





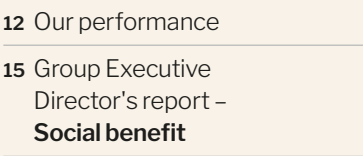


# Annual Review 2020



GROSVENOR



Contents

<div>Overview</div> <div>3–5</div> <div><div>3 Chairman's foreword</div><div>4 Who we are</div></div>	<div>Group performance</div> <div>6–30</div> <div><div><div>6 Group overview – Chief Executive's statement</div></div><div><div><div>12 Our performance</div></div><div><div><div>15 Group Executive Director's report – Social benefit</div></div><div><div><div>26 Group Finance Director's report – Commercial benefit</div></div></div></div></div></div>	<div>Operating Company performance</div> <div>31–64</div> <div><div><div><div>31 Grosvenor Britain &amp; Ireland</div></div><div><div><div>39 Grosvenor Americas</div></div></div><div><div><div>45 Grosvenor Asia Pacific</div></div><div><div><div>51 Grosvenor Europe</div></div></div><div><div><div>58 Grosvenor Indirect Investment</div></div></div></div></div></div>	<div>Other information</div> <div>65–70</div> <div><div>65 Our Boards and Committees</div><div>66 We are part of the Grosvenor Estate</div><div>68 Glossary</div><div>69 Our history</div><div>70 Contact us</div></div>
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 [View our 2020 Financial Statements: grosvenor.com/2020financialstatements](https://grosvenor.com/2020financialstatements)



 [View our 2020 Non-Financial Data Report: grosvenor.com/2020nonfinancialdata](https://grosvenor.com/2020nonfinancialdata)

Further information

Throughout the report we have included links to related content and additional information:

-  Link to a page within this PDF
-  Link to a website or online document

The financial information set out on page 30 does not constitute the Group's statutory Financial Statements for the years ended 31 December 2020 and 2019, but is derived from those accounts. Statutory Financial Statements for 2020 and 2019 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. The non-financial data relating to carbon emissions, energy and water consumption and waste diverted from landfill, set out on pages 19 to 21, is derived from the 2020 Non-Financial Data Report. These metrics and data have been independently assured.

## Chairman's foreword

London 18 March 2021

With a 344-year track record, this organisation has navigated a challenging external environment many times in its history.

Our response to a worldwide public health crisis and its effect on the economy has been guided by our objective of improving property and places to deliver lasting commercial and social benefit. Accordingly, we have taken the long-term view of our commitments to the communities of which we are part and on whose sustainability we depend, supporting them where we can through a difficult year.

I am especially proud and grateful for the work and dedication our talented teams have delivered in 2020 – much of which is highlighted in this Review.

While 2021 offers light at the end of the tunnel through the development and rollout of new vaccines, the longer-term consequences of Covid are uncertain. We are giving much thought to the likely changes to living, working and consumer behaviour and how commercial and residential property should adapt to meet these new requirements.

We will do so with a particular emphasis on reducing the impact of the built environment on the planet while promoting the wellbeing of those who occupy and visit our properties and places.

Michael McLintock  
Group Chairman



## 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, whose activities also comprise international investments in food and agriculture, financial investments, the management of rural estates and support for the initiatives of The Duke of Westminster's charitable foundation.

 More information:  
Pages 66-67

# Who we are

## How we work

In delivering our purpose, we aim to be far-sighted in our actions; engaged in and deeply understanding of the issues and dynamics affecting our local communities; and more effective and impactful in our work because of the international experience we share and benefit from.

We call this our **Living Cities** approach:



### Far-sighted

We believe in learning from the past and 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.



### 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.



### Internationally experienced

Whether working directly or in partnership with like-minded co-investment partners, we capture, distil and share knowledge. This helps us bring an international perspective to our activities, encouraging innovation we have successfully developed elsewhere.



Who we are (continued)

# Our structure

Our structure comprises 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 2020, 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 2020, it had invested 11% of Grosvenor Group's capital in Europe, North and South America, Sub-Saharan Africa and Australia.

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 governance oversight of the Group’s activities; 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.

58

cities in which we are active  
(2019:52)

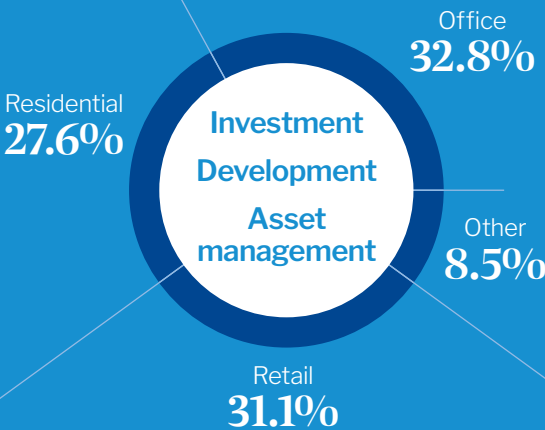
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countries from which we operate  
(2019:10)

10

currencies in which we operate  
(2019:10)

# Our portfolio



While our retail tenants have been the hardest hit by Covid-19, we believe that technology disruption will have a longer-term impact. 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.

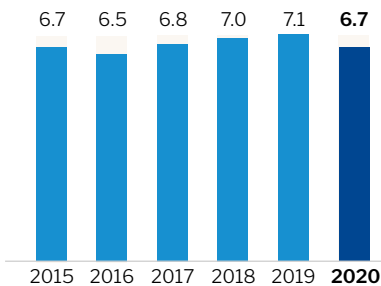
Tenants*		Location*	
Traditional retail spend	73%	Non car-dependent	81%
Services	27%	Car-dependent	19%

61% of the retail portfolio is prime city centre location

\* Data for Sonae Sierra Brasil not available.

Property assets £bn

£6.7bn



By Operating Company

1 Britain & Ireland	£3,204m	47.6%
2 Americas	£1,484m	22.1%
3 Asia Pacific	£807m	12.0%
4 Europe	£485m	7.2%
5 Indirect Investment	£749m	11.1%

By sector

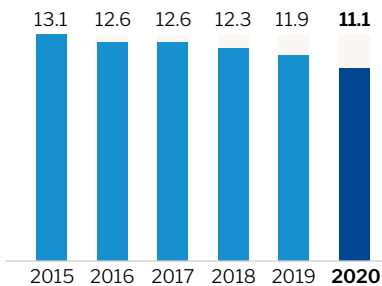
1 Office	£2,200m	32.8%
2 Retail	£2,095m	31.1%
3 Residential	£1,859m	27.6%
4 Industrial	£261m	3.9%
5 Student housing	£177m	2.6%
6 Other	£137m	2.0%

By activity

1 Investment	£6,022m	89.5%
2 Development	£707m	10.5%

Assets under management £bn

£11.1bn



By Operating Company

1 Britain & Ireland	£5,079m	45.8%
2 Americas	£2,651m	23.9%
3 Asia Pacific	£943m	8.5%
4 Europe	£1,678m	15.1%
5 Indirect Investment	£749m	6.7%

By sector

1 Retail	£3,834m	34.5%
2 Office	£3,262m	29.4%
3 Residential	£3,228m	29.1%
4 Industrial	£261m	2.4%
5 Student housing	£177m	1.6%
6 Other	£338m	3.0%

By activity

1 Investment	£9,974m	89.9%
2 Development	£1,126m	10.1%



## Group overview – Chief Executive's statement

London 18 March 2021

Looking back on our achievements in 2020, four key themes stand out:

- 1 We provided significant support to our tenants and communities dealing with the impact of Covid-19.
- 2 Financially our results were poor by our recent standards, but contextually resilient.
- 3 We have continued to pursue our long-term agenda to optimise both commercial and social benefit across our activities.
- 4 We remain in a very strong financial position, enabling us to both weather the storm and calmly assess an unprecedented range of threats and opportunities with a view to continuing to invest for the long term.

# Values and purpose: the driving force of our 2020



“Our success as an international property company is rooted in the wellbeing of our residential communities and in the ability of our commercial tenants to thrive. Covid-19 has put us all under strain, requiring greater mutual understanding, collaboration, partnership and flexibility.”

Mark Preston  
Group Chief Executive

Explore our 2020 performance in detail:

-  **Social benefit**  
Page 15
-  **Commercial benefit**  
Page 26



Group overview – Chief Executive's statement (continued)

2020 was, by modern standards, an extraordinary year. The outbreak of Covid-19 unleashed untold sorrow and hardship on so many lives, rocking the functioning of society and exposing weaknesses in its systems. Once again, necessity has been the mother of invention, with countless examples of people, businesses and institutions proving their resilience and ingenuity.

Within this context and looking back on our achievements in 2020, four key themes stand out.

1. We provided significant support to our tenants and communities dealing with the impact of Covid-19.
2. Financially our results were poor by our recent standards, but contextually resilient.
3. We have continued to pursue our long-term agenda to optimise both commercial and social benefit across our activities, advancing our development plans and continuing to invest in North and South America, Asia, Continental Europe, Australia and the UK, while making progress with our plans to meet our net zero carbon targets.
4. Thanks to a prudent approach to managing our balance sheet, we remain in a very strong financial position and are able to both weather the storm and calmly assess an unprecedented range of threats and opportunities with a view to continuing to invest for the long term.

1 Supporting our tenants and communities

We recognise that our success as an international property company is rooted in the wellbeing of our residential communities and in the ability of our commercial tenants to thrive. Covid-19 has put us all under strain, requiring greater mutual understanding, collaboration, partnership and flexibility.

We believe that we acted quickly and appropriately in responding to these requirements.

Tailoring our approach to local needs across our international markets, we were among the first to offer rent deferrals and rent-free arrangements to independent and vulnerable retail tenants. We offered support to our vulnerable residents to help with loneliness and mental wellbeing, rent payment concerns or grocery shopping. And among many other initiatives, we helped procure laptops for disadvantaged students so that they could continue learning from home.

We have not furloughed any employees during Covid-19, with very few unable to undertake any part of their role, but in any case not wishing to be a burden on the public purse.

In parallel, The Duke of Westminster’s personal charitable donation of £12.5m made available through the Westminster Foundation supported, among others, charities providing essential food distribution to vulnerable families struggling to feed their children and NHS Charities Together – to provide respite, rehabilitation and mental health assistance to NHS staff and their families, as well as funding for medical research and development linked to Covid-19.

The Duke’s personal commitment and the drive and dedication of our people made a significant difference to the lives of many during the year. It is a collective effort of which I am very proud.

2 Financial performance

2020’s revenue profit of £25.4m against £65.9m in 2019, and total return of (2.9%) against 2.6% in 2019 stand as historically poor results but contextually resilient given the global impact of the Covid-19 pandemic.

The significant drop in revenue profit was driven by the financial support, including rent waivers and deferrals, that we provided to those vulnerable tenants most impacted by the pandemic, by increased bad debt provisions and a reduction in trading profits due to delays in a number of sales.

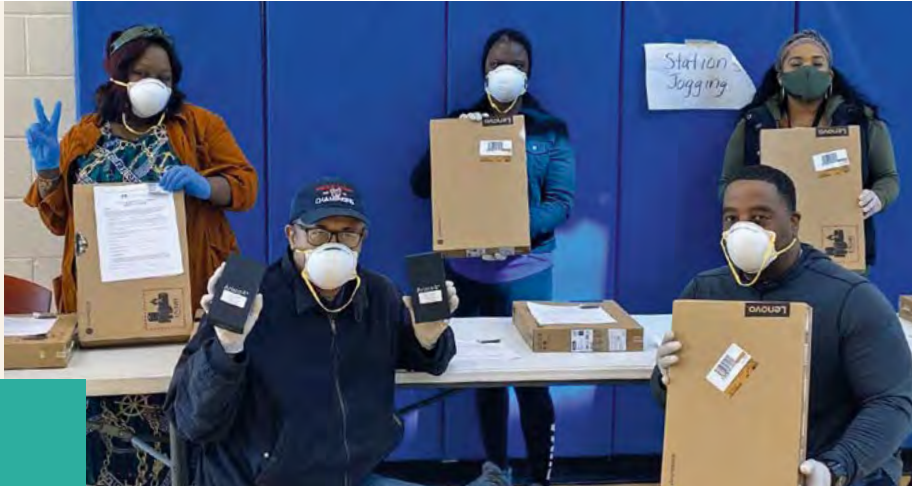
The negative total return – our first since the Global Financial Crisis – reflects a reduction in property valuations largely due to the impact of Covid-19, most notably on our retail assets in the UK, the Americas and Europe. However, the impact is less severe than we had been anticipating, supported, as so often in the past, by the diversity of our portfolio.



We extended our support to low-income families using our Neighbourhood Kitchen in Hong Kong, enabling access to PPE and technology, providing tutoring to support children’s education, and preparing and distributing hot meals to those in need.



Group overview – Chief Executive's statement (continued)



One of our shopping centres in Stockholm – Skärholmen Centrum – was among the first shopping centres in Europe to receive a Covid-19 safe verification, ensuring the ongoing safety of visitors and occupiers.

 More information:  
Page 54



We sourced laptops for online learning and distributed them to 117 students from three under-resourced high schools in Washington, D.C.

 More information:  
Page 44

In partnership with VBI Real Estate, we are creating some of the first dedicated accommodation for students in Brazil. During the pandemic, tenants were offered ‘worry free leases’, meaning if their universities had to close, they could break their lease at no cost.

 More information:  
Page 62



In an effort to encourage workers and visitors back to central London, when public health guidelines stipulated it was safe to do so, we funded an extension to the Government’s popular dining discount scheme, Eat Out to Help Out, drawing 56,000 people back to our tenants’ eateries.

 More information:  
Page 36



Group overview – Chief Executive's statement (continued)

3 Keeping business as usual

Like everyone, we have had to radically adapt our ways of working and I am grateful for the flexibility and resilience of our people in doing so. Despite these difficult circumstances, our Operating Companies advanced their ambitious growth plans throughout the year, continuing their pursuit of delivering commercial and social benefit.

Among them, we secured planning permission for new rental homes and a new school in London’s Bermondsey and for the South Molton Triangle, a sensitive and sustainable mixed-use scheme in London’s West End. We advanced our residential developments in Madrid, San Francisco, Vancouver and Washington D.C., and invested in new offices in Paris and Madrid while delivering more affordable housing in the US through further investment in Bridge Investment Group. We’ve worked to improve the resilience of our retail assets in Liverpool and Stockholm, broadening the tenant mix and supporting existing retailers. Meanwhile, in China, we successfully concluded our first development joint venture in Nanjing and have since committed to our largest ever investment in China. Our plans to redevelop Cundy Street in London’s Belgravia and almost double the amount of affordable housing were recently recommended for approval by Westminster City Council officers, with a final decision deferred pending one outstanding issue.

Across the Group, work to advance our 2030 net zero carbon targets progressed well: both Grosvenor Britain & Ireland and Grosvenor Europe published detailed ‘pathway plans’ to guide their delivery. Our investment strategy was also very much driven by our net zero commitment with new assets acquired in China, France and Spain being guided by our environmental criteria.

And we continued to deliver on our commitment to diversity and inclusion: to build a business that is reflective of the many communities in which we operate. Among several initiatives, last year I was delighted to see our people establish a Pride@ Grosvenor group to foster the development of an inclusive culture and community and support LGBTQ+ employees. More on our D&I activities can be found on page 25.

We made our most significant investment in China to date, acquiring a 50% interest in Nanjing IFC, a Grade A office and retail property, via our joint venture with Shui On Land.

More information: Page 47



We secured a resolution to grant planning permission for the South Molton Triangle, a £500m sensitive and sustainable mixed-use scheme that will bring almost 1,000 jobs to London’s West End.

More information: Page 33



Residential development activity kept pace across all our North American markets in 2020, with progress at City Homes in Washington, D.C., Polaris and The Pacific in Vancouver and Crescent in San Francisco.

More information: Page 43



Group overview – Chief Executive's statement (continued)



We expanded our sustainable office portfolio with acquisitions in Paris and Madrid and secured planning permission for our first office development in Paris.

 More information:  
Page 54

We increased our investment in the logistics sector with a move into Poland as the cornerstone investor with REINO-IO.

 More information:  
Page 60



We made our first direct investment into the tech sector, after piloting NearSt's technology across our Mayfair and Belgravia estate. Our investment will help NearSt to develop their business and expand internationally.

 More information:  
Page 35

Group overview – Chief Executive's statement (continued)

# New management structure and simplified governance

In March 2021, The Grosvenor Estate, of which Grosvenor Group is part, announced a new management structure, new appointments and simplified governance to better deliver lasting commercial and social benefit in the 2020s and beyond.

As Grosvenor Estate Executive Trustee and Chief Executive, I will continue to lead the organisation in developing its focus on diversified international urban property, a growing international investment portfolio in food and agriculture, on the careful management of environmentally sensitive habitats across our rural estates and on supporting the charitable initiatives of The Duke of Westminster's Westminster Foundation, as well as those directly initiated by Grosvenor businesses throughout the world.

Through a number of changes, effective 1 January 2022, Grosvenor's urban property activities will be accountable to a newly formed Grosvenor Estate Investment Committee responsible for capital allocation as well as for matters of strategy and performance. The Investment Committee will assume a set of simplified responsibilities currently held by the Grosvenor Group Board whose independent non-executive directors will retire following year end 2021. The new structure will simplify governance and reporting and enable Grosvenor to make better informed capital decisions. The same approach will apply to the Estate's financial investment portfolio and WheatSheaf Group.

Chaired by Michael McLintock, the Investment Committee will comprise Grosvenor's Trustees, the newly created role of Chief Investment Officer, the Grosvenor Estate Chief Financial Officer and two independent advisors.

- Jonathon Bond, currently Chairman of Grosvenor Britain & Ireland will take up the newly created role of Chief Investment Officer, Grosvenor Estate, from 10 May 2021, reporting to me. As part of this role, he will assume most of Group Executive Director Peter Vernon's responsibilities, who, as previously announced, retires from Grosvenor on 30 September this year. Peter has been an outstanding Chief Executive of Grosvenor Britain & Ireland first and Group Executive Director more recently. He will retire with our deepest gratitude for his contribution.
- Robert Davis, currently Group Finance Director, will become Chief Financial Officer of The Grosvenor Estate, also reporting to me. He succeeds Nick Scarles who will retire from his executive role on 31 December 2021, after 17 successful years with the organisation, the vast majority as an outstanding Group Finance Director in the property business.
- Sir Philip Dille and Christopher Pratt will be the two independent advisors.
- The leadership of Grosvenor's Operating Companies and Indirect Investment business remains unchanged.

