improved by 50bps as we build out clusters, and our EPRA earnings were up by 20%, reflecting the ongoing focus on repositioning the business to a recurring rent model.

Our strong operational performance is coupled with a robust balance sheet, positioning us well in the current market. We have fixed the cost of our debt in the mid 3% range for the next four years. Our asset recycling programme continues at an elevated level in line with our previously reported plans.

We have made strong progress in the launch of, and advancement along, our net zero carbon pathway and we are progressing associated action plans, as well as driving strong community stakeholder engagement at all of our BTR sites across the UK. The team are proud to have achieved the National Equality Standard accreditation this year, one of the leading standards available on ED&I. In line with our approach to support our front-line, onsite colleagues, this year we have extended the provision of increasing annual leave entitlement to recognise long service. This provision is now consistent throughout Grainger.

### 2024 incentive outcomes

The 2024 annual bonus comprised a combination of PRS net rental income (35%), adjusted earnings (35%), and strategic targets (30%). These measures, consistent with those used in prior years, ensured there remained a continued focus on improving profit and rental income growth whilst focusing on key non-financial deliverables (including ESG) which underpin our strategy.

Stretching targets were set in the context of a period of continued macro uncertainty and continued higher inflation and interest rates. The earnings targets also took into account a smaller profit contribution from our diminishing regulated tenancy portfolio, particularly following an exceptional year of regulated sales in the previous year.

The leadership team put in place an outperformance plan which delivered a 14% growth in net rental income (£110.1m) and Adjusted Earnings of £91.6m, down on last year by 6%, reflecting lower sales profits, as the business repositions itself towards recurring rental income. Both outcomes were above the maximum targets set by the Committee.

This outperformance plan was achieved through the in-house teams' focus on speed of lease up, efficiency of void management, cost savings and increased sales volume into a more challenging market. The resulting outperformance was despite the headwinds of scheme delays by third-party developers, cost inflation and higher interest rates impacting on sales and is considered by the Committee to be an outstanding performance.

The Committee considered whether the financial bonus outcome was a fair representation of Company and management performance during the year and concluded that no adjustment was required. In doing so, the Committee was mindful of the level of customers' affordability, noting that like-for-like rental growth across the portfolio moved broadly in line with national wage inflation and occupancy was at strong levels of 97.4%. In addition, customer satisfaction as measured by NPS improved by 12%.

When combined with performance against the strategic targets, annual bonus was calculated at 99% of the maximum available.

The LTIP award granted to the CEO and CFO in December 2021 will vest on 16 December 2024 based on three equally weighted performance metrics being relative Total Shareholder Return ('TSR'), absolute Total Property Return ('TPR') and Secured PRS Investment targets over the three years ended 30 September 2024.

While the threshold TPR target was not achieved, TSR was between threshold and maximum and the Secured PRS Investment targets were met in full resulting in an overall vesting of 44.7%. The Committee recognises the challenges facing all real estate businesses that have lead to lower returns over the period.



However, given Grainger's strong operational performance and returns generated relative to the sector, the Committee believes the below target vesting outcome reflects performance over the three year period.

The Committee believes these bonus and expected LTIP outcomes are appropriate and reflect the outstanding performance of the business over the relevant performance periods. Therefore, no discretion has been applied to the formulaic outcomes.

### Applying the Policy in 2024/25

Details of the Committee's proposed implementation of the Policy in respect of the year ending 30 September 2025 are set out below.

### Executive Director base salary levels

Executive Director base salaries will be increased by 3.5% effective 1 January 2025 which is aligned to the workforce average. As announced in the October 2024 Budget, the National Minimum Wage will increase from 1 April 2025. The hourly rate of our lowest paid colleagues will be increased from 1 January 2025 to meet this requirement and is above the 3.5% increase applying to the rest of the workforce.

### Annual bonus

Annual bonus potential will remain at 140% of salary for the CEO and CFO. For both Directors, 75% of any bonus earned will be payable in cash and 25% deferred into shares.

70% of the bonus will continue to be based on adjusted earnings and PRS net rental income targets weighted equally. The remaining 30% will be split with 7% based solely on ESG-related targets and 23% will be based on a number of key strategic and operational measures based on business resilience, customer satisfaction, funding and investment. The targets, and the performance against them, will be disclosed in next year's Directors' Remuneration report.

### Long Term Incentive Plan

It is expected that LTIP awards will continue to be granted over shares equal in value of up to 200% of salary for the CEO and 175% of salary for the CFO with the next award granted in December 2024. TSR, total property income return and carbon reduction targets will continue to be operated for 30%, 30% and 10% of LTIP awards respectively (as per the December 2023 award). This year, reflecting the importance of measuring the delivery of operational leverage and in driving higher returns, EBITDA margin will be introduced as a new Company KPI.

The Committee would like to incentivise margin improvement and therefore has agreed to replace the Secured PRS Investment measure with an EBITDA Margin measure (30% weighting) for the award expected to be granted in December 2024. Further details of the targets are set out the Annual Report on Remuneration.

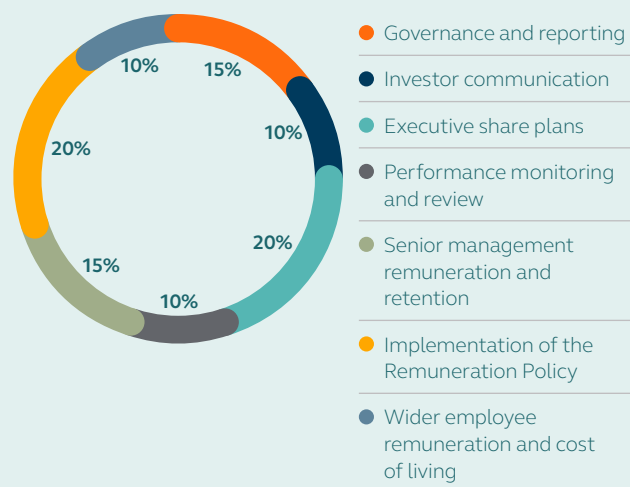
We look forward to your support on the resolution relating to remuneration at the AGM on 5 February 2025.

### Janette Bell

Chair of the Remuneration Committee

20 November 2024

### How the Committee spent its time



### Committee considerations

Consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code, when determining Executive Director Remuneration Policy and practices, the Committee has continued to address the following:

**Clarity** – the current Policy is well understood by our Directors and has been clearly articulated to Shareholders and proxy voting agencies.

**Simplicity** – the current market standard remuneration structure is simple and well understood. We have purposefully avoided any complex structures which have the potential to deliver unintended outcomes.

**Risk** – our Policy and approach to target setting seek to discourage inappropriate risk-taking. Measures are a blend of shareholder return, financial and non-financial objectives and the targets are appropriately stretching. Malus and clawback provisions apply.

**Predictability** – executives' incentive arrangements are subject to individual participation caps.

**Proportionality** – there is a clear link between individual awards, delivery of strategy and our long-term performance.

**Alignment to culture** – pay and policies cascade down the organisation and are fully aligned to Grainger's culture.

## Remuneration

### Directors' Remuneration report continued

#### Directors' Remuneration Policy

This part of the Directors' remuneration report sets out a summary of the Policy which was approved by Shareholders at the 2023 AGM and took effect from the date of that meeting. The full Shareholder approved Policy can be found in the 2022 Annual Report.

The following table summarises the main elements of the Policy, the key features of each element, their purpose and linkage to our strategy. Details of the remuneration arrangements for the Non-Executive Directors are set out on page 108.

Base salary	
<b>Purpose and link to strategy</b>	To enable the recruitment and retention of individuals of the necessary calibre to execute the Company's business strategy.
<b>Operation</b>	<p>Reviewed annually and typically effective from 1 January. Changes to salary levels will take into account the:</p> <ul style="list-style-type: none"> <li>• role, experience, responsibilities and personal performance;</li> <li>• average change in total workforce salary;</li> <li>• total organisational salary budgets; and</li> <li>• Company performance and other economic or market conditions.</li> </ul> <p>Salaries are benchmarked periodically and are set by reference to companies of a similar size and complexity.</p>
<b>Opportunity</b>	<p>Salaries will be eligible for increases during the three-year period that the Policy operates.</p> <p>During this time, salaries may be increased each year (in percentage of salary terms) and will take into account increases granted to the wider workforce.</p> <p>Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Company.</p> <p>Where new joiners or recent promotions have been placed on a below market rate of pay initially, a series of increases above those granted to the wider workforce (in percentage of salary terms) may be given over the following few years' subject to individual performance and development in the role.</p>
<b>Framework to assess performance</b>	The Committee considers individual salaries at the appropriate Committee meeting each year after having due regard to the factors noted in operating the Policy.
Benefits	
<b>Purpose and link to strategy</b>	To enable the recruitment and retention of individuals of the necessary calibre to execute the Company's business strategy.
<b>Operation</b>	<p>Executive Directors receive a benefits package which includes a car allowance, private medical insurance, life assurance, ill health income protection, travel insurance and health check-up.</p> <p>Other ancillary benefits (including relocation expenses) may be offered, as required.</p>
<b>Opportunity</b>	There is no maximum as the value of benefits may vary from year-to-year depending on the cost to the Company from third-party providers.
<b>Framework to assess performance</b>	N/A
Pension	
<b>Purpose and link to strategy</b>	To aid recruitment and retention of high-quality executives and enable long-term savings through pension provision.
<b>Operation</b>	The Company may contribute directly into an occupational pension scheme (an Executive Director's personal pension) or pay a salary supplement in lieu of pension. If appropriate, a salary sacrifice arrangement can apply.
<b>Opportunity</b>	10% of salary (workforce aligned).
<b>Framework to assess performance</b>	N/A



## Annual bonus

<b>Purpose and link to strategy</b>	To reward and incentivise the achievement of annual targets linked to the delivery of the Company's strategic priorities for the year.
<b>Operation</b>	<p>Bonus measures and targets are reviewed annually and any payout is determined by the Committee after the end of the financial year, based on performance against targets set for the financial period.</p> <p>Up to 75% of any bonus that becomes payable is normally paid in cash with the remainder deferred into shares for three years. Deferred bonus share awards typically vest subject to continued employment.</p> <p>Individuals may be able to receive a dividend equivalent payment on deferred bonus shares at the time of vesting equal to the value of dividends which would have accrued during the vesting period. The dividend equivalent payment may assume the reinvestment of dividends on a cumulative basis.</p>
<b>Opportunity</b>	140% of salary.
<b>Framework to assess performance</b>	<p>Bonus performance measures are set annually and will be predominantly based on challenging financial targets set in line with the Group's strategic priorities and tailored to each individual role as appropriate, for example, targets relating to adjusted earnings. For a portion of the bonus, strategic and operational and/or ESG objectives may operate.</p> <p>The Committee has the discretion to vary the performance measures used from year to year depending on the economic conditions and strategic priorities at the start of each year. Details of the performance measures used for the current year and targets set for the year under review and performance against them will be provided in the Annual Report on Remuneration.</p> <p>For financial targets, and where practicable in respect of strategic and operational targets, bonus starts to accrue once the threshold target is met (0% payable) rising on a graduated scale to 100% for stretch performance.</p> <p>The Committee may adjust bonus outcomes, based on the application of the bonus formula set at the start of the relevant year, if it considers the quantum to be inconsistent with the performance of the Company, business or individual during the year. For the avoidance of doubt this can be to zero and bonuses may not exceed the maximum levels detailed above. Any use of such discretion would be detailed in the Annual Report on Remuneration.</p> <p>In the event that there was (i) a misstatement of the Company's results; (ii) a miscalculation or an assessment of any performance conditions that was based on incorrect information; (iii) misconduct on behalf of an individual, (iv) the occurrence of an insolvency or administration event; (v) reputational damage; or (vi) serious health and safety events; malus and/or clawback provisions may apply (to the extent to which the Committee considers that the relevant individual was involved (directly or through oversight) in such events) for three years from the date of payment of any bonus or the grant of any deferred bonus share award (which may be extended by the Remuneration Committee for a further two years to allow an investigation to take place).</p>

## Long Term Incentive Plan ('LTIP')

<b>Purpose and link to strategy</b>	<p>To incentivise and reward the delivery of strategic priorities and sustained performance over the longer term.</p> <p>To provide greater alignment with Shareholders' interests.</p>
<b>Operation</b>	<p>The LTIP provides for awards of free shares (i.e. either conditional shares or nil-cost options) normally on an annual basis which are eligible to vest after three years subject to continued service and the achievement of challenging performance conditions.</p> <p>Vested awards are subject to a two-year post-vesting holding period. In exceptional circumstances such as due to regulatory or legal reasons, vested awards may also be settled in cash.</p> <p>Dividend equivalent payments may be made on vested LTIP awards and may assume the reinvestment of dividends, on a cumulative basis.</p>
<b>Opportunity</b>	<p>200% of salary for the Chief Executive; and</p> <p>175% of basic salary for other Executive Directors.</p>
<b>Framework to assess performance</b>	<p>The Committee may set such performance conditions on LTIP awards as it considers appropriate (whether financial or non-financial (including ESG)). The choice of measures and their weightings will be determined prior to each grant.</p> <p>25% of awards will vest for threshold performance with full vesting taking place for equalling, or exceeding, the maximum performance targets. No awards vest for performance below threshold. A graduated vesting scale operates between threshold and maximum performance levels.</p> <p>The Committee may adjust LTIP vesting outcomes, based on the result of testing the performance condition, if it considers the quantum to be inconsistent with the performance of the Company, business or individual during the three-year performance period. For the avoidance of doubt, this can be to zero percent. Any use of such discretion would be detailed in the Annual Report on Remuneration.</p> <p>In the event that there was (i) a misstatement of the Company's results; (ii) a miscalculation or an assessment of any performance conditions based on incorrect information; (iii) misconduct on behalf of an individual, (iv) the occurrence of an insolvency or administration event, (v) reputational damage, or (vi) serious health and safety events, malus and/or clawback provisions may apply (to the extent to which the Committee considers that the relevant individual was involved (directly or through oversight) in such events) for three years from an award becoming eligible to vest (which may be extended by the Committee for a further two years to allow an investigation to take place).</p>

## Remuneration

### Directors' Remuneration report continued

#### Savings related share schemes

<b>Purpose and link to strategy</b>	To encourage employees to make a long-term investment in the Company's shares.
<b>Operation</b>	All employees, including the Executive Directors, are eligible to participate on the same terms in the Company's Save As You Earn ('SAYE') scheme and Share Incentive Plan ('SIP'), both of which are approved by HMRC and subject to the limits prescribed.
<b>Opportunity</b>	<p>SAYE: Participants may save up to £500 per month (or such other amount as may be permitted by HMRC from time to time) for three or five-year periods in order to purchase shares at the end of the contractual period at a discount of up to 20% to the market price of the shares at the commencement of the saving period.</p> <p>SIP: Participants can invest up to £150 per month (or such other amount as may be permitted by HMRC from time to time) in shares in the Company, and the Company may then, subject to certain limits, double that investment.</p> <p>The Company may also allocate free shares annually on a percentage of basic pay, subject to a maximum of £3,600 (or such other amount as may be permitted by HMRC from time to time).</p> <p>Dividend payments on SIP shares are reinvested and must be held in trust for three years.</p>
<b>Framework to assess performance</b>	N/A

#### Shareholding guidelines

Under the shareholding guidelines, Executive Directors are expected to build up over time a shareholding equivalent to 200% of their base salary. Executive Directors are required to retain all the after-tax number of vested LTIP and deferred bonus awards to satisfy the guidelines. In addition, the Committee's general expectation is that the guidelines will be met within five years of its introduction, or when an Executive Director commences employment, although the Committee reserves the right to take into account vesting levels and personal circumstances when assessing progress against the guidelines.

A post cessation shareholding guideline operates. Executive Directors are expected to retain the lower of actual shares held and shares equal to 200% of salary for two years post cessation in respect of shares which vest from grants of deferred bonus and LTIP awards made since the approval of the 2020 Policy at the 2020 AGM. Buyout awards and own shares purchased are excluded from this. See table 8 for details of current Director shareholdings.

#### Notes to the Policy for Executive Directors

##### Choice of performance measures and approach to target setting

The annual bonus measures are selected to provide direct alignment with the short-term operational targets of the Company. Care is taken to ensure that the short-term performance measures are always supportive of the long-term objectives. This is especially important in a business which has a long-term investment horizon. The LTIP performance measures are selected to ensure that the Executive Directors are encouraged in, and appropriately rewarded for, delivering against the Company's key long-term strategic goals so as to ensure a clear and transparent alignment of interests between Executive Directors and Shareholders and the generation of long-term sustainable returns. The performance metrics that are used for annual bonus and long-term incentive plans are normally a sub-set of the Group's KPIs.

##### Discretion

The Committee operates the annual bonus plan, LTIP and all-employee plans according to their respective rules and in accordance with the relevant Listing Rules and HMRC rules consistent with market practice. The Committee retains discretion, within the confines and opportunity detailed above, in a number of respects with the operation and administration of these plans. These include:

- the individual(s) participating in the plans;
- the timing of grant of award and/or payment;
- the size of an award and/or payment;
- the determination of vesting;
- dealing with a change of control (e.g. the timing of testing performance targets) or restructuring;
- determination of a 'good/bad leaver' for incentive plan purposes based on the rules of each plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends);
- the annual review of performance conditions for the annual bonus plan and LTIP; and
- the ability to adjust incentive outcomes, based on the result of testing the performance condition, if it considers the quantum to be inconsistent with the performance of the Company, business or individual.

The Committee also retains the ability to adjust the targets, and/or set different measures and alter weightings for the annual bonus plan and to adjust targets for the LTIP if events occur (e.g. material divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

## Peer group

In assessing Grainger's pay practices, including structure, quantum and performance metrics and remuneration policies, the Committee's primary reference points were the following FTSE 350 Real Estate companies: Assura plc, British Land Company plc, Big Yellow Group PLC, Capital & Regional plc, CLS Holdings plc, Derwent London plc, Great Portland Estates plc, Hammerson plc, Land Securities Group PLC, LondonMetric Property Plc, Safestore Holdings plc, SEGRO plc, Shaftesbury PLC, Sirius Real Estate Limited, The Unite Group plc and Workspace Group PLC.

## How the Executive Directors' Remuneration Policy relates to the wider Group

The Policy provides an overview of the structure that operates for the Executive Directors and senior executive population. However, it is highlighted that there are differences in quantum within this determined by the size and scope of individual positions.

The Committee is made aware of pay structures across the Group when setting the Policy for Executive Directors. The key difference is that, overall, the Policy for Executive Directors is more heavily weighted towards variable pay than for other employees.

Base salaries are operated under the same Policy as detailed in the Policy table with any comparator groups used as a reference point. The Committee considers the general basic salary increase for the broader Company (if any) when determining the annual salary review for the Executive Directors.

The LTIP is operated at the most senior tiers of executives, as this arrangement is reserved for those anticipated as having the greatest potential to influence Company-level performance.

However, the Committee believes in wider employee share ownership and promotes this through the operation of the HMRC tax approved all-employee share schemes which are open to all UK employees.

## How the views of employees are taken into account

The Committee takes due account of remuneration structures elsewhere in the Group when setting pay for the Executive Directors. For example, consideration is given to the overall salary increase budget and the incentive structures that operate across the Company.

The CEO regularly holds 'all-employee' conference calls to give our people an overview of Company strategy and provide our colleagues with the opportunity to ask any questions. In addition, the CEO and Board members regularly visit offices and meet with our people to gauge overall opinions. Carol Hui, the designated Non-Executive Director for workforce engagement, holds independent roundtable meetings to listen directly to employee views.

The CEO has regular meetings with our people including breakfast meetings with new employees. Annual employee engagement surveys and half year interim annual pulse surveys are carried out, the results of which are presented to the Board by the CPO. The issue of pay ratios, including Executive Director pay, was discussed at our colleague roundtable sessions.

In addition, the Board's Responsible Business Committee provides oversight of the delivery of the Company's ESG strategy and its ED&I plans and reports to the Board.

## How the views of Shareholders are taken into account

The Committee considers Shareholder feedback received in relation to the AGM each year and guidance from Shareholder representative bodies more generally. This feedback, plus any additional feedback received during any meetings held with Shareholders from time to time, is then considered as part of the Committee's ongoing review of the Policy (as was the case in relation to the most recent Policy renewal in 2023).

Major Shareholders and the main representative bodies were consulted on the proposed changes to the Remuneration Policy in advance of the 2023 AGM and its future implementation and it was clear that there were strong levels of support for the proposals. No changes were required to the original proposals and this was reflected in the voting outcome.

## Approach to recruitment remuneration

When setting the remuneration package for a new Executive Director, the Committee will apply the same principles and implement the Policy as set out in the Policy table.

Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. In certain cases, this may include setting a salary below the market rate but with an agreement on future increases up to the market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate. Pension provision, in percentage of salary terms, will be aligned to the general workforce level.

The maximum level of variable remuneration which may be granted (excluding buyout awards as referred to below) is an annual bonus of 140% of salary and LTIP award of 200% of salary (as per the limits in the Policy table).

In relation to external appointments, the Committee may offer compensation that it considers appropriate to take account of awards and benefits that will or may be forfeited on resignation from a previous position. Such compensation would reflect the performance requirements, timing and such other specific matters as the Committee considers relevant. This may take the form of cash and/or share awards. The Policy is that the maximum payment under any such arrangements (which may be in addition to the normal variable remuneration) should be no more than the Committee considers is required to provide reasonable compensation to the incoming Executive Director. If the Executive Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.



## Remuneration

### Directors' Remuneration report continued

In the case of an employee who is promoted to the position of Executive Director, the Policy set out above would apply from the date of promotion but there would be no retrospective application of the Policy in relation to existing incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to Shareholders in the following year's Annual Report on Remuneration.

Non-Executive Director appointments will be through letters of appointment. Non-Executive Directors' base fees, including those of the Chair, will be set at a competitive market level, reflecting experience, responsibility and time commitment. Additional fees are payable for the chairing of the Audit, Remuneration and Responsible Business Committees and for the additional responsibilities of the Senior Independent Director and the designated Non-Executive Director for Workforce Engagement.

### Directors' service contracts and provision on payment for loss of office

Executive Directors' service contracts are terminable by the Company on up to one year's notice and by the Director on at least six months' notice.

If an Executive Director's employment is to be terminated, the Committee's policy in respect of the contract of employment, in the absence of a breach of the service agreement by the Executive Director, is to agree a termination payment based on the value of base salary and contractual pension amounts and benefits that would have accrued to the Executive Director during the contractual notice period. The policy is that, as is considered appropriate at the time, the departing Executive Director may work, or be placed on garden leave, for all or part of their notice period, or receive a payment in lieu of notice in accordance with the service agreement. The Committee will also seek to apply the principle of mitigation where possible so as to reduce any termination payment to a leaving Executive Director, having had regard to the circumstances.

In addition, the Committee may also make payments in relation to any statutory entitlements, to settle any claim against the Company (e.g. in relation to breach of statutory employment rights or wrongful dismissal) or make a modest provision in respect of legal costs or outplacement fees.

The Company has an enhanced redundancy policy allowing redundancy amounts to be calculated by reference to actual basic weekly salary and the policy may be extended to Executive Directors where relevant.

With regard to annual bonus for a departing Executive Director, if employment ends by reason of redundancy, retirement with the agreement of the Company, ill health or disability or death, or any other reason as determined by the Committee (i.e. the individual is a 'good leaver'), the Executive Director may be considered for a bonus payment. If the termination is for any other reason, any entitlement to bonus would normally lapse. Under any circumstance, it is the Committee's policy to ensure that any bonus payment reflects the departing Executive Director's performance and behaviour towards the Company.

Any bonus payment will normally be delayed until the performance conditions have been determined for the relevant period and be subject to a pro rata reduction for the portion of the relevant bonus year that the individual was employed.

The treatment for share-based incentives granted to an Executive Director will be determined based on the relevant plan rules. The default treatment will be for outstanding awards to lapse on cessation of employment. In relation to awards granted under the Company's long-term incentive plans, in certain prescribed circumstances, such as death, injury or disability, redundancy, transfer or sale of the employing company, retirement with the Company's agreement or other circumstances at the discretion of the Committee (reflecting the circumstances that prevail at the time), 'good leaver' status may be applied.

If treated as a good leaver, awards will be eligible to vest subject to performance conditions, which will be measured over the original performance period (unless the Committee elected to test performance to the date of cessation of employment), and be subject to a pro rata reduction (unless the Committee considered it inappropriate to do so) to reflect the proportion of the vesting period actually served. Where awards vest within two years of cessation, the post-vesting holding period will continue to apply until the second anniversary of cessation. There will be no holding period for awards vesting more than two years after cessation.

Any LTIP awards which vest pre-cessation but which are still subject to the two-year holding period will need to be retained by the individual (either on a post-tax basis or as unexercised awards) post cessation, until the relevant two-year holding period has expired.

With regard to the deferral of annual bonus, deferred share bonus awards will normally lapse on cessation of employment other than where an Executive Director is a 'good leaver' (as detailed above) with awards then vesting on the normal vesting date.

It is the Company's policy to honour pre-existing award commitments in accordance with their terms.

Where the Executive Director participates in one or more of the Company's HMRC approved share plans, awards may vest or be exercisable on or following termination of employment in certain good leaver circumstances, where permissible, in accordance with the rules of the plan and relevant legislation.

### External appointments

Executive Directors are permitted to accept external non-executive appointments with the prior approval of the Board. It is normal practice for Executive Directors to retain fees provided for non-executive appointments.

### Non-Executive Directors' letters of appointment

The Chair and Non-Executive Directors have letters of appointment for an initial fixed term of three years subject to earlier termination by either party on written notice. In each case, this term can be extended by mutual agreement. Non-Executive Directors have no entitlement to contractual termination payments. The dates of the initial appointments of the Non-Executive Directors are set out in the Annual Report on Remuneration.

## Non-Executive Directors' Fees

The policy on Non-Executive Directors' fees is set out below:

Non-Executive Directors	
<b>Purpose and link to strategy</b>	To provide a competitive fee which will attract those high-calibre individuals who, through their experience, can further the interests of the Group through their stewardship and contribution to strategic development.
<b>Operation</b>	<p>The fees for Non-Executive Directors (including the Chair) are typically reviewed every second year or more frequently if required.</p> <p>Fee levels are set by reference to the expected time commitment and responsibility and are periodically benchmarked against relevant market comparators as appropriate, reflecting the size and nature of the role.</p> <p>The Chair and Non-Executive Directors are paid an annual fee which is paid at least monthly in cash and do not participate in any of the Company's incentive arrangements or receive any pension provision.</p> <p>The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing of the Company's Board Committees and for performing the Senior Independent Director role.</p> <p>All Non-Executive Directors are reimbursed for travel and related business expenses reasonably incurred in performing their duties.</p> <p>The Committee recommends the remuneration of the Chairman to the Board.</p> <p>The Chair's fee is determined by the Committee (during which the Chair has no part in discussions) and recommended by it to the Board. The Non-Executive Directors' fees are determined by the Chair and the Executive Directors.</p>
<b>Opportunity</b>	Fee levels will be eligible for increases during the period that the Remuneration Policy operates to ensure that they continue to appropriately recognise the time commitment of the role, increases to fee levels for Non-Executive Directors in general and fee levels in companies of a similar size and complexity.
<b>Framework to assess performance</b>	N/A

## Remuneration

### Annual Report on Remuneration

This Annual Report on Remuneration sets out details of how the Company's Policy for Directors was implemented during the financial year ended 30 September 2024. This report has been prepared in accordance with the provisions of the Companies Act 2006 and related Regulations. An advisory resolution to approve this report (and the Annual Statement) will be put to Shareholders at the AGM on 5 February 2025.

#### 1. Single total figure of remuneration for each Director

The remuneration of Directors showing the breakdown between components with comparative figures for 2023 is set out below. This table and the details set out in Notes 1 to 7 on pages 100 to 105 of this report have been audited by KPMG LLP.

	Salary and fees <sup>1</sup> £'000	Taxable benefits <sup>2</sup> £'000	Share incentive plan £'000	Annual bonus <sup>3</sup> £'000	LTIP awards <sup>4</sup> £'000	Pension benefits <sup>5</sup> £'000	Total £'000	Total Fixed Remuneration <sup>6</sup> £'000	Total Variable Remuneration <sup>7</sup> £'000
<b>2024</b>									
<b>Executive Directors</b>									
Helen Gordon	583	16	2	808	351	58	1,818	659	1,159
Rob Hudson	456	16	2	631	251	46	1,402	519	883
	1,039	32	4	1,439	602	104	3,220	1,178	2,042
<b>Non-Executive Directors<sup>8</sup></b>									
Mark Clare	193	–	–	–	–	–	193	193	–
Justin Read	75	–	–	–	–	–	75	75	–
Janette Bell	66	–	–	–	–	–	66	66	–
Carol Hui	66	–	–	–	–	–	66	66	–
Michael Brodtman	55	–	–	–	–	–	55	55	–
	455	–	–	–	–	–	455	455	–
<b>Totals</b>	<b>1,494</b>	<b>32</b>	<b>4</b>	<b>1,439</b>	<b>602</b>	<b>104</b>	<b>3,675</b>	<b>1,633</b>	<b>2,042</b>

- From 1 January 2024, the CEO's salary was increased by 6% (to £591,000) and the CFO's salary was increased by 5% (to £461,066).
- Taxable benefits comprised of a car allowance and private medical insurance.
- In line with the Policy, 25% of the bonus is deferred into shares for three years.
- See Note 5 on page 103 for information in respect of the LTIP awards that are due to vest in December 2024.
- The amounts shown under pension benefits represent a salary supplement paid to the Directors in lieu of Company pension contributions.
- Comprises the aggregate of total salary and fees, taxable benefits, share incentive plan awards and pension benefits.
- Comprises the aggregate of annual bonus and LTIP awards.
- The fees for Non-Executive Directors reflect payments in relation to any chairmanship roles (as applicable during the year under review or the preceding year and pro-rated where appropriate). See Note 12 on page 108 in relation to the fees as at 1 January 2024 and 1 January 2025.

	Salary and fees <sup>1</sup> £'000	Taxable benefits <sup>2</sup> £'000	Share incentive plan £'000	Annual bonus <sup>3</sup> £'000	LTIP awards <sup>4</sup> £'000	Pension benefits <sup>5</sup> £'000	Total £'000	Total Fixed Remuneration <sup>6</sup> £'000	Total Variable Remuneration <sup>7</sup> £'000
<b>2023</b>									
<b>Executive Directors</b>									
Helen Gordon	546	16	2	749	309	61	1,683	625	1,058
Rob Hudson	434	16	2	510	238	43	1,243	495	748
	980	32	4	1,259	547	104	2,926	1,120	1,806
<b>Non-Executive Directors<sup>8</sup></b>									
Mark Clare	183	–	–	–	–	–	183	183	–
Justin Read	72	–	–	–	–	–	72	72	–
Janette Bell	63	–	–	–	–	–	63	63	–
Rob Wilkinson	18	–	–	–	–	–	18	18	–
Carol Hui	63	–	–	–	–	–	63	63	–
Michael Brodtman	40	–	–	–	–	–	40	40	–
	439	–	–	–	–	–	439	439	–
<b>Totals</b>	<b>1,419</b>	<b>32</b>	<b>4</b>	<b>1,259</b>	<b>547</b>	<b>104</b>	<b>3,365</b>	<b>1,559</b>	<b>1,806</b>

- The CEO's salary increased by 9% and the CFO's salary by 5% from 1 January 2023. At 1 January 2023, Helen Gordon's base salary was £557,500 and Rob Hudson's base salary was £439,110.
- Taxable benefits comprised of a car allowance and private medical insurance.
- In line with the Policy, 25% of the bonus is deferred into shares for three years.
- The vesting values of the LTIP awards in last year's report were estimated as the TSR performance period had not ended and the share price on the vesting date was not known. While the actual vesting percentage was consistent with the estimate disclosed in last year's report, these values have been updated to reflect the share prices on the date of vesting being 261.6p for the CEO's LTIP awards and 270.8p for the CFO's recruitment award and include the value of dividend equivalents. Further details are provided in Note 3.
- The amounts shown under pension benefits represent a salary supplement paid to the Directors in lieu of Company pension contributions.
- Comprises the aggregate of total salary and fees, taxable benefits, share incentive plan awards and pension benefits.
- Comprises the aggregate of annual bonus and LTIP awards.
- The fees for Non-Executive Directors reflect payments in relation to any chairmanship roles (as applicable during the year under review or the preceding year and pro-rated where appropriate).



## 2. Annual bonus awards – performance assessment for 2024

In determining the bonus outcomes for 2024, the Committee took into account the Company's financial performance and achievements against key strategic and operational objectives established at the beginning of the year. 70% of the bonus was based on adjusted earnings and PRS NRI performance (with equal weightings) with the remainder based on achievement against strategic objectives. The targets applying to each financial measure and performance against the targets for 2024 are set out in the table below.

### Financial performance (70% of the 2024 annual bonus opportunity)

Measure	Weighting	Threshold (0% out-turn)	Target (60% out-turn)	Maximum (100% out-turn)	2024 performance	Out-turn (% of max element)
						Bonus
Adjusted earnings	35%	£68.2m	£75.8m	£83.4m	<b>£91.6m</b>	<b>100%</b>
PRS NRI	35%	£85.5m	£90m	£94.5m	<b>£97.7m</b>	<b>100%</b>

The 2024 annual bonus comprised a combination of PRS net rental income (35%), adjusted earnings (35%), and strategic targets (30%). These measures, consistent with those used in prior years, ensured there remained a continued focus on improving profit and rental income growth whilst focusing on key non-financial deliverables (including ESG) which underpin our strategy.

The key components of adjusted earnings are sales from our regulated portfolio and growth in net rental income. As our regulated tenancy portfolio reduces over time (and given the exceptional level of sales in the previous year) the expected contribution from sales in 2024 was forecast to be lower, partly offset by higher net rental income.

Stretching targets were set against this backdrop in the context of a period of continued macro uncertainty, higher inflation and interest rates. The leadership team put in place an outperformance plan which delivered a 14% growth in net rental income (£110.1m) and adjusted earnings of £91.6m, down on last year by 6% reflecting lower expected sales profits. Both outcomes are above the maximum targets set by the Committee.

