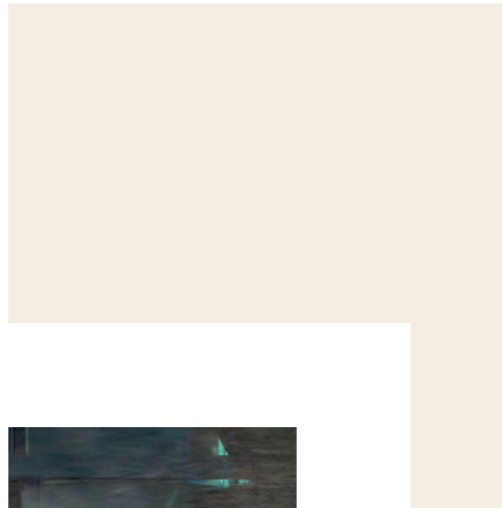


Annual Review 2019



GROSVENOR

The financial information set out on page 31 does not constitute the Group's statutory Financial Statements for the years ended 31 December 2019 and 2018, but is derived from those accounts. Statutory Financial Statements for 2019 and 2018 have been delivered to the Registrar of Companies and are available online.

The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.



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“
When Grosvenor arrived we were probably all as cynical as ever about developers, but when they started talking to local people and organisations about their ideas I actually found it inspiring.”

Sheila Taylor
Local resident and Chair of Cherry Gardens
Tenants & Residents Association, Bermondsey



CGI

Foreword

1	Foreword
2	Grosvenor today
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View our 2019 Financial Statements:
grosvenor.com/2019financialstatements

View our 2019 Non-Financial Data Report:
grosvenor.com/2019nonfinancialdata

London 29 April 2020

We have entered the 2020s at a time of dramatic economic, political, social and environmental uncertainty, and that was before the COVID-19 global pandemic had a chance to derail the world economy.

At this stage, it is already clear that there will be a material impact on global growth, with efforts by central banks to lower interest rates and extend liquidity helping to soften negative impacts, including on global real estate markets. Our commitment is to continue to work in partnership with our tenants, customers, partners and communities to provide the support that we can and help them tackle the implications of these events.

More generally, whether in relation to reducing the impact of the built environment on the planet, or finding ways to manage how digital disruption is threatening established business models within our sector, we are engaged in developing our own response to these challenges. We are doing so by identifying opportunities where we can show leadership to make a positive impact both commercially and socially, adopting a far-sighted perspective, deepening our local knowledge of the cities in which we work and sharing and benefiting from our international experience – we call this our Living Cities approach.

In this latest Annual Review, we report our financial results for 2019 and demonstrate some examples of social benefit we believe we have delivered to the communities in which we are active. Our history is relevant and informative to many of the business decisions we take, but it is not a guide to navigating a changing world. The change we envisage will need us to be bold and resourceful, but always financially prudent and true to our values.

Mark Preston
Group Chief Executive

Who we are

Grosvenor Group is a privately-owned international property company.

With a track record of over 340 years, we develop, manage and invest with a purpose of improving property and places to deliver lasting commercial and social benefit.

We are part of the Grosvenor Estate which encompasses all of the activities of the Grosvenor family.



More on
page 62

56

cities in which we are active
(2018: 62)

10

currencies in which we operate
(2018: 10)

10

countries from which we operate
(2018: 10)

Our structure

Our structure includes four regional Operating Companies and an Indirect Investment business.

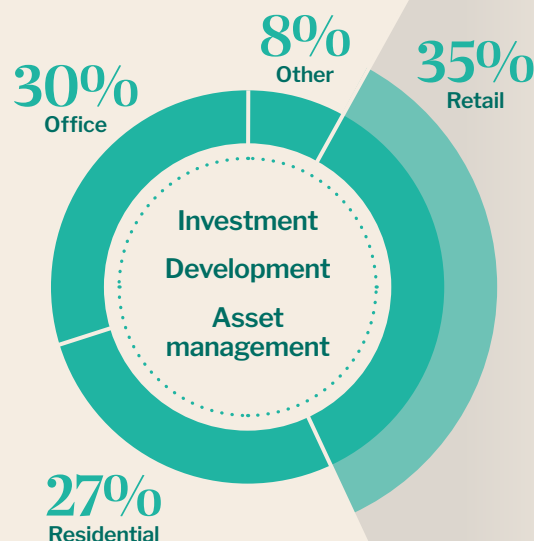
Grosvenor Britain & Ireland, Grosvenor Americas, Grosvenor Asia Pacific and Grosvenor Europe are each responsible for their own property strategies. Together, they enable the Group to diversify by geography, sector, currency, property activity and management team. In 2019, their combined activities accounted for 89% of the Group's capital as they developed, managed and invested in property assets, principally in the retail, residential and office sectors.

Our Indirect Investment business further diversifies the Group's property interests by backing specialist third-party management teams.

By the end of 2019, it had invested 11% of Grosvenor Group's capital in Africa, Australia, Europe, and North and South America.

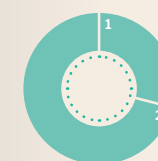
The Grosvenor Holding Company aims to ensure that the strength of the Group is greater than the sum of its parts. It is responsible for supporting the Group Board in making strategic decisions (for example in relation to allocating the Group's capital); for maintaining oversight of the Group's activities and for governance; and for a range of value-adding activities which provide expert assistance, advice and support across the Group in a number of specialist areas including: communications and brand management, corporate finance, corporate reporting, human resources, legal, research, tax, technology and treasury.

Our portfolio



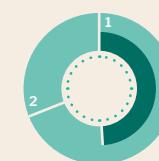
This part of the graphic breaks down our income from our retail portfolio. It distinguishes between earnings derived from retail tenants who operate traditional retail stores and those providing discretionary services (e.g. food and beverage, leisure services, etc). The graphic also shows the proportion of our retail locations that are not dependent on cars versus those that are.

As technology continues to disrupt the retail market, we expect income from retail service tenants to be less directly impacted than that from more traditional retail operations. Similarly, we believe that city centre and other non car-dependent locations will continue to prove, as they have done so far, to be more resilient.



Tenants*

1 Services	29%
2 Traditional retail spend	71%



Location*

1 Non-car-dependent	69%
2 Car-dependent	31%

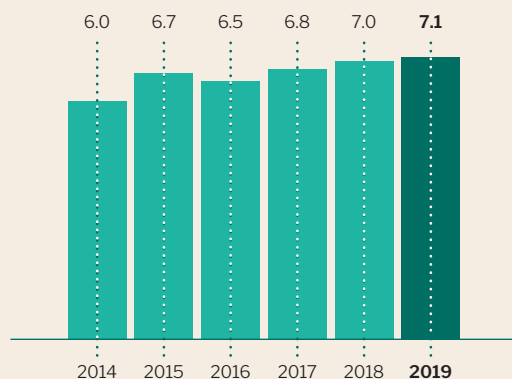
■ 49% is prime city centre location

* Data for Sonae Sierra Brasil not available.

Our portfolio

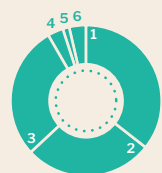
Property assets £bn

£7.1bn



By Operating Company

1 Britain & Ireland	£3,431m	48.5%
2 Americas	£1,542m	21.8%
3 Asia Pacific	£817m	11.5%
4 Indirect Investment	£813m	11.5%
5 Europe	£472m	6.7%



By sector

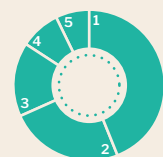
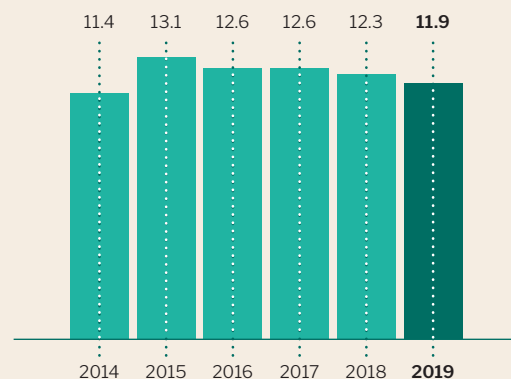
1 Retail	£2,495m	35.3%
2 Office	£2,129m	30.1%
3 Residential	£1,877m	26.5%
4 Industrial	£242m	3.4%
5 Hotel	£78m	1.1%
6 Other	£254m	3.6%

By activity

1 Investment	£6,476m	91.5%
2 Development	£599m	8.5%

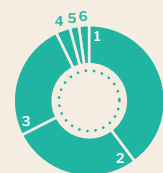
Assets under management £bn

£11.9bn



By Operating Company

1 Britain & Ireland	£5,278m	44.5%
2 Americas	£2,895m	24.4%
3 Europe	£1,863m	15.7%
4 Asia Pacific	£1,018m	8.6%
5 Indirect Investment	£813m	6.8%



By sector

1 Retail	£4,616m	38.9%
2 Residential	£3,272m	27.6%
3 Office	£3,156m	26.6%
4 Hotel	£327m	2.8%
5 Industrial	£242m	2.0%
6 Other	£254m	2.1%

By activity

1 Investment	£10,779m	90.8%
2 Development	£1,088m	9.2%

Living Cities

Through an approach we call Living Cities, we aim to be far-sighted in our actions; engaged and deeply understanding of the issues and dynamics affecting the local communities we are part of; and more effective and impactful in our work because of the international experience we share and can benefit from.

Far-sighted

Locally engaged

Internationally experienced

More on pages 4-5

More on pages 6-7

More on pages 8-9

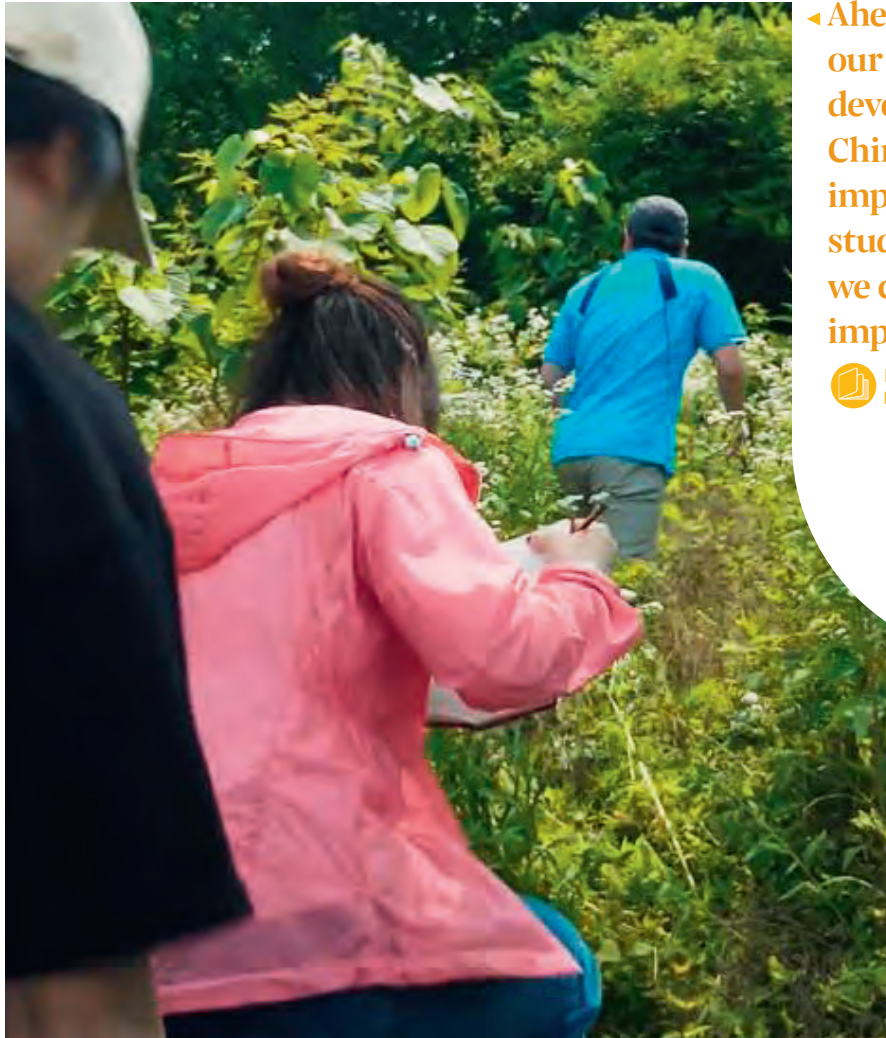
- ▼ We are committed to achieving net-zero carbon operational emissions from all of our directly managed buildings globally by 2030.



Far-sighted

We believe in learning from the past and in acting upon evidence-based research.

By adopting a far-sighted perspective, we can better respond to the challenges that socio-economic and demographic change, environmental risk and technological disruption pose to urban communities.



◀ Ahead of completing our new residential development in Nanjing, China, we conducted an important biodiversity study to learn how we can minimise the impact of construction.



More on
page 44

▼ We have created a dedicated resource to help us plan and develop responses to technological disruption within the property sector.



More on
page 22





▲ Our neighbourhood research and engagement has shaped our retail project in Kennedy Town, Hong Kong.

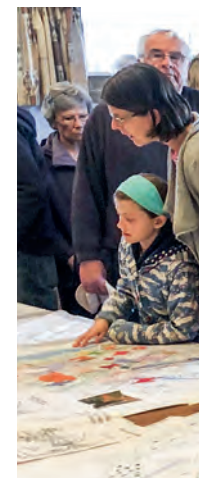


More on
page 47

▼ We are partnering with the city of Vancouver to create a sustainable Passive House building for local artists.



More on
page 43





▲ Through a design consultation, we worked with the local community to develop new ideas for the Oxfordshire Garden Village.



More on
page 35

Locally engaged

We promote local expertise to foster a deep appreciation and understanding of local markets and communities, engaging with them to implement bespoke and innovative solutions that are commercially successful and that respond to local needs.

- ▼ We are investing with local partners to create high-quality, dedicated student accommodation in Brazil.



Whether working directly or in partnership with like-minded co-investment partners, we capture, distil and share knowledge.

This helps our people bring an international perspective to our activities, encouraging innovation we have successfully developed elsewhere.

Internationally experienced





◀ We completed our first residential development in Madrid.



More on page 54

▼ We led the first development in decades on San Francisco's iconic Nob Hill to create outstanding new residences.

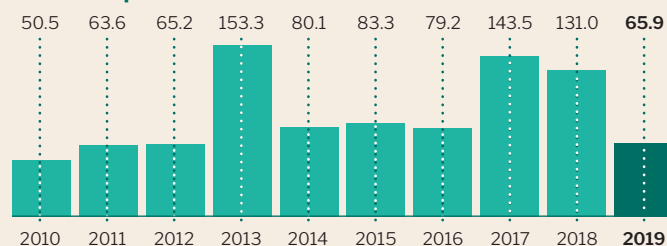


More on page 38

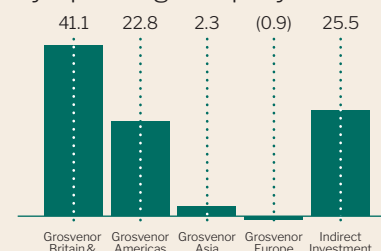


Our commercial performance

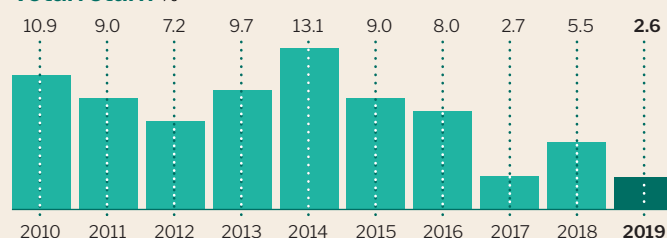
Revenue profit £m



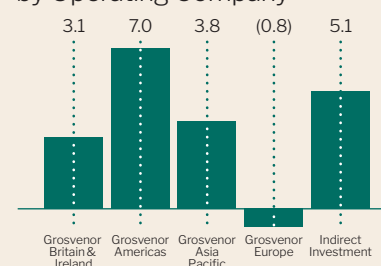
by Operating Company



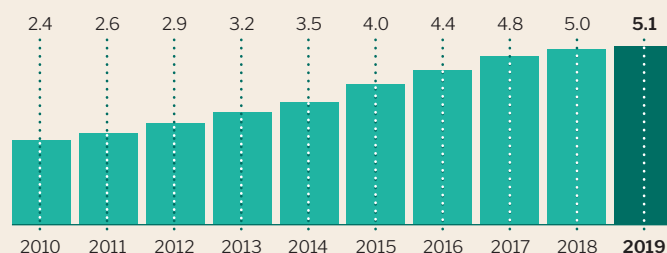
Total return %



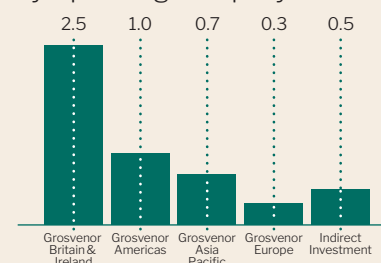
by Operating Company



Shareholders' funds £bn



by Operating Company



£65.9m

Revenue profit
(2018: £131.0m)

2.6%

Total return
(2018: 5.5%)

£5.1bn

Shareholders' funds
(2018: £5.0bn)

£156.5m

Profit before tax
(2018: £196.6m)

20.9%

Economic gearing
(2018: 20.4%)

£1.7bn

Financial capacity
(2018: £1.7bn)

94.4%

Occupancy
(2018: 95.2%)

£7.1bn

Property assets
(2018: £7.0bn)

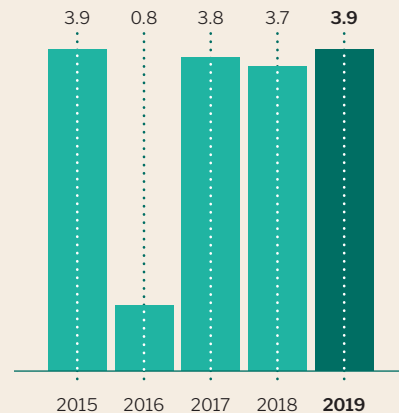
£11.9bn

Assets under management
(2018: £12.3bn)

Improving property and places

Public realm improvements £m

£3.9m Exceeding requirements

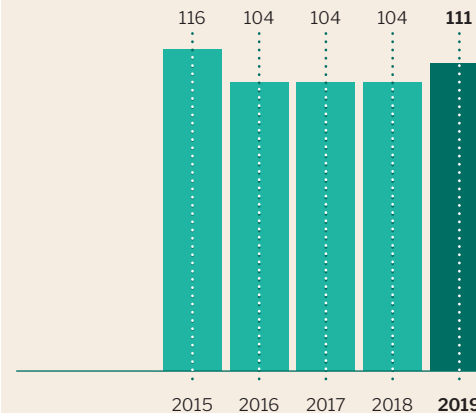


We improved the quality of public realm across our international portfolio, spending a total of £34m over and above planning requirements since 2010.



