16 May 2024

Grainger plc

Half year financial results
for the six months ended 31 March 2024

A platform delivering compounding growth

- Net rental income +11%
- Dividend per share +11%
- Like-for-like PRS rental growth +8.1%
- Occupancy 97.7%
- Underlying property values stable
- EPRA NTA robust at 294pps

Grainger plc, the UK's largest listed residential landlord and leader in the build-to-rent sector, today announces a strong performance for the six months ended 31 March 2024. Grainger's £3.4bn operational residential portfolio totals c.11,000 homes with a further c.5,000 homes in our £1.5bn build-to-rent investment pipeline.

Helen Gordon, Chief Executive, said:

"Grainger has delivered another strong operating performance over the past six months. Strong like-for-like rental growth and expansion from our successful pipeline delivery have driven further growth in net rental income and earnings and enable us to increase our dividend for the 17th consecutive time since our strategy reset began in 2016. Our portfolio occupancy remains high at 97.7% with customer affordability healthy, customer satisfaction and retention high, and rent arrears low.

"Despite some further yield expansion, strong rental growth has offset this with underlying property values broadly flat, demonstrating the performance of our platform and resilience of our asset class.

"Our sector's positive market fundamentals and our strategic positioning mean that we expect rental growth to remain above the historical long-term average for the remainder of this year with scope for it to continue at elevated levels into 2025.

"Our strategic transformation to become the leading PRS build-to-rent player in the UK continues unabated with 80% of our portfolio now PRS assets and will culminate in our conversion to a REIT in October next year, enhancing returns for shareholders further.

"As we deliver our secured pipeline, benefitting from significant operational leverage as our portfolio grows and our cost base remains stable, we expect to deliver a sustainable Total Accounting Return of 8%, which we believe is a very attractive return on a risk-adjusted basis."

Key strategic highlights

- We have delivered c.11% growth in net rental income (NRI) over the last 12 months, the 5th consecutive reporting period that we have announced double-digit growth
- Our £0.5bn committed pipeline along with our recently completed schemes when stabilised will deliver a further £41m of additional NRI growth, with opportunities from our c.£1.0bn secured and planning and legals pipeline delivering further NRI growth
- Delivering significant EBITDA margin accretion, from 53% in FY23 to over 60% over the next 5 years, through the delivery of our pipeline and leveraging our efficient, scalable and market-leading platform
- EPRA Earnings to grow to £55m by FY26
- Strong track record of transacting successfully, supporting growth, with £1.7bn of disposals and £2.5bn of new investment since 2016 when we set out our strategy
- We remain on track for REIT conversion for October 2025 (FY26)

Key financial highlights

- 11% growth in Net Rental Income[1] to £53.2m (HY23: £48.0m), up from £18.0m at HY16 at the beginning of our strategic restart
- Strong Adjusted Earnings[2] of £44.4m reflecting the strategic divestment of our regulated tenancy portfolio, realising significant capital to re-invest into Build to Rent, PRS assets (HY23: £47.1m)
- Interim dividend[3] increased 11% to 2.54p per share (HY23: 2.28pps)
- 12% growth in EPRA Earnings to £24.5m (HY23: £21.9m)
- 8.1% like-for-like rental growth[4] in H1 across our PRS portfolio (FY23: 8.0%), with new lets at 7.7% and renewals at 8.3%
    - Regulated Tenancy Portfolio: 7.1% like-for-like rental growth (FY23: 5.9%)
    - Total Portfolio: 8.0% like-for-like rental growth (FY23: 7.7%)
- High occupancy at 97.7% in our PRS portfolio (FY23: 98.6%)[5]
- Stable underlying valuations of (0.3)%; down (1.9)% taking account of changes in tax treatment assumptions (multiple dwellings relief or 'MDR')[6] which is due to be enacted in the Finance Bill on 1 June
- EPRA Net Tangible Assets (EPRA NTA) of 294pps (FY23: 305pps; HY23: 310pps), reflecting an (8)p impact from tax treatment changes (MDR)
- IFRS loss before tax of £31.2m reflecting the £58.8m impact from MDR tax treatment changes (HY23: IFRS profit before tax of £5.7m)
- Accelerated disposals programme delivering strong sales proceeds of £71m (HY23: £74.6m) providing significant capital to recycle and support our continued growth
- Delivering c.1,000 new, purpose-built, energy-efficient, mid-market rental homes this year in our existing cluster locations of Birmingham, Bristol and North London, including the successful delivery and launch of 307 new homes at The Copper Works in Cardiff in the first half of this year

Key financial metrics

Income returns	**HY23**	**HY24**	**Change**
PRS rental growth (like-for-like)	6.9%	8.1%	+120 bps
- *New lets*	*8.2%*	*7.7%*	*(45) bps*
- *Renewals*	*6.1%*	*8.3%*	*+219 bps*
Regulated tenancies (annualised)	5.8%	7.1%	+125 bps
Total Rental growth (like-for-like)	6.8%	8.0%	+122 bps
Net rental income *(Note 5)*	£48.0m	£53.2m	+11%
Adjusted earnings *(Note 2)*	£47.1m	£44.4m	(6)%
IFRS profit/(loss) before tax *(Note 2)*	£5.7m	£(31.2)m	(647)%
Earnings/(loss) per share (diluted, after tax) *(Note 10)*	0.6p	(3.0)p	(600)%
Dividend per share *(Note 11)*	2.28p	2.54p	+11%

Capital returns	HY23	HY24	Change
Total Property Return[7]	0.1%	(0.4)%	(48) bps
Total Accounting Return *(Note 3)*	(1.6)%	(2.9)%	(130) bps
	FY23	**HY24**	**Change**
EPRA NTA per share *(Note 3)*	305p	294p	(4)%
Net debt	£1,416m	£1,497m	+6%
Group LTV	36.8%	39.1%	+223 bps
Cost of debt (average)	3.3%	3.1%	(14) bps

Our £1.5bn Build-to-Rent Pipeline

Committed pipeline	
Investment value	£523m
Homes	1,546
Secured pipeline	
Investment value	£541m
Homes	2,009
Planning & legal pipeline	
Investment value	£423m
Homes	1,513
Total pipeline	
Investment value	**£1,487m**
Homes	**5,068**

Excellent outlook

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, powered by our proprietary CONNECT technology platform, is delivering compounding growth for shareholders over the near term, whilst providing a brilliant service and rental experience to our growing number of customers.

In light of the upcoming General Election later this year, our extensive dialogue with all main political parties provides us significant comfort that the risk of regulation to our responsible business model is minimal.

Our strong balance sheet with long-term fixed debt costs, our successful accelerated disposals programme to fund our continued growth, and a fragmented but maturing BTR market is resulting in an exciting time in the market with a growing number of potential opportunities that we are seeing.

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[1] *Refer to Note 5 for net rental income calculation.*

[2] *Refer to Note 2 for IFRS profit before tax and adjusted earnings reconciliation.*

[3] *Dividend – The dividend of 2.54p per share (gross) amounting to £18.8m will be paid on 5 July 2024 to shareholders on the register at the close of business on 24 May 2024. Shareholders will again be offered the option to participate in a dividend re-investment plan and the last day for election is 14 June 2024 – refer also to Note 11.*

[4] *Rental growth is the average increase in rent charged across our portfolio on a like-for-like basis.*

[5] *95% Occupancy is considered 'stabilised', whilst Grainger considers 97% 'fully occupied', taking account of natural churn.*

[6] *In the Spring Budget, the Government announced the abolition of Multiple Dwellings Relief (MDR), which provides Stamp Duty Land Tax relief when buying multiple properties. The impact of increased purchaser costs have been reflected in our HY24 valuations, resulting in a £58.8m (1.6%) reduction in value of investment properties.*

[7] *Total Property Return (TPR) represents the change in gross asset value, net of capital expenditure incurred, plus net income, expressed as a percentage of gross asset value.*

Future reporting dates

- Trading Update – September 2024
- Full year results – 21 November 2024

Half year results presentation

Grainger plc will be holding a presentation of the results at 9:00am (UK time) today, 16 May 2024, which can be accessed via webcast and a telephone dial-in facility (details below), which will be followed by a live Q&A session for sell side analysts and shareholders.

Webcast details:

To view the webcast, please go to the following URL link. Registration is required.

https://brrmedia.news/GRI_HY24

The webcast will be available for six months from the date of the presentation.

Conference call details:

Call: +44 (0) 33 0551 0200

Quote **"Grainger Half Year Results"** when prompted by the operator

**Please note that Live Questions can be submitted by analysts and investors via the webcast, but not via the conference call facility.*

Presentation material:

A copy of the presentation slides will also be available to download on Grainger's website (http://corporate.graingerplc.co.uk/) from 08:30am (UK time).

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Forward-looking statements disclaimer

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Grainger's principal risks are described in more detail in its Annual Report and Accounts, set out in the Risk Management report on pages 62-67 of the 2023 Annual Report and Accounts, and there has been no change.

A number of risks faced by the Group are not directly within our control such as the wider economic and political environment.

In line with our risk management approach detailed in our Annual Report and Accounts, the key risks to the business are under regular review by the Board and management, applying Grainger's risk management framework. It is currently considered that the principal risks previously reported remain our principal risks. The risks to Grainger will continue to be monitored closely as well as the potential controls and mitigants that may be applied.

These risks and other factors could adversely affect the outcome and financial effects of the events specified in this publication. The forward-looking statements reflect knowledge and information available at the date they are made and Grainger plc does not intend to update on the forward-looking statements contained in this publication.

