COMPANY REGISTRATION NUMBER: 5019636

Grainger Employees Limited

Unaudited financial statements

30 September 2022

Grainger Employees Limited

Financial statements

Year ended 30 September 2022

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Grainger Employees Limited

Officers and professional advisers

The board of directors	Helen C Gordon Adam McGhin Eliza Pattinson Michael P Keaveney Rob J Hudson
Company secretary	Adam McGhin
Registered office	Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Banker	Barclays Bank plc 5 St Ann's Street Quayside Newcastle upon Tyne NE1 2BH
Solicitor	Womble Bond Dickinson (UK) LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

Grainger Employees Limited

Strategic report

Year ended 30 September 2022

The directors present their strategic report for the year ended 30 September 2022.

Principal activity
The principal activity of the company during the year was the provision of management services to other group companies.

Strategy and business model
Grainger is the UK's largest listed provider of private rental homes in the Private Rented Sector ('PRS'). Our strategy is to be the leading provider of private rental homes in the UK and deliver sustainable, attractive returns to our shareholders by increasing overall income returns and improving the resilience and efficiency of our business model.

Our fully integrated business model and operating platform has three key pillars to ensure we are investing in, designing and operating the best possible homes while providing great service:

Originate - *planning, design and delivery:* Planning and creating sustainable buildings to our own specific design gives us control over the delivery and quality of new homes, whilst also ensuring our properties are efficient to run, lead the sector in health and safety, and are desirable to renters.

Invest - *research-backed capital allocation, geographic targeting, acquisitions and asset management:* Our investment process begins with comprehensive research to identify cities with the greatest demand and greatest growth potential. We invest in sites in safe neighbourhoods that provide residents with good proximity to public transport and local services.

Operate - *lettings, management and customer service:* With more than 100 years of experience in renting homes, we are committed to operational excellence and great customer service to achieve high occupancy rates and sustainable rental growth. Investment in technology and our online digital platform, CONNECT, secures our leading position in the market and enables our continued growth.

Review of the business
The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks at a group level, rather than at an individual company level. Similarly, the financial and operational performance of the business is assessed at an operating segment level. The directors of the company are satisfied with the results for the year ended 30 September 2022.

The company's directors believe that analysis using financial and non-financial measures is not necessary or appropriate to understand the business' development, performance or position. As such they have not been included within this report, but are included in the group's annual report.

Principal risks and uncertainties
From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. The principal risks and uncertainties of the group include:

- ***Market and transactional:*** *Rising inflation and interest rates highlights both the rising cost of* living for households and surging cost pressures on businesses leading to a slowdown in the UK economic recovery following the pandemic.

- ***Financial:*** The inability to obtain sufficient finance, and rising interest rates, arising from the external macro-environment which impacts the ability to fund the delivery of the growth strategy and maintain a strong capital structure.

- ***Regulatory:*** A failure to meet current regulatory obligations and adapt to ongoing requirements *of changing policy proposals, and our ability to forward look and prepare for the future,* understanding complexities of a changing regulatory landscape in which we operate.

- ***People:*** A failure to attract, retain and develop an inclusive and diverse workforce to ensure we drive business transformation at a time of business growth, and a failure to retain our talented employees by providing development opportunities, workplace flexibility, a sense of purpose and remuneration.

- ***Supplier:*** Unprecedented pressures created by Covid-19, Brexit, and the latest military conflict in Ukraine, destabilising the economic environment and impacting on logistics and supply chain activities leading to a significant failure within, or by, a key third-party supplier or contractor.

- ***Health and safety***: A significant health and safety incident, in particular a fire or gas safety incident or near-miss occurrence, owing to inadequate or inappropriately implemented procedures; our reputation as a leading landlord impacted by our ability and responsibility to understand and follow fire safety and building control requirements to protect our residents; and ensuring the performance of our portfolio aligns to our Environmental, Social and Governance standards.

- ***Development:*** The allocation of a portion of our capital to development activities which may be complex and potentially bring multiple related risks; increased costs including build cost inflation, labour and material shortages; and reduction in value through economic climate.

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

- ***Customer satisfaction:*** Our ability to successfully retain our customers caused by a failure to fulfil our customer proposition and our service standards, amidst a backdrop of cost of living rises.