Green space ha

111ha



The number of hectares of green space we look after in our international portfolio has increased in 2019 and is equivalent to 4,255 tennis courts.

Transport connectivity

100%

100% of our properties (2018:100%) are within a 15 minute walk of public transport connections, promoting walkability and more vibrant places.

89

89 electric charging points set up across our international portfolio to encourage and facilitate the use of electric vehicles.



Respecting the environment and supporting communities

Supporting the maintenance of ecosystems in our communities



We believe that the protection and restoration of biodiversity is important both in its own right and as a critical component of carbon capture. We believe that it is important to look after and protect the environments of the species who share their homes with us, as well as to create new habitats to support and promote greater biodiversity on our sites. This is the first year we have measured our impact on the net biodiversity across our portfolio.

11
Bee hives

Each bee hive can support over 40,000 bees

5

Bug hotels

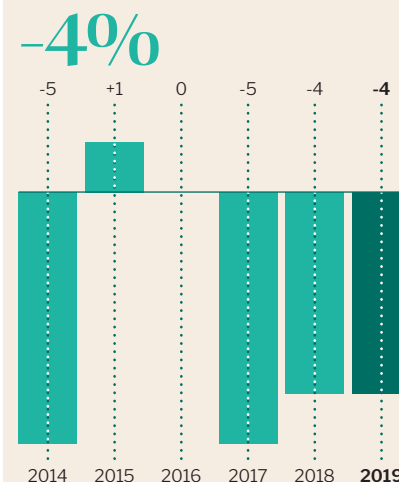
Each bug hotel can support over 12 types of insects

150
Bird boxes

10
Bat boxes

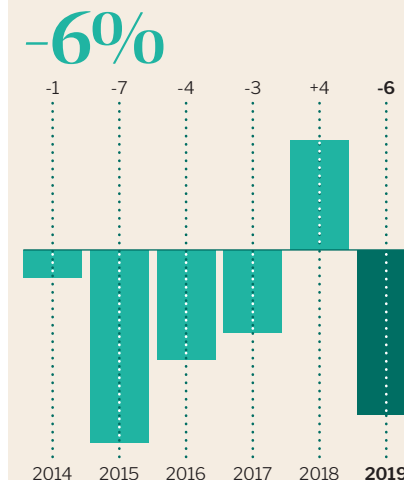


Water consumption %



Overall, our like-for-like water consumption decreased by 4% in 2019 as a result of numerous initiatives. For example, at Grosvenor Americas' Rice Lake Square asset in Illinois, rain sensors have helped to achieve a 25% like-for-like decrease in water consumption. Continued efficiencies across the Grosvenor Britain & Ireland resulted in a reduction of 11%.

Energy consumption %



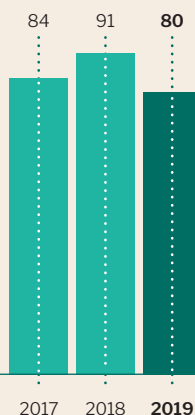
Overall, our like-for-like energy consumption decreased by 6% in 2019. Initiatives in the Grosvenor Britain & Ireland portfolio, such as the installation of LED lighting at 4/8 Grosvenor Street and upgraded boilers and chillers in the common areas of 30/32 Avery Row in London, led to a 38% decrease in electricity and a 44% decrease in gas consumption in these properties, respectively.

Similarly, an LED retrofit of the parking lot at Grosvenor Americas' Rice Lake Square asset in Illinois led to a 52% decrease in electricity consumption at this site.

At Grosvenor Europe's Skärholmen Centrum asset in Stockholm, changes to the lighting and ventilation schedules, as well as an adjustment of the temperature settings for the heating and cooling units on site have led to 10%, 15%, and 29% decreases in electricity, district heating and district cooling, respectively.

Waste diverted from landfill %

80%



During 2019, we focused on increasing the number of assets from which we record waste being diverted from landfill. We also used improved and more accurate methods of waste data collection. As a result, our proportion of waste diverted from landfill has reduced this year to 80%.

Specifically, we increased our data collection in Grosvenor Britain & Ireland and in Grosvenor Americas. In Grosvenor Americas, we also worked hard to improve the quality and accuracy of the waste data that we collect. This has included working with local waste providers to collect weight rather than volume data where possible and conducting a waste audit of diversion from landfill rates.

Community events supported

345 community events were supported (2018: 368), including 107 that Grosvenor led and eight which were community consultations in which we asked for feedback on our projects and work within the community.



Providing educational opportunities in all of our Operating Companies

We strongly believe in the importance of education and nurturing young talent. We offer internships across each of our Operating Companies to introduce young, diverse talent to our business and to help them to develop their career interests and skills.

23

Internships within Grosvenor

We also support our local communities through targeted charitable initiatives

At Grosvenor, we strive to make a positive difference to the communities in which we work. In addition to ensuring that our business activities deliver social benefit, we also promote philanthropic initiatives, fundraising and volunteering efforts to support local charities, organisations and causes to bring about sustainable change.

We primarily contribute to the Westminster Foundation, which manages the charitable activities of the Grosvenor family and the Grosvenor Estate in the UK.

The Westminster Foundation’s focus is to inspire children and young people early in life (aged 0-25) with opportunities to thrive, build confidence and raise aspirations. The Foundation works closely with organisations which support families, schools and local communities.

In addition, through our international network, we also provide direct financial support to other charities selected by our offices and in locations where we commit to third-party managed investments.



▼ Future Men
London, UK

The Westminster Foundation awarded a grant to Future Men – an award-winning charity that changes the lives of boys and young men in Westminster for the better.

Working with schools and youth clubs, the charity provides one-to-one mentoring and group sessions, focusing on those at risk of disengagement. It also runs courses and provides support to new and expectant fathers.

As well as direct funding from the Westminster Foundation, Future Men benefits from subsidised office space from Grosvenor in the heart of the community they support.

“I haven’t had a single positive male role model in my life apart from my mentor at Future Men.”

‘W’
Participant in Future Men’s Young Fathers project





▲ Apprentis d'Auteuil Paris, France

In France, Grosvenor Europe has supported Apprentis d'Auteuil (Fondation d'Auteuil) for more than 15 years. Fondation d'Auteuil was founded in 1866. It provides education, training and opportunities for social integration for young people (up to 25 years old) from socially deprived backgrounds. Children are entrusted to the charity by their families or social services. Each child benefits from a personalised development programme to improve social and professional skills in the field of their choice, including as pictured, hospitality. They are encouraged to continue with their education and forge a career path. In 2019, Grosvenor Europe donated €17,000.

€17,000

The amount
Grosvenor Europe
donated to
Fondation d'Auteuil
in 2019.

▼ The Neighbourhood Kitchen Shek Tong Tsui, Hong Kong

In 2019, we donated over HK\$700,000 to the Neighbourhood Kitchen in Shek Tong Tsui, Hong Kong. We opened the Kitchen with local charity Caritas in 2018 as a place for residents of sub-divided flats to share meals with family and friends. Our donation has allowed Caritas to run programmes to help members develop their English language and social skills, and to receive housing advice from social workers. Members' children have also been able to receive tutoring from local students and to participate in storytelling workshops, giving them the opportunity to become more confident and to establish friendships in a safe and positive environment.



Michael McLintock recognises the wide range of activity underway around the Group and thanks everyone involved

Driven by a long-term perspective



Grosvenor Group Limited – Board of Directors

as at 19 March 2020

Michael McLintock
Non-Executive Chairman
Trustee, Grosvenor Estate

Mark Preston FRICS
Group Chief Executive
Executive Trustee, Grosvenor Estate

Matthew Barzun
Non-Executive Director

Sir Philip Dilley
Non-Executive Director

Barbara Kux
Non-Executive Director

Christopher Pratt
Non-Executive Director

Dame Fiona Reynolds
Non-Executive Director
Trustee, Grosvenor Estate

Robert Davis
Group Finance Director

Peter Vernon FRICS
Group Executive Director

London 19 March 2020

Improving property and places to deliver lasting commercial and social benefit is how Grosvenor Group interprets the purpose of the Grosvenor Estate for its business.

Grosvenor is a business with a history of focusing on long-term value creation through its investment, development and management activities in urban property. 2019 has seen many new initiatives get underway and this Review provides details and illustrations of a cross-section of these.

After 11 years as a Non-Executive Director on Grosvenor's Group Board, Domenico Siniscalco, the former Italian Economy and Finance Minister, retired. We miss his charming presence, and thank him for the wisdom and insight that he brought to our deliberations. In 2019, the Board welcomed former US Ambassador to the United Kingdom, Matthew Barzun, and Barbara Kux, a well-known Swiss business leader and the first woman to be appointed to the Managing Board of Siemens. They bring with them varied experience and backgrounds which complement our property exposure to North America and Continental Europe, respectively.

This year, the Board will review its succession plans for the role of Group Chief Executive, allowing Mark Preston to focus on the role of Executive Trustee of the Grosvenor Estate to further promote and develop its increasingly diversified activities. Mark will continue to operate in both roles as he has done since 2017 until his successor is appointed.

We try to strike an appropriate balance between imaginative placemaking and financial prudence. The extent to which we are successful in this is entirely dependent on the quality of the individuals who choose to work for us. We are fortunate to have a talented and dedicated team, and on behalf of the Board, I would like to thank them all for their contribution over the past year.

Finally, we are very aware of the impact of the COVID-19 pandemic on our communities and our thoughts go out to all those who have been and are being affected by the outbreak. Never has Grosvenor's objective of balancing commercial return with social benefit been more relevant than in the conditions that we currently face.

Michael McLintock
Chairman

Mark Preston explains the reasons behind this year's financial results and how the optimisation of commercial and social outcomes drive the Group's activities

Committed to delivering lasting commercial and social benefit

London 19 March 2020

By recent standards and following a decade of strong property returns, our 2019 financial results (revenue profit of £65.9m and total return of 2.6%) were modest. An important driver behind the drop in revenue profit was the Group's deliberate decision to accelerate certain asset sales in the UK pre-2016 and to reduce our development pipeline to avoid significant deliveries into what we anticipated would be a low point in the property cycle in the UK and some of our other markets.

This year's lower returns were therefore in line with expectations. While we had anticipated a recovery in revenue profit in 2020, this will now be significantly affected by the impact of the COVID-19 pandemic, but it is too soon to estimate to what degree. Beyond this, our Operating Companies (OpCos) have ambitious growth plans for the coming years, accompanied by the stimulus from our newly established Digital Innovation team. For example, our strategic joint venture in Nanjing, China, which is set to create a mixed-use development of 167 residences, serviced apartments and a resort over a 99,000 sq m site, is under construction. Our proposal for 1,548 rental homes in London's Bermondsey was recently approved by the Greater London Authority, while our plans for a 7.9-acre site with new homes and retail at Brentwood, Vancouver, are currently in the planning process.

Continuing our strategy of international diversification

From a strategic perspective, Grosvenor Group will continue to pursue the path of international diversification which has served us so well for almost 70 years.

This approach enables us to allocate capital to the most attractive long-term markets and strategies, using our research capabilities and international experience. This makes our portfolio more resilient to regional variations in performance.

Investing directly through our OpCos and indirectly through third-party managed investments, our approach is to keep a close eye on macro-economic and social trends, local conditions and, increasingly, reference to the environmental resilience of the world's major cities. As we continue to pursue diversification, we intend that our allocation to indirect investments will rise – this has been a successful strategy since 2011. We will also encourage investment in other areas of strategic relevance such as digital innovation and green technologies.

As well as continuing to diversify our portfolio, one of our key Group-wide objectives is to improve the level of recurring income that we generate. Our build-to-rent project in Bermondsey supports this objective, improving the fabric of this part of London, delivering much needed rental housing and also creating a new investment for long-term hold.



“
To help address climate
change we must be innovative
and build the necessary
momentum quickly.”

Optimising commercial and social outcomes

The Group's financial capacity is very strong. We control risk by means of conservative gearing, which is at historically low levels, management of liquidity and diversification at the corporate level, and by rigorous management of projects at the property level.

This approach provides us with the financial flexibility to move quickly for the right opportunity, always with an eye to generating long-term value and on making a positive social impact.

Our people are integral to our ability to deliver on our strategies. We recruit and develop people who share our values of trust, integrity and respect and who are motivated by the pursuit of challenging environmental targets and the commitment to optimise social and commercial outcomes for every investment, examples of which are included throughout this document.

Learning from past experience

As this Annual Review is published, Jeremy Newsum retires from Grosvenor after 35 years with the organisation. Joining as a graduate surveyor in 1976, he was my predecessor as Grosvenor Group Chief Executive until July 2008 and as Executive Trustee of the Grosvenor Estate until December 2016, latterly acting as one of its Trustees.

Jeremy has been a creative innovator, with remarkable far-sightedness (he has what I call 'prospective hindsight'); as a boss, he kept me on my toes (I have described him as 'predictably unpredictable'); as a mentor, he is inspiring, wise and patient; as a man, he has determination, humility and exemplifies our values of respect, trust and integrity.

It is significantly thanks to Jeremy that Grosvenor has been successful, stable and well-respected over the past few decades.

As good a role model as I could have wished for, Jeremy will remain in regular touch with us – just as his predecessor, Sir John (Jimmy) James continues to do – ensuring that, in dealing with new challenges, we do not forget what we can learn from past experience.

Senior appointments

Grosvenor Group tends to plan succession early and we work hard to enable talent from within to grow into senior roles. Last year, we announced several succession appointments which included Sara Lucas, Grosvenor Europe's Executive Director with responsibility for portfolio management, succeeding James Raynor as Chief Executive of Grosvenor Europe, effective 30 September 2019. In turn, James became Executive Director of the London Estate preparing to take over the role of Chief Executive of Grosvenor Britain & Ireland this autumn. Due to the departure of previous Chief Executive Craig McWilliam in January, James has now done so sooner than planned, taking up the role at the beginning of this year.

Mark Preston
Group Chief Executive

2030

We are committed to achieving net-zero carbon operational emissions from all of our directly managed buildings globally by 2030.



▲ We are committed to achieving net-zero carbon

Last year, Grosvenor Group announced its commitment to achieve net-zero carbon operational emissions from all of our directly managed buildings globally, by 2030, and to work towards all buildings across our portfolio, directly and indirectly managed, being embodied and operationally 'net-zero' by 2050.