The outperformance plan was achieved through the in-house teams' focus on speed of lease up, efficiency of void management, cost savings and increased sales volume into a more challenging market. The resulting outperformance was despite the headwinds of scheme delays by third-party developers, cost inflation and higher interest rates impacting on sales, and is considered to be an outstanding performance.

The Committee considered whether the financial bonus outcome was a fair representation of Company and management performance during the year and concluded that no adjustment was required. In doing so, the Committee was mindful of the level of customers' affordability, noting that rental growth across the portfolio moved broadly in line with national wage inflation and occupancy was at strong levels of 97.4%. In addition, customer satisfaction as measured by NPS improved by 12%.

When combined with performance against the strategic targets, annual bonus was calculated at 99% of the maximum available.

### Non-financial performance (30% of the 2024 annual bonus opportunity)

In respect of the strategic targets set for the Executive Directors, the targets and Committee's assessment of performance against the targets was as follows.

Objective	Measure	Performance assessment
1. Customer Satisfaction (6%)	Maintain NPS score at +43 = 1%, increase to +47 = 2%	Achieved in full (2%) with NPS score increased to +48, c.12% increase
	Increase customer responses to feedback surveys at 1,650 = 1%, increase to 1,750 = 2%	Achieved in full (2%) with response at 5,878
	Complete 2024 Phase of the Customer Experience Programme	Achieved delivery of the key deliverables in full including the website launch (2%)
2. Business Resilience (6%)	Deliver 50bp improvement on stabilised gross to net	Achieved in full - with 50bp improvement delivered (3%)
	Deliver successful repairs and maintenance supply chain tender including reorganisation to drive efficiencies	Achieved in part - new supplier appointed, but the contract is still bedding in. Efficiencies in the customer service team delivered and customer satisfaction has improved (1%)
3. Funding and Investment (8%)	Prepare sales plan to deliver £150m to £250m (for between 0.5% and 8% pro-rata) of sales to achieve balance sheet resilience	Achieved in full – delivered £274m of sales (8%)

## Remuneration

### Annual Report on Remuneration continued

Objective	Measure	Performance assessment
4. Community, Environment, Governance and People (inc. Health and Safety) (10%)	Implement Fire Safety remediation work plan 2024 to achieve progress across all schemes measured as a % of completion versus the full plan	Achieved in full (2%)
	Retain and improve safety climate survey	Achieved in full. A further upgrade ahead of all industry and Real Estate (2%)
	D&I – Complete required actions in line with plan and resubmission of assessment for National Equality Standard by end of year	Achieved in full. Delivered and NES accreditation achieved (2%)
	Introduce Wellbeing Programme in all BTR sites and Grainger offices for customers and colleagues	Achieved in full (2%)
	Using Community Blue Print, each BTR scheme to engage with three stakeholder groups	Achieved in full (2%)

Pursuant to the above assessment the Committee determined that 29% of the maximum 30% of this part of the bonus would be payable and was appropriate in the circumstances.

When combined with performance against the strategic targets, annual bonus was calculated at 99% of the maximum available.

It is the Committee's approach to view the performance in the round at the end of the year. The Committee determined a total bonus of 99% of the maximum bonus opportunity is representative of outstanding performance during the year.

	Bonus opportunity	2024 bonus payable (out of 100% maximum)	Bonus earned – payable in cash	Bonus earned – deferred in shares for three years <sup>1</sup>
Helen Gordon	140% of salary	99%	£605,639	£201,880
Rob Hudson	140% of salary	99%	£473,572	£157,857

1. The deferred bonus share awards will be granted after the announcement of annual results.

### 3. LTIP awards performance assessment for 2024

#### LTIP awards vesting in December 2024

The LTIP award granted to Helen Gordon and Rob Hudson on 15 December 2021 are due to vest on 16 December 2024. These awards are based on a relative TSR condition, a TPR condition and a Secured PRS condition, each weighted equally and measured over a three-year period. Performance against the targets can be summarised as follows:

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Actual performance	Out-turn (% of max element)
Relative TSR <sup>1</sup>	33.3%	Median ranking	Upper quintile ranking	TSR of -16.7% places Grainger between median and upper quintile	34.2%
TPR (annual average growth) <sup>2</sup>	33.3%	5% p.a.	8% p.a.	3.4% p.a.	0%
Secured PRS <sup>3</sup>	33.3%	£650m	£750m	£817m	100.0%
<b>Total vesting</b>	<b>100%</b>				<b>44.7%</b>

1. Versus a bespoke group of real estate peers The TSR peer group comprises Assura, Big Yellow Group, CLS Holdings, Derwent London, Great Portland Estates, Hammerson, LondonMetric Property, Primary Health Properties, Safestore, SEGRO, Shaftesbury Capital, Sirius Real Estate, Tritax Big Box REIT, Tritax Eurobox, UNITE Group and Workspace Group.

2. The average TPR over three-year period was 3.4% (2022: 7.5%, 2023 0.4%, 2024 2.3%). This resulted in performance below the threshold target.

3. The Secured PRS Investment metric is effectively a measure of the value of the Company's pipeline of future development opportunities and provides a clear focus on driving growth in the long-term. The metric and targets were agreed at the time of grant on a cumulative threshold target of £650m and a maximum target of £750m for the three-year period ended 30 September 2024. The actual value of investment secured during the period was £817m and was made up of:

- £252m in FY22 (Exmouth Junction, Exeter; Redcliff Quarter, Bristol; and West Way Square, Oxford)
- £427m in FY23 (Merrick Place, Southall; Southall (TfL, 51% share); Montford Place (TfL, 51% share); Arnos Grove (TfL, 51% share); and Nine Elms (TfL, 51% share)
- £138m in FY24 (Guildford Station; Hale Wharf 2, London; The Astley, Manchester)

The Committee evaluated the quality of investments in determining the PRS Investment vesting outcome. Firstly, the Committee considered the extent to which there was any material unapproved variation from the basis upon which any individual scheme was initially approved. Secondly, a post-investment review for stabilised assets was undertaken with regular monitoring of schemes to ensure that investments remained of sufficient quality in light of market conditions.

The vesting of the LTIP awards granted on 16 December 2021 is 44.7% of the total award. The estimated vesting value of these awards shown in the single figure table are as follows:

Executive Director	Shares granted	Number of shares expected to lapse	Number of shares expected to vest	Estimated value of shares vesting <sup>1</sup> £'000	Face value of shares expected to vest <sup>2</sup> £'000	Impact of share price at vesting <sup>3</sup> £'000
Helen Gordon	325,665	180,028	145,637	351	445	93
Rob Hudson	233,045	128,827	104,218	251	318	67

1. Based on the average three-month share price to 30 September 2024 of 241p.

2. Based on the prevailing share price at the relevant grant date.

3. The difference between the value of the shares under awards vesting and the value of the shares at grant.

Vested awards are subject to a two-year post vesting holding period.

## LTIP and recruitment awards vested in December 2023 and February 2024

The awards made to Helen Gordon in December 2020 vested on 10 December 2023 and were based 50% on relative TSR (estimated), 25% on TPR and 25% on Secured PRS Investment. A tranche of Rob Hudson's recruitment award was based on the same measures and targets and vested on 1 February 2024.

Consistent with the estimate disclosed in last year's report, Grainger's TSR ranked below median which resulted in 0% of this part of the award vesting. TPR performance resulted in 27% of this part of the award vesting and the Secured PRS Investment measure was achieved in full. In aggregate, 31.7% of the December 2020 LTIP award vested in line with the estimate set out in last year's report. The value of these awards shown in the revised 2022 single figure table included in this Annual Report and Accounts is based on the share price at the date of relevant vesting dates (10 December 2023 (261.6p) and 1 February 2024 (270.8p)) and also includes the value of dividend equivalents on vested awards.

## 4. Share awards granted during the year

The following LTIP and DBSP awards were granted to the CEO and CFO in the year ended 30 September 2024:

	LTIP share awards (11 December 2023)		DBSP share awards (11 December 2023)	
	Number	Face value £'000	Number	Face value £'000
Helen Gordon	423,954	1,115	70,844	187
Rob Hudson	292,183	768	48,257	128

The face value of LTIP share awards for Helen Gordon (200% of salary) and Rob Hudson (175% of salary) is based on a price of 263p, being the average share price for the five business days immediately preceding the award being made on 12 December 2023. The awards will vest three years after grant and a two-year holding period will apply.

The awards will be eligible to vest three years after grant, dependent upon continued employment and satisfying performance criteria. As explained in last year's report, four measures apply, a relative TSR condition measured against a group of real estate companies (30% of awards), a Total Property Income Return condition (30% of awards), a Secured PRS Investment condition (30% of awards) and an ESG condition (10% of awards).

The relative TSR performance condition requires Grainger's three-year relative TSR performance versus the comparator group to be at least at median for 25% of this part of the award to vest, with vesting then increasing on a straight-line basis to 100% for upper quartile performance.

As explained in last year's report, Total Property Income Return continued to be used in place of TPR due to the uncertainty affecting capital values at the time the awards were granted. The targets are based on annual average like-for-like rental growth over the three-year performance period. For this part of the award, threshold (25% vesting) has been set at 3.5% annual average growth, and the maximum target at 5.0% annual average growth.

The targets for the Secured PRS Investment condition were agreed during a period of significant uncertainty which was expected to impact the potential for raising equity to finance new acquisitions and increase the cost of raising debt to grow Secured PRS Investment. The targets were set assuming funding solely from our ongoing asset recycling programme, operational cash flow generation and with LTV in mind. The targets were also set on the proviso that should the equity markets reopen, and we generate proceeds from debt or equity in the period, the related investments will either be excluded from the assessment of performance against the original targets, or the target range would be increased to reflect the funding to ensure the targets remain at least as stretching as the original ones.

The ESG targets were based on: (i) Operational carbon (5% weighting) whereby 25% of this part of the award will vest for a 6% reduction in operational carbon per m<sup>2</sup> for the PRS portfolio by 2026 (includes building-related emissions for Scopes 1, 2 and 3) increasing pro-rata to 100% vesting for a 12% reduction; and (ii) Embodied carbon (5% weighting) whereby 25% of this part of the award will vest for a 6% reduction in embodied carbon for direct development projects in design by 2026 increasing pro-rata to 100% vesting for a 12% reduction.

In relation to the Secured PRS Investment measure attached to the 11 December 2022 LTIP awards, two years of the three-year performance period have completed and performance is on track for vesting at the upper end of the target range.

The deferred bonus share plan ('DBSP') awards relate to a 25% deferral of the FY2023 annual bonus into Company shares and is based on a price of 264.33p, being the average share price for the three business days immediately preceding the award being made on 11 December 2023. The awards will be eligible to vest after three years subject to continued employment.

## 5. Payments for loss of office and to past Directors

No payments for loss of office or payments to past Directors were made in the year ended 30 September 2024.



## Remuneration

## Annual Report on Remuneration continued

## 6. Directors' shareholdings and share interests

## Past share awards

		Awards granted	Maximum award Number	Awards vested Number	Awards lapsed Number	Maximum outstanding awards at 30 Sep 2023 Number	Market price at date of vesting (p)	Vesting date
Helen Gordon	LTIP shares <sup>2</sup>	10-Dec-20	350,496	111,266	239,230	–	261.6	9-Dec-23
	LTIP shares	16-Dec-21	325,665	–	–	325,665	–	15-Dec-24
	LTIP shares	12-Dec-22	417,297	–	–	417,297	–	11-Dec-25
	LTIP shares <sup>1</sup>	12-Dec-23	423,954	–	–	423,954	–	11-Dec-26
	DBSP	10-Dec-19	16,429	16,429	–	–	247.0	9-Dec-22
	DBSP	10-Dec-20	43,397	43,397	–	–	261.6	9-Dec-23
	DBSP	16-Dec-21	38,238	–	–	38,238	–	15-Dec-24
	DBSP	12-Dec-22	71,609	–	–	71,609	–	11-Dec-25
	DBSP	11-Dec-23	70,844	–	–	70,844	–	10-Dec-26
Rob Hudson	LTIP shares <sup>2,3</sup>	11-Oct-21	271,987	86,343	185,644	–	260.8	01-Feb-24
	LTIP shares	16-Dec-21	233,045	–	–	233,045	–	15-Dec-24
	LTIP shares	12-Dec-22	298,616	–	–	298,616	–	11-Dec-25
	LTIP shares <sup>1</sup>	12-Dec-23	292,183	–	–	292,183	–	10-Dec-26
	DBSP	16-Dec-21	2,233	–	–	2,233	–	15-Dec-24
	DBSP	12-Dec-22	50,197	–	–	50,197	–	11-Dec-25
	DBSP	11-Dec-23	48,257	–	–	48,257	–	10-Dec-26

1. Details of the December 2023 LTIP awards are set out in Note 4 (Share awards granted during the year) above.

2. LTIP and DBSP share options vested but are unexercised at the date of this report. These will remain capable of exercise in accordance with the scheme rules.

3. Recruitment awards granted in respect of awards forfeited by Rob Hudson on leaving his previous employer. Full details of the grants are set out in the September 2021 Directors' Remuneration report.

## All-employee share options under SAYE

		Granted in year		Lapsed during year		Exercised during year							
		Share options at 1 Oct 2023	Number	Grant price (p)	Number	Number	Exercise price (p)	Market price on exercise (p)	Gains on exercise of share options (£)	Share options at 30 Sep 2024	Exercise price (p)	Earliest exercise date	Latest exercise date
Helen Gordon	SAYE	8,866	–	203.0	–	–	–	–	–	8,866	203.0	01-Sep-26	01-Mar-27
Rob Hudson	SAYE	14,778	–	203.0	–	–	–	–	–	14,778	203.0	01-Sep-28	01-Mar-29

The closing trade share price on 30 September 2024 was 245.5p. The highest trade share price during the year was 274.8p and the lowest was 220.2p.

## All-employee share awards under the SIP

		Ordinary shares of 5p each	
		30 Sept 2023 shares	30 Sept 2024 <sup>1</sup> shares
<b>Executive Directors</b>			
Helen Gordon		10,342	11,786
Rob Hudson		1,478	2,922

1. Since 30 September 2024, Helen Gordon and Rob Hudson acquired shares in the Company through the Grainger Employee Share Incentive Scheme (272 ordinary 5p shares each).

## Shareholding at 30 September 2024

Directors' share interests and shareholding requirements are set out below. In order that their interests are aligned with those of Shareholders, Executive Directors are expected to build up and maintain a personal shareholding equal to 200% of basic salary in the Company. The table below sets out the Directors' interests in shares.

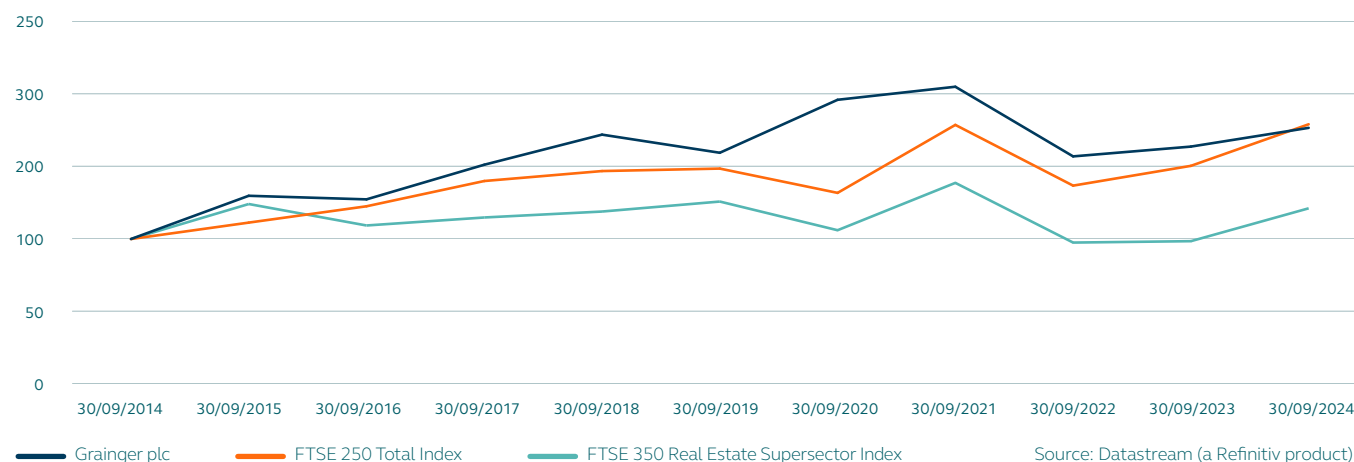
	Owned shares at 30 Sep 2024 <sup>1</sup>	Vested but unexercised share awards	Unvested share awards	Total interests held at 30 Sep 2024 <sup>2</sup>	Total interests held at 30 Sep 2023	Shareholding as % of basic salary <sup>3</sup>
<b>Executive Directors</b>						
Helen Gordon	606,544	445,323	1,347,607	2,399,474	2,150,000	350.1
Rob Hudson	115,822	333,020	925,531	1,374,373	1,232,000	155.7
<b>Non-Executive Directors</b>						
Mark Clare	161,333	–	–	161,333	161,333	N/A
Justin Read	20,534	–	–	20,534	20,534	N/A
Janette Bell	1,636	–	–	1,636	1,636	N/A
Carol Hui	5,000	–	–	5,000	5,000	N/A
Michael Brodtman	20,164	–	–	20,164	20,164	N/A

1. Owned shares include shares as shown on the Company's Register, beneficially owned shares including shares held in a nominee account and shares held in the SIP trust.
2. The total interests include beneficially owned shares, shares held in the SIP trust, include Owned shares, vested but unexercised shares and unvested share awards.
3. The value of shares held (calculated as at 30 September 2024 when the share price was 245.5p) includes Owned shares, vested but unexercised share awards (on a post-tax basis) and those purchased under the SIP. If unvested DBSP awards (which vest subject to continued employment only) and the December 2021 LTIP due to vest in December 2024 for which performance has already been tested) were to be included, the value of shares held (on a post-tax basis) would rise to 422% of basic salary in the case of Helen Gordon and 213.5% in the case of Rob Hudson. The shareholding as % of basic salary is calculated using the total interests as at the year-end date and does not include SAYE related options which have not been exercised.

## 7. Performance graph

### Total Shareholder Return

This graph shows the percentage change by 30 September 2024 of £100 invested in Grainger plc on 30 September 2014 compared with the value of £100 invested separately in both the FTSE 250 Index and the FTSE 350 Real Estate Supersector Index. These indices have been chosen as Grainger is a constituent in each.



## 8. Chief Executive single figure

		Chief Executive single figure of total remuneration £'000	Annual variable element award rates against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
2024	Helen Gordon <sup>1</sup>	1,818	99	45
2023	Helen Gordon <sup>2</sup>	1,683	98	32
2022	Helen Gordon	2,022	98	83
2021	Helen Gordon	1,631	67	48
2020	Helen Gordon	1,688	70	67
2019	Helen Gordon	1,185	27	36
2018	Helen Gordon	1,174	72	8
2017	Helen Gordon	985	61	N/A
2016 <sup>3</sup>	Helen Gordon (from 4 January 2016)	882	73	N/A
2016	Andrew Cunningham (to 4 January 2016)	376	–	–
2015	Andrew Cunningham	2,185	–	98

1. The total remuneration and long-term incentive vesting figures for 2024 are estimated.
2. The total remuneration for 2023 was restated following the update to the 2023 single figure table.
3. Helen Gordon's single figure of total remuneration includes a period when she was Chief Executive designate, during which Andrew Cunningham was Chief Executive. Accordingly, there is an element of double counting in her single figure of total remuneration for 2016.

## Remuneration

## Annual Report on Remuneration continued

## 9. Percentage change in remuneration of Directors and employees

The annual percentage change in remuneration over the last five years, excluding LTIP and pension contributions, for the Chief Executive, Chief Financial Officer, Non-Executive Directors and for the average of all other employees in the Group was as follows:

	Executive Directors			Non-Executive Directors						Employee	
	Helen Gordon	Vanessa Simms <sup>1</sup>	Rob Hudson <sup>2</sup>	Mark Clare	Andrew Carr-Locke <sup>3</sup>	Justin Read <sup>3</sup>	Janette Bell <sup>3</sup>	Rob Wilkinson <sup>4</sup>	Carol Hui <sup>5</sup>	Michael Brodtman <sup>6</sup>	
<b>Percentage change 2019-2020</b>											
<b>Base salary</b>	2.5%	2.5%	–	2.5%	2.5%	2.5%	2.5%	2.5%	N/A	N/A	2.8%
<b>Taxable benefits</b>	0.1%	0.1%	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.8%
<b>Annual bonus</b>	162.3%	(100.0)%	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13.7%
<b>Percentage change 2020-21</b>											
<b>Base salary</b>	1.5%	1.5%	–	1.5%	1.5%	1.5%	1.5%	1.5%	N/A	N/A	2.0%
<b>Taxable benefits</b>	(0.2)%	(43.1)%	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(0.7)%
<b>Annual bonus</b>	(3.6)%	–	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	33.3%
<b>Percentage change 2021-2022</b>											
<b>Base salary</b>	2.0%	–	2.0%	2.0%	–	16.4%	10.8%	2.0%	N/A	N/A	2.5%
<b>Taxable benefits</b>	(0.2)%	–	(0.4)%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(0.8)%
<b>Annual bonus</b>	50.2%	–	50.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.6%
<b>Percentage change 2022-2023</b>											
<b>Base salary</b>	9.0%	–	5.0%	6.0%	N/A	6.0%	6.0%	6.0%	6.0%	N/A	5.3%
<b>Taxable benefits</b>	(0.4)%	–	(0.9)%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(1.7)%
<b>Annual bonus</b>	6.8%	–	3.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.6%
<b>Percentage change 2023-2024</b>											
<b>Base salary</b>	6%	–	5.0%	5.0%	N/A	5.0%	5.0%	N/A	5.0%	5.0%	5.2%
<b>Taxable benefits</b>	0.53%	–	5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(9.8)%
<b>Annual bonus</b>	7.9%	–	23.9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.1%

1. No bonus was payable to Vanessa Simms due to her resignation in October 2020.

2. Rob Hudson joined Grainger on 31 August 2021. The growth rates for base salary, taxable benefits and annual bonus have been annualised to reflect changes on a like-for-like basis.

3. Andrew Carr-Locke stepped down from the Board in February 2022. Justin Read was appointed Senior Independent Director and Chair of the Audit Committee, and Janette Bell has taken over as Chair of the Remuneration Committee.

4. Rob Wilkinson stepped down from the Board in February 2023.

5. Carol Hui was appointed to the Board on 1 October 2021 and Chair of the Responsible Business Committee.

6. Michael Brodtman joined the Board on 1 January 2023.

## 10. Chief Executive pay ratio

The table below compares the 2024 single total figure of remuneration for the CEO as shown in Note 1 on page 100 with the Group's employees paid at the 25th, 50th and 75th percentiles:

Financial year	Method	25th percentile	50th percentile (median)	75th percentile
2024	A	<b>56:1</b> <b>Total pay and benefits £32,299</b> <b>Salary £25,542</b>	<b>37:1</b> <b>Total pay and benefits £48,831</b> <b>Salary £39,425</b>	<b>22:1</b> <b>Total pay and benefits £83,331</b> <b>Salary £66,779</b>
2023	A	51:1 Total pay and benefits £31,830 Salary £26,882	33:1 Total pay and benefits £49,900 Salary £44,447	19:1 Total pay and benefits £85,792 Salary £63,495
2022	A	60:1 Total pay and benefits £31,831 Salary £25,241	40:1 Total pay and benefits £47,521 Salary £38,500	23:1 Total pay and benefits £81,690 Salary £72,116
2021	A	48:1 Total pay and benefits £32,711 Salary £25,000	33:1 Total pay and benefits £48,540 Salary £42,923	20:1 Total pay and benefits £80,586 Salary £64,720
2020	A	58:1 Total pay and benefits £29,968 Salary £27,708	39:1 Total pay and benefits £44,748 Salary £37,898	23:1 Total pay and benefits £76,196 Salary £63,338

Our calculations were made on 15 November 2024 using Option A as the most statistically accurate method.



In undertaking our calculations, no adjustments were made to the figures other than determining the FTE remuneration for all employees within the Group over the financial year. No non-salary employee remuneration components have been omitted. Joiners, leavers, employees on a period of statutory leave (such as maternity, paternity and shared parental leave) and long-term absences during the financial year were excluded.

Total FTE remuneration was calculated on the same basis as the CEO single figure table and includes annual base salary, taxable benefits (private medical insurance, car allowance), matching shares under our Share Incentive Plan, annual bonus for performance delivered in the financial year and paid in December 2024, employer pension contributions, and taxable share plans.

The Committee considers that the median CEO pay ratio is consistent with the pay, reward and progression policies available to our employees. We operate an in-house service model, directly employing colleagues for onsite roles in our growing portfolio of developments and our employee population at this level will continue to increase as we resource appropriately. It is therefore difficult to compare our ratios with those in the property industry who do not operate under a similar model.

## 11. Relative importance of spend on pay

The difference in actual expenditure between 2023 and 2024 on remuneration for all employees, in comparison to profit before tax and distributions to Shareholders by way of dividend, is set out in the charts below. Profit before tax is considered to be an appropriate financial metric as it is not impacted by changes in tax rates which are outside of the direct control of the Company.

### Profit before tax

£40.6m

+48%  
(2023: £27.4m)

### Dividend

£55.8m

+14%  
(2023: £49.1m)

### Total employee pay

£32.1m

+8%  
(2023: £29.6m)

## 12. Statement of implementation of Remuneration Policy for 2025

### Base salary

Executive Director base salaries will be increased by 3.5% effective 1 January 2025, aligned with the increase for the general workforce.

### Pension

A workforce aligned 10% of salary pension contribution will continue to be payable to the CEO and CFO.

### Annual bonus

Annual bonus potential will continue to be capped at 140% of salary. The table below sets out the performance measures and their respective weightings for 2025:

Metric	Weighting	Rationale and description
PRS NRI	35%	Rental income from PRS after property operating expenses incentivises management to focus on growing income and reducing cost.
Adjusted earnings	35%	Incentivises operational success in achieving rental growth, income from sales and reduction in operational and finance costs relative to a challenging budget. The targets for FY25 are challenging and take into account our reducing size of our regulated tenancy portfolio and the impact of scheme deliveries.
Strategic and Operational objectives	23%	Specific objectives relating to Customer Satisfaction, Business Resilience and Funding and Investment will apply. Due to matters of commercial sensitivity it would not be in the interests of the Company to disclose the precise operational targets for the annual bonus at the date of production of this report. Details of the objectives and the performance achieved will be disclosed retrospectively in the 2025 Annual Report.
ESG	7%	Incentivises delivery of Grainger's corporate strategy and commitments in respect of Community, Environment, Governance and People (including Health and Safety).

In line with our Policy, 25% of any bonus earned will be delivered as a deferred bonus share award which will vest after three years.

## Remuneration

### Annual Report on Remuneration continued

#### LTIP

It is intended that the LTIP awards to be made to the Executive Directors in the year ending 30 September 2025 will be at the levels detailed below and subject to a two-year holding period:

- Chief Executive: 200% of salary
- Chief Financial Officer: 175% of salary

The 2025 LTIP maintained the TSR performance criteria, slightly adjusting the TPIR income range reflecting a moderating, but above long-term average, expectation for rental growth as wage inflation in the UK moderates and being mindful of preserving customer affordability. Given the focus on delivering operational platform effectiveness as the business scales, the secured investment criteria has been replaced with an EBITDA margin improvement target representing a significant uplift from current levels of 54%.

The performance measures to apply for the next LTIP grant are expected to be as follows:

Metric	Weighting	Targets		
Relative TSR (versus a bespoke group of real estate peers)	30%	Performance level	Ranking	Vesting (of this part of an award)
		Below threshold	Below median	0%
		Threshold	Median	25%
		Maximum	Upper quartile	100%
Total Property Income Return <sup>1</sup>	30%	TPIR is based on a sliding scale of annual average like-for-like rental growth over the three-year performance period.		
		Performance level	TPIR	Vesting (of this part of an award)
		Below threshold	Below 2.5%	0%
		Threshold	2.5%	25%
EBITDA Margin <sup>2</sup>	30%	Maximum	4.5%	100%
		Based on the EBITDA Margin delivered in FY27.		
		Performance level	EBITDA Margin	Vesting (of this part of an award)
		Below threshold	Below 56%	0%
ESG - Carbon <sup>3</sup>	10%	Threshold	56%	25%
		Maximum	58%	100%
		Operational carbon (5% weighting) - achieve a 8% (threshold) to 14% (max) reduction in operational carbon per m <sup>2</sup> for the PRS portfolio by 2027 (includes building-related emissions for Scopes 1, 2 and 3) as compared with the 2023 baseline.		
		Embodied carbon (5% weighting) - achieve a 8% (threshold) to 14% (max) reduction in embodied carbon for direct development projects in design by 2027.		

1. Given the uncertainty affecting capital values in the short term and the difficulty in setting a robust three-year TPIR target range, the Committee has agreed to continue with a three-year TPIR measure.

2. EBITDA Margin is defined as earnings before interest, depreciation, amortisation and tax, excluding liquidated and ascertained damages, divided by Revenue

3. The Operational and Embodied carbon targets include a number of assumptions, including in respect of Government policy and progress in decarbonisation of the grid. To the extent that the underlying assumptions change materially, the Committee reserves the flexibility to revisit the performance metrics, weightings and targets to ensure that they remain appropriately challenging and relevant to Grainger's transition to Net Zero.

The Committee will retain the right to reduce overall pay outcomes if it considers the variable pay result does not reflect broader Company performance over the relevant performance periods.

#### Non-Executive Directors' fees

The Non-Executive Directors' ('NED') fee levels will be increased in line with the typical employee population increase by 3.5% with effect from 1 January 2025. Mark Clare joined Grainger in February 2017 and during his tenure the Company's scale and reach has broadened significantly, reflecting this, and his level of time commitment and experience, his fee will increase to £230,000 from 1 January 2025. Current fee levels and those which will apply from 1 January 2025 are as follows:

	1 January 2025	1 January 2024
Basic Non-Executive Director fee	£57,455	£55,512
Additional fee for chairing Board committee	£11,614	£11,221
Additional fee for Senior Independent Director duties	£9,779	£9,448
Chairman's fee	£230,000	£194,881

### 13. Directors' service agreements and letters of appointment

Executive Directors	Contract commencement date	Notice period
Helen Gordon	3 November 2015	12 months
Rob Hudson	31 August 2021	6 months
Non-Executive Directors	Date of initial appointment	
Mark Clare	13 February 2017	3 months
Justin Read	13 February 2017	3 months
Janette Bell	7 February 2019	3 months
Carol Hui	1 October 2021	3 months
Michael Brodtman	1 January 2023	3 months

### 14. Details of the Remuneration Committee, advisers to the Committee and their fees

The Remuneration Committee currently comprises the Company Chair and four independent Non-Executive Directors. Details of the Directors who were members of the Committee during the year are as follows:

Committee member	Member since	Meetings attended	Meetings eligible to attend
Janette Bell (Committee Chair)	May 2019	4	4
Justin Read	May 2017	4	4
Mark Clare	May 2017	4	4
Carol Hui	November 2021	4	4
Michael Brodtman	January 2023	4	4

The Company Secretary, the CPO and other members of the senior management team may be invited to attend Committee meetings as appropriate. No Directors are involved in deciding their own remuneration.

FIT Remuneration Consultants LLP were appointed by the Remuneration Committee to provide advice on executive remuneration matters. Total fees paid or payable (as applicable) to FIT for services to the Committee during the 2024 financial year were £48,000 (2023: £64,833). FIT also provides share plan implementation services and related technical support. FIT are signatories to the Remuneration Consultants' Group Code of Conduct and any advice provided is governed by that code. The Committee reviews the adviser relationship periodically and remains satisfied that the advice it receives from its advisers is independent and objective.

### 15. Statement of voting at general meeting

The votes received from Shareholders in respect of the Directors' remuneration report for the year ended 30 September 2023 (2024 AGM) and the current Policy (2023 AGM) are set out below.

	Directors' Remuneration report (2024)		Remuneration Policy (2023)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	575,308,382	96.81	599,740,550	95.06
Against	18,987,579	3.19	31,191,167	4.94
<b>Total votes cast (for and against)</b>	<b>594,295,961</b>	<b>100</b>	<b>630,931,717</b>	<b>100</b>
Votes withheld	24,062,221		3,667	

NB Votes withheld are not counted.

#### Janette Bell

Chair of the Remuneration Committee

20 November 2024



## Statement of Directors' responsibilities

### Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and Accounts 2024 including the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards (IFRS) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards (IFRS);
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. The auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

### Responsibility statement of the Directors in respect of the Annual Report and Accounts 2024 ('This Report')

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider This Report taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board.

### Directors' Report

In accordance with the UK Financial Conduct Authority's Listing Rules ('LR'), the information to be included in the Annual Report and Accounts, where applicable under LR 6.6, is set out in Note 14 to the financial statements on page 142 in relation to the dividend waiver arrangements.

### Information incorporated by reference

The Corporate Governance Statement on pages 66 to 114 forms part of this Directors' report and is incorporated into this Directors' report by reference.

### Directors' interests in significant contracts

No Directors were materially interested in any contract of significance.

### Financial risk management

Details are included in Note 27 to the financial statements.

### Directors' indemnities and insurance

The Company has in place contractual entitlements for the Directors of the Company and its subsidiaries to claim indemnification by the Company for certain liabilities they might incur in the course of their duties. We have established these arrangements, which constitute qualifying third-party indemnity provision and qualifying pension scheme indemnity provision, in compliance with the relevant provisions of the Companies Act 2006. They include provision for the Company to fund the costs incurred by Directors in defending certain claims against them in relation to their duties. The Company also maintains an appropriate level of Directors' and officers' liability insurance.

### Sustainability

Comprehensive disclosure on the Company's Environmental, Social and Governance performance is available on our website at [www.graingerplc.co.uk/responsibility](http://www.graingerplc.co.uk/responsibility).