As Grosvenor has done many times before in its long history, we are making these changes to help the organisation better manage the challenges facing a new generation. We wish to build on our track record of balancing the pursuit of strong commercial results with the delivery of lasting social and environmental benefit.

## 4 Future outlook

The rollout of vaccines will surely succeed in incrementally enabling a return to more familiar ways of life, yet the need to adapt to new 'normal' circumstances is clear.

It continues to be my view that the perspective we have of this new 'normal' is likely to be very unreliable. There is much offered by way of predictions but I believe these are best held very lightly for now. We have started a process of considering possible future scenarios for the use of commercial and residential property, based on an assessment of future patterns of working, living and digital disruption.

We cannot hope to have all the answers, but we can anticipate the need for optionality of strategies, flexibility of accommodation and the need for innovation and lateral thinking as we focus more on the wellbeing of our communities and the environment.

Since the early 1950s, Grosvenor has pursued a strategy of international diversification, making our portfolio more resilient to regional and sectoral variations in our performance.

While Covid-19's global impact has affected even the broadest diversified strategy, the case for international diversification continues to be persuasive. But there are also global trends which we plan to capture within our investment strategy, notably those connected with digital technology and climate change.

With regard to the economic outlook, I am optimistic that there will be a strong recovery, though the precise timing of it is impossible to call. A combination of the following leads me to take this view, and I anticipate that a positive impact on our business performance will develop over the 24 months following the release of movement restrictions:

- Human nature (once 'let out' again, there will be a tendency to travel, spend and entertain).
- Monetary financing (sowing the seeds for a burst of inflation).
- High savings rates (there has been a material build-up of disposable unspent income in many of our markets).
- It is a measure of the significance of the impact of Covid-19 that it seems of marginal relevance to mention the conclusion of a trade deal between the UK and the EU – the certainty of which is welcome, even though the future arrangements applying to the financial services industry remain to be settled.
- Finally, the moral authority of the United States took a battering during its election process, yet the will of the people prevailed in the end.

Our strong financial capacity, remaining at £1.7bn, gives us the strength and flexibility to capitalise on investment opportunities as well as the confidence to continue delivering longer-term projects which deliver a strong social impact.

**Mark Preston**  
Group Chief Executive



## Our performance

The following sections, introduced by our Group Executive Director, Peter Vernon, and by our Group Finance Director, Robert Davis, outline our progress in 2020 in meeting our purpose of improving property and places to deliver lasting commercial and social benefit.

# Optimising the delivery of commercial and social benefit



Our performance (continued)



**“As young people, we don’t get many opportunities to take part in activities – like the Youth Forum – to have a say in what goes on around us.”**

Fatimah, 15  
Member of the Mayfair Youth Forum

**“Grosvenor created their own extension of the Eat Out to Help Out scheme. Without the support we received from Grosvenor, our business would have been in real trouble.”**

Peter Taylor  
Chef & Co-founder, The Mayfair Chippy



**“Together with Grosvenor, we have worked through unprecedented times to assemble a portfolio of core distribution assets in key locations throughout Poland that serve not just the local market but also the wider international marketplace.”**

Angus Scott-Brown  
CEO, IO Asset Management

**“We’ve become a better real estate investor as a result of our partnership with Grosvenor.”**

Ken Wainer  
Founding Partner, VBI Real Estate




**“It’s support like Grosvenor’s that means we can go further to help the NHS staff in the fight against Covid-19.”**

Dr Dominic Pimenta  
Co-founder, Healthcare Workers Foundation

**“Through Grosvenor’s generous support, DC Public Schools supplied laptops and hotspots for hundreds of students. We are grateful for this new partnership.”**

Jeanie Lee  
President and Executive Director, DC Public Education Fund





## Our performance (continued)



**“Partnering with Grosvenor on our Neighbourhood Kitchen project has led to an innovative cross-sector collaboration that offers extended living space and mobilises community assets to truly support low-income families living in sub-divided units in Hong Kong Island West.”**

Benjamin Sin  
Social Work Supervisor, Caritas

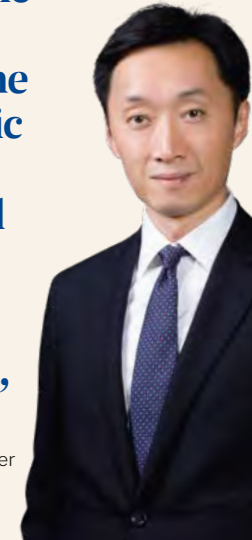
**“Grosvenor’s Modesto Lafuente 26 was named best residential development because of the strength of the whole project; it was delivered to the highest standards of design and build quality”**

The jury  
ASPRIMA-SIMA 2020 Awards



**“Grosvenor’s purpose – to improve property and places to deliver sustainable commercial and social benefit – is the same people-centric approach Shui On has adopted for all its developments. I believe we are genuinely like-minded investors.”**

Mr. Douglas H. H. Sung  
Managing Director, Chief Financial Officer  
and Chief Investment Officer,  
Shui On Land



**“Grosvenor has a lot of heart and we share a similar sensibility about caring for and engaging with the community.**

**Together, we are promoting film culture to local audiences of all ages and offering residents a beautifully refurbished and well-managed property.”**

Winnie Tsang Lai-Fun  
Founder, Golden Scene



**“Our Council’s vision is to make West Vancouver a complete community – one that is liveable, vibrant, and inclusive. Grosvenor’s development has become part of this vision by enhancing the commercial centre of Ambleside with more housing options, community space, new retail and restaurants and public art installations created by a beloved local artist, drawing more locals and visitors to discover what the area has to offer.”**

Mary-Ann Booth  
Mayor of West Vancouver



## Our performance – Group Executive Director's report

### Social benefit

# Understanding and enhancing

“To improve our delivery of social benefit, we need to identify where we can make the greatest difference, to better direct our efforts and scale up material change.”

Peter Vernon  
Group Executive Director



# our social impact

London 18 March 2021

I chair the Group Executive Committee (GEC), which brings together the Chief Executives of our regional operating businesses and the Group's leadership team. The role of the GEC is to advance the delivery of Group strategy and to take full advantage of our international scale. Together, we have identified four priorities: understand the true impact of our activities on the communities in which we operate, drive digital innovation, establish pathways to reach net zero carbon in each of our operating businesses and deepen our understanding of the disruptive forces that will impact our industry.

To improve our delivery of social benefit, we need to identify where we can make the greatest difference, to better direct our efforts and scale up material change. Together, we have developed a social benefit framework, which maps our objectives to our activities and targets – using the UN Sustainable Development Goals as a helpful benchmark to test our reporting and performance. The approach we have arrived at is detailed in the pages that follow.

Our dedicated Digital Innovation team has made significant inroads in understanding how digital technologies are disrupting, and will increasingly disrupt, established property business models. Better insight is being turned into action with new digital technologies, such as NearSt, being integrated into our tenant offering – in this case helping retailers promote and drive footfall to their stores. In Asia, we have invested in start-ups in co-living and drone technology. The team's strategy is to work with innovative start-ups to co-develop solutions that respond to property market needs and opportunities, building a case for further investment.

Our net zero carbon targets are shaping and informing all our activities. We are clear that meeting these targets is a key priority for the Group.



# Our performance – Group Executive Director's report (continued)

## Social benefit

While the setting of the targets was, unusually for us, done without a clear roadmap to achieving them – in recognition of the urgency that meeting them required – we are making strong inroads, with both Grosvenor Britain & Ireland and Grosvenor Europe publishing their net zero carbon pathways.

Through our global research programme, we have focused on deepening our understanding of new trends triggered, and existing ones accelerated, by the pandemic. Only by being truly far-sighted in our understanding of the next phase in the growth of e-commerce, the level of permanence in the shift to remote working and the pursuit of better work-life balance can we hope to develop a successful response which can contribute to the lasting success of cities.

Looking ahead, the GEC's focus this year will be to build on each of these areas. We won't deliver our 2030 net zero carbon targets unless they are constantly kept as an absolute priority. We won't adapt to digital disruption unless we truly understand its impact and opportunities within a property context as well as that of other changes and disruptive forces.

Additional to each of these areas will be a focus on our communities. We need to continue supporting them through challenging times and partnering with them to collectively advance local wellbeing and environmental sustainability. And of course, we must continue developing our people. By enabling them to apply their talents and learn new skills, we will facilitate career progression and plan for succession.

Finally, the GEC's focus will also be to embed changes we are making (as detailed on page 11) to simplify our management structure and governance, and in respect of integrating new working models within our specialist functions that support our property activities. The former will help us to better fulfil our purpose of delivering lasting commercial and social benefit and the latter will enable better and quicker decision-making processes, less duplication of tasks, clearer responsibilities, more rewarding careers and more efficient and lower cost operations.

This is my last year at Grosvenor as I am set to retire from the business in September 2021. As CEO of Grosvenor Britain & Ireland first and Group Executive Director more recently, I have had the pleasure of working for an organisation that is genuinely values-led and far-sighted. As is the case in everything we do, I hope for my contribution to be thought of as having left things better and stronger than when I first found them.

**Peter Vernon**  
Group Executive Director

**Our Group Social Benefit Strategy has three clear objectives:**

1  
Improving land, property and places

2  
Respecting the environment and efficiently using natural resources

3  
Making a positive impact on communities

In assessing how well we are meeting these objectives, we have aligned them against the most relevant UN Sustainable Development Goals (SDGs).

1  
Improving land, property and places



Alignment to the UN Sustainable Development Goals:  
**11 – Sustainable cities and communities**

We aim to future-proof our properties and places through innovative solutions to ensure longevity and mitigate environmental risks.


We strive to respond to specific local needs and seek to create and manage buildings and spaces that promote health and wellbeing.




More detailed information available:  
**Non-Financial Data Report**

### Affordable housing

Housing provision is an important part of our business. We are committed to providing good quality, safe and secure homes for people at every income level. As a clear demonstration of this, the Group received planning permission for or enabled the delivery of over 500 low cost and affordable homes working with delivery partners this year. In addition, Grosvenor Britain & Ireland owns 837 low cost and affordable homes across Mayfair and Belgravia, 577 of which are leased to Housing Associations (including Peabody) as social housing. Furthermore, our Indirect Investment business has invested US\$50m into the Bridge Investment Group which provides and improves affordable housing in the US.



We invested an additional US\$12m during the year into Bridge Investment Group's workforce and affordable housing fund (taking our investment to US\$50m) to provide high-quality housing for key workers across the US.



More information:  
**Page 63**



Our performance – Group Executive Director's report (continued)

Social benefit

Listening to our communities



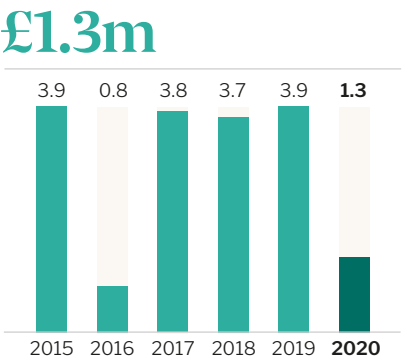
This year, we hosted over 20 community consultation events (many virtual or socially distanced), engaging with our tenants, residents and stakeholders to better understand how they use our spaces and places and to identify shared aims for how they can better meet their needs in the future.

In 2020, Grosvenor Britain & Ireland launched *Positive Space*, a community charter setting a new standard for public engagement across the business to ensure communities have a meaningful voice in the future of their neighbourhoods.

 More information:  
Page 38



Public realm improvements £m

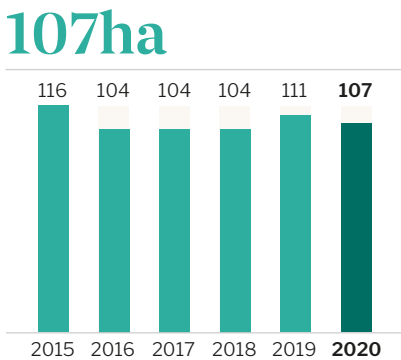


We continually improve the quality of our public realm, spending a total of £35m over and above planning requirements since 2010. The public realm is a critical part of any city’s social infrastructure as it is often where people connect and participate in civic life, as well as being fundamental to making places fit for purpose in an age of climate change.

This year, we completed a major project on Berkeley Square in London. In 2021, we are looking forward to continuing to work with the community to develop ideas for the redesign of Grosvenor Square, and deliver a makeover of North Audley Street to widen pavements and increase capacity for outdoor dining in light of Covid-19.



Green space ha



The amount of green space that we protect and maintain has decreased to 107 hectares across the Group due to the sale of two properties in Grosvenor Americas: Sagemark in San Jose, CA and F1RST in Washington, D.C.

This year, in particular, green space has proved to be incredibly important for the mental and physical health and wellbeing of our communities.



Our performance – Group Executive Director's report (continued)

Social benefit

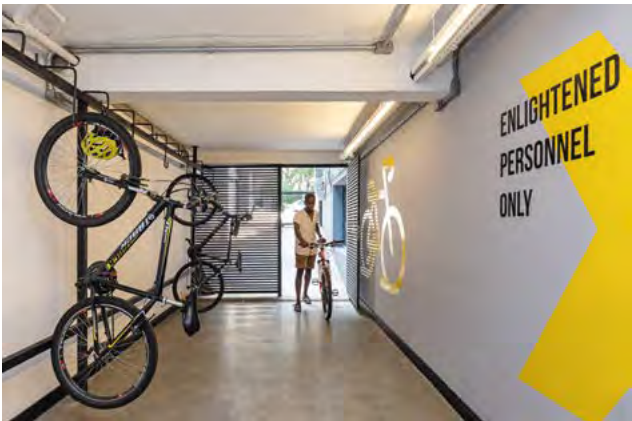
Transport connectivity

We promote greener transport, reducing air and noise pollution and improving the carbon footprint of our properties for their users.

100%  
of our properties are within a 15-minute walk of public transport

123  
electric vehicle charging points set up across our portfolio to facilitate the use of electric vehicles

223  
bike racks installed at our properties across the Group

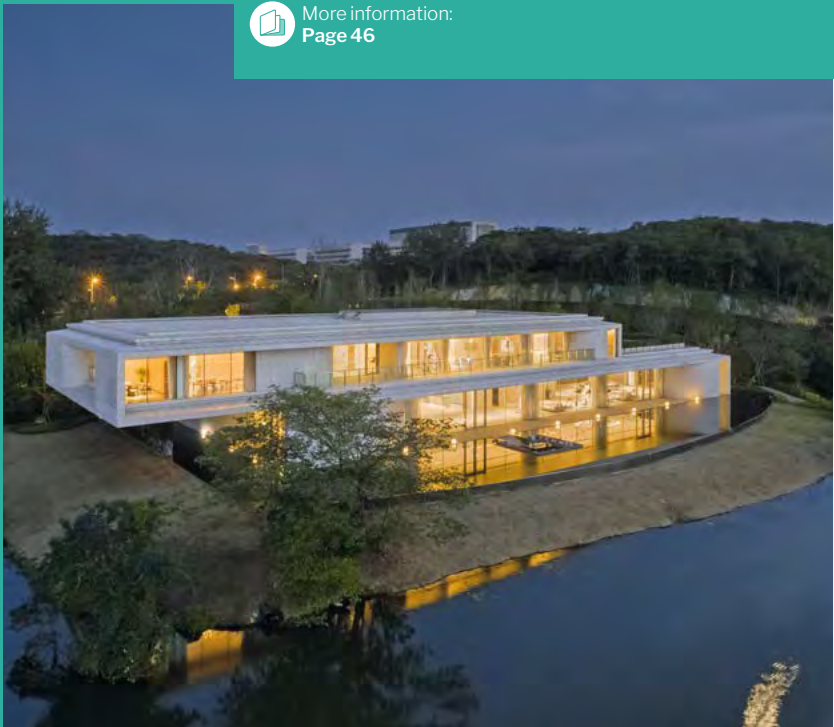


New green leases, rolled out as standard in 2020 by Grosvenor Britain & Ireland, will help us improve energy efficiency and demand on our London estate and make going green easier for tenants.

More information:  
Page 34

We concluded our investment in DAYU Villa in Nanjing, China, a residential development project where our focus on sustainability and the maintenance of the ecology of the surrounding green areas resulted in a project with a strong reputation for quality and design.

More information:  
Page 46



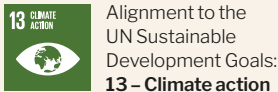


Our performance – Group Executive Director's report (continued)

Social benefit

# 2

## Respecting the environment and efficiently using natural resources



Alignment to the UN Sustainable Development Goals:  
**13 – Climate action**

We aim to respect, protect and restore the environment by reducing our carbon impact, waste generation and water consumption.

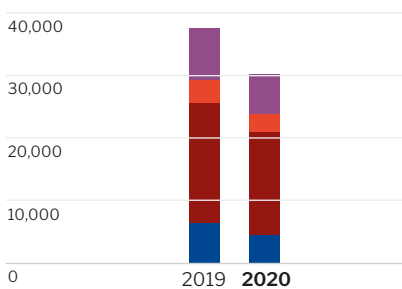
We seek to protect and improve biodiversity, acknowledging its role in carbon sequestration.

 More detailed information available:  
Non-Financial Data Report

### Net zero carbon target

Across the Group, we have committed to achieve net zero carbon operational emissions from all of our directly-managed buildings globally, by 2030, and to work towards all buildings, directly and indirectly-managed, being embodied and operational net zero across our portfolio by 2050.

### Carbon emissions: Like-for-like portfolio tCO<sub>2</sub>e



	2019 tCO <sub>2</sub> -e	2020 tCO <sub>2</sub> -e
Grosvenor Group	37,465	30,143
<div></div> Grosvenor Europe	8,303	6,314
<div></div> Grosvenor Asia Pacific	3,579	2,973
<div></div> Grosvenor Americas	19,138	16,288
<div></div> Grosvenor Britain & Ireland	6,445	4,568

Our Grosvenor Britain & Ireland and Grosvenor Europe businesses published their pathways detailing how they will meet their 2030 net zero carbon commitments.

 More information:  
Pages 32 and 53





Our performance – Group Executive Director's report (continued)

Social benefit



Grosvenor Asia Pacific acquired its first proprietary development site in Ginza, Tokyo. It will become our first 'net zero ready' building in the region, acting as a case study for others. We marked the first day of construction with a traditional groundbreaking ceremony.