Signing up to the World Green Building Council's (WGBC) Commitment to accelerate action across the Group's international businesses and help mitigate climate change, the commitments are aligned with the Greenhouse Gas Protocol emissions scopes which underpin the WGBC's Commitment.

To achieve these targets, we will eliminate carbon emissions under our control and sustainably design, construct, operate and invest in net-zero-ready buildings. We will advocate and work towards the same goals with third parties and tackle embodied carbon, while enabling occupiers to reduce or eradicate carbon emissions from their own operations.

We believe that to address the ever more tangible implications of climate change, the business community must take a leading role in shaping the global responses that are required. Our commitments will be consistently applied everywhere we do business and will require innovation. We have not tended to commit to targets without a clear plan of how to achieve them. This time, it is different – unless we make this a top priority and pursue innovation, we will not build the necessary momentum quickly enough. Since making this commitment, our people have been inspired to deliver effective changes across our portfolio which range from new to listed historical buildings. It is a real challenge, but on the evidence so far, we are confident we will get there.

“
**In Grosvenor Britain
& Ireland, we now divert
100% of our waste from
landfill, with a 67%
recycling rate for
operational waste.**”

Tor Burrows
Director of Sustainability and Innovation
Grosvenor Britain & Ireland



▼ Global economy and property market outlook 2020

The outbreak of a novel coronavirus – COVID-19 – in China towards the end of 2019, has since developed into a severe health and economic crisis with global implications. The virus has spread to pandemic levels, infecting hundreds of thousands around the world. The most significantly impacted regions, mainly Asia, Europe and North America, are now attempting to deal with a major health crisis.

To curtail the spread of the virus, governments across the world have begun implementing extraordinary measures of lockdowns and social distancing. Should these measures become more widespread across major economies, the effective shutdown of non-essential businesses and activities will have significant economic consequences. Global economic output this year could fall at its sharpest rate since the Second World War.

While the magnitude of the downturn remains difficult to forecast with any accuracy, the current consensus is for a severe, but relatively short-lived, global recession in 2020. While a partial recovery in activity is still expected from the end of this year, as the impact of the virus recedes and government stimulus measures gain traction, the risks remain heavily skewed to the downside. We are mindful that there is a risk of further downward revisions in the coming weeks and months ahead as the situation continues to evolve.

The pandemic and associated financial and economic turmoil are challenging real estate markets globally. Undeniably the retail sector is at most immediate risk, particularly in locations reliant on footfall-driven consumer spending. Prior to the current crisis many retailers were struggling with the impact of digital disruption and were already approaching a tipping point in terms of sustainable rent levels. Residential markets have temporarily ground to a halt in countries under lockdown.

Many commercial property deals are also on hold as investors become more risk averse and banks impose tighter lending restrictions.

At present, there is nothing to indicate that there will be any permanent damage to supply capacity or long-term demand in the office, residential or industrial sectors. However, the impact of sustained lockdowns could spark some longer-term reflection on these sectors. For example, the current crisis has exposed how fragile supply chains are, highlighting the need for greater capacity in the logistics sector. Meanwhile as lockdowns restrict people to their homes to slow the spread of the virus, many white-collar professional workers are being forced to adapt to remote working, which could have long-term implications for flexible working post-pandemic.

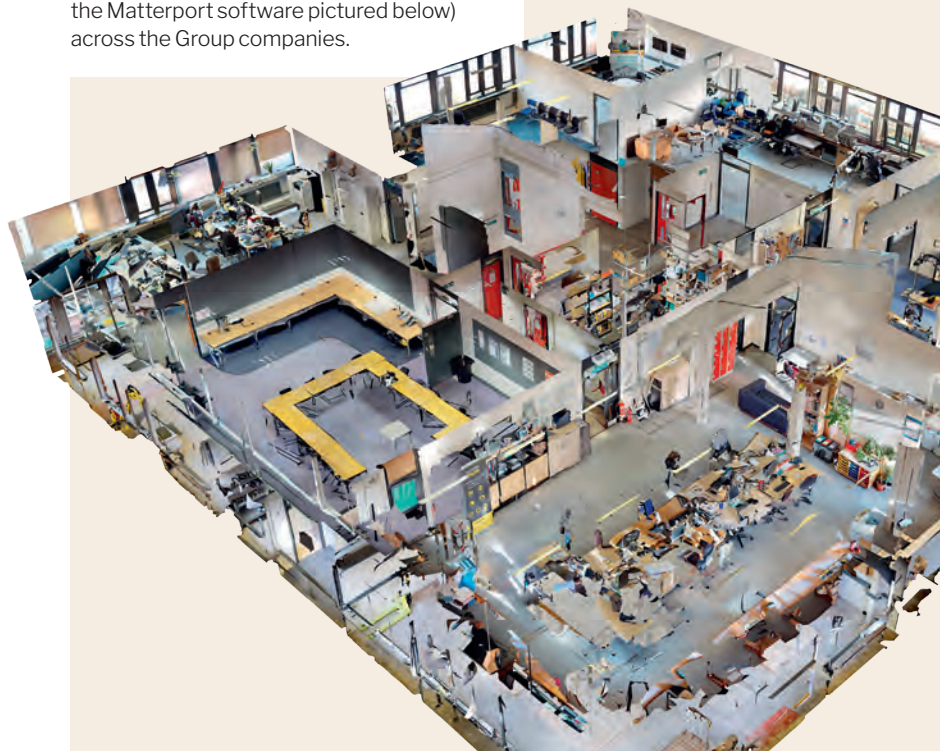
Overall as the world emerges from this pandemic, we expect there will be some lasting impact on consumer and business sentiment, which could dampen the speed of the global economic recovery and weigh heavily on the real estate outlook.



▼ New digital innovation team

Last year, following our Group-wide initiative in 2018 to assess the impact of new digital technologies in our industry, we set up a digital innovation team, dedicated to developing our response to digital disruption in the property market. The unit will focus on enhancing our existing business as well as looking for new sources of income and value.

As part of this, we have partnered with innovation platform Plug and Play to connect us to technology start-ups that can solve business challenges. We have started to pilot new technologies (such as the Matterport software pictured below) across the Group companies.



“
600 young people will
study each year in a brand
new school as part of
Grosvenor's Bermondsey
scheme. This will
transform their belief in
themselves. It's a fantastic
day for our community.”

Douglas Lewis
Chair of the Compass School Trust



2019 activity highlights from our businesses

Grosvenor Britain & Ireland



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Last year, we published the findings of the UK's largest ever research into public trust in the planning system. We made three commitments aimed at rebuilding trust, and set up a cross-sector working group to try and find solutions. To help deliver our net-zero carbon, zero waste and biodiversity goals, we launched a Supply Chain Charter that challenges Grosvenor Britain & Ireland's partners to find innovative ways to deliver these goals.

Our amended proposals for our 1,548-home build-to-rent scheme in Bermondsey, which include a new 600-pupil school, were called in by the Mayor of London and have since been approved. Meanwhile, we published plans to create a new neighbourhood in Cundy Street in Belgravia. These proposals attracted some opposition, but we are clear that they are true to our values and consistent with our social benefit aims. Our proposals will double the number of affordable homes in an area with around 7,000 households on the housing waiting lists, and deliver an inclusive mix of new homes, better green and public spaces and amenities.

Grosvenor Americas



More on
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In San Francisco, we broke a sales price record with an outstanding residential project at 288 Pacific. We have approval for large scale apartment projects in San Francisco and Washington, D.C. and further master-planned developments are being advanced in San Francisco and Vancouver.

By introducing environmentally conscious measures, we have cut electricity consumption by 14% at 1500 K Street in Washington, D.C. and attracted new tenants to double occupancy rates. Also near Washington, D.C., our Co-investment team funded the development of an 89-home condominium as part of the redevelopment of a former military medical campus in partnership with Urban Atlantic, Hines and Triden Development.

Grosvenor Asia Pacific



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In 2019, Grosvenor celebrated 25 years in Asia. We commenced construction of a new residential joint venture project in Nanjing, China – but not before completing our first biodiversity study to ensure that we can reduce any negative impacts of construction. The study identified 119 plant species, 11 aquatic species, eight avian species and six species of fireflies.

Better health, a greater sense of security and improvements to children's social skills were independently recorded within the local community, thanks to our Neighbourhood Kitchen in Hong Kong. The Neighbourhood Kitchen aims to improve the living standards of low-income families residing in sub-divided flats.

Grosvenor Europe



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2019 saw the completion of two office investments in Paris and two in Madrid. We also agreed terms on an office joint venture with investment capacity of c.€240m, managed four residential development projects and sold a residential investment in Madrid. In Sweden, we achieved residential zoning approval at Burlöv Centrum and made progress on a zoning application at Lidingö Centrum, to increase the vibrancy of the neighbourhoods. We also launched a new retail concept, EWAY, which merges bricks and mortar retail with e-commerce.

At Liverpool ONE, we ran an exciting programme, which included augmented reality dinosaurs and a polar adventure experience. This helped to support sales growth of 2.5%, which is ahead of the UK physical retail average. We also implemented an air quality monitoring programme across our retail portfolio.

Indirect Investment



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Our Indirect Investment team realised more than £81m from asset sales in Australia, Spain and the UK, and committed £134m to new investments in Australia, Brazil and the US. In total, the four realised projects delivered £30m of profit, a blended IRR of over 21% per annum and an equity multiple of 1.6x. The new commitments included: an Australian residential loan; increasing our commitment to providing US Affordable Housing (with Bridge Investment Group); supporting Australian healthcare (with AXA and Centuria Heathley); and creating much needed new student accommodation in Brazil (VBI).

Making the most of our international experience

Peter Vernon outlines the Group's shared agenda to deliver its strategy

London 19 March 2020

Grosvenor Group's Operating Companies work within a devolved management structure which is designed to promote local expertise and a deep appreciation and understanding of our local markets and communities. Property strategies and decisions are developed and taken locally, to implement bespoke and innovative solutions that are commercially successful and that respond to local needs.

Yet, it is by coming together as a Group of regional operating businesses that our market proposition can be made stronger – sharing and benefiting from our international experience, accessing better commercial and financial opportunities thanks to the appeal of our combined scale, while benefiting from our established reputation for outstanding quality and recognition as one of the few truly international property companies.

In my role as Group Executive Director, I chair our Group Executive Committee which brings together the Chief Executives of each of our regional operating businesses and the Group's leadership team. We work together on a programme of activity designed to enhance and accelerate our regional and Group-wide strategies.





For the year ahead, we will be working on four common priorities:

Digital innovation

We aim to deepen our understanding of how digital technologies will increasingly bring disruption to established property business models and adapt our strategies accordingly in a nimble, yet far-sighted way. In parallel, we will look to broaden our adoption of innovative technologies to enhance the efficiency of the places and properties we manage and improve the services we provide to customers.

Net-zero carbon targets

As outlined elsewhere in this Review, only by building and maintaining real momentum behind our net-zero carbon goals will we stand a chance of achieving them. We will need to broaden our existing metrics to manage energy demand and carbon emissions at an asset and portfolio level. We will need to implement the decarbonisation roadmaps which we will develop in 2020, while demonstrating enhanced energy performance, reduced carbon emissions and the identification of new technologies to reduce embodied carbon in construction. Moreover, we will need to show leadership in advocating for all relevant property owners and occupiers to transition towards all buildings being embodied and operational net-zero by 2050.

Social impact

Like many others, our business is grappling with how best to assess and demonstrate the positive societal impact our activities generate. As our purpose and strategies aim to deliver both commercial and social benefit, it is key that our current efforts and the metrics used in this report to demonstrate social impact, are taken to the next level.

Our aim is to develop a better framework, anchored around the U.N. Sustainable Development Goals, that can help us and our stakeholders better understand how the improvement of property and places can have a growing positive impact on the local communities we are part of.

Research

Our global research programme informs and challenges our strategies. This year, we will deepen our programme to gain a better understanding of how the future of retail, urban transport and workplace is likely to impact on the cities, neighbourhoods and buildings we invest in. We will also continue to develop our capability in urban analytics, using big data and machine learning to gain deeper insights into urban trends in our target cities, placing knowledge as the main driver of the evolution of our business.

Peter Vernon

Group Executive Director

Grosvenor Group Limited – Executive Committee

as at 19 March 2020

Peter Vernon FRICS

Group Executive Director

Mark Preston FRICS

Group Chief Executive

Robert Davis

Group Finance Director

Benjamin Cha

Chief Executive, Grosvenor Asia Pacific

Sara Lucas

Chief Executive, Grosvenor Europe

Steve O'Connell

Chief Executive, Grosvenor Americas

James Raynor

Chief Executive, Grosvenor Britain & Ireland

London 19 March 2020

Having taken over the role of Group Finance Director in June last year, I was very fortunate to succeed Nicholas Scarles who made such a significant contribution to Grosvenor Group, not least in fully professionalising the finance function, during his 13 years in the role.

Our financial results in 2019 were, as we expected, lower than the strong performance achieved in recent years. Revenue profit was £65.9m versus £131.0m in 2018. Total return was 2.6%, down on the 5.5% achieved in 2018. This incorporated property returns of 3.6% (2018: 4.7%) and reflected the subdued property values in most of our major markets. The appreciation of Sterling that occurred in 2019, mostly as a result of the decisive UK election, reduced total return by 1.0% (2018: positive 0.8%). Shareholders' funds increased by £0.1bn to £5.1bn (2018: £5.0bn).

Revenue profit is the main metric by which we measure our commercial performance, and the reduction in 2019 reflected two main factors.

First, the deliberate decision a few years ago to accelerate sales and defer development activity to pre-empt the property market downturn that we knew was coming. As a result, trading profits were down from £66.3m in 2018 to £24.7m in 2019. The second reason was the reduction of our share of the European shopping centre developer, Sonae Sierra, from 50% to 30% in 2018. This has reduced profitability as we have yet to fully redeploy the capital that we received from the sale.

While the overall results were modest by recent standards, the performance of our Operating Companies (OpCos) was very much in line with our expectations at this point in the cycle.

Grosvenor Britain & Ireland's recurring income stream was enhanced by trading profits, mainly from the sale of the remaining phases of the Campden Hill residential development in London, with revenue profits of £41.1m (2018: £39.2m) being delivered. Total return was 3.1% (2018: 3.2%) reflecting positive valuation movements, above expectations.

Demonstrating our resilience

Robert Davis reviews the financial performance of the Group, highlighting key areas of focus in finance and technology



“While the overall results were modest by recent standards, the performance of our Operating Companies was very much in line with our expectations at this point in the cycle.”



As anticipated, reduced trading activity in Grosvenor Americas resulted in lower revenue profits of £22.8m (2018: £39.0m). Trading activity that has taken place has largely delivered above expectations with a key contributor being the mixed-use Connaught development in Vancouver. Positive unexpected revaluation gains contributed to a total return of 7.0% (2018: 5.7%).

The political and economic uncertainty in Hong Kong delayed anticipated trading profits from our residential development at Dukes Place and resulted in £2.3m of revenue profits being generated by Grosvenor Asia Pacific (2018: £26.9m). Total return of 3.8% (2018: 6.6%) reflected modest revaluation gains and disposal profits including those realised from the sale of part of our interest in Grosvenor Place Kamizono-cho, a luxury residential investment in Japan.

Grosvenor Europe delivered a revenue loss of £(0.9)m (2018: £11.6m profit) which we expect to improve upon in 2020 when the full year benefit of our office acquisitions in Paris and Madrid, made towards the end of this year, will be realised. Total return of (0.8)% (2018: 3.3%) reflected revaluation losses in relation to our retail assets, which were impacted by market sentiment.

Indirect Investment's performance for 2019 reflects the full year impact of our reduced interest in Sonae Sierra, with revenue profits of £25.5m (2018: £33.6m). This was also impacted by the sale of income producing assets in early 2019.

Lower revaluation gains in Sonae Sierra and our third-party managed assets resulted in a total return of 5.1% (2018: 9.1%) being delivered.

Preparing for the future

Having completed our 'Digital: Over the Horizon' review in early 2019, we established a new Digital Innovation team, led by Ian Mair, previously our Chief Operating Officer in Asia. This team is working with each of our OpCos to help them respond to digital disruption and embed digital technology into our business, and has already made a significant difference to the way that we are thinking about digital in Grosvenor. Most notably, given our belief that digital innovation will radically change the property industry in the next decade, we are now actively considering the best ways to secure Grosvenor's long-term role in this new environment.

Our new Group Treasurer, Ian Chisholm, has led a review of Grosvenor's Treasury strategy. This has identified areas for further improvement and, in particular, the team is working on a project to bring the 17 back-up debt facilities we currently have across the OpCos into one single Group facility. We believe that this will be easier to manage, more cost efficient and has the potential to be our first sustainability-linked facility.