- ***Climate change:*** The impacts of climate change on our business and operations, including an extreme weather event, adaptation to changes in weather patterns, the cost and feasibility of transitioning our existing portfolio to a zero-carbon economy whilst ensuring our new build portfolio meets our ESG standards, and customer and investor preference for more energy efficient properties and growing stakeholder expectations.

Section 172 statement
This section of the strategic report describes how the directors have had regard to the matters set out in Section 172(1) of the Companies Act 2006 ('s172') when performing their duty to promote the success of the company for the benefit of its shareholders. As the company is a subsidiary of Grainger plc (the 'Group'), its parent company and other members of the Group are key stakeholders of the company. Accordingly, the interests of the Group have been taken into account by the directors and decisions have been made in agreement with the Board of Grainger plc. The approach to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006 are summarised as follows, and are detailed in the Grainger plc Annual Report.

- ***The long term:*** Grainger is committed to being a long-term investor in homes and communities, and delivering long-term success to our shareholders.

- ***Employees:*** Employees are at the heart of our business and our People Strategy focuses on delivering the highest levels of learning and development, wellbeing and inclusion.

- ***Business relationships with suppliers, customers and partners:*** The relationships with our key partners and suppliers are critical to our ability to deliver and maintain high-quality rental homes. Strong relationships with our customers supports retention and creates a community within our buildings.

- ***The community and the environment:*** We consider communities to encompass those created within our buildings as well as those around them, and actively seek ways to promote thriving communities and to minimise our impact on the environment.

Grainger Employees Limited

Strategic report ***(continued)***

Year ended 30 September 2022

- ***High standards of business conduct:*** Grainger is proud to be a FTSE4Good business and adheres to the highest standards of business conduct in interactions with all our stakeholders.

- ***Shareholders:*** We conduct regular direct engagement with our shareholders through a range of channels, and ensure key issues raised are factored into strategic decision-making.

Future developments
The directors expect the performance of the company to continue satisfactorily for the foreseeable future.

This report was approved by the board of directors on 28 June 2023 and signed on behalf of the board by:

Adam McGhin
Company Secretary

Grainger Employees Limited

Directors' report

Year ended 30 September 2022

The directors present their report and the unaudited financial statements of the company for the year ended 30 September 2022.

Directors

The directors who served the company during the year, and subsequent to the year end, were as follows:

Helen C Gordon	
Adam McGhin	
Eliza Pattinson	
Michael P Keaveney	
Rob J Hudson	(Appointed 17 November 2021)
Andrew P Saunderson	(Resigned 26 November 2021)

Dividends

The directors do not recommend the payment of a dividend (2021: £nil).

Employment of disabled persons

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to ensure their employment within the company continues, and that we arrange appropriate training where necessary. It is company policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement

The company places considerable value on the engagement of its employees and has continued its practice of keeping them informed on and involved in business and strategic matters, for example through team meetings, presentations by senior management and regular all-staff conference calls hosted by the Executives. The newly established Responsible Business Committee has assumed the employee engagement and voice in the boardroom responsibility.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

This report was approved by the board of directors on 28 June 2023 and signed on behalf of the board by:

Adam McGhin
Company Secretary

Grainger Employees Limited

Statement of comprehensive income

Year ended 30 September 2022

	Note	2022 £	2021 £
Turnover	4	**25,642,318**	22,097,307
Cost of sales		**(24,620,492)**	(21,149,442)
Gross profit		**1,021,826**	947,865
Administrative expenses		**(7,533)**	(13,732)
Operating profit	5	**1,014,293**	934,133
Interest receivable and similar income	8	**1,079,685**	*749,708*
Profit before taxation		**2,093,978**	1,683,841
Tax on profit	9	**(268,705)**	(559,155)
Profit for the financial year and total comprehensive income		***1,825,273***	*1,124,686*

All the activities of the company are from continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