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Chief Executive's review

A platform delivering compounding growth

Key strategic highlights

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- Delivering significant EBITDA margin accretion, from 53% in FY23 to over 60% over the next 5 years through the successful delivery of our pipeline and leveraging our efficient, scalable and market-leading platform
- EPRA Earnings to grow to £55m by FY26
- Strong track record of transacting successfully, supporting growth, with £1.7bn of disposals and £2.5bn of new investment since 2016 when we set out our strategy
- We remain on track for REIT conversion for October 2025 (FY26)
- Sustainable total accounting return target of 8%, underpinned by a positive rental growth outlook and before any yield movement, an attractive total return on a risk-adjusted basis due to the low volatility and low risk nature of our asset class

Strong Operational Performance

Our market-leading, scalable and efficient platform is delivering compounding growth, in both earnings and dividend, for years to come.

Net rental income has increased once again in the period, up 11%, as we continue to deliver our pipeline of brilliant new homes in our target locations across England and Wales.

Our leading operating platform, designed for growth to drive efficiencies and provide great customer service, continues to deliver value for both shareholders and our growing number of customers. The benefits of our clustering strategy continue to drive operational efficiencies with gross to net improving to 25.3%.

Continuing from last year's exceptionally strong rental growth, like-for-like rental growth in our PRS portfolio continues to remain at elevated levels at 8.1%, ahead of our prior expectations. Despite this, customer affordability remains healthy at 28% demonstrating both the important alignment to wage growth amongst our customer base but also the sustainability of elevated rental growth going forward that we can generate from our portfolio.

Demand for our high quality, mid-market homes remains extremely strong, with the portfolio fully occupied at 97.7% and lease up of our new schemes well ahead of underwriting.

Our accelerated disposals programme is performing well, delivering £71m of proceeds over the period as we divest from our regulated tenancy portfolio, providing a reliable source of funding for us to deliver our pipeline and continue to grow.

Satisfaction amongst our customers remains high, as does customer retention at 62.9%.

Our strong growth in net rental income and earnings ensures that we can once again increase our dividend, which is up 11% to 2.54p per share.

Resilience

The resilience of our asset class continues to prove true, with underlying property values broadly stable over the period.

Following the UK Government's announcement to change the tax treatment of multiple dwellings ('MDR') which comes into effect on 1 June, our independent valuers at CBRE have applied the impact to our March valuations, resulting in a one-off valuation reduction of £59m. Reflecting this impact, EPRA NTA is down 4% to 294p per share.

We are a highly cash generative business. Each year, we expect to deliver c.£200m of operating cashflow supported by our disposals programme of non-core assets, underpinning our continued growth. In total we have over c.£1.1bn of non-core assets, including our regulated tenancy portfolio. Our market is highly liquid with a wide, diverse range of purchasers. Each year some 1 million transactions occur in the UK residential market, representing c.£260bn transacted.

Our balance sheet is strong. Our debt costs are fixed in the mid-3% over the next five years.

Compounding Growth

Our scalable platform continues to deliver compounding growth in both earnings and dividend from our pipeline as our portfolio grows, and as we continue to generate strong like-for-like rental growth. As we grow, we continue to improve operational efficiencies both in operating margins and EBITDA margins as we leverage off of our scalable cost base.

Net rental income is set to increase by £41m from the delivery of our committed pipeline and remaining lease up of recently completed schemes.

In the near term, we expect EPRA Earnings to grow to £55m by FY26.

Strategically Repositioned as a Build-to-Rent Market Leader

Since 2016, we have completely repositioned the business. We have disposed of £1.7bn of assets and invested £2.5bn in new Build-to-Rent (BTR) assets, moving from c.23% of our portfolio as PRS/BTR assets to 80% today.

A significant milestone of this strategic transition will be our conversion to a REIT in October 2025 for our FY26 financial year, further enhancing total returns.

The great progress we are making as a business, and the quality of our products and services, is reinforced in the recognition we receive, with Grainger and our schemes announced as finalists for 27 industry awards so far this year.

Leading operating platform

We remain steadfast in our commitment to delivering a leading customer experience and to that end we have appointed a new repairs and maintenance partner for a large part of our portfolio, a move that will drive further improvement in what is a key component of our customer journey.

Data and AI opportunities

Our market leading platform provides us significant opportunities to harness our data and utilise AI. This will deliver further value enhancement, greater efficiencies and improved customer service.

We are in the early stages of exploring the application of AI, including machine learning, Generative AI, predictive modelling and natural language processing, across the business. Early examples include being able to predict leasing behaviours amongst customers allowing us to direct resource appropriately, modelling new technologies to support our Net Zero transition and enhancing our customers' experience with regard to Repairs and Maintenance bookings.

Exciting market opportunities and excellent outlook

The BTR market continues to grow and mature with a growing number of existing, stabilised BTR assets coming to market, presenting an expanding route for growth for Grainger. There are a large number of BTR investors, but many have sub-scale portfolios, with the average BTR portfolio only 525 homes, likely leading to consolidation opportunities, which we are tracking closely.

In the meantime, we will continue to deliver and expand our already significant £1.5bn pipeline of BTR developments, driving significant earnings growth.

The market fundamentals that underpin our investment case remain as strong as ever. Our growth trajectory remains on track with a high degree of certainty. In particular we see the regulatory outlook for our business as low risk despite the upcoming General Election.

We remain wholly committed to providing great customer service and delivering high quality homes across England and Wales.

Helen Gordon
Chief Executive
15 May 2024

Financial review

The first six months of FY24 saw a continuation of our excellent performance as a business. Our homes continue to be in high demand with strong occupancy levels at 97.7% and PRS like-for-like rental growth continuing to be very strong at 8.1%. The strong occupational market combined with continuing delivery of new pipeline schemes has resulted in a significant increase in net rents of 11%. The operating leverage in our business model, which is built for scale, means this revenue growth results in even higher earnings growth with EPRA earnings up 12%.

Valuations have once again proved resilient in the period down 0.3% before the impact of MDR removal. There was a continuation of the theme of rental growth (ERV growth 3.7%) offsetting outward yield shift (18bps). The cumulative yield shift over the last 18 months has been 60bps but this has only resulted in a valuation decline of 2.9% given the offset from strong rental growth. It is this index linked nature of our income that underpins the resilience of our portfolio.

Our balance sheet remains in good shape with strong liquidity. Our committed pipeline is fully funded and fully hedged, giving us minimal exposure to interest rate rises for five years. We increased our interim dividend to 2.54p on a per share basis (HY23: 2.28p), up 11% as we continue to deliver strong, sustainable dividend growth.

With great visibility on net rental income growth to be delivered from our committed pipeline, we see strong near-term earnings growth with an upgraded EPRA earnings target of £55m by FY26. Beyond this, we will continue to deliver strong compounding earnings growth for years to come.

Highlights

Income returns	**HY23**	**HY24**	**Change**
Rental growth (like-for-like)	6.8%	8.0%	+122 bps
- PRS	6.9%	8.1%	+120 bps
- Regulated tenancies (annualised)	5.8%	7.1%	+125 bps
Net rental income *(Note 5)*	£48.0m	£53.2m	+11%
Adjusted earnings *(Note 2)*	£47.1m	£44.4m	(6)%
EPRA earnings *(Note 3)*	£21.9m	£24.5m	+12%
IFRS profit/(loss) before tax *(Note 2)*	£5.7m	£(31.2)m	(647)%
Earnings/(loss) per share (diluted, after tax) *(Note 10)*	0.6p	(3.0)p	(600)%
Dividend per share *(Note 11)*	2.28p	2.54p	+11%

Capital returns	**HY23**	**HY24**	**Change**
Total Property Return	0.1%	(0.4)%	(48) bps
Total Accounting Return	(1.6)%	(2.9)%	(130) bps
	FY23	**HY24**	**Change**
EPRA NTA per share *(Note 3)*	305p	294p	(4)%

Net debt	£1,416m	£1,497m	+6%
Group LTV	36.8%	39.1%	+223 bps
Cost of debt (average)	3.3%	3.1%	(14) bps
Reversionary surplus	£213m	£177m	(17)%

Income statement

Adjusted earnings decreased by 6% to £44.4m (HY23: £47.1m) with the strong £5.2m increase in net rental income offset by lower profits from sales as we continue to divest from our regulated tenancy portfolio and focus on growing recurring net rental income. EPRA earnings, which is an increasingly important metric for our business, continued to deliver strong growth and was up 12% to £24.5m (HY23: £21.9m).

Income statement (£m)	**HY23**	**HY24**	**Change**
Net rental income	48.0	53.2	+11%
Profit from sales	25.2	19.9	(21)%
Mortgage income (CHARM) *(Note 16)*	2.4	2.3	(4)%
Management fees	2.8	3.5	+25%
Overheads	(15.4)	(16.2)	+5%
Pre-contract costs	(0.7)	(0.7)	-
Net finance costs	(15.2)	(17.7)	+16%
Joint ventures and associates	-	0.1	-
Adjusted earnings	**47.1**	**44.4**	**(6)%**
Underlying valuation movements	(41.4)	(16.8)	(59)%
MDR valuation movement	-	(58.8)	-
IFRS profit/(loss) before tax	**5.7**	**(31.2)**	**(647)%**

Rental income

Net rental income increased by 11% to £53.2m (HY23: £48.0m), a continuation of the elevated growth levels of recent years. The £5.2m increase was driven by continued high occupational demand for our homes resulting in both strong lettings of new launches and excellent rental growth.