Finance and Technology teams

As reported last year, Sebastien Hyst was promoted to Chief Financial Officer of Grosvenor Europe with effect from March 2019 and, in May 2019, we hired Lawrence Tsang, formerly Chief Financial Officer at Vistra Group, as Chief Financial Officer of Grosvenor Asia Pacific. In July 2019, Kevin Kincaid was promoted to Director of Technology. All three have made impressive starts in their roles.

We have also continued our policy of looking for ways to rotate our finance team members around different roles, which provides both development opportunities and the ability to input fresh perspectives. As an illustration of this, Debbie Lee became Director of Group Reporting in September 2019, when she swapped roles with Chris Jukes, who has taken over as Director of Corporate Finance in Grosvenor Britain & Ireland.

Looking forward

Before the COVID-19 outbreak, our view was that challenging market conditions were likely to persist, with ongoing pressure on real estate returns and revenue profit. Those pressures are likely to be heightened.

In light of this, and Grosvenor's purpose to deliver lasting commercial and social benefit, I believe there are four areas of focus for the business and the finance and technology teams in particular: maintaining a strong balance sheet and financial capacity; looking for opportunities to increase efficiency; ensuring we track and measure the social benefit that we create; and managing the risks and opportunities that will continue to arise from the changing external environment, in particular the COVID-19 pandemic and digital disruption.

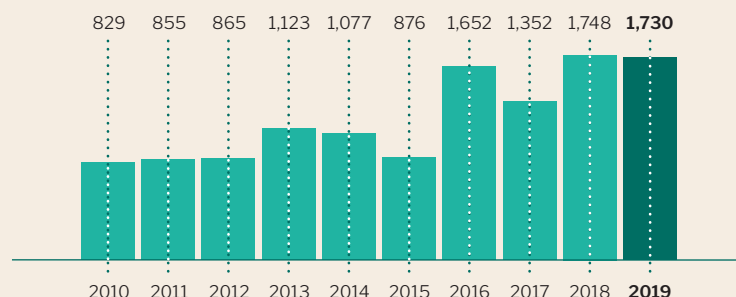
This will only be achieved through a lot of creativity, innovation and hard work. I am confident that the Grosvenor teams are well prepared for this challenge.

Robert Davis

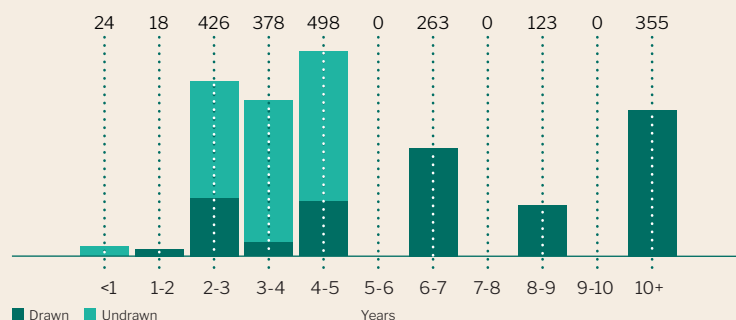
Group Finance Director

Our financial capacity and liquidity remains strong

Financial capacity £m



Debt maturity profile £m



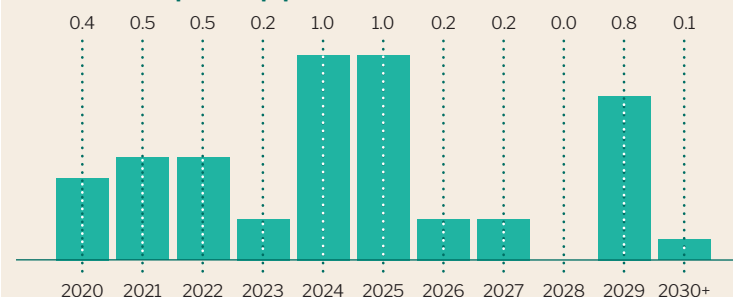
We manage our financial capacity and liquidity with the dual aim of: first, ensuring sufficient liquidity for periods of significant global economic stress; and, second, ensuring that we are positioned to take advantage of opportunities at times when others are unable to access finance. This is achieved by securing sufficient financial capacity, i.e. available cash and undrawn, committed, general use facilities which are immediately available.

At 31 December 2019, financial capacity remained high at £1.7bn (see top chart). We would expect this financial capacity to reduce to more usual levels over the coming years as we begin to commit to some of the major development projects that we have in the pipeline.

The second chart shows the spread of maturities of our wholly-owned debt facilities, split between those which are drawn and undrawn. The weighted average life of these facilities is 6.2 years.

Future value in our development pipeline

Gross development pipeline value £bn



Our development pipeline is the result of many years of planning and pre-construction activity, and demonstrates our commitment to delivering earnings and returns over the long term.

During the year, we undertook an exercise to understand the level of returns that we have generated from development activity compared with investment over the last 10 years. Through this analysis, we were able to gain insights on the performance of our developments and identify market and structural factors that had impacted individual projects.

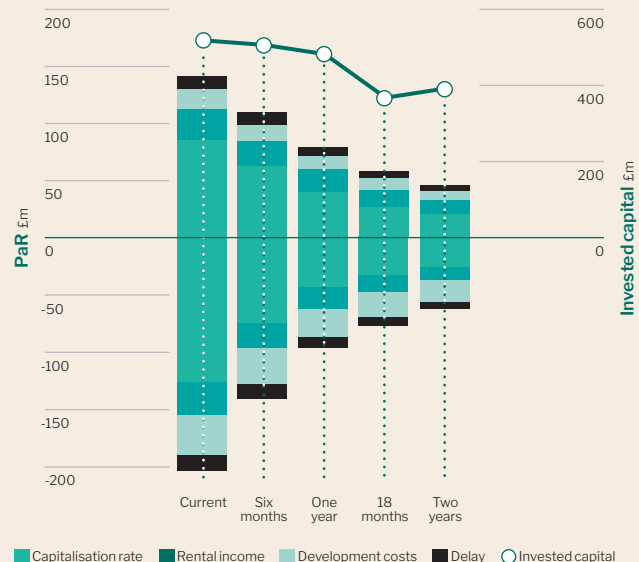
The chart above shows the expected gross development value (£4.9bn) of the development pipeline projects under our management by potential completion dates. This demonstrates the significant pipeline that our Operating Companies have generated, from which we now have the opportunity to create significant value.

£4.9bn

The expected gross development value of the development pipeline projects under our management.

Monitoring our development risk

Aggregate projection of Profit at Risk (PaR) and invested capital



We recognise that development activity supports the future value of the business but that it also adds risk. To understand the financial exposure of the business in relation to our committed and soon to be committed development activity, we project our Profit at Risk and invested capital over a two-year period.

Our development risk profile for committed projects and those expected to be committed within the next six months is similar to last year, with the majority of risk concentrated in the near term. 2020/2021 will see risk and invested capital reduce as a number of projects reach completion.

The level of current risk is very similar to last year's projection. It should be noted that due to the long timescale of our project in Bermondsey and the phasing of commitments, only part of the total potential development risk is currently included in the chart above; further tranches of risk will be included as future commitments are made.

Tax contribution

Taxes borne

	2019	Three years to 2019
1 Corporate income tax paid in the year	£24.5m 36%	£126.1m 48%
2 Annual property taxes	£17.1m 25%	£49.0m 18%
3 Property transaction taxes paid in the year	£10.3m 15%	£39.4m 15%
4 Employer taxes and social security costs	£9.9m 15%	£30.3m 11%
5 Irrecoverable VAT (UK only)	£6.3m 9%	£20.1m 8%
Total	£68.1m	£264.9m

Taxes borne by country

	2019	Three years to 2019
1 United Kingdom	£23.6m 35%	£110.6m 42%
2 Canada	£12.4m 18%	£34.8m 13%
3 Japan	£11.6m 17%	£15.9m 6%
4 United States of America	£8.2m 12%	£49.0m 18%
5 Portugal	£4.9m 7%	£16.1m 6%
6 Other	£2.5m 4%	£10.1m 4%
7 Spain	£2.4m 4%	£7.0m 3%
8 Australia	£0.8m 1%	£7.0m 3%
9 Brazil	£0.7m 1%	£4.0m 1%
10 Sweden	£0.7m 1%	£1.5m 1%
11 Hong Kong	£0.3m 0%	£8.9m 3%
Total	£68.1m	£264.9m

In order to manage our tax obligations, we respect not only the letter of the law but also its underlying intention. We achieve this through adhering to our Tax Policy, compliance with which is reviewed annually by our Group Board. In the case of real estate, the underlying premise is simple – property should be taxed in the jurisdiction in which it is located.

We pay taxes on realised economic gains and profits, in accordance with applicable laws. In the spirit of transparency, we analyse and report on tax contribution by type of tax borne and by country (see tables above).

In 2019, our economic share of tax payments totalled £68.1m. This was lower than last year, primarily due to lower revenue profits and therefore lower taxable profits, leading to lower corporate income tax. Over the last three years, our economic tax contribution totalled £264.9m.

Our economic property interests by location

We develop, manage and invest in property in 56 cities around the world. This chart shows our economic property interests by location.



	2018	2019
1 United Kingdom	51.2%	50.0%
2 North America	23.2%	25.0%
3 Asia Pacific/Australia	13.0%	12.3%
4 Continental Europe	11.1%	11.0%
5 South America	1.5%	1.7%
6 Africa	<0.1%	<0.1%

United Kingdom	2018	2019
🇬🇧 West End, London	44.8%	44.3%
🇬🇧 Other London	4.2%	4.3%
🇬🇧 Liverpool	1.3%	1.2%
🇬🇧 Other UK	0.9%	0.2%
Total	51.2%	50.0%

North America	2018	2019
🇨🇦 Vancouver	4.4%	7.5%
🇺🇸 Other USA	5.7%	5.1%
🇺🇸 Washington, D.C.	5.7%	4.7%
🇺🇸 San Francisco	3.7%	4.0%
🇺🇸 Seattle	1.8%	1.7%
🇨🇦 Other Canada	1.2%	1.2%
🇨🇦 Calgary	0.8%	0.8%
Total	23.2%	25.0%

Asia Pacific/Australia	2018	2019
🇭🇰 Hong Kong	6.7%	6.4%
🇯🇵 Tokyo	4.7%	4.4%
🇦🇺 Australia	1.0%	0.8%
🇨🇳 Nanjing	0.6%	0.7%
Total	13.0%	12.3%

Continental Europe	2018	2019
🇪🇸 Spain	2.6%	3.8%
🇸🇪 Sweden	2.3%	2.1%
🇵🇹 Lisbon	1.6%	1.4%
🇵🇹 Other Portugal	1.6%	1.3%
🇵🇹 Porto	1.1%	1.0%
🇪🇺 Other Europe	1.1%	1.0%
🇮🇹 Italy	0.4%	0.4%
🇩🇪 Germany	0.4%	0.0%
Total	11.1%	11.0%

South America	2018	2019
🇧🇷 Other Brazil	0.5%	1.5%
🇧🇷 São Paulo	1.0%	0.2%
Total	1.5%	1.7%

Our performance over 10 years

Financial statements £m

Income statement – proportional*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net property income	256.5	258.8	258.9	350.4	269.9	273.1	268.5	338.7	336.0	258.5
Administrative and other expenses	(123.8)	(120.5)	(118.8)	(128.6)	(127.3)	(134.2)	(139.0)	(147.8)	(153.8)	(145.0)
Net financing costs	(82.2)	(74.7)	(74.9)	(68.5)	(62.5)	(55.6)	(50.3)	(47.4)	(51.2)	(47.6)
Group revenue profit	50.5	63.6	65.2	153.3	80.1	83.3	79.2	143.5	131.0	65.9
Net gains on revaluation and sale of investment properties	386.6	329.5	320.1	380.9	638.0	478.9	85.0	119.0	117.5	151.5
Other	(16.4)	(67.4)	(11.9)	(20.9)	(15.8)	(18.5)	(0.2)	(6.1)	(34.0)	(45.5)
Profit before tax	420.7	325.7	373.4	513.3	702.3	543.7	164.0	256.4	214.5	171.9
Tax and non-controlling interests in joint ventures	(25.9)	(10.7)	(5.6)	(6.4)	(20.5)	(17.1)	(27.2)	(23.3)	(17.9)	(15.4)
Profit before tax reported in the income statement	394.8	315.0	367.8	506.9	681.8	526.6	136.8	233.1	196.6	156.5
Balance sheet – proportional*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total property assets including share of joint ventures	5,031.0	5,358.9	5,440.7	5,491.4	6,001.2	6,674.6	6,509.5	6,843.2	6,985.3	7,075.4
Net debt	(1,567.8)	(1,606.4)	(1,454.0)	(1,140.6)	(1,031.4)	(1,298.8)	(834.0)	(1,205.1)	(1,066.6)	(1,057.1)
Deferred tax	(382.1)	(593.5)	(491.1)	(665.0)	(739.3)	(764.0)	(716.0)	(726.7)	(673.5)	(632.8)
Other assets/(liabilities)	(305.2)	(195.9)	(217.0)	(144.9)	(175.6)	(150.4)	(182.8)	(25.1)	(218.2)	(318.9)
Net assets	2,775.9	2,963.1	3,278.6	3,540.9	4,054.9	4,461.4	4,776.7	4,886.3	5,027.0	5,066.6
Less minority interests	(126.6)	(107.8)	(86.4)	(85.8)	(88.3)	(87.2)	1.6	2.1	0.3	0.3
Shareholders' funds	2,649.3	2,855.3	3,192.2	3,455.1	3,966.6	4,374.2	4,778.3	4,888.4	5,027.3	5,066.9

* Non-statutory basis. Incorporates both Grosvenor-controlled activities and share of joint ventures and associates.

Grosvenor Britain & Ireland

▼ Tackling climate change

We have set ourselves some bold environmental goals, committing to achieving net-zero carbon operational emissions from all our directly managed buildings, eradicating waste from all the buildings and developments in our control, and creating a significant net biodiversity gain by 2030.

Not only will we sustainably design, construct and operate net-zero-ready buildings, we will look for ways to help our occupiers reduce or eradicate their carbon emissions and waste. We have also launched a Sustainable Development Framework, which provides our business and suppliers with clear guidance on how to achieve these environmental goals on each development project.

A Supply Chain Charter, launched in May 2019, commits our c.1,800 suppliers to the same high environmental and ethical standards we hold ourselves to, and urges them to challenge us and innovate as we strive to meet the climate and ecological needs together.



2019 in numbers

Share of property assets – by sector

Office	£1,239m	36.1%
Retail	£1,093m	31.9%
Residential	£1,039m	30.3%
Hotel	£60m	1.7%

Share of property assets – by region

West End, London	£3,127m	91.1%
Other London	£288m	8.4%
Outside London	£16m	0.5%

Share of property assets – by activity

Investment	£3,288m	95.8%
Development	£143m	4.2%

£41.1m

Revenue profit
(2018: £39.2m)

£5.3bn

Assets under management
(2018: £5.3bn)

3.1%

Total return
(2018: 3.2%)

1,437

Total number of assets
(2018: 1,397)

-5%

Like-for-like energy consumption
(2018: -8%)

-11%

Like-for-like water consumption
(2018: -5%)



James Raynor

Chief Executive, Grosvenor Britain & Ireland

London 19 March 2020

2019 performance

For the UK at large, 2019 was a challenging year dominated by an uncertain political backdrop which held back economic growth. In property markets, this uncertainty was most evident in the retail sector, which remains under pressure, and through lower volumes of investment than usual.

In this context, Grosvenor Britain & Ireland performed strongly. We delivered full year revenue profit of £41.1m, ahead of budget. Leasing activity across our London estate remained strong although transactions were often protracted and our occupancy rates remain at 93.6%. We signed 80 new retail and office tenants to our London estate and achieved 81% net customer satisfaction rating. And by the end of the year, our teams had also achieved a 20% increase in footfall in Eccleston Yards and a 10% increase in footfall in North Audley Street.

Ensuring our strategy contributes to the broader West End community of which we are a part is crucial. So, month-by-month, we set about rejuvenating tired buildings and brightening the public realm, seeking to make this the greenest, most interesting and inclusive part of the city.

During the Summer, we introduced the world's first green lamp posts, which help purify the air and make the streets more beautiful. Less eye-catching but just as important, we achieved a waste recycling rate from offices and retail in 2019 which already surpasses the London Plan target for 2030.

Underpinning all this work is a fundamental commitment to tackling climate change. In May 2019, we publicly committed to three core goals for the next 10 years: reaching net-zero carbon operational emissions; eradicating waste from all the buildings and developments in our control; and achieving a significant net biodiversity gain. We have also appointed our first Executive Director of Sustainability & Innovation.