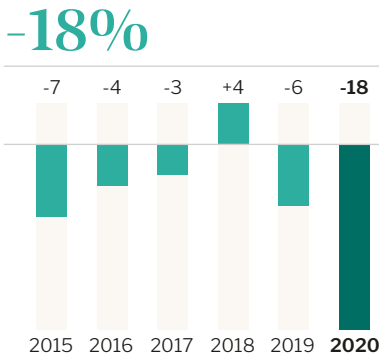
 More information:  
Page 48



Our team's renovation of Frontier Drive Shopping Centre in Springfield, VA, reduced energy costs by 64%, helped to reduce lease rollover risk and drove asset valuation higher.

 More information:  
Page 42

Energy consumption %



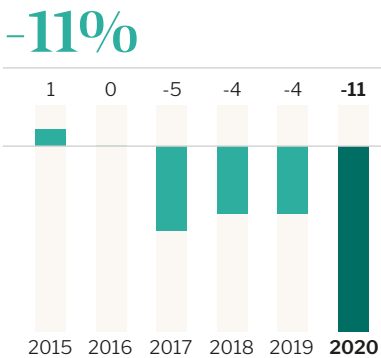
This year, our energy consumption decreased by 18% on a like-for-like basis. Covid-19 caused lower occupancy rates at non-residential assets which in turn significantly reduced our energy consumption. The scale of asset-level energy reduction varied across the Group due to the different Covid-19 responses in the countries in which we operate, and due to the excellent work of site teams to increase efficiencies. While lower occupancy rates contributed somewhat to our energy savings, it was down to our site teams to adjust the asset's heating, ventilation, air conditioning and lighting systems accordingly to make sure the buildings were running as efficiently as possible. Though the pandemic significantly affected our ways of working, we managed to continue to progress towards our net zero carbon target, with the majority of our asset efficiency projects going ahead as planned.



Our performance – Group Executive Director's report (continued)

Social benefit

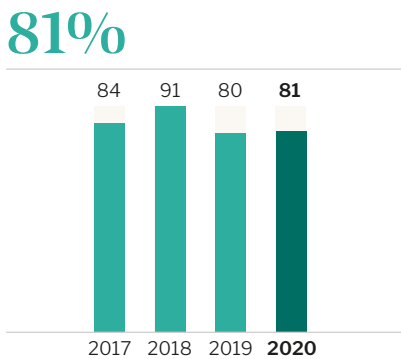
Water consumption %



Our water consumption decreased by 11% on a like-for-like basis in 2020. All Operating Companies achieved water consumption reductions. This was partly driven by decreased occupancy at non-residential assets due to Covid-19, however, retail assets such as Liverpool ONE and Skärholmen Centrum did not see significant reductions in water consumption as their facilities were used by the public to maintain hand hygiene throughout the pandemic. Similarly, where and when offices were open, water consumption increased as people were encouraged to wash their hands more frequently.



Waste diverted from landfill %



We diverted 81% of operational and construction waste from landfill in 2020. While lower occupancy rates due to Covid-19 led to overall reduced operational waste, construction waste was largely unaffected and many major projects continued after short delays. We have collected waste data from 58 large developments across the Group and continue to improve our waste collection methods to better measure our impact.

Biodiversity

We are conscious of the need to protect and enhance biodiversity. We undertake biodiversity surveys prior to any significant development and ensure that flora and fauna species are protected as far as possible in the construction phase, and given space to thrive once our assets are built.

For example, in Grosvenor Britain & Ireland’s Salt Cross planning application, 78% of trees and 85% of hedgerows will be retained during the development of this garden village in West Oxfordshire, UK with no ancient trees or woodland being disturbed. Four hectares of new woodland and two hectares of flora will be planted post construction, providing homes for local wildlife.

In Grosvenor Asia Pacific, the recently divested DAYU Villa development is underpinned by sustainability.

The surrounding hills and lake were cleaned and upgraded, guided by a biodiversity study undertaken with Nanjing University, giving the local community enhanced opportunities to enjoy the natural environment, including the provision of new walking trails.

Across the Group, we maintain 11 urban bee hives, five bug hotels, 10 bat boxes and 150 bird boxes, creating space for nature in our cities.



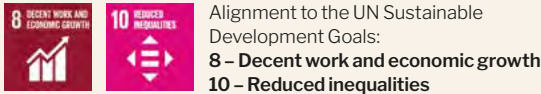


Our performance – Group Executive Director's report (continued)

Social benefit

3

Making a positive impact on communities



Alignment to the UN Sustainable Development Goals:  
8 – Decent work and economic growth  
10 – Reduced inequalities

We listen to our communities and aim to understand and respond to their specific needs.

We work to create and champion educational and employment opportunities that promote equality, diversity and inclusion, and advocate for ethical, just working practices throughout our supply chain.

 More detailed information available: [Non-Financial Data Report](#)

Supply chain

Our Supply Chain Principles expect our suppliers to:

- Conduct business in an ethical manner
- Treat all workers fairly, with trust, respect and integrity
- Support the local community
- Respect the environment and efficiently use natural resources

Our values are central to the way in which we do business. We trust our employees and treat them fairly, we take our responsibilities to our environment and our communities seriously and we ensure that our business practices are ethical. We recognise the need to uphold these values both within our organisation, and across our supply chain.

Therefore, we have established Supply Chain Principles, which set a minimum standard of ethical business practices expected from our suppliers across the Group. By 2030, we aim to have 75% of our direct supplier spend committed to these principles.

We recognise that we operate in different markets and regions, and therefore we encourage our Operating Companies to build on our Group-wide principles, and develop more ambitious, specific charters relevant to their business. For example, Grosvenor Britain & Ireland has had its own Supply Chain Charter for two years which aligns with these principles and encourages suppliers to meet and exceed regulatory requirements, including reporting on the gender pay gap and actively combatting unconscious bias with recruitment policies, training for employees and support for minority groups.

75%

of direct spend with suppliers that are committed to our principles by 2030

Educational opportunities

243

Despite the pandemic, we continued our mentorship programmes virtually, and across the Group we reached 243 students, assisting them with CV workshops and interview practice, taking them to visit our project sites and connecting them with potential employers. We also provided eight apprenticeships and four internships.

Students from not-for-profit Mirai no Mori's programme (specifically designed for students to acquire the knowledge, skills and confidence to succeed after leaving their care homes) visited our project site in Ginza and participated in an interactive session with our Tokyo team.

 More information: [Page 50](#)



Job creation

205

205 jobs were created this year across our supply chain on our construction projects and in our community outreach work, such as the Neighbourhood Kitchen in Hong Kong, where five jobs were created to provide hot meals and support for families in need.



Our performance – Group Executive Director's report (continued)  
Social benefit

Community events

200

This year, we hosted over 200 events for our communities, from outdoor socially distanced food markets to art installations to pop-up antibody testing sites.



We held 32 community days at our 7.9-acre Brentwood development site in Burnaby, BC, including a socially distanced Farmers' Market and a take-away style food-truck festival. We also added a 4,000 sq ft mural by local artist Drew Young to the site.

More information:  
Page 44

Our people volunteering

We supported those struggling with the economic and social effects of the pandemic by supporting foodbanks, distributing food parcels and crisis bags to the needy, donating space for charities to use and fundraising for mental health provision throughout the pandemic.

For example, colleagues in our Hong Kong office volunteered 48 hours of their time to tutor local children at our Neighbourhood Kitchen project.

571

hours of employee time was dedicated to voluntary work across the Group





# Our performance – Group Executive Director's report (continued)

## Social benefit

### Supporting our local communities through the Westminster Foundation

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 represents the charitable activities of The Duke of Westminster and Grosvenor businesses. The Westminster Foundation’s focus is to provide long-term sustainable help and inspiration to children and young people early in life (aged 0-25) through 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.

 Find out more at:  
[westminsterfoundation.org.uk](https://westminsterfoundation.org.uk)



#### Supporting the Westminster Children’s University

The Westminster Foundation continued its support of Westminster Children’s University (WCU) to create opportunities and aspirational activities for children (aged 5-13) and their parents in Westminster, London. WCU strives to enrich learning through links with universities, local places of interest and workshops provided by local businesses. In March 2020, 892 children graduated from the WCU programme in a ceremony at the University of Westminster, after recording over 30 hours of extracurricular learning.

Despite the challenges of a global pandemic and localised lockdowns, WCU quickly adapted to support children across the borough and began streaming online extracurricular activities directly into schools including online work experience, first aid, coding and museum visits.

### Charitable donations

Amount donated to the Westminster Foundation by Grosvenor Group	£3.4m
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Other charitable contributions by Grosvenor Group	£0.5m
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In addition to its regular grant-giving, the Westminster Foundation has made £12.5m of extra funding available to charity and community organisations tackling the repercussions of Covid-19. Largely made possible thanks to a personal donation from The Duke of Westminster, this funding has supported charities providing essential food distribution to vulnerable families and NHS Charities Together – to provide respite, rehabilitation and mental health assistance to NHS staff and their families, as well as funding for medical research and development linked to Covid-19.

To further support the important work of the Westminster Foundation (see left), Grosvenor Group made a donation of £3.4m in 2020. Across the Group, we also made other charitable donations, totalling £0.5m, directly to local charities and organisations.

We continued our long-standing partnership with Habitat for Humanity in San Francisco and Vancouver and helped build affordable housing for families in need.

 More information:  
Page 44



We donated C\$60,000 to BOLT’s Hammer Heads Program through the Westminster Foundation which supported the training of six under-resourced young people in construction from low-income communities in Toronto who all graduated from the programme, registered with a union and secured work as a first-year apprentice.



Our performance – Group Executive Director's report (continued)  
**Social benefit**

**Diversity and inclusion**

We are committed to building an inclusive and diverse workforce which better reflects the communities in which we operate. Diversity in our thinking and inclusivity in our behaviour both contribute to ensuring the long-term success of our business.

Over the past year, we have worked to advance gender balance, engage proactively with minority communities and improve inclusivity – also by working with organisations that share our values.

Some examples of the breadth of our initiatives are outlined here:

**Gender balance**

- Six of the eight members of Grosvenor Britain & Ireland's Executive Team are now female, and we appointed the first female Non-Executive Director to the Grosvenor Asia Pacific Board.
- We listen to our colleagues and seek to support them wherever we can. For example:
  - Some parts of Grosvenor have enhanced family friendly policies ranging from shared parental leave arrangements to menopause and grief.
  - Grosvenor Asia Pacific ran a maternity coaching programme to support female career progression after maternity leave.
  - Grosvenor Europe provided childcare resources when schools were closed due to Covid-19.
- We participate in the 30% Club Cross-Company Mentoring Programme, a global initiative to both build the pipeline of women and create a step-change in the number of women able to achieve senior leadership roles.

**Engagement of minority communities**

- We have expanded our recruitment partners and method of recruitment to access a wider pool of talent.
- We have implemented MissionINCLUDE, a cross-company mentoring programme which matches people from different diversity strands, including ethnicity and disability.
- In Grosvenor Europe and Grosvenor Americas, we worked with schools and universities to provide career insight/internships/apprenticeships to under-represented groups.
- Grosvenor Britain & Ireland and the Grosvenor Holding Company partnered with the Social Mobility Foundation to mentor young people from disadvantaged backgrounds.
- In Grosvenor Americas, we sponsored a graduate who would not otherwise have had the means to study for an MBA.
- In Grosvenor Asia Pacific, we partnered with non-profit organisations to provide tutoring and training for minority communities.

**An inclusive brand with shared values**

- We celebrated and supported our communities with events such as Pride, Black History Month, Mental Health Awareness Week, International Men's Day and International Women's Day.
- In 2020, the individual Operating Companies' Pride groups joined together to form an international LGBTQ+ network (pictured above).
- The Grosvenor Americas Pride group has been working with Out & Equal, an organisation that works on LGBTQAI+ equality in the workplace through lunch and learn sessions.
- Grosvenor Britain & Ireland and Grosvenor Americas published a new Transgender policy.
- We launched Speak Up, a Group-wide initiative to enable our people to identify and call out inappropriate behaviour at work and raise concerns on any matter.



- Across the Group, we have provided enhanced wellbeing programmes to support employees through the challenges of Covid-19.
- Many parts of Grosvenor have trained mental health first aiders to bring awareness of the importance of positive mental health. In Grosvenor Americas, we have been creating awareness of mental health issues through lunch and learn sessions.
- We ran reverse mentoring in parts of the Group to ensure senior managers were connected to more junior employees to better understand their perspectives.
- Grosvenor Britain & Ireland and Grosvenor Holding Company introduced a new Working from Anywhere policy which provides employees with the greatest level of flexibility we have ever offered.



## Our performance – Group Finance Director's report

# Commercial benefit

# Building on our financial resilience



“While our 2020 results were significantly impacted by the pandemic, our financial capacity has allowed us to support our tenants and communities as well as pursue our long-term social and commercial objectives.”

Robert Davis  
Group Finance Director

London 18 March 2021

In a year in which so many people and companies have faced unprecedented challenges, Grosvenor's strong balance sheet and financial capacity have proven extremely important in allowing us to support our tenants and communities during the coronavirus pandemic. They have also allowed us to continue to pursue our long-term social and commercial objectives.

Our 2020 financial results were significantly impacted by the coronavirus pandemic. Revenue profit, which is the main metric by which we measure ourselves, was £25.4m versus £65.9m in 2019. This reduction reflected two main factors. First, net rental income fell due to the financial support, including rent waivers and deferrals, that we provided to our vulnerable tenants most impacted by the pandemic, as well as the need for increased bad debt provisions. Secondly, trading profits were down from £24.7m in 2019 to £19.6m in 2020, the impact of Covid-19 delaying a number of sales. The fall in recurring income was partly mitigated through the management and reduction of discretionary overhead spend where possible.

As of 31 January 2021, the Group had collected 89% of rents that fell due in 2020, reflecting the impact of Covid-19. This increases to 95% after adjusting for Covid-19 related concessions provided in support of our tenants. Retail rents have been the most significantly impacted with 77% of 2020 rents due having been collected (91% after adjusting for Covid-19 concessions). Office rents have shown higher collection rates throughout the year with 94% of 2020 rents due having been collected (95% after adjusting for Covid-19 concessions).

Total return in 2020 was negative at (2.9)% compared with the 2.6% achieved in 2019. This is the first time that we have had a negative total return since the Global Financial Crisis. Property returns (excluding the impact of foreign exchange) were negative at (2.8)% (2019: 3.6%) which reflected a reduction in property valuations as a result of the impact of Covid-19 on market sentiment, mostly notably on our retail assets in the UK, Americas and Europe.



Our performance – Group Finance Director’s report (continued)

Commercial benefit

Our commercial  
performance  
highlights

£(310.8)m

Loss before tax

(2019: £156.5m)

25.7%

Economic gearing

(2019: 20.9%)

£1.7bn

Financial capacity

(2019: £1.7bn)

93%

Occupancy

(2019: 94%)

£6.7bn

Property assets

(2019: £7.1bn)

£11.1bn

Assets under  
management

(2019: £11.9bn)

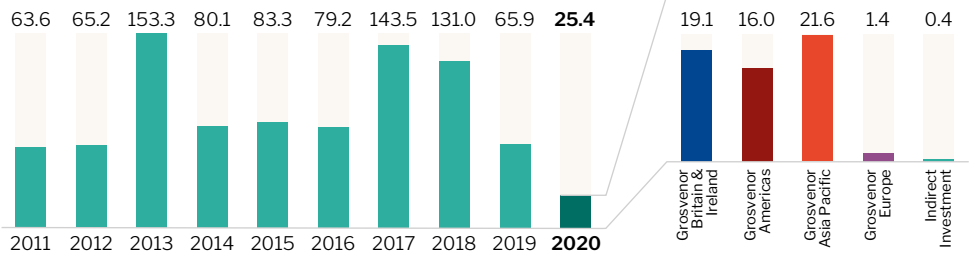
Following the conclusion of the UK’s trade agreement with the EU, there was also a small appreciation of Sterling in 2020 which reduced total return by 0.1% (2019: (1.0)%). In line with the movement in property values, Shareholders’ funds decreased by £0.4bn to £4.7bn (2019: £5.1bn).

While Covid-19 has had a global impact, we again saw the benefit of our geographic and sectoral diversification as our Asian and European Operating Companies (OpCos) improved their revenue profit against 2019 and the Americas OpCo showed good resilience, whereas the UK and Indirect Investment businesses were more heavily impacted given their higher exposure to retail assets.

**Grosvenor Britain & Ireland’s** recurring income stream has been significantly impacted by the meaningful financial support provided to its vulnerable tenants during the pandemic. Net income was enhanced by trading profits relating to the Campden Hill residential development but still resulted in reduced revenue profit of £19.1m (2019: £41.1m). Total return of (4.1)% (2019: 3.1%) reflected negative valuation movements, primarily in relation to the retail assets.

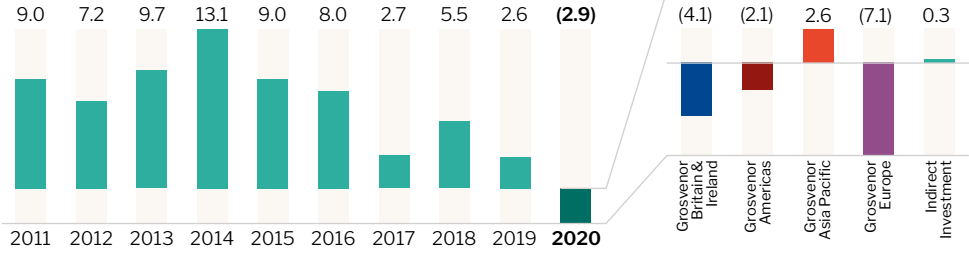
Revenue profit £m

£25.4m



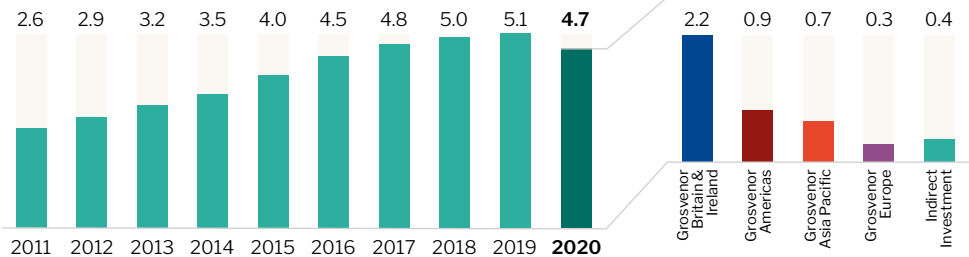
Total return %

(2.9)%



Shareholders’ funds £bn

£4.7bn




Rental income in **Grosvenor Americas** was less impacted as collection rates remained high, but anticipated trading profits have largely been delayed or reduced because of Covid-19 disruption. This resulted in reduced revenue profits of £16.0m (2019: £22.8m). Negative revaluation movements, relating primarily to retail assets, have driven a total return of (2.1)% (2019: 7.0%).