Overall like-for-like rental growth accelerated to +8.0%, with rental growth in our PRS portfolio continuing to deliver healthy growth at +8.1% (HY23: +6.9%), with rental growth on renewals of +8.3%, and +7.7% on new lets. Our regulated tenancy portfolio also delivered strong rental growth at +7.1% (HY23: +5.8%). Gross to net for our stabilised portfolio improved to 25.3% (FY23: 25.5%) as we start to deliver the efficiency benefits of our scale and clustering model.

	£m
HY23 Net rental income	**48.0**
Disposals	(1.4)
PRS investment	3.2
Rental growth	3.4
HY24 Net rental income	**53.2**
YoY growth	+11%

<u>Sales</u>

Our accelerated disposals programme continued to be resilient throughout the period with overall sales revenue of £71.1m in line with the prior period (HY23: £74.6m). Sales profits were lower at £19.9m (HY23: £25.2m) as expected, reflecting a smaller regulated tenancy portfolio from which sales profits are generated with higher levels of PRS recycling which have significantly lower profit margins.

Residential sales

Vacant sales delivered £10.6m of profit (HY23: £13.2m). The 20% reduction in vacant property sales profit in the period reflects the reducing portfolio size of our regulated tenancy portfolio as part of our strategic divestment and recycling capital into higher yielding build-to-rent PRS assets. Vacancy rates within our regulated tenancy portfolio, driving sales, were 6.8% (HY23: 8.5%) with margins higher than in the prior year. Pricing achieved remained robust with sales values -0.2% of previous vacant possession values demonstrating the resilience of these assets and their ability to generate reliable cashflow.

Sales of tenanted and other properties delivered £8.4m of profit (HY23: £8.5m) from £49.2m of revenue (HY23: £29.1m) as we sold a higher proportion of PRS assets which have significantly lower margins than tenanted regulated tenancy sales.

Development profits in the period were £0.9m as we continue to work through sales of our remaining legacy land portfolio.

Sales

	HY23			HY24		
	Units sold	**Revenue £m**	**Profit £m**	**Units sold**	**Revenue £m**	**Profit £m**
Residential sales on vacancy	57	30.0	13.2	53	21.0	10.6
Tenanted and other sales	165	29.1	8.5	146	49.2	8.4
Residential sales total	**222**	**59.1**	**21.7**	**199**	**70.2**	**19.0**
Development activity		15.5	3.5		0.9	0.9
Overall sales	**222**	**74.6**	**25.2**	**199**	**71.1**	**19.9**

Overheads

We continue to drive operational leverage, with overheads increasing by only 5% in the period to £16.2m (HY23: £15.4m) driven by wage inflation, compared to 11% growth in recurring net rental income. Our best-in-class operating platform is set to deliver significant earnings accretion through continued operational leverage in the coming years.

Balance sheet

Maintaining a strong balance sheet from which to execute our growth strategy remains an absolute priority, and we are in good shape. Our LTV is 39.1% (FY23: 36.8%) and liquidity is strong with cash and available facilities of £433m. Our committed pipeline is fully funded and our debt costs are fully hedged, meaning we have minimal exposure to potential interest rate rises.

Market value balance sheet (£m)	FY23	HY24
Residential – PRS	2,423	2,601
Residential – regulated tenancies	693	666
Residential – mortgages (CHARM)	67	64
Forward Funded – PRS work in progress	441	288
Development work in progress	126	119
Investment in JVs/associates	91	91
Total investments	**3,841**	**3,829**
Net debt	(1,416)	(1,497)
Other liabilities	(66)	(62)
EPRA NRV	**2,359**	**2,270**
Deferred and contingent tax – trading assets	(91)	(86)
Exclude: intangible assets	(1)	(1)
EPRA NTA	**2,267**	**2,183**
Add back: intangible assets	1	1
Deferred and contingent tax – investment assets	(106)	(87)
Fair value of fixed rate debt and derivatives	171	108
EPRA NDV	**2,333**	**2,205**
EPRA NRV pence per share	318	306
EPRA NTA pence per share	**305**	**294**
EPRA NDV pence per share	314	297

EPRA NTA remained robust, decreasing by 4% from the year end to 294p per share (FY23: 305p per share) reflecting the impact of the removal of multiple dwellings relief (MDR) equating to 8p per share. Excluding this one-off impact, NTA was only down 1%. The 4p contribution from EPRA earnings was offset by the payment of our final dividend (4)p. EPRA NTA excludes the value of our reversionary surplus of £177m or 24p per share (FY23: £213m).

EPRA NTA movement

	£m	Pence per share
EPRA NTA at 30 September 2023	**2,267**	**305**
Net rents, fees & income	59	8
Overheads	(16)	(2)
Finance costs	(18)	(2)
EPRA earnings	***25***	***4***
Valuations (trading & investment property)	(13)	(2)
Sales profit	(1)	-
Tax & other	(4)	(1)
Dividends	(32)	(4)
EPRA NTA at 31 March 2024 (pre-MDR)	**2,242**	**302**
MDR	(59)	(8)
EPRA NTA at 31 March 2024	**2,183**	**294**

Property portfolio valuations

Our portfolio values proved resilient with a decline of only 0.3% (HY23: (1.3)%) over the six-month period prior to the (8)p impact from the withdrawal of multiple dwellings relief.

Our PRS portfolio saw strong ERV growth of 3.7% which offset c.18bps outward yield movement in the period. Our regional PRS portfolio outperformed London marginally with c.15bps outward yield movement compared with c.25bps in London. The regulated portfolio again proved its resilience with a 0.8% increase in the six month period.

During the period the removal of multiple dwellings relief in the UK Government's Budget resulted in an increase in the average stamp duty assumed in our valuation from 2.8% to 5.0% which had a one-off impact of £59m on valuation.

Portfolio	Region	Capital Value (£m)	Total Valuation movement (pre-MDR) £m	%	Total Valuation movement (post-MDR) £m	
PRS	London & SE	1,285	(26)	(2.0%)	(40)	(3.1%)
	Regions	1,316	10	0.8%	(23)	(1.7%)
	PRS Total	**2,601**	**(16)**	**(0.6%)**	**(63)**	**(2.4%)**
Regulated Tenancies	London & SE	565	4	0.8%	4	0.8%
	Regions	101	1	0.8%	1	0.8%
	Regulated Total	**666**	**5**	**0.8%**	**5**	**0.8%**
Operational Portfolio		**3,267**	**(11)**	**(0.3%)**	**(58)**	**(1.7%)**
	Development	407	(0)	(0.1%)	(12)	(3.0%)
Total Portfolio[1]		**3,674**	**(11)**	**(0.3%)**	**(70)**	**(1.9%)**

[1] *Excluding CHARM and Vesta.*

Financing and capital structure

Net debt increased to £1,497m (FY23: £1,416m) in line with plan as we invested £122m into our pipeline which was partly offset by £71m of sales in the period. Going forward we expect net debt to be broadly flat with sales offsetting our pipeline capex.

LTV now stands at 39.1% (FY23: 36.8%) with our average cost of debt remaining relatively flat compared to the full year at 3.1% (FY23: 3.3%). We have an average debt maturity of over five years including extension options and refinancing risk is minimal with no material refinancing required until 2028. With our debt costs fixed in the mid 3% for the next five years, our balance sheet is in good shape.

	FY23	HY24
Net debt	£1,416m	£1,497m
Loan to value	36.8%	39.1%
Cost of debt (average)	3.3%	3.1%
Headroom	£519m	£433m
Weighted average facility maturity	5.5	5.0
Hedging	95%	100%

Summary and outlook

The resilient growth that our business delivers was once again evident in the period. Strong demand for our product combined with the delivery of new pipeline schemes drove growth in our net rental income. With the strong operational leverage in our business model this drives even larger growth in our EPRA earnings which are set to grow strongly delivering compounding growth for many years to come. With our balance sheet in good shape and the strong operational cashflow that our business creates we are well placed to take advantage of any opportunities to accelerate growth further.

Rob Hudson
Chief Financial Officer
15 May 2024

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;

- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Helen Gordon
Chief Executive Officer
15 May 2024

Rob Hudson
Chief Financial Officer
15 May 2024

Independent Review Report to Grainger plc

Conclusion

We have been engaged by Grainger plc ("the Group") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Other Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Group in accordance with the terms of our engagement to assist the Group in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Group those matters we are required to state to it in this 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 Group for our review work, for this report, or for the conclusions we have reached.

