

23 August 2010

## **Grainger plc ('Grainger'/ the 'Company'/ the 'Group')**

### **Grainger and Moorfield announce formation of Sovereign Reversions Equity Release Joint Venture**

Further to its announcement on 17 June 2010 and the completion of the acquisition of Sovereign Reversions plc ('Sovereign Reversions') on 9 August 2010 (the 'Acquisition'), Grainger plc, the UK's largest listed specialist residential property owner and manager, today announces that Grainger Equity Release Limited ('GERL') has entered into a 50:50 joint venture (the 'Joint Venture') for Sovereign Reversions with MREF II Equity Release Limited a wholly owned subsidiary of Moorfield Real Estate Fund II ('Moorfield'), subject only to obtaining necessary regulatory approvals (the 'Approvals'). The Sovereign Reversions business specialises in equity release investment, advice, plan provision and plan administration. The Sovereign Reversions property portfolio was valued at approximately £69 million as at 30 April 2010.

The joint venture will be managed by a board with GERL and Moorfield having equal board control, notwithstanding the number of directors appointed by each party. Grainger Equity Release Management Limited will manage the assets on behalf of the Joint Venture, for which it will receive an annual management fee based on the prevailing Gross Asset Value which will lead to the transaction being earnings enhancing for Grainger. The transaction is expected to be NAV neutral for Grainger.

The Sovereign Reversions business will continue to operate as normal throughout the integration process following the Acquisition and the creation of the joint venture. Both Grainger and Moorfield are firmly committed to the equity release sector and increasing the value of the existing portfolio of assets and, in time, will look into the possibility of acquiring further assets.

Following receipt of the Approvals, GERL will receive a cash consideration of £17.5 million from Moorfield for a 50% stake, representing 50% of the acquisition consideration paid by GERL for Sovereign Reversions. In addition, Moorfield will contribute an additional sum to GERL to cover 50% of the associated acquisition and integration costs. It is anticipated that the consideration received will be used by Grainger for general corporate purposes.

Peter Couch and Paul Barber, will represent GERL on the Sovereign Reversions' board and have already been appointed to it. Graham Sidwell will represent Moorfield on the Sovereign Reversions' board and will be appointed following receipt of Approvals. Peter and Paul's experience and depth of understanding of the equity release market as well as Graham's broad investment knowledge and expertise will be key to the ongoing development of Sovereign Reversions' business.

Commenting, Andrew Cunningham, Chief Executive of Grainger, said;

*"The creation of this joint venture with Moorfield is consistent with our long-established strategy of co-investing alongside partners across a range of residential sectors and of utilising third party capital to develop and grow our business.*

*"We are delighted to be working with a partner of the standing of Moorfield, whom we have known for a number of years, and share their enthusiasm for the potential not only*

*of the Joint Venture's existing assets but for the equity release investment market generally. We greatly look forward to using our scaleable operational platform and market position to create optimal value out of the portfolio and will continue to monitor potential portfolio acquisitions for the Joint Venture."*

Marc Gilbard, Chief Executive of Moorfield, said;

*"We are extremely pleased to have secured our entry into this market in partnership with Grainger, the UK's largest listed specialist residential property owner and manager, and equity release expert. We look forward to working alongside Grainger, sharing the inherent value of the acquired portfolio and business, as well as exploring future opportunities for portfolio acquisitions."*

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