**Grosvenor Asia Pacific’s** improved performance was driven by trading profits, mainly from the sale of units at Dukes Place (delayed from 2019) and the sale of DAYU Villa in Nanjing. This resulted in revenue profit of £21.6m being generated (2019: £2.3m). Total return at 2.6% (2019: 3.8%) was down marginally, reflecting subdued market values and lower disposal profits compared to 2019.

**Grosvenor Europe** delivered a revenue profit of £1.4m (2019: £(0.9)m), despite the challenges of Covid-19. The income from retail assets was reduced due to tenant support provided and bad debt provisions, but this was partly offset by the full year benefit of office acquisitions in Paris and Madrid made towards the end of 2019. Total return was (7.1)% (2019: (0.8)%) due mainly to negative revaluation of retail assets.

**Indirect Investment’s** third-party managed assets have shown resilience to the more widely seen impacts of the global pandemic. However, this has been overshadowed by the significant impact that Covid-19 has had on the performance of Sonae Sierra, the international real estate specialist, resulting in an overall revenue profit of £0.4m (2019: £25.5m). Likewise, significant revaluation losses in Sonae Sierra are the main driver for the much lower total return of 0.3% (2019: 5.1%).

 More detailed information available:  
**Financial Statements**



# Our performance – Group Finance Director’s report (continued)

## Commercial benefit

### Managing risk and opportunity

The impact of Covid-19 has shown the importance of our financially prudent approach to ensure that we have sufficient liquidity for periods of economic stress. As at 31 December 2020, our financial capacity (cash and undrawn, committed credit lines) remained high at £1.7bn.

We had planned to consolidate our back-up debt facilities into a more cost-efficient single Group facility but the pandemic contributed to our decision to delay this change until 2021, which has given us more time to build in sustainability-linked terms.

Our financial capacity has given us the confidence that we can continue to maintain our long-term focus and also allocate capital to make selective investments and take advantage of opportunities. One such opportunity was the Indirect Investment team’s acquisition, in conjunction with its partner REINO-IO, of a portfolio of Polish logistics assets which is due to complete in April 2021.

We have also taken exciting steps in embedding digital technology into our business through the work of our new Digital Innovation team. The team, led by Ian Mair, Managing Director, Digital Innovation, has worked closely with our OpCos to identify potential opportunities to trial new technology or pilot digital concepts. One such trial with NearSt, a digital start-up, led to our decision to invest in the NearSt business.

### Finance and Technology teams

Our Technology team, led by Kevin Kincaid, Technology Director, responded superbly to the challenges of Covid-19 and, through their proactivity and hard work, our employees across the world have been able to work effectively from home since the first lockdowns took place in Asia in February 2020. Our finance teams have adjusted seamlessly to the requirements of lockdown working, providing strong support for the business throughout the pandemic, while also managing their day jobs very effectively.

### Looking forward

We expect Covid-19 to impact our financial results again in 2021, both in terms of a reduction in net rental income and property values. However, we believe that it is our ability to take a long-term view – whether it is supporting our tenants through the pandemic or holding an asset which has strong future social and commercial potential – that will allow us to continue delivering lasting commercial and social benefit.

Given this, it is all the more important that we maintain our focus on a strong balance sheet and financial capacity, ensure that we work efficiently across the business and manage the risks that we face while seeking new opportunities.

There will always be many external challenges, but the pandemic has shown how well Grosvenor can respond to such events. I am confident that, in the future, the team will continue to bring the same energy and dedication to focus on what really matters to our communities, tenants and business.

**Robert Davis**  
Group Finance Director

### Rent collection\* %

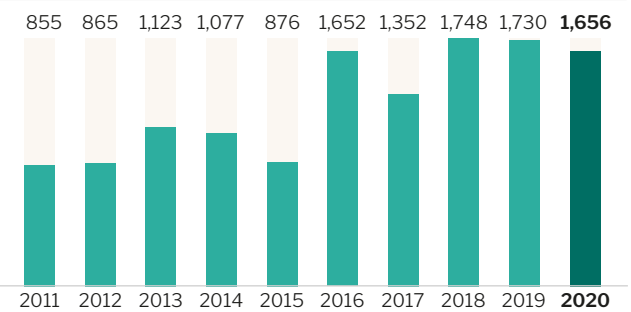
	Collection of 2020 rent due	Collection of 2020 adjusted rent due
<b>By Operating Company</b>		
Britain & Ireland	83.6%	90.1%
Americas	96.2%	98.1%
Asia Pacific	100.0%	100.0%
Europe	91.1%	92.8%
Indirect	77.9%	93.4%
<b>Total</b>	<b>88.9%</b>	<b>94.6%</b>
<b>By Sector</b>		
Retail	77.2%	91.0%
Office	94.3%	95.0%
Residential	96.6%	97.4%
Industrial	98.2%	99.8%
Other	96.4%	97.8%
<b>Total</b>	<b>88.9%</b>	<b>94.6%</b>

\* As at 31 January 2021.

As at 31 January 2021, the Group had collected 89% of rents that fell due in 2020, reflecting the impact of Covid-19.

The OpCos most heavily impacted were those with the greatest exposure to retail tenants (Grosvenor Britain & Ireland, Grosvenor Europe and Indirect Investment) with only 77% of 2020 retail rents due having been collected. As already referenced, financial support was provided to our most vulnerable retail tenants including rent waivers and deferrals. Collection rates for 2020 retail rents due increased to 91% after adjusting for these Covid-19 related concessions.

### Financial capacity and liquidity £m



We manage our financial capacity and liquidity with the dual aims of: first, ensuring sufficient liquidity for periods of significant global economic stress like the one that we are currently experiencing; 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.

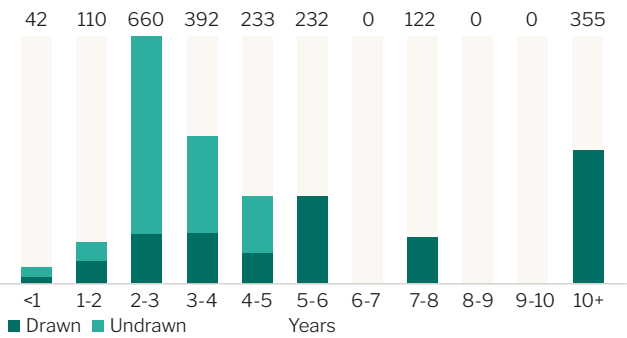
At 31 December 2020, financial capacity remained high at £1.7bn, as some of our major projects were delayed due to the pandemic. This level is sufficient to meet both the aims referred to above.



Our performance – Group Finance Director’s report (continued)

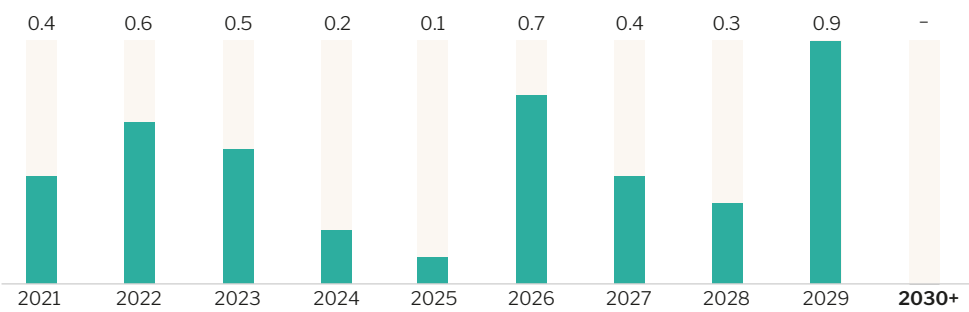
Commercial benefit

Debt maturity profile £m



This 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 5.4 years (2019: 6.2 years). Once the project to bring existing back up facilities from across the Group into one single facility is completed, we would expect this average maturity to increase.

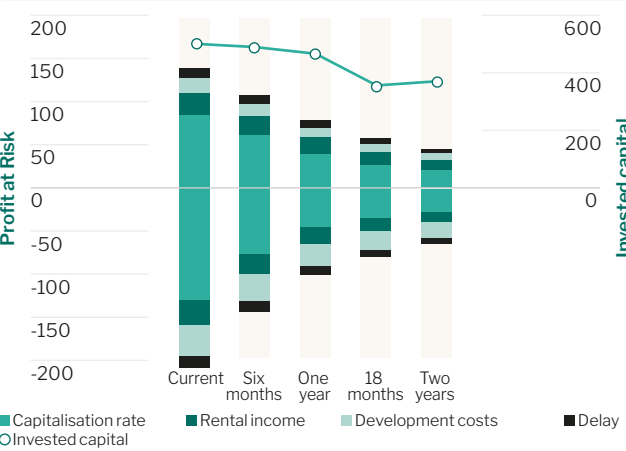
Future value in our development pipeline £bn



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. The chart above shows the £4.1bn (2019: £4.9bn) expected gross development value of the development pipeline projects under our management by expected completion dates.

This demonstrates the significant pipeline that our Operating Companies have generated, from which we now have the opportunity to create significant commercial and social value.

Monitoring our development risk £m



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. Risk is expected to reduce as a number of projects reach completion, while corresponding reductions to invested capital are offset by increased investment in longer-term developments.

The level of current risk has fallen from last year’s projection following the completion of a number of projects. 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			2020	Three years to 2020	
Corporate income tax paid in the year	£36.6m	44%		£110.9m	45%
Annual property taxes	£18.2m	22%		£53.1m	21%
Property transaction taxes paid in the year	£8.4m	10%		£31.4m	13%
Employer taxes and social security costs	£8.8m	11%		£28.9m	11%
Irrecoverable VAT (UK only)	£11.2m	13%		£24.8m	10%
<b>Total</b>	<b>£83.2m</b>			<b>£249.1m</b>	
<b>Taxes borne by country</b>					
United Kingdom	£24.5m	30%		£88.8m	35%
United States	£14.2m	17%		£45.6m	18%
Canada	£3.3m	4%		£27.9m	11%
Japan	£13.5m	16%		£27.5m	11%
Other	£9.0m	11%		£16.5m	7%
Spain	£9.1m	11%		£14.7m	6%
Portugal	£1.8m	2%		£12.1m	5%
Australia	£4.4m	5%		£7.5m	3%
Hong Kong	£2.2m	3%		£3.9m	2%
Brazil	£0.3m	0%		£2.3m	1%
Sweden	£0.9m	1%		£2.3m	1%
<b>Total</b>	<b>£83.2m</b>			<b>£249.1m</b>	

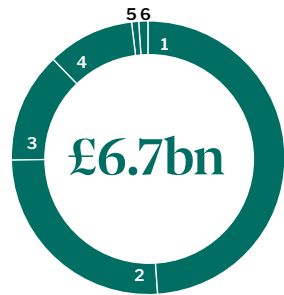
In order to manage our tax obligations, we respect not only the letter of the law but also its underlying intention. We achieve this through adhering to our Tax Policy, compliance with which is reviewed annually by our Group Board. In the case of real estate, the underlying premise is simple – property 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 2020, our economic share of tax payments totalled £83.2m. This was higher than last year, primarily due to an increase in withholding taxes paid during 2020 and certain 2019 tax liabilities becoming payable in 2020. Over the last three years, our economic tax contribution totalled £249.1m.

## Our performance – Group Finance Director’s report (continued)

### Commercial benefit

#### Our economic property interests by location

We develop, manage and invest in property in 58 cities around the world. This chart shows our economic property interests by location.



1	United Kingdom	50.0%	48.8%
2	North America	25.0%	25.7%
3	Asia Pacific/Australia	12.3%	13.0%
4	Continental Europe	11.0%	11.3%
5	South America	1.7%	1.2%
6	Africa	<0.1%	<0.1%

United Kingdom	2019	2020
West End, London	44.3%	42.3%
Other London	4.3%	5.4%
Liverpool	1.2%	0.9%
Other UK	0.2%	0.2%
Total	50.0%	48.8%

North America	2019	2020
Vancouver	7.5%	8.1%
Other US	5.1%	5.6%
Washington, D.C.	4.7%	5.0%
San Francisco	4.0%	3.8%
Seattle	1.7%	1.7%
Other Canada	1.2%	0.8%
Calgary	0.8%	0.7%
Total	25.0%	25.7%

Asia Pacific/Australia	2019	2020
Hong Kong	6.4%	6.4%
Tokyo	4.4%	5.5%
Australia	0.8%	1.1%
Nanjing	0.7%	0.0%
Total	12.3%	13.0%

Continental Europe	2019	2020
Spain	3.8%	3.9%
Sweden	2.1%	2.2%
Other Europe	1.0%	1.0%
Poland	0.0%	0.9%
Porto	1.0%	0.8%
Lisbon	1.4%	0.8%
Other Portugal	1.3%	0.8%
France	0.0%	0.5%
Italy	0.4%	0.4%
Total	11.0%	11.3%

South America	2019	2020
São Paulo	0.2%	0.8%
Other Brazil	1.5%	0.4%
Total	1.7%	1.2%

#### Financial Statements £m

##### Income statement – proportional\*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net property income	258.8	258.9	350.4	269.9	273.1	268.5	338.7	336.0	258.5	216.2
Administrative and other expenses**	(120.5)	(118.8)	(128.6)	(127.3)	(134.2)	(139.0)	(147.8)	(153.8)	(145.0)	(149.4)
Net financing costs	(74.7)	(74.9)	(68.5)	(62.5)	(55.6)	(50.3)	(47.4)	(51.2)	(47.6)	(41.4)
Group revenue profit	63.6	65.2	153.3	80.1	83.3	79.2	143.5	131.0	65.9	25.4
Net gains/(losses) on revaluation and sale of investment properties	329.5	320.1	380.9	638.0	478.9	85.0	119.0	117.5	151.5	(322.0)
Other	(67.4)	(11.9)	(20.9)	(15.8)	(18.5)	(0.2)	(6.1)	(34.0)	(45.5)	(15.9)
Profit/(loss) before tax	325.7	373.4	513.3	702.3	543.7	164.0	256.4	214.5	171.9	(312.5)
Tax and non-controlling interests in joint ventures	(10.7)	(5.6)	(6.4)	(20.5)	(17.1)	(27.2)	(23.3)	(17.9)	(15.4)	1.7

##### Profit/(loss) before tax reported in income statement

	315.0	367.8	506.9	681.8	526.6	136.8	233.1	196.6	156.5	(310.8)
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##### Balance sheet – proportional\*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total property assets including share of joint ventures	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	6,729.2
Net debt	(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)	(1,207.0)
Deferred tax	(593.5)	(491.1)	(665.0)	(739.3)	(764.0)	(716.0)	(726.7)	(673.5)	(632.8)	(558.4)
Other assets/(liabilities)	(195.9)	(217.0)	(144.9)	(175.6)	(150.4)	(182.8)	(25.1)	(218.2)	(318.9)	(274.9)
Net assets	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	4,688.9
Minority interests	(107.8)	(86.4)	(85.8)	(88.3)	(87.2)	1.6	2.1	0.3	0.3	(0.5)
Shareholders' funds	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	4,689.4

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

\*\* Includes impairment loss on trade and other receivables.



# Grosvenor Britain & Ireland

“We see many opportunities to serve our communities, create value and play a leading role in tackling the climate emergency.”

James Raynor  
Chief Executive, Grosvenor Britain & Ireland



2020 in numbers

£19.1m  
Revenue profit  
(2019: £41.1m)

£5.1bn  
Assets under management  
(2019: £5.3bn)

(4.1)%  
Total return  
(2019: 3.1%)

1,384  
Total number of assets  
(2019: 1,437)

-18%  
Like-for-like energy consumption  
(2019: -5%)

-60%  
Like-for-like water consumption  
(2019: -11%)

-29%  
Like-for-like carbon emissions  
(2019: -10%)

Share of property assets – by sector

Office	£1,278m	39.9%
Residential	£1,001m	31.2%
Retail	£865m	27.0%
Other	£60m	1.9%

Share of property assets – by activity

Investment	£3,035m	94.7%
Development	£169m	5.3%

Share of property assets – by region

West End, London	£2,846m	88.9%
Other London	£344m	10.7%
Outside London	£14m	0.4%

# Business reviews (continued)

## Grosvenor Britain & Ireland

London 18 March 2021

2020 was the year that Covid-19 struck. It caused turmoil and hardship across our communities. But amidst all the upheaval, we took great strides forward, supporting our tenants in imaginative ways throughout the pandemic, launching a new business strategy, our community charter and a pathway to net zero carbon.

When the first lockdown was announced, we acted quickly, offering immediate financial and practical support to people and companies affected by Covid-19. We waived all rent for hundreds of vulnerable businesses and charities in the second quarter and since then have created a fund to invest in retail and hospitality businesses while providing cash donations, physical space and other resources.

All of our actions have been designed to keep vacancies low and enable a quicker recovery and it’s an excellent result that our commercial voids remained below 5%.

Grosvenor Britain & Ireland also launched a new five-year business strategy in 2020. This reflects radical ongoing changes to society and the market and is tightly focused on four core objectives: to sustainably support community success, become an environmental leader in our sector, create value through sound financial performance and operate as a progressive, agile and values-driven company.

We also have plans to examine investment opportunities away from our traditional locations in order to diversify our asset base and create new revenue streams. We have recently hired Rachel Dickie as Executive Director, Investment to lead this work which includes our ownership and management of Liverpool ONE.

In June, we launched our first community charter, known as *Positive Space*. This aims to set a new standard for public engagement and ensure communities have a meaningful voice in the future of their neighbourhoods.

The year then climaxed with the high profile launch of our Pathway to Net Zero Carbon. We have set some of the most stretching targets in the industry, committing to a 52% reduction in our emissions over the course of a decade, from a 2019 baseline.

If we are going to achieve this, our approach to business has to evolve rapidly and we are running a programme called Future+ to drive innovation throughout the company. We have already started a green leasing programme, created a £90m energy savings fund to retrofit our portfolio and begun implementing sustainable development plans across every project.

All this depends on our employees feeling supported and engaged. 84% of people in the business say they would recommend this as a great place to work and 92% feel able and encouraged to come up with new ideas.