Craig Steven-Jennings
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E145GL

15 May 2024

Consolidated income statement

		Unaudited	
		2024	2023
For the 6 months ended 31 March	Notes	**£m**	£m
Group revenue	4	**113.7**	110.5
Net rental income	5	**53.2**	48.0
Profit on disposal of trading property	6	**19.9**	21.5
Profit on disposal of investment property	7	**-**	4.0
Income from financial interest in property assets	16	**0.8**	1.5
Fees and other income	8	**3.5**	2.8
Administrative expenses		**(16.2)**	(15.4)
Other expenses		**(0.7)**	(0.7)
Goodwill impairment		**-**	(0.1)
Reversal of impairment/(impairment) of inventories to net realisable value	13	**0.4**	(0.5)
Operating profit		**60.9**	61.1
Net valuation loss on investment property	12	**(73.8)**	(40.2)
Finance costs	9	**(19.2)**	(16.0)
Finance income	9	**1.5**	0.8
Share of (loss)/profit of associates after tax	14	**(0.5)**	0.1
Share of loss of joint ventures after tax	15	**(0.1)**	(0.1)
(Loss)/profit before tax	2	**(31.2)**	5.7
Tax credit/(charge) for the period	21	**9.2**	(1.0)
(Loss)/profit for the period attributable to the owners of the Company		**(22.0)**	4.7
Basic (loss)/earnings per share	10	**(3.0)p**	0.6p
Diluted (loss)/earnings per share	10	**(3.0)p**	0.6p

Consolidated statement of comprehensive income

For the 6 months ended 31 March	Notes	**Unaudited** **2024** **£m**	2023 £m
(Loss)/profit for the period	2	**(22.0)**	4.7
Items that will not be transferred to the consolidated income statement:			
Actuarial loss on BPT Limited defined benefit pension scheme	22	**(0.2)**	(1.1)
Items that may be or are reclassified to the consolidated income statement:			
Changes in fair value of cash flow hedges		**(17.3)**	(25.7)
Other comprehensive income and expense for the period before tax		**(17.5)**	(26.8)
Tax relating to components of other comprehensive income:			
Tax relating to items that will not be transferred to the consolidated income statement	21	**0.1**	0.3
Tax relating to items that may be or are reclassified to the consolidated income statement	21	**4.3**	6.4
Total tax relating to components of other comprehensive income		**4.4**	6.7
Other comprehensive income and expense for the period after tax		**(13.1)**	(20.1)
Total comprehensive income and expense for the period attributable to the owners of the Company		**(35.1)**	(15.4)

Consolidated statement of financial position

As at	Notes	**Unaudited 31 March 2024 £m**	Audited 30 Sept 2023 £m
ASSETS			
Non-current assets			
Investment property	12	**2,962.7**	2,948.9
Property, plant and equipment		**10.8**	8.6
Investment in associates	14	**15.3**	15.8
Investment in joint ventures	15	**75.7**	75.2
Financial interest in property assets	16	**63.9**	67.0
Retirement benefits	22	**9.4**	9.6
Deferred tax assets	21	**3.7**	3.7
Intangible assets		**1.5**	1.0
		3,143.0	3,129.8
Current assets			
Inventories – trading property	13	**386.0**	392.2
Trade and other receivables	17	**49.1**	34.0
Derivative financial instruments	20	**28.1**	45.3
Cash and cash equivalents		**65.8**	121.0
		529.0	592.5
Total assets		**3,672.0**	3,722.3
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	20	**1,563.8**	1,533.5
Trade and other payables	18	**6.7**	6.9
Provisions for other liabilities and charges	19	**1.0**	1.1
Deferred tax liabilities	21	**99.4**	122.3
		1,670.9	1,663.8
Current liabilities			
Trade and other payables	18	**127.0**	120.7
Provisions for other liabilities and charges	19	**8.7**	8.6
Current tax liabilities		**3.0**	0.6
		138.7	129.9
Total liabilities		**1,809.6**	1,793.7
NET ASSETS		**1,862.4**	1,928.6
EQUITY			
Issued share capital		**37.2**	37.2
Share premium account		**817.8**	817.8
Merger reserve		**20.1**	20.1
Capital redemption reserve		**0.3**	0.3
Cash flow hedge reserve		**7.0**	20.0
Retained earnings		**980.0**	1,033.2
TOTAL EQUITY		**1,862.4**	1,928.6

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
Balance as at 1 October 2022		37.1	817.6	20.1	0.3	32.1	1,059.6	1,966.8
Profit for the period	2	-	-	-	-	-	4.7	4.7
Other comprehensive expense for the period		-	-	-	-	(19.3)	(0.8)	(20.1)
Total comprehensive expense		-	-	-	-	(19.3)	3.9	(15.4)
Award of SAYE shares		-	0.2	-	-	-	-	0.2
Purchase of own shares		-	-	-	-	-	(0.1)	(0.1)
Share-based payments charge	23	-	-	-	-	-	1.1	1.1
Total comprehensive expense		-	-	-	-	-	(28.8)	(28.8)
Total transactions with owners recorded directly in equity		-	0.2	-	-	-	(27.8)	(27.6)
Balance as at 31 March 2023		37.1	817.8	20.1	0.3	12.8	1,035.7	1,923.8
Profit for the period		-	-	-	-	-	20.9	20.9
Other comprehensive income for the period		-	-	-	-	7.2	-	7.2
Total comprehensive income		-	-	-	-	7.2	20.9	28.1
Award of SAYE shares		0.1	-	-	-	-	-	0.1
Purchase of own shares		-	-	-	-	-	(7.8)	(7.8)
Share-based payments charge		-	-	-	-	-	1.3	1.3
Dividends paid		-	-	-	-	-	(16.9)	(16.9)
Total transactions with owners recorded directly in equity		0.1	-	-	-	-	(23.4)	(23.3)
Balance as at 30 September 2023		**37.2**	**817.8**	**20.1**	**0.3**	**20.0**	**1,033.2**	**1,928.6**
Loss for the period	2	**-**	**-**	**-**	**-**	**-**	**(22.0)**	**(22.0)**
Other comprehensive expense for the period		**-**	**-**	**-**	**-**	**(13.0)**	**(0.1)**	**(13.1)**
Total comprehensive expense		-	-	-	-	**(13.0)**	**(22.1)**	**(35.1)**
Purchase of own shares		**-**	**-**	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Share-based payments charge	23	**-**	**-**	**-**	**-**	**-**	**1.2**	**1.2**
Dividends paid	11	**-**	**-**	**-**	**-**	**-**	**(32.2)**	**(32.2)**
Total transactions with owners recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**(31.1)**	**(31.1)**
Balance as at 31 March 2024		**37.2**	**817.8**	**20.1**	**0.3**	**7.0**	**980.0**	**1,862.4**

Consolidated statement of cash flows

For the 6 months ended 31 March	Notes	Unaudited **2024** **£m**	 2023 £m
Cash flow from operating activities			
(Loss)/profit for the period	2	**(22.0)**	4.7
Depreciation and amortisation		**0.7**	0.5
Goodwill impairment		**-**	0.1
Net valuation loss on investment property	12	**73.8**	40.2
Net finance costs	9	**17.7**	15.2
Share of loss of associates and joint ventures	14, 15	**0.6**	-
Profit on disposal of investment property	7	**-**	(4.0)
Share-based payment charge	23	**1.2**	1.1
Income from financial interest in property assets	16	**(0.8)**	(1.5)
Tax (credit)/charge	21	**(9.2)**	1.0
Cash generated from operating activities before changes in working capital		**62.0**	57.3
Increase in trade and other receivables		**(15.1)**	(9.2)
Increase in trade and other payables		**14.6**	13.6
Decrease in inventories		**6.2**	13.2
Cash generated from operating activities		**67.7**	74.9
Interest paid		**(24.8)**	(22.6)
Tax (paid)/credit		**(6.9)**	3.7
Payments to defined benefit pension scheme	22	**-**	(0.3)
Net cash inflow from operating activities		**36.0**	55.7
Cash flow from investing activities			
Proceeds from sale of investment property	7	**34.3**	32.0
Proceeds from financial interest in property assets	16	**3.9**	2.9
Dividends received from associates	14	**-**	0.5
Investment in joint ventures	15	**-**	(32.9)
Loans advanced to joint ventures	15	**(0.6)**	(1.8)
Acquisition of investment property	12	**(121.9)**	(167.0)
Acquisition of property, plant and equipment and intangible assets		**(3.4)**	(0.3)
Net cash outflow from investing activities		**(87.7)**	(166.6)
Cash flow from financing activities			
Award of SAYE shares		**-**	0.2
Purchase of own shares		**(0.1)**	(0.1)
Proceeds from new borrowings		**164.0**	145.0
Payment of loan costs		**(0.2)**	(0.8)
Repayment of borrowings		**(135.0)**	(30.0)
Dividends paid	11	**(32.2)**	(28.8)
Net cash (outflow)/inflow from financing activities		**(3.5)**	85.5
Net decrease in cash and cash equivalents		**(55.2)**	(25.4)
Cash and cash equivalents at the beginning of the period		**121.0**	95.9
Cash and cash equivalents at the end of the period		**65.8**	70.5

Notes to the unaudited interim financial results

1. Accounting policies

1a Basis of preparation

These condensed interim financial statements are unaudited and do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. This condensed set of financial statements has been prepared using accounting policies consistent with UK-adopted international accounting standards, in accordance with IAS 34 Interim Financial Reporting, and in accordance with the Disclosure Guidance and Transparent Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The current period financial information presented in this document has been reviewed, not audited.

The accounting policies used are consistent with those contained in the Group's last annual report and accounts for the year ended 30 September 2023 which is available on the Group's website (www.graingerplc.co.uk). The Grainger business is not judged to be highly seasonal, therefore comparatives used for the six month period ended 31 March 2024 Consolidated Income Statement are the six month period ended 31 March 2023 Consolidated Income Statement. It is therefore not necessary to disclose the Consolidated Income Statement for the full year ended 30 September 2023 (available in the last annual report).