Grainger Employees Limited

Statement of financial position

30 September 2022

	Note	2022 £	2021 £
Current assets			
Debtors	**10**	**39,416,769**	35,686,833
Creditors: amounts falling due within one year	**11**	**(5,453,823)**	(5,242,165)
Net current assets		**33,962,946**	30,444,668
Total assets less current liabilities		**33,962,946**	30,444,668
Net assets		**33,962,946**	30,444,668
Capital and reserves			
Called up share capital	**15**	**1**	1
Share option reserve	**16**	**26,235,544**	24,542,539
Profit and loss account	**16**	**7,727,401**	5,902,128
Shareholders' funds		**33,962,946**	30,444,668

For the year ending 30 September 2022 the company was entitled to exemption from audit under *section 479A of the Companies Act 2006 relating to subsidiary companies.*

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 28 June 2023, and are signed on behalf of the board by:

Adam McGhin
Director

Company registration number: 5019636

The notes on pages 10 to 19 form part of these financial statements.

Grainger Employees Limited

Statement of changes in equity

Year ended 30 September 2022

	Called up share capital £	Share option reserve £	Profit and loss account £	**Total £**
At 1 October 2020	1	22,868,040	4,777,442	27,645,483
Profit for the year	–	–	1,124,686	1,124,686
Total comprehensive income for the year	–	–	1,124,686	1,124,686
Equity-settled share-based payments	–	1,674,499	–	1,674,499
Transactions with owners, recorded directly in equity	–	1,674,499	–	1,674,499
At 30 September 2021	1	24,542,539	5,902,128	**30,444,668**
Profit for the year	–	–	1,825,273	**1,825,273**
Total comprehensive income for the year	–	–	1,825,273	**1,825,273**
Equity-settled share-based payments	–	1,693,005	–	**1,693,005**
Transactions with owners, recorded directly in equity	–	1,693,005	–	**1,693,005**
At 30 September 2022	1	26,235,544	7,727,401	**33,962,946**

The notes on pages 10 to 19 form part of these financial statements.

Grainger Employees Limited

Notes to the financial statements

Year ended 30 September 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

2. Statement of compliance

The financial statements of Grainger Employees Limited ("the company") for the year ended 30 September 2022 were authorised for issue by the board of directors on 28 June 2023 and the statement of financial position was signed on the board's behalf by Adam McGhin.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The company's ultimate parent undertaking, Grainger plc, includes the company in its consolidated financial statements. The consolidated financial statements of Grainger plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

3. Accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year.

3. Accounting policies *(continued)*

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has net assets of £33,962,946 at 30 September 2022 and has generated a profit for the period then ended of £1,825,273. The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Grainger plc operating segment level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

On a consolidated basis, the Group has assessed its future funding commitments 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 of the Group. The assessment includes the potential impact of reduced PRS occupancy, contraction in rental levels, reduced property valuations, cost inflation and changes in interest rates. The Directors of the Group have a reasonable expectation that it has adequate resources to continue operating for the foreseeable future period, and not less than 12 months from the date of approval of these financial statements.

Grainger plc has indicated that it will make available such funds as are needed by the entity and that it does not intend to seek repayment of amounts due at the balance sheet date for the foreseeable future. As with any entity placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. The directors do not intend to nor have they identified any circumstances which may lead to the entity being liquidated or to cease operating.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3. Accounting policies *(continued)*

Disclosure exemptions
In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

(a) Cash flow statement and related notes;
(b) Comparative period reconciliations for share capital;
(c) Disclosures in respect of capital management;
(d) The effects of new but not yet effective IFRSs;
(e) Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Grainger plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

The company has considered the impact of the adoption of those new and revised International Financial Reporting Standards and interpretations that were effective for the first time from 1 October 2021. There has been no material impact on the company following the adoption of these standards.

Revenue recognition
Turnover comprises management fees, exclusive of VAT. Management fees are recognised when they become receivable.

Income tax
The taxation charge for the year represents the sum of the tax currently payable and deferred tax. The charge is recognised in the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax payable or receivable is based on the taxable income for the period and any adjustment in respect of prior periods and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Tax payable upon the realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will give rise to a future tax liability against which the deferred tax assets can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. Accounting policies *(continued)*

Pension costs
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

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 ('SAYE') scheme. Where the company's parent grants rights to its equity instruments to the company's employees which are accounted for as equity-settled in the consolidated accounts of the parent, the company accounts for these share-based payments as equity-settled. The fair value of the employee services received in exchange for the grant of shares and options is recognised as an employee expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and options granted. For market-based conditions, the probability of vesting is taken into account in the fair value calculation and no revision is made to the number of shares or options expected to vest. For non-market conditions, each year the group revises its estimate of the number of options or shares that are expected to vest. It recognises the impact of the revision to the original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to equity.