## Streamlined Energy and Carbon Reporting Disclosure

Scope 1 and 2 Global GHG emissions data for period 1 October 2023 to 30 September 2024.

	2023 location- based	2024 location- based	Trend location- based	2023 market- based	2024 market- based	Trend market- based
Emissions (tonnes of CO <sub>2</sub> e) from						
Scope 1 (Fuel combustion in vehicles and buildings)	754	434	-43%	754	434	-43%
Scope 2 (Electricity)	1,157	1,323	14%	181	111	-39%
<b>Total footprint</b>	1,911	1,757	-8%	935	545	-42%
Outside of Scopes (Biogenic emissions)	1,245	1,688	36%	1,245	1,688	36%

### Company's chosen intensity measurement:

Emissions reported above per m <sup>2</sup> Gross Internal Area <sup>1</sup>	0.0026	0.0021	-17%	0.0013	0.0007	-48%
Emissions reported above per owned unit <sup>2</sup>	0.2043	0.1665	-19%	0.1000	0.0517	-48%
Emissions reported above per employee <sup>3</sup>	5.1371	4.7875	-7%	2.5152	1.4860	-41%

Scope 3 Global GHG emissions data for period 1 October 2023 to 30 September 2024.

	2023	2024	Trend
Emissions (tonnes of CO <sub>2</sub> e) from			
Purchased goods and services <sup>4</sup>	8,374	10,933	31%
Capital goods <sup>5</sup>	58,295	43,545	-25%
Fuel and energy-related activities <sup>6</sup>	689	670	-3%
Upstream transportation and distribution <sup>7</sup>	3.8	2.5	-33%
Waste generated in operations <sup>8</sup>	9.9	7.4	-25%
Business travel (air, rail, vehicles and hotels) <sup>9</sup>	155	153	-1%
Employee commuting <sup>10</sup>	460	458	0%
Upstream leased assets (office energy use) <sup>11</sup>	90	89	-1%
Use of sold products	262	307	17%
End-of-life treatment of sold products <sup>12</sup>	88	77	-13%
Downstream leased assets (customer energy use) <sup>13</sup>			
PRS	12,630	13,552	7%
Regulated tenancies	8,697	6,631	-24%
Commercial	905	1,129	25%
<b>Total</b>	<b>22,232</b>	<b>21,312</b>	<b>-4%</b>
Investments (Residential – mortgages 'CHARM') <sup>14</sup>	771	776	1%
<b>Total Scope 3 emissions<sup>15</sup></b>	<b>91,430</b>	<b>78,330</b>	<b>-14%</b>

1. Gross Internal Area for Grainger's residential portfolio.

2. Number of owned units during the financial year, including units owned in Joint Ventures that are within Grainger's operational control.

3. Total number of employees of Grainger plc on the last day of the financial year.

4. This has been calculated based on spend data using CEDA emissions factors and includes all operational expenditure.

5. This has been calculated based on spend data using CEDA emissions factors and includes all capital expenditure.

6. Includes WTT emissions from fuels and electricity transmission and distribution losses.

7. Includes emissions for courier services calculated from spend data.

8. Includes waste generated from two offices that Grainger leases from its landlords and estimated waste for other offices.

9. Includes business travel emissions from air, rail and vehicles. Optional hotel stay emissions are excluded and are 13.8 tonnes.

10. Employee commuting has been estimated from an employee survey. Optional working from home emissions are excluded and are 83 tonnes.

11. Includes landlord-obtained emissions from two offices that Grainger leases from its landlords.

12. Sold products emissions include in-use and end-of-life emissions for properties sold in the year that Grainger developed for sale which for 2024 comprises 26 units at The Boathouse, Clippers Quay, Young Street and shared ownership homes in the Grainger Trust portfolio.

13. Downstream leased assets – Includes estimated customer energy use for Grainger's portfolio of leased residential and commercial buildings, which has been calculated from a combination of actual meter readings, extrapolation of actual data and estimation from Energy Performance Certificates ('EPCs') and CIBSE benchmarks. 27% of data was calculated from actual meter readings.

14. Emissions from the 'CHARM' portfolio of residential mortgages calculated using the PCAF methodology for Grainger's equity share.

15. Emissions from categories 9 (Downstream transportation and distribution), 10 (Processing of sold products) and 14 (Franchises) are not relevant to Grainger.

Underlying global energy use data for period 1 October 2023 to 30 September 2024.

	2023	2024	Trend
Energy use (kWh)			
Electricity	5,562,999	6,379,932	15%
Natural gas	8,649,242	8,962,572	4%
District heating	25,539	10,826	-58%
Biomass	945,539	920,831	-3%
Transport fuel	176,647	133,022	-25%
<b>Total energy use</b>	<b>15,359,966</b>	<b>16,407,183</b>	<b>7%</b>

## Directors' report continued

### Summary

As a quoted company incorporated in the UK, Grainger complies with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Grainger reports all material GHG emissions using 'tonnes of CO<sub>2</sub> equivalent' ('tCO<sub>2</sub>e') as the unit of measurement and reports energy use in kWh. Our reporting period is 1 October to 30 September and we report energy use and emissions for the previous year to show trends.

We report on all energy use and GHG emissions for the operations within the boundaries of our financial statements. All energy use and emissions data relates to emissions in the UK and offshore area.

Between 2023 and 2024, energy consumption from our property portfolio has increased by 5%. Grainger's total location-based GHG emissions have decreased by 8% and market-based emissions have decreased by 42%.

We are reporting all relevant Scope 3 categories using methodologies in line with the GHG Protocol Corporate Value Chain (Scope 3) Standard.

### Trends

**Energy:** The overall increase in energy use can be largely attributed to an increase in electricity use compared to the previous year due to acquisitions which were not active during the previous reporting period and contributed to 76% of the consumption increase across the portfolio in 2024. On a like-for-like basis, only considering properties which were fully operational across the two years, consumption has remained largely consistent, with a 1% increase. Natural gas use has remained largely consistent, showing only a slight increase. Energy associated with the use of biomass, district heating and transport fuels have all decreased year-on-year.

**Emissions:** Our Scope 1 emissions have significantly decreased. Over the last three years we have progressively moved sites using natural gas onto a green gas tariff. In 2024, this coverage was extended to 90% of gas meters and so Scope 1 emissions have reduced. Location-based Scope 2 emissions have increased from the previous year due to the increase in electricity consumption. Market-based Scope 2 emissions have decreased. This is due to the continued increase in coverage of renewable electricity with 95% of our portfolio meters now covered by a renewable electricity tariff.

### Methodology

Grainger uses the GHG Protocol Corporate Standard (revised edition), Government Environmental Reporting Guidelines 2019 and ISO 14064: Part 1 standard for its reporting, using the operational control approach. We have used the UK Government Conversion Factors for Company Reporting 2024 for emissions calculations, including location-based Scope 2 reporting. For our market-based emissions we have used contractual instruments where there is data readily available and if unavailable, residual mix emissions factors from the Association of Issuing Bodies European Residual Mixes 2023 for market-based reporting for 2024. We used emissions factors from the same sources in 2023. We have reported on all energy use and emissions sources required under the regulations. We purchase 100% renewable electricity tariffs for 95% of our portfolio meters, which has resulted in lower Scope 2 emissions using the market-based approach compared to the location-based approach.

### Scope 1 data

This includes landlord-obtained gas and biomass heating consumed in common areas and by tenants on an unmetered basis, gas consumed in Grainger's offices, as well as fuel consumption in vehicles owned or leased by Grainger. Fugitive emissions are not included as they have been assessed to be immaterial.

### Scope 2 data

This includes landlord-obtained electricity and district heating consumed in common areas and by tenants on an unmetered basis as well as electricity consumed by Grainger in its offices.

### Scope 3 data

This includes all relevant Scope 3 categories.

Emissions from purchased goods and services, capital goods and upstream transportation and distribution are calculated from spend data using CEDA emissions factors. The 2024 footprint was calculated using CEDA factors for 2023, as the 2024 factors were released after the end of the reporting period and finalisation of this calculation.

Fuel and energy related activities includes well-to-tank emissions from fuels and electricity alongside emissions from the transmission and distribution of electricity.

Waste generated from operations and upstream leased assets emissions have been calculated from waste and energy data provided by landlords for Grainger's occupied offices. Where waste data was unavailable it has been estimated using available waste data and employee occupation figures.

Business travel emissions have been calculated from actual mileage records and spend data. Optional hotel stay emissions are calculated and are 13.8 tCO<sub>2</sub>e but are not included in the reported figures to align to the GHG Protocol. Employee commuting emissions have been estimated from an employee survey and workforce data, whilst optional emissions from employees working from home (83 tCO<sub>2</sub>e) are also calculated but excluded from the reported figures.

Sold products consists of units developed by Grainger for sale which include units at The Boathouse, Clippers Quay, Young Street and shared ownership units on the Grainger Trust portfolio. Use of sold products emissions have been estimated from actual energy used in Grainger's leased properties on the same estate or from EPCs where no actual data is available. End-of-life treatment of sold products emissions have been estimated using data from whole life carbon assessments undertaken on similar Grainger properties.

Downstream leased assets includes emissions from energy used by Grainger's customers in our buildings and uses a combination of actual energy data, extrapolation of actual data to fill gaps in data for the same asset, and proxy data for similar assets. Where no actual data or suitable proxy was available, emissions have been estimated using data from EPCs and CIBSE benchmarks.

Investment includes emissions from a portfolio of residential mortgages ('CHARM') calculated using the PCAF methodology, and are reported for Grainger's equity share.



## Energy use data

This includes purchased electricity, natural gas, biomass, district heating and transport fuels (petrol and diesel, which have been converted to kWh from mileage records using the Government conversion factors). Grainger has solar photovoltaic panels generating electricity on a number of properties, but the energy generated is exported to the grid or used to supply building communal areas and is unable to be reported.

## Restatements and estimation

We have recalculated emissions for 2023 as we have been able to obtain more accurate and complete data for Scope 1 and Scope 2 emissions from energy consumption in our property portfolios. Properties which were completed in 2023 for which no data was available for the prior year's reporting have been included and a small number of recently completed properties are excluded from 2024 reporting because data is not yet available. We will gather data in 2025 to include these properties in our future reporting.

Where Grainger-obtained utility consumption data is partially unavailable or unreliable for an asset, estimation has been undertaken by extrapolating, first using data from the current reporting period and if unavailable, data from the previous reporting period. For 2024 5% of energy from fuels for Scope 1 emissions and 1% of electricity for Scope 2 emissions has been estimated.

All Scope 3 emissions have been calculated using the same methodology in 2023 and 2024. Scope 3 emissions have been restated from previously reported figures where improved data collection resulted in more accurate input data.

## Intensity metrics

We have used three intensity metrics: emissions per residential gross internal area ( $\text{tCO}_2\text{e}/\text{m}^2$ ), emissions per the number of owned units ( $\text{tCO}_2\text{e}/\text{owned unit}$ ) and emissions per number of employees ( $\text{tCO}_2\text{e}/\text{employee}$ ) to align with our financial reporting.

The floor area of our portfolio has increased between 2023 and 2024 due to acquisitions. This, coupled with the decrease in combined Scope 1 and 2 market-based emissions, has caused a decrease in the emissions per  $\text{m}^2$  of 48%. Our investment in new energy efficient rental housing has increased the number of homes in the portfolio whilst the efficiency of the portfolio has improved, resulting in a reduction in emissions per owned unit of 48%. There has been a decrease in the number of employees but emissions reductions have resulted in a 41% decrease in emissions per employee.

## Energy efficiency measures

As part of our long-term asset management activities, we undertake comprehensive refurbishments to the common parts of our buildings and have a programme of rolling refurbishments for units. These refurbishments include a number of energy efficiency measures. For common parts a typical refurbishment includes a lighting upgrade with installation of lighting controls, and fabric upgrades where required. We have undertaken major refurbishments to nine assets over the last two years, which included lighting upgrades, window replacements and roof insulation. These improvement works largely impacted our Scope 3 emissions from Downstream leased assets over the reporting period.

Refurbishments undertaken to individual units include many energy efficiency improvements including window replacements, installation of more efficient heating systems and insulation. The resulting reductions in energy consumption are experienced by our customers in their directly-purchased energy usage, and are reflected in our Downstream leased assets emissions. During the year Grainger relocated two offices to more energy efficient spaces, delivering year-on-year reductions in energy consumption.

## Customers energy use and emissions

Grainger's customers purchase their own energy and data privacy laws make it challenging to obtain actual customer energy data which can be used to calculate actual emissions for downstream leased assets. Grainger has implemented our Customer Emissions Strategy to improve data quality and coverage of customer energy data. A green lease clause was rolled out across Grainger's PRS portfolio to enable customer energy data to be collected and used for reporting purposes. Meter readings have been taken when properties are void and during property inspections where customers have provided consent. The actual customer energy data that has been collected has been extrapolated to similar properties in the same estate or portfolio.

Where no data is available we have used estimated energy consumption data off Energy Performance Certificates or CIBSE benchmarks. These figures do not take into account actual residents usage patterns and the actual data gathered from Grainger's portfolio suggests our properties are operating more efficiently than predicted. The coverage of properties with actual data is increasing over time which will enhance the accuracy of our emissions reporting. Grainger has a customer engagement campaign 'Living a Greener Life' which aims to engage our customers on greener living and support them in reducing their environmental impacts. For more information see page 47.

## Supply chain emissions

Grainger reports supply chain emissions from purchased goods and services and capital goods. These emissions are currently calculated using spend data and CEDA emissions factors for specific spend categories, however we have commenced a long-term engagement programme with our key suppliers to measure and report supplier specific emissions data. For more information see page 47. In 2024 emissions from Purchased goods and services have increased in line with increased operational expenditure compared to 2023.

Capital goods include emissions from BTR development projects. Grainger has consistently delivered strong growth with 1,236 units added this year and development therefore represents a significant proportion of our emissions for this year. We are undertaking whole life carbon assessments for all future pipeline schemes which will enable us to more accurately measure emissions from developments completing in future years.

## Directors' report continued

### Third-party review

EcoAct has reviewed and analysed the data provided by Grainger and has carried out calculations in line with best practice (see Methodology section). A separate EcoAct team completed verification of the following emissions categories using the ISO 14064-3 standard:

GHG emissions	2024 GHG emissions (tCO <sub>2</sub> e)
Scope 1 emissions	434
Scope 2 emissions (location-based)	1,323
Scope 2 emissions (market-based)	111
<b>Total (location-based)</b>	<b>1,757</b>
<b>Total (market-based)</b>	<b>545</b>
Scope 3 emissions Category 1	10,933
Scope 3 emissions Category 2	43,545
Scope 3 emissions Category 6	153
Scope 3 emissions Category 13	21,312
<b>Total verified Scope 3 emissions</b>	<b>75,943</b>

The full verification statement is available on Grainger's website at [www.graingerplc.co.uk/responsibility](http://www.graingerplc.co.uk/responsibility).

A more detailed breakdown of our energy consumption and carbon footprint for our property portfolios and the methodology used is available in our EPRA Sustainability Performance Measures Report, also available on our website.

### Health and safety

Grainger has a well-developed health and safety management system for the internal and external control of health and safety risks, managed by the Health and Safety Team. This includes using online risk management systems for identifying, mitigating and reporting real-time health and safety management information. The Health and Safety Committee is responsible for overseeing health and safety management. It consists of colleagues from across the organisation. The Committee continues to monitor legal compliance in health and safety through audit and implementation of improvements, to enable the Group to become 'best in class'. Further oversight is also carried out by the Operations Board. In addition, a health and safety report is provided to each meeting of the Board of Directors, and the Health and Safety Director is invited to give a presentation to the Board at least once a year.

### Employment of disabled persons

The Company gives full and fair consideration to applications for employment made by disabled persons, including those with neurodiversity, having regard to their particular aptitudes and abilities. In the event of a colleague becoming disabled, every effort is made to ensure their employment within the Company continues, and that we arrange appropriate training where necessary. It is Company policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee engagement

The Group places considerable value on the engagement of its employees and has continued its practice of keeping them informed on and involved in business and strategic matters, for example through team meetings, presentations by senior management and regular all-staff conference calls hosted by the Executives. The Responsible Business Committee, chaired by Carol Hui, the designated Non-Executive Director for workforce engagement, has responsibility for the employee engagement and Voice of the Colleague in the boardroom issues. For more information on our people and the activities of the Responsible Business Committee, see pages 84 and 85.

### Independent auditor and disclosure of information to auditor

As far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken the steps they ought to have taken as Directors, to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

### Political donations

While we do not make any monetary contributions to political campaigns or organisations, or other tax exempt groups we may from time to time engage the services of lobbying organisations in relation to a specific issue. We may also join trade associations which may be involved in political or lobbying activities. We do not consider that these activities amount to engagement in, or contribution to, political activities. Therefore, in accordance with the Company's standard approach, we made no political donations in 2024 (2023: £nil).

### Takeover directive

On a change of control, the main bank facility (included in Note 26 to the financial statements) will become repayable should alternative terms for continuing the facilities not be agreed with the lenders within 45 days. In addition, the corporate bond (also referred to in Note 26) may become repayable following a change of control. There are no other material matters relating to a change of control of the Company following a takeover bid.

The Directors have confirmed approval of the Directors' report.

By order of the Board.

**Sapna FitzGerald**  
Company Secretary

20 November 2024

# Financial statements

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Independent auditor's report to the members of Grainger plc

1. Our opinion is unmodified

We have audited the financial statements of Grainger plc (“the Company”) for the year ended 30 September 2024 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity, and the related notes, including the accounting policies on pages 128 to 130 for the Group and pages 166 to 167 for the parent Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 30 September 2024 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Shareholders on 5 February 2015. The period of total uninterrupted engagement is for the ten financial years ended 30 September 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality:		
Group financial statements as a whole	£34.0m (2023: £34.0m) 0.9% (2023: 0.9%) of total assets	
Coverage	100% (2023: 100%) of Group total assets	
Key audit matters		vs 2023
Recurring risks	Valuation of properties	◀▶
	Recoverability of parent company’s investment in subsidiaries	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2023), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<b>Valuation of properties</b> Investment properties, including held for sale assets held at fair value: (£3,028.3m; 2023: £2,948.9m).  Market value of trading properties, as disclosed in note 2 to the group financial statements £620.1m; 2023: £734.3m).  Refer to page 87 (Audit Committee Report), pages 130-133 (critical accounting estimates and judgements) and pages 143 and 146 (accounting policies and financial disclosures).	<b>Subjective valuation:</b> The valuation approach adopted by the directors varies between portfolios: <b>Investment properties, including held for sale assets;</b> <ul style="list-style-type: none"> <li>For properties let into the private rental market, and affordable housing properties, the valuation is derived by applying a gross initial yield to the estimated rental value of the property. Yield is based on market evidence and is an inherently judgemental input. There is a risk that applying an inappropriate yield could lead to a material difference in the valuation. Where relevant, valuations are reduced to reflect the estimated costs of planned remedial works relating to fire safety. There is a risk that not all works are identified or that cost estimates are insufficient.</li> <li>For properties under construction which are to be let into the private rental market, a consistent valuation methodology to the one mentioned above, is adopted. Additional adjustments are then made for capital expenditure not yet incurred, and development and stabilisation risk. There is an additional risk that these adjustments could be inappropriate and result in a material difference in the valuation.</li> <li>For individual properties, the valuation is determined by estimating a vacant possession ("VP") value and applying a discount to reflect the fact that the property is tenanted. The VP value and the discount applied are estimated with reference to comparable evidence, which in some cases may be limited. This means the valuation is inherently subjective and susceptible to misstatement.</li> <li>For the Tricomm portfolio and shared ownership affordable housing, the valuation is based on a discounted cash flow model produced by an external valuer. There is a risk that the house price inflation ("HPI") and discount rate assumptions could be inappropriate which could lead to a material misstatement in valuation.</li> </ul>	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balances are such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures in respect of all property types identified included: <ul style="list-style-type: none"> <li><b>Methodologies:</b> with the assistance of our own property valuation specialists, we challenged the methodologies used for the specific portfolios with reference to market practice.</li> <li><b>Sensitivity analysis:</b> we have performed sensitivity analysis over the key assumptions and considered the outcomes with reference to benchmarks to identify the key assumptions affecting the valuation.</li> <li><b>Assessing valuers' credentials:</b> we assessed the objectivity, professional qualifications, independence and experience of the external valuers engaged by the Group, through research, discussion with them and by reading their valuation reports and terms of engagement letter for fee arrangements and other incentive terms.</li> <li><b>Attendance at Group valuation meetings:</b> we attended the Group's meetings with their external valuers and challenged the market evidence presented by the valuers with the help of our own property valuation specialists.</li> <li><b>Historical comparisons:</b> we compared the 2023 year end valuation with the sales price achieved for property sales in the current year.</li> </ul> Our additional procedures in respect of investment properties included: <ul style="list-style-type: none"> <li><b>Assessing transparency:</b> we assessed whether the Group's disclosure about the sensitivity of fair value changes in key assumptions reflected the uncertainties inherent in the property valuations.</li> </ul> Our additional procedures in respect of private rental sector properties and affordable housing properties included: <ul style="list-style-type: none"> <li><b>Yield rates:</b> with the assistance of our own property valuation specialists, we challenged the yield rates applied using our understanding of the nature of the assets and compared to available market data.</li> <li><b>Fire safety works:</b> we assessed the completeness of the list of properties requiring remedial works with reference to the Group's records supporting compliance with the Building Safety Act, including inspecting fire risk assessment reports. We inspected correspondence with third parties in respect of responsibility for the costs of remedial works and compared remediation cost adjustments to third party evidence, including tenders received.</li> </ul> Our additional procedures in respect of properties under construction which are to be let into the private rental market, included: <ul style="list-style-type: none"> <li><b>Test of details:</b> for a sample of properties, we agreed the adjustments made for capital expenditure not yet incurred to the latest third party supplier funding assessment.</li> <li><b>Our valuation expertise:</b> using our property valuation specialists, we critically assessed the adjustments made for development and stabilisation risk with reference to sector practice.</li> </ul> Our additional procedures in respect of individual properties included: <ul style="list-style-type: none"> <li><b>Comparing valuations:</b> we challenged the inputs used in valuations and compared valuations to recent comparable transactions.</li> </ul> Our additional procedures in respect of the Tricomm portfolio and the shared ownership affordable housing properties included: <ul style="list-style-type: none"> <li><b>Benchmarking assumptions:</b> we compared the HPI assumption included in the discounted cash flow model to market indices and discount rates to market information including gilts and benchmarked risk premiums.</li> </ul>
	<b>Trading properties;</b> <ul style="list-style-type: none"> <li>Residential trading properties is carried in the statement of financial position at the lower of cost and net realisable value. The Group financial statements do, however, disclose the market value of trading properties, because it is an important disclosure to the users of these financial statements. The market value is derived using the same valuation methods as set out above for the corresponding property types. This means the valuation is inherently subjective and susceptible to misstatement in disclosure.</li> </ul> The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties held at fair value and the disclosed market value of trading properties disclosed in note 2 to the group financial statements has a high degree of estimation uncertainty, with a potential range of outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements note 2 disclose the sensitivity estimated by the Group.	<b>Our Results</b> <ul style="list-style-type: none"> <li>We found the valuation of investment properties held at fair value and the disclosed market value of trading properties in note 2 to the group financial statements to be acceptable (2023: acceptable).</li> </ul>

Independent auditor's report to the members of Grainger plc continued

	The risk	Our response
<b>Recoverability of parent company's investment in subsidiaries</b> (£2,594.0m; 2023: (£2,335.9m)).  Refer to page 166 (accounting policy) and page 167 (financial disclosures).	<b>Low risk, high value</b>  The carrying amount of the parent Company's investment in subsidiaries represents 95% (2023: 96%) of the parent Company's total assets.  Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	We performed the tests below rather than seeking to rely on any of the parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.  Our procedures included: <ul style="list-style-type: none"><li>– <b>Test of details:</b> we compared the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheets to identify whether their adjusted net assets (adjusted to measure trading properties at fair value), being an approximation of their recoverable amount, were in excess of their carrying amount.</li><li>– <b>Assessing subsidiary audits:</b> We considered the results of our work on all of those subsidiaries' profits and net assets.</li></ul> <b>Our results</b>  We found the balance of the Company's investments in subsidiaries to be acceptable (2023: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £34.0m (2023: £34.0m), determined with reference to a benchmark of total assets (of which it represents 0.9% (2023: 0.9%)).

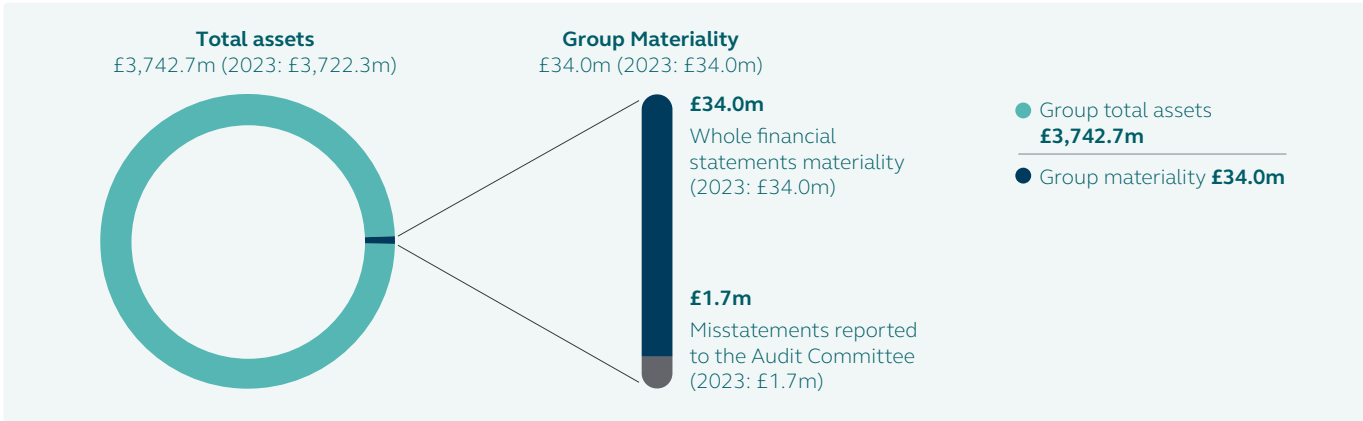
Materiality for the parent Company financial statements as a whole was set at £30.0m (2023: £30.0m) determined with reference to a benchmark of the parent Company's net assets of which it represented 1.6% (2023: 1.9%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £25.5m (2023: £25.5m) for the Group and £22.5m (2023: £22.5m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk. We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.7m (2023: £1.7m) in addition to other identified misstatements that warranted reporting on qualitative grounds.

In addition, we applied a materiality of £3.5m (2023: £3.5m) and performance materiality of £2.6m (2023 £2.6m) to specific income statement accounts, namely net rental income, profit on disposal of trading properties, profit on disposal of investment properties, fees and other income and finance costs (2023: net rental income, profit on disposal of trading properties, profit on disposal of investment properties, fees and other income and finance costs) for which we believe misstatement of a lesser amount than materiality for the financial statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Group. In relation to these balances, we agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.17m (2023: £0.17m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it were a single aggregated set of financial information. The Group team performed the Parent Company audit. The audit was performed using the materiality levels set out above.



The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.



#### 4. The impact of climate change on our audit

In planning our audit, we have considered the potential impacts of climate change on the Group's business and its financial statements. Climate change impacts the Group in a number of ways: through its own operations (including potential reputational risk associated with the Group's delivery of its climate related initiatives), through its portfolio of properties and the greater emphasis on climate related narrative and disclosure in the Annual Report. The Group's main potential exposure to climate change in the financial statements is primarily through the carrying value of its properties as the estimated valuation may need to be adjusted to the impact of climate transition risk related factors.

As part of our audit, we have made enquiries of directors and the Group's Corporate Sustainability team to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, in particular with respect to the valuation of properties. Given that these valuations are largely based on comparable market evidence we assessed that the impact of climate change was not a significant risk for our audit, nor does it constitute a key audit matter. We held discussions with our own climate change professionals to challenge our risk assessment.

We have also read the Group's disclosure of climate related information in the front half of the Annual Report as set out on pages 38 to 47, and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of these disclosures.

#### 5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern until at least 31 March 2026 ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group and parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group and parent Company's available financial resources over this period were:

- rising energy cost and cost of living crisis leading to reduced demand in the private rental sector;
- decline in the property market leading to reduced sales activity;
- declining valuation of property assets;
- significant cost inflation, increased interest rates;
- reduction in demand in the private rental sector, leading to reduced rent levels; and
- changes in the fiscal policy could impact the property market.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants thresholds indicated by the Group's financial forecasts.

We also assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the Group and parent Company financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to the Group and parent Company financial statements to be acceptable; and
- the same statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent Company will continue in operation.

## Independent auditor's report to the members of Grainger plc continued

### 6. Fraud and breaches of laws and regulations – ability to detect

#### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the audit committee, as to the Group’s high-level policies and procedures to prevent and detect fraud, including the Group’s channel for “whistle blowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes and attending Group audit committee meetings;
- Considering remuneration incentive schemes and performance targets for directors and management including the adjusted earnings and total property return; and
- Using analytical procedure to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that disposals of trading property are recorded in the wrong accounting period and the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as significant assumptions used in the valuation of investment properties, including estimated rental values and market based yields. On this audit we do not believe there is a fraud risk related to revenue recognition, other than to the sales made close to the year end as these could be recorded in the incorrect period, because of the relative simplicity of revenue streams. We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test using data analytical tools based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and those posted by senior finance management; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

#### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies’ legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, environmental and sustainability legislation, landlord and tenant legislation, fire safety legislation, property laws and building legislations and certain aspects of company legislation recognising the nature of the Group’s activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## 7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 64 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 68 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.



## Independent auditor's report to the members of Grainger plc continued

### 8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### 9. Respective responsibilities

#### Directors' responsibilities

As explained more fully in their statement set out on page 110, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

### 10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Craig Steven-Jennings (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
15 Canada Square, Canary Wharf  
London E14 5GL  
20 November

## Consolidated income statement

### For the year ended 30 September

	Notes	2024 £m	2023 £m
<b>Group revenue</b>	5	<b>290.1</b>	267.1
Net rental income	6	<b>110.1</b>	96.5
Profit on disposal of trading property	7	<b>49.4</b>	54.8
(Loss)/profit on disposal of investment property	8	<b>(5.8)</b>	3.3
(Expense)/income from financial interest in property assets	20	<b>(1.3)</b>	4.6
Fees and other income	9	<b>8.1</b>	5.0
Administrative expenses		<b>(35.3)</b>	(33.5)
Other expenses		<b>(6.0)</b>	(1.2)
Goodwill impairment		<b>–</b>	(0.1)
Impairment of inventories to net realisable value	22	<b>(0.1)</b>	(1.0)
<b>Operating profit</b>		<b>119.1</b>	128.4
Net valuation losses on investment property	16	<b>(32.5)</b>	(68.8)
Hedge ineffectiveness under IFRS 9		<b>(6.6)</b>	–
Finance costs	12	<b>(41.8)</b>	(34.0)
Finance income	12	<b>3.0</b>	2.2
Share of loss of associates after tax	18	<b>(0.4)</b>	(0.1)
Share of loss of joint ventures after tax	19	<b>(0.2)</b>	(0.3)
<b>Profit before tax</b>	11	<b>40.6</b>	27.4
Tax charge	13	<b>(9.4)</b>	(1.8)
<b>Profit for the year attributable to the owners of the Company</b>		<b>31.2</b>	25.6
<b>Basic earnings per share</b>	15	<b>4.2p</b>	3.5p
<b>Diluted earnings per share</b>	15	<b>4.2p</b>	3.5p

The notes on pages 128 to 164 form part of the financial statements.

## Consolidated statement of comprehensive income

### For the year ended 30 September

	Notes	2024 £m	2023 £m
<b>Profit for the year</b>	3	<b>31.2</b>	25.6
<i>Items that will not be transferred to the consolidated income statement:</i>			
Remeasurement of BPT Limited defined benefit pension scheme	28	<b>(3.1)</b>	(1.1)
<i>Items that may be or are reclassified to the consolidated income statement:</i>			
Changes in fair value of cash flow hedges		<b>(20.8)</b>	(16.1)
<b>Other comprehensive income and expense for the year before tax</b>		<b>(23.9)</b>	(17.2)
<i>Tax relating to components of other comprehensive income:</i>			
Tax relating to items that will not be transferred to the consolidated income statement	13	<b>0.8</b>	0.3
Tax relating to items that may be or are reclassified to the consolidated income statement	13	<b>5.2</b>	4.0
<b>Total tax relating to components of other comprehensive income</b>		<b>6.0</b>	4.3
<b>Other comprehensive income and expense for the year after tax</b>		<b>(17.9)</b>	(12.9)
<b>Total comprehensive income and expense for the year attributable to the owners of the Company</b>		<b>13.3</b>	12.7

The notes on pages 128 to 164 form part of the financial statements.