The impact of Covid-19 led to a modest full year revenue profit of £19.1m. However, with £5.1bn assets under management, our balance sheet remains strong. We expect 2021 to be economically challenging but with a new leadership team, transformational projects like the South Molton Triangle and our broader investment agenda, we also see many opportunities to serve our communities, create value and play a leading role in tackling the climate emergency.

**James Raynor**  
Chief Executive, Grosvenor Britain & Ireland



**Think Zero –  
A pathway to  
net zero  
carbon in 2030**

Grosvenor Britain & Ireland has published a pathway detailing how it will meet its 2030 net zero carbon commitment.

Over the next decade, we will cut Scope 1, 2 and 3 emissions by at least 52% in total from a 2019 baseline, offsetting any residual carbon that cannot be avoided.

Meeting the goal will see every facet of the business transformed. £90m has been committed to accelerate a targeted retrofit and energy efficiency programme in Mayfair and Belgravia in London.

All construction projects will work towards radical new targets for embodied carbon and emissions in our supply chain will be driven down.

We have many tools already in place to deliver net zero, and have reduced Scope 1 and 2 emissions by 29% since 2015. We will now report on progress against our pathway every year until 2030.



Business reviews (continued)  
**Grosvenor Britain & Ireland**

CAFE

CAFE

BISTRO

CAFE

## Mayfair planning approval gives boost to London's West End

In December 2020, we secured a resolution to grant planning permission for the South Molton Triangle.

The regeneration of this strategic site will transform a forgotten part of Mayfair in London into a buzzing mixed-use destination, aiding the West End's recovery from the impact of Covid.

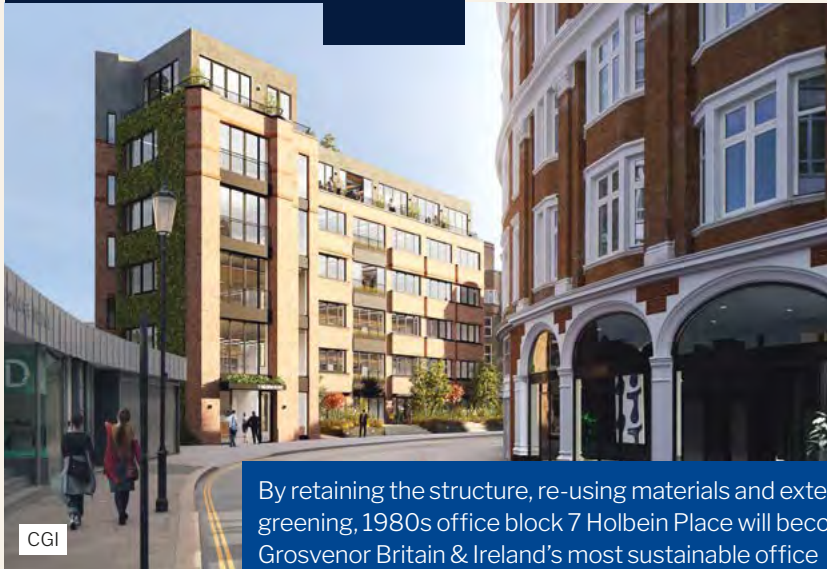
The two-acre scheme will provide highly sustainable Grade A office space, designed in a way that's enticing to employers, workers and visitors post-pandemic. World-class public spaces will be framed by new shops, restaurants, cafés and a hotel, including micro retail units supporting independent enterprise, and creating almost 1,000 new jobs in central London.

This confident and thoughtful investment will help the West End capitalise on the opening of the Elizabeth Line, a major new transport improvement, while celebrating its history and heritage at a time when it needs it most.



Business reviews (continued)  
Grosvenor Britain & Ireland

One of London’s  
most sustainable  
office buildings



By retaining the structure, re-using materials and extensive greening, 1980s office block 7 Holbein Place will become Grosvenor Britain & Ireland’s most sustainable office building yet and a benchmark for building adaptation in London.

An early whole life carbon assessment minimised embodied carbon for the scheme.

This was achieved by trialling new approaches in the design including CEMFREE concrete and cross-laminted timber.

Opportunities to recycle existing steel and brickwork on site are also being explored and cross-laminated timber will be used in the extension.

Once in use, the all-electric scheme will deliver a 69% operational carbon saving versus a typical scheme through efficient lighting and mechanical equipment, on-site renewable energy generation, blue roofs and sustainable urban drainage systems. Purposeful green space will cover the equivalent of 11% of the floor space.



Helping tenants tackle  
climate change

With almost 1,000 office and retail properties in our portfolio, tenant emissions account for 90% of all operational emissions from buildings on our London estate.

New green leases, rolled out as standard in 2020, will improve energy efficiency and demand on the estate and make going green easier for tenants.

They enable us to collect, analyse and act on tenant energy and water consumption data; procure 100% green energy for tenants at highly competitive and less volatile prices; and determine landlord’s works necessary to improve a unit’s environmental performance.

The leases also enhance opportunities for collaboration, training and knowledge sharing, enabling us to work more closely with tenants to help them operate sustainably and meet our 2030 goals.



Business reviews (continued)

Grosvenor Britain & Ireland



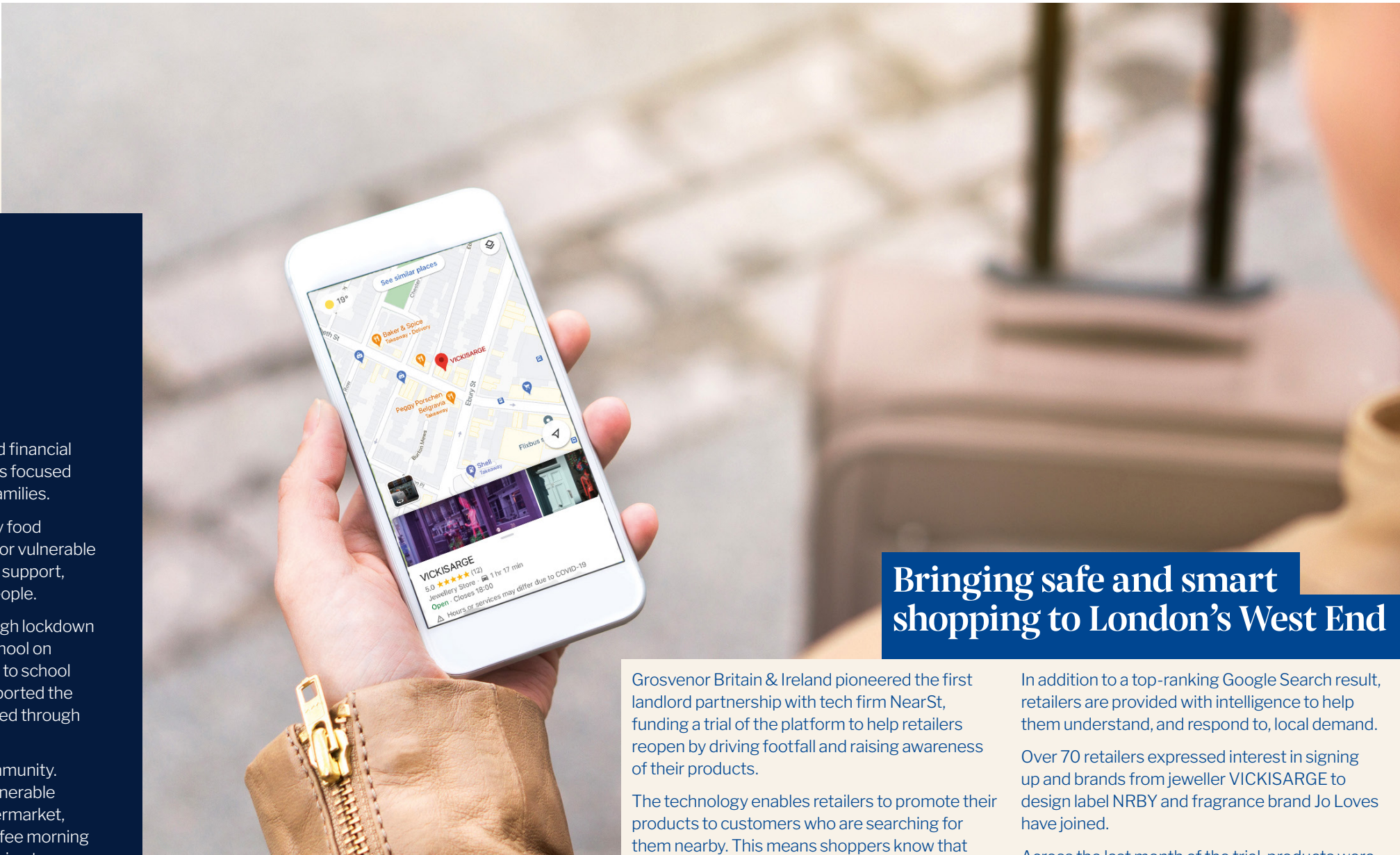
Supporting communities hit by the pandemic

As the pandemic swept Britain, we provided financial and practical assistance to over 50 charities focused primarily on vulnerable young people and families.

This included the Felix Project’s emergency food response, which provided 976,000 meals for vulnerable people during the pandemic with our direct support, and Land Aid’s fund for young homeless people.

We helped children continue learning through lockdown by providing technology supplies for the school on our Bermondsey site and supported a back to school initiative in Oxford. In Westminster, we supported the digitisation of youth centre services delivered through employability workshops and mentoring.

Our teams have also been active in the community. Some have organised food deliveries to vulnerable residents using donations from a local supermarket, and others have launched a daily virtual coffee morning to keep residents connected. Our Landscaping team also launched a forest school, providing outdoor learning and environmental education for children.



Bringing safe and smart shopping to London’s West End

Grosvenor Britain & Ireland pioneered the first landlord partnership with tech firm NearSt, funding a trial of the platform to help retailers reopen by driving footfall and raising awareness of their products.

The technology enables retailers to promote their products to customers who are searching for them nearby. This means shoppers know that what they want is in-store, and the retailers can offer safe, socially distanced shopping.

In addition to a top-ranking Google Search result, retailers are provided with intelligence to help them understand, and respond to, local demand.

Over 70 retailers expressed interest in signing up and brands from jeweller VICKISARGE to design label NRBY and fragrance brand Jo Loves have joined.

Across the last month of the trial, products were viewed 635,000 times by browsers. Previously, that brand or product would have been invisible to customers searching online.



## Business reviews (continued) Grosvenor Britain & Ireland

# Standing alongside our tenants in lockdown

Our approach is based on a model of mutual success where tenants and landlords work together in a partnership.

Throughout 2020, we put this into practice by providing one of the most generous support packages for tenants in the UK, helping them survive lockdowns and reopen when allowed.

Rent was waived for nearly all retailers, charities, and food operators for three months in the first UK lockdown; and small independent businesses were offered a 50% reduction in their rent across the second and third lockdowns.

Innovating to encourage people back to central London saw us fund an extension to the Government's popular dining discount scheme, Eat Out to Help Out, drawing 56,000 diners back to our tenants' eateries.

All tenants benefited from the boost to the estate's profile, which drove an above average increase in footfall to key destinations like Elizabeth Street, North Audley Street and Duke Street.



Business reviews (continued)

Grosvenor Britain & Ireland

Sustainability Academy aids our business transformation



Achieving our sustainability goals is the responsibility of every employee. This year, Grosvenor Britain & Ireland set up a Sustainability Academy to empower and enable our people to:

- understand their role in achieving zero carbon, zero waste, valuing nature and in bringing our partners with us; and
- provide technical training and skills relevant to specific roles.

A launch in February 2020 ignited action around our green goals with 98% of our employees attending in person.

The Academy now runs as a virtual learning programme tailored to specific functions and is designed to help people learn how to transform themselves, their teams and their projects.

Our latest employee survey revealed that over 80% of our people now feel empowered to deliver our green goals and over 90% say that we have a genuine commitment to sustainability.



Mayfair gets a green makeover

Over 3,000 new plants are now framing the West End’s retail streets in a new initiative to increase biodiversity in Mayfair, London.

The displays of planting encourage wildlife, improve air quality and produce a dramatic experience for pedestrians throughout the seasons.

By creatively greening the streets, we are bringing nature back into people’s everyday lives and maximising every possible space to improve the West End’s environment.

In the last five years, Grosvenor has installed over 240 green features across Mayfair and Belgravia. Recent projects include the work to transform Grosvenor Square into a world-class natural haven in central London, and the installation of the world’s first green lamp posts in Belgravia.



Business reviews (continued)

Grosvenor Britain & Ireland

Grosvenor Britain & Ireland has launched *Positive Space*, a community charter setting a new standard for public engagement across the business to ensure communities have a meaningful voice in the future of their neighbourhoods.

The charter is based on four principles of listening, transparency, engagement and accountability and sets out our commitment to communities.

Our aim is to create a more positive discussion where the trade-offs involved in change are openly debated, more voices are heard and everyone works more productively together.

The behaviours and commitments in *Positive Space* are being embedded in all our live projects and the way we manage assets, while an ongoing learning programme is building capacity inside the business and continually challenging our approach to public engagement.

Shrinking the space between communities and developers



Offering young people a voice

Around 25% of the UK population is under 19. But our 2020 research revealed that 89% of young adults aged 16-18 have never been asked about how their neighbourhood should evolve and just 8% have ever attended a public consultation.

Of those who have never been asked their opinion by a developer or council, the overwhelming majority, 82%, wanted the chance to be involved.

To address this, we have launched a new national youth engagement toolkit called *Voice. Opportunity. Power.* This provides a free framework to help professionals meaningfully engage young people in the future of where they live.

Backed by over 30 organisations, it gives them a voice and influence in the way that neighbourhoods are built and managed, which isn't just the right thing to do: it creates better places.



# Grosvenor Americas

“In 2020, our focus was on the wellbeing of our people, tenants and communities while we proactively managed our properties and projects. We are now positioning ourselves for the coming recovery.”

Steve O’Connell  
Chief Executive, Grosvenor Americas

2020 in numbers

**C\$27.7m**  
Revenue profit  
(2019: C\$38.6m)

**C\$4.6bn**  
Assets under management  
(2019: C\$5.0bn)

**(2.1)%**  
Total return  
(2019: 7.0%)

**54**  
Total number of assets  
(2019: 47)

**–15%**  
Like-for-like energy consumption  
(2019: -3%)

**–90%**  
Like-for-like water consumption  
(2019: -4%)

**–15%**  
Like-for-like carbon emissions  
(2019: -2%)



Share of property assets – by sector		
Residential	C\$1,024m	39.6%
Retail	C\$678m	26.2%
Office	C\$536m	20.7%
Industrial	C\$347m	13.5%

Share of property assets – by region		
US	C\$1,483m	57.4%
Canada	C\$1,102m	42.6%

Share of property assets – by activity		
Investment	C\$1,957m	75.7%
Development	C\$628m	24.3%



# Business reviews (continued)

## Grosvenor Americas

San Francisco18 March 2021

### Looking back

In recent years, we have taken a cautious approach to our activity and were focused on improving the quality of our investment portfolio. As a result, we started 2020 with our portfolio at its highest level of occupancy in decades. Our Structured Development Finance (SDF) programme marked its 20th anniversary and proved to be highly resilient in a challenging year. The completion of a transformative mixed-use project in West Vancouver, several strategic investment transactions and multiple property financings helped to increase our liquidity and strengthen our financial capacity in preparation for the coming recovery. These activities, the strength of our portfolio and the quality of our people allowed us to do this work while proactively assisting our most challenged tenants through the hardships resulting from the crisis.

We very clearly felt the impact of social restrictions on high-cost urban centres: we experienced stagnant condominium sales in San Francisco and Vancouver, we voluntarily provided tenant rent deferrals and we have experienced stress in all aspects of our business. However, through the year, our teams stayed focused on each other’s wellbeing and made meaningful contributions to the communities in which we operate. Our asset managers, developers and SDF teams worked closely with tenants, contractors and borrowers to collaboratively navigate the uncertainty together. To encourage connectivity during our time apart, and to better position ourselves for recovery, we have advanced several key internal initiatives around our net zero commitment, Equity, Diversity & Inclusion (ED&I), financial reporting/accounting automation and employee training, communication and engagement.

### Looking forward

The uncertainty and volatility associated with the pandemic (and the impact of widespread adoption of remote working tools) remains. We will proactively manage our way through the coming challenges in the following ways: we will remain focused on the safety and wellbeing of our people and tenants, grow our investment portfolio, advance our C\$3.8bn development pipeline and pursue SDF opportunities in our existing and new growth markets.

We will continue to improve, build and enable much needed housing through all of our activities by increasingly working with like-minded partners. We will continue to make positive contributions to our communities, advance our ED&I ambitions and build on our environmental track record to finalise our path to bringing our portfolio to net zero by 2030.

Collectively, these actions and the initiatives we advanced in 2020 will position us well for growth and higher levels of commercial and social impact in the coming recovery.

Steve O’Connell  
Chief Executive, Grosvenor Americas



Delivering over  
5,600 homes  
through Structured  
Development Finance

2020 marked the 20-year anniversary of our Structured Development Finance business, which provides capital to leading residential developers in select North American markets. The programme has acted as a lender to 72 residential development projects, representing over 5,600 homes and C\$4bn in gross development value. Last year, we were financing 19 projects totalling over 2,000 residential units across our five markets. We completed seven projects including: The Bond with MainStreet Development in Seattle; Belpark with Intracorp Homes in Vancouver; Triomphe with Millennium Development in Burnaby (pictured left); and The Bower with PN Hoffman in Washington, D.C.

As part of our commitment to equity and diversity, we actively monitor and track our supply chains across projects that the Structured Development Finance business invests in. We are corporate members of The Women’s Business Enterprise National Council and The National Minority Business Council and work with our partners and the industry to advocate for a more diverse and inclusive supply chain.