Awards that are subject to a market-based performance condition are valued at fair value using the Monte Carlo simulation model. Awards not subject to a market-based performance condition are valued at fair value using the Black-Scholes valuation model.

When options are exercised the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium of the parent.

Non-derivative financial instruments
Non-derivative financial instruments comprise other debtors, loans and borrowings, and trade and other creditors.

Other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported. The directors have considered whether there are any such sources of estimation or critical accounting judgements in preparing the financial statements and do not consider there to be any for the purposes of disclosure.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Intercompany management charges	**25,642,318**	22,097,307

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2022	2021
	£	£
Equity-settled share-based payments expense	**1,693,004**	1,674,499

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Operations	**160**	151
Shared services	**92**	86
Group	**14**	11
	266	248

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	**21,103,017**	18,244,965
Social security costs	**2,237,177**	1,745,173
Other pension costs	**1,280,298**	1,159,304
	24,620,492	21,149,442

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	**2,173,321**	1,779,271
Amount received under long term incentive schemes	**1,154,227**	1,067,904
Company contributions to defined contribution pension plans	**60,223**	52,952
	3,387,771	2,900,127

The number of directors who accrued benefits under company pension plans was as follows:

	2022	2021
	No.	No.
Defined contribution plans	**3**	4

7. Directors' remuneration *(continued)*

The highest paid director was Helen Gordon who was also a director of Grainger plc. Full details of her remuneration and her interests in Grainger plc shares and options are disclosed in the annual report of Grainger plc. The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest paid director was £1,470,108 (2021: £1,305,999) and company pension contributions of £76,327 (2021: £74,921) were made to a money purchase scheme on her behalf.

8. Interest receivable and similar income

	2022	2021
	£	£
Interest from group undertakings	**1,079,685**	749,708

9. Tax on profit

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense	**145,862**	151,609
Adjustments in respect of prior periods	**5,032**	–
Total current tax	**150,894**	151,609
Deferred tax:		
Origination and reversal of temporary differences	**117,811**	407,546
Tax on profit	**268,705**	559,155

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022	2021
	£	£
Profit on ordinary activities before taxation	**2,093,978**	1,683,841
Profit on ordinary activities by rate of tax	**397,856**	319,930
Adjustments in respect of share-based payments	**(157,425)**	502,341
Impact of changes in tax rates	**28,274**	(263,116)
Tax on profit	**268,705**	559,155

Factors that may affect future tax expense

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) has been enacted. This will increase the company's future current tax charge accordingly. Deferred tax at 30 September 2022 has been measured at 25% (2021: 25%).

10. Debtors

	2022	2021
	£	£
Amounts owed by group undertakings	**38,368,479**	34,548,017
Deferred tax asset	**978,504**	1,096,315
Other debtors	**69,786**	42,501
	39,416,769	35,686,833

Included within amounts owed by group undertakings is an unsecured loan with a year end balance of £20,931,971 (2021: £19,501,285). The loan bears interest at a weighted rate of 4.33% (2021: 4.29%) in the year and is repayable on demand but is not expected to be repaid within the next 12 months. Interest receivable for the year amounted to £1,079,685 (2021: £749,708). All other amounts owed by group undertakings are unsecured, bear no interest and are repayable on demand.

11. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	**914**	762
Accruals and deferred income	**4,572,088**	4,309,268
Social security and other taxes	**615,692**	555,027
Other creditors	**265,129**	377,108
	5,453,823	5,242,165

12. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2022	2021
	£	£
Included in debtors (note 10)	**978,504**	1,096,315

The deferred tax account consists of the tax effect of temporary differences in respect of:

	2022	2021
	£	£
Accelerated capital allowances	**(4,344)**	(5,297)
Provision deferred tax - unpaid remuneration	**(974,160)**	(1,091,018)
	(978,504)	(1,096,315)

13. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £1,280,298 (2021: £1,159,304).