Looking ahead

Looking ahead to 2020 and beyond, my intention as the new Chief Executive is not just to lead a commercially agile and socially progressive business. I also want us to create a genuine sense of partnership with all the tenants and the residents on whom we depend.

Creating and curating great places is at the heart of our business, whether it's on our London estate, sites like Barton Park in Oxfordshire or the Biscuit Factory in Bermondsey. We have just secured planning consent to regenerate this neighbourhood in Southwark with a development anchored by over 1,500 homes for rent, including 35% affordable, alongside three acres of public and play space, and a new secondary school facility.

I think this project speaks directly to our purpose – to bring lasting social and commercial benefit to the communities where we work. Despite the immense unfolding challenge of COVID-19, we will be striving constantly over the coming year to ensure the success of London and of every single place where Grosvenor operates.

► Improving urban air quality

Much of the West End of London, including our London estate, currently exceeds the UK limit for nitrogen dioxide, so we are working hard to improve air quality. Grosvenor is the first private-sector organisation to join the London Air Quality Network, and, in 2019, we installed two air-quality monitors to analyse the impact of our programmes in partnership with King's College London.

We are now on track to reduce carbon emissions by 50% between 2013 and 2023, with a series of new interventions including:

- Investing in electric vehicles and charging points;
- Consolidating deliveries to our HQ which now involves just one electric vehicle delivery a day;
- Pioneering consolidated waste collections for almost 1,000 properties on our estate; and
- Sponsoring the #AirWeShare campaign (pictured right) to raise awareness of how air quality is changing and the impact on our health.

We have also introduced a world first pilot scheme in Belgravia installing six green lamp posts. These have vegetation growing around the lamp post to create an attractive feature on the street while promoting biodiversity and contributing to air quality, evapotranspiration cooling and noise reduction.





▲ Grosvenor Square: creating a haven in the city

Lying in the heart of Mayfair, Grosvenor Square has a rich history that can be traced back to the 1720s. Over the past 300 years it has constantly evolved and changed. But today the capital's second largest square provides limited benefit to Londoners, their well-being and the environment.

In May 2018, Grosvenor took back responsibility for the square from the Government. Since then, we have built a shared vision for its future together with the community. This aims to enhance its contribution to Mayfair and London by making it more sustainable and welcoming.

We have now appointed architects and are commencing an extensive community engagement programme to develop a design that will allow Grosvenor Square to re-establish itself as London's most outstanding green space and a haven in the city.



▼ Bringing more affordable homes to Belgravia

Early in 2019, we began consulting on plans to redevelop a part of Belgravia around Cundy Street. Our ambition is to increase the amount and the quality of housing in this neighbourhood, as well as making it greener and more sustainable.

Our consultation prompted widespread debate. In a part of London where more than 7,000 households are waiting to find an affordable home, there is a clear case for more homes. But many people also understandably do not want change.

We have run three public exhibitions and trialled an online engagement platform, alongside a continuous face-to-face dialogue with all our stakeholders. We are also giving an independent journalist open access to the project so they can scrutinise the process and publish their views.

Public feedback has directly influenced our proposals, changing the mix of shops, height of the buildings and design of public space, and we hope to secure planning consent in 2020.



▲ Halfway mark on Strategic Land ambition

In 2018, we outlined plans to triple the size of our Strategic Land business in the UK. Our goal is a development pipeline of at least 30,000 homes by 2023, also providing new amenities and infrastructure, in areas experiencing an acute need for new housing.

Following the signing of a promotion agreement with landowner Hammonds Estates LLP, our pipeline now stands at around 15,000 new homes.

At the 1,160-acre site near Chelmsford in Essex, we will act as master developer for 5,000 homes and community facilities. Together, we have committed to an ambitious vision for the site, which will seek to enable social mobility and a better quality of life through high-quality design, innovative placemaking, and long-term stewardship, creating a positive legacy for the community and landowner alike.

15,000

The number of homes in our current Strategic Land development pipeline.

▼ Grade I listed asset reopened to the public after 45 years

Through a £5m, three-year restoration programme, we have restored and reopened a Grade I listed former church in Mayfair, preserving a priceless piece of heritage for future generations.

Following its de-consecration in 1974, St. Marks fell into disrepair and, for over 30 years, it sat on English Heritage's 'At Risk' register. Numerous unsuccessful attempts were made to find a use for the building that would support the significant restoration works it needed.

In 2014, we bought the lease, created a redevelopment plan sensitive to the historic significance of the site and set about opening it up to the public after 45 years in private ownership.

A sustainable community food market, Mercato Mayfair, now provides retail, dining and community space over four floors, with a focus on food education and sustainability. It has quickly become an incredibly popular destination in Mayfair.



Grosvenor Britain & Ireland Board of Directors

as at 19 March 2020

Jonathon Bond
Non-Executive Chairman

James Raynor
Chief Executive

Dawn Airey
Non-Executive Director

Sir Stephen Lovegrove KCB
Non-Executive Director

Robert Davis
Group Finance Director

Peter Vernon FRICS
Group Executive Director

Roger Blundell
Executive Director,
Finance

Simon Harding-Roots
Executive Director,
Major Projects

Jorge Mendonça
Executive Director,
Grosvenor Developments

Grosvenor Americas

“We’ve worked with Grosvenor Americas to create a building that will take its place among the icons of Nob Hill. Our design takes its cues from the neighbourhood and its city.”

Dan Lobitz
Practice Partner, Robert AM Stern Architects



◀ An icon in the making

Crescent, an eight-storey building containing 44 thoughtfully-designed condominiums, occupies an iconic corner on top of Nob Hill. This is Nob Hill’s first new-build residential development in decades and the first ever project in San Francisco by world renowned architect Robert AM Stern and Champaulimaud Design.

Receiving input from the neighbourhood through a series of public workshops was critical in securing a design that fitted seamlessly in its surroundings. With its modern interpretation of traditional San Francisco bay windows and gracious set back terraces, we believe Crescent does just that.

2019 in numbers

Share of property assets – by sector

Residential	C\$1,009m	38.0%
Retail	C\$751m	28.3%
Office	C\$527m	19.9%
Industrial	C\$335m	12.6%
Hotel	C\$31m	1.2%

Share of property assets – by region

USA	C\$1,542m	58.1%
Canada	C\$1,111m	41.9%

Share of property assets – by activity

Investment	C\$2,141m	80.7%
Development	C\$512m	19.3%



Steve O'Connell
Chief Executive, Grosvenor Americas

C\$38.6m

Revenue profit
(2018: C\$67.4m)

C\$5.0bn

Assets under management
(2018: C\$5.2bn)

7.0%

Total return
(2018: 5.7%)

47

Total number of assets
(2018: 54)

-3%

Like-for-like energy consumption
(2018: 7%)

-4%

Like-for-like water consumption
(2018: 3%)

San Francisco 19 March 2020

A look back

We had another highly active year in Grosvenor Americas with our cities spanning a wide spectrum of economic strength. In 2019, our activities were focused on near-term defensive positioning and longer-term planning for what may come in 2020 and beyond.

We sold value-add investment properties in San Jose, CA, and Washington, D.C., and ended the year with our investment portfolio over 97% leased with robust valuation growth. We also cleared key development milestones: breaking condominium sales price records in San Francisco, CA; welcoming homeowners in Vancouver, BC; receiving planning approval for apartment projects in Berkeley, CA, and Washington, D.C.; and advancing large multi-year projects in Metro Vancouver and San Francisco, CA.

Challenging economic conditions in some of our markets impacted parts of our business. Due to sustained slow market conditions, we made the difficult decision to cease our development activities in Calgary, AB, while slower sales activity in Southern California affected some of our structured development loans. However, the diversity of our investments and markets ensured that our overall financial performance was strong and that we are positioned well for future growth.

We took significant steps in 2019 to have a greater positive social impact in concert with our commercial activities. We were one of the first North American real estate operators to pledge to the World Green Building Council's 2030 Net-Zero Carbon Commitment. Our project and property teams continued making positive contributions in the neighbourhoods where we invest and,

internally, our Equality, Diversity and Inclusion Committee has made significant progress in fostering workplaces that encourage open communication and a diverse range of background and thinking.

Looking ahead

As we write this, we are beginning to feel the effects of a pandemic unfolding around us. Our primary focus is on the health and safety of our people and doing what we can to assist those in need in our communities. For the past few years, we have been preparing for a market correction and we are ready; our portfolio occupancy is strong and we have a robust pipeline of projects and properties to improve and manage through business cycles. Our preparation for the current uncertainty has aligned us well with our high-quality, like-minded capital partners with whom we have enjoyed relationships over the past many cycles.

As we look beyond this near-term crisis, we have the benefit of financial strength and fantastic teams who have a track record of delivering to a very high level of quality. Over the next several years, our Development team will continue to contribute much-needed housing, but at an even larger scale, as we advance major master-planned developments in San Francisco, CA, and Vancouver, BC. Our Investment team will bring their value-adding skills to newly-acquired urban properties, growing our portfolio. Our Structured Development Finance team will continue to facilitate the production of new housing in partnership with best-in-class developer partners. As our teams begin to take action on our net-zero carbon commitment and increase our positive social impact at a local level, I am confident that these commercial and social activities, delivered together, will define us as we navigate through this evolving situation and look to the future growth of our business.

▼ A progressive renovation attracts tenants at historic 1500 K Street

1500 K Street has been a fixture in its iconic location in Washington, D.C. since 1928. We recently completed a significant renovation of this heritage office and retail building. In addition to preserving and revitalising its classic architecture, our Investment team significantly updated building systems with highly innovative sustainable technologies. This investment in sustainability has been worthwhile – by 2025 or earlier, we will recoup the cost of the new system versus the old system.

The combination of the historic revitalisation and resource preservation has been appreciated; since the renovation, occupancy rates have almost doubled from 48% to 87%, maximising the use of the space and boosting profitability. In a fitting example, in 2019, we welcomed the National Park Foundation, the official charity of America's National Parks that works to protect and preserve 418 parks across the country, as a core tenant for the building.



▲ Energising urban communities

In partnership with Urban Atlantic, Hines and Triden Development Group, our Co-investment team funded The Brooks, an 89-home condominium building which is among the first ground-up projects to be constructed as part of the 66-acre redevelopment of a former military medical campus. Less than five miles from Washington, D.C., the Walter Reed master-plan development is designed to be a mixed-income neighbourhood. The development aims to bring city living to a park setting and to make the most of advances in energy efficiency and green technology.

The Structured Development Finance Programme provides flexible financing to a growing portfolio of leading residential and mixed-use developers. Since 2000, the Programme has placed C\$638m, helping to deliver 8,090 homes in our core markets across North America.

▼ Volunteering in our cities

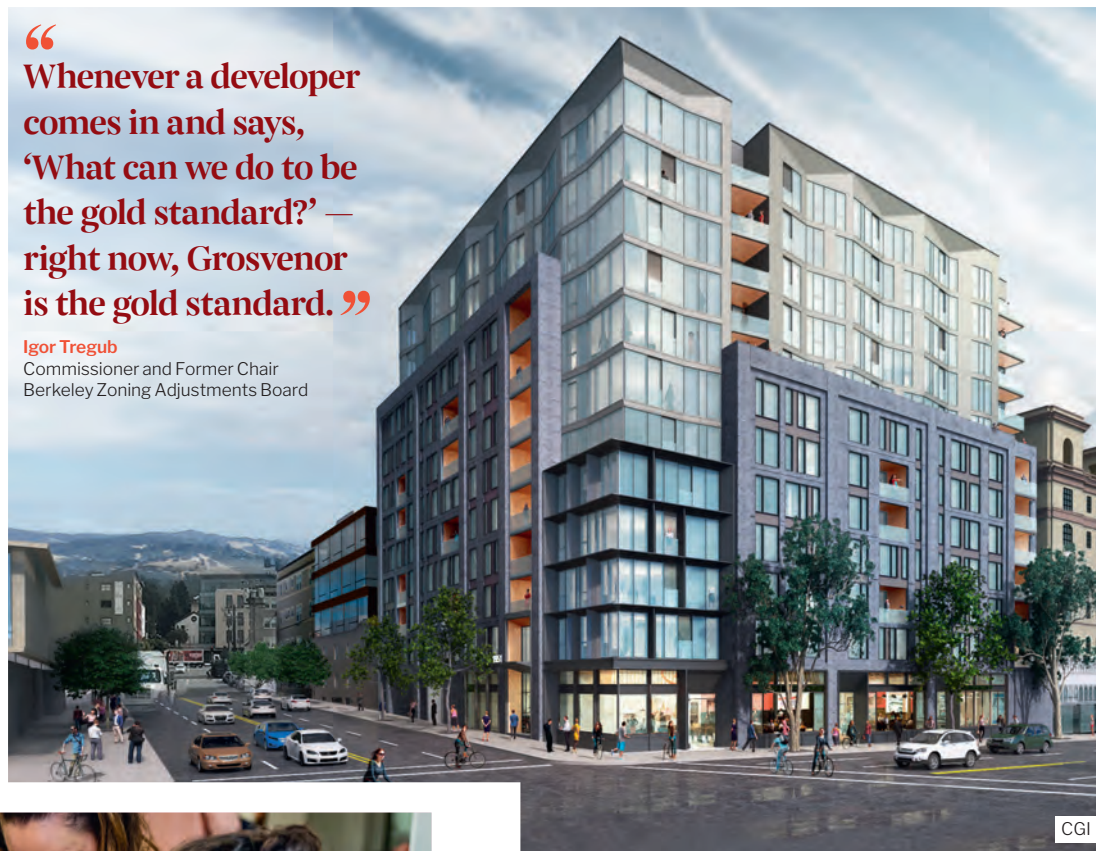
Our people dedicated 922 hours volunteering with charities in 2019. Organisations included food banks, homeless shelters and groups that promote career-building skills.

Highlights included supporting Dress for Success, an organisation that empowers women to achieve economic independence. Our Vancouver office hosted careers workshops and clothing drives and supported its Fundraising Gala committee. At 1500 K Street in Washington, D.C., we hosted local architects, engineers and construction firms to build gingerbread homes, an event which drew over 350 people and raised over \$30,000 for a local charity. In San Francisco, our people volunteered with GRID Alternatives and helped install solar panels on a home for low-income residents. Internally, volunteers formed our Equality, Diversity and Inclusion committee, which successfully established new policies on flexible working, hiring, holistic wellness and more.



“
Whenever a developer
comes in and says,
‘What can we do to be
the gold standard?’ —
right now, Grosvenor
is the gold standard.”

Igor Tregub
Commissioner and Former Chair
Berkeley Zoning Adjustments Board



▲ Electric vision in downtown Berkeley

In Berkeley, CA, our transparent approach to community engagement during the entitlement of our 156-home, 12-storey rental building was noted by members of the City’s Zoning Adjustments Board during their project approvals in July 2019. The proposed development earned praise from the Board for its progressive commitment to have the homes fully utilise electricity rather than gas to ensure that more renewable energy sources can be used in its LEED Gold operation.

Recognising that development and construction can create upheaval, the Board applauded our sensitive efforts to relocate the Berkeley Vacuum & Sewing Centre, which has stood on the site for many years.

The project will support hundreds of full time union-worker jobs over its two-year construction and contribute US\$2.3m annually in tax revenues.



▲ Bringing a new mix of needed housing to Metro Vancouver

We made a large commitment to add much needed housing with the acquisition of a 7.9-acre, full block, transit-oriented site in the Brentwood neighbourhood of Burnaby, BC.

Brentwood is a rapidly growing community and is expected to be one of the final sites to be developed in the city's emerging town centre which is located next to rapid transit and extensive amenities.

Our plans for the site include a carefully curated mix of uses including market and affordable apartments, condominiums and commercial in the form of retail and, potentially, office space. The scale and size of the project will enable Grosvenor to make a significant contribution to our net-zero commitment, bring our well-established expertise in placemaking in urban areas to the Brentwood community, and deliver on our objective to have a meaningful, positive social impact on the communities where we develop.

▼ A new MBA fellowship awarded to real estate students

In association with the University of Kenan-Flagler Business School in North Carolina, our Washington, D.C. office has created and sponsored an MBA fellowship to be awarded to real estate students with diverse backgrounds. The award aims to help reduce debt burden for aspiring students, a major issue facing post-secondary pupils in the region.

In June 2019, Solveig Entwistle became the first recipient of the Grosvenor Americas MBA Fellowship. She will receive US\$10,000 per year for two years and the opportunity to spend time at our offices. Solveig intends to pursue her interest in walkable, transit-oriented and safe cycling communities, and will explore the disconnect between residents and developers, planners and city officials.