## Consolidated statement of financial position

### As at 30 September

	Notes	2024 £m	2023 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	16	2,996.8	2,948.9
Property, plant and equipment	17	10.6	8.6
Investment in associates	18	14.9	15.8
Investment in joint ventures	19	76.4	75.2
Financial interest in property assets	20	57.4	67.0
Retirement benefits	28	6.5	9.6
Deferred tax assets	13	6.1	3.7
Intangible assets	21	1.8	1.0
		<b>3,170.5</b>	<b>3,129.8</b>
<b>Current assets</b>			
Inventories – trading property	22	331.6	392.2
Investment property - held for sale	16	31.5	–
Trade and other receivables	23	90.9	34.0
Derivative financial instruments	27	19.8	45.3
Current tax assets		5.2	–
Cash and cash equivalents	27	93.2	121.0
		<b>572.2</b>	<b>592.5</b>
<b>Total assets</b>		<b>3,742.7</b>	<b>3,722.3</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	26	1,592.9	1,533.5
Trade and other payables	25	6.3	6.9
Provisions for other liabilities and charges	24	1.0	1.1
Deferred tax liabilities	13	121.5	122.3
		<b>1,721.7</b>	<b>1,663.8</b>
<b>Current liabilities</b>			
Trade and other payables	25	114.1	120.7
Provisions for other liabilities and charges	24	13.2	8.6
Current tax liabilities		–	0.6
		<b>127.3</b>	<b>129.9</b>
<b>Total liabilities</b>		<b>1,849.0</b>	<b>1,793.7</b>
<b>NET ASSETS</b>		<b>1,893.7</b>	<b>1,928.6</b>
<b>EQUITY</b>			
Issued share capital	29	37.2	37.2
Share premium account		817.9	817.8
Merger reserve	31	20.1	20.1
Capital redemption reserve		0.3	0.3
Cash flow hedge reserve	31	4.4	20.0
Retained earnings	32	1,013.8	1,033.2
<b>TOTAL EQUITY</b>		<b>1,893.7</b>	<b>1,928.6</b>

The financial statements on pages 123 to 164 were approved by the Board of Directors on 20 November 2024 and were signed on their behalf by:

**Helen Gordon**  
Director

**Rob Hudson**  
Director

Company registration number: 125575

## Consolidated statement of changes in equity

	Notes	Issued share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
<b>Balance as at 1 October 2022</b>		<b>37.1</b>	<b>817.6</b>	<b>20.1</b>	<b>0.3</b>	<b>32.1</b>	<b>1,059.6</b>	<b>1,966.8</b>
Profit for the year		-	-	-	-	-	25.6	25.6
Other comprehensive loss for the year		-	-	-	-	(12.1)	(0.8)	(12.9)
Total comprehensive income		-	-	-	-	(12.1)	24.8	12.7
Award of SAYE shares		0.1	0.2	-	-	-	-	0.3
Purchase of own shares		-	-	-	-	-	(7.9)	(7.9)
Share-based payments charge		-	-	-	-	-	2.4	2.4
Dividends paid		-	-	-	-	-	(45.7)	(45.7)
Total transactions with owners recorded directly in equity		0.1	0.2	-	-	-	(51.2)	(50.9)
<b>Balance as at 30 September 2023</b>		<b>37.2</b>	<b>817.8</b>	<b>20.1</b>	<b>0.3</b>	<b>20.0</b>	<b>1,033.2</b>	<b>1,928.6</b>
Profit for the year	3	-	-	-	-	-	31.2	31.2
Other comprehensive loss for the year		-	-	-	-	(15.6)	(2.3)	(17.9)
Total comprehensive income		-	-	-	-	(15.6)	28.9	13.3
Award of SAYE shares	29	-	0.1	-	-	-	-	0.1
Purchase of own shares	29	-	-	-	-	-	(0.1)	(0.1)
Share-based payments charge	30	-	-	-	-	-	2.8	2.8
Dividends paid	14	-	-	-	-	-	(51.0)	(51.0)
Total transactions with owners recorded directly in equity		-	0.1	-	-	-	(48.3)	(48.2)
<b>Balance as at 30 September 2024</b>		<b>37.2</b>	<b>817.9</b>	<b>20.1</b>	<b>0.3</b>	<b>4.4</b>	<b>1,013.8</b>	<b>1,893.7</b>

The notes on pages 128 to 164 form part of the financial statements.

## Consolidated statement of cash flows

### For the year ended 30 September

	Notes	2024 £m	2023 £m
<b>Cash flow from operating activities</b>			
Profit for the year		31.2	25.6
Depreciation and amortisation	11	1.5	1.1
Goodwill impairment		–	0.1
Net valuation losses on investment property	16	32.5	68.8
Net finance costs	12	38.8	31.8
Hedge ineffectiveness under IFRS 9		6.6	–
Share of loss of associates and joint ventures	18, 19	0.6	0.4
Loss/(profit) on disposal of investment property	8	5.8	(3.3)
Share-based payments charge	30	2.8	2.4
Expense/(income) from financial interest in property assets	20	1.3	(4.6)
Tax charge	13	9.4	1.8
Cash generated from operating activities before changes in working capital		130.5	124.1
(Increase)/decrease in trade and other receivables		(3.8)	6.5
Increase in trade and other payables		9.9	37.0
Increase in provisions for liabilities and charges		4.5	–
Decrease in inventories		60.6	61.6
Cash generated from operating activities		201.7	229.2
Interest paid		(52.6)	(46.9)
Tax (paid)/received		(12.5)	2.7
Payments to defined benefit pension scheme	28	–	(0.3)
Net cash inflow from operating activities		136.6	184.7
<b>Cash flow from investing activities</b>			
Proceeds from sale of investment property		90.2	63.5
Proceeds from financial interest in property assets	20	8.3	6.7
Dividends received from associates	18	0.5	0.8
Investment in joint ventures	19	–	(34.0)
Loans advanced to joint ventures	19	(1.4)	(3.0)
Acquisition of investment property	16	(261.0)	(302.0)
Acquisition of property, plant and equipment and intangible assets		(4.3)	(6.1)
Net cash outflow from investing activities		(167.7)	(274.1)
<b>Cash flow from financing activities</b>			
Award of SAYE shares	29	0.1	0.3
Purchase of own shares	29	(0.1)	(7.9)
Proceeds from new borrowings		244.0	330.0
Payment of loan costs		(2.8)	(2.3)
Cash flows relating to new derivatives/settlement of derivatives		(1.9)	(4.9)
Repayment of borrowings		(185.0)	(155.0)
Dividends paid	14	(51.0)	(45.7)
Net cash inflow from financing activities		3.3	114.5
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(27.8)</b>	<b>25.1</b>
Cash and cash equivalents at the beginning of the year	27	121.0	95.9
<b>Cash and cash equivalents at the end of the year</b>	27	<b>93.2</b>	<b>121.0</b>

The notes on pages 128 to 164 form part of the financial statements.



## Notes to the financial statements

### 1. Accounting policies

Accounting policies applicable throughout the financial statements are shown below. Accounting policies that are specific to a component of the financial statements have been incorporated in the relevant note.

#### (a) Basis of preparation

Grainger plc is a company incorporated and domiciled in the UK. It is a public limited liability company listed on the London Stock Exchange. The Group financial statements consolidate those of the Company and its subsidiaries, together referred to as the 'Group', and equity account the Group's interest in joint ventures and associates. The parent company financial statements present information about the Company and not the Group.

The Group financial statements have been prepared under the historical cost convention except for the following assets and liabilities, and corresponding income statement accounts, which are stated at their fair value: investment property; derivative financial instruments; and financial interest in property assets.

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards (IFRS) and applicable law. The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 165 to 170.

The Group and Company financial statements are presented in millions of Pounds Sterling (£m) because that is the currency of the principal economic environment in which the Group operates.

In preparing the financial statements, management has considered the potential impacts, risks and opportunities of climate change, taking into account the relevant disclosures in the Strategic report, including those made in accordance with TCFD, and considered the impact of the issues identified to ensure they are appropriately reflected into the financial statements. The impact of climate change and of climate change related changes in markets and regulation are considered in the valuation of investment properties. These issues are also considered when projecting future cash flows of the Group and in sensitivity analysis. Management feel that climate change related issues are appropriately considered in these financial statements.

#### Going concern

The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern for the foreseeable future. Given the macro-economic conditions in which the Group is operating, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 30 September 2024.

The financial position of the Group, including details of its financing and capital structure, is set out in the financial review on pages 31 to 36. In making the going concern assessment, the Directors have considered the Group's principal risks (see pages 56 to 63) and their impact on financial performance. The Directors have assessed the future funding commitments of the Group and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, severe sensitivities have been applied to the key factors affecting financial performance for the Group.

The going concern assessment is based on forecasts to the end of March 2026, which exceeds the required period of assessment of at least 12 months in order to be aligned to the Group's interim reporting date, and uses the same forecasts considered by the Group for the purposes of the Viability Statement. The assessment considers a severe but plausible downside scenario, reflecting the following key assumptions:

- Reducing PRS occupancy to 87.5% by 30 September 2026
- Rental growth reduced by 100bps to 2.5% in FY25
- Reducing property valuations by 10% by 30 September 2025, driven by rents yield expansion or house price deflation
- Operating and development cost inflation of 10% p.a.
- An increase in SONIA rate of 2% from 1 October 2024

The Group's forecasts incorporate the likely impact of climate change and sustainability requirements including costs to deliver our climate related targets. This includes EPC upgrades across the portfolio and investing in energy efficient solutions for central heating systems.

No new financing is assumed in the assessment period, but existing facilities are assumed to remain available. Even in this severe downside scenario, the Group has sufficient cash reserves, with the loan-to-value covenant remaining no higher than 48% (facility maximum covenant ranges between 70% – 75%) and interest cover no lower than 3.62x (facility minimum covenant ranges between 1.35x – 1.75x) for the period to March 2026 to align with reporting periods, which covers the required period of at least 12 months from the date of authorisation of these financial statements.

Based on these considerations, together with available market information and the Directors' experience of the Group's property portfolio and markets, the Directors continue to adopt the going concern basis in preparing the accounts for the year ended 30 September 2024.

## 1. Accounting policies continued

### (b) Basis of consolidation

**i) Subsidiaries** – Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**ii) Joint ventures and associates** – Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where the Group owns less than 50% of the voting rights but acts as property and/or asset manager an assessment is made as to whether or not the Group has de facto control over an investee. This includes a review of the Group's rights relative to those of another investor or investors and the ability the Group has to direct the investees' relevant activities (further details are provided in Note 18 and Note 19).

Investments in joint ventures and associates are accounted for by the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. The joint venture and associate results for the 12 months to 30 September 2024 and the financial position as at that date have been equity accounted in these financial statements.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Where the Group's interest has been reduced to £nil, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in joint ventures and associates. The accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

**iii) Business combinations** – At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities are acquired in addition to the property. Consideration is also given to the concentration test permitted under IFRS 3 Business Combinations.

When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired based on their fair values, and no goodwill or deferred tax is recognised.

A business combination may also require the recognition of identifiable intangible assets by the Group. An intangible asset is deemed to be identifiable if it is able to be separated or divided from the other assets acquired in the business combination and sold, licensed or exchanged for something else of value, even if the intention to do so is not present on behalf of the Group. Where an intangible asset is not individually separable, it may still meet the separability criterion if it is separable in combination with a related contract, identifiable asset or liability.

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the fair value of the assets given and equity instruments issued. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, including intangible assets, of the acquired entity at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Costs attributable to an acquisition of a business are expensed in the consolidated income statement under the heading 'Other expenses'.

Goodwill on acquisition of subsidiaries is included within this caption in the consolidated statement of financial position. Goodwill on acquisition of joint ventures and associates is included in investments in joint ventures and associates.

Goodwill is allocated to cash generating units for the purpose of impairment testing and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**Notes to the financial statements continued****(c) Adoption of new and revised International Financial Reporting Standards and interpretations**

The following new standards and amendments to standards were issued and adopted in the year and have no material impact on the financial statements:

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies;
- Amendments to IAS 8 – Definition of Accounting Estimates;
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 12 – International tax reform – Pillar Two model rules;
- IFRS 17 – Insurance Contracts.

The following new standards and amendments to standards have been issued but are not yet effective for the Group and have not been early adopted:

- Amendments to IAS 1 – Classification of liabilities as current or non-current;
- Amendments to IAS 1 – Non-current Liabilities with Covenants;
- Amendments to IAS 7 and IFRS 7 – Disclosures: Supplier finance arrangements;
- Amendments to IFRS 9 and IFRS 7: classification and measurement of financial instruments;
- Amendments to IFRS 16 – Lease liability in a sale and leaseback;
- Amendments to IAS 21 – Lack of exchangeability;
- IFRS 18 – Presentation and Disclosure in Financial Statements.

With the exception of IFRS 18, the application of these new standards and amendments are not expected to have a material impact on the Group's financial statements.

**2. Critical accounting estimates and judgements**

The Group's significant accounting policies are stated in the relevant notes to the Group financial statements. The preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and assumptions, including those associated with climate change, are reviewed on an ongoing basis with revisions recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity are set out below.

**Estimates****1) Valuation of property assets**

Residential trading property is carried in the statement of financial position at the lower of cost and net realisable value and investment property is carried at fair value. The Group does, however, in its principal non-GAAP net asset value measures, EPRA NRV, EPRA NTA and EPRA NDV, include trading property at market value. The adjustment in the value of trading property is the difference between the statutory book value and its market value as set out in Note 4. For investment property, market value is the same as fair value. In respect of trading properties, market valuation is the key assumption in determining the net realisable value of those properties.

The results and the basis of each valuation and their impact on both the statutory financial statements and market value for the Group's non-GAAP net asset value measures are set out below. This includes details of key estimates and assumptions, along with which an independent professional adviser has been utilised to determine valuations for each asset category. In all cases, forming these valuations inherently includes elements of judgement and subjectivity with regard to the selection of unobservable inputs.

The methodology for the year end valuation process for capitalised yield-based valuations is consistent with the prior year. This is considered to be the most appropriate method for valuing assets that are likely to be held as long-term investments and represents 77% of our property assets relating primarily to PRS blocks, including new build PRS assets. The remaining 23% of property assets are valued based on current house prices, reflecting the prevailing market conditions as at the reporting date.

Where appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and wellbeing and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal consideration.



## 2. Critical accounting estimates and judgements continued

When determining property asset values, management have included an estimate for fire safety works where there is a legal or constructive obligation or where required works affect the market value of the property. Property asset values reflect the best estimate of the cost of the required works based on known costs and quotations where available. They do not take into account any potential recovery of costs from third parties.

The net valuation loss of £33.4m (including joint ventures) for the year ended 30 September 2024 includes the one-off impact of £58.8m following the Government's removal of MDR.

	Notes	PRS £m	Reversionary £m	Other £m	Total £m	Valuer	% of properties for which external valuer provides valuation
Trading property		4.3	305.8	21.5	331.6		
Investment property <sup>1</sup>		3,011.9	16.4	–	3,028.3		
Financial asset (CHARM)		–	57.4	–	57.4		
<b>Total statutory book value</b>		<b>3,016.2</b>	<b>379.6</b>	<b>21.5</b>	<b>3,417.3</b>		
<b>Trading property</b>							
Residential	(i)	3.9	574.6	–	578.5	Allsop LLP	79%
Developments	(ii)	–	–	41.6	41.6	CBRE Limited	94%
<b>Total trading property</b>		<b>3.9</b>	<b>574.6</b>	<b>41.6</b>	<b>620.1</b>		
<b>Investment property</b>							
Residential	(i)	670.9	16.4	–	687.3	Allsop LLP / CBRE Limited	100%
Developments	(ii)	42.1	–	–	42.1	CBRE Limited	83%
New build PRS	(iii)	1,936.7	–	–	1,936.7	CBRE Limited	100%
Affordable housing	(iv)	210.0	–	–	210.0	Allsop LLP	100%
Tricomm Housing	(v)	152.2	–	–	152.2	Allsop LLP	100%
<b>Total investment property</b>		<b>3,011.9</b>	<b>16.4</b>	<b>–</b>	<b>3,028.3</b>		
Financial asset (CHARM) <sup>2</sup>	(vi)	–	57.4	–	57.4	Allsop LLP	100%
<b>Total assets at market value</b>		<b>3,015.8</b>	<b>648.4</b>	<b>41.6</b>	<b>3,705.8</b>		
Statutory book value		3,016.2	379.6	21.5	3,417.3		
Market value adjustment <sup>3</sup>		(0.4)	268.8	20.1	288.5		
<b>Total assets at market value</b>		<b>3,015.8</b>	<b>648.4</b>	<b>41.6</b>	<b>3,705.8</b>		
Net revaluation loss recognised in the income statement for wholly-owned properties		(32.5)					
Net revaluation loss relating to joint ventures and associates <sup>4</sup>	(vii)	(0.9)					
<b>Net revaluation loss recognised in the year<sup>4</sup></b>		<b>(33.4)</b>					

1. Includes investment property - held for sale

2. Allsop LLP provide vacant possession values used by the Directors to value the financial asset in accordance with the accounting policy set out in Note 20.

3. The market value adjustment is the difference between the statutory book value and the market value of the Group's properties. Refer to Note 4 for market value net asset measures.

4. Includes the Group's share of joint ventures and associates revaluation loss after tax.

### i) Residential

Trading property: The Group's own in-house qualified team provided a vacant possession value for the majority of the Group's residential properties as at 30 September 2024. A structured sample of these in-house valuations was reviewed by Allsop LLP, an external independent valuer. Valuing the large number of properties in this portfolio is a significant task. For this reason it is undertaken on an external inspection basis only. Invariably, when the in-house valuations are compared with those of the external valuer, around 70% (2023: 78%) of the valuations are within a small acceptable tolerance. Where the difference is more significant, this is discussed with the valuer to determine the reasons for the difference. Typically, the reasons vary, but it could be, for example, that further or better information about internal condition is available or that respective valuers have placed a different interpretation on comparable sales. Once such reasons have been identified, the Group and the valuer agree the appropriate valuation that should be adopted as the Directors' Valuation.

Allsop LLP has provided the Directors with the following opinion on the Directors' Valuation:

Property held in the residential portfolio was valued as at 30 September 2024 by Grainger's in-house surveyors. These valuations were reviewed and approved by the Directors. Allsop LLP has undertaken a comprehensive review of the Directors' Valuation and they are satisfied with the process by which the in-house valuations were conducted. Allsop LLP valued approximately 86% (2023: 84%) of the residential portfolio, independently of the Group. Based on the results of that review, Allsop LLP has concluded that they have a high degree of confidence in those Directors' Valuations.

Allsop LLP also recommends a discount to apply to the vacant possession valuations to establish the market value of each property, with the discounts ranging from 5.0% to 17.5% (2023: 5.0% to 17.5%). The discounts are established by tenancy type and region and are based on evidence gathered by Allsop LLP from recent transactional market evidence. The Directors have adopted the discounts recommended by Allsop LLP.

## Notes to the financial statements continued

### 2. Critical accounting estimates and judgements continued

Investment property: PRS blocks are valued on an income capitalisation basis, having regard to prevailing market conditions and evidence, and with close regard to the relativity between the market value and the aggregate vacant possession value. The valuation has been prepared in accordance with RICS Professional Valuation Standards where fair value is the same as market value. CBRE Limited valued 56% (2023: 73%) of residential investment property, with Allsop LLP valuing 9% (2023: 17%) on this basis. Gross yields adopted in the valuations broadly range from 5.7% to 8.8% (2023: 4.9% to 8.5%).

The remaining 35% (2023: 10%) of residential property is valued in line with the trading property approach, with older properties and groups of individual units valued by Allsop LLP on a discount to vacant possession value basis on the assumption these assets would be sold individually. Residential reversionary assets discounts adopted ranged from 10% to 17.5% (2023: 10.0% to 17.5%), whilst the residential PRS discount to vacant possession value was 5% (2023: 5%).

#### ii) Developments

Trading property: Development trading property of £41.6m (2023: £51.4m) relates to the Group's legacy strategic land assets. The current market value has been assessed by CBRE Limited. Their valuation, representing 94% (2023: 98%) of total value, is on the basis of fair value as defined in the RICS Professional Valuation Standards where fair value is the same as market value. The remaining 6% (2023: 2%) of the portfolio is a Directors' Valuation.

Investment property: CBRE Limited assessed the fair value of the direct development schemes in the course of construction. These schemes are valued on an income capitalisation basis, with gross yields adopted in the valuations ranging from 5.1% to 6.2% (2023: 4.7% to 6.1%). As the assets are under construction, the valuation takes into account estimated costs required to reach completion.

iii) **New build PRS** – CBRE Limited assessed the fair value of the completed assets and assets in the course of construction.

The principal approach was to value the properties on an income capitalisation basis, having regard to prevailing market conditions and evidence, and with close regard to the relativity between the market value and the aggregate vacant possession value.

Where applicable, estimated costs required to complete construction have been taken into account. The valuation has been prepared in accordance with RICS Professional Valuation Standards where fair value is the same as market value.

The primary unobservable input within the valuation relates to assumptions for gross yields adopted with respect to comparable market evidence, with gross yields ranging from 6.0% to 7.2% (2023: 5.3% to 6.3%) across the portfolio. For assets under construction, a discount to market value to reflect stabilisation and construction risk in the remaining build process is applied on an asset by asset basis depending on stage of completion.

iv) **Affordable housing** – For properties let on affordable rents, social rents or sold on shared ownership leases, Allsop LLP valued the assets on the basis of Existing Use Value for Social Housing ('EUV-SH') in line with RICS Global Standards. Properties subject to intermediate rents have been valued at market value as these assets are not restricted as social housing in perpetuity.

The primary unobservable input within the valuation relates to assumptions for the income capitalisation rate of net rent, which is determined on a tenure basis. The gross yields adopted for 30 September 2024 valuations range from 4.5% to 5.6% (2023: 4.4% to 5.7%).

v) **Tricomm Housing** – Allsop LLP provided an investment valuation as at 30 September 2024 for the property assets owned by the Group and let under a long-term lease arrangement with the Secretary of State for Defence under a PFI project agreement. The investment valuation is in accordance with RICS Professional Valuation Standards, and is based on a discounted cash flow model.

Significant unobservable inputs within the valuation relate to assumptions for house price inflation and the discount rates to apply to the cash flows. The assumptions adopted for house price inflation are: -1.1% in 2025, 3.8% in 2026, and 2.75%-4.1% thereafter. The discount rates applied to the cash flows range between 4.9% (2023: 5.0%) non-core MOD income and 7.5% (2023: 6.5%) on reversion.

vi) **Financial asset (CHARM)** – The valuation methodology adopted for the CHARM asset is set out in Note 20 to the financial statements. CHARM is valued using projected cash flows and applies key unobservable inputs being house price inflation and discount rates.

As such it is classified as a level 3 asset (Note 27). The assumptions used to value the asset reflect an increase in house prices of between 3.53% and 4.18% p.a. (2023: nil and 7.19%). A discount rate of 4.5% (2023: 4.5%) has been applied to the interest income and a rate of 7.5% (2023: 6.5%) has been applied to the projected proceeds from sales of the underlying properties, reflecting the risk profile of each individual income stream.

Credit risk arises from the credit exposure relating to cash receipts from the financial instrument. All of the cash receipts are payable by the Church Commissioners, a counterparty considered to be low risk as they have no history of past due or impaired amounts and there are no past due amounts outstanding at the year end.

vii) **Joint ventures and associates** – For Vesta LP, CBRE Limited valued the asset on the same basis described for completed new build PRS assets. Property assets in other joint ventures including the Connected Living London Group and Lewisham Grainger Holdings LLP are held at cost reflecting the current early stages of each development.

The Directors consider the valuations provided by external valuers to be representative of fair value.

## 2. Critical accounting estimates and judgements continued

As required by RICS Professional Valuation Standards, the external valuers in the UK mentioned above have made full disclosure of the extent and duration of their work for, and fees earned by them from, the Group, which in all cases are less than 5% of their total fees.

### 2) Net realisable value of trading property

The Group's residential trading properties are carried in the consolidated statement of financial position at the lower of cost and net realisable value.

Net realisable value is the net sales proceeds which the Group expects on sale of a property with vacant possession, with vacant possession being determined in line with the approach detailed in Note 2.1i). The Group has a net realisable value provision of £4.9m as at 30 September 2024 (2023: £4.8m). The provision includes specific properties which are vacant and properties expected to become vacant in the future on the assumption of an average annual vacancy rate of c.8% over the next ten years. Consideration has been given in respect of house price inflation, being the primary assumption relevant to this calculation, with the provision for properties expected to become vacant in future assuming nil inflation over the next ten years.

### Sensitivity analysis

Changes to key assumptions could impact both the income and financial position of the Group. The impact of changes to key assumptions is considered for the valuation of property assets and the net realisable value of trading property using a range of reasonable changes and have been applied to asset categories where sensitivities could have the largest impact. The Group measures its market risk exposure internally by running various sensitivity analyses. The Directors consider that the range of potential movements set out in the table below represent reasonably possible changes.

The table below sets out potential impacts that may result from changes to certain assumptions:

		Increase		Decrease	
		Income statement impact £m	Statement of financial position impact £m	Income statement impact £m	Statement of financial position impact £m
Residential (trading property)	10.0% change in house prices (NRV provision impact)	2.5	2.5	(3.6)	(3.6)
Residential (investment property) <sup>1</sup>	0.50% change in gross yield	(32.4)	(32.4)	37.9	37.9
Residential (investment property) <sup>1</sup>	5.0% change in net rental income	22.8	22.8	(22.8)	(22.8)
Developments (investment property) <sup>1</sup>	0.50% change in gross yield	(23.8)	(23.8)	28.5	28.5
Developments (investment property) <sup>1</sup>	5.0% change in net rental income	14.5	14.5	(14.5)	(14.5)
New build PRS	0.50% change in gross yield	(156.6)	(156.6)	183.7	183.7
New build PRS	5.0% change in net rental income	106.5	106.5	(106.5)	(106.5)
Affordable housing	0.50% change in gross yield	(20.3)	(20.3)	25.1	25.1
Affordable housing	5.0% change in net rental income	10.7	10.7	(10.7)	(10.7)
Joint ventures and associates <sup>2</sup>	0.50% change in gross yield	(1.1)	(1.1)	1.3	1.3
Joint ventures and associates <sup>2</sup>	5.0% change in net rental income	0.7	0.7	(0.7)	(0.7)
Tricomm Housing	10.0% change in house prices	13.1	13.1	(13.1)	(13.1)
Tricomm Housing	0.75% change in discount rate	(3.8)	(3.8)	3.9	3.9
Financial asset (CHARM)	10.0% change in house prices	4.7	4.7	(4.7)	(4.7)
Financial asset (CHARM)	0.75% change in discount rate	(2.3)	(2.3)	2.4	2.4

1. Includes investment property - held for sale

2. Joint ventures and associates includes the Group's share of property revaluation movements.

## Judgements

### 1) Distinction between investment and trading property

The Group considers the intention at the outset when each property is acquired in order to classify the property as either an investment or a trading property. Where the intention is either to trade the property or where the property is held for immediate sale upon receiving vacant possession within the ordinary course of business, the property is classified as trading property.

Where the intention is to hold the property for its long-term rental yield and/or capital appreciation, the property is classified as an investment property. The classification of the Group's properties is a significant judgement which directly impacts the statutory net asset position, as trading properties are held at the lower of cost and net realisable value, whilst investment properties are held at fair value, with gains or losses taken through the consolidated income statement.

The Group continually reviews properties for changes in use that could subsequently change the classification of properties. A change in use occurs if property meets, or ceases to meet, the definition of investment property which is more than a change in management's intentions. The fact patterns associated with changes in the way in which properties are utilised are considered on a case by case basis and to the extent that a change in use is established, property reclassifications are reflected appropriately.

There have been no property reclassifications in the year.



## Notes to the financial statements continued

## 3. Analysis of profit before tax

The table below details adjusted earnings, which is one of Grainger's key performance indicators. The metric is utilised as a key measure to aid understanding of the performance of the continuing business and excludes valuation movements and other adjustments, that are one-off in nature, which do not form part of the normal ongoing revenue or costs of the business and, either individually or in aggregate, are material to the reported Group results.

£m	2024				2023			
	Statutory	Valuation	Other adjustments	Adjusted earnings	Statutory	Valuation	Other adjustments	Adjusted earnings
<b>Group revenue</b>	<b>290.1</b>	–	–	<b>290.1</b>	267.1	–	–	267.1
Net rental income	<b>110.1</b>	–	–	<b>110.1</b>	96.5	–	–	96.5
Profit on disposal of trading property	<b>49.4</b>	–	–	<b>49.4</b>	54.8	(0.3)	–	54.5
(Loss)/profit on disposal of investment property	<b>(5.8)</b>	–	–	<b>(5.8)</b>	3.3	–	–	3.3
(Expense)/income from financial interest in property assets	<b>(1.3)</b>	<b>5.9</b>	–	<b>4.6</b>	4.6	0.1	–	4.7
Fees and other income	<b>8.1</b>	–	–	<b>8.1</b>	5.0	–	–	5.0
Administrative expenses	<b>(35.3)</b>	–	–	<b>(35.3)</b>	(33.5)	–	–	(33.5)
Other expenses	<b>(6.0)</b>	–	<b>5.0</b>	<b>(1.0)</b>	(1.2)	–	–	(1.2)
Goodwill impairment	–	–	–	–	(0.1)	0.1	–	–
Impairment of inventories to net realisable value	<b>(0.1)</b>	<b>0.1</b>	–	–	(1.0)	1.0	–	–
<b>Operating profit</b>	<b>119.1</b>	<b>6.0</b>	<b>5.0</b>	<b>130.1</b>	128.4	0.9	–	129.3
Net valuation losses on investment property	<b>(32.5)</b>	<b>32.5</b>	–	–	(68.8)	68.8	–	–
Hedge ineffectiveness under IFRS 9	<b>(6.6)</b>	–	<b>6.6</b>	–	–	–	–	–
Finance costs	<b>(41.8)</b>	–	–	<b>(41.8)</b>	(34.0)	–	–	(34.0)
Finance income	<b>3.0</b>	–	–	<b>3.0</b>	2.2	–	–	2.2
Share of loss of associates after tax	<b>(0.4)</b>	<b>0.9</b>	–	<b>0.5</b>	(0.1)	0.5	–	0.4
Share of loss of joint ventures after tax	<b>(0.2)</b>	–	–	<b>(0.2)</b>	(0.3)	–	–	(0.3)
<b>Profit before tax</b>	<b>40.6</b>	<b>39.4</b>	<b>11.6</b>	<b>91.6</b>	27.4	70.2	–	97.6
Tax charge	<b>(9.4)</b>				(1.8)			
<b>Profit for the year attributable to the owners of the Company</b>	<b>31.2</b>				25.6			
<b>Basic adjusted earnings per share</b>				<b>9.3p</b>				10.3p
<b>Diluted adjusted earnings per share</b>				<b>9.3p</b>				10.3p

Profit before tax in the adjusted columns above of £91.6m (2023: £97.6m) is the adjusted earnings of the Group. Adjusted earnings per share assumes tax of £22.9m (2023: £21.5m) in line with the standard rate of UK Corporation Tax 25.0% (2023: 22.0%), divided by the weighted average number of shares as shown in Note 15. The Group's IFRS statutory earnings per share is also detailed in Note 15. The classification of amounts as other adjustments is a judgement made by management and is a matter referred to the Audit Committee for approval prior to issuing the financial statements. Included in other adjustments are £5.0m of fire safety provisions (2023: £nil) and hedge ineffectiveness under IFRS 9 of £6.6m (2023: £nil).

## 4. Segmental information

## (a) Accounting policy

IFRS 8, Operating Segments requires operating segments to be identified based upon the Group's internal reporting to the Chief Operating Decision Maker ('CODM') so that the CODM can make decisions about resources to be allocated to segments and assess their performance. The Group's CODM are the Executive Directors.

The two significant segments for the Group are PRS and Reversionary. The PRS segment includes stabilised PRS assets as well as PRS under construction due to direct development and forward funding arrangements, both for wholly-owned assets and the Group's interest in joint ventures and associates as relevant. The Reversionary segment includes regulated tenancies, as well as CHARM. The Other segment includes legacy strategic land and development arrangements, along with administrative expenses.

The key operating performance measure of profit or loss used by the CODM is adjusted earnings before tax, valuation and other adjustments.

The principal net asset value ('NAV') measure reviewed by the CODM is EPRA NTA which is considered to become the most relevant, and therefore the primary NAV measure for the Group. EPRA NTA reflects the tax that will crystallise in relation to the trading portfolio, whilst excluding the volatility of mark to market movements on fixed rate debt and derivatives which are unlikely to be realised. Other NAV measures include EPRA NRV and EPRA NDV which we report alongside EPRA NTA. A full description and reconciliation of these measures is included in the EPRA performance measures section on pages 171 to 174 of this report.

Information relating to the Group's operating segments is set out in the tables below. The tables distinguish between adjusted earnings on a segmental basis. Valuation and other adjustments are not reviewed by the CODM on a segmental basis and should be read in conjunction with Note 3.

## 2024 Income statement

£m	PRS	Reversionary	Other	Total
<b>Group revenue</b>	<b>150.3</b>	<b>112.5</b>	<b>27.3</b>	<b>290.1</b>
<b>Segment revenue – external</b>				
Net rental income	97.6	11.5	1.0	110.1
Profit on disposal of trading property	(1.3)	48.1	2.6	49.4
Loss on disposal of investment property	(5.9)	0.1	–	(5.8)
Income from financial interest in property assets	–	4.6	–	4.6
Fees and other income	7.5	–	0.6	8.1
Administrative expenses	–	–	(35.3)	(35.3)
Other expenses	(0.4)	–	(0.6)	(1.0)
Net finance costs	(31.3)	(6.6)	(0.9)	(38.8)
Share of trading profit of joint ventures and associates after tax	0.3	–	–	0.3
<b>Adjusted earnings</b>	<b>66.5</b>	<b>57.7</b>	<b>(32.6)</b>	<b>91.6</b>
Valuation movements	(33.5)	(5.9)	–	(39.4)
Other adjustments	(5.0)	–	(6.6)	(11.6)
<b>Profit before tax</b>	<b>28.0</b>	<b>51.8</b>	<b>(39.2)</b>	<b>40.6</b>

The 'Other' category incorporates non-core operating activity and the cost of support functions.