Grainger Employees Limited

Notes to the financial statements ***(continued)***

Year ended 30 September 2022

14. Share-based payments

The Grainger plc group operates a save as you earn ('SAYE') share option scheme available to employees. The number of shares subject to options as at 30 September 2022, the periods in which they were granted and the periods in which they may be exercised, are given below.

Year of grant	**Exercise price (pence)**	**Exercise period**	**2022 number**	**2021 number**
SAYE share options				
2016	150.7	2019-22	**-**	25,871
2017	189.9	2020-23	**26,847**	36,479
2018	228.6	2021-24	**-**	11,405
2019	193.0	2022-25	**134,224**	272,985
2020	245.0	2023-26	**196,544**	231,239
2021	234.0	2024-27	**117,201**	128,812
2022	248.0	2025-28	**277,302**	-
Total SAYE share options			**752,118**	706,791

The movement on the share options schemes during the year is as follows:

	Opening position	Exercised	Granted	Lapsed / cancelled	**Closing position**
SAYE scheme					
2016	25,871	(25,871)	-	-	**-**
2017	36,479	(9,632)	-	-	**26,847**
2018	11,405	(11,405)	-	-	**-**
2019	272,985	(94,472)	-	(44,289)	**134,224**
2020	231,239	(3,673)	-	(31,022)	**196,544**
2021	128,812	-	-	(11,611)	**117,201**
2022	-	-	279,479	(2,177)	**277,302**
	706,791	(145,053)	279,479	(89,099)	**752,118**

For those share options exercised during the year, the weighted average share price at the date of exercise was 274.6p (2021: 299.1p). For share options outstanding at the end of the year, the weighted average remaining contractual life was 2.1 years (2021: 1.9 years). There were 115,995 (2021: 38,674) share options exercisable at the year end with a weighted average exercise price of 192.3p (2021: 175.2p).

The Grainger plc group operates an equity-settled, share-based compensation plan comprising awards under a long-term incentive plan ('LTIP'), a deferred bonus plan ('DBP'), a share incentive plan ('SIP') and a save as you earn ('SAYE') scheme.

For the LTIP awards granted in or after December 2021, 33% of the awards under the LTIP scheme are subject to an absolute Total Shareholder Return performance condition measured over three years from the date of grant, 33% are subject to annual growth in Total Property Return measured over three years from the date of grant, and the final 33% are subject to achieving Secured PRS Investment targets measured over three years from the date of grant.

For the LTIP awards granted in or after February 2020, 50% of the awards under the LTIP scheme are subject to an absolute Total Shareholder Return performance condition measured over three years from the date of grant, 25% are subject to annual growth in Total Property Return measured over three years from the date of grant, and the final 25% are subject to achieving Secured PRS Investment targets measured over three years from the date of grant.

For previous LTIP grants, 50% of the awards are subject to an absolute total shareholder return performance condition and 50% are subject to annual growth in Total Property Return, both measured over three years from the date of grant.

Awards granted under the DBP scheme have no specific performance conditions other than employees in the scheme continuing to be employed. There is a three-year vesting period from the date of grant. One-third of the awards vest at the end of each year. Participants can choose to exercise their awards on vesting or to retain their awards within the plan until the end of the third year at which point a 50% matching element is added to their award entitlement. In addition to the DBP scheme, an enhanced DBP scheme (EDBP) is also provided. The enhanced scheme operates in exactly the same way as the normal DBP scheme except that if participants retain their awards within the plan until the end of the fifth year, a further additional 50% matching award is added to their award entitlement. Awards under the DBP/EDBP have been valued based on the share price at the date of the award less the dividend yield at the award date as there is no entitlement to dividends during the vesting period.

Awards under the SAYE scheme have been valued at fair value using a Black-Scholes valuation model.

Awards under the SIP scheme have been based on the share price at the date of the award.

Shares were awarded, subject to any vesting conditions set out above, to executive directors and selected employees during the year under the LTIP. Share options were granted to employees of the group during the year under the SAYE scheme.

15. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	**£**	No.	£
Ordinary shares of £1 each	**1**	**1**	1	1

16. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share option reserve - This reserve records equity-settled share based payments.

17. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Grainger plc group.

18. Ultimate parent undertaking and controlling party

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

Grainger plc is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.