“
The Grosvenor
Americas Fellowship
is a career game
changer. I am not
only building my
financial acumen,
but I am learning
so much about
the real estate
industry.”

Solveig Entwistle
Grosvenor Americas Fellow





◀ **Vancouver artists get a creative boost with affordable, energy-efficient workspace**

Vancouver is an increasingly expensive city to live and work in, with artist space being especially limited and costly. To help address supply and affordability in the region, we partnered with the City of Vancouver to create an ultra-low energy, Passive House building at 825 Pacific Street. Our objective is two-fold: supply a sustainable arts-dedicated space so that artists can continue to live, work and share in the community, and to contribute to Vancouver's goal of becoming the greenest city in the world.

The seven-storey building, located next to our 39-storey residential development, The Pacific, recently won the Net-Zero Energy-Ready Challenge award issued by the Government of British Columbia to create sustainable, purposeful buildings in the province.

Grosvenor Americas Board of Directors

as at 19 March 2020

Sarah Morgan-Silvester
Non-Executive Chair

Steve O'Connell
Chief Executive

Gordon Campbell
Non-Executive Director

Ellen Hall
Non-Executive Director

Robert Davis
Group Finance Director

Peter Vernon FRICS
Group Executive Director

Graham Drexel
Executive Vice President and
Chief Financial Officer

James Patillo
Executive Vice President and
Chief Development Officer

Grosvenor Asia Pacific



▲ Our new residences reflect Nanjing's natural environment

Construction is underway at DAYU VILLA, our 99,000 sq m joint venture development in Nanjing, China, comprising 167 high-end residences, a Club Med Resort and serviced apartments by Frasers.

Ranging from 220 to 330 sq m, our residences feature elements of stone and wood, reflecting the property's immediate surroundings and natural environment. The on-site sales office also functions as an art gallery and event space, where clients and guests can attend exclusive culinary experiences and talks with artists.

Underpinning the DAYU VILLA project is a biodiversity study conducted by Nanjing University. The study informs our aim to minimise the impact of construction on this outstanding setting, to ensure natural water circulation in the area, improve the local ecology and maintain environmentally-friendly standards. One of our show suites has already received LEED certification, and all other units on site are being built to this international standard.

The residential build is due to complete in 2020 and our strategic partner, Forte Land, is already marketing DAYU VILLA under its eco-credentials.

2019 in numbers

Share of property assets – by sector

Office	HK\$3,993m	47.4%
Retail	HK\$2,248m	26.6%
Residential	HK\$2,198m	26.0%

Share of property assets – by region

Hong Kong	HK\$4,747m	56.2%
Japan	HK\$3,213m	38.1%
China	HK\$479m	5.7%

Share of property assets – by activity

Investment	HK\$7,392m	87.6%
Development	HK\$1,047m	12.4%

HK\$23.2m

Revenue profit
(2018: HK\$280.4m)

HK\$10.5bn

Assets under management
(2018: HK\$9.9bn)

3.8%

Total return
(2018: 6.6%)

9

Total number of assets
(2018: 9)

5%

Like-for-like energy consumption
(2018: -6%)

-5%

Like-for-like water consumption
(2018: -7%)

Benjamin Cha
Chief Executive, Grosvenor Asia Pacific



Hong Kong 19 March 2020

2019 performance

Our performance in 2019 was mixed following exceptional results in 2018. The macro backdrop was challenging, with US-China trade tensions creating economic uncertainty across the region. Most significantly, political crisis and social unrest dominated in Hong Kong where we have significant investment exposure and, as a consequence, there were no sales transacted at our residential investment, Dukes Place, directly impacting revenue profit. The Japan market proved more resilient, and investor demand for quality assets across the region remained strong. Leasing and sales activity was moderately positive across the rest of our portfolio, and valuation gains were better than expected for almost all our assets.

Investment and portfolio highlights

At the end of 2019, we exchanged contracts on the acquisition of what will be our second retail asset in Ginza, Tokyo. This investment calls for the redevelopment of a vertical retail building and will be our first proprietary development project in Japan. Our aspiration is to create an exciting retail destination and to deliver the building as close to carbon neutral as possible in keeping with our commitment to net-zero carbon. During the year, we brought in ReBITA – a local Japanese property investor – as a strategic investor in Grosvenor Place Kamizono-cho. Construction progressed well at DAYU VILLA, our residential joint venture development in Nanjing, China, with pre-sales launching well at the end of 2019.

At the time of writing, we remain under exclusivity for the acquisition of an office asset located within a major transport hub in Shanghai – also in joint venture – and expect to complete the transaction by mid-2020.

During 2019, we completed the leasing of Namikikan Ginza, Tokyo as planned, attracting a dynamic mix of lifestyle-oriented brands. Our most significant investment in the region, PCCW Tower, Hong Kong, also remained fully leased.

Looking ahead and priorities

The impact of the COVID-19 crisis will undoubtedly increase existing pressure on income and values in the portfolio. This is particularly the case in Hong Kong where political and social tensions remain unresolved and expectations for the economy are subdued. Yet while uncertainty remains, we are confident that our disciplined approach during the past few years, our strategy to diversify across multiple markets in the Asia region and our focus on value creation and capability development puts the business and team in the strongest possible position to weather headwinds facing our markets.

Underlying fundamentals in our markets remain compelling, and we continue to be excited by, and committed to, our investment, net-zero carbon and social impact priorities.

▼ **New co-investor on board at
Grosvenor Place Kamizono-cho**

ReBITA, a local Japanese property investor, has become a new co-investor in our flagship Grosvenor Place Kamizono-cho residential asset in Tokyo.

ReBITA is a subsidiary of listed parent company Keio Group, a major railway company in Japan. Both Keio Group and ReBITA share our purpose to improve property and places to deliver lasting commercial and social benefit.

This is our second transaction with ReBITA. In November 2018, it acquired our residential property Opus Arisugawa.





▲ Neighbourhood research comes to life in Kennedy Town

When we made our first retail acquisition in Hong Kong in 2016 – a 1,600 sq m asset in Kennedy Town – we saw an opportunity to not only improve the façade and bring in new tenants, but to also find out what the local neighbourhood wanted most from the development.

Our research found that a cinema topped residents' wish lists, along with more diverse retail outlets and cultural and community-based activities.

After discussions with multiple cinema operators, we selected Golden Scene, a leading independent film distributor and producer. The cinema will screen both blockbuster hits as well as local and international art house films, which will be showcased at independent film festivals hosted on site.

Golden Scene's cinema will be the only cinema in the western part of Hong Kong island and a much-wanted contribution to the Kennedy Town neighbourhood.

▼ Helping students to gain an understanding of urban development

We have committed to sponsoring the Urban Land Institute's (ULI) UrbanPlan programme for the next four years. The interactive programme is designed to help secondary school students understand the thought processes behind the development of dynamic urban areas.

Employees in the Hong Kong office had the opportunity to experience the programme first-hand. Employees were split into teams and each team member was given a role outside of his or her regular job function. At the end of the session, all three teams presented their schemes to the rest of the office. Green space and sustainability were common features in all plans, as was a good balance between premium and affordable housing.

Our sponsorship allows ULI to introduce the programme to more schools in Hong Kong, exposing students to holistic ways of approaching the built environment.





◀ Exploring net-zero building design in Tokyo

A project to develop a 13-storey retail and office building in Tokyo's Ginza shopping district – the country's most valuable commercial district – puts us on the path to demonstrating our commitment to net-zero carbon development in Asia.

Working with sustainability consultants, we will explore innovative design and construction techniques to work towards net-zero operating emissions for the 6,600 sq m building once it completes in 2023.

Securing this brownfield site for redevelopment is an opportunity to further improve the retail environment and enhance the neighbourhood.



▼ Empowering disadvantaged Japanese children through outdoor adventure

Mirai no Mori is a not-for-profit organisation that delivers life-changing outdoor programmes for abused, neglected and orphaned children in Japan. It supports their journey towards becoming happy and successful young adults.

Having supported its Leaders in Training (LIT) programme since it was established in 2017, we became the sole sponsor in 2019. Our support allows the organisation to provide leadership training, outdoor adventure, exposure to the English language and cross-cultural experiences for secondary school children, granting opportunities that would otherwise be inaccessible to them.

In August 2019, LIT students visited Grosvenor's office in Tokyo for an insight into how the real estate business works.

This initiative forms part of our wider strategy to support disadvantaged children in areas in which we have a presence.

Grosvenor Asia Pacific Board of Directors

as at 19 March 2020

Sing Cheong Liu
Non-Executive Chairman

Benjamin Cha
Chief Executive

John Harrison
Non-Executive Director

Yoshikazu Kato
Non-Executive Director

Robert Davis
Group Finance Director

Peter Vernon FRICS
Group Executive Director

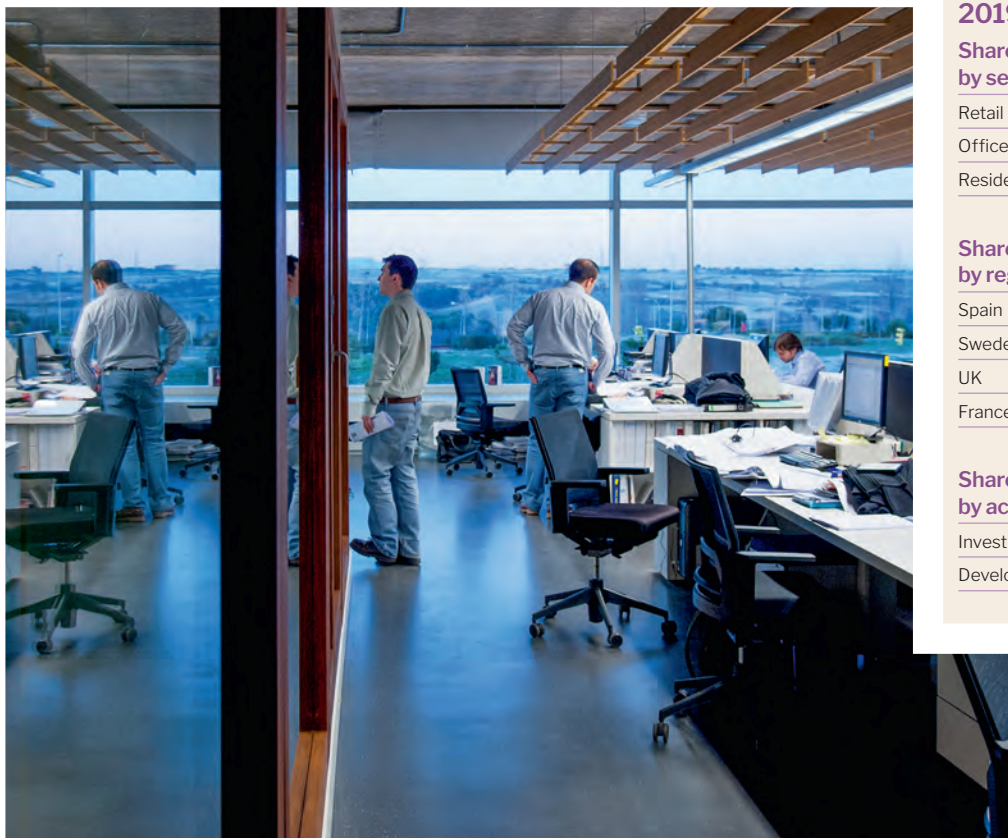
Lawrence Tsang
Chief Financial Officer

Grosvenor Europe

▼ Building a sustainable office portfolio in Madrid

In May 2019, we acquired Avenida de Europa 19, a 22,000 sq m LEED Gold certified building in La Moraleja Business Park in Madrid, reinforcing our return to commercial property investment in the Spanish capital. Recently renovated, each 5,000 sq m floor offers modern amenities and access to food services, meeting rooms, a fitness centre and garden. The acquisition allows us to diversify our sector exposure and to create long-term stability that will complement and support our residential development business.

In December 2019, we acquired a pioneering sustainable office building in Montecarmelo, north of Madrid. The LEED Gold certified four-storey asset was originally designed as a flagship building for the former owner IDOM, an engineering and architectural consultancy that will remain as the sole tenant on a long-term lease. The building's design incorporates energy efficiency systems including passive and active air conditioning, and additional sustainability improvements in 2020, including the installation of photovoltaic panels and rooftop wind turbines, will help to secure net-zero carbon status.



2019 in numbers

Share of property assets – by sector

Retail	£233m	49.5%
Office	£198m	42.0%
Residential	£40m	8.5%

Share of property assets – by region

Spain	£213m	45.2%
Sweden	£150m	31.9%
UK	£100m	21.2%
France	£8m	1.7%

Share of property assets – by activity

Investment	£442m	93.8%
Development	£29m	6.2%



Sara Lucas
Chief Executive, Grosvenor Europe

£(0.9)m

Revenue profit
(2018: £11.6m)

£1.9bn

Assets under management
(2018: £2.0bn)

(0.8)%

Total return
(2018: 3.3%)

18

Total number of assets
(2018: 15)

-11%

Like-for-like energy consumption
(2018: +5%)

+1%

Like-for-like water consumption
(2018: -22%)

Paris 19 March 2020

Adapting to change

Pricing remained competitive in all of our markets in 2019 and we needed to be both innovative and selective about the types of opportunities we considered. Despite these challenges, we grew our income producing office portfolio in both Paris and Madrid and are examining the potential to enhance the sustainability credentials of these assets, with the aim of achieving our first net-zero carbon building in 2020. We also made significant progress with our residential developments in Madrid, completing our first scheme, Jorge Juan 53, while off-plan sales progressed well across the rest of the portfolio.

The retail sector remains under pressure, but through digital innovation and the repurposing of space for other activities, we have been able to protect income and value. At Liverpool ONE, sales grew 2.5%, defying UK retail industry trends.

In October 2019, I was delighted to take over as Chief Executive of Grosvenor Europe, following James Raynor's appointment as Executive Director of the London Estate – and since as Chief Executive – for Grosvenor Britain & Ireland. It is a privilege to lead such a diverse and ambitious team, which now numbers more than 65, after expansion in both Spain and Sweden. To accommodate our expansion, we also opened a larger office in Stockholm.

2019 performance

Our total return was (0.8)% (2018: 3.3%), while our assets under management now stand at £1.9bn (2018: £2.0bn), reflecting weakening property returns in the retail sector. Despite these external factors, the underlying performance of our portfolio remains strong and the benefit of recurring income from assets acquired at the end of 2019 will underpin performance in the coming year.

Looking ahead

Delivering lasting social benefit alongside a strong commercial performance is central to our purpose, and it has perhaps never been as important since the outbreak of COVID-19. Its impact is likely to intensify existing market pressures and supporting our communities to adapt after the crisis will be central to our work this year. We must also continue to progress our existing commitments, including defining our pathway to achieving net-zero carbon, in line with our World Green Building Council and Better Buildings Partnership goals. Wellbeing is also a high priority – both for our people and those who spend time in our assets. We will promote positive change by ensuring that sustainability and wellbeing measures, such as air quality, are integrated into our investment decisions and building design processes.

We will continue to invest in Paris and Madrid, particularly where we can identify strong opportunities to deliver improvements and add lasting value. And in what remains a turbulent retail market, we will stay focused on retaining our position as a leader, adapting and innovating to ensure the ongoing relevance of our assets to changing consumer demands. 2020 will also see the progression of our residential development pipeline in Madrid, and we anticipate growth in unit sales as we near completion of several projects

Relationships are at the heart of our business and our partners play a crucial role in the development of our commercial activities. We demonstrated this again in early 2020 through the formation of a new c.€240m joint venture with an existing partner, focused on the Madrid office market. And at a local level, we seek to deepen our relationships with local charity partners and contribute positively to the neighbourhoods in which we work, understanding and responding to the unique needs of each location.

▼ First acquisitions in Paris office joint venture

We were delighted to acquire our first office investments within our new strategy in France.

In June 2019, we purchased an eight-storey, 1,800 sq m redevelopment project close to Anatole France Metro station in Levallois-Perret, only 15 minutes from Gare Saint Lazare. We aim to transform the building into premium office space, with high-quality design standards, terraces and a rooftop garden. Our plans will also seek to provide electric vehicle charging spaces and achieve top-level BREEAM energy-performance certification.

In December 2019, we acquired a 3,300 sq m mixed-use property in the Pantin neighbourhood of Paris, a booming area popular with businesses due to various urban regeneration projects. We are planning improvements, including energy performance, to ensure greater comfort, increased sustainability and to secure its lasting attractiveness to tenants.



▲ Rezoning plans get go-ahead in Sweden

We are repositioning several of our Swedish assets by repurposing underused retail space into leisure, service and community uses, including introducing healthcare, education and fitness facilities. To enhance this work, we are progressing rezoning plans for the areas surrounding some of our assets.