The comparative figures for the financial year ended 30 September 2023 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

All property assets are subject to a Directors' valuation at the half year end, supported by an independent external valuation. External valuations at the half year are conducted by the Group's valuers, Allsop LLP and CBRE Limited. The valuation process is consistent with the approach set out on pages 133-135 of the 2023 Annual Report and Accounts, with the exception being the Group's Residential portfolio valued by Allsop LLP. At the half year, Allsop LLP inspected 15.7% of the Residential portfolio, with the movement extrapolated over the non-sampled assets to form 50% of the valuation movement for these portfolios. The remaining 50% is based on a blended rate arrived at by taking Halifax, Nationwide and Acadata indices (16.67% weighting each), applied on a regional IPD basis.

The Group's financial derivatives were valued as at 31 March 2024 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.

1b Adoption of new and revised International Financial Reporting Standards and interpretations

New standards, amendments and interpretations in the period

The following new standards, amendments to standards and interpretations were effective for the Group in the period and have no material impact on the financial statements:

- IFRS 17 insurance contracts;
- Accounting policies, changes in accounting estimates and errors: definition (amendments to IAS 8);
- Presentation of financial statements and making materiality judgements (amendments to IAS 1, IFRS Practice Statement 2);
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12).

Notes to the unaudited interim financial results continued

A number of new standards and amendments to standards have been issued but are not yet effective for the Group and have not been early adopted. The application of these new standards and amendments are not expected to have a material impact on the Group's financial statements.

1c Significant judgements and estimates

Full details of critical accounting estimates are given on pages 133-136 of the 2023 Annual Report and Accounts. This includes detail of the Group's approach to valuation of property assets and the use of external valuers in the process.

The valuations exercise is an extensive process which includes the use of historical experience, estimates and judgements. The Directors are satisfied that the valuations agreed with our external valuers are a reasonable representation of property values in the circumstances known and evidence available at the reporting date. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an on-going basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

During the period, the Government announced in its Spring budget the abolition of MDR. The impact of this has been reflected in the valuations in the period ended 31 March 2024. Within the net valuation loss on investment properties of £73.8m recognised in the consolidated income statement, £58.5m relates to the removal of MDR, with a further £0.3m attributable to the removal of MDR in our share of valuation losses from associates.

1d Group risk factors

The principal risks and uncertainties facing the Group are set out in the Risk Management report on pages 62-67 of the 2023 Annual Report and Accounts.

A number of risks faced by the Group are not directly within our control such as the wider economic and political environment.

In line with our risk management approach detailed on pages 62-64 of the 2023 Annual Report and Accounts, the key risks to the business are under regular review by the Board and management, applying Grainger's risk management framework. There have been no significant updates to risk, or failures of control, within the reporting period.

1e Going concern assessment

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 market volatility and the impact on 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 interim financial statements for the period ended 31 March 2024.

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 the first 18 months of the Group's viability model, which exceeds the required period of assessment of at least 12 months to align with the Group's financial year end, covering the period from 1 April 2024 to 30 September 2025.

Notes to the unaudited interim financial results continued

The assessment considers a severe downside scenario, reflecting the following key assumptions:

- Reducing property valuations by 10% per annum, driven by either yield expansion or house price deflation
- Reducing PRS occupancy to 80% by 30 September 2024, to 75% by 31 March 2025 and to 70% by 30 September 2025
- 20% development cost inflation
- Operating cost inflation of 20% per annum
- An increase in SONIA rate of 200bps from 1 April 2024
- Credit rating downgrade to increase coupon rates on corporate bonds by 1.25% from 1 April 2024

The Directors consider these assumptions appropriate given the majority of costs are incurred under fixed price contracts, development agreements, or are under the company's control.

All facilities in place as at the date of authorising the interim financial statements 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 53.8% (facility maximum covenant of 70%) and interest cover above 2.26x (facility minimum covenant of 1.35x) for the 18 months to September 2025, which covers the required period of at least 12 months from the date of authorisation of the interim 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 interim financial statements for the period ended 31 March 2024.

1f Forward-looking statement

Certain statements in this interim announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct.

Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

2. 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.

Notes to the unaudited interim financial results continued

For the 6 months ended 31 March (unaudited)	2024				2023			
£m	Statutory	Valuation	Other adjustments	Adjusted earnings	Statutory	Valuation	Other adjustments	Adjusted earnings
Group revenue	**113.7**	**-**	**-**	**113.7**	110.5	-	-	110.5
Net rental income	**53.2**	**-**	**-**	**53.2**	48.0	-	-	48.0
Profit on disposal of trading property	**19.9**	**-**	**-**	**19.9**	21.5	(0.3)	-	21.2
Profit on disposal of investment property	**-**	**-**	**-**	**-**	4.0	-	-	4.0
Income from financial interest in property assets	**0.8**	**1.5**	**-**	**2.3**	1.5	0.9	-	2.4
Fees and other income	**3.5**	**-**	**-**	**3.5**	2.8	-	-	2.8
Administrative expenses	**(16.2)**	**-**	**-**	**(16.2)**	(15.4)	-	-	(15.4)
Other expenses	**(0.7)**	**-**	**-**	**(0.7)**	(0.7)	-	-	(0.7)
Goodwill impairment	**-**	**-**	**-**	**-**	(0.1)	0.1	-	-
Reversal of impairment/(impairment) of inventories to net realisable value	**0.4**	**(0.4)**	**-**	**-**	(0.5)	0.5	-	-
Operating profit	**60.9**	**1.1**	**-**	**62.0**	61.1	1.2	-	62.3
Net valuation loss on investment property	**(73.8)**	**73.8**	**-**	**-**	(40.2)	40.2	-	-
Finance costs	**(19.2)**	**-**	**-**	**(19.2)**	(16.0)	-	-	(16.0)
Finance income	**1.5**	**-**	**-**	**1.5**	0.8	-	-	0.8
Share of (loss)/profit of associates after tax	**(0.5)**	**0.7**	**-**	**0.2**	0.1	-	-	0.1
Share of loss of joint ventures after tax	**(0.1)**	**-**	**-**	**(0.1)**	(0.1)	-	-	(0.1)
(Loss)/profit before tax	**(31.2)**	**75.6**	**-**	**44.4**	5.7	41.4	-	47.1
Tax credit/(charge) for the period	**9.2**				(1.0)			
(Loss)/profit for the period attributable to the owners of the Company	**(22.0)**				4.7			
Basic adjusted earnings per share				**4.5p**				5.0p
Diluted adjusted earnings per share				**4.5p**				4.9p

Profit before tax in the adjusted columns above of £44.4m (2023: £47.1m) is the adjusted earnings of the Group. Adjusted earnings per share assumes tax of £11.1m (2023: £10.4m) in line with the standard rate of UK Corporation Tax of 25.0% (2023: 22.0%), divided by the weighted average number of shares as shown in Note 10. The Group's IFRS statutory earnings per share is also detailed in Note 10.

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. Any transaction classified as other adjustments do not form part of the Group's ongoing activities and, as such, have been classified as other adjustments. There have been no other adjustments in the period (2023: £nil).

Notes to the unaudited interim financial results continued

3. Segmental Information

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 be 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.

Information relating to the Group's operating segments is set out in the tables below. The tables distinguish between adjusted earnings, valuation movements and other adjustments and should be read in conjunction with Note 2.

March 2024 Income statement (unaudited)

For the 6 months ended 31 March 2024 £m	PRS	Reversionary	Other	Total
Group revenue	**70.1**	**41.9**	**1.7**	**113.7**
Segment revenue – external				
Net rental income	46.8	5.8	0.6	53.2
Profit on disposal of trading property	0.1	18.9	0.9	19.9
Income from financial interest in property assets	-	2.3	-	2.3
Fees and other income	3.5	-	-	3.5
Administrative expenses	-	-	(16.2)	(16.2)
Other expenses	(0.7)	-	-	(0.7)
Net finance costs	(14.0)	(3.4)	(0.3)	(17.7)
Share of trading profit of joint ventures and associates after tax	0.1	-	-	0.1
Adjusted earnings	**35.8**	**23.6**	**(15.0)**	**44.4**
Valuation movements	(75.0)	(0.6)	-	(75.6)
Other adjustments	-	-	-	-
(Loss)/profit before tax	**(39.2)**	**23.0**	**(15.0)**	**(31.2)**

A reconciliation from adjusted earnings to EPRA earnings is detailed in the table below, with further details shown in the EPRA performance measures section at the end of this document:

For the 6 months ended 31 March 2024 £m	PRS	Reversionary	Other	Total
Adjusted earnings	35.8	23.6	(15.0)	44.4
Profit on disposal of trading property	(0.1)	(18.9)	(0.9)	(19.9)
EPRA earnings	**35.7**	**4.7**	**(15.9)**	**24.5**

Notes to the unaudited interim financial results continued

March 2023 Income statement (unaudited)

For the 6 months ended 31 March 2023 £m	PRS	Reversionary	Other	Total
Group revenue	59.0	50.8	0.7	110.5
Segment revenue – external				
Net rental income	40.7	6.9	0.4	48.0
Profit on disposal of trading property	(0.4)	21.6	-	21.2
Profit on disposal of investment property	4.1	(0.1)	-	4.0
Income from financial interest in property assets	-	2.4	-	2.4
Fees and other income	2.7	-	0.1	2.8
Administrative expenses	-	-	(15.4)	(15.4)
Other expenses	(0.7)	-	-	(0.7)
Net finance costs	(11.5)	(3.3)	(0.4)	(15.2)
Adjusted earnings	34.9	27.5	(15.3)	47.1
Valuation movements	(41.3)	(0.1)	-	(41.4)
Other adjustments	-	-	-	-
(Loss)/profit before tax	(6.4)	27.4	(15.3)	5.7

A reconciliation from adjusted earnings to EPRA earnings is detailed in the table below:

For the 6 months ended 31 March 2023 £m	PRS	Reversionary	Other	Total
Adjusted earnings	34.9	27.5	(15.3)	47.1
Profit on disposal of trading property	0.4	(21.6)	-	(21.2)
Profit on disposal of investment property	(4.1)	0.1	-	(4.0)
EPRA earnings	31.2	6.0	(15.3)	21.9

Segmental assets

The principal 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.