## Business reviews (continued)

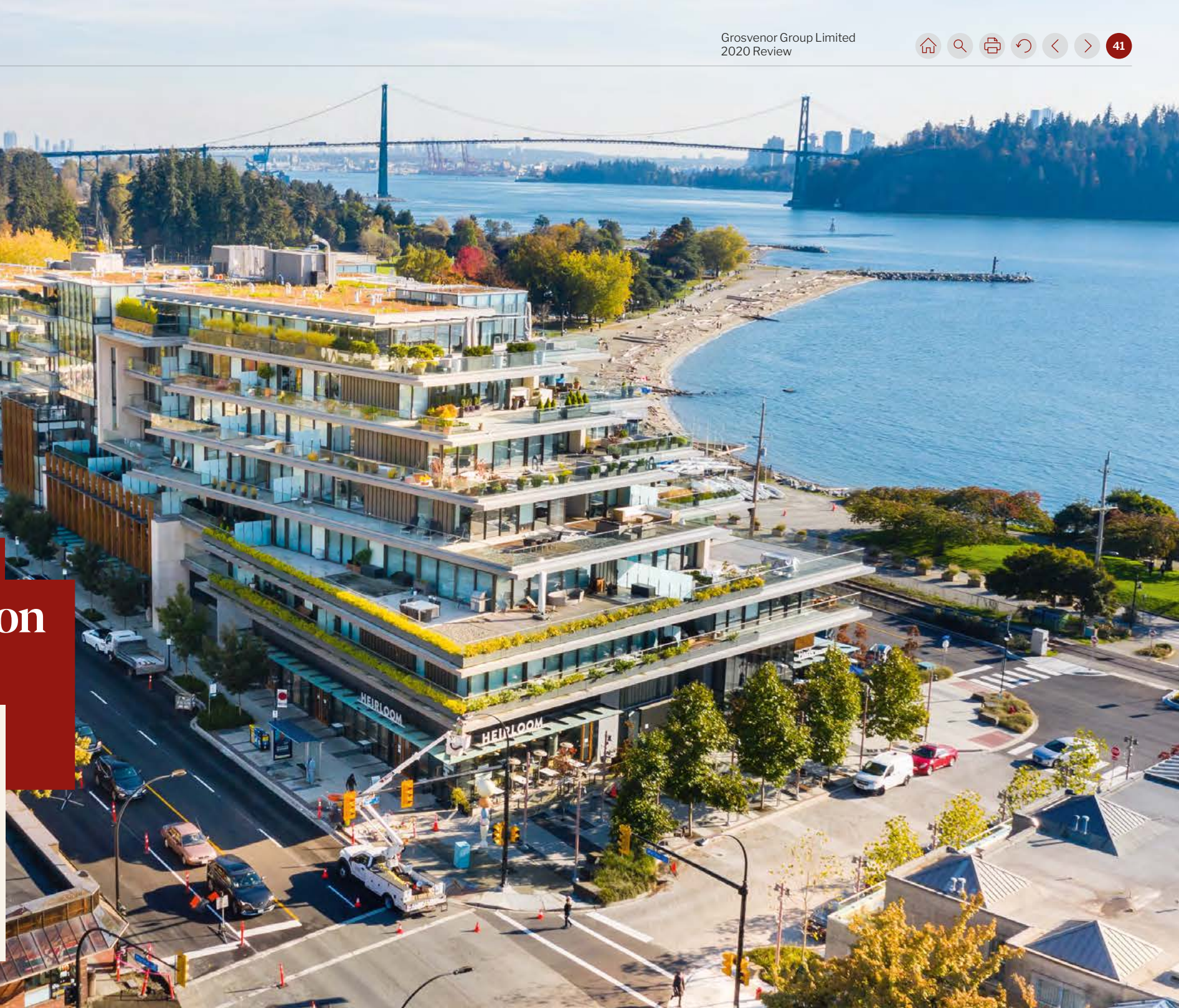
### Grosvenor Americas

# Community engagement and visionary transformation deliver a better place

Grosvenor Ambleside in West Vancouver is complete, concluding a 14-year development process of land assembly, extensive community engagement and a visionary development that contributed significant revenue profit in 2020.

The project has set a new standard for high-quality, mixed-use developments in West Vancouver, and Canada as a whole, and has revitalised a beloved but underused waterfront area. Ninety-eight new homes now sit atop a vibrant mix of restaurants, shops and public gathering spaces that are animated with iconic art installations and community events.

Grosvenor delivered on its vision for this landmark site, helping realise Ambleside's potential as a vibrant waterfront destination from sunrise to sunset by bringing together the best in West Coast architecture, art and culture.





Business reviews (continued)

Grosvenor Americas



Working with tenants to mutually improve our resilience to 2020

Despite the uncertain economic conditions in 2020, our investment portfolio exceeded rent collection benchmarks across all sectors in both the US and Canada. We worked with tenants to understand their circumstances and provided support to those most at risk, offering rent deferral arrangements, practical guidance and information on resources and available financial assistance programmes.

For example, we helped our fitness tenant at Central in Silver Spring, MD adapt their business to hold distanced classes on the outdoor public paseo, which meant operations carried on safely during the pandemic.



Driving our sustainability agenda forward

Minimising the impact of our activities on the environment is critical and we are doing our part to accelerate action across our portfolio. We created a new leadership position responsible for driving forward our sustainability agenda in North America; Lauren Krause was internally promoted to the role of Director of Environment, Social & Governance.

As a signatory to the World Green Building Council Net Zero Carbon Buildings Commitment, we are invested in sustainable practices to improve development and asset performance for our US and Canadian portfolios. For example, the majority of our 3.8m sq ft of new development will target LEED Gold standards. Beyond individual building certifications, we are incorporating risk assessments and future-proofing considerations into acquisitions and portfolio management activities.

At Frontier Drive Shopping Centre in Springfield, VA, we hired a local architectural firm and a small local minority-owned General Contractor to lead a sustainability-focused refurbishment programme. The renovation helped to eliminate 100% of the lease rollover risk we stood to face at the Centre in 2021. Rents increased by an average of 9%, driving the asset valuation higher, and an improved landscaping design reduced energy costs by 64%. We completed the project for under US\$1m, resulting in nearly a 400% return on investment.



Business reviews (continued)

Grosvenor Americas

Advancing development activity  
across our cities

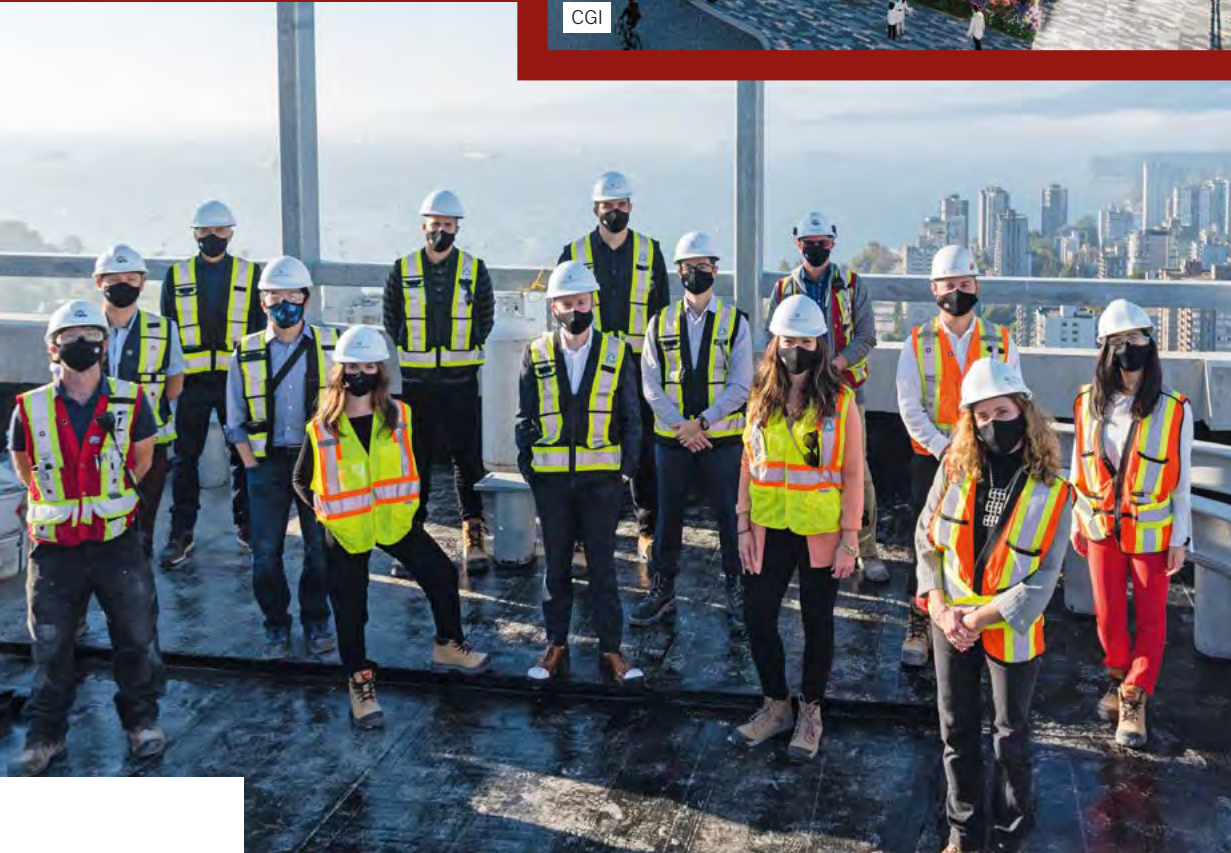
Development activity kept pace across all our markets in 2020. Despite a temporary pause in construction at Crescent in San Francisco's Nob Hill neighbourhood (pictured below left), the 44-residence condominium building received its Certificate of Occupancy in May. In September, Grosvenor Ambleside Phase 2 in West Vancouver saw homeowners move in (see page 41).

Once City Homes (pictured top left) completes in 2021, it will deliver 45 modern multi-story residences, each with private outdoor space, to Washington, D.C.'s emerging Eckington neighbourhood.



Structural and concrete work completed at Polaris in Burnaby (pictured top right), a 36-storey residential tower with 313 homes, and also at The Pacific (pictured below centre), where we are building 224 residences in downtown Vancouver.

We were pleased to support tradespeople on our construction sites during the pandemic by providing workers with lunches and gift cards to local restaurants.





Business reviews (continued)  
**Grosvenor Americas**



Engaging with residents in the neighbourhoods where we develop helps us get to know them and inform them of our plans. In this spirit, we held 32 community days at our 7.9-acre Brentwood development site in Burnaby, BC. Attractions including a socially distanced Farmers’ Market, take-away style food-truck festival and 4,000 sq ft mural by local artist Drew Young brought more than 16,000 members of the local community together during 2020.

Crucially, the events facilitated meaningful conversations with neighbours who indicated support for projects that incorporate places for people to gather, public outdoor space, support for arts and culture and local retail services, which we plan to include in our Brentwood design.

**Building  
relationships and  
listening to our  
neighbours**

**Giving back to communities**

We continue to support local communities through volunteering, sponsorships and donations. We committed over C\$1m in funding to support youth, local organisations, key workers and vulnerable groups in our core markets, and we provided free retail space to charities, artists and local vendors across our portfolio.

We continued our long-standing partnership with Habitat for Humanity in San Francisco and Vancouver by helping to build affordable housing for families in need by assisting with tasks such as framing, insulation and heating, ventilation and air conditioning installation.

Our colleagues in San Francisco volunteered as virtual mentors to young people from low-income communities in the Development School for Youth’s leadership training programme. Our Vancouver office employees provided online support to women needing career assistance, participated in the Covenant House ‘Sleep Out’ and various sporting events to raise funds for at-risk youth and individuals with disabilities.

Meanwhile, our Washington, D.C. team delivered donations to women’s shelters and volunteered at food banks (pictured below). Our employees also sourced laptops for online learning from our tenant, Best Buy, and distributed them to 117 students from three under-resourced District high schools.

Furthermore, our internal Equity, Diversity and Inclusion Committee implemented a series of actions designed to foster an inclusive work environment, strengthen our culture and address challenges arising from the pandemic.





Business reviews (continued)

2020 in numbers

**HK\$216.6m**

Revenue profit

(2019: HK\$23.2m)

**HK\$10.0bn**

Assets under management

(2019: HK\$10.5bn)

**2.6%**

Total return

(2019: 3.8%)

**8**

Total number of assets

(2019: 9)

**-13%**

Like-for-like energy consumption

(2019: -5%)

**-11%**

Like-for-like water consumption

(2019: +5%)

**-17%**

Like-for-like carbon emissions

(2019: +2%)

Share of property assets –  
by sector

Office	HK\$4,010m	46.9%
Retail	HK\$2,965m	34.7%
Residential	HK\$1,574m	18.4%

Share of property assets –  
by activity

Investment	HK\$7,543m	88.2%
Development	HK\$1,006m	11.8%

Share of property assets –  
by region

Hong Kong	HK\$4,563m	53.4%
Japan	HK\$3,986m	46.6%

# Grosvenor Asia Pacific



“We made great progress during the year executing on strategy and driving the delivery of social benefit. We were deeply motivated to meet each challenge presented by the crisis.”

**Benjamin Cha**  
Chief Executive, Grosvenor Asia Pacific



# Business reviews (continued)

## Grosvenor Asia Pacific

Hong Kong 18 March 2021

### Achieving our goals in pandemic conditions

Uncertainty characterised 2020, stifling economic growth with pandemic conditions hampering property markets across Asia beginning in the first quarter. The challenging macro environment, compounded by US-China political tensions, weighed heavily throughout the year.

With this context, Grosvenor Asia Pacific’s performance was very positive. Our diversified strategic approach to the portfolio proved to be invaluable. We were able to meet the strategic and financial goals we set for ourselves.

We saw increased activity and growth while furthering our net zero carbon reduction goals, and realising social benefit across the portfolio. Our mixed-use development now under construction in Ginza, Tokyo will be our first-ever ‘net zero ready’ development in the region. Underpinning our pledge to promote social benefit, we expanded the scope of our activities at the Neighbourhood Kitchen, our flagship community project in Hong Kong.

We embarked on a new strategy for our China portfolio back in 2018, investing into our preferred markets and sectors through strategic joint ventures. This has enabled us to take a more agile approach and scale up our efforts more rapidly in new cities. During the year, we cleared a key milestone with the successful conclusion of our investment in DAYU Villa, our first residential project in Nanjing and our first joint venture alongside Forte Land, which launched in 2018.

We also made our most significant investment in China to date in Nanjing IFC, a landmark Grade A office and retail property, in partnership with Shui On Land. Together with our mixed-use development project in Tokyo, Nanjing IFC represents the second of two key investments we made during 2020.

### Focusing on our strategic evolution

The macro environment will remain challenging as market disruption continues. The health and safety of our people remain a priority for us, and we are doing all we can to assist those in need in our communities. We have a robust pipeline of opportunities and a clear strategic direction, which is reinforced by the progress we have made so far.

In China, we will continue to prioritise investment in the Yangtze River Delta and Greater Bay Area including Hong Kong. In Tokyo, we will expand our Ginza retail presence and grow our residential business. Our strategy to diversify across various markets in the Asia region means we are well positioned to navigate through any evolving uncertainty.

Our business remains resilient, with strong teams in place with a track record of delivering. Our management team and Board were strengthened with key appointments during the year. We appointed Tim Jowett as Managing Director, Head of Greater China. He will continue to manage Grosvenor’s businesses in mainland China and Hong Kong, driving our investment and asset management activity. Cordelia Chung, Chairman of Clarksdale Investment Limited, was welcomed to the Board as a Non-Executive Director. In February 2021, we made a strategic hire, appointing Kozo Hiratani as President of our Japan business and a member of our Board. I am confident that with a newly strengthened management team and supportive Board, we will continue to lead a commercially agile business, driven by sustainability and social benefit.

**Benjamin Cha**  
Chief Executive, Grosvenor Asia Pacific



## Successful conclusion to our first investment in Nanjing, China

In November, we concluded our investment in our first residential development project in China which was also our first foray into the city of Nanjing and first joint venture with Chinese developer Forte Land.

In 2018, Grosvenor Asia Pacific entered a strategic partnership with Forte Land to invest in the project to capture strong buyer demand in this dynamic and rapidly growing city in the Yangtze River Delta region. Despite challenges presented by Covid-19, we pre-sold all 167 units in two phases, with construction on schedule to deliver the completed project by October 2021.

DAYU Villa has become a landmark project in East Nanjing with a strong reputation for quality and sophisticated design. The development underscores our commitment to sustainability, primarily through the preservation and enhancement of green park areas surrounding the site, guided by a biodiversity study undertaken with Nanjing University. With the addition of new scenic walking trails and sustainable landscaping, the local community will benefit from further opportunities to enjoy the natural environment.



## Business reviews (continued) Grosvenor Asia Pacific

In December, we acquired a 50% interest in Nanjing IFC, a Grade A office and retail property in Nanjing via our joint venture with Shui On Land, a leading property developer in China. Located in Xinjiekou, Nanjing's most renowned commercial address, the property consists of a 45-storey office tower above a seven-storey retail podium, which sits atop one of the city's major subway interchanges.

By investment value, this is the largest commitment Grosvenor Asia Pacific has made in mainland China to date. The investment further reinforces our strategy for the China market, which is joint venture-based and targets the Yangtze River Delta and the Greater Bay Area regions. With sustainability as our core goal, the environmental upgrades we plan for this marquee asset will also benefit the Xinjiekou district. It also adds a substantial income generating asset to our portfolio.

## Our most significant investment in China to date





Business reviews (continued)

Grosvenor Asia Pacific

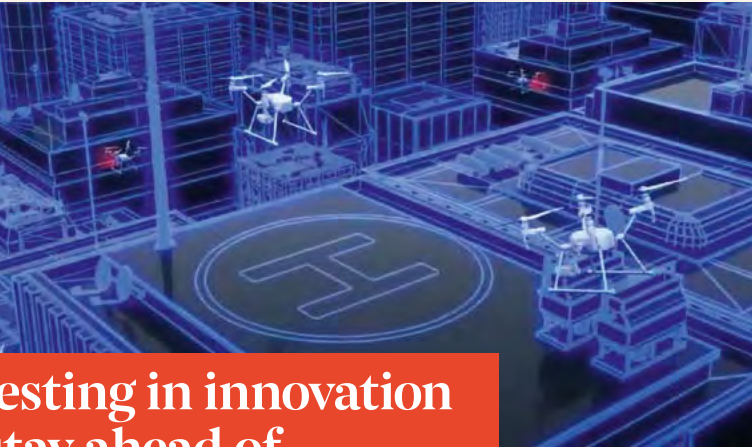
Our first pioneering ‘net zero ready’ building



In April 2020, we acquired our first proprietary development site in Tokyo, Japan. When completed, the mixed-use project will be Grosvenor Asia Pacific’s first ‘net zero ready’ building, meaning it will incorporate a number of features that will deliver a material reduction in carbon footprint, both in terms of embodied and operational carbon.

The development is located in the dynamic Higashi-Ginza neighbourhood. We believe that our net zero ready building will contribute to the community’s sustainability and will help to reduce our collective carbon footprint.