In June 2019, we secured approval of our plans to transform Burlöv Centrum in Malmö into a vibrant mixed-use destination to serve the diverse local community, while we also submitted rezoning plans to extend our 9,900 sq m shopping centre Lindigö Centrum in Stockholm, which we have owned since 2018. If approved, the rezoning will improve accessibility and amenities, and allow densification through residential and office development.

“
**Grosvenor Europe
was one of the first
signatories to the Better
Buildings Partnership
Climate Change
Commitment and,
in 2019, we reduced
our carbon emissions
by 17%. ”**

Natalie Orde
Sustainability Business Partner
Grosvenor Europe

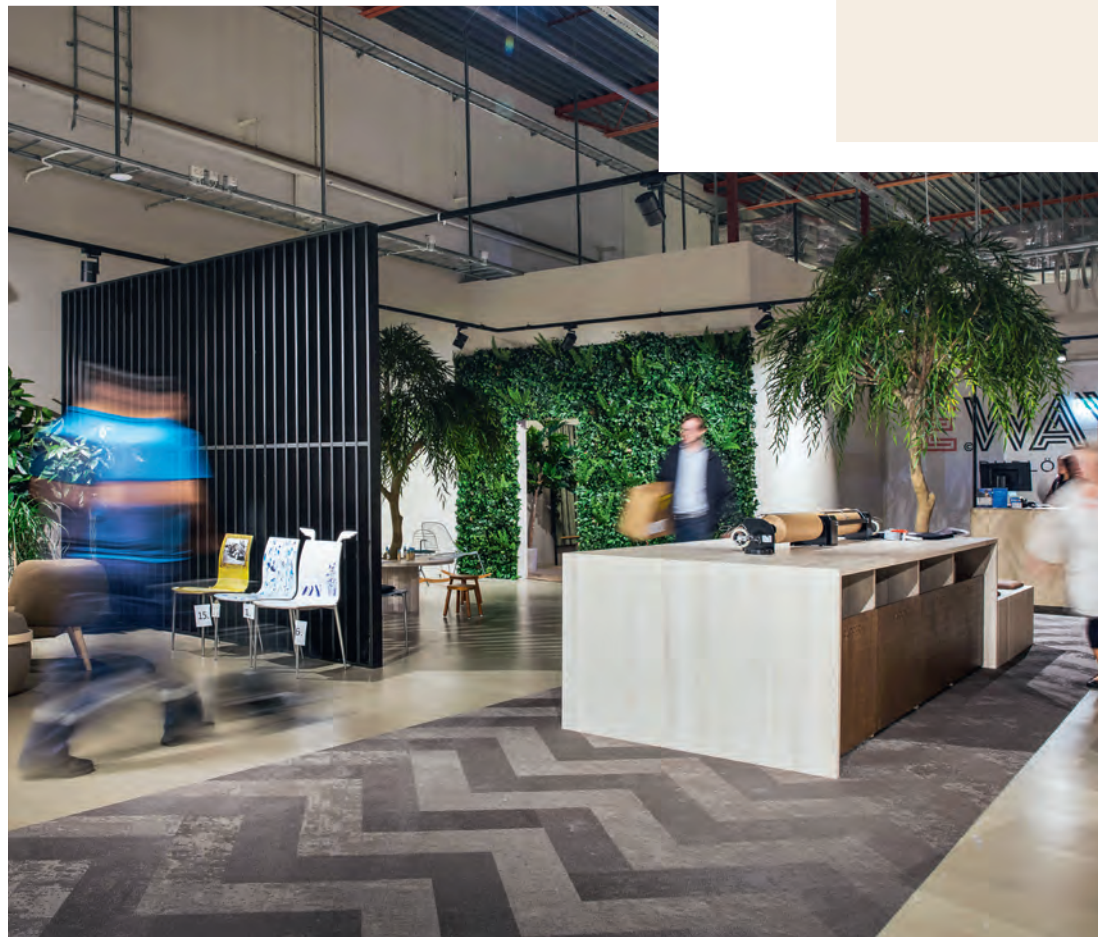


▼ Bricks meet clicks in Swedish retail

In October 2019, we launched an innovative platform called EWAY at Burlöv Centrum in Malmö, which bridges the gap between physical and digital retail.

EWAY offers greater convenience than traditional pick-up points, such as lockers, as it enables customers to try on and return items they do not want to keep, simplifying the returns process. Users can also recycle their packaging at EWAY.

The platform was developed by LogTrade Technology in collaboration with Grosvenor Europe and will be rolled out across our Swedish portfolio in 2020.





▲ Improving air quality in our retail portfolio

We were proud to become one of the first real estate firms in the world to monitor the indoor air quality of a retail portfolio. The programme was launched in June at Skärholmen Centrum and Väsby Centrum in Stockholm, and monitors pollutants such as particulate matter and carbon dioxide.

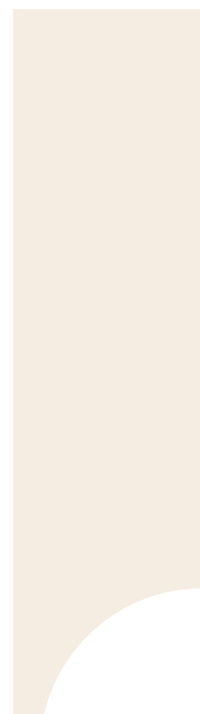
The project also provides a comparison with outdoor air standards, allowing us to understand the effectiveness of our ventilation systems and to identify ways to maximise the health and wellbeing of clients and customers, such as trialling new cleaning products.

The monitoring also identified ways to maximise the efficiency of our ventilation units in order to reduce energy consumption.

Early results are encouraging:

- Outdoor air pollutant levels are 57% below World Health Organization prescribed limits;
- Indoor air pollutant levels are 40-60% below best practice guidelines and healthier than outdoor air levels; and
- Energy savings are sufficient to power 235 dwellings per year, based on results so far.

Following on from these positive results, we will continue to investigate ways we can improve air quality further and will look to roll out a similar programme across other parts of our portfolio.



▼ New homes breathe new life into Madrid neighbourhoods

In the Salamanca district of Madrid, we completed our first residential development and opened our first show home to launch sales. Jorge Juan 53 is set in an exclusive location, close to El Retiro Park, and offers six apartments on a former vacant concrete lot.

Designed by architectural firm ORTIZ LEON, sustainable performance and energy optimisation are integral to its build, achieving BREEAM certification. The scheme also features a private 640 sq m Mediterranean garden.

In Chamberí, a vibrant neighbourhood in Madrid, we progressed three residential developments including Modesto Lafuente 26, as well as La Esquina de General Arrando and García de Paredes 4, which combine the preservation of local architectural heritage with contemporary interiors and facilities.

Meanwhile, in the sought-after student neighbourhood of Argüelles, we sold Rey Francisco 9. After acquiring the 2,800 sq m residential development opportunity in 2018, we carried out extensive refurbishment works including conserving the 1940s façade and listed staircase and enhancing the building's energy efficiency.





◀ Dinosaur hunting drives footfall and sales at Liverpool ONE

Our innovative use of digital technologies is helping to engage visitors and ensure Liverpool ONE remains a standout retail destination. During 2019, Liverpool ONE experienced sales growth of 2.5%, compared to the UK average of -0.2%, while spend per visitor grew by 4%.

In addition to our active approach to asset management, including improving the tenant mix and collaboration with occupiers to improve customers' in-store experience, a significant contribution to this growth was due to experiential events. One of our most successful events was our augmented reality campaign, Dinosaurs Unleashed, which gave visitors the chance to hatch and rear eight dinosaurs across the destination for 10 weeks. A free app, downloaded over 20,000 times, was designed to entertain and bring families together, as well as to increase visitor numbers, spend and dwell time, and to encourage repeat visits.

During the campaign:

- Footfall rose by 3.3%, while the UK average fell 4.6%;
- Sales increased by 4%, exceeding the national average during the period of 0.7%; and
- Average dwell time rose to around two hours.

To make the dinosaur tracking a valuable educational experience, the initiative was produced in collaboration with dinosaur educationalist, Teach Rex, and National Museums Liverpool.

Grosvenor Europe Board of Directors

as at 19 March 2020

Jonathan Lane
Non-Executive Chairman

Sara Lucas
Chief Executive

Patricia Abril
Non-Executive Director

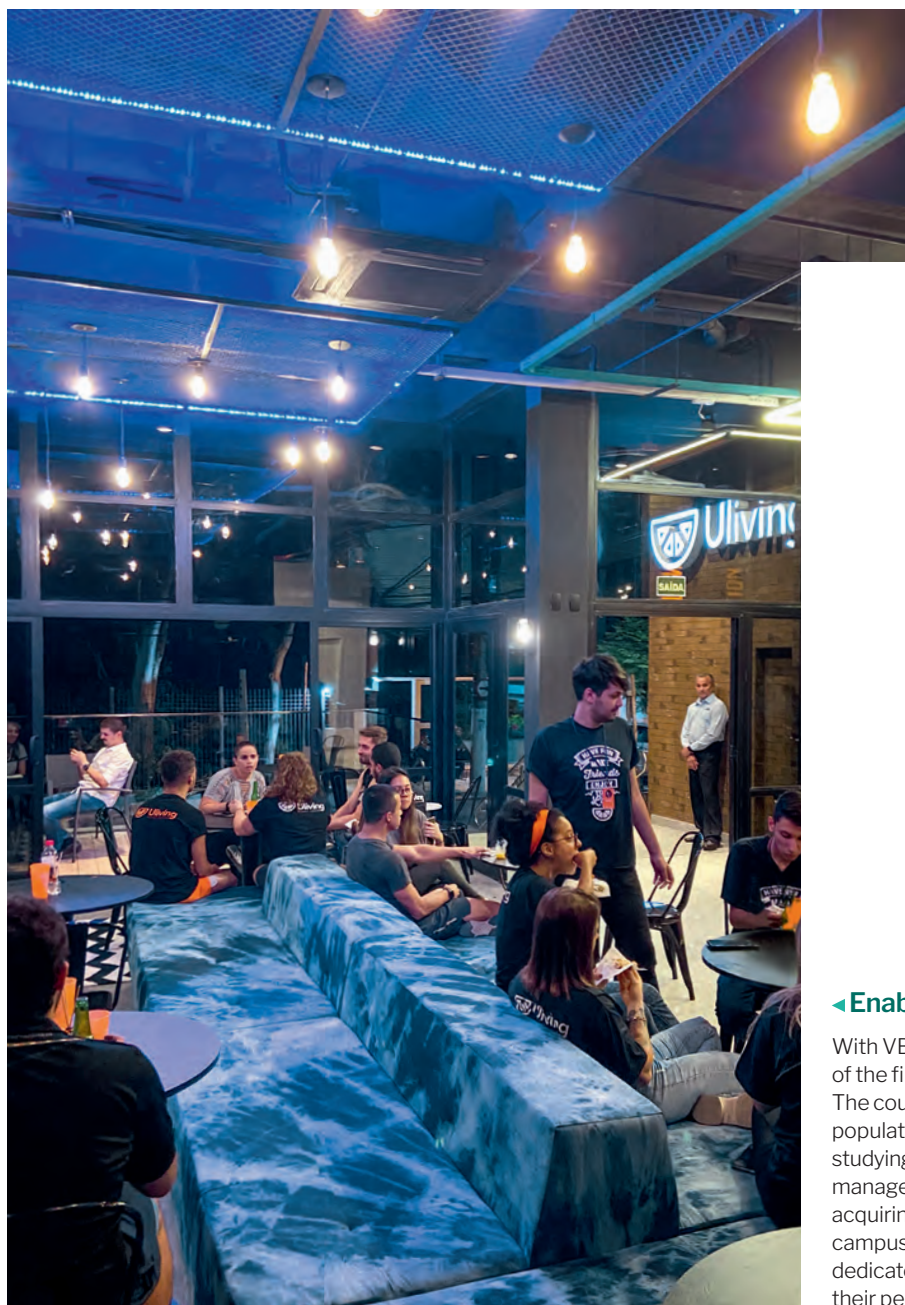
Olivier Piani
Non-Executive Director

Mark Preston FRICS
Group Chief Executive

Robert Davis
Group Finance Director

Sebastien Hyst
Chief Financial Officer

Grosvenor Indirect Investment



2019 in numbers

Share of property assets – by sector

Retail	£513m	63.0%
Other	£254m	31.2%
Industrial	£47m	5.8%

Share of property assets – by region

Continental Europe	£429m	52.7%
USA	£221m	27.1%
Brazil	£100m	12.3%
Australia	£62m	7.6%
Africa	£2m	0.3%

Share of property assets – by activity

Investment	£786m	96.6%
Development	£28m	3.4%

◀ Enabling a better student life in Brazil

With VBI Real Estate, we are helping to create some of the first dedicated student accommodation in Brazil. The country has the fourth largest undergraduate population in the world, with around 30% of students studying outside their home towns, typically in individually managed private residences. Our joint venture is acquiring underutilised buildings close to university campuses and retrofitting them into high-quality, dedicated housing, enabling students to live with their peers and maximise their university experience.

£25.5m

Revenue profit
(2018: £33.6m)

£496.7m

Equity invested
(2018: £531.7m)

5.1%

Total return
(2018: 9.1%)

12

Total number of investments
(2018: 14)



Chris Taite
Managing Director, Indirect Investment

London 19 March 2020

Realising investments and expanding into new sectors

2019 was a successful year: we committed to the delivery of student accommodation in Brazil; expanded our investment programmes in both Australian healthcare and the US affordable housing sectors; and achieved successful planned exits from three of our partnerships in the industrial/logistics sector. We also achieved some notable milestones within our existing portfolio companies.

Indirect Investment diversifies Grosvenor's portfolio by finding interesting opportunities in countries, cities, towns and sectors that complement the activities of our regional Operating Companies. Whether this be by providing high-quality, affordable student housing or improving the efficiency of goods delivery through developing or improving logistics properties, we do so by working with partners who have specialist market knowledge and values that are consistent with our social and commercial benefit goals.

Our portfolio of 12 investments, including our 30% shareholding in Sonae Sierra, gives us access to assets and expertise in five continents, 13 countries and seven different property sectors.

Sonae Sierra, the international retail real estate specialist, remains a significant investment, notwithstanding the reduction in our shareholding from a 50% interest to a 30% interest in 2018.

Over the last year, Sonae Sierra has continued the rebalancing of its portfolio by: increasing the focus on dominant core properties; reinforcing customer experience in its shopping centres; continuing its services expansion; and significantly strengthening its Brazilian presence by merging Sonae Sierra Brazil with Aliansce, creating Aliansce Sonae.

Our portfolio sales in the first quarter of the year (highlighted later in this section) saw the positive conclusion of three effective partnerships: Propertylink (now ESR) in Australia; IO Asset Management in the UK; and Kefren Capital in Spain. The high quality of people with whom we worked in delivering these business plans over the last seven years means that more partnerships are likely in the future as market conditions evolve and new opportunities emerge.

Our partnership with Kilbride for the proposed Strategic Rail Freight Interchange in the West Midlands, UK, made substantial progress in 2019, concluding its public examination period in August. As we write this, we await a final decision on the Development Consent Order from the Secretary of State for Transport. If approved, the scheme will include 743,200 sq m of rail-served and rail-linked warehousing, and is projected to create over 8,500 jobs.

We are working with our partners to manage the immediate consequences of COVID-19. It is too soon to draw any conclusions on the longer term implications for our business and the communities in which we operate, but we are fortunate to have very capable partners, with shared values and businesses that are well positioned to navigate whatever challenges these extraordinary circumstances present.



▲ Supporting the Australian healthcare sector

We expanded our joint venture with Centuria Heathley, adding further capacity and third-party expertise to our partnership that invests in high-quality healthcare properties in Australia.

AXA Investment Managers – Real Assets has taken a 44% stake in the A\$252m joint venture, enabling Grosvenor's initial bridging loan to be repaid. We continue to own 50% of the partnership, with Centuria holding the remaining 6%.

We expect the Australian healthcare sector to offer stable investment returns relative to the core Australian property market, providing effective portfolio diversification.

“Grosvenor has similar commercial and social ambitions to ours within the healthcare property sector and we are thrilled to partner with them. Grosvenor's team brings the right set of skills and collaborative style to create a meaningful and enduring healthcare property portfolio.”

Andrew Hemming
Managing Director
Centuria Heathley



▼ Realising our investments in three long-standing partnerships

In early 2019, we exited three partnerships, which generated a total profit to Grosvenor of £30m over the life of the investments.