A reconciliation from adjusted earnings to EPRA earnings is detailed in the table below, with further details shown in the EPRA performance measures on page 171:

£m	PRS	Reversionary	Other	Total
Adjusted earnings	66.5	57.7	(32.6)	91.6
Profit on disposal of trading property	1.3	(48.1)	(2.6)	(49.4)
Loss on disposal of investment property	5.9	(0.1)	–	5.8
<b>EPRA earnings</b>	<b>73.7</b>	<b>9.5</b>	<b>(35.2)</b>	<b>48.0</b>

## 2023 Income statement

£m	PRS	Reversionary	Other	Total
<b>Group revenue</b>	<b>121.5</b>	<b>123.9</b>	<b>21.7</b>	<b>267.1</b>
<b>Segment revenue – external</b>				
Net rental income	82.2	13.4	0.9	96.5
Profit on disposal of trading property	(0.5)	54.2	0.8	54.5
Profit on disposal of investment property	3.3	–	–	3.3
Income from financial interest in property assets	–	4.7	–	4.7
Fees and other income	4.6	–	0.4	5.0
Administrative expenses	–	–	(33.5)	(33.5)
Other expenses	(1.2)	–	–	(1.2)
Net finance costs	(24.9)	(6.3)	(0.6)	(31.8)
Share of trading profit of joint ventures and associates after tax	0.1	–	–	0.1
<b>Adjusted earnings</b>	<b>63.6</b>	<b>66.0</b>	<b>(32.0)</b>	<b>97.6</b>
Valuation movements	(70.1)	(0.1)	–	(70.2)
Other adjustments	–	–	–	–
<b>Profit before tax</b>	<b>(6.5)</b>	<b>65.9</b>	<b>(32.0)</b>	<b>27.4</b>

A reconciliation from adjusted earnings to EPRA earnings is detailed in the table below:

£m	PRS	Reversionary	Other	Total
Adjusted earnings	63.6	66.0	(32.0)	97.6
Profit on disposal of trading property	0.5	(54.2)	(0.8)	(54.5)
Profit on disposal of investment property	(3.3)	–	–	(3.3)
<b>EPRA earnings</b>	<b>60.8</b>	<b>11.8</b>	<b>(32.8)</b>	<b>39.8</b>

## Notes to the financial statements continued

## 4. Segmental information continued

## Segmental assets

The net asset value measures reviewed by the CODM are EPRA NRV, EPRA NTA and EPRA NDV. These measures reflect the current market value of trading property owned by the Group rather than the lower of historical cost and net realisable value. These measures are considered to be a more relevant reflection of the value of the assets owned by the Group.

EPRA NRV is the Group's statutory net assets plus the adjustment required to increase the value of trading stock from its statutory accounts value of the lower of cost and net realisable value to its market value. In addition, the statutory statement of financial position amounts for both deferred tax on property revaluations and derivative financial instruments net of deferred tax, including those in joint ventures and associates, are added back to statutory net assets. Finally, the market value of Grainger plc shares owned by the Group are added back to statutory net assets.

EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of deferred tax liabilities. For the Group, deferred tax in relation to revaluations of its trading portfolio is taken into account by applying the expected rate of tax to the adjustment that increases the value of trading stock from its statutory accounts value of the lower of cost and net realisable value, to its market value. The measure also excludes all intangible assets on the statutory balance sheet, including goodwill.

EPRA NDV reverses some of the adjustments made between statutory net assets, EPRA NRV and EPRA NTA. All of the adjustments for the value of derivative financial instruments net of deferred tax, including those in joint ventures and associates, are reversed. The adjustment for the deferred tax on investment property revaluations excluded from EPRA NRV and EPRA NTA are also reversed, as is the intangible adjustment in respect of EPRA NTA, except for goodwill which remains excluded. In addition, adjustments are made to net assets to reflect the fair value, net of deferred tax, of the Group's fixed rate debt.

Total Accounting Return (NTA basis) of 0.3% is calculated from the closing EPRA NTA of 298p per share plus the dividend of 7.55p per share for the year, divided by the opening EPRA NTA of 305p per share.

These measures are set out below by segment along with a reconciliation to the summarised statutory statement of financial position. Additional EPRA disclosures are included on pages 171 to 174.

## 2024 Segment net assets

£m	PRS	Reversionary	Other	Total	Pence per share
Total segment net assets (statutory)	1,757.6	117.5	18.6	1,893.7	255
Total segment net assets (EPRA NRV)	1,873.5	386.9	35.5	2,295.9	309
Total segment net assets (EPRA NTA)	1,870.3	319.1	28.7	2,218.1	298
Total segment net assets (EPRA NDV)	1,757.3	319.1	118.5	2,194.9	295

## 2024 Reconciliation of EPRA NAV measures

£m	Statutory balance sheet	Adjustments to market value, deferred tax and derivatives	EPRA NRV balance sheet	Adjustments to deferred and contingent tax and intangibles	EPRA NTA balance sheet	Adjustments to derivatives, fixed rate debt and intangibles	EPRA NDV balance sheet
Investment property	3,028.3	–	3,028.3	–	3,028.3	–	3,028.3
Investment in joint ventures and associates	91.3	–	91.3	–	91.3	–	91.3
Financial interest in property assets	57.4	–	57.4	–	57.4	–	57.4
Inventories – trading property	331.6	288.5	620.1	–	620.1	–	620.1
Cash and cash equivalents	93.2	–	93.2	–	93.2	–	93.2
Other assets	140.9	(3.2)	137.7	(1.8)	135.9	21.1	157.0
<b>Total assets</b>	<b>3,742.7</b>	<b>285.3</b>	<b>4,028.0</b>	<b>(1.8)</b>	<b>4,026.2</b>	<b>21.1</b>	<b>4,047.3</b>
Interest-bearing loans and borrowings	(1,592.9)	–	(1,592.9)	–	(1,592.9)	98.1	(1,494.8)
Deferred and contingent tax liabilities	(121.5)	116.9	(4.6)	(76.0)	(80.6)	(142.4)	(223.0)
Other liabilities	(134.6)	–	(134.6)	–	(134.6)	–	(134.6)
<b>Total liabilities</b>	<b>(1,849.0)</b>	<b>116.9</b>	<b>(1,732.1)</b>	<b>(76.0)</b>	<b>(1,808.1)</b>	<b>(44.3)</b>	<b>(1,852.4)</b>
<b>Net assets</b>	<b>1,893.7</b>	<b>402.2</b>	<b>2,295.9</b>	<b>(77.8)</b>	<b>2,218.1</b>	<b>(23.2)</b>	<b>2,194.9</b>



In order to provide further analysis, the following table sets out EPRA NTA by segment:

£m	PRS	Reversionary	Other	Total
<b>EPRA NTA</b>				
Investment property <sup>1</sup>	3,011.9	16.4	–	3,028.3
Investment in joint ventures and associates	73.3	–	18.0	91.3
Financial interest in property assets	–	57.4	–	57.4
Inventories – trading property	3.9	574.6	41.6	620.1
Cash and cash equivalents	75.4	15.9	1.9	93.2
Other assets	67.2	6.7	62.0	135.9
<b>Total segment EPRA NTA assets</b>	<b>3,231.7</b>	<b>671.0</b>	<b>123.5</b>	<b>4,026.2</b>
Interest-bearing loans and borrowings	(1,287.5)	(271.2)	(34.2)	(1,592.9)
Deferred and contingent tax liabilities	(3.2)	(67.8)	(9.6)	(80.6)
Other liabilities	(70.7)	(12.9)	(51.0)	(134.6)
<b>Total segment EPRA NTA liabilities</b>	<b>(1,361.4)</b>	<b>(351.9)</b>	<b>(94.8)</b>	<b>(1,808.1)</b>
<b>Net EPRA NTA assets</b>	<b>1,870.3</b>	<b>319.1</b>	<b>28.7</b>	<b>2,218.1</b>

1. Includes investment property - held for sale

## 2023 Segment net assets

£m	PRS	Reversionary	Other	Total	Pence per share
Total segment net assets (statutory)	1,729.8	151.7	47.1	1,928.6	260
Total segment net assets (EPRA NRV)	1,839.3	476.9	43.1	2,359.3	318
Total segment net assets (EPRA NTA)	1,835.1	395.0	37.4	2,267.5	305
Total segment net assets (EPRA NDV)	1,729.2	395.0	208.7	2,332.9	314

## 2023 Reconciliation of EPRA NAV measures

£m	Statutory balance sheet	Adjustments to market value, deferred tax and derivatives	EPRA NRV balance sheet	Adjustments to deferred and contingent tax and intangibles	EPRA NTA balance sheet	Adjustments to derivatives, fixed rate debt and intangibles	EPRA NDV balance sheet
Investment property	2,948.9	–	2,948.9	–	2,948.9	–	2,948.9
Investment in joint ventures and associates	91.0	–	91.0	–	91.0	–	91.0
Financial interest in property assets	67.0	–	67.0	–	67.0	–	67.0
Inventories – trading property	392.2	342.1	734.3	–	734.3	–	734.3
Cash and cash equivalents	121.0	–	121.0	–	121.0	–	121.0
Other assets	102.2	(33.7)	68.5	(1.0)	67.5	45.9	113.4
<b>Total assets</b>	<b>3,722.3</b>	<b>308.4</b>	<b>4,030.7</b>	<b>(1.0)</b>	<b>4,029.7</b>	<b>45.9</b>	<b>4,075.6</b>
Interest-bearing loans and borrowings	(1,533.5)	–	(1,533.5)	–	(1,533.5)	182.1	(1,351.4)
Deferred and contingent tax liabilities	(122.3)	122.3	–	(90.8)	(90.8)	(162.6)	(253.4)
Other liabilities	(137.9)	–	(137.9)	–	(137.9)	–	(137.9)
<b>Total liabilities</b>	<b>(1,793.7)</b>	<b>122.3</b>	<b>(1,671.4)</b>	<b>(90.8)</b>	<b>(1,762.2)</b>	<b>19.5</b>	<b>(1,742.7)</b>
<b>Net assets</b>	<b>1,928.6</b>	<b>430.7</b>	<b>2,359.3</b>	<b>(91.8)</b>	<b>2,267.5</b>	<b>65.4</b>	<b>2,332.9</b>

In order to provide further analysis, the following table sets out restated EPRA NTA by segment:

£m	PRS	Reversionary	Other	Total
<b>EPRA NTA</b>				
Investment property	2,928.9	20.0	–	2,948.9
Investment in joint ventures and associates	72.8	–	18.2	91.0
Financial interest in property assets	–	67.0	–	67.0
Inventories – trading property	9.6	673.3	51.4	734.3
Cash and cash equivalents	94.8	23.9	2.3	121.0
Other assets	13.4	8.4	45.7	67.5
<b>Total segment EPRA NTA assets</b>	<b>3,119.5</b>	<b>792.6</b>	<b>117.6</b>	<b>4,029.7</b>
Interest-bearing loans and borrowings	(1,201.3)	(303.1)	(29.1)	(1,533.5)
Deferred and contingent tax liabilities	(4.2)	(81.9)	(4.7)	(90.8)
Other liabilities	(78.9)	(12.6)	(46.4)	(137.9)
<b>Total segment EPRA NTA liabilities</b>	<b>(1,284.4)</b>	<b>(397.6)</b>	<b>(80.2)</b>	<b>(1,762.2)</b>
<b>Net EPRA NTA assets</b>	<b>1,835.1</b>	<b>395.0</b>	<b>37.4</b>	<b>2,267.5</b>

## Notes to the financial statements continued

## 5. Group revenue

## Accounting policy

Revenue is measured at the fair value of the consideration received or receivable and is stated net of sales taxes and value added taxes. Gross proceeds from disposal of trading property and fees and other income are recognised in accordance with IFRS 15. Gross rental income is recognised in accordance with IFRS 16.

	2024 £m	2023 £m
Gross rental income (Note 6)	154.8	133.7
Gross proceeds from disposal of trading property (Note 7)	127.2	128.4
Fees and other income (Note 9)	8.1	5.0
	290.1	267.1

## 6. Net rental income

## Accounting policy

Gross rental income is recognised on a straight-line basis over the lease term on an accruals basis. Directly attributable property management, repair and maintenance costs are deducted from gross rental income to determine net rental income.

	2024 £m	2023 £m
Gross rental income	154.8	133.7
Property operating expenses	(44.7)	(37.2)
	110.1	96.5

Net rental income presented above reflects the total net rental income across all assets of the Group. Within this, gross rental income of £140.8m and property operating expenses of £35.2m generating gross to net performance of 25.0% related to the Group's stabilised assets (2023: gross rental income of £129.8m and property operating expenses of £33.1m generating stabilised gross to net performance of 25.5%).

## 7. Profit on disposal of trading property

## Accounting policy

Property is regarded as sold when performance obligations have been met and control has been transferred to the buyer. This is generally deemed to be on legal completion as at this point the buyer is able to determine the use of the property and has rights to any cash inflows or outflows in respect of the property. Profits or losses are calculated by reference to the carrying value of the property sold. For a development property, this is assessed through the use of a gross margin for the site as a whole or such other basis that provides an appropriate allocation of costs.

Contract revenue and expenses are recognised over time in the consolidated income statement, with performance obligations satisfied continually across the period in which the asset is created or enhanced. Control of the asset is transferred to the customer across the construction period rather than upon completion of the asset in its entirety as, per the contract in place, this is when the customer gains their residual interest. The input method used to measure progress is the value of work completed, denoted by the costs incurred to date, and revenue is subsequently recognised at the margin stipulated in the contract. This is also when the Group becomes entitled to the consideration arising from the contract. Revenues are recognised as contract assets in trade and other receivables (Note 23) and are recovered on completion of the development.

	2024 £m	2023 £m
Gross proceeds from disposal of trading property	127.2	128.4
Selling costs	(2.3)	(2.8)
Net proceeds from disposal of trading property	124.9	125.6
Carrying value of trading property sold (Note 22)	(75.5)	(70.8)
	49.4	54.8

Nil contract revenue has been recognised in the period (2023: £nil).

## 8. (Loss)/profit on disposal of investment property

## Accounting policy

Investment property is regarded as sold when the recipient obtains control of the property, which is generally deemed to be on legal completion. Profits or losses are calculated by reference to the carrying value of the property sold.

**8. (Loss)/profit on disposal of investment property** continued

	2024 £m	2023 £m
Gross proceeds from disposal of investment property	147.1	65.3
Selling costs	(3.8)	(1.8)
Net proceeds from disposal of investment property <sup>1</sup>	143.3	63.5
Carrying value of investment property sold (Note 16)	(149.1)	(60.2)
	(5.8)	3.3

1. Net proceeds from disposal of investment property include amounts held as restricted deposits at the reporting date. See note 23.

**9. Fees and other income**

	2024 £m	2023 £m
Property and asset management fee income	2.6	3.2
Other sundry income	5.5	1.8
	8.1	5.0

Included within other sundry income in the current year is £5.2m (2023: £1.6m) liquidated and ascertained damages ('LADs') recorded to compensate the Group for lost rental income resulting from the delayed completion of construction contracts.

**10. Employees**

	2024 £m	2023 £m
Wages and salaries	24.8	23.3
Social security costs	2.8	2.4
Other pension costs – defined contribution scheme (Note 28)	1.7	1.5
Share-based payments (Note 30)	2.8	2.4
	32.1	29.6

The average monthly number of Group employees during the year (including Executive Directors) was:

	2024 Number	2023 Number
Operations	248	235
Shared services	105	107
Group	13	15
	366	357

Details of Directors' remuneration, including pension costs, share options and interests in the LTIP, are provided in the audited section of the Remuneration Committee report on pages 91 to 109.

**Information about benefits of Directors**

The following amounts are disclosed in accordance with Schedule 5 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

	2024 £'000	2023 £'000
Aggregate Directors' remuneration	3,155	2,818
Aggregate amount of gains on exercise of share options	–	5
Aggregate amount of money or assets received or receivable under scheme interests	553	1,084
	3,708	3,907

None of the Directors (2023: none) were members of the Group defined benefit scheme or the defined contribution scheme.

**Key management compensation**

	2024 £m	2023 £m
Short-term employee benefits	8.3	7.8
Post-employment benefits	0.6	0.5
Share-based payments	2.6	2.1
	11.5	10.4

Key management figures shown above include Executive and Non-Executive Directors and all internal Directors of specific functions.



## Notes to the financial statements continued

## 11. Profit before tax

	2024 £m	2023 £m
Profit before tax is stated after charging:		
Depreciation of property, plant and equipment	1.5	1.1
Amortisation of IT software	0.1	–
Bad debt expense	0.6	0.9
Operating lease payments	0.1	0.2
Auditor's remuneration (see below)	0.7	0.6

The remuneration paid to KPMG LLP, the Group's auditor, is disclosed below:

## Auditor's remuneration

	2024 £'000	2023 £'000
Services as auditor to the Company	363	323
Services as auditor to Group subsidiaries	250	223
<b>Group audit fees</b>	<b>613</b>	<b>546</b>
Audit related assurance services	67	58
<b>Non-audit fees</b>	<b>67</b>	<b>58</b>
<b>Total fees</b>	<b>680</b>	<b>604</b>

The relevant proportion of amounts paid to the auditor for the audit of the financial statements of joint ventures is £23,000 (2023: £20,500).

## 12. Finance costs and income

	2024 £m	2023 £m
<b>Finance costs</b>		
Bank loans and mortgages	18.6	17.3
Non-bank financial institution	8.4	8.4
Corporate bond	22.9	22.6
Interest capitalised under IAS 23	(11.6)	(17.5)
Other finance costs	3.5	3.2
	<b>41.8</b>	<b>34.0</b>
<b>Finance income</b>		
Interest receivable from joint ventures (Note 34)	(1.2)	(0.9)
Other interest receivable	(1.8)	(1.3)
	<b>(3.0)</b>	<b>(2.2)</b>
<b>Net finance costs</b>	<b>38.8</b>	<b>31.8</b>

The weighted average interest rate applicable to capitalised interest is 3.59% (2023: 3.88%).

## 13. Tax

## Accounting policy

The taxation charge for the year represents the sum of the tax currently payable and deferred tax. The charge is recognised in the income statement and statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax payable or receivable is based on the taxable income for the period and any adjustment in respect of prior periods and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Tax payable upon the realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will give rise to a future tax liability against which the deferred tax assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax charge for the year of £9.4m (2023: £1.8m) recognised in the consolidated income statement comprises:

	2024 £m	2023 £m
<b>Current tax</b>		
Corporation tax on profit	14.5	18.9
Adjustments relating to prior years	(7.8)	(4.3)
	6.7	14.6
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(4.0)	(14.2)
Adjustments relating to prior years	6.7	1.4
	2.7	(12.8)
<b>Total tax charge for the year</b>	<b>9.4</b>	<b>1.8</b>

The 2024 current tax adjustments relating to prior years reflect adjustments which have been included in submitted tax returns and primarily represent movements between deferred and current tax in relation to investment properties and capital allowances.

The Group works in an open and transparent manner and maintains a regular dialogue with HM Revenue and Customs. This approach is consistent with the 'low risk' rating we have been awarded by HM Revenue and Customs and to which the Group is committed.

The tax charge for the year is lower (2023: lower) than the charge for the year derived by applying the standard rate of corporation tax in the UK of 25.0% (2023: 22.0%) to the profit before tax. The differences, which lead to an effective tax rate of 23.2% (2023: 6.6%) are explained below:

	2024 £m	2023 £m
<b>Profit before tax</b>	<b>40.6</b>	<b>27.4</b>
Income tax at a rate of 25.0% (2023: 22.0%)	10.2	6.0
Expenses not deductible for tax purposes	0.2	0.3
Share of joint ventures and associates after tax	0.1	0.1
Effect of future tax rates over current tax rates	–	(1.7)
Adjustment in respect of prior periods	(1.1)	(2.9)
<b>Amounts recognised in the income statement</b>	<b>9.4</b>	<b>1.8</b>

In addition to the above, a deferred tax credit of £6.0m (2023: £4.3m) was recognised within other comprehensive income comprising:

	2024 £m	2023 £m
Remeasurement of BPT Limited defined benefit pension scheme	(0.8)	(0.3)
Fair value movement in cash flow hedges	(5.2)	(4.0)
<b>Amounts recognised in other comprehensive income</b>	<b>(6.0)</b>	<b>(4.3)</b>

Deferred tax balances comprise temporary differences attributable to:

	2024 £m	2023 £m
<b>Deferred tax assets</b>		
Short-term temporary differences	6.1	3.7
	6.1	3.7
<b>Deferred tax liabilities</b>		
Trading property uplift to fair value on business combinations	(3.9)	(5.2)
Investment property revaluation	(93.8)	(95.2)
Short-term temporary differences	(21.9)	(13.2)
Fair value movement in financial interest in property assets	(0.2)	(1.1)
Actuarial gain on BPT Limited defined benefit pension scheme	(0.2)	(0.9)
Fair value movement in derivative financial instruments	(1.5)	(6.7)
	(121.5)	(122.3)
<b>Total deferred tax</b>	<b>(115.4)</b>	<b>(118.6)</b>

## Notes to the financial statements continued

### 13. Tax continued

In addition to the tax amounts shown above, contingent tax based on EPRA market value measures, being tax on the difference between the carrying value of trading properties in the statement of financial position and their market value, has not been recognised by the Group. This contingent tax amounts to £72.1m, calculated at 25.0% (2023: £85.5m, calculated at 25.0%), and will be realised as the properties are sold.

It is not possible for the Group to identify the timing of movements in deferred tax between those expected within one year and those expected in a period greater than one year. This is because movements in the main balances, both assets and liabilities, will be determined by factors outside the control of the Group, namely the vacation date of properties and interest yield curve movements. However, given the long-term nature of our property ownership, we anticipate that the balance will predominantly be crystallised in a period greater than one year.

### 14. Dividends

#### Accounting policy

Dividends are recognised through equity when approved by the Company's Shareholders or on payment, whichever is earlier.

Dividends paid in the year are shown below:

	2024 £m	2023 £m
Ordinary dividends on equity shares:		
Final dividend for the year ended 30 September 2022 – 3.89p per share	–	28.8
Interim dividend for the year ended 30 September 2023 – 2.28p per share	–	16.9
Final dividend for the year ended 30 September 2023 – 4.37p per share	32.2	–
Interim dividend for the year ended 30 September 2024 – 2.54p per share	18.8	–
	51.0	45.7

Subject to approval at the AGM, the final dividend of 5.01p per share (gross) amounting to £37.0m will be paid on 21 February 2025 to Shareholders on the register at the close of business on 17 January 2025. Shareholders will again be offered the option to participate in a dividend reinvestment plan and the last day for election is 31 January 2025. An interim dividend of 2.54p per share amounting to a total of £18.8m was paid to Shareholders on 5 July 2024.

### 15. Earnings per share

#### Accounting policy

##### Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held both in Trust and as treasury shares to meet its obligations under the Long-Term Incentive Plan ('LTIP') and Deferred Bonus Plan ('DBP') on which the dividends are being waived.

##### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares in issue by the dilutive effect of ordinary shares that the Company may potentially issue relating to its share option schemes and contingent share awards under the LTIP and DBP, based upon the number of shares that would be issued if 30 September 2024 was the end of the contingency period. Where the effect of the above adjustments is antidilutive, they are excluded from the calculation of diluted earnings per share.

	30 September 2024			30 September 2023		
	Profit for the year £m	Weighted average number of shares (millions)	Earnings per share (pence)	Profit for the year £m	Weighted average number of shares (millions)	Earnings per share (pence)
<b>Basic earnings per share</b>						
Profit attributable to equity holders	31.2	738.2	4.2	25.6	739.9	3.5
<b>Effect of potentially dilutive securities</b>						
Share options and contingent shares	–	3.3	–	–	2.5	–
<b>Diluted earnings per share</b>						
Profit attributable to equity holders	31.2	741.5	4.2	25.6	742.4	3.5



## 16. Investment property

### Accounting policy

Property that is held for long-term rental yields or for capital appreciation, or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property falls within Level 3 of the fair value hierarchy as defined by IFRS 13. Further details are given in Note 27.

Subsequent expenditure is included in the carrying amount of the property when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the Group's investment properties are included in the consolidated income statement of the period in which they arise.

When the Group begins to redevelop an existing trading property for continued future use as an investment property, the property is transferred to investment property and held as a non-current asset. The property is remeasured to fair value as at the date of the transfer with any gain or loss being taken to the income statement.

### Accounting policy (Investment property - held for sale)

Where specific investment properties are expected to sell within the next 12 months, their fair value is shown under assets classified as held for sale within current assets.

	2024 £m	2023 £m
Opening balance	2,948.9	2,775.9
Acquisitions	85.9	9.8
Capital expenditure – completed assets	13.9	20.4
Capital expenditure – assets under construction	161.2	271.8
<b>Total additions</b>	<b>261.0</b>	<b>302.0</b>
Disposals (Note 8)	(149.1)	(60.2)
Net valuation losses on investment properties <sup>1</sup>	(32.5)	(68.8)
Reclassifications to investment property - held for sale	(31.5)	–
<b>Closing balance</b>	<b>2,996.8</b>	<b>2,948.9</b>

1. Within the above are provisions for fire safety works. No potential recovery of these costs has been accounted for.

The basis of valuation of investment property, the use of external independent valuers, and the judgements and assumptions adopted by management is set out in Note 2 'Critical accounting estimates and judgements'. The valuation of investment property takes into account the prevailing market conditions as at the reporting date, including sustainability and climate related considerations associated with the properties.

The historical cost of the Group's investment property as at 30 September 2024 is £2,700.9m (2023: £2,549.1m). Direct repair and maintenance costs arising from investment property that generated rental income during the year were £5.8m (2023: £5.3m).

Within investment property are a number of assets held for sale at the reporting date, valued at £31.5m. Held for sale properties are those that are for sale, where solicitors have been instructed, or where contracts have been exchanged. All investment properties which are held for sale are included within our PRS segment.

## 17. Property, plant and equipment

### Accounting policy

Property, plant and equipment are stated at cost less residual value and depreciation and comprise office leases, fixtures, fittings and equipment. Depreciation is charged to the income statement on a straight-line basis over the estimated useful life ranging from 3–5 years, with office leases depreciated over the life of the lease.

## 18. Investment in associates

	2024 £m	2023 £m
Opening balance	15.8	16.7
Share of loss for the year	(0.4)	(0.1)
Dividends paid in the year	(0.5)	(0.8)
<b>Closing balance</b>	<b>14.9</b>	<b>15.8</b>

## Notes to the financial statements continued

## 18. Investment in associates continued

The closing balance comprises share of net assets of £0.4m (2023: £1.3m) and net loans due from associates of £14.5m (2023: £14.5m). At the balance sheet date, there is no expectation of any material credit losses on loans due. As at 30 September 2024, the Group's interest in active associates was as follows:

	% of ordinary share capital held	Country of incorporation	Accounting period end
Vesta LP	20.0	UK	30 September

In relation to the Group's investment in associates, the aggregated assets, liabilities, revenues and profit or loss of associates is shown below:

## 2024 Summarised income statement

£m	Vesta LP
Net rental income and other income	2.7
Administration and other expenses	(0.5)
<b>Operating profit</b>	<b>2.2</b>
Revaluation loss on investment property	(4.5)
<b>Loss before tax</b>	<b>(2.3)</b>
Tax	–
<b>Loss after tax</b>	<b>(2.3)</b>

## 2024 Summarised statement of financial position

£m	Vesta LP
Investment property	72.7
Current assets	3.2
<b>Total assets</b>	<b>75.9</b>
Current liabilities	(1.2)
Non-current liabilities	(72.5)
<b>Total liabilities</b>	<b>(73.7)</b>
<b>Net assets</b>	<b>2.2</b>

## 2023 Summarised income statement

£m	Vesta LP
Net rental income and other income	2.3
Administration and other expenses	(0.5)
<b>Operating profit</b>	<b>1.8</b>
Revaluation gains on investment property	(2.5)
<b>Profit before tax</b>	<b>(0.7)</b>
Tax	–
<b>Profit after tax</b>	<b>(0.7)</b>

## 2023 Summarised statement of financial position

£m	Vesta LP
Investment property	77.0
Current assets	3.0
<b>Total assets</b>	<b>80.0</b>
Current liabilities	(1.2)
Non-current liabilities	(72.5)
<b>Total liabilities</b>	<b>(73.7)</b>
<b>Net assets</b>	<b>6.3</b>

## 19. Investment in joint ventures

	2024 £m	2023 £m
Opening balance	75.2	38.5
Share of loss for the year	(0.2)	(0.3)
Further investment <sup>1</sup>	–	34.0
Loans advanced to joint ventures	1.4	3.0
<b>Closing balance</b>	<b>76.4</b>	<b>75.2</b>

1. Grainger invested Enil into Connected Living London (BTR) Limited in the year (2023: £34.0m).

The closing balance comprises share of net assets of £46.7m (2023: £46.9m) and net loans due from joint ventures of £29.7m (2023: £28.3m). At the balance sheet date, there is no expectation of any material credit losses on loans due.

At 30 September 2024, the Group's interest in active joint ventures was as follows:

	% of ordinary share capital held	Country of incorporation	Accounting period end
Connected Living London (BTR) Limited	51	UK	30 September
Curzon Park Limited	50	UK	31 March
Lewisham Grainger Holdings LLP	50	UK	30 September

In relation to the Group's investment in joint ventures, the aggregated assets, liabilities, revenues and profit or loss are shown below:

## 2024 Summarised income statement

£m	Connected Living London (BTR) Limited	Curzon Park Limited	Lewisham Grainger Holdings LLP	Total
Administration and other expenses	(0.2)	(0.1)	(0.1)	(0.4)
<b>Loss before tax</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.4)</b>
Tax	–	–	–	–
<b>Loss after tax</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.4)</b>

## 2024 Summarised statement of financial position

Investment property	90.5	–	11.8	102.3
Current assets	2.6	36.6	–	39.2
<b>Total assets</b>	<b>93.1</b>	<b>36.6</b>	<b>11.8</b>	<b>141.5</b>
Current liabilities	(0.8)	(36.8)	(12.1)	(49.7)
<b>Net assets</b>	<b>92.3</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>91.8</b>

## 2023 Summarised income statement

£m	Connected Living London (BTR) Limited	Curzon Park Limited	Lewisham Grainger Holdings LLP	Total
Administration and other expenses	(0.4)	(0.1)	(0.1)	(0.6)
<b>Loss before tax</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.6)</b>
Tax	–	–	–	–
<b>Loss after tax</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.6)</b>

## 2023 Summarised statement of financial position

Investment property	88.5	–	10.2	98.7
Current assets	6.8	36.6	–	43.4
<b>Total assets</b>	<b>95.3</b>	<b>36.6</b>	<b>10.2</b>	<b>142.1</b>
Current liabilities	(2.8)	(36.6)	(10.5)	(49.9)
<b>Net assets</b>	<b>92.5</b>	<b>–</b>	<b>(0.3)</b>	<b>92.2</b>

## 20. Financial interest in property assets ('CHARM' portfolio)

### Accounting policy

The CHARM portfolio is a financial interest in equity mortgages held by the Church of England Pensions Board as mortgagee.

It is accounted for under IFRS 9 and is measured at fair value through profit and loss.

It is initially recognised at fair value and subsequently carried at fair value. Subsequent to initial recognition, the net change in value recorded is as follows: i) cash received from the instrument in the year is deducted from the carrying value of the assets; and ii) the carrying value of the assets is revised to the net present value of the updated projected cash flows arising from the instrument using a market discount rate at the reporting date. The change in value arising from ii) above is recorded through the consolidated income statement and is shown on the line 'Income from financial interest in property assets'.

	2024 £m	2023 £m
Opening balance	67.0	69.1
Cash received from the instrument	(8.3)	(6.7)
Amounts taken to income statement	(1.3)	4.6
<b>Closing balance</b>	<b>57.4</b>	<b>67.0</b>

The CHARM portfolio is considered to be a Level 3 financial asset as defined by IFRS 13. The key assumptions used to value the asset are set out within Note 2 'Critical accounting estimates and judgements', and the financial asset is included within the fair value hierarchy within Note 27.

## Notes to the financial statements continued

## 21. Intangible assets

## Accounting policy

Intangible assets comprise computer software and goodwill.

Costs incurred in relation to computer software that the Group has exclusive right of use to are capitalised and amortised on a straight-line basis over the estimated useful lives of the assets from the date they are available for use. The effective life is assessed in accordance with the period that the Group expects benefits from its investment in technology to be consumed. Amortisation is charged to the consolidated income statement.

Costs incurred in relation to computer software that the Group does not have exclusive right of use to, including its Software as a Service ("SaaS") arrangements, are not accounted for as intangible assets. Configuration and customisation costs incurred prior to receiving services are prepaid and expensed to the Consolidated income statement once the service is in use. All other expenditure in relation to non-exclusive SaaS is expensed to the Consolidated income statement as incurred.

Goodwill is tested for impairment based on a value in use calculation at each reporting date.

## 22. Inventories – trading property

## Accounting policy

Tenanted residential properties held-for-sale in the normal course of business within the PRS and Reversionary segments are shown in the financial statements as a current asset at the lower of cost and net realisable value. Cost includes legal and surveying charges and introducer fees incurred during acquisition together with improvement costs.

Legacy land and development property held within the Other segment of the business are shown in the financial statements at the lower of cost and net realisable value.

Cost represents the acquisition price including legal and other professional costs associated with the acquisition together with subsequent development costs net of amounts transferred to costs of sale.

Net realisable value is the expected sales proceeds that the Group expects on sale of a property or current market value net of associated selling costs.

	2024 £m	2023 £m
Opening balance	392.2	453.8
Additions	15.0	10.2
Disposals (Note 7)	(75.5)	(70.8)
Impairment of inventories to net realisable value	(0.1)	(1.0)
<b>Closing balance</b>	<b>331.6</b>	<b>392.2</b>

The closing balance above reflects the lower of historical cost and net realisable value of inventory owned by the Group rather than the current market value. Market value is considered to be a more relevant reflection of the value of inventory owned by the Group. The valuation of trading property in our EPRA NAV metrics take into account the prevailing market conditions as at the reporting date, including sustainability and climate related considerations associated with the properties.

The segmental allocation of PRS, Reversionary and Development inventory, as well as additional information including their market value is detailed in Note 4.

Information relating to the judgements and assumptions adopted by management in relation to inventories is set out in Note 2 'Critical accounting estimates and judgements'. It is not possible for the Group to identify which properties will be sold within the next 12 months. The size of the Group's property portfolio does result in a relatively predictable vacancy rate. However, it is not possible to predict in advance the specific properties that will become vacant. As the Group expects to realise trading property in its ordinary operating cycle, it is shown as a current asset in the consolidated statement of financial position.

Amounts relating to inventories that have been recognised as an expense in the consolidated income statement are as follows:

	2024 £m	2023 £m
Carrying value of trading property sold (Note 7)	75.5	70.8
Impairment of inventories to net realisable value	0.1	1.0



## 23. Trade and other receivables

### Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment in trade receivables is established when there is an expectation of cash shortfalls over the expected life of the amounts due. The movement in the provision is recognised in the consolidated income statement.