The building will look to decrease energy use and create renewable energy on site, a process which can be continuously upgraded as technology advances. As a result of design enhancements, we expect the building to achieve an overall 44% reduction in landlord energy use, including 12% of energy generation through on-site renewables. The expected improvement in on-site renewable energy generation, coupled with renewable energy procurement, will enable the building to achieve its net zero carbon status by 2030. This project marks a pivotal milestone for Grosvenor’s net zero ambitions, and particularly for our business in Asia Pacific.



Investing in innovation to stay ahead of industry disruption

In 2019, Grosvenor Asia Pacific established a Strategic Adjacencies, PropTech and Digital (SAPD) initiative to complement our overall business strategy. Technology is disrupting industry sectors across the board, and property is not immune, so we want to ensure that we actively participate in the development of the industry’s future and keep pace with the changing landscape.

While our SAPD initiative invests to achieve a financial return, we also seek synergies and strategic opportunities to collaborate with innovative companies as potential suppliers or customers of our mainstream business. During the course of 2020, we made an investment in DASH, a regional co-living space operator, and H3 Dynamics, an integrated digital service provider of automated building and facilities inspection, which uses a combination of AI and drone technology.



## Business reviews (continued) Grosvenor Asia Pacific

# Creating a lifestyle and cultural destination for the community

We believe the best approach to a partnership is one based on mutual values between tenants and landlords.

Golden Scene is a local film distributor and production house, offering Hong Kong made productions, independent films and international blockbusters. During the year, we secured them as our anchor tenant at 2 Catchick Street (2CS) in Kennedy Town, Hong Kong. Although we received a number of offers to lease the space from other operators and businesses, Golden Scene was selected due to our shared purpose and commitment to contribute meaningfully to communities where we operate and improve the wellbeing and quality of life for residents.

The introduction of an independent, boutique cinema to 2CS, 25 years after the last local cinema closed, addresses the priority needs of Kennedy Town residents, which we identified through our neighbourhood research in 2017.

During 2019-2020, repositioning works were undertaken in close collaboration with local residents. We made the decision to also upgrade the lobby of the residence at 2CS, improving the experience for residents. The cinema opened in February 2021.





Business reviews (continued)  
Grosvenor Asia Pacific

Continuing to transform  
lives through the  
Neighbourhood Kitchen

The Neighbourhood Kitchen in Hong Kong remains Grosvenor Asia Pacific’s flagship community and social venture project. Members of the Neighbourhood Kitchen live in very low-income, subdivided units (SDUs) – substandard housing in the city often with only 10-20 sq m of living space per unit. Working with our partner Caritas, we expanded the offerings to the Kitchen’s members in 2020, focusing on health and wellbeing, and supplemental education for the members’ children. We extended our support during the most acute periods of Covid-19 to ensure that families had access to PPE and technology not normally available to SDU residents. Our Hong Kong team dedicated their time and volunteered many hours of in-person and online tutoring. We also launched an interim initiative called ‘Project Social Food’ to prepare and distribute hot meals to members in need.

We plan to scale up the current Neighbourhood Kitchen offering to include a school lunch programme and additional extra-curricular activities, eventually developing similar offerings in other low-income neighbourhoods of Hong Kong. Our vision is for the Neighbourhood Kitchen and other future initiatives to become self-sustaining social ventures that foster job opportunities at the grassroots level, promoting social mobility, employability, and long-term health benefits in underserved communities.



Our effective Covid-19 relief measures helped alleviate the effects of the pandemic in the communities we serve while protecting the wellbeing and safety of our teams.

In Hong Kong, our Neighbourhood Kitchen donated laptops to underprivileged students to facilitate online learning and Grosvenor employees volunteered to provide online tutoring to these students. The Kitchen employed local residents to prepare and distribute over 1,200 hot meals to 26 families living in subdivided units, and delivered more than 10,000 surgical masks to vulnerable homebound groups.

Our Tokyo office organised a charity walk to raise awareness of mental wellbeing. Colleagues counselled high school students online through the Katariba and Mirai no Mori programmes on how to contribute to society. To support strapped retailers in Ginza and increase footfall, we bought inventory flowers meant for Christmas displays at Namikikan Ginza and distributed them free to passers-by.

At our projects in Hong Kong and mainland China, we worked with partners to ensure robust health and safety plans for contractors, including the provision of adequate PPE, clear policies and communications and precautionary procedures for workers travelling to and from different provinces.

Leading by example  
through the pandemic





Business reviews (continued)

# Grosvenor Europe

“We finished 2020 in a stronger than expected position and are in good shape to advance our commercial and social benefit ambitions as markets recover.”

Sara Lucas  
Chief Executive, Grosvenor Europe



## 2020 in numbers

**£1.4m**  
Revenue profit  
(2019: £(0.9)m)

**£1.7bn**  
Assets under management  
(2019: £1.9bn)

**(7.1)%**  
Total return  
(2019: (0.8)%)

**19**  
Total number of assets  
(2019: 18)

**-20%**  
Like-for-like energy consumption  
(2019: -11%)

**-2%**  
Like-for-like water consumption  
(2019: +1%)

**-24%**  
Like-for-like carbon emissions  
(2019: -17%)

### Share of property assets – by sector

Office	£234m	48.2%
Retail	£209m	43.1%
Residential	£42m	8.7%

### Share of property assets – by region

Spain	£223m	46.0%
Sweden	£149m	30.7%
UK	£78m	16.1%
France	£35m	7.2%

### Share of property assets – by activity

Investment	£428m	88.2%
Development	£57m	11.8%



# Business reviews (continued)

## Grosvenor Europe

Paris 18 March 2021

2020 was incredibly challenging for everyone. We had set ambitious targets for the year and with high exposure to retail and an active investment strategy, the dramatic slowdown in European markets had a significant impact. But by moving quickly to support our tenants, customers and communities, and taking selective opportunities to invest when they arose, we achieved much of what we set out to do, finishing the year in a stronger than anticipated position and living up to our purpose to deliver commercial and social benefit.

We expanded our office portfolio in Paris and Madrid and divested two retail-led assets in Sweden. These sales will enable us to deliver greater investment and impact at our other Swedish assets, such as progressing with digital innovation and shifting these centres towards a community hub model. Liverpool ONE, which now sits under the management of Grosvenor Britain & Ireland, continued to outperform its peers, with sales and footfall well above the UK average. And we made significant progress with our residential developments in Madrid, completing two projects where our first residents moved in.

We also accelerated our social benefit agenda, defining 25 targets for 2025 which span sustainable buildings, businesses and communities, health and wellbeing and nature. We also launched our net zero carbon strategy, which guides us to halve our total carbon impact by 2030. Our progress in this area was recognised, with our carbon reduction target verified by the Science Based Targets Initiative in early 2021 and our property portfolio scoring an A+ in the 2020 UN Principles of Responsible Investment.

### 2020 performance

We delivered a revenue profit of £1.4m (2019: £(0.9)m), despite the challenges of Covid-19. Income from retail and profits from trading projects was reduced, but this was partly offset by the benefit of office acquisitions in Paris and Madrid made over the last 18 months.

### A brighter future

While the immediate outlook for Europe remains challenging, we anticipate markets will begin to bounce back following the rollout of Covid-19 vaccinations. We remain committed investors in Paris and Madrid, particularly where we can identify strong opportunities to deliver asset improvements and add lasting value. 2021 will also see the full delivery of our residential development pipeline in Madrid, and we anticipate growth in unit sales upon completion.

We will continue to innovate our Swedish retail portfolio, securing our assets' ongoing relevance to their local communities, whether by introducing more community services and leisure, or by exploring development opportunities.

Realising our commercial objectives will enable us to progress our social benefit commitments. This will include implementing our pathway to net zero carbon and progressing our work on diversity and inclusion, ensuring we provide a fair and inclusive place to work and encouraging our partners and the communities in which we operate to do the same.

Sara Lucas  
Chief Executive, Grosvenor Europe

## Preserving the architectural heritage of Madrid



In Madrid, we progressed two developments rich in architectural heritage. On both projects, we sourced local materials to ensure sympathetic restoration.

At García de Paredes 4, we implemented detailed restoration work to the original window shutters, balcony railings and plasterwork.

The development of 17 apartments also features a contemporary façade over the top three floors of the building, seamlessly blending tradition and modernity. Amenities at the development include a gym, electric car charging and a stunning rooftop swimming pool.

At La Esquina de General Arrando, we launched 18 contemporary apartments in a heritage-listed building from the early 20th century. In addition to a heritage façade, the sought-after development also features a fully equipped gym and high energy efficiency ratings, including BREEAM Very Good certification.



## Business reviews (continued)

### Grosvenor Europe

Our vision is to put mitigating climate change and the promotion of healthy, inclusive and economically resilient businesses and communities at the heart of everything we do. In 2020, we launched our net zero carbon strategy, *Our Goal: Net Zero*, which outlines how we will cut our total carbon impact by 50% by 2030.

To achieve this, we will focus on three core areas: cutting energy use in buildings by a third; reducing the embodied carbon intensity of our developments by 50%; and cutting the carbon intensity of purchased goods and services by at least 60%.

Our net zero carbon aims form part of a wider strategy for delivering social benefit that was also launched in 2020. This includes 25 targets to reach by 2025, ranging from developing sustainable buildings to introducing urban farming initiatives across our portfolio. This was rolled out to our employees during World Green Building Week, with a series of workshops and training sessions to equip them with the knowledge and skills they require for implementation.

Our Goal:  
Net Zero





## Business reviews (continued)

### Grosvenor Europe

At the onset of the Covid-19 pandemic, we moved quickly to support our tenants and local communities. Initiatives included home delivery services, facilitating local discussion groups and online concerts.

At Lidingö Centrum in Stockholm, we established a free home delivery service in co-operation with our tenants and the local municipality (pictured below). This was rolled out across the rest of our portfolio, and at Väsby Centrum, the service was extended to involve a local taxi company to keep its drivers in work.

Other centres, such as Haninge Centrum and Burlöv Center, both in Sweden, offered digital concerts on social media to keep residents entertained and support their mental wellbeing during isolation. At Liverpool ONE, the much-loved piano busking festival, Tickle the Ivories, was launched on YouTube with a playlist of favourite performances from its 10-year history.

When it came to reopening our shopping centres, the safety of customers and workers was our priority. Skärholmen Centrum in Stockholm was one of the first shopping centres in Europe to receive a Covid-19 safe verification, ensuring the ongoing safety of visitors and occupiers at the destination.

The verification scheme, developed by Kiwa, considered the various guidelines introduced at the centre, including enhanced cleaning and hygiene programmes, visitor flow measures and staff training, to reduce the risk of Covid-19 transmission within the building.

Several of our other centres were also certified.



### Keeping communities safe and connected



### Expanding our sustainable office portfolio

In October, we acquired a 5,000 sq m office building in Courbevoie, north-west Paris, for c. €29m. The asset is fully leased to a French communications company, providing a long-term income stream.

Located within a major urban renewal project, the former industrial building features extra-wide floor plates and high slab-to-slab heights, offering significant layout flexibility – an attractive characteristic as offices evolve in a post-Covid world. The property was also recently refurbished, incorporating sustainability initiatives including green walls, thermal insulation and electric car charging.

Elsewhere in Paris, we secured planning permission for our first office development project, Anatole France 85 (pictured above). Located in the Levallois area of north-west Paris, we will construct a seven-floor office building, increasing green space on site by over 100 sq m, including additional tree planting, and we will reduce parking spaces to limit local car traffic.

We are also investigating design options to reduce carbon emissions and are considering the use of a timber floor concept which will minimise reliance on concrete and steel, potentially reducing the embodied carbon impact of the building by 8%.

In Madrid, we acquired a 10,600 sq m LEED Gold office tower in the Méndez Álvaro neighbourhood, one of the city's most dynamic and high-potential office areas. The building features 14 floors above ground, 212 parking spaces, flexible open plan floorplates and has established leases with three large tenants.

Strategically located close to the M-30 ring road, and with excellent public transport connections, the area is undergoing a final phase of densification, which includes other large developments and various local services to support the dynamic local community.



Business reviews (continued)  
Grosvenor Europe



Madrid residential  
development scoops  
top award

Modesto Lafuente 26, our first residential development to be delivered in Madrid, was named Best Residential Project in the ASPRIMA-SIMA 2020 Awards. It was recognised for the exceptional quality of the design, build and finishes.

The exclusive development of just 12 apartments is located in a former 1970s office building. The design of the characteristic façade, by renowned architectural firm Estudio Lamela, improves the urban landscape, maximises natural light to the apartments and enhances the views towards a protected green space with a historic grove of trees. The development also boasts a Class A energy efficiency certificate and a BREEAM Very Good rating. The first occupiers moved in during November.

We continue to look for opportunities to improve the environmental performance of our portfolio.

At Skärholmen Centrum in Stockholm, we installed software based on technology designed to maximise air flow efficiency on the International Space Station. This software reduces the energy consumption of our air handling units, while continuing to offer excellent air quality. Our trial resulted in estimated energy savings of over 60% per year.

International  
Space Station  
tech helps drive  
our sustainability  
performance

At Bålsta Centrum, also in Stockholm, we installed a geothermal energy system that will save an estimated 17% in energy consumption per year. The initiative not only improves the environmental performance of the asset, but it enables us to secure more competitive lease agreements with occupiers, who increasingly demand green energy solutions.

In Madrid, we began to enhance the sustainability credentials of the IDOM office building. Since acquisition in late 2019, the installation of a 15kW solar photovoltaic array has begun, which will provide zero carbon electricity. The LEED Gold certified office building operates with an energy use intensity more than 30% lower than the CRREM 2020 benchmark.





## Business reviews (continued)

### Grosvenor Europe



Grosvenor Europe has a 'Think, Feel, Do' diversity and inclusion strategy which aims to educate and inform, in order to drive positive action. This is achieved by actively listening to members of disadvantaged groups and implementing an awareness raising communications programme. We also provide enhanced training for all employees to develop understanding and build stronger relationships based on trust, consistency and accountability.

Diversity and inclusion is also considered through our recruitment process, especially in broadening the range of ways people can join the business. In 2020, we expanded our successful apprenticeship programme, which is open to applicants from non-academic backgrounds, to provide four opportunities in the UK and Paris.

In May, we launched a scholarship in conjunction with the Polytechnic University of Madrid to increase the diversity of future leaders in the sector.

The scholarship for the Masters in Business Management of Construction and Real Estate Companies (MDI) is available to applicants who completed their undergraduate studies in the previous academic year, and who required financial support to continue their education. The Grosvenor scholarship covers tuition costs for the 2020-2021 academic year. We intend to renew the scholarship in future years.

## Creating a more inclusive workplace



## Business reviews (continued)

### Grosvenor Europe

In the face of increasing challenges to the retail environment, we strengthened our Swedish retail portfolio by moving towards a community hub model. This was achieved by broadening the tenant mix, securing new anchor tenants and introducing a more varied service offering, so our centres act more like a city centre.

At Bålsta Centrum, Stockholm (pictured below), we completed the development of a new 3,000 sq m building to house a new grocery tenant, Coop, as well as preparing for future on-site residential development. We also reconfigured the existing centre building, creating a new business and service hub, and we introduced a new dining area, increasing the food offer by 50%.

At other assets we introduced wellness services, including securing a deal with leading health and fitness provider Nordic Wellness at Skärholmen Centrum and with SATS gyms across multiple locations. The introduction of these services will ensure our assets remain attractive and relevant destinations to a wider catchment of visitors.



Future-proofing  
our retail  
portfolio by  
broadening  
the tenant mix

### Liverpool ONE continues to outperform peers

The Grosvenor Liverpool Fund was named the top Unlisted Specialist Fund of 2019 in MSCI's annual UK and Europe Property Investment Awards, announced in September 2020. This reflects the success of our active asset management approach at Liverpool ONE, which focuses on attracting top brands, fostering a lively dining and leisure scene, as well as establishing a strong enlivenment programme.

These initiatives continue to engage visitors, drive footfall and support sales, enabling Liverpool ONE to outperform its peers in 2020. In particular, the government's 'Eat Out to Help Out' scheme helped drive sales 53% higher than 2019 from Monday to Wednesday, as well as positively impacting turnover for the rest of the week, which was on average of 10% higher than in 2019. To further support our dining operators, we took part in a city-wide Without Walls initiative. We provided occupiers with additional outside space to facilitate alfresco dining, helping them to comply with social distancing measures.





# Grosvenor Indirect Investment

“Our partners’ business models and high-quality teams suggest that we have every chance of delivering our commercial and social benefit aspirations over the coming year.”

Chris Taite  
Managing Director, Indirect Investment

2020 in numbers

£0.4m  
Revenue profit  
(2019: £25.5m)

0.3%  
Total return  
(2019: 5.1%)

£470.5m  
Equity invested  
(2019: £496.7m)

14  
Total number of investments  
(2019: 12)



Share of property assets – by sector		
Retail	£353m	47.1%
Student housing	£177m	23.7%
Residential	£80m	10.7%
Other	£76m	10.1%
Industrial	£63m	8.4%

Share of property assets – by activity		
Investment	£721m	96.3%
Development	£28m	3.7%

Share of property assets – by region		
Continental Europe	£357m	47.7%
US	£246m	32.8%
Brazil	£80m	10.7%
Australia	£65m	8.7%
Africa	£1m	0.1%



## Business reviews (continued)

### Grosvenor Indirect Investment

London 18 March 2021

#### Expanding our portfolio in an unprecedented year

For the Indirect Investment business, 2020 was both extraordinary and ordinary: extraordinary in the challenges that we and all of our partner businesses faced owing to the fundamental societal disruption caused by Covid-19; ordinary in that the volume and productivity of work within the team and across our businesses continued at a pace undiminished by the pandemic.

#### Managing the effects of Covid-19 on our portfolio

The hardest hit of our partners by some margin was Sonae Sierra, the international retail real estate specialist, which owns and manages shopping centres across Europe and South America. Even when considering downside scenarios in our business plans, we never contemplated a circumstance where all of Sonae Sierra’s shopping centres were closed simultaneously, as was the case in April of 2020. While the summer showed signs of hope, with footfall returning to within 20% of pre-Covid levels, subsequent waves of Covid have meant that the intensity of management through these periods has continued. Fortunately, the company is well capitalised, with strong leadership and modest debt, so while the loss of visitors has come at a considerable financial cost, it remains on a sound footing to bounce back as soon as circumstances allow. In March 2021, we sold down a 10% stake in Sonae Sierra, reducing our shareholding to 20%.