Our three-way joint venture with Kefren Capital Real Estate and Brunswick Invest capitalised on attractive pricing in the Spanish industrial and logistics sector in 2015, at a time when we were anticipating a revival of the country's economy. The partnership acquired three substantial properties in northern and central Spain. These assets were sold in February, delivering an IRR of 36% per annum and an equity multiple of 2.2x.

Our third successive investment with the Australian office and industrial specialist Propertylink, saw us acquire four under-managed office assets in North Ryde, Sydney in March 2016. North Ryde is a location rising in quality owing to significant local infrastructure improvements. Having delivered the business plan of property improvements, including some significant refurbishment works, we sold our interest in the partnership in March 2019, realising an IRR of 21% per annum and an equity multiple of 1.7x.

Also in March, we exited 'IO2', our investment in a UK portfolio of multi-let industrial estates with our partner IO Asset Management. Through improving the physical quality and management of the estates, we were able to attract new tenants as well as maintain a high level of occupancy. This active management resulted in vacancy rates reducing from 20% to 8% and an increase in the value of the portfolio which, when sold, generated an IRR of 16% per annum and an equity multiple of 1.7x.



▲ Successful exit from Tampa Distribution Center investment

Since 2012, we have invested with High Street Logistics Properties (High Street), a Boston-based private equity firm specialising in US industrial and logistics property.

In 2015, Grosvenor and High Street formed an ambitious joint venture to acquire a portfolio of five logistics assets that would become seed assets in the manager's fifth fund. In 2019, High Street sold Tampa Distribution Centre, the largest asset in our joint venture, for US\$69m, having acquired it for US\$43m. The high quality of High Street's asset management increased occupancy for this asset from 84% to 95%, with net operating income increasing by 39% over the same period. Following this sale, the joint venture retains four income producing properties under management.

▼ Sonae Sierra turns 30

2019 was a successful year for Sonae Sierra, in which they celebrated their 30th anniversary. We have been part of that journey since 1996.

There were a number of milestones completed last year. The company opened Jardim Plaza Cúcuta in Colombia (pictured below), its first shopping centre in Latin America outside of Brazil, and a significant step towards realising greater ambitions for the country.

In Porto, Portugal, the first phase of an expansion of NorteShopping opened, including a new mall and a street-food inspired food court. Sonae Sierra also secured the property management contract for the Arribat Centre in Morocco, a mixed-use asset for which they had already provided development services.



▼ Expanding our investment into US affordable housing

We increased our investment commitment to Bridge Investment Group's workforce and affordable housing strategy (Bridge) from US\$25m to US\$56m, continuing our support for improving the quality of accommodation for key workers across the US.

Bridge provides long-term, low-cost housing typically targeting people earning 50-80% of the area's average income. Bridge aims to provide 'more than four walls and a roof', and at each of its properties a partnership with Project Access provides community programmes tailored to local needs, such as educational services, tutoring and career counselling, and extensive social activities. They also include play areas and exercise facilities.

We believe that this sector of the residential market is under-supplied and has strong long-term demand. When the community of residents is supported by good management and its needs are met, people are happier and tend to stay for longer, resulting in lower vacancy and stable income returns.



▲ Honest Buildings realises value for our green innovation fund investment

We are the principal investor in the Toronto-based GreenSoil Building Innovation Fund (GBIF). GBIF invests in technology companies that focus on making the built environment more productive, efficient and sustainable. Honest Buildings, one of GBIF's portfolio companies, is an advanced software system for tendering and analysing refurbishment construction project costs, enabling projects to be delivered more quickly, competitively and with greater budget certainty.

In 2019, Honest Buildings merged with the US construction software company Procore, enabling GBIF to realise returns while retaining an interest in the merged company's ongoing growth. Grosvenor Americas, which used Honest Buildings at its 1500 K Street refurbishment (pictured above) in Washington D.C., sees future project collaboration potential.

Group Investment Committee

as at 19 March 2020

Mark Preston FRICS
Group Chief Executive

Robert Davis
Group Finance Director

Graham Parry
Group Research Director

We are part of the Grosvenor Estate

Grosvenor Group is one of three constituent parts of the Grosvenor Estate which encompasses all the activities of the Grosvenor family. Sharing the same values and a common purpose of delivering lasting commercial and social benefit, the Grosvenor Estate also includes the Family Office and WheatSheaf Group.

Family Office

The Family Office manages the Grosvenor family's rural estates in the United Kingdom and Spain, their philanthropic activities through the Westminster Foundation, Realty Insurances, and other specialist functions largely focused on heritage and conservation.

It implements a sustainable approach to the stewardship of land, property and the environment, and, in optimising commercial and socially beneficial outcomes, it aims to contribute to the economic, social and environmental wellbeing of the communities it is part of.



Family Office

▲ Restoring peat to reduce greenhouse gas emissions and the risk of flooding

Abbeystead in Lancashire, England, is a traditional upland rural estate which hosts non-commercial sporting events, and consists of heather moorland, woodlands and upland hill farms that principally farm beef, sheep and dairy.

At Abbeystead, we invest in scientific research to inform the way land is managed, running a programme of peat restoration to reduce emissions of greenhouse gases and the risk of flooding. Peatland provides an important habitat for flora and fauna, stores water – which helps to reduce flooding – and is a natural store for carbon, helping to reduce greenhouse gas emissions.

Surveys carried out on the Abbeystead Estate showed that there were 39.2 hectares of bare peat, a result of the guard from a population of gulls polluting the soils.

We have since restored over 78% of these areas to bring a reduction of more than 60% in the carbon dioxide they emit annually.

Working with the Environment Agency, research has shown that water runoff from treated areas has already been reduced by 50%, slowing the flow into the headwaters of the catchment and alleviating the risk of flooding downstream.

* Based on the average age of trees, species mix and their growth rate on our rural estates and using a Forestry Commission formula for woodland carbon capture.

Family Office

▼ Planting over 128,000 trees

The Family Office aims to manage all woodlands across our rural estates sustainably and to improve the environment.

Trees and the soils they grow in are a valuable carbon store and remove atmospheric carbon as they grow. They also help reduce urban heat effects and mitigate river and surface water flooding.

All of our forestry is managed sustainably, with more than 128,000 trees planted last year. We manage a total of 2,476 hectares of woodland across our three UK rural estates. This woodland holds the equivalent of about 273,800 tonnes of carbon dioxide and stores approximately 17,000 tonnes of additional carbon dioxide each year*.

Our foresters are responsible for the ongoing care and management of these woodlands, as well as the production of high-quality timber, woodchip and firewood logs.





Wheatsheaf Group

▲ Delivering healthy and sustainable food through a producer-empowered model

Through Farmdrop, we are helping to provide sustainably produced, locally sourced healthy food, while ensuring that producers reap higher than average financial returns. Farmdrop is an ethical grocer delivering free-range foods from small producers direct to consumers and ensuring the majority of the price goes back to the farmer. Most of its fresh produce is sourced from farms within 150 miles of its hub in London and delivered, using its 100% electric vans removing 180 tonnes of harmful carbon dioxide and 16.36kg of poisonous nitrogen oxides off the road each year.



Wheatsheaf Group

► Enabling smallholder farmers in developing countries to grow their incomes

Through the activities of Shared-X, we are enabling smallholder farmers in developing countries to increase their incomes between two and five times.

This is made possible by identifying and improving the value of farmland through experienced crop selection, the application of modern precision organic farming techniques and the shortening of the supply chain to eliminate middlemen that take profit away from farmers.

The benefits of yield improvements are further enhanced by inviting smallholder farmers to join the Shared-X seller network.

Wheatsheaf Group

▼ Investing in sustainable protein alternatives

Enterra manufactures highly nutritious and sustainable insect-based animal feed ingredients targeted at reducing reliance on traditional ingredients such as fishmeal and palm kernel oil.

Insect larvae consume and convert the nutrients from pre-consumer food waste and, after a 14-day feeding cycle, the larvae are harvested and processed into valuable proteins, fats and oils that are primarily used as sustainable animal feed ingredients. Ensuring nothing goes to waste, the residual product, called 'frass' is used as an organic fertiliser, which has highly beneficial biopesticide qualities.

Enterra's principal manufacturing site, the largest of its type worldwide, is located outside of Calgary in Canada. Enterra plans to construct a further nine farms across North America and Europe, with a focus on becoming the world's largest and most sustainable producer of insect-based animal feed ingredients.



Wheatsheaf Group

The Wheatsheaf Group invests in food and agriculture businesses using capital and expertise with a far-sighted perspective to deliver lasting commercial, social and environmental benefit.

With one of the largest and longest established investment teams in the sector, Wheatsheaf partners with its portfolio companies to create efficiencies in the production and distribution of food; developing innovative business models and technologies to deliver affordable, nutritious and safe food that sustains both human health and the health of the planet.

Working to deploy such business models and technologies commercially at scale, Wheatsheaf works to deliver enduring solutions to address one of modern society's most pressing challenges – supplying healthy, nutritious food to the meet the demands of a changing global population.



Find out more at
wheatsheafgroup.com

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@grosvenor_europe

Assets under management

The total investment in property assets managed by the Group, including the future costs of committed developments.

Better Buildings Partnership (BBP)

A collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of existing commercial building stock.

Building Research Establishment Environmental Assessment Method (BREEAM)

A method of assessing, rating and certifying the sustainability of buildings. Originated in the UK, but used in over 70 countries.

Capitalisation rate

The rate of return on a real estate investment property based on the income that the property is expected to generate. It is calculated by dividing the net operating income by the property asset value.

CGI

Computer-generated image.

Co-investment

Where Grosvenor invests equity in joint ventures or fund vehicles alongside third parties.

Development pipeline

The development programme, including proposed projects that are not yet committed but are likely to proceed.

Development property

A property that is being developed for future use as an investment property.

Financial capacity

Wholly-owned unrestricted cash and undrawn committed facilities.

Gearing

Total short- and long-term borrowings, including bank overdrafts, less cash and cash deposits, as a percentage of Shareholders' funds.

Group

Grosvenor Group Limited and its subsidiary undertakings.

Indirect investment

Grosvenor capital invested with third-party specialists who are responsible for the day-to-day management and business plan delivery of the opportunity.

Investment property

A property that is held for the purpose of earning rental income or for capital appreciation or both.

Joint venture

An entity in which the Group invests and which it controls jointly with other investors.

Leadership in Energy Environmental Design (LEED)

A rating system devised by the US Green Building Council to evaluate the environmental performance of a building. Can be used worldwide.

Like-for-like

A portfolio of assets that has been in our management control for two years or more.

London estate

Grosvenor's portfolio of properties in the Mayfair and Belgravia areas of London's West End.

Net-zero carbon

Grosvenor Group has adopted the World Green Building Council's definition of net-zero, which means that we have committed to own and manage buildings which have zero operational carbon in use.

Occupancy rate

The average occupancy by floor area for the relevant year.

Operating Companies (OpCos)

Grosvenor's regional investment and development businesses.

Passive House

A Passive House is a building, for which thermal comfort can be achieved solely by post-heating or post-cooling of the fresh air mass, which is required to achieve sufficient indoor air quality conditions without the need for additional recirculation of air.

Profit at Risk (PaR)

Development Profit at Risk (PaR) measures both upside and downside profit risk associated with each development project. It also enables the nature and level of risk to be assessed for each development; the evolution of risk over time to be tracked; and the expected resolution of each principal risk to be projected.

Property assets

Investments in property and property-related instruments: comprises investment properties, development properties, trading properties, mezzanine loans and equity investments in property companies.

Proportional

The total of the Group's wholly-owned and its share of jointly-owned property assets or net debt as accounted for on an IFRS basis.

Revenue profit

Profit before tax, excluding profits on the sale of investment properties, gains or losses on other non-current investments, revaluation movements, major refurbishment costs and derivative fair value adjustments.

Shareholders' funds

The balance sheet value of the Shareholders' interest in the Group.

Structured development finance

Lending to property developers that is subordinated to senior lending in return for a profit share in the completed development.

Total return

Revenue profit before financial expenses but after major refurbishments, plus the net gain on revaluation and sale of investment properties and other investments and including fair value adjustments and exchange movements recognised in reserves, as a percentage of average property assets (before current year revaluations) and cash. Joint ventures and associates are treated proportionally for the purposes of this calculation.

Trading property

Property held as a current asset in the balance sheet that is being developed with a view to subsequent resale.

Value-add

Above-market increase in value as a result of active management (e.g. change of use or refurbishment).

Westminster Foundation

The Westminster Foundation directs the charitable giving of the Grosvenor family and the Grosvenor Estate.

Our history

The Grosvenor family ancestry can be traced back almost 1,000 years, while its association with London property began over 340 years ago – in 1677 – when land to the west of the City of London came into the family following the marriage of Sir Thomas Grosvenor to Mary Davies.

Developing what were once pastures, swamps and orchards into London's fashionable Mayfair in the 1720s, elegant Belgravia a hundred years later, and expanding the business internationally from the 1950s onwards, the Grosvenor name has since been associated with world-class real estate.

Today, it represents one of the world's largest privately-owned international property companies.

Common to our activities through the centuries are high standards and an emphasis on ambition and innovation.

We adopt a far-sighted perspective to help create, manage and evolve property and places with an aspiration to leave them better than we found them, judging success on the basis of how we positively impact today's communities while being alive and responsive to the needs of future generations.



1066

The Grosvenor family's ancestry can be traced back almost 1,000 years to the time of William the Conqueror.

1066 – 1677

Over 600 years the family grows its landholdings, status and finances until these are drained in the English Civil War.



1677

Meadow, marsh and pasture lands to the west of the City of London come into the family following the marriage of Sir Thomas Grosvenor to Mary Davies.



1720s

Relative political stability and the desire of many to move away from disease in the more crowded parts of the capital sees new districts created beyond traditional city limits in the largely rural 'West End'. Grosvenor begins one such development in Mayfair.

1880s

Under the patronage of the first Duke of Westminster, the area around Brown Hart Gardens and Grosvenor Hill in Mayfair and the Pimlico Road in Belgravia is developed as part of efforts to house dwellings for nearly 4,000 working-class Londoners.



1820s

Following the end of the Napoleonic wars and in the midst of London's growing expansion, Sir Robert Grosvenor instructs the creation of Belgravia, a fashionable new quarter of houses, garden squares, streets and crescents in the Regency style.

At the southern edge of the area, marshy lands are reclaimed to create Pimlico – a new district of Regency style terraces attracting largely middle classes.



1952

Grosvenor embarks on its first international investment in 1952 with the acquisition of Annacis Island in Vancouver, which opened in 1955 as Canada's first industrial park.



1900 – 1950

Grosvenor continues to evolve its London estate, the revolution of steel-framed construction unleashing a new scale of design and the development of several purpose-built mansion blocks, offices and other commercial buildings.

The effects of World War I become a catalyst for many of Mayfair's grandest houses being converted to embassies and diplomatic residences.

In 1924, Grosvenor leases land in Pimlico at a peppercorn rent to enable the construction of homes for around 300 people.

As severe flooding destroys many working class homes in Millbank and elsewhere in 1928, the 2nd Duke gives five acres of land to the City and helps fund the construction of new homes.

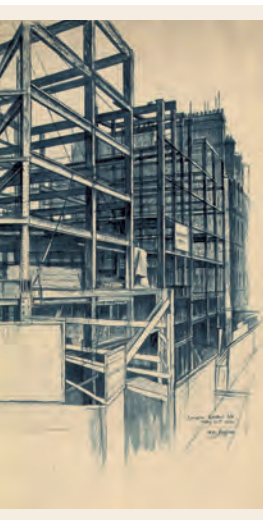
Grosvenor's holdings in Pimlico are sold in 1952 in preparation for expected death duties due upon the passing of the 2nd Duke of Westminster. The approach also allows for the proceeds to fund the organisation's international expansion.



1950s – 2000



Photograph: The Chester Chronicle



2000

We adopt a new corporate structure to better support our growing international footprint, one anchored around a devolved structure and the highest standards of corporate governance.



Today

Our four regional Operating Companies and our Indirect Investment business strive to fulfil our purpose of improving property and places to deliver lasting commercial and social benefit.

We aim to do so by enhancing the well-being of today's communities while being alive and responsive to the needs of future generations.

While managing and evolving its London estate, Grosvenor worked in partnership to complete one of the UK's first covered shopping centres in Chester's city centre in 1965. It was to be the first of a further 16 we would later develop in town centres throughout the country – culminating with the opening of the transformative Liverpool ONE.

Grosvenor's international expansion, much of it undertaken in partnership with other investors, gathers pace with new investments elsewhere in North America including Hawaii; Australia (from the 1960s), Asia Pacific (1994) and Continental Europe (1996).

To further diversify our international portfolio and gain exposure to new markets including Brazil, Grosvenor invests in Sonae Sierra, an international retail real estate specialist.