	2024 £m	2023 £m
Rent and other tenant receivables	4.8	3.0
Deduct: Provision for impairment	(1.5)	(1.5)
<b>Rent and other tenant receivables – net</b>	<b>3.3</b>	<b>1.5</b>
Restricted deposits	63.3	10.2
Other receivables	19.3	17.9
Prepayments	5.0	4.4
<b>Closing balance</b>	<b>90.9</b>	<b>34.0</b>

The Group's assessment of expected credit losses involves estimation given its forward-looking nature. This is not considered to be an area of significant judgement or estimation due to the balance of gross rent and other tenant receivables of £4.8m (2023: £3.0m). Assumptions used in the forward-looking assessment are continually reviewed to take into account likely rent deferrals.

Restricted deposits arise from contracts with third parties that place restrictions on use of funds and cannot be accessed on demand. These deposits are held in connection with facility arrangements and are released by the lender on a quarterly basis once covenant compliance has been met.

The fair values of trade and other receivables are considered to be equal to their carrying amounts. The credit quality of financial assets that are neither past due nor impaired is discussed in Note 27 'Financial risk management and derivative financial instruments'.

## 24. Provisions for other liabilities and charges

### Accounting policy

Provisions are recognised when: i) the Group has a present obligation as a result of a past event; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) a reliable estimate can be made of the amount of the obligation.

	2024 £m	2023 £m
<b>Current provisions for other liabilities and charges</b>		
Opening balance	8.6	8.6
Additions	5.0	0.3
Utilisation	(0.4)	(0.3)
	13.2	8.6
<b>Non-current provisions for other liabilities and charges</b>		
Opening balance	1.1	1.1
Utilisation	(0.1)	–
	1.0	1.1
<b>Total provisions for other liabilities and charges</b>	<b>14.2</b>	<b>9.7</b>

Current provisions of £13.2m (2023: £8.6m) have been provided for potential fire safety remediation costs relating to a small number of legacy properties that Grainger historically had an involvement in developing and may require fire safety related remediation works. Where appropriate, the Group is seeking recoveries from contractors and insurers which may reduce the overall liability over time.

## Notes to the financial statements continued

## 25. Trade and other payables

## Accounting policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Refer to Note 35 for accounting policy in relation to lease liabilities.

	2024 £m	2023 £m
<b>Current liabilities</b>		
Deposits received	12.8	10.7
Trade payables	19.0	15.9
Lease liabilities (Note 35)	0.7	0.2
Tax and social security costs	4.9	3.0
Accruals	64.5	81.9
Deferred income	12.2	9.0
	114.1	120.7
<b>Non-current liabilities</b>		
Lease liabilities (Note 35)	6.3	6.9
	6.3	6.9
<b>Total trade and other payables</b>	<b>120.4</b>	<b>127.6</b>

Within accruals, £43.9m comprises accrued expenditure in respect of ongoing construction activities (2023: £60.2m).

## 26. Interest-bearing loans and borrowings

## Accounting policy

Borrowings are initially recognised at the fair value of consideration received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date.

	2024 £m	2023 £m
<b>Non-current liabilities</b>		
Bank loans – Pounds Sterling	548.2	490.1
Bank loans – Euros	0.8	0.9
Non-bank financial institution	347.9	347.3
Corporate bonds	696.0	695.2
	1,592.9	1,533.5
<b>Closing balance</b>	<b>1,592.9</b>	<b>1,533.5</b>

## (a) Bank loans

Sterling bank loans include variable rate loans bearing interest at rates between 1.5% and 1.8% above SONIA and Euro bank loans include variable rate loans bearing interest at a rate of 1.6% above EURIBOR. Gross bank loans of £558.2m are due to mature in the year ended 30 September 2029.

The weighted average variable interest rate on bank loans as at 30 September 2024 was 6.6% (2023: 6.8%). Bank loans are secured by fixed and floating charges over specific property and other assets of the Group.

Unamortised costs in relation to bank loans of £9.2m (2023: £8.2m) will be amortised over the life of the loans to which they relate.

During the year the Group exercised options to extend the maturity dates on certain bank loans by one year. The extension of maturity dates has been deemed to be a non-substantial modification.

**(b) Non-bank financial institution**

£350.0m is funded by fixed rates loans from Rothesay Life PLC across three tranches: £75.0m maturing July 2026, £75.0m maturing October 2027 and £200.0m maturing July 2029.

The weighted average interest rate on non-bank loans as at 30 September 2024 was 2.4% (2023: 2.4%). Unamortised costs in relation to these fixed rate loans of £2.1m (2023: £2.7m) will be amortised over the life of the loans to which they relate.

**(c) Corporate bonds**

In 2018, the Group issued a ten-year £350.0m corporate bond at 3.375% due April 2028. In 2020, the Group issued a ten-year £350.0m corporate bond at 3.0% due July 2030.

As at 30 September 2024 unamortised costs in relation to the corporate bonds stood at £2.4m (2023: £2.9m), and the outstanding discount was £1.6m (2023: £1.9m).

**(d) Other loans and borrowings information**

The above analyses of loans and borrowings are net of unamortised loan issue costs and the discount on issuance of the corporate bonds. As at 30 September 2024, unamortised costs totalled £13.7m (2023: £13.8m) and the outstanding discount was £1.6m (2023: £1.9m).

In accordance with IAS 7 Statement of Cash Flows, the Group is required to detail any changes in liabilities that arise from financing activities throughout the year. These changes are detailed below.

£m	2024				2023			
	Loans and borrowings	Interest payable	Derivatives used for hedging the liabilities from financing activities		Loans and borrowings	Interest payable	Derivatives used for hedging the liabilities from financing activities	
			Assets	Liabilities			Assets	Liabilities
<b>Opening balance</b>	<b>1,533.5</b>	<b>9.3</b>	<b>45.3</b>	<b>–</b>	1,357.6	9.0	56.5	–
<i>Changes from financing cash flows</i>								
Proceeds from loans and borrowings	244.0	–	–	–	330.0	–	–	–
Repayment of borrowings	(185.0)	–	–	–	(155.0)	–	–	–
Transaction costs related to loans, borrowings and derivatives	(2.8)	–	1.9	–	(2.3)	–	4.9	–
<b>Total changes from financing cash flows</b>	<b>56.2</b>	<b>–</b>	<b>1.9</b>	<b>–</b>	172.7	–	4.9	–
<i>Other changes</i>								
Gross interest accrued	–	52.7	–	–	–	47.2	–	–
Gross interest paid	–	(52.6)	–	–	–	(46.9)	–	–
Amortisation of borrowing costs net of premiums	3.2	–	–	–	3.2	–	–	–
Hedge ineffectiveness under IFRS 9	–	–	(6.6)	–	–	–	–	–
Changes in fair value of derivatives through hedging reserve	–	–	(20.8)	–	–	–	(16.1)	–
<b>Total other changes</b>	<b>3.2</b>	<b>0.1</b>	<b>(27.4)</b>	<b>–</b>	3.2	0.3	(16.1)	–
<b>Closing balance</b>	<b>1,592.9</b>	<b>9.4</b>	<b>19.8</b>	<b>–</b>	1,533.5	9.3	45.3	–

## Notes to the financial statements continued

## 27. Financial risk management and derivative financial instruments

## Accounting policy

## Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Demand deposits that cannot be accessed and have restrictions on use arising from contracts with third parties are reflected in trade and other receivables.

## Derivative financial instruments

The Group uses derivative instruments to help manage its interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes. Derivatives are classified as current assets and current liabilities.

The derivatives are recognised initially at fair value. Subsequently, the gain or loss on re-measurement to fair value is recognised immediately in the consolidated income statement, unless the derivatives qualify for cash flow hedge accounting, and have been designated as such, in which case any gain or loss is taken to equity in a cash flow hedge reserve via other comprehensive income.

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is immediately transferred to the consolidated income statement.

## Fair value estimation

The fair values of interest rate derivatives are based on a discounted cash flow model using market information.

## Derecognition of financial assets and liabilities

Derecognition is the point at which the Group removes an asset or liability from its consolidated statement of financial position. The Group's policy is to derecognise financial assets only when the contractual right to the cash flows from the financial asset expires. The Group also derecognises financial assets that it transfers to another party provided that the transfer of the asset also transfers the right to receive cash flows from the financial asset. When the transfer does not result in the Group transferring the right to receive cash flows from the financial asset but it does result in the Group assuming a corresponding obligation to pay cash flows to another recipient, the financial asset is derecognised.

The Group derecognises financial liabilities only when its obligation is discharged, is cancelled or expires.

Financial assets classified as fair value through profit and loss (previously available-for-sale) are the financial interest in property assets.

Derivative financial instruments not in hedge accounting relationships are classified as fair value through profit and loss.

## Categories of financial instruments

A summary of the classifications of the financial assets and liabilities held by the Group is set out in the following table:

£m	2024						
	Loans and receivables/ cash and cash equivalents	Assets at fair value through profit and loss	Derivatives used for hedging	Other financial assets	Total book value	Fair value adjustment	Fair value
<b>Non-current assets</b>							
Financial interest in property assets	–	57.4	–	–	57.4	–	57.4
<b>Current assets</b>							
Trade and other receivables excluding prepayments	85.9	–	–	–	85.9	–	85.9
Cash and cash equivalents	93.2	–	–	–	93.2	–	93.2
Derivative financial instruments	–	–	19.8	–	19.8	–	19.8
<b>Total financial assets</b>	<b>179.1</b>	<b>57.4</b>	<b>19.8</b>	<b>–</b>	<b>256.3</b>	<b>–</b>	<b>256.3</b>
£m	Loans and receivables/ cash and cash equivalents	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total book value	Fair value adjustment	Fair value
<b>Non-current liabilities</b>							
Trade and other payables	–	–	–	6.3	6.3	–	6.3
Interest-bearing loans and borrowings	–	–	–	1,592.9	1,592.9	(98.1)	1,494.8
<b>Current liabilities</b>							
Trade and other payables	–	–	–	114.1	114.1	–	114.1
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,713.3</b>	<b>1,713.3</b>	<b>(98.1)</b>	<b>1,615.2</b>
<b>Net financial assets/(liabilities)</b>	<b>179.1</b>	<b>57.4</b>	<b>19.8</b>	<b>(1,713.3)</b>	<b>(1,457.0)</b>	<b>98.1</b>	<b>(1,358.9)</b>



£m	2023						
	Loans and receivables/ cash and cash equivalents	Assets at fair value through profit and loss	Derivatives used for hedging	Other financial assets	Total book value	Fair value adjustment	Fair value
<b>Non-current assets</b>							
Financial interest in property assets	–	67.0	–	–	67.0	–	67.0
<b>Current assets</b>							
Trade and other receivables excluding prepayments	29.6	–	–	–	29.6	–	29.6
Cash and cash equivalents	121.0	–	–	–	121.0	–	121.0
Derivative financial instruments	–	–	45.3	–	45.3	–	45.3
<b>Total financial assets</b>	<b>150.6</b>	<b>67.0</b>	<b>45.3</b>	<b>–</b>	<b>262.9</b>	<b>–</b>	<b>262.9</b>
£m	Loans and receivables/ cash and cash equivalents	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total book value	Fair value adjustment	Fair value
<b>Non-current liabilities</b>							
Trade and other payables	–	–	–	6.9	6.9	–	6.9
Interest-bearing loans and borrowings	–	–	–	1,533.5	1,533.5	(182.1)	1,351.4
<b>Current liabilities</b>							
Trade and other payables	–	–	–	120.7	120.7	–	120.7
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,661.1</b>	<b>1,661.1</b>	<b>(182.1)</b>	<b>1,479.0</b>
<b>Net financial assets/(liabilities)</b>	<b>150.6</b>	<b>67.0</b>	<b>45.3</b>	<b>(1,661.1)</b>	<b>(1,398.2)</b>	<b>182.1</b>	<b>(1,216.1)</b>

The fair value difference relates to the Group's corporate bonds and the non-bank loans, which are stated at amortised cost in the consolidated statement of financial position. The fair value of the bonds is calculated as £632.8m (2023: £576.4m) based on quoted prices in traded markets. The fair value of the non-bank loans is calculated as £319.1m (2023: £291.6m) and is calculated by independent financial advisers (Centrus Group) by reference to quoted iBoxx index rates. There is no requirement under IFRS 9 to revalue these loans to fair value in the consolidated statement of financial position.

Included in cash above is £16.4m (2023: £12.8m) relating to cash held on behalf of tenants, leaseholders and clients comprising service charge and sinking fund balances, tenant deposits and cash held on behalf of joint ventures. These cash amounts are held by the Group in client bank accounts and are excluded from net debt. In addition, £4.9m (2023: £4.7m) of the cash balance is restricted in use, either by underlying financing arrangements or other commercial agreements comprising either reserve fund amounts or amounts where the release of cash is contingent upon proof of qualifying expenditure or quarterly cash waterfalls.

## Financial risk management

The Group's objectives for managing financial risk are to minimise the risk of adverse effects on performance and to ensure the ability of the Group to continue as a going concern while securing access to cost effective finance and maintaining flexibility to respond quickly to opportunities that arise.

The Group's policies on financial risk management are approved by the Board of Directors and implemented by Group treasury. Written policies and procedures cover interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and investment of excess liquidity. Group treasury regularly reports to the Audit Committee.

The Group uses derivative financial instruments to hedge its exposure to financial risk but does not take positions for speculative purposes.

The sources of financial risk and the policies and activities used to mitigate each are discussed below and include credit risk, liquidity risk and market risk, which includes interest rate risk, credit availability risk, house price risk in relation to the Tricomm Housing portfolio and our financial interest in property assets, and capital risk.

## Financial risk factors

### 1) Credit risk

Credit risk is the risk of financial loss due to a counterparty's failure to honour its obligations. The Group's principal financial assets include its financial interest in property assets, bank balances and cash, trade and other receivables and derivative financial instruments. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group's financial interest in property assets (CHARM) relates to a financial interest in equity mortgages held by the Church of England Pensions Board. The Group's cash receipts are payable by the Church Commissioners, a counterparty considered to be low risk as they have no history of past due or impaired amounts and there are no past due amounts outstanding at the year end.

**Notes to the financial statements continued****27. Financial risk management and derivative financial instruments continued**

The Group sometimes enters into land sales contracts under which a proportion of the consideration is deferred and recognised within other receivables (Note 23). Each purchaser is subject to financial due diligence prior to sale. At 30 September 2024, £5.2m (2023: £nil) was outstanding.

The Group also has credit risk relating to trade receivables. Under IFRS 9, the Group is required to provide for any expected credit losses arising from trade receivables. For all assured shorthold tenancies, credit checks are performed prior to acceptance of the tenant. Regulated tenants are incentivised through the benefit of their tenancy agreement to avoid default on their rent. Lifetime tenancies are generally at low or zero rent and hence suffer minimal credit risk. Rent deposits and personal guarantees are held in respect of some leases. Taking these factors into account, the risk to the Group of individual tenant default and the credit risk of trade receivables are considered low, as is borne out by the low level of trade receivables written off both in this year and in prior years.

Tenant deposits of £11.6m (2023: £9.4m) are held that provide some security against rental arrears and property dilapidations caused by the tenant. The Group does not hold any other collateral as security. Of the net trade receivables balance of £3.3m, we consider £nil to be not due and not impaired. All of the £19.3m other receivables balance are considered not due and not impaired.

As at 30 September 2024 tenant arrears of £1.5m within trade receivables were impaired and fully provided for (2023: £1.5m). The impaired receivables are based on a review of expected credit losses, which is detailed in Note 23. Impaired receivables and receivables not considered to be impaired are not material to the financial statements and, therefore, no further analysis is provided.

The credit risk on liquid funds and derivative financial instruments is managed through the Group's policies of monitoring counterparty exposure, monitoring the concentration of credit risk through the use of multiple counterparties and the use of counterparties of good financial standing. At 30 September 2024, the fair value of all interest rate derivatives that had a positive value was £19.8m (2023: £45.3m).

At 30 September 2024, the combined credit exposure arising from cash held at banks, money market deposits and interest rate swaps was £133.0m (2023: £166.3m), which represents 3.0% (2023: 4.5%) of total assets. Deposits were placed with financial institutions with A- or better credit ratings.

The Group has the following cash and cash equivalents:

	2024 £m	2023 £m
Pounds Sterling	92.4	120.0
Euros	0.8	1.0
	93.2	121.0

At the year end, £61.4m was placed on deposit (2023: £79.6m) at effective interest rates between 1.5% and 4.6% (2023: 1.5% and 4.6%). Remaining cash and cash equivalents are held as cash at bank or in hand. The Group has an overdraft facility of £1.0m as at 30 September 2024 (2023: £1.0m).

**2) Liquidity risk**

The Group ensures that it maintains continuity and flexibility through a spread of maturities.

Although the Group's core funding is subject to covenants requiring certain levels of LTV with respect to the entities in the Group of obligors, and to maintaining a certain level of interest cover at the Group level, the loans are not secured directly against any property allowing operational flexibility.

The Group ensures that it maintains sufficient cash for operational requirements at all times. The Group also ensures that it has sufficient undrawn committed borrowing facilities from a diverse range of banks and other sources to allow for operational flexibility and to meet committed expenditure. The business is highly cash generative from its sales of vacant properties, gross rents and management fees. In adverse trading conditions, tenanted and other sales can be increased and new acquisitions can be stopped. Consequently, the Group is able to reduce gearing ('LTV') levels and improve liquidity quickly.

The Group's credit rating is currently provided by Fitch and S&P. Fitch and S&P's most recent assessments on the Group were issued in February 2024. Fitch assigned the Group a long-term issuer default rating of 'BBB-' and the Group's Corporate Bonds' senior secured issue ratings of 'BBB'. S&P affirmed the Group's long-term issuer default rating of 'BB+' and the Group's Corporate Bonds' senior secured issue ratings of 'BBB-'. Both Fitch & S&P assigned the Group's credit outlook as 'Stable'. The Group's stable credit outlook suggests there is currently very little risk of a credit rating downgrade to the Group. The Group monitors rating agency metrics to ensure we maintain or improve upon the Group's current credit ratings.

In the event of a credit rating downgrade, there may be an increase in the coupon payable on the Group's Corporate Bonds should the senior secured issue rating fall below BBB-. This could result in an increase in the Group's annual interest charge of £8.7m. However, the coupon would revert to the original coupon payable should the credit rating recover to BBB- or higher. This increase in interest costs would also affect the Group's interest cover financial covenant. However, there is significant headroom on our facility financial covenants and the Group has determined that we would remain compliant and retain significant covenant headroom despite this increase in interest costs. No other debt facilities or financial covenants of the Group would be affected by a credit rating downgrade.

Certain borrowings and facilities are structured as ESG funding comprising of either green loans or sustainability-linked finance. As at the year end, £175m of the Group's facilities are linked to ESG requirements of which £50m are designated as green loans and £125m are sustainability-linked finance. Green loan allocations are made on a use-of-proceeds basis where investment outcomes are expected to achieve certain minimum EPC ratings. Sustainability-linked facilities include targets to achieve certain EPC targets in the Group's PRS portfolio. As at the year end, the green loans were fully allocated, and all targets under the sustainability-linked facilities are being met. Achieving these targets results in the Group receiving a margin benefit on borrowings under their respective loans and facilities. In the event of not achieving a target, the Group may experience a similar margin penalty. As at the year end, the maximum possible penalty for missing a target could result in a further finance charge of less than £0.1m.

The Group's fixed rate borrowings are stated at amortised cost in the financial statements and there is currently no requirement under IFRS 9 to revalue these borrowings in the financial statements of the Group. Therefore, there would be no impact to the Group's measurement of borrowings in the event of a credit rating downgrade.

In accordance with IFRS 13, the Group measures derivatives at fair value including the effect of counterparty credit risk. Where derivatives have been designated in a cash flow hedge relationship, the Group carries out hedge effectiveness testing in accordance with IFRS 9. In the event of a credit rating downgrade, there may be an impact on the fair value of the Group's derivative contracts as the credit quality of the Group decreases which may give rise to a requirement to recognise some hedge ineffectiveness in the financial statements. However, in accordance with hedge effectiveness requirements under IFRS 9, credit valuation adjustments included in the measurement of derivative fair values would need to dominate movements in fair value before creating hedge ineffectiveness. The Group does not consider that a credit rating downgrade will impact derivative fair values and give rise to a material level of hedge ineffectiveness.

The following table analyses the Group's financial liabilities and net-settled derivative financial liabilities at the consolidated statement of financial position date into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows using yield curves as at 30 September 2024.

£m	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
<b>At 30 September 2024</b>					
Interest-bearing loans and borrowings (Note 26)	–	75.0	1,167.9	350.0	1,592.9
Interest on borrowings	64.1	58.9	151.0	10.5	284.5
Interest on derivatives	(11.3)	(5.2)	(5.6)	–	(22.1)
Trade and other payables	114.1	0.9	1.7	3.7	120.4
<b>At 30 September 2023</b>					
Interest-bearing loans and borrowings (Note 26)	–	–	944.5	589.0	1,533.5
Interest on borrowings	66.2	63.6	172.7	25.2	327.7
Interest on derivatives	(20.9)	(11.6)	(18.5)	(0.2)	(51.2)
Trade and other payables	120.7	1.2	0.7	5.0	127.6

The Group's undrawn committed borrowing facilities are monitored against projected cash flows.

#### Maturity of committed undrawn borrowing facilities

	2024 £m	2023 £m
Expiring:		
Between one and two years	–	–
Between two and five years	436.8	415.8
Over five years	–	–
	<b>436.8</b>	<b>415.8</b>

### 3) Market risk

The Group is exposed to market risk through interest rates, the availability of credit and house price movements relating to the Tricomm Housing portfolio and the CHARM portfolio. The approach the Group takes to each of these risks is set out below. The Group is not significantly exposed to equity price risk or to commodity price risk.

#### Fair values

IFRS 13 sets out a three-tier hierarchy for financial assets and liabilities valued at fair value. These are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

## Notes to the financial statements continued

## 27. Financial risk management and derivative financial instruments continued

The following table presents the Group's assets and liabilities that are measured at fair value:

£m	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Level 3				
CHARM	57.4	–	67.0	–
Investment property <sup>1</sup>	3,028.3	–	2,948.9	–
	3,085.7	–	3,015.9	–
Level 2				
Interest rate swaps – in cash flow hedge accounting relationships	19.8	–	45.3	–
	19.8	–	45.3	–

1. Includes investment property - held for sale

The significant unobservable inputs affecting the carrying value of the CHARM portfolio are house price inflation and discount rates. Assumptions used are detailed in Note 2 and reconciliation of movements and amounts recognised in the consolidated income statement are detailed in Note 20.

The investment valuations provided by Allsop LLP and CBRE Limited are based on the RICS Professional Valuation Standards, but include a number of unobservable inputs and other valuation assumptions and are detailed in Note 2.

The fair value of swaps and caps were valued in-house by a specialised treasury management system, using a discounted cash flow model and market information. The fair value is derived from the present value of future cash flows discounted at rates obtained by means of the current yield curve appropriate for those instruments. As all significant inputs required to value the swaps and caps are observable, they all fall within Level 2.

Interest rate swaps and caps are all classified as either current assets or current liabilities.

The notional principal amount of the outstanding interest rate swap and cap contracts as at 30 September 2024 was £476.6m (2023: £427.4m).

In accordance with IFRS 9, the Group has reviewed its interest rate hedges. In the absence of hedge accounting, movements in fair value are taken directly to the consolidated income statement. However, where cash flow hedges have been viewed as being effective, and have been designated as such, any gains or losses have been taken to the cash flow hedge reserve via other comprehensive income.

The reconciliation between opening and closing balances for Level 3 is detailed in the table below:

Assets – Level 3	2024 £m	2023 £m
Opening balance	3,015.9	2,845.0
Amounts taken to income statement	(33.8)	(64.2)
Other movements	103.6	235.1
<b>Closing balance</b>	<b>3,085.7</b>	<b>3,015.9</b>

The following assets and liabilities are excluded from the above table as fair value is not the accounting basis for the Group's financial statements, but is the basis for the Group's EPRA NRV, EPRA NTA and EPRA NDV measures:

£m	Accounting basis	Classification if fair valued	2024		2023	
			Book value	Fair value	Book value	Fair value
Inventories – trading property	Lower of cost and net realisable value	Level 3	331.6	620.1	392.2	734.3
Corporate bonds	Amortised cost	Level 1	700.0	632.8	700.0	576.4
Non-bank loans	Amortised cost	Level 3	350.0	319.1	350.0	291.6

## (a) Interest rate risk

The Group's interest rate risk arises from the risk of fluctuations in interest charges on floating rate borrowings. The Group mitigates this risk through the use of variable to fixed interest rate swaps and caps. This subjects the Group to fair value risk as the value of the financial derivatives fluctuates in line with variations in interest rates. However, the Group seeks to cash flow hedge account where applicable. The Group is, however, driven by commercial considerations when hedging its interest rate risk and is not driven by the strict requirements of the hedge accounting rules under IFRS 9 if this is to the detriment of achieving the best commercial arrangement.

Hedging activities are carried out under the terms of the Group's hedging policies and are regularly reviewed by the Board to ensure compliance with this policy. The Board reviews its policy on interest rate exposure regularly with a view to establishing that it is still relevant in the prevailing and forecast economic environment. The current Group treasury policy is to maintain floating rate exposure of no greater than 30% of expected borrowing. As at 30 September 2024, 95% (2023: 95%) of the Group's gross borrowings were economically hedged to fixed or capped rates.



Based on the Group's interest rate profile at the statement of financial position date, a 1% rise in interest rates would decrease annual profits by £0.6m (2023: £0.5m). Similarly, a 1% fall would increase annual profits by £0.6m (2023: £0.5m).

Based on the Group's interest rate profile at the statement of financial position date, a 1% increase in interest rates would increase the Group's equity by £9.3m (2023: £11.3m). Similarly, a 1% fall would decrease the Group's equity by £9.3m (2023: £11.2m).

Upward movements in medium and long-term interest rates, associated with higher interest rate expectation, increase the value of the Group's interest rate swaps that provide protection against such moves. The converse is true for downward movements in the interest yield curve. Where the Group's swaps qualify as effective hedges under IFRS 9, these movements in fair value are recognised directly in other comprehensive income rather than the consolidated income statement.

As at 30 September 2024, the market value of derivatives designated as cash flow hedges under IFRS 9 is a net asset of £19.8m (2023: £45.3m). £6.6m is recognised within the income statement for ineffectiveness of cash flow hedges (2023: £nil). The fair value movement on derivatives not in hedge accounting relationships resulted in a charge of £nil (2023: £nil) in the consolidated income statement.

At 30 September 2024, the market value of derivatives not designated as cash flow hedges under IFRS 9 is £nil (2023: £nil). The cash flows occur and enter in the determination of profit and loss until the maturity of the hedged debt.

The table below summarises debt hedged:

### Hedged debt

	2024 £m	2023 £m
Hedged debt maturing:		
Within one year	–	–
Between one and two years	–	–
Between two and five years	476.6	387.4
Over five years	–	40.0
	476.6	427.4

Interest rate profile – including the effect of derivatives and amortisation of issue costs:

	2024					2023				
	Weighted average interest rate %	Average maturity years <sup>1</sup>	Sterling £m	Euros £m	Gross debt total £m	Weighted average interest rate %	Average maturity years	Sterling £m	Euros £m	Gross debt total £m
Fixed rate	3.1	4.4	1,050.0	–	1,050.0	3.1	5.4	1,050.0	–	1,050.0
Hedged rate	3.2	4.8	476.6	–	476.6	2.8	4.9	427.4	–	427.4
Variable rate	6.9	4.8	80.7	0.8	81.5	7.2	4.9	70.9	0.9	71.8
	3.3	4.5	1,607.3	0.8	1,608.1	3.2	5.2	1,548.3	0.9	1,549.2

1. Average maturity years excluding extension options. Including extension options, with the extension to be mutually agreed between the Group and the lenders, the average maturity is 4.7 years (2023: 5.5 years).

At 30 September 2024, the fixed interest rates on the interest rate swap contracts vary from 1.00% to 2.30% (2023: 0.36% to 1.51%); the weighted average rates are shown in the table above.

### (b) Credit availability risk

Credit availability risk relates to the Group's ability to refinance its borrowings at the end of their terms or to secure additional financing where necessary. The Group maintains relationships with a diverse range of lenders and maintains sufficient headroom through cash and committed borrowings. On 30 September 2024, the Group had available headroom of £508.7m, with the next debt maturity not until April 2026, although extension options are available to extend this by a further year.

### (c) House price risk

The cash flows arising from the Group's financial interest in property assets (CHARM) and the Tricomm Housing portfolio are related to the movement in value of the underlying property assets and, therefore, are subject to movements in house prices. However, consistent with the Group's approach to house price risk across its portfolio of trading and investment properties, the Group does not seek to eliminate this risk as it is a fundamental part of the Group's business model.

### (d) Capital risk management

The Board manages the Group's capital through the regular review of: cash flow projections; the ability of the Group to meet contractual commitments; covenant tests; dividend cover; and gearing ('LTV'). The current capital structure of the Group comprises a mix of debt and equity. Debt is typically both current and non-current interest-bearing loans and borrowings as set out in the consolidated statement of financial position. Equity comprises issued share capital, reserves and retained earnings as set out in the consolidated statement of changes in equity.

## Notes to the financial statements continued

### 27. Financial risk management and derivative financial instruments continued

Group loans and borrowings have associated covenant requirements with respect to LTV and ICR. The covenants operate on a facility by facility basis, with maximum LTV ranges between 70% – 75% and minimum ICR cover of 1.35x – 1.75x. As at 30 September 2024, the minimum headroom based on individual facilities is a 10.6% increase in LTV and 44.1% reduction in ICR. At the year end, Group LTV was 38.2% (see page 176 for calculation) and Group ICR was 3.4x.

The Board regularly reviews all current and projected future levels to monitor anticipated compliance and available headroom against key thresholds. LTV is reviewed in the context of the Board's view of markets, the prospects of, and risks relating to, the portfolio and the recurring cash flows of the business. The Group deems a range of LTV of up to 45% to be appropriate in the medium term.

The Group monitors its cost of debt and Weighted Average Cost of Capital ('WACC') on a regular basis. At 30 September 2024, the weighted average cost of debt was 3.2% (2023: 3.3%). Investment and development opportunities are evaluated using a risk adjusted WACC in order to ensure long-term Shareholder value is created.

### 28. Pension costs

#### Accounting policy

i) **Defined contribution pension scheme** – Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement in the period to which they relate.

ii) **Defined benefit pension scheme** – The Group currently contributes to a defined benefit pension scheme that was closed to new members and future accrual of benefits in 2003. The full deficit in the scheme was recognised in the statement of financial position as at 1 October 2004.

An actuarial valuation of the scheme is carried out every three years. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each consolidated statement of financial position date by a qualified actuary, for the purpose of determining the amounts to be reflected in the Group's financial statements under IAS 19.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the consolidated statement of financial position date.

The pension scheme assets comprise investments in bonds and cash, managed by Rathbones Investment Management Limited and insurance policies managed by Friends Life. These assets are measured at fair value in the statement of financial position.

The amount shown in the statement of financial position is the net of the present value of the defined benefit obligation and the fair value of the scheme assets. When there is a surplus the Group considers the requirements of IFRIC 14 and whether there is economic benefit available as a refund of this surplus, or through a reduction in future contributions. When an unconditional right to future economic benefit exists, there is no restriction on the amount of surplus recognised.

There are no current or past service costs as the scheme is closed to new members and future accrual. The net interest amount, calculated by applying the discount rate to the net defined benefit liability, is reflected in the income statement each year.

Actuarial gains and losses net of deferred income tax are reflected in other comprehensive income each year.

#### (a) Defined contribution scheme

The Group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Group in independently administered funds. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Pension arrangements for Directors are disclosed in the report of the Remuneration Committee and the Directors' Remuneration report on pages 91 to 109. The pension cost charge in these financial statements represents contributions payable by the Group.

The charge of £1.7m (2023: £1.5m) is included within employee remuneration in Note 10.

**(b) Defined benefit scheme**

In addition to the above, the Group also operates a final salary defined benefit pension scheme, the BPT Retirement Benefits Scheme. The assets of the scheme are held separately in funds administered by Trustees and are invested with Rathbones Investment Management Limited, an independent investment manager. Pension benefits are linked to the members' final pensionable salaries and service at their retirement date (or date of leaving if earlier). The Trustees are responsible for running the scheme in accordance with the scheme's trust deed and rules, which sets out their powers. The Trustees of the scheme are required to act in the best interests of the beneficiaries of the scheme. There is a requirement that at least one-third of the Trustees are nominated by the members of the scheme.

There are three categories of pension scheme members:

- Active members: currently employed by the Group. No benefits have accrued since 30 June 2003, although active members retain a final salary link.
- Deferred members: former employees of the Group.
- Pensioner members: in receipt of pension.

The defined benefit obligation is valued by projecting the best estimate of future benefit payments (allowing for future salary increases for active members, revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the statement of financial position date. In the period up to retirement, benefits receive increases linked to Consumer Prices Index ('CPI') inflation (subject to a cap of no more than 5% p.a.). After retirement, benefits receive fixed increases of 5% p.a. The valuation method used is known as the Projected Unit Credit Method. The approximate overall duration of the scheme's defined benefit obligation as at 30 September 2024 was 13 years.

The IAS 19 calculations for disclosure purposes have been based upon the results of the actuarial valuation carried out as at 1 July 2022, updated to 30 September 2024, by a qualified independent actuary.