Notes to the unaudited interim financial results continued

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 of -2.9% is calculated from the closing EPRA NTA of 294p per share plus the dividend of 2.54p per share for the half 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:

March 2024 Segment net assets (unaudited)

£m	PRS	Reversionary	Other	Total	Pence per share
Total segment net assets (statutory)	**1,702.2**	**126.7**	**33.5**	**1,862.4**	**251**
Total segment net assets (EPRA NRV)	**1,792.5**	**436.8**	**41.2**	**2,270.5**	**306**
Total segment net assets (EPRA NTA)	**1,788.7**	**358.8**	**35.6**	**2,183.1**	**294**
Total segment net assets (EPRA NDV)	**1,701.7**	**358.8**	**144.1**	**2,204.6**	**297**

March 2024 Reconciliation of EPRA NAV measures (unaudited)

£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	**2,962.7**	**-**	**2,962.7**	**-**	**2,962.7**	**-**	**2,962.7**
Investment in joint ventures and associates	**91.0**	**-**	**91.0**	**-**	**91.0**	**-**	**91.0**
Financial interest in property assets	**63.9**	**-**	**63.9**	**-**	**63.9**	**-**	**63.9**
Inventories – trading property	**386.0**	**325.2**	**711.2**	**-**	**711.2**	**-**	**711.2**
Cash and cash equivalents	**65.8**	**-**	**65.8**	**-**	**65.8**	**-**	**65.8**
Other assets	**102.6**	**(15.7)**	**86.9**	**(1.5)**	**85.4**	**29.2**	**114.6**
Total assets	**3,672.0**	**309.5**	**3,981.5**	**(1.5)**	**3,980.0**	**29.2**	**4,009.2**
Interest-bearing loans and borrowings	**(1,563.8)**	**-**	**(1,563.8)**	**-**	**(1,563.8)**	**115.1**	**(1,448.7)**
Deferred and contingent tax liabilities	**(99.4)**	**98.6**	**(0.8)**	**(85.9)**	**(86.7)**	**(122.8)**	**(209.5)**
Other liabilities	**(146.4)**	**-**	**(146.4)**	**-**	**(146.4)**	**-**	**(146.4)**
Total liabilities	**(1,809.6)**	**98.6**	**(1,711.0)**	**(85.9)**	**(1,796.9)**	**(7.7)**	**(1,804.6)**
Net assets	**1,862.4**	**408.1**	**2,270.5**	**(87.4)**	**2,183.1**	**21.5**	**2,204.6**

Notes to the unaudited interim financial results continued

September 2023 Segment net assets (audited)

£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

September 2023 Reconciliation of EPRA NAV measures (audited)

£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
Total assets	3,722.3	308.4	4,030.7	(1.0)	4,029.7	45.9	4,075.6
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)
Total liabilities	(1,793.7)	122.3	(1,671.4)	(90.8)	(1,762.2)	19.5	(1,742.7)
Net assets	1,928.6	430.7	2,359.3	(91.8)	2,267.5	65.4	2,332.9

4. Group revenue

	Unaudited	
	2024	2023
	£m	£m
Gross rental income (Note 5)	**74.7**	65.4
Gross proceeds from disposal of trading property (Note 6)	**35.5**	42.3
Fees and other income (Note 8)	**3.5**	2.8
	113.7	110.5

5. Net rental income

	Unaudited	
	2024	2023
	£m	£m
Gross rental income	**74.7**	65.4
Property operating expenses	**(21.5)**	(17.4)
	53.2	48.0

Notes to the unaudited interim financial results continued

6. Profit on disposal of trading property

	Unaudited	
	2024	2023
	£m	£m
Gross proceeds from disposal of trading property	**35.5**	42.3
Selling costs	**(0.9)**	(1.2)
Net proceeds from disposal of trading property	**34.6**	41.1
Carrying value of trading property sold (Note 13)	**(14.7)**	(19.6)
	19.9	21.5

7. Profit on disposal of investment property

	Unaudited	
	2024	2023
	£m	£m
Gross proceeds from disposal of investment property	**35.6**	32.3
Selling costs	**(1.3)**	(0.3)
Net proceeds from disposal of investment property	**34.3**	32.0
Carrying value of investment property sold (Note 12)	**(34.3)**	(28.0)
	-	4.0

8. Fees and other income

	Unaudited	
	2024	2023
	£m	£m
Property and asset management fee income	**1.2**	1.9
Other sundry income	**2.3**	0.9
	3.5	2.8

Included within other sundry income in the current period is £2.2m (2023: £0.9m) liquidated and ascertained damages (LADs) recorded to compensate the Group for lost rental income resulting from the delayed completion of construction contracts.

9. Finance costs and income

	Unaudited	
	2024	2023
	£m	£m
Finance costs		
Bank loans and mortgages	**8.6**	7.5
Non-bank financial institution	**4.2**	4.2
Corporate bond	**11.3**	11.3
Interest capitalised under IAS 23	**(6.6)**	(8.4)
Other finance costs	**1.7**	1.4
	19.2	16.0
Finance income		
Interest receivable from joint ventures (Note 24)	**(0.6)**	(0.4)
Other interest receivable	**(0.9)**	(0.4)
	(1.5)	(0.8)
Net finance costs	**17.7**	15.2

10. Earnings per share

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 period, 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 31 March 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.

	Unaudited					
	31 March 2024			31 March 2023		
	Loss for the period £m	**Weighted average number of shares (millions)**	**Loss per share (pence)**	Profit for the period £m	Weighted average number of shares (millions)	Earnings per share (pence)
Basic (loss)/earnings per share						
(Loss)/profit attributable to equity holders	**(22.0)**	**738.2**	**(3.0)**	4.7	740.8	0.6
Effect of potentially dilutive securities						
Share options and contingent shares	**-**	**3.3**	**-**	-	3.0	-
Diluted (loss)/earnings per share						
(Loss)/profit attributable to equity holders	**(22.0)**	**741.5**	**(3.0)**	4.7	743.8	0.6

11. Dividends

The Company has announced an interim dividend of 2.54p (March 2023: 2.28p) per share which will return £18.8m (March 2023: £16.9m) of cash to shareholders. In the six months ended 31 March 2024, the final dividend for the year ended 30 September 2023 which amounted to £32.2m has been paid.

12. Investment property

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Opening balance	**2,948.9**	2,775.9
Acquisitions	**12.7**	9.8
Capital expenditure – completed assets	**7.1**	20.4
Capital expenditure – assets under construction	**102.1**	271.8
Total additions	**121.9**	302.0
Disposals (Note 7)	**(34.3)**	(60.2)
Net valuation loss on investment properties	**(73.8)**	(68.8)
Closing balance	**2,962.7**	2,948.9

Notes to the unaudited interim financial results continued

The net valuation loss on investment properties of £73.8m for the period ended 31 March 2024 includes the one-off impact of £58.5m following the Government's Spring budget announcement that MDR will be abolished.

13. Inventories – trading property

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Opening balance	**392.2**	453.8
Additions	**8.1**	10.2
Disposals (Note 6)	**(14.7)**	(70.8)
Reversal of impairment/(impairment) of inventories to net realisable value	**0.4**	(1.0)
Closing balance	**386.0**	392.2

14. Investment in associates

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Opening balance	**15.8**	16.7
Share of loss for the period	**(0.5)**	(0.1)
Dividends received	**-**	(0.8)
Closing balance	**15.3**	15.8

The closing balance comprises share of net assets of £0.7m (September 2023: £1.2m) and net loans due from associates of £14.6m (September 2023: £14.6m). At the balance sheet date, there is no expectation of any material credit losses on loans due.

As at 31 March 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

15. Investment in joint ventures

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Opening balance	**75.2**	38.5
Share of loss for the period	**(0.1)**	(0.3)
Further investment[1]	**-**	34.0
Loans advanced to joint ventures	**0.6**	3.0
Closing balance	**75.7**	75.2

[1] Grainger invested £nil into Connected Living London (BTR) Limited in the period (September 2023: £34.0m).

The closing balance comprises share of net assets of £46.8m (September 2023: £46.9m) and net loans due from joint ventures of £28.9m (September 2023: £28.3m). At the balance date, there is no expectation of any material credit losses on loans due.

Notes to the unaudited interim financial results continued

At 31 March 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

16. Financial interest in property assets ('CHARM' portfolio)

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Opening balance	**67.0**	69.1
Cash received from the instrument	**(3.9)**	(6.7)
Amounts taken to income statement	**0.8**	4.6
Closing balance	**63.9**	67.0

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 considered to be a Level 3 financial asset as defined by IFRS 13. The financial asset is included in the fair value hierarchy within Note 20.