Outside of Sonae Sierra, our diverse portfolio of managers, sectors and countries has proven resilient.

Our other large investment exposures cover: student accommodation in the US and Brazil; industrial and logistics assets in the UK, the US and Poland; residential apartments and healthcare assets in Australia; affordable housing investments in the US; and shares in a PropTech portfolio managed by the GreenSoil Building Innovation Fund.

While none of these investments have been insulated from the impact of Covid, our rent collection rates across this portfolio have exceeded 95%.

#### New investments

During the year, we completed new strategic joint ventures with two new partners: REINO-IO in Poland and MedProperties in the US. REINO-IO specialises in Polish logistics assets and MedProperties is a private equity firm focused exclusively on investing in healthcare real estate. We also increased our commitment to our existing Brazilian student accommodation programme with VBI Real Estate, providing sufficient funding to meet our ambition to be the first company to deliver 5,000 much needed high-quality, purpose-built student beds in Brazil over the next few years. Among other highlights, the UK Secretary of State for Transport approved our Development Consent Order application with Kilbride for an 8m sq ft Strategic Rail Freight Interchange in the West Midlands: a pivotal scheme which will create much needed employment and help reduce carbon dioxide and nitrous dioxide emissions by transferring goods from road to rail. We also sold our US investments with High Street Logistics, realising a profit of over US\$9m and a net return of 16% per annum over five years.

While in many respects 2021 has started the same way that 2020 ended, our partners’ business models and high-quality teams suggest that we have every chance of delivering our commercial and social benefit aspirations over the coming year.

Chris Taite  
Managing Director, Indirect Investment

In December, we formed a new partnership with MedProperties Fund III, a dedicated US healthcare real estate fund managed by Dallas-based MedProperties Realty Advisors.

Our US\$30m commitment will help create high-standard healthcare facilities in locations that can serve, and are easily accessible by, the local communities and neighbourhoods.

The primary focus is investing in medical properties with a value-add/opportunist strategy that seeks to reposition and actively manage the assets to produce premium, long lease investments. The partnership will also invest in the development of new healthcare properties.

We have taken an immediate interest in eight assets, mainly in the eastern states of the US, and have a near-term pipeline of new opportunities.

The healthcare sector has performed well during the pandemic, with MedProperties achieving 99% rent collection on their portfolio since March, and we are excited to work together with our new partner to expand our exposure in this sector.

### Investing \$30m in US medical properties





## Business reviews (continued)

### Grosvenor Indirect Investment

In June, we became the cornerstone investor of Polish Logistics (UK) LLP, a new investment vehicle established by IO Asset Management, the specialist manager of industrial real estate, and REINO Capital, a Warsaw-based real estate holding company listed on the Warsaw Stock Exchange.

Polish Logistics' first acquisition was Logistic City Phase I, 135,000 sq m of existing warehousing in an established logistics location of Piotrków. Phase I contains four buildings let to seven tenants, with the Danish retail chain Jysk occupying half the current space.

Since the acquisition of Logistic City Phase I, the partnership has reduced current vacancy rates by 3.2%. Furthermore, in November, Polish Logistics purchased Phase II development land, which is a parcel of Logistic City's surrounding land which will be turned into further warehousing with lettable space of approximately 40,000 sq m.

## Expanding our logistics portfolio with our first investment in Poland





Business reviews (continued)  
**Grosvenor Indirect Investment**

We continue to be 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.

One of the 11 portfolio Prop-tech companies is Dealpath, a cloud-based real estate deal management platform. Hundreds of top investment management firms use the purpose-built software to access real-time data and manage the workflow as they source, evaluate and execute deals.

The platform helps investors make faster, more informed business decisions by automating the market demographic data, sales and lease comparisons and owned asset data, among other key portfolio analytics.

**Supporting  
advances in real  
estate technology**



**West Midlands  
Interchange approved**

Plans for the West Midlands Interchange (WMI), a strategic rail freight logistics hub in Staffordshire, were given the go-ahead in May 2020, with the Secretary of State for Transport granting a Development Consent Order.

Indirect Investment is a shareholder in the Four Ashes Limited partnership which put forward the proposals.

The scheme will benefit the local and national economies by helping to create more than 8,500 jobs, contributing over £900m to the UK economy and reducing carbon dioxide and nitrous dioxide emissions by transferring goods from road to rail.

Rail freight produces up to 70% less carbon dioxide and up to 15 times lower noxious emissions than road freight.

When built, WMI will provide up to 743,000 sq m of warehousing directly linked to the West Coast Main Line.

As well as easing congestion on the roads and reducing pollution, WMI will enable goods to be transported across the country more quickly, helping the region's important manufacturing and export industry to grow and be better placed to compete in an international market.



## Business reviews (continued)

### Grosvenor Indirect Investment

In partnership with VBI Real Estate, we are creating some of the first dedicated accommodation for students in Brazil, meaning they no longer need to rely on individually managed private residences.

The objective of this partnership is to acquire underutilised buildings close to university campuses and retrofit them into high-quality housing, enabling students to live with their peers and maximise their university experience.

Following the acquisition of two more assets last year, there are now five in total, located close to universities in São Paulo and Rio de Janeiro. The first building to open welcomed its first students in January 2020, with a second asset launched later in the first quarter of 2020 and the third opened in January 2021.

Occupancy rates have been lower than expected due to Covid-19, but long-term demand is expected to be high; Brazil has the fourth largest undergraduate population in the world, with around 30% of students studying outside their hometowns.

Specialist student accommodation provider ULiving, which markets and manages all the buildings, has focused on creating a safe living environment for students during the pandemic.

Tenants have been offered 'worry free leases', meaning if their universities do not reopen, they can break their lease at no cost. This has removed the difficult decision about whether to commit to accommodation away from home knowing there is a possibility their place of study may have to close. Sixteen percent of tenants ended up breaking the lease in this way.

Students were also offered rent discounted at 20% between April and July and 10% in August.

## Creating some of the first student halls of residence in Brazil



Business reviews (continued)  
**Grosvenor Indirect Investment**



**Creating more affordable housing in the US**

We invested an additional US\$12m during the year into Bridge Investment Group’s workforce and affordable housing fund (Bridge), taking our investment to US\$50m out of a total commitment of US\$56m, continuing our support for providing high-quality housing for key workers across the US.

The percentage of people looking for long-term rental accommodation who earn less than 80% of an area’s median income is increasing, while the number of units available to them is falling.

Bridge aims to fill this gap in the market, investing in upgrading the properties and providing community programmes tailored to local needs, such as educational services, tutoring and career counselling, and extensive social activities.

During the pandemic, tenants have been provided with a range of support measures including outreach calls and wellness checks, referrals to critical support services, the provision of free meals and assistance with managing their rent, including deferrals where necessary.

Creating such attractive places to live not only benefits residents but means that tenant turnover is low, resulting in a healthy return on investment. The portfolio currently has a record-high 94% occupancy.

**Realising our investment in long-standing partnership with High Street Logistics**

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.

We formed an ambitious joint venture in 2015 to acquire a portfolio of five logistics assets that would become seed assets in High Street’s fifth fund, in which we also invested.

High Street’s asset management plan was extremely successful and they leased/re-leased 72% of the portfolio during the investment period and have been able to drive rental values by c. 18% since acquisition.

Both the fund and our joint venture assets were sold at the end of 2020 in a transaction that will deliver to Grosvenor a net IRR of 16% per annum. This marks a successful close to our long-standing partnership with High Street.





## Business reviews (continued)

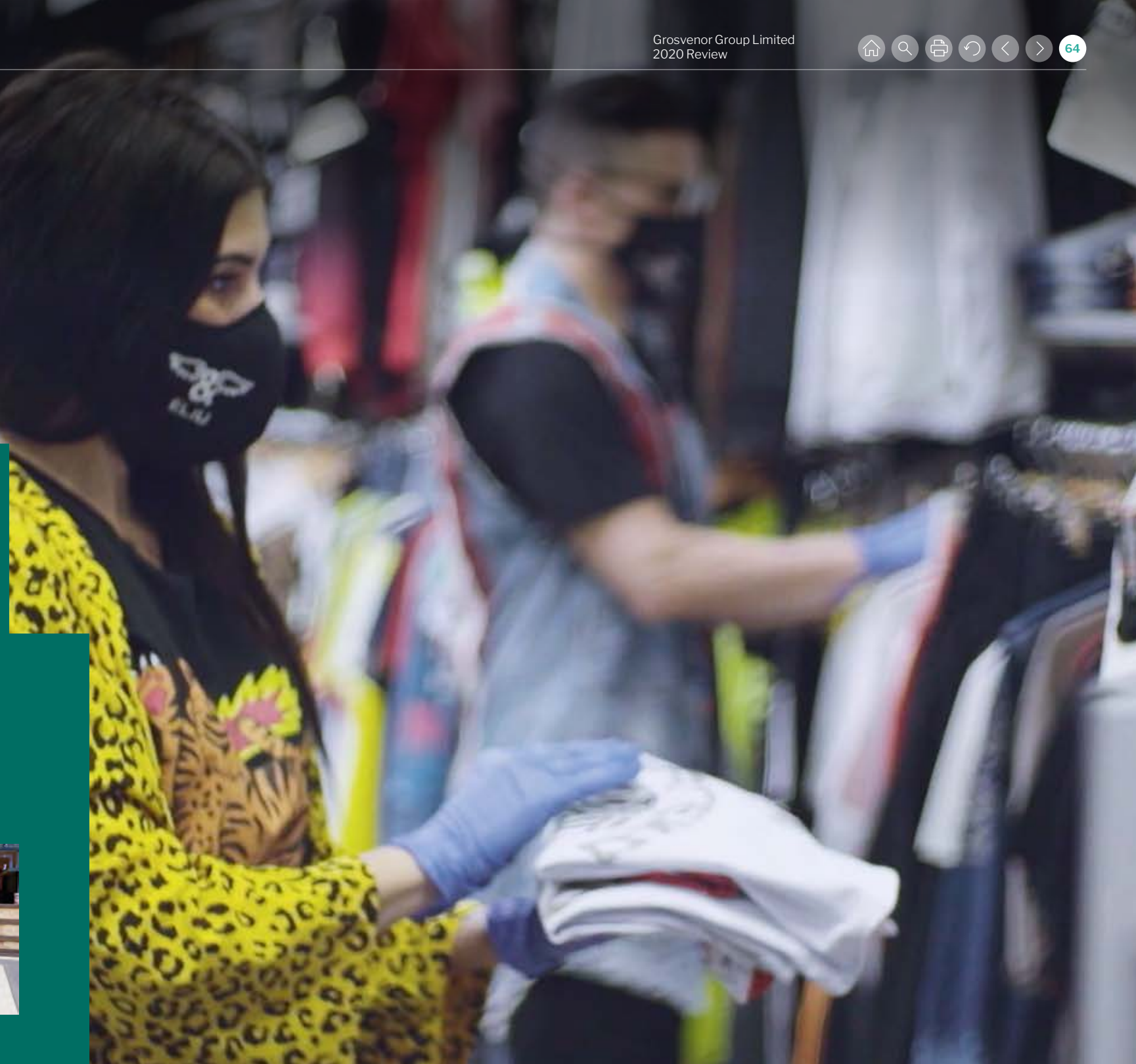
### Grosvenor Indirect Investment

# A very challenging year for Sonae Sierra

The global pandemic meant Sonae Sierra had to close its 69 shopping centres in 10 countries for several months, resulting in decreased sales for tenants and lower rent collections for the international retail company. Sonae Sierra's response to help tenants open their businesses, prioritising the safety, wellbeing and comfort of visitors, was recognised in the 2020 International Business Awards. Initiatives included traffic control systems to moderate the number of people in certain areas, a sharp reinforcement of the cleaning procedures, information to let visitors know when the quietest and safest time is and drive-through click and collect.

Despite the challenges of 2020, Sonae Sierra completed the biggest transaction in its 30-year history, forming Sierra Prime, a €1.8bn joint venture with blue chip investors comprising of six flagship shopping centres in Portugal and Spain. Sonae Sierra has a 25% interest in the joint venture, which has a 15-year horizon.

Sierra Prime marks a strategic turning point for Sonae Sierra. In the coming years, it will become a Real Estate Investment Management centred company, leveraging its track record to build new funds, and focusing on developing integrated retail-based urban living spaces.





# Our Boards and Committees

as at 18 March 2021

 Find member biographies at:  
[grosvenor.com/about-us/our-people](https://grosvenor.com/about-us/our-people)

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## We are part of The Grosvenor Estate

Grosvenor Group is one of three constituent parts of The Grosvenor Estate. 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.

In representing the Grosvenor family, we strive to undertake our activities in a socially responsible way, delivering a positive and lasting impact on our communities and the environment.

**Family Office**

The Family Office manages the Grosvenor family’s rural estates, 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.

**Reducing emissions and risk through peatland restoration**

The Grosvenor Estate’s ongoing programme of peatland restoration at the Abbeystead Estate, Lancashire, is helping to reduce emissions of greenhouse gases and the risk of flooding. With further restoration work taking place in 2020, over 78% of areas of bare peat identified in moorland surveys have now been restored to bring a reduction of more than 60% in the carbon dioxide emissions they emit annually.

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. Further works are planned on the estate this year.



### Improving the safety and quality of our woodlands

A total of 2,476 hectares of woodland is managed across The Grosvenor Estate’s three UK rural estates. This woodland stores the equivalent of about 273,800 tonnes of carbon dioxide and each year it grows, it absorbs over 17,000 tonnes more carbon dioxide from the atmosphere.

Active management of woodlands is essential to improve its safety and quality – whether that’s for the conservation of the landscape, timber production or as a habitat – as well as to ensure it can thrive for the long term. In 2020, informed by the latest research, a pioneering tree wrapping treatment was introduced to help protect veteran oaks affected by acute decline disease. This essential work will protect centuries old trees from deteriorating and will also help stop the spread to neighbouring healthy specimens.

As part of sustainable woodland management across the rural estates, the Forestry and Conservation team has planted 238,000 trees in the last three years.



We are part of The Grosvenor Estate (continued)

Wheatsheaf Group

Wheatsheaf Group is an international investor in food and agriculture businesses.

Wheatsheaf’s purpose is to rethink and re-shape how food is grown, produced, distributed and consumed to deliver lasting commercial and social benefit. It partners with like-minded people to understand the complex interconnectedness of our agricultural ecosystem to manage its effects and enhance human health, our environment and enable producers to thrive.

One of the largest and longest established investment teams in the sector, Wheatsheaf adopts a far-sighted perspective with the aim of developing innovative business models and to harness the insights and power of technology to identify, develop and scale up lasting solutions.

 Find out more at: [wheatsheafgroup.com](https://wheatsheafgroup.com)

Developing healthier, better tasting and more sustainable foods with Benson Hill



In October 2020, Wheatsheaf co-led a US\$150m series D funding round in Benson Hill. Working with Benson Hill, Wheatsheaf is harnessing plant biology and advances in artificial intelligence to enable producers and growers to accelerate plant breeding, developing and commercialising healthier, better tasting foods and ingredients that are more sustainable.

This provides several benefits including reduced costs, more accessibility for producers and growers, and improved sustainability by breeding plants capable of producing greater and more nutritious yields with fewer resources. In addition, Benson Hill is able to improve taste and texture while reducing the need for additives.

This technology has already produced non-genetically modified verified products such as ultra-high protein soybeans enabling ingredient and food manufacturers to deliver more protein content for plant-based food products.



Working with Buymie to improve access to high-quality food and sustainable grocery shopping

In June 2020, Wheatsheaf invested in Buymie, Ireland’s leading same-day grocery delivery company, supporting its launch in the UK and enabling thousands of people to have easier access to high-quality and sustainable foods.

Buymie provides a unique same-day concierge delivery service – in as little as one hour – via its mobile app and is partnered with major grocers, such as Tesco, Lidl, Dunnes, and Co-op.

In addition to empowering consumers by providing easier access to fresh groceries and sustainable food choices, Buymie is focused on limiting the use of secondary plastic packaging. By combining multiple orders and optimising deliveries, it also helps to reduce private car journeys.



Investing in TemperPack’s plant-based alternatives to plastic packaging

Wheatsheaf led an investment round totalling US\$31.3m in TemperPack – the leading manufacturer of sustainable thermal insulation for home deliveries of perishable foods and temperature-sensitive medicines – in August 2020.

TemperPack’s plant-based alternative to polystyrene and bubblewrap provides a sustainable, powerful insulation solution. Its packaging is proven in a wide range of industries including healthcare, for example to transport temperature-sensitive treatments like insulin for diabetics and vaccines for flu, as well as for foods, safely delivering recipe boxes for America’s largest meal-kit provider HelloFresh.

Once delivered, the protective liners and box can be easily disposed of in a curbside waste recycling bin where it can be managed alongside cardboard.



# Glossary

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

**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.

**Carbon Risk Real Estate Monitor (CRREM)**  
A research and innovation project that defines science-based decarbonisation pathways for the commercial and residential real estate sectors in order to manage transition risks and align with Paris targets.

**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.

**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.

**Scope 1 emissions**  
All direct emissions from owned or controlled sources.

**Scope 2 emissions**  
All indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

**Scope 3 emissions**  
All other indirect emissions that occur in a company’s value chain.

**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

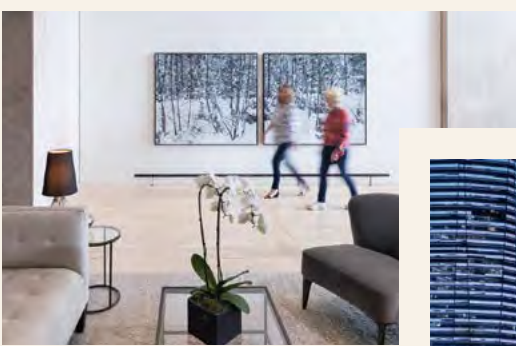
The Grosvenor family ancestry can be traced back almost 1,000 years, while its association with London property began over 340 years ago – in 1677 – when land to the west of the City of London came into the family following the marriage of Sir Thomas Grosvenor to Mary Davies.

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.



Improving property and places to deliver lasting commercial and social benefit



Creating Mayfair in the 1720s...

...and Belgravia and Pimlico in the 1820s



Homes for London’s working classes in the 1880s



Investing internationally from the 1950s onwards




To read more on our property history go to:  
[grosvenor.com/about-us/our-history](https://grosvenor.com/about-us/our-history)



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