**i) Principal actuarial assumptions under IAS 19 (p.a.)**

	2024 %	2023 %
Discount rate	5.0	5.6
Retail Price Index ('RPI') inflation	3.3	3.5
Consumer Prices Index ('CPI') inflation	2.6	2.8
Rate of increase of pensions in payment	5.0	5.0

**ii) Demographic assumptions**

	2024	2023
Mortality tables for pensioners	S3PA base tables CMI 2023 mortality projections 1.25% p.a. long-term rate	S3PA base tables CMI 2022 mortality projections 1.25% p.a. long-term rate
Mortality tables for non-pensioners	As for pensioners	As for pensioners

**iii) Life expectancies**

	30 September 2024		30 September 2023	
	Male	Female	Male	Female
Life expectancy for a current 60-year-old (years)	86	89	86	89
Life expectancy at age 60 for an individual aged 45 (years)	87	90	87	90

**Risks**

During 2024 the Trustees have worked to de-risk the scheme from risks including changes in bond yields, asset volatility, credit risk, inflation risk, and changes in life expectancy. To do so the Trustees have used scheme assets previously invested in bonds to purchase an annuity policy that fully matches all previously uninsured liabilities.

Going forwards, 100% of scheme liabilities are matched by the scheme's annuity policies and future fluctuations in the value of those liabilities will be offset by the policies held as scheme assets. This arrangement is known as a pension buy-in.

## Notes to the financial statements continued

## 28. Pension costs continued

## Market value of scheme assets

The assets of the scheme are invested in a diversified portfolio as follows:

	30 September 2024		30 September 2023	
	Market value £m	% of total scheme assets	Market value £m	% of total scheme assets
Bonds	1.0	4	24.0	84
Cash	5.5	20	2.6	9
Insurance policies	20.5	76	2.0	7
<b>Total value of assets</b>	<b>27.0</b>	<b>100</b>	<b>28.6</b>	<b>100</b>
The actual return on assets over the year was:	0.2		0.7	

The assets of the scheme are held with Rathbones Investment Management Limited in a managed fund. All of the assets listed have a quoted market price in an active market with the exception of the insurance policy asset where its value has been set equal to the secured pensioner liability.

The change in the market value of the scheme assets over the year was as follows:

	2024 £m	2023 £m
Market value of scheme assets at the start of the year	28.6	28.8
Interest income	1.5	1.5
Employer contributions	–	0.3
Administration expenses paid	(0.5)	–
Actuarial return on assets less interest	(1.3)	(0.8)
Benefits paid	(1.3)	(1.2)
<b>Market value of scheme assets at the end of the year</b>	<b>27.0</b>	<b>28.6</b>

The change in value of the defined benefit obligation over the year was as follows:

	2024 £m	2023 £m
Value of defined benefit obligation at the start of the year	19.0	19.0
Interest on pension scheme liabilities	1.0	0.9
Remeasurement of changes in financial assumptions	1.8	0.3
Benefits paid	(1.3)	(1.2)
<b>Value of defined benefit obligation at the end of the year</b>	<b>20.5</b>	<b>19.0</b>

Amounts recognised in the consolidated statement of comprehensive income:

	2024 £m	2023 £m
Actuarial return on assets less interest	(1.3)	(0.8)
Remeasurement of defined benefit obligation	(1.8)	(0.3)
	<b>(3.1)</b>	<b>(1.1)</b>

The loss shown in the above table of £3.1m (2023: £1.1m) has been included in the consolidated statement of comprehensive income on page 124.

The surplus is recognised because the Group considers there is economic benefit available through a reduction in future contributions or the eventual return of the surplus.

## Future funding obligation

The Trustees are required to carry out an actuarial valuation every three years. The last actuarial valuation of the scheme was performed by the Actuary for the Trustees as at 1 July 2022. This valuation revealed a funding shortfall of £nil and as a result of this valuation, the Group agreed to cease the existing recovery plan and pay no additional contributions.



## Sensitivity analysis

Set out below is an analysis of how the scheme deficit would vary with changes to the key actuarial assumptions:

Discount rate movement of 0.25% p.a.	Increase/(decrease) in deficit of £0.6m/(£0.6m)
Life expectancies movement of one year	Increase/(decrease) in deficit of £1.0m/(£0.9m)

## 29. Issued share capital

### Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Acquisition of and investment in own shares

The Group acquires its own shares to enable it to meet its obligations under the various share schemes in operation. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own shares. The acquisition cost of the shares is debited to an investment in own shares reserve within retained earnings.

Where the Group buys back its own shares as treasury shares it adopts the accounting as described above. Where it subsequently cancels them, issued share capital is reduced by the nominal value of the shares cancelled and this same amount is transferred to the capital redemption reserve.

## Issue of share capital

	2024 £m	2023 £m
Allotted, called-up and fully paid:		
743,109,586 (2023: 743,042,056) ordinary shares of 5p each	37.2	37.2

During the year, The Grainger Employee Benefit Trust has acquired no shares at a cost of £nil (2023: 3,000,000 shares at a cost of £7.8m). The Group paid £0.1m (2023: £0.1m) to the Share Incentive Plan during the year for the purchase of matching shares and free shares in the scheme. The total cost of acquiring own shares of £0.1m (2023: £7.9m) has been deducted from retained earnings within Shareholders' equity.

As at 30 September 2024, share capital included 3,316,840 (2023: 3,440,348) shares held by The Grainger Employee Benefit Trust and 1,506,300 (2023: 1,506,300) shares held by Grainger plc as treasury shares. The total of these shares is 4,823,140 (2023: 4,946,648) with a nominal value of £241,157 (2023: £247,332) and a market value as at 30 September 2024 of £11.8m (2023: £11.6m).

Movements in issued share capital during the year and the previous year were as follows:

	Number	Nominal value £'000
At 30 September 2022	742,921,734	37,146
Options exercised under the SAYE scheme (Note 30)	120,322	6
At 30 September 2023	743,042,056	37,152
Options exercised under the SAYE scheme (Note 30)	67,530	3
<b>At 30 September 2024</b>	<b>743,109,586</b>	<b>37,155</b>

## 30. Share-based payments

### Accounting policy

The Group operates a number of equity-settled, share-based compensation plans comprising awards under a Long-Term Incentive Plan ('LTIP'), a Deferred Bonus Plan ('DBP'), a Share Incentive Plan ('SIP') and a Save As You Earn ('SAYE') scheme. The fair value of the employee services received in exchange for the grant of shares and options is recognised as an employee expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and options granted.

For market-based conditions, the probability of vesting is taken into account in the fair value calculation and no revision is made to the number of shares or options expected to vest. For non-market conditions, each year the Group revises its estimate of the number of options or shares that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

Awards that are subject to a market-based performance condition are valued at fair value using the Monte Carlo simulation model. Awards not subject to a market-based performance condition are valued at fair value using the Black-Scholes valuation model.

When options are exercised the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

## Notes to the financial statements continued

## 30. Share-based payments continued

## Share awards

	LTIP		DBSP	DBP	EDBP	SAYE	
	11 December 2023 Market-based	11 December 2023 Non-market-based	11 December 2023	11 December 2023	11 December 2023	28 June 2024 3-year scheme	28 June 2024 5-year scheme
Award date							
<b>Number of shares on grant</b>	<b>379,127</b>	<b>884,629</b>	–	–	–	<b>125,193</b>	<b>43,924</b>
Exercise price (£)	–	–	–	–	–	<b>2.00</b>	<b>2.00</b>
Vesting period from date of grant (years)	<b>3</b>	<b>3</b>	<b>3</b>	<b>1-3</b>	<b>1-5</b>	<b>3</b>	<b>5</b>
Exercise period after vesting (years)	<b>7</b>	<b>7</b>	<b>3</b>	<b>3</b>	<b>3</b>	–	–
Share price at grant (£)	<b>2.65</b>	<b>2.65</b>	<b>2.65</b>	<b>2.65</b>	<b>2.65</b>	<b>2.44</b>	<b>2.44</b>
Expected risk free rate (%)	<b>4.2</b>	<b>4.2</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>4.1</b>	<b>4.0</b>
Expected dividend yield (%)	<b>N/A</b>	<b>N/A</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>
Expected volatility (%)	<b>24.5</b>	<b>24.5</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>26.6</b>	<b>25.2</b>
<b>Fair value (£)</b>	<b>1.31</b>	<b>2.65</b>	<b>2.65</b>	<b>2.65</b>	<b>2.65</b>	<b>0.65</b>	<b>0.69</b>

The expected volatility figures used in the valuation were calculated based on the historical volatility over a period equal to the expected term from the date of grant.

The share-based payments charge recognised in the consolidated income statement is £2.8m (2023: £2.4m).

## (a) LTIP scheme

For the LTIP awards granted in or after December 2023, the LTIP performance period is the three financial years commencing at the beginning of the financial year in which the grant date fell (i.e the three year period up to 30 September 2026). Of these, 30% are subject to an absolute Total Shareholder Return performance condition measured over the period, 30% are subject to annual growth in Total Property Income Return measured over the period, 30% are subject to achieving Secured PRS Investment targets measured over the period, and the final 10% are subject to achieving carbon emissions performance conditions measured over the period.

For the awards granted in or after December 2022, the LTIP performance period is the three financial years commencing at the beginning of the financial year in which the grant date fell (i.e the three year period up to 30 September 2025). Of these LTIP awards, 33% of the awards under the LTIP scheme are subject to an absolute Total Shareholder Return performance condition measured over the period, 33% are subject to annual growth in Total Property Income Return measured over the period, and the final 33% are subject to achieving Secured PRS Investment targets measured over the period.

For the awards granted in or after December 2021, the LTIP performance period was the three financial years commencing at the beginning of the financial year in which the grant date fell (i.e the three year period up to 30 September 2024). Of these LTIP awards, 33% of the awards under the LTIP scheme were subject to an absolute Total Shareholder Return performance condition measured over the period, 33% were subject to annual growth in Total Property Return measured over the period, and the final 33% were subject to achieving Secured PRS Investment targets measured over the period.

The movement in LTIP awards during the year is as follows:

Awards	Opening balance	Awards granted	Awards vested	Awards lapsed	Closing balance
<b>LTIP</b>					
6 February 2020	274,231	–	–	–	<b>274,231</b>
10 December 2020	490,967	–	<b>(16,885)</b>	<b>(335,108)</b>	<b>138,974</b>
11 October 2021 <sup>1</sup>	518,664	–	–	<b>(185,644)</b>	<b>333,020</b>
16 December 2021	828,407	–	–	–	<b>828,407</b>
28 September 2022	61,712	–	–	–	<b>61,712</b>
12 December 2022	1,264,686	–	–	–	<b>1,264,686</b>
11 December 2023	–	<b>1,263,756</b>	–	–	<b>1,263,756</b>
<b>Total</b>	<b>3,438,667</b>	<b>1,263,756</b>	<b>(16,885)</b>	<b>(520,752)</b>	<b>4,164,786</b>

1. The grant of LTIP awards on 11 October 2021 was made to Rob Hudson as replacement of awards made by his previous employer. The fair value of these awards is based on the assumptions relating to previous LTIP awards. See Note 8 of the remuneration report on page 97 of the prior year Annual Report and Accounts for further details.

**(b) DBP scheme**

Awards granted under the DBSP relate to the compulsory deferral of 25% of any bonus paid to Executive Directors as described in the Remuneration Committee report. Shares granted in this scheme have no further performance conditions other than continued employment. There is a three-year vesting period from the date of grant, after which time participants can choose to exercise their awards.

Awards granted under the DBP scheme have no specific performance conditions other than employees in the scheme continuing to be employed. There is a three-year vesting period from the date of grant. One-third of the awards vest at the end of each year. Participants can choose to exercise their awards on vesting or to retain their awards within the plan until the end of the third year at which point a 50% matching element is added to their award entitlement.

In addition to the DBP scheme, an enhanced DBP scheme ('EDBP') is also provided. The enhanced scheme operates in exactly the same way as the normal DBP scheme except that if participants retain their awards within the plan until the end of the fifth year, a further additional 50% matching award is added to their award entitlement. Awards under the DBP/EDBP have been valued based on the share price at the date of the award less the dividend yield at the award date as there is no entitlement to dividends during the vesting period.

The movement in DBP/EDBP awards during the year is as follows:

Awards	Opening balance	Awards granted	Awards exercised	Awards lapsed	Closing balance
<b>DBSP</b>					
1 December 2019	16,429	–	–	–	16,429
10 December 2020	61,313	–	(17,916)	–	43,397
16 December 2021	95,314	–	–	–	95,314
12 December 2022	218,255	–	–	–	218,255
11 December 2023	–	231,858	–	–	231,858
<b>DBP</b>					
10 December 2020	34,298	–	(32,303)	(1,995)	–
16 December 2021	40,800	–	(3,112)	(5,718)	31,970
12 December 2022	65,177	–	(2,244)	(10,914)	52,019
11 December 2023	–	62,939	–	(6,699)	56,240
<b>EDBP</b>					
21 December 2017	8,218	–	–	–	8,218
17 December 2018	59,166	–	(52,136)	–	7,030
17 December 2019	42,700	–	–	–	42,700
10 December 2020	50,108	–	–	–	50,108
16 December 2021	17,864	–	–	–	17,864
12 December 2022	28,764	–	(884)	(4,420)	23,460
11 December 2023	–	29,422	–	(9,082)	20,340
<b>Total</b>	738,406	324,219	(108,595)	(38,828)	915,202

**(c) SAYE share option scheme**

Awards under the SAYE scheme have been valued at fair value using a Black-Scholes valuation model. The number of shares subject to options as at 30 September 2024, the periods in which they were granted and the periods in which they may be exercised and the movement during the year are given below:

	Exercise price (pence) <sup>1</sup>	Exercise period	Opening balance	Awards granted	Awards exercised	Awards lapsed/cancelled	Closing balance
<b>SAYE</b>							
2019	193.0	2022-25	40,413	–	(32,642)	–	7,771
2020	245.0	2023-26	92,993	–	(21,739)	(32,075)	39,179
2021	234.0	2024-27	70,646	–	(13,149)	(5,383)	52,114
2022	248.0	2025-28	93,624	–	–	(27,938)	65,686
2023	203.0	2026-29	516,667	–	–	(94,363)	422,304
2024	200.0	2027-29	–	169,117	–	–	169,117
			814,343	169,117	(67,530)	(159,759)	756,171
Weighted average exercise price (pence per share)			215.2	203.0	217.7	220.3	210.4

1. Exercise prices have been adjusted to reflect the impact of the 2019 rights issue.

For those share options exercised during the year, the weighted average share price at the date of exercise was 227.2p (2023: 248.4p). For share options outstanding at the end of the year, the weighted average remaining contractual life was 2.1 years (2023: 2.5 years). There were 47,065 (2023: 51,366) share options exercisable at the year end with a weighted average exercise price of 246.2p (2023: 245.0p).

## Notes to the financial statements continued

### (d) SIP scheme

Awards under the SIP scheme have been based on the share price at the date of the award.

## 31. Changes in equity

The consolidated statement of changes in equity is shown on page 125. Further information relating to reserves is provided below. Movements on the retained earnings reserve are set out in Note 32.

### (a) Merger reserve

The merger reserve arose when the Company issued shares in partial consideration for the acquisition of City North Group plc in the year ended 30 September 2005. The issue satisfied the provisions of Section 612 of the Companies Act 2006 (formerly Section 131 of the Companies Act 1985) and the premium relating to the shares issued was credited to a merger reserve.

### (b) Cash flow hedge reserve

The fair value movements on those derivative financial instruments qualifying for hedge accounting under IFRS 9 are taken to this reserve net of tax.

## 32. Movement in retained earnings

The retained earnings reserve comprises various elements, including:

### Treasury shares bought back and cancelled

Included within retained earnings at 30 September 2024 is a balance of £7.8m (2023: £7.8m) relating to treasury shares bought back and cancelled.

### Investment in own shares

Included within retained earnings at 30 September 2024 is a balance of £0.6m (2023: £4.8m) relating to investments in own shares.

## 33. List of subsidiaries, joint ventures and associates

A full list of all subsidiaries, joint ventures, associates and other related undertakings as at 30 September 2024 is set out in the Notes to the parent Company financial statements on pages 169 and 170.

The following subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 30 September 2024.

Company	Companies House registered number
Atlantic Metropolitan (U.K.) Limited	01628078
BPT (Bradford Property Trust) Limited	00252992
BPT (Residential Investments) Limited	00359346
BPT Limited	00229269
Bromley Property Holdings Limited	04132693
Bromley Property Investments Limited	04066391
Crossco (No. 103) Limited	02929000
Derwent Developments (Curzon) Limited	05887266
Derwent Developments Limited	01899218
Faside Estates Limited	SC019680
Globe Brothers Estates Limited	00242985
Grainger (Hallsville Block D1) Limited	12170837
Grainger (Hallsville Residential) Limited	14669820
Grainger (Hallsville) Limited	11834099
Grainger (Hornsey) Limited	04810257
Grainger Asset Management Limited	04417232
Grainger Bradley Limited	08324941
Grainger Development Management Limited	03146573
Grainger Developments Limited	06061419
Grainger Employees Limited	05019636
Grainger Europe Limited	05299283
Grainger Finance (Tricomm) Limited	08451352
Grainger Homes (Gateshead) Limited	05651808
Grainger Homes Limited	04125751

Company	Companies House registered number
Grainger Housing & Developments Limited	02018842
Grainger Invest No.1 Limited Liability Partnership	OC312947
Grainger Invest No.2 Limited Liability Partnership	OC317919
Grainger Kensington & Chelsea Limited	08151345
Grainger Maidenhead Limited	03709575
Grainger Newbury Limited	03904336
Grainger OCCC Limited	07557656
Grainger Properties Limited	03910945
Grainger RAMP Limited	07560835
Grainger Real Estate Limited	04170173
Grainger Residential Management Limited	04974627
Grainger PRS Limited	05789357
Grainger Seven Sisters Limited	06111428
Grainger Treasury Property Investments Limited Partnership	LP011846
Grainger Tribe Limited	11055318
Greit Limited	05788577
GRIP UK Property Developments Limited	10626824
Margrave Estates Limited	00332564
MREF III Newcastle Operations Limited	10606762
PHA Limited	06734419
Portland House Holdings Limited	02421236
Warren Court Limited	03109104
West Waterlooville Developments Limited	03047254

The parent Company has guaranteed the debts and liabilities of the above subsidiaries as at 30 September 2024 in accordance with Section 479C of the Companies Act 2006. The parent company has assessed the probability of loss under the guarantees as remote.



### 34. Related party transactions

During the year ended 30 September 2024, the Group transacted with its associates and joint ventures (details of which are set out in Notes 18 and 19). The Group provides a number of services to its associates and joint ventures. These include property and asset management services for which the Group receives fee income. The related party transactions recognised in the income statement and statement of financial position are as follows:

£'000	2024		2023	
	Fees recognised	Year end balance	Fees recognised	Year end balance
Connected Living London (BTR) Limited	735	870	1,455	480
Lewisham Grainger Holdings LLP	226	513	307	368
Vesta LP	811	214	838	227
	1,772	1,597	2,600	1,075

	2024			2023		
	Interest recognised £'000	Year end loan balance £m	Interest rate %	Interest recognised £'000	Year end loan balance £m	Interest rate %
Curzon Park Limited	–	18.1	Nil	–	18.1	Nil
Lewisham Grainger Holdings LLP	1,196	11.5	11.0	871	10.2	11.2
Vesta LP	–	14.5	Nil	–	14.5	Nil
	1,196	44.1		871	42.8	

Details of the Group's other related parties are provided in Note 10 in relation to key management compensation and Note 28 in relation to the Group's retirement benefit pension scheme.

### 35. Leases

#### Accounting policy

i) **Group as lessor** – Rental income from operating leases is recognised on a straight-line basis over the lease term. The net present value of ground rents receivable is, in the opinion of the Directors, immaterial. Accordingly, ground rents receivable are taken to the consolidated income statement on a straight-line basis over the period of the lease. Properties leased out to tenants are included in the consolidated statement of financial position as either investment property or as trading property under inventories.

ii) **Group as lessee** – The Group occupies a number of its offices as a lessee. The net present value of the lease liabilities is recorded in the consolidated statement of financial position within trade and other payables. The leased office space is included in the consolidated statement of financial position as a right-of-use asset in property, plant and equipment and depreciated over the life of the lease.

#### (a) Group as lessor

The future aggregate undiscounted lease payments due to the Group under non-cancellable operating leases are as follows:

	2024 £m	2023 £m
<b>Operating lease payments due:</b>		
Not later than one year	42.4	32.2
Greater than one year but less than two years	3.4	2.4
Greater than two years but less than three years	2.8	2.0
Greater than three years but less than four years	2.4	1.7
Greater than four years but less than five years	1.8	1.4
Greater than five years	68.7	70.2
	121.5	109.9

There are no contingent rents recognised within net rental income in 2024 or 2023 relating to properties where the Group acts as a lessor of assets under operating leases. The Group's non-cancellable operating leases exclude regulated tenancies. Under these agreements, tenants have the right to remain in a property for the remainder of their lives. Should the tenant require the lease to be cancelled for any reason, they are able to do so generally with immediate effect, in which case we take vacant possession for subsequent disposal of the property. As such, regulated tenancies are excluded from the above analysis.

## Notes to the financial statements continued

## 35. Leases continued

## (b) Group as lessee

The future aggregate lease payments payable by the Group under non-cancellable operating leases are as follows:

	2024 £m	2023 £m
<b>Operating lease payments due:</b>		
Not later than one year	0.7	0.2
Later than one year and not later than five years	2.5	1.9
Later than five years	3.8	5.0
	7.0	7.1

Leases relating to office space used by the Group have initial terms of varying lengths, between one and ten years. Rent reviews generally take place every five years.

## 36. Contingent liabilities

Properties in certain subsidiary companies form a 'guarantee group' with a market value of £2,351.9m and provide the security for the Group's core debt facility and Corporate Bonds.

Barclays Bank PLC and Lloyds Bank PLC have provided guarantees under performance bonds. As at 30 September 2024, total guarantees amounted to £3.2m (2023: £3.2m).

## 37. Capital commitments

The Group has current commitments under a number of its PRS projects. The Group's commitments, including its relevant share of commitments to joint ventures and associates, are as follows:

	2024 £m	2023 £m
Wholly-owned Group subsidiaries	303.7	397.8
	303.7	397.8

## Parent company statement of financial position and statement of changes in equity

### As at 30 September

	Notes	2024 £m	2023 £m
<b>Fixed assets</b>			
Investments	2	2,594.0	2,335.9
<b>Current assets</b>			
Trade and other receivables	3	88.4	23.8
Cash at bank and in hand		58.1	64.4
		146.5	88.2
<b>Creditors: amounts falling due within one year</b>	4	(8.6)	(48.3)
<b>Net current assets</b>		137.9	39.9
<b>Total assets less current liabilities</b>		2,731.9	2,375.8
<b>Creditors: amounts falling due after more than one year</b>			
Interest-bearing loans and borrowings	5	(832.5)	(832.6)
<b>NET ASSETS</b>		1,899.4	1,543.2
<b>Capital and reserves</b>			
Issued share capital	6	37.2	37.2
Share premium account		817.9	817.8
Capital redemption reserve		0.3	0.3
Retained earnings		1,044.0	687.9
<b>TOTAL EQUITY</b>		1,899.4	1,543.2

The profit for the year for the Company was £404.4m (2023: £283.9m).

The financial statements on pages 165 to 170 were approved by the Board of Directors on 20 November 2024 and were signed on their behalf by:

**Helen Gordon**  
Director

**Rob Hudson**  
Director

## Parent company statement of changes in equity

	Issued share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
<b>Balance as at 1 October 2022</b>	37.1	817.6	0.3	455.2	1,310.2
Profit for the year	–	–	–	283.9	283.9
Award of SAYE shares	0.1	0.2	–	–	0.3
Purchase of own shares	–	–	–	(7.9)	(7.9)
Share-based payments charge	–	–	–	2.4	2.4
Dividends paid	–	–	–	(45.7)	(45.7)
<b>Balance as at 30 September 2023</b>	37.2	817.8	0.3	687.9	1,543.2
Profit for the year	–	–	–	404.4	404.4
Award of SAYE shares	–	0.1	–	–	0.1
Purchase of own shares	–	–	–	(0.1)	(0.1)
Share-based payments charge	–	–	–	2.8	2.8
Dividends paid	–	–	–	(51.0)	(51.0)
<b>Balance as at 30 September 2024</b>	37.2	817.9	0.3	1,044.0	1,899.4

The notes on pages 166 to 170 form part of the financial statements.

## Notes to the parent company financial statements

### 1. Company accounting policies

#### (a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards (IFRS), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The exemptions that have been applied in the preparation of these financial statements are as follows:

- A cash flow statement and related notes have not been presented.
- Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective have not been provided.
- Disclosures in respect of transactions with wholly-owned subsidiaries have not been made.
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures have not been made.
- Paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based payment (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures to disclose key management personnel compensation.

The Company has taken the exemption allowed under Section 408 of the Companies Act 2006 from the requirement to present its own profit and loss account. The profit for the year was £404.4m (2023: £283.9m). These financial statements present information about the Company as an individual undertaking and not about its Group.

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements.

#### (b) Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company has net assets of £1,899.4m at 30 September 2024 and has generated a profit for the period then ended of £404.4m. The Directors of Grainger plc manage the Group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Grainger plc operating segment level. For these reasons, the Directors do not prepare cash flow forecasts at an individual entity level.

In making the going concern assessment, on a consolidated basis, the Directors have considered the Group's principal risks and their impact on financial performance. The Directors have assessed the future funding commitments of the Group and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, severe sensitivities have been applied to the key factors affecting financial performance for the Group.

Further details of the Group's going concern assessment, including the key assumptions applied, is set out in Note 1(a) on page 128.

Based on these considerations, the Directors continue to adopt a going concern basis in preparing the financial statements for the year ended 30 September 2024.

#### (c) Investments

Investments in subsidiaries are carried at historical cost less provision for impairment based upon an assessment of the net recoverable amount of each investment. The net recoverable amount is determined by the statutory net assets of the subsidiary, adjusted for fair value movements relating to trading property which is held at cost, as well as an associated deferred tax charge on the fair value adjustments. This approach provides the most relevant indication of the net recoverable amount of a subsidiary as it provides a fair value net asset position as at the date of assessment. To the extent that the assessment of the recoverable amount improves due to changes in economic conditions or estimates, impairment provisions are reversed, with all provision movements recognised in profit and loss.



**(d) Tax**

Corporation tax is provided on taxable profits or losses at the current rate.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting period, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at that date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is measured on a non-discounted basis.

**(e) Own shares including treasury shares**

Transactions of The Grainger Employee Benefit Trusts are included in the Company's financial statements. The purchase of shares in the Company by each trust and any treasury shares bought back by the Company are debited direct to equity.

**(f) Share-based payments**

Under the share-based compensation arrangements set out in Note 30 to the Group financial statements, employees of Grainger Employees Limited have been awarded options and conditional shares in the Company. These share-based arrangements have been treated as equity-settled in the consolidated financial statements. In the Company's financial statements, the share-based payment charge has been added to the cost of investment in subsidiaries with a corresponding adjustment to equity.

**(g) Borrowings**

Borrowings are initially recognised at the fair value of consideration received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

**2. Investments**

	2024 £m	2023 £m
Cost of investment		
At 1 October	3,758.6	2,750.0
Additions	482.8	1,032.3
Disposals	–	(23.7)
<b>At 30 September</b>	<b>4,241.4</b>	<b>3,758.6</b>
Impairment		
At 1 October	1,422.7	965.4
Additional provisions	246.3	461.0
Reversal of impairment provisions	(21.6)	(3.7)
<b>At 30 September</b>	<b>1,647.4</b>	<b>1,422.7</b>
<b>Net carrying value</b>	<b>2,594.0</b>	<b>2,335.9</b>

The Directors believe that the carrying value of the investments is supported by their recoverable amount which reflects the fair value of the property portfolio. The recoverable amount is not regarded as a significant estimate in itself as it is based on the underlying valuation of the property portfolio. The impact of changes to key assumptions to the valuation of the property portfolio is shown in Note 2 of the Group financial statements.

Additions during the year principally relate to ongoing internal restructuring of the Company's subsidiary undertakings. After an assessment of recoverable amounts a net impairment of £224.7m (2023: £457.3m) has been made. The most significant element of the overall net impairment was an impairment of £178.3m which resulted from a reduction in the net assets of Bromley Property Holdings Limited following distributions made in the year.

A list of the subsidiaries of the Company is contained within Note 9 on pages 169 and 170.

**3. Trade and other receivables**

	2024 £m	2023 £m
Amounts owed by Group undertakings	88.2	23.3
Other receivables	0.2	0.5
	<b>88.4</b>	<b>23.8</b>

Amounts due in both 2024 and 2023 are all due within one year. The Company's assessment of expected credit losses on amounts owed by Group undertakings is not considered to be an area of significant judgement or estimation due to sufficient liquidity in the Group. As such, there is no expectation of any material credit losses at the balance sheet date.

## Notes to the parent company financial statements continued

## 4. Creditors: amounts falling due within one year

	2024 £m	2023 £m
Amounts owed to Group undertakings	–	39.7
Accruals and deferred income	8.6	8.6
	8.6	48.3

## 5. Interest-bearing loans and borrowings

	2024 £m	2023 £m
Variable rate – loans	140.0	140.0
Unamortised issue costs	(3.5)	(2.6)
	136.5	137.4
Corporate bonds	700.0	700.0
Unamortised issue costs	(2.4)	(2.9)
	697.6	697.1
Unamortised bond discount	(1.6)	(1.9)
<b>Total interest-bearing loans and borrowings</b>	<b>832.5</b>	<b>832.6</b>

The variable rate loans are secured by floating charges over the assets of the Group. The loans bear interest at rates between 1.5% and 1.8% over SONIA.

In 2018, the Group issued a ten-year £350.0m corporate bond at 3.375% due April 2028. In 2020, the Group issued a ten-year £350.0m corporate bond at 3.0% due July 2030.

As at 30 September 2024 unamortised costs in relation to the corporate bonds stood at £2.4m (2023: £2.9m), and the outstanding discount was £1.6m (2023: £1.9m).

## 6. Issued share capital

	2024 £m	2023 £m
Allotted, called-up and fully paid:		
743,109,586 (2023: 743,042,056) ordinary shares of 5p each	37.2	37.2

Details of movements in issued share capital during the year and the previous year are provided in Note 29 to the Group financial statements on page 159.

Details of share options and awards granted by the Company are provided in Note 30 to the Group financial statements on pages 159 to 162 and discussed within the Remuneration Committee's report on pages 91 to 109.

## 7. Contingent liabilities

The Company has guaranteed the debts and liabilities of certain of its subsidiaries as at 30 September 2024 in accordance with Section 479C of the Companies Act 2006 as detailed in Note 33 to the Group financial statements on page 162. The Company has assessed the probability of loss under the guarantees as remote.

## 8. Other information

## Dividends

The Company's dividend policy is aligned to our strategy to grow rental income, with 50% of net rental income being distributed. Around one-third of the payment is made through the interim dividend based on half year results, with the balance paid through the final dividend, subject to approval at the AGM. The Company has distributable reserves of £1,004.2m to support this policy. Information on dividends paid and declared is given in Note 14 to the Group financial statements on page 142.

Subject to approval at the AGM, the final dividend of 5.01p per share (gross) amounting to £37.0m will be paid on 21 February 2025 to Shareholders on the register at the close of business on 17 January 2025. Shareholders will again be offered the option to participate in a dividend reinvestment plan and the last day for election is 31 January 2025. An interim dividend of 2.54 per share amounting to a total of £18.8m was paid to Shareholders on 5 July 2024.

## Auditor's remuneration

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

## Directors' share options and share awards

Details of the Directors' share options and of their share awards are set out in the Remuneration Committee's report.