17. Trade and other receivables

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Rent and other tenant receivables	**3.9**	3.0
Deduct: Provision for impairment	**(1.6)**	(1.5)
Rent and other tenant receivables – net	**2.3**	1.5
Restricted deposits	**15.9**	10.2
Other receivables	**27.6**	17.9
Prepayments	**3.3**	4.4
Closing balance	**49.1**	34.0

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 £3.9m (2023: £3.0m). Assumptions used in the forward-looking assessment are continually reviewed to take into account likely rent deferrals.

At the balance date, there is no expectation of any material credit losses on contract assets.

Restricted deposits arise from contracts with third parties that place restrictions on use of funds and cannot be accessed. 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.

Other receivables include amounts owed to the Group such as development management fees, forward commitment payments and VAT.

The fair values of trade and other receivables are considered to be equal to their carrying amounts.

Notes to the unaudited interim financial results continued

18. Trade and other payables

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Current liabilities		
Deposits received	**11.4**	10.7
Trade payables	**25.2**	15.9
Lease liabilities	**0.5**	0.2
Tax and social security costs	**2.8**	3.0
Accruals	**78.4**	81.9
Deferred income	**8.7**	9.0
	127.0	120.7
Non-current liabilities		
Lease liabilities	**6.7**	6.9
	6.7	6.9
Total trade and other payables	**133.7**	127.6

Within accruals, £60.7m comprises accrued expenditure in respect of ongoing construction activities (September 2023: £60.2m).

19. Provisions for other liabilities and charges

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Current provisions for other liabilities and charges		
Opening balance	**8.6**	8.6
Additions	**0.3**	0.3
Utilisation	**(0.2)**	(0.3)
	8.7	8.6
Non-current provisions for other liabilities and charges		
Opening balance	**1.1**	1.1
Utilisation	**(0.1)**	-
	1.0	1.1
Total provisions for other liabilities and charges	**9.7**	9.7

Within current provisions, £8.7m (2023: £8.6m) has 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.

20. Interest-bearing loans and borrowings and financial risk management

	Unaudited 31 March 2024 £m	Audited 30 Sept 2023 £m
Non-current liabilities		
Bank loans – Pounds sterling	**519.8**	490.1
Bank loans – Euro	**0.9**	0.9
Non-bank financial institution	**347.5**	347.3
Corporate bond	**695.6**	695.2
Closing balance	**1,563.8**	1,533.5

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 31 March 2024, unamortised costs totalled £12.6m (September 2023: £13.8m) and the outstanding discount was £1.8m (September 2023: £1.9m).

Categories of financial instrument

The Group holds financial instruments such as financial interest in property assets, trade and other receivables (excluding prepayments), derivatives, cash and cash equivalents. For all assets and liabilities excluding interest-bearing loans the book value was the same as the fair value as at 31 March 2024 and as at 30 September 2023.

As at 31 March 2024, the fair value of interest-bearing loans is lower than the book value by £115.1m (September 2023: £182.1m lower than book value), but there is no requirement under IFRS 9 to adjust the carrying value of loans, all of which are stated at unamortised cost in the consolidated statement of financial position.

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 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.

The following table presents the Group's assets and liabilities that are measured at fair value:

	Unaudited 31 March 2024		Audited 30 September 2023	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Level 3				
CHARM	**63.9**	**-**	67.0	-
Investment property	**2,962.7**	**-**	2,948.9	-
	3,026.6	**-**	3,015.9	-
Level 2				
Interest rate swaps – in cash flow hedge accounting relationships	**28.1**	**-**	45.3	-
	28.1	**-**	45.3	-

The significant unobservable inputs affecting the carrying value of the CHARM portfolio are house price inflation and discount rates. A reconciliation of movements and amounts recognised in the consolidated income statement are detailed in Note 16.

The investment valuations provided by Allsop LLP and CBRE Limited are based on RIC's Professional Valuation Standards, but include a number of unobservable inputs and other valuation assumptions.

The fair value of swaps and caps were valued in-house by a specialised treasury management system, using first 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 fall within Level 2. The fair value movements on derivative financial instruments qualifying for hedge accounting under IFRS 9 are taken to the cashflow hedge reserve net of tax. The closing balance of the reserve is £7.0m (September 2023: £20.0m).

The reconciliation between opening and closing balances for Level 3 is detailed in the table below:

Assets – Level 3	**Unaudited 31 March 2024 £m**	Audited 30 Sept 2023 £m
Opening balance	**3,015.9**	2,845.0
Amounts taken to income statement	**(73.0)**	(64.2)
Other movements	**83.7**	235.1
Closing balance	**3,026.6**	3,015.9

Notes to the unaudited interim financial results continued

21. Tax

The tax credit for the period of £9.2m (2023: £1.0m charge) recognised in the consolidated income statement comprises:

	Unaudited	
	2024	2023
	£m	£m
Current tax		
Corporation tax on (loss)/profit	**9.5**	9.4
Adjustments relating to prior periods	**(0.1)**	-
	9.4	9.4
Deferred tax		
Origination and reversal of temporary differences	**(16.9)**	(8.2)
Adjustments relating to prior periods	**(1.7)**	(0.2)
	(18.6)	(8.4)
Total tax (credit)/charge for the period	**(9.2)**	1.0

The Group works in an open and transparent manner and maintains a regular dialogue with HM Revenue & Customs. This approach is consistent with the 'low risk' rating that has been reconfirmed by HM Revenue & Customs during the period and to which the Group is committed.

The Group's results for this period are taxed at the standard rate of 25.0% (September 2023: 22.0%).

In addition to the above, a deferred tax credit of £4.4m (2023: £6.7m) was recognised within other comprehensive income comprising:

	Unaudited	
	2024	2023
	£m	£m
Remeasurement of BPT Limited defined benefit pension scheme	**(0.1)**	(0.3)
Fair value movement in cash flow hedges	**(4.3)**	(6.4)
Amounts recognised in other comprehensive income	**(4.4)**	(6.7)

Deferred tax balances comprise temporary differences attributable to:

	Unaudited	Audited
	31 March	30 Sept
	2024	2023
	£m	£m
Deferred tax assets		
Short-term temporary differences	**3.7**	3.7
	3.7	3.7
Deferred tax liabilities		
Trading property uplift to fair value on business combinations	**(4.6)**	(5.2)
Investment property revaluation	**(77.6)**	(95.2)
Short-term temporary differences	**(13.0)**	(13.2)
Fair value movement in financial interest in property assets	**(1.0)**	(1.1)
Actuarial gain on BPT Limited defined benefit pension scheme	**(0.8)**	(0.9)
Fair value movement in derivative financial instruments	**(2.4)**	(6.7)
	(99.4)	(122.3)
Total deferred tax	**(95.7)**	(118.6)

Deferred tax has been calculated at a rate of 25.0% (September 2023: 25.0%) in line with the enacted main rate of corporation tax.

Notes to the unaudited interim financial results 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 consolidated statement of financial position and their market value has not been recognised by the Group. This contingent tax amounts to £81.3m, calculated at 25.0% (September 2023: £85.5m, calculated at 25.0%) and will be realised as the properties are sold.

22. Retirement benefits

The Group retirement benefit asset decreased by £0.2m to £9.4m in the six months ended 31 March 2024. This movement has arisen from a £1.6m gains on plan assets offset by losses due to changes in assumptions of £1.8m (primarily market observable discount rates and inflationary expectations). The principal actuarial assumptions used to reflect market conditions as at 31 March 2024 are as follows:

	Unaudited 31 March 2024 %	Audited 30 Sept 2023 %
Discount rate	**4.7**	5.6
Retail Price Index (RPI) inflation	**3.5**	3.5
Consumer Price Index (CPI) inflation	**2.8**	2.8
Salary increases	**4.0**	4.0
Rate of increase of pensions in payment	**5.0**	5.0
Rate of increase for deferred pensioners	**2.8**	2.8

23. Share-based payments

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 Scheme (‘SAYE’). The share-based payments charge recognised in the consolidated income statement for the period is £1.2m (2023: £1.1m).

24. Related party transactions

During the period ended 31 March 2024, the Group transacted with its associates and joint ventures (details of which are set out in Notes 14 and 15). 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 consolidated income statement and consolidated statement of financial position are as follows:

	Unaudited			
	31 March 2024		31 March 2023	
	Fees recognised £’000	**Period end balance £’000**	Fees recognised £’000	Period end balance £’000
Connected Living London (BTR) Limited	**390**	**648**	974	1,237
Lewisham Grainger Holdings LLP	**144**	**431**	144	169
Vesta Limited Partnership	**399**	**190**	416	191
	933	**1,269**	1,534	1,597

Notes to the unaudited interim financial results continued

	Unaudited 31 March 2024			Audited 30 Sept 2023		
	Interest recognised £'000	**Period end loan balance £m**	**Interest rate %**	Interest recognised £'000	Period end loan balance £m	Interest rate %
Curzon Park Limited	**-**	**18.1**	**Nil**	-	18.1	Nil
Lewisham Grainger Holdings LLP	**582**	**10.8**	**11.2**	871	10.2	11.2
Vesta LP	**-**	**14.6**	**Nil**	-	14.6	Nil
	582	**43.5**		871	42.9	

EPRA Performance Measures – Unaudited

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 February 2022, have been adopted by the Group.