## 9. List of subsidiaries, associates and joint ventures

A full list of the Group's subsidiaries as at 30 September 2024 is set out below:

Company	% effective holding	Direct/ Indirect
<b>Broxden House, Lamberkine Drive, Perth, PH1 1RA</b>		
Facide Estates Limited	100%	Indirect
<b>Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE</b>		
19 Ifield Road Management Limited <sup>2</sup>	100%	Indirect
36 Finborough Road Management Limited <sup>2</sup>	100%	Indirect
45 Ifield Road Management Limited <sup>2</sup>	67%	Indirect
Atlantic Metropolitan (U.K.) Limited	100%	Direct
BPT (Assured Homes) Limited	100%	Indirect
BPT (Bradford Property Trust) Limited	100%	Indirect
BPT (Residential Investments) Limited	100%	Indirect
BPT Limited	100%	Direct
Berewood Estate Management Limited <sup>1,2</sup>	100%	Indirect
Brierley Green Management Company Limited <sup>2</sup>	100%	Indirect
Bromley Property Holdings Limited	100%	Direct
Bromley Property Investments Limited	100%	Indirect
Cambridge Place Management Company Limited <sup>2</sup>	100%	Indirect
Chrisdell Limited <sup>2</sup>	100%	Indirect
City North 5 Limited <sup>2</sup>	100%	Indirect
City North Group Limited <sup>2</sup>	100%	Direct
City North Properties Limited <sup>2</sup>	100%	Indirect
Connected Living London Limited	100%	Indirect
Crofton Estate Management Company Limited <sup>2</sup>	100%	Indirect
Crossco (No. 103) Limited	100%	Indirect
Derwent Developments (Curzon) Limited	100%	Indirect
Derwent Developments Limited	100%	Indirect
Frincon Holdings 1986 Limited <sup>2</sup>	100%	Indirect
GIP Limited	100%	Indirect
Globe Brothers Estates Limited	100%	Indirect
Grainger (Aldershot) Limited	100%	Indirect
Grainger (Brook Place 2) Limited	100%	Indirect
Grainger (Clapham) Limited	100%	Indirect
Grainger (Exmouth Junction) Limited <sup>2</sup>	100%	Indirect
Grainger (Hallsville) Limited	100%	Indirect
Grainger (Hallsville Block D1) Limited	100%	Indirect
Grainger (Hallsville Residential) Limited	100%	Indirect
Grainger (Hornsey) Limited	100%	Indirect
Grainger (London) Limited <sup>2</sup>	100%	Direct
Grainger (Octavia Hill) Limited	100%	Indirect
Grainger (Peachey) Limited <sup>2</sup>	100%	Indirect
Grainger Asset Management Limited	100%	Indirect
Grainger Bradley Limited	100%	Indirect
Grainger Development Management Limited	100%	Indirect
Grainger Developments Limited	100%	Indirect
Grainger Employees Limited	100%	Direct
Grainger Enfranchisement No. 1 (2012) Limited <sup>2</sup>	100%	Indirect
Grainger Enfranchisement No. 2 (2012) Limited <sup>2</sup>	100%	Indirect
Grainger Europe (No. 3) Limited <sup>2</sup>	100%	Indirect
Grainger Europe (No. 4) Limited	100%	Direct
Grainger Europe Limited <sup>2</sup>	100%	Direct
Grainger Finance (Tricomm) Limited	100%	Indirect
Grainger Finance Company Limited	100%	Direct
Grainger Homes (Gateshead) Limited <sup>2</sup>	100%	Indirect
Grainger Homes Limited <sup>2</sup>	100%	Indirect
Grainger Housing & Developments Limited <sup>2</sup>	100%	Indirect
Grainger Invest (No. 1 Holdco) Limited	100%	Indirect

Company	% effective holding	Direct/ Indirect
Grainger Invest No.1 Limited Liability Partnership	100%	Indirect
Grainger Invest No.2 Limited Liability Partnership	100%	Indirect
Grainger Kensington & Chelsea Limited	100%	Direct
Grainger Land & Regeneration Limited	100%	Indirect
Grainger Maidenhead Limited	100%	Indirect
Grainger Newbury Limited	100%	Indirect
Grainger OCCC Limited	100%	Indirect
Grainger Pearl Holdings Limited	100%	Indirect
Grainger Pearl Limited	100%	Indirect
Grainger Pearl (Salford) Limited	100%	Indirect
Grainger Properties Limited	100%	Indirect
Grainger PRS Limited <sup>2</sup>	100%	Indirect
Grainger RAMP Limited	100%	Indirect
Grainger Real Estate Limited	100%	Indirect
Grainger REIT 1 Limited <sup>2</sup>	100%	Indirect
Grainger REIT 2 Limited <sup>2</sup>	100%	Indirect
Grainger REIT 3 Limited <sup>2</sup>	100%	Indirect
Grainger Residential Limited	100%	Indirect
Grainger Residential Management Limited	100%	Direct
Grainger Seven Sisters Limited	100%	Indirect
Grainger Southwark Limited	100%	Indirect
Grainger Treasury Property Investments Limited Partnership	100%	Indirect
Grainger Treasury Property (2006) Limited Liability Partnership	100%	Indirect
Grainger Tribe Limited	100%	Indirect
Grainger Trust Limited	100%	Indirect
Grainger Unitholder No 1 Limited <sup>2</sup>	100%	Direct
Greit Limited	100%	Direct
GRIP REIT PLC	100%	Indirect
GRIP UK Holdings Limited	100%	Indirect
GRIP UK Property Developments Limited	100%	Indirect
GRIP UK Property Investments Limited	100%	Indirect
H I Tricomm Holdings Limited <sup>2</sup>	100%	Indirect
Harborne Tenants Limited <sup>2</sup>	100%	Indirect
Infrastructure Investors Defence Housing (Bristol) Limited <sup>2</sup>	100%	Indirect
Ingleby Court Management Limited <sup>2</sup>	100%	Indirect
Kings Dock Mill (Liverpool) Management Company Limited <sup>1,2</sup>	100%	Indirect
Macaulay & Porteus Management Company Limited <sup>1,2</sup>	100%	Indirect
Manor Court (Solihull) Management Limited <sup>2</sup>	100%	Indirect
Margrave Estates Limited	100%	Indirect
MREF III Newcastle Operations Limited	100%	Indirect
N & D London Investments <sup>2</sup>	100%	Indirect
N & D London Limited <sup>2</sup>	100%	Indirect
Northumberland & Durham Property Trust Limited	100%	Indirect
PHA Limited	100%	Indirect
Portland House Holdings Limited	100%	Indirect
Residential Leases Limited <sup>2</sup>	100%	Indirect
Residential Tenancies Limited <sup>2</sup>	100%	Indirect
Rotation Finance Limited <sup>2</sup>	100%	Direct
Suburban Homes Limited <sup>2</sup>	100%	Indirect
The Bradford Property Trust Limited <sup>2</sup>	100%	Indirect

## Notes to the parent company financial statements continued

Company	% effective holding	Direct/ Indirect
<b>Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE</b>		
The Sandwarren Management Company Limited <sup>2</sup>	100%	Indirect
Tricomm Housing (Holdings) Limited	100%	Indirect
Tricomm Housing Limited	100%	Indirect
Victoria Court (Southport) Limited <sup>2</sup>	100%	Indirect
Warren Court Limited <sup>2</sup>	100%	Indirect

A full list of the Group's associates as at 30 September 2024 is set out below:

Company	% effective holding	Direct/ Indirect
<b>8 Five Acres, Kings Langley, Hertfordshire, WD4 9JU</b>		
Trevor Square Garden Management Company Limited	7%	Indirect
<b>31 Radipole Road, Parsons Green, Fulham, London, SW6 5DN</b>		
Stagestar Limited <sup>2</sup>	25%	Indirect
<b>33 Albert Square, London, SW8 1BZ</b>		
33 Albert Square Management Company Limited	25%	Indirect

A full list of the Group's joint ventures as at 30 September 2024 is set out below:

Company	% effective holding	Direct/ Indirect
<b>100 Victoria Street, London, SW1E 5JL</b>		
Curzon Park Limited	50%	Indirect
<b>16a Castlebar Road, London, W5 2DP</b>		
16 Castlebar Road Management Company Limited <sup>2</sup>	50%	Indirect
<b>Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE</b>		
1 Ifield Road Management Limited <sup>2</sup>	50%	Indirect
31-37 Disbrowe Road Freehold Company Limited <sup>2</sup>	50%	Indirect
174 Bishops Road Limited <sup>1,2</sup>	50%	Indirect
Besson Street Limited Liability Partnership	50%	Indirect
Besson Street Second Member Limited <sup>2</sup>	50%	Indirect
Connected Living London (BTR) Limited	51%	Indirect
Connected Living London (RP) Limited	51%	Indirect
Connected Living London (Limmo) Limited <sup>2</sup>	51%	Indirect

Company	% effective holding	Direct/ Indirect
West Waterlooville Developments Limited	100%	Indirect
<b>Eschersheimer Landstraße 14, 60322 Frankfurt am Main</b>		
Grainger FRM GmbH <sup>3</sup>	100%	Indirect
<b>218 Finney Lane, Heald Green, Cheadle, SK8 3QA</b>		
Oakleigh House (Sale) Management Company Limited	69%	Indirect

Company	% effective holding	Direct/ Indirect
<b>Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE</b>		
Sixty-Two Stanhope Gardens Limited <sup>2</sup>	20%	Indirect
Vesta (General Partner) Limited	30%	Indirect
Vesta Limited Partnership	20%	Indirect
<b>Portmill House, Portmill Lane, Hitchin, SG5 1DJ</b>		
Redoubt Close Management Limited <sup>2</sup>	3%	Indirect

Company	% effective holding	Direct/ Indirect
Connected Living London (Southall) Limited	51%	Indirect
Connected Living London (OpCo) Limited <sup>2</sup>	51%	Indirect
Connected Living London (Nine Elms) Limited	51%	Indirect
Connected Living London (Woolwich) Limited <sup>2</sup>	51%	Indirect
Connected Living London (Arnos Grove) Limited	51%	Indirect
Connected Living London (Cockfosters) Limited	51%	Indirect
Connected Living London (Montford Place) Limited	51%	Indirect
Lewisham Grainger Holdings Limited Liability Partnership <sup>2</sup>	50%	Indirect
Wellesley Residents Trust Limited <sup>1,2</sup>	50%	Indirect

All subsidiaries, associates and joint ventures are incorporated in the UK except where the registered office indicates otherwise.

1. Company limited by guarantee.
2. Company is non-active.
3. In liquidation.



## EPRA performance measures (unaudited)

### 1. Introduction

The European Public Real Estate Association ('EPRA') is the body that represents Europe's listed property companies. The association sets out guidelines and recommendations to facilitate consistency in listed real estate reporting, in turn allowing stakeholders to compare companies on a like-for-like basis. As a member of EPRA, the Group is supportive of EPRA's initiatives and discloses measures in relation to the EPRA Best Practices Recommendations ('EPRA BPR') guidelines. The most recent guidelines, updated in September 2024, have been adopted by the Group.

The EPRA performance measures and definitions are set out below:

Performance measure	Definition
<b>1) EPRA Earnings</b>	Recurring earnings from core operational activities. This is a key measure of a company's underlying operating results, providing an indication of the extent to which current dividend payments are supported by earnings.
<b>2) EPRA NRV</b>	Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term property business model.
<b>3) EPRA NTA</b>	EPRA NRV adjusted to include deferred tax on assets that may be sold by the business and exclude intangible assets.
<b>4) EPRA NDV</b>	EPRA NRV adjusted to include the fair values of i) financial instruments, ii) debt and iii) deferred taxes. EPRA NDV excludes goodwill recognised on a company's statutory balance sheet.
<b>5i) EPRA Net Initial Yield ('NIY')</b>	Annualised rental income based on cash rents at the balance sheet date, less non-recoverable property expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.
<b>5ii) EPRA 'topped-up' NIY</b>	This measure incorporates an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives, such as discounted rent periods and step rents).
<b>6) EPRA Vacancy Rate</b>	Estimated Market Rent Value ('ERV') of vacant space divided by ERV of the whole portfolio.
<b>7) EPRA Cost Ratios</b>	This measure includes all administrative and operating expenses including share of joint ventures' overheads and operating expenses, net of any service fees, all divided by gross rental income.
<b>8) EPRA LTV</b>	This measure includes all capital which is not equity as debt, irrespective of its IFRS classification, and is based upon proportional consolidation, therefore including a company's share in the net debt and net assets of joint ventures and associates. Assets are included at fair value, net debt at nominal value.

### Summary

	2024	2023
EPRA Earnings	<b>£48.0m</b>	£39.8m
EPRA Earnings per share	<b>4.9p</b>	4.2p
EPRA NRV	<b>£2,295.9m</b>	£2,359.3m
EPRA NRV per share	<b>309p</b>	318p
EPRA NTA	<b>£2,218.1m</b>	£2,267.5m
EPRA NTA per share	<b>298p</b>	305p
EPRA NDV	<b>£2,194.9m</b>	£2,332.9m
EPRA NDV per share	<b>295p</b>	314p
EPRA Net Initial Yield ('NIY')	<b>3.4%</b>	3.1%
Adjusted EPRA NIY	<b>3.9%</b>	3.8%
EPRA Vacancy Rate	<b>2.7%</b>	1.6%
EPRA Cost Ratio (including direct vacancy costs)	<b>36.5%</b>	34.1%
EPRA Cost Ratio (excluding direct vacancy costs)	<b>35.2%</b>	32.9%
EPRA LTV	<b>39.7%</b>	40.0%
Capital Expenditure	<b>£277.8m</b>	£345.9m

## EPRA performance measures (unaudited) continued

### 2. EPRA Earnings

	2024			2023		
	Earnings £m	Shares millions	Pence per share	Earnings £m	Shares millions	Pence per share
<b>Earnings per IFRS income statement</b>	<b>40.6</b>	<b>738.2</b>	<b>5.5</b>	27.4	739.9	3.7
Adjustments to calculate EPRA Earnings, exclude:						
i) Changes in value of investment properties, development properties held for investment and other interests	38.4	–	5.2	68.9	–	9.3
ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	5.8	–	0.8	(3.3)	–	(0.4)
iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	(49.3)	–	(6.7)	(53.8)	–	(7.4)
iv) Tax on profits or losses on disposals	–	–	–	–	–	–
v) Negative goodwill/goodwill impairment	–	–	–	0.1	–	–
vi) Changes in fair value of financial instruments and associated close-out costs	6.6	–	0.9	–	–	–
vii) Acquisition costs on share deals and non-controlling joint venture interests	–	–	–	–	–	–
viii) Adjustments related to funding structure	–	–	–	–	–	–
ix) Adjustments related to non-operating and exceptional items	5.0	–	0.7	–	–	–
x) Deferred tax in respect of EPRA adjustments	–	–	–	–	–	–
xi) Adjustments i) to viii) in respect of joint ventures	0.9	–	0.1	0.5	–	0.1
xii) Non-controlling interests in respect of the above	–	–	–	–	–	–
<b>EPRA Earnings/Earnings per share</b>	<b>48.0</b>	<b>738.2</b>	<b>6.5</b>	39.8	739.9	5.4
<b>EPRA Earnings per share after tax</b>			<b>4.9</b>			4.2

ix) Adjustments relate to fire safety provisions as outlined within the Group's consolidated income statement.

EPRA Earnings have been divided by the average number of shares shown in Note 15 to the Group financial statements to calculate earnings per share. EPRA Earnings per share after tax is calculated using the standard rate of UK Corporation Tax of 25.0% (2023: 22.0%).

### 3. EPRA NRV, EPRA NTA and EPRA NDV

	2024			2023		
	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m	EPRA NRV £m	EPRA NTA £m	EPRA NDV £m
<b>IFRS Equity attributable to Shareholders</b>	<b>1,893.7</b>	<b>1,893.7</b>	<b>1,893.7</b>	1,928.6	1,928.6	1,928.6
<b>Include/Exclude:</b>						
i) Hybrid Instruments	–	–	–	–	–	–
<b>Diluted NAV</b>	<b>1,893.7</b>	<b>1,893.7</b>	<b>1,893.7</b>	1,928.6	1,928.6	1,928.6
<b>Include:</b>						
ii.a) Revaluation of IP (if IAS 40 cost option is used)	–	–	–	–	–	–
ii.b) Revaluation of IPUC (if IAS 40 cost option is used)	–	–	–	–	–	–
ii.c) Revaluation of other non-current investments	11.8	11.8	11.8	11.6	11.6	11.6
iii) Revaluation of tenant leases held as finance leases	–	–	–	–	–	–
iv) Revaluation of trading properties	292.4	216.4	216.4	347.3	256.5	256.5
<b>Diluted NAV at Fair Value</b>	<b>2,197.9</b>	<b>2,121.9</b>	<b>2,121.9</b>	2,287.5	2,196.7	2,196.7
<b>Exclude:</b>						
v) Deferred tax in relation to fair value gains of IP	112.9	112.9	–	105.8	105.8	–
vi) Fair value of financial instruments	(14.9)	(14.9)	–	(34.0)	(34.0)	–
vii) Goodwill as a result of deferred tax	–	–	–	–	–	–
viii.a) Goodwill as per the IFRS balance sheet	–	(0.4)	(0.4)	–	(0.4)	(0.4)
viii.b) Intangible as per the IFRS balance sheet	–	(1.4)	–	–	(0.6)	–
<b>Include:</b>						
ix) Fair value of fixed interest rate debt	–	–	73.4	–	–	136.6
x) Revalue of intangibles to fair value	–	–	–	–	–	–
xi) Real estate transfer tax	–	–	–	–	–	–
<b>NAV</b>	<b>2,295.9</b>	<b>2,218.1</b>	<b>2,194.9</b>	2,359.3	2,267.5	2,332.9
Fully diluted number of shares	743.1	743.1	743.1	743.0	743.0	743.0
<b>NAV pence per share</b>	<b>309</b>	<b>298</b>	<b>295</b>	318	305	314

#### 4. EPRA NIY

		2024 £m	2023 £m
Investment property – wholly-owned		3,028.3	2,948.9
Investment property – share of JVs/Funds		66.5	65.6
Trading property (including share of JVs)		620.1	734.3
Less: developments		(401.7)	(617.1)
<b>Completed property portfolio</b>		<b>3,313.2</b>	<b>3,131.7</b>
Allowance for estimated purchasers' costs		180.5	125.2
<b>Gross up completed property portfolio valuation</b>	B	<b>3,493.7</b>	<b>3,256.9</b>
Annualised cash passing rental income		166.1	140.1
Property outgoings		(48.8)	(39.1)
<b>Annualised net rents</b>	A	<b>117.3</b>	<b>101.0</b>
Add: rent incentives		0.2	0.3
<b>'Topped up' net annualised rent</b>	C	<b>117.5</b>	<b>101.3</b>
<b>EPRA NIY</b>	A/B	<b>3.4%</b>	<b>3.1%</b>
<b>EPRA 'topped up' NIY</b>	C/B	<b>3.4%</b>	<b>3.1%</b>
Gross up completed property portfolio valuation		3,493.7	3,256.9
Adjustments to completed property portfolio in respect of regulated tenancies and share of joint ventures		(634.5)	(740.9)
<b>Adjusted gross up completed property portfolio valuation</b>	b	<b>2,859.2</b>	<b>2,516.0</b>
Annualised net rents		117.3	101.0
Adjustments to annualised cash passing rental income in respect of newly completed developments and refurbishment activity		8.3	11.2
Adjustments to property outgoings in respect of newly completed developments and refurbishment activity		(2.4)	(3.2)
Adjustments to annualised cash passing rental income in respect of regulated tenancies		(15.0)	(17.0)
Adjustments to property outgoings in respect of regulated tenancies		4.5	4.7
<b>Adjusted annualised net rents</b>	a	<b>112.7</b>	<b>96.7</b>
Add: rent incentives		0.2	0.3
Adjusted EPRA 'topped up' NIY	c	112.9	97.0
<b>Adjusted EPRA NIY</b>	a/b	<b>3.9%</b>	<b>3.8%</b>
<b>Adjusted EPRA 'topped up' NIY</b>	c/b	<b>3.9%</b>	<b>3.9%</b>

#### 5. EPRA Vacancy Rate

		2024 £m	2023 £m
Estimated rental value of vacant space	A	3.3	1.8
Estimated rental value of the whole portfolio	B	122.9	112.7
EPRA Vacancy Rate	A/B	2.7%	1.6%

The vacancy rate reflects estimated rental values of the Group's stabilised habitable PRS units as at the reporting date.

#### 6. EPRA Cost Ratio

		2024 £m	2023 £m
Administrative expenses		35.3	33.5
Property operating expenses		44.7	37.2
Share of joint ventures expenses		0.6	(0.1)
Management fees		(2.6)	(3.2)
Other operating income/recharges intended to cover overhead expenses		(5.5)	(1.8)
<b>Exclude:</b>			
Investment property depreciation		–	–
Ground rent costs		(0.1)	(0.2)
<b>EPRA Costs (including direct vacancy costs)</b>	A	<b>72.4</b>	<b>65.4</b>
Direct vacancy costs		(2.4)	(2.2)
<b>EPRA Costs (excluding direct vacancy costs)</b>	B	<b>70.0</b>	<b>63.2</b>
Gross rental income		154.8	133.7
Less: ground rent income		(0.6)	(0.6)
Add: share of joint ventures (gross rental income less ground rents)		0.8	0.8
Add: adjustment in respect of profits or losses on sales of properties		43.6	58.1
<b>Gross Rental Income and Trading Profits</b>	C	<b>198.6</b>	<b>192.0</b>
<b>Adjusted EPRA Cost Ratio (including direct vacancy costs)</b>	A/C	<b>36.5%</b>	<b>34.1%</b>

## EPRA performance measures (unaudited) continued

Adjusted EPRA Cost Ratio (excluding direct vacancy costs)	B/C	35.2%	32.9%
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## 7. EPRA LTV

£m		2024			
		Group	Share of Joint Ventures	Share of Associates	Combined
Borrowings from Financial Institutions		908.2	–	–	908.2
Bond loans		700.0	–	–	700.0
Net payables		29.5	6.7	14.7	50.9
<b>Exclude:</b>					
Cash and cash equivalents		(140.1)	(1.4)	(0.5)	(142.0)
<b>Net debt</b>	A	1,497.6	5.3	14.2	1,517.1
Investment properties at fair value		2,720.2	–	14.5	2,734.7
Investment properties under development		308.1	52.0	–	360.1
Properties held-for-sale		620.1	–	–	620.1
Financial assets		101.7	–	–	101.7
<b>Total property value</b>	B	3,750.1	52.0	14.5	3,816.6
<b>EPRA LTV %</b>	A/B	39.9%	10.1%	97.6%	39.7%

£m		2023			
		Group	Share of Joint Ventures	Share of Associates	Combined
Borrowings from Financial Institutions		849.2	–	–	849.2
Bond loans		700.0	–	–	700.0
Net payables		93.6	6.7	14.6	114.9
<b>Exclude:</b>					
Cash and cash equivalents		(117.8)	(3.5)	(0.5)	(121.8)
<b>Net debt</b>	A	1,525.0	3.2	14.1	1,542.3
Investment properties at fair value		2,433.4	–	15.4	2,448.8
Investment properties under development		515.5	50.3	–	565.8
Properties held-for-sale		734.3	–	–	734.3
Financial assets		109.9	–	–	109.9
<b>Total property value</b>	B	3,793.1	50.3	15.4	3,858.8
<b>EPRA LTV %</b>	A/B	40.2%	6.4%	91.6%	40.0%

## 8. Capital Expenditure

£m		2024				
		Trading Properties	Investment Properties	Group (excl Joint Ventures)	Share of Joint Ventures	Combined
Acquisitions		0.2	85.9	86.1	–	86.1
Development		11.0	149.6	160.6	1.2	161.8
Completed assets						
– Incremental letting space		–	–	–	–	–
– No incremental letting space		3.8	13.9	17.7	–	17.7
– Tenant incentives		–	–	–	–	–
– Other material non-allocated types of expenditure		–	–	–	–	–
Capitalised interest		–	11.6	11.6	0.6	12.2
<b>Total Capital Expenditure</b>		15.0	261.0	276.0	1.8	277.8

£m		2023				
		Trading Properties	Investment Properties	Group (excl Joint Ventures)	Share of Joint Ventures	Combined
Acquisitions		–	9.8	9.8	–	9.8
Development		5.9	255.9	261.8	33.3	295.1
Completed assets						
– Incremental letting space		–	–	–	–	–
– No incremental letting space		2.7	20.4	23.1	–	23.1
– Tenant incentives		–	–	–	–	–
– Other material non-allocated types of expenditure		–	–	–	–	–
Capitalised interest		1.6	15.9	17.5	0.4	17.9
<b>Total Capital Expenditure</b>		10.2	302.0	312.2	33.7	345.9



## Five year record (unaudited)

### For the year ended 30 September 2024

	2020 <sup>1</sup> £m	2021 £m	2022 £m	2023 £m	2024 £m
Group revenue	214.0	248.9	279.2	267.1	<b>290.1</b>
Gross proceeds from property sales	144.1	187.9	174.7	193.7	<b>274.3</b>
Gross rental income	99.3	97.4	121.4	133.7	<b>154.8</b>
Net rental income	73.6	70.6	86.3	96.5	<b>110.1</b>
Gross fee income	2.2	2.6	2.7	3.2	<b>2.6</b>
Adjusted earnings	81.8	83.5	93.5	97.6	<b>91.6</b>
Profit before tax	99.1	152.1	298.6	27.4	<b>40.6</b>
Profit after tax	82.8	109.5	229.4	25.6	<b>31.2</b>
Dividends paid	33.5	36.8	40.0	45.7	<b>51.0</b>
	Pence	Pence	Pence	Pence	Pence
Basic earnings per share	12.8	16.2	31.0	3.5	<b>4.2</b>
Dividends per share	5.5	5.2	6.0	6.7	<b>7.6</b>
	Pence	Pence	Pence	Pence	Pence
EPRA NRV per share	301.0	316.4	332.6	317.5	<b>309.0</b>
EPRA NTA per share	284.7	297.2	317.5	305.2	<b>298.4</b>
EPRA NDV per share	272.8	284.2	334.2	314.0	<b>295.4</b>
Share price at 30 September	297.2	305.0	229.4	233.6	<b>245.5</b>
	%	%	%	%	%
Total Accounting Return – NTA basis	3.6	5.5	8.8	(1.8)	<b>0.3</b>
Total Property Return ('TPR')	5.4	7.5	7.5	0.4	<b>1.9</b>

1. The 2020 results in the table above have been restated in order to be comparable with 2021 results following the April 2021 IFRS Interpretations Committee publication of accounting guidance for configuration and customisation expenditure relating to Software as a Service arrangements. All other years are as previously reported and have not been restated.

## Alternative performance measures

### For the year ended 30 September 2024

Performance measure	Definition		
<b>Loan to Value ('LTV')</b>	Ratio of net debt to the market value of properties and property related assets. This is a key metric for the Group as part of measuring gearing at both an overall Group and individual facility level, linked to both our risk appetite and individual facility covenants.		
		<b>2024 £m</b>	2023 £m
Gross debt		<b>1,592.9</b>	1,533.5
Cash (excluding client cash)		<b>(140.1)</b>	(117.8)
<b>Net debt</b>		<b>1,452.8</b>	1,415.7
Market value of properties		<b>3,648.4</b>	3,683.2
Other property related assets		<b>152.5</b>	161.5
<b>Total market value of properties and property related assets</b>		<b>3,800.9</b>	3,844.7
<b>LTV</b>		<b>38.2%</b>	36.8%
<b>Total Property Return ('TPR')</b>	A performance measure which represents the change in gross asset value, net of capital expenditure incurred, plus property related net income, expressed as a percentage of opening gross asset value. This is a key metric for the Group in measuring the overall performance of property returns on the Group's property assets, with LTIP conditions linked to the performance of this metric as outlined in the Directors' Remuneration report.		
		<b>2024 £m</b>	2023 £m
Net rental income		<b>110.1</b>	96.5
Liquidated and ascertained damages 'LADs'		<b>5.2</b>	1.6
Profit on disposal of trading property		<b>49.4</b>	54.8
Previously recognised profit through EPRA market value measures		<b>(54.2)</b>	(54.0)
Profit on disposal of investment property		<b>(5.8)</b>	3.3
Income from financial interest in property assets		<b>(1.3)</b>	4.6
Net valuation (losses)/gains on investment property		<b>(32.5)</b>	(68.8)
Net valuation gains on trading property		<b>0.6</b>	(24.2)
<b>Property return</b>		<b>71.5</b>	13.8
Investment property – opening balance		<b>2,948.9</b>	2,775.9
Financial interest in property assets – opening balance		<b>67.0</b>	69.1
Inventories – trading property – opening balance		<b>734.3</b>	873.0
<b>Total opening gross assets</b>		<b>3,750.2</b>	3,718.0
<b>TPR</b>		<b>1.9%</b>	0.4%

## Other information

### Shareholders' information

#### Financial calendar

AGM	5 February 2025
Payment of 2024 final dividend	21 February 2025
Announcement of 2025 interim results	22 May 2025
Announcement of 2025 final results	20 November 2025

#### Share price

During the year ended 30 September 2024, the range of the closing mid-market prices of the Company's ordinary shares were:

Price at 30 September 2024	245.5p
Lowest price during the year	220.2p
Highest price during the year	274.8p

Daily information on the Company's share price can be obtained on our website [www.graingerplc.co.uk](http://www.graingerplc.co.uk) or by telephone from FT Cityline on 09058 171 690. Please note that FT Cityline is a chargeable service.

#### Share listing

Grainger plc 5p ordinary are listed on the London Stock Exchange (equity shares - commercial companies) under ISIN GB00B04V1276.

#### Capital gains tax

The market value of the Company's shares for capital gains tax purposes at 31 March 1982 was 2.03p.

#### Website

Website address [www.graingerplc.co.uk](http://www.graingerplc.co.uk)

#### Shareholders' enquiries

All administrative enquiries relating to shareholdings (for example, notification of change of address, loss of share certificates, dividend payments) should be addressed to the Company's registrar at:

Link Group  
Central Square, 10th Floor  
29 Wellington Street  
Leeds, LS1 4DL

#### Share dealing service

A share dealing service is available to existing Shareholders to buy or sell the Company's shares via Link Share Dealing Services. Online and telephone dealing facilities provide an easy to access and simple to use service.

For further information on this service, or to buy or sell shares, please contact: <https://ww2.linkgroup.eu/share-deal/> – online dealing **+44 (0) 371 664 0445** (calls are charged at the standard geographical rate and will vary by provider. Calls outside the UK are charged at the applicable international rate. Lines are open Monday to Friday, 8am to 4:30pm) – telephone dealing.

Please note that the Directors of the Company are not seeking to encourage Shareholders to either buy or sell their shares. Shareholders in any doubt as to what action to take are recommended to seek financial advice from an independent financial adviser authorised by the Financial Services and Markets Act 2000.

#### Forward-looking statements

This Report may contain certain statements that are forward-looking statements. They appear in a number of places throughout this Report and include statements regarding Grainger's intentions, beliefs or current expectations and those of its officers, directors and employees concerning, amongst other things, Grainger's results of operations, financial condition, liquidity, prospects, growth, strategies and the business it operates. By their nature, these statements involve risks and uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and, unless otherwise required by applicable law, Grainger undertakes no obligation to update or revise these forward-looking statements. Nothing in this Report should be construed as a profit forecast. Grainger and its Directors accept no liability to third parties in respect of this update save as would arise under English law. Information about the management of the Principal Risks and Uncertainties facing Grainger is set out within the Report on pages 56 to 63. Any forward-looking statements in this Report speak only at the date of this Report and Grainger undertakes no obligation to update publicly or review any forward-looking statement to reflect new information or events, circumstances or developments after the date of this Report.

#### Company Secretary and registered office

**Sapna FitzGerald**  
Grainger plc  
Citygate

St James' Boulevard  
Newcastle upon Tyne NE1 4JE

Company registration number **125575**

## Other information

### Glossary of terms

#### Adjusted earnings

Profit before tax before valuation movements and other adjustments that are considered to be one-off in nature, which do not form part of the normal on-going revenue or costs of the business.

#### Cap

Financial instrument which, in return for a fee, guarantees an upper limit for the interest rate on a loan.

#### CHARM

The CHARM portfolio is a financial interest in equity mortgages held by the Church of England Pensions Board as mortgagee.

#### Contingent tax

The amount of tax that would be payable should trading property be sold at the market value shown in the market value balance sheet.

#### 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.

#### European Public Real Estate Association ('EPRA')

A not-for-profit association with a membership of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. EPRA published its latest Best Practices Recommendations in September 2024. Further information, including definitions and measures adopted by Grainger can be found on pages 175 to 178.

#### Estimated Rental Value ('ERV')

The market rental value of lettable space as determined by the Group's external valuers at the balance sheet date. For properties which have not yet reached practical completion, ERV is determined by management's assessment of market rents.

#### Goodwill

On acquisition of a company, the difference between the fair value of net assets acquired and the fair value of the purchase price paid.

#### Hedging

The use of financial instruments to protect against interest rate movements.

#### Interest cover ratio ('ICR')

Profit on ordinary activities before interest and tax divided by net interest payable.

#### Investment value or market value

Open market value of a property subject to relevant tenancy in place.

#### Loan to Value ('LTV')

Ratio of net debt to the market value of properties and property related assets. This is the primary gearing metric for the Group.

#### Net Initial Yield ('NIY')

Annualised net passing rents as a percentage of the property's open market value.

#### Net Rental Income ('NRI')

Gross rental income less property operating expenses, ground rents paid and service charge expenditure.

#### Net Asset Value ('NAV')

Net assets divided by the number of ordinary shares in issue as at the balance sheet date.

#### Net Tangible Assets ('NTA')

NTA is the market value of property assets after deducting deferred tax on trading assets, and excluding intangible assets and derivatives.

#### Occupancy

The passing rent from PRS stabilised let units as a proportion of PRS stabilised PRI as at a specific point in time.

#### Passing rent

The annual rental income receivable on a property as at the balance sheet date.

#### Potential Rental Income ('PRI')

Passing rent from let units plus ERV on vacant units.

#### Private Rented Sector ('PRS')

Housing tenure classification that relates to residential units owned by the private sector to provide rental accommodation. This excludes units owned by Government authorities and housing associations.

#### Regulated tenancy

Tenancy regulated under the 1977 Rent Act. Rent (usually sub-market) is set by the rent officer and the tenant has security of tenure.

#### Stabilised

Classification of existing property, newly completed property or property acquired once it achieves 95% occupancy. Once an asset is designated as stabilised the classification is retained whilst it is held by the Group for future rental income.

#### Swap

Financial instrument to protect against interest rate movements.

#### Tenanted residential

Activity covering the acquisition, renting out and subsequent sale (usually on vacancy) of residential units subject to a tenancy agreement.

#### Total Accounting Return/Return on Shareholder Equity ('ROSE')

The growth in the net asset value of the Group plus dividends paid in the year, calculated as a percentage of the opening net asset value.

#### Total Property Income Return ('TPIR')/Like-for-like rental growth ('LFL')

The change in gross rental income in a period as a result of tenant renewals or a change in tenant. Applies to changes in gross rents on a comparable basis and excludes the impact of acquisitions, disposals and changes resulting from refurbishments.

#### Total Property Return ('TPR')

A performance measure which represents the change in gross asset value, net of capital expenditure incurred, plus property related net income, expressed as a percentage of opening gross asset value.

#### Total Shareholder Return ('TSR')

Return attributable to Shareholders on the basis of share price growth with dividends reinvested.

#### UK-adopted IFRS

International Financial Reporting Standards, as adopted by the UK, mandatory for UK-listed companies for accounting periods ending on or after 1 January 2021.

#### Vacant Possession ('VP') value

Open market value of a property free from any tenancy.

#### Weighted Average Cost of Capital ('WACC')

The weighted average cost of funding the Group's activities through a combination of Shareholders' funds and debt.



## Other information

### Advisers

#### Solicitors

Freshfields  
100 Bishopsgate  
London  
EC2P 2SR

#### Financial public relations

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London  
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#### Banking

##### Clearing Bank and Facility Agent

Barclays Bank PLC

##### Other bankers

Aareal Bank AG  
AIB Group (UK) PLC  
ABN Amro Bank N.V.  
Handelsbanken PLC  
HSBC Bank PLC  
HSBC UK Bank PLC  
National Westminster Bank PLC  
Natwest Markets PLC  
Santander UK PLC  
Wells Fargo Bank NA

#### Independent auditor

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15 Canada Square  
Canary Wharf  
London  
E14 5GL

#### Stockbrokers

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25 Bank Street  
London  
E14 5JP

Numis Securities Limited  
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London  
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## Notes



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