EPRA Earnings

	31 March 2024			31 March 2023		
	Earnings £m	**Shares millions**	**Pence per share**	Earnings £m	Shares millions	Pence per share
Earnings per IFRS income statement	**(31.2)**	**741.5**	**(4.2)**	5.7	743.8	0.8
Adjustments to calculate EPRA Earnings, exclude:						
i) Changes in value of investment properties, development properties held for investment and other interests	**75.3**	**-**	**10.1**	41.1	-	5.5
ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	**-**	**-**	**-**	(4.0)	-	(0.5)
iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	**(20.3)**	**-**	**(2.7)**	(21.0)	-	(2.8)
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	**-**	**-**	**-**	-	-	-
vii) Acquisition costs on share deals and non-controlling joint venture interests	**-**	**-**	**-**	-	-	-
viii) Deferred tax in respect of EPRA adjustments	**-**	**-**	**-**	-	-	-
ix) Adjustments i) to viii) in respect of joint ventures	**0.7**	**-**	**0.1**	-	-	-
x) Non-controlling interests in respect of the above	**-**	**-**	**-**	-	-	-
xi) Other adjustments in respect of adjusted earnings	**-**	**-**	**-**	-	-	-
EPRA Earnings/Earnings per share	**24.5**	**741.5**	**3.3**	21.9	743.8	3.0
EPRA Earnings per share after tax			**2.5**			2.3

EPRA Earnings have been divided by the average number of shares shown in Note 10 to these 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%).

EPRA Performance Measures - Unaudited (continued)

EPRA NRV, EPRA NTA and EPRA NDV

	31 March 2024			30 Sept 2023		
	EPRA NRV	**EPRA NTA**	**EPRA NDV**	EPRA NRV	EPRA NTA	EPRA NDV
	£m	**£m**	**£m**	£m	£m	£m
IFRS Equity attributable to shareholders	**1,862.4**	**1,862.4**	**1,862.4**	1,928.6	1,928.6	1,928.6
Include/Exclude:						
i) Hybrid Instruments	**-**	**-**	**-**	-	-	-
Diluted NAV	**1,862.4**	**1,862.4**	**1,862.4**	1,928.6	1,928.6	1,928.6
Include:						
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	**12.4**	**12.4**	**12.4**	11.6	11.6	11.6
iii) Revaluation of tenant leases held as finance leases	**-**	**-**	**-**	-	-	-
iv) Revaluation of trading properties	**329.8**	**243.9**	**243.9**	347.3	256.5	256.5
Diluted NAV at Fair Value	**2,204.6**	**2,118.7**	**2,118.7**	2,287.5	2,196.7	2,196.7
Exclude:						
v) Deferred tax in relation to fair value gains of IP	**87.0**	**87.0**	**-**	105.8	105.8	-
vi) Fair value of financial instruments	**(21.1)**	**(21.1)**	**-**	(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	**-**	**(1.1)**	**-**	-	(0.6)	-
Include:						
ix) Fair value of fixed interest rate debt	**-**	**-**	**86.3**	-	-	136.6
x) Revalue of intangibles to fair value	**-**	**-**	**-**	-	-	-
xi) Real estate transfer tax	**-**	**-**	**-**	-	-	-
NAV	**2,270.5**	**2,183.1**	**2,204.6**	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
NAV pence per share	**306**	**294**	**297**	318	305	314

EPRA Performance Measures - Unaudited (continued)

EPRA NIY

		31 March 2024 £m	30 Sept 2023 £m
Investment property – wholly-owned		**2,962.7**	2,948.9
Investment property – share of JVs/Funds		**65.7**	65.6
Trading property (including share of JVs)		**711.2**	734.3
Less: developments		**(458.2)**	(617.1)
Completed property portfolio		**3,281.4**	3,131.7
Allowance for estimated purchaser's costs		**176.8**	125.2
Gross up completed property portfolio valuation	B	**3,458.2**	3,256.9
Annualised cash passing rental income		**151.7**	140.1
Property outgoings		**(44.9)**	(39.1)
Annualised net rents	A	**106.8**	101.0
Add: rent incentives		**0.7**	0.3
'Topped up' net annualised rents	C	**107.5**	101.3
EPRA NIY	A/B	**3.1%**	3.1%
EPRA 'topped up' NIY	C/B	**3.1%**	3.1%
Gross up completed property portfolio valuation		**3,458.2**	3,256.9
Adjustments to completed property portfolio in respect of regulated tenancies		**(712.3)**	(740.9)
Adjusted gross up completed property portfolio valuation	b	**2,745.9**	2,516.0
Annualised net rents		**106.8**	101.0
Adjustments to annualised cash passing rental income in respect of newly completed developments and refurbishment activity		**17.2**	11.2
Adjustments to property outgoings in respect of newly completed developments and refurbishment activity		**(5.0)**	(3.2)
Adjustments to annualised cash passing rental income in respect of regulated tenancies		**(16.4)**	(17.0)
Adjustments to property outgoings in respect of regulated tenancies		**5.2**	4.7
Adjusted annualised net rents	a	**107.8**	96.7
Add: rent incentives		**0.7**	0.3
EPRA 'topped up' NIY	c	**108.5**	97.0
Adjusted EPRA NIY	a/b	**3.9%**	3.8%
Adjusted EPRA 'topped up' NIY	c/b	**4.0%**	3.9%

EPRA Vacancy Rate

		31 March 2024 £m	30 Sept 2023 £m
Estimated rental value of vacant space	A	**2.6**	1.8
Estimated rental value of the whole portfolio	B	**115.2**	112.7
EPRA Vacancy Rate	A/B	**2.3%**	1.6%

The vacancy rate reflects estimated rental values of the Group's stabilised habitable PRS units as at the reporting date.

EPRA Performance Measures - Unaudited (continued)

EPRA Cost Ratio

For the 6 months ended 31 March		**2024 £m**	2023 £m
Administrative expenses		**16.2**	15.4
Property operating expenses		**21.5**	17.4
Share of joint ventures expenses		**(0.1)**	0.2
Management fees		**(1.2)**	(1.9)
Other operating income/recharges intended to cover overhead expenses		**(2.3)**	(0.9)
Exclude:			
Investment property depreciation		**-**	-
Ground rent costs		**(0.1)**	(0.1)
Costs (including direct vacancy costs)	A	**34.0**	30.1
Direct vacancy costs		**(1.3)**	(1.0)
Costs (excluding direct vacancy costs)	B	**32.7**	29.1
Gross rental income		**74.7**	65.4
Less: ground rent income		**(0.3)**	(0.3)
Add: share of joint ventures (gross rental income less ground rents)		**0.4**	0.4
Add: adjustment in respect of profits or losses on sales of properties		**19.9**	25.5
Gross Rental Income and Trading Profits	C	**94.7**	91.0
Adjusted EPRA Cost Ratio (including direct vacancy costs)	A/C	**36.0%**	33.1%
Adjusted EPRA Cost Ratio (excluding direct vacancy costs)	B/C	**34.5%**	32.0%

EPRA LTV

		31 March 2024			
£m		**Group**	**Share of Joint Ventures**	**Share of Associates**	**Combined**
Borrowings from Financial Institutions		**878.2**	**-**	**-**	**878.2**
Bond loans		**700.0**	**-**	**-**	**700.0**
Net payables		**84.6**	**6.9**	**14.6**	**106.1**
Exclude:					
Cash and cash equivalents		**(67.0)**	**(2.7)**	**(0.6)**	**(70.3)**
Net debt	A	**1,595.8**	**4.2**	**14.0**	**1,614.0**
Investment properties at fair value		**2,610.6**	**-**	**14.7**	**2,625.3**
Investment properties under development		**352.1**	**51.0**	**-**	**403.1**
Properties held for sale		**711.2**	**-**	**-**	**711.2**
Financial assets		**107.4**	**-**	**-**	**107.4**
Total property value	B	**3,781.3**	**51.0**	**14.7**	**3,847.0**
EPRA LTV %	A/B	**42.2%**	**8.2%**	**95.2%**	**42.0%**

EPRA Performance Measures - Unaudited (continued)

£m		Group	Share of Joint Ventures	Share of Associates	Combined
		30 Sept 2023			
Borrowings from Financial Institutions		849.2	-	-	849.2
Bond loans		700.0	-	-	700.0
Net payables		93.6	6.7	14.6	114.9
Exclude:					
Cash and cash equivalents		(117.8)	(3.5)	(0.5)	(121.8)
Net debt	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
Total property value	B	3,793.1	50.3	15.4	3,858.8
EPRA LTV %	A/B	40.2%	6.4%	91.6%	40.0%

EPRA Capital Expenditure

£m	**Trading Properties**	**Investment Properties**	**Group (excl Joint Ventures)**	**Share of Joint Ventures**	**Combined**
	31 March 2024				
Acquisitions	**0.2**	**12.7**	**12.9**	**-**	**12.9**
Development	**4.7**	**96.3**	**101.0**	**0.5**	**101.5**
Completed assets					
- Incremental letting space	**-**	**-**	**-**	**-**	**-**
- No incremental letting space	**2.4**	**7.1**	**9.5**	**-**	**9.5**
- Tenant incentives	**-**	**-**	**-**	**-**	**-**
- Other material non-allocated types of expenditure	**-**	**-**	**-**	**-**	**-**
Capitalised interest	**0.8**	**5.8**	**6.6**	**0.3**	**6.9**
Total capital expenditure	**8.1**	**121.9**	**130.0**	**0.8**	**130.8**

£m	Trading Properties	Investment Properties	Group (excl Joint Ventures)	Share of Joint Ventures	Combined
	30 Sept 2023				
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
Total capital expenditure	10.2	302.0	312.2	33.7	345.9