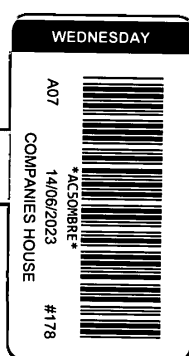




# Financial Statements

2022



## Contents

In addition to the information contained in the 2022 Financial Statements, you can download our 2022 Annual Review and the 2022 Non-Financial Data Report to find out more about our progress during the year.

## Governance

- 01 Strategic report
- 12 Corporate governance
- 18 Directors' report

## Accounts

- 26 Statement of Directors' responsibilities
- 27 Corporate advisers and bankers
- 28 Independent auditor's report to the members of Grosvenor Group Limited
- 32 Consolidated income statement
- 33 Consolidated statement of comprehensive income
- 34 Consolidated statement of changes in equity
- 35 Consolidated balance sheet
- 36 Consolidated statement of cash flows
- 37 Notes to the Financial Statements
- 95 Consolidated income statement presented in US Dollars
- 96 Consolidated balance sheet presented in US Dollars
- 97 Consolidated income statement presented in Euros
- 98 Consolidated balance sheet presented in Euros
- 99 Ten-year summary
- 100 Company balance sheet
- 101 Company statement of changes in equity
- 102 Notes to the Company Financial Statements
- 113 Glossary

## Strategic report

The Directors present their Strategic report for Grosvenor Group Limited (the 'Group') for the year ended 31 December 2022.

### Principal activities

We are an international property developer, manager and investor using both our own and third-party capital. The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in [Note 19](#) of the Consolidated Financial Statements and [Note 2](#) of the Company Financial Statements.

### The Group's purpose

Our purpose is to improve property and places to deliver lasting commercial, social and environmental benefit. We strive to promote sustainability within the built environment and to enhance the wellbeing of our customers and communities. We live up to this ambition by adopting an approach which inspires and encourages the Group to be far-sighted, locally engaged and to share and benefit from its international experience.

More detail on the Group's purpose, its approach and the impact of its activities can be found in the 2022 Annual Review available at [www.Grosvenor.com](http://www.Grosvenor.com).

### Business review

#### Group performance

2022 financial results were impacted by the challenging economic and financial market conditions, with overall profitability lower than in 2021:

- Shareholders' funds increased by £0.1bn to £4.9bn (2021: £4.8bn), largely as a consequence of foreign exchange gains arising on the translation of foreign operations. These are partially offset by the redemption of preference shares.
- Profit before tax of £8.4m (2021: £298.5m) was significantly lower than prior year due to revaluation losses on investment property in the UK, compared to gains in 2021. These were partially offset by disposal profits in the UK, and positive revaluations on industrial assets in the Americas.
- Total return (as defined in the glossary) was lower than prior year at 2.9% (2021: 4.6%) and this adverse variance was driven by valuation losses, offset by foreign exchange gains and disposal profits as referenced above. The underlying property return was 1.0% (2021: 4.9%), increased by 1.9% (2021: reduced by 0.3%) due to the weakening of Sterling over the year.
- Revenue profit decreased to £41.8m (2021: £88.9m) largely due to lower trading profits (following a very strong year in 2021 boosted by one-off trading profits) and the costs of implementing the new international urban property strategy (which is described on page 2). Revenue Profit is the main metric by which the Group measures its performance and is shown in [Note 4](#) and defined in the glossary.

#### Operating Company performance

All of the Group's Operating Companies were impacted by the challenging market conditions, with lower property valuations compared to 2021 meaning that each of the Operating Companies' profit before tax was lower in 2022 than last year. However, recurring revenue streams (net rents and fee income) saw growth compared to 2021 across Grosvenor Property UK (GPUK), Grosvenor Property Americas (GPA) and Grosvenor Diversified Property Investments (GDPI).

- GPUK delivered an increase in net income from the core property investment business, as well as higher trading profits generated from the one-off sale of trading assets in Cambridge. These positive impacts were partially offset by higher financing costs and the write-off of historic Covid-19 concessions following clarification from the International Accounting Standards Board. Overall revenue profit grew by 9% to £27.4m (2021: £25.2m). Total return for the year was -0.3% (2021: 1.0%), driven by the fall in commercial property values associated with rising interest rates and property yields, partially offset by gains made on the disposals of a development property in Bermondsey and a number of assets in Mayfair and Belgravia. The loss before tax is £71.0m, compared to a £4.3m profit in 2021.
- Grosvenor Property Americas (GPA) delivered lower trading profits than expected in 2022 because of challenging market conditions driving slower sales, impairments, and lower profit participation in the structured development finance program. Interest rate increases have led to a higher interest expense, further lowering profits. However, rental income has been resilient, driven by strong leasing activity and lower vacancies. GPA also entered a development management agreement during the year for a large site (Oakridge Transit Centre) in Vancouver, which contributed to higher fee income. These factors contributed to lower revenue profit of £14.9m (2021: £38.8m). Despite the difficult market conditions leading to declining office and retail valuations, these have been more than offset by uplifts on the industrial and residential portfolios, resulting in revaluation gains of £24.0m (2021: £115.7m). Total return for the year is 2.9% (2021: 12.1%) and profit before tax is £35.8m (2021: £169.2m).

## Strategic report

### Business review continued

- Grosvenor Diversified Property Investments (GDPI) delivered revenue profit of £16.2m, £34.3m lower than in 2021. The reduction is due to a one-off trading profit recognised in 2021 that did not repeat in 2022. Total return of 5.9% (2021: 18.7%) is lower than last year due to more subdued property valuations, compared to significant gains in 2021 on alternative sectors in the US, Australia and Poland. Despite this, the overall revaluation of £19.2m helped contribute to profit before tax of £41.7m (2021: £134.6m).
- Restructuring costs (see international urban property strategy update below) contributed to a revenue loss of £1.4m in Grosvenor Property Asia (GPAsia) (2021: profit £3.8m). A revaluation loss of £11.2m (2021: gain £11.5m) was principally due to the outward yield movement on offices in Hong Kong and was more than offset by profits recognised on disposals made in Japan. Collectively these impacts delivered total return of 0.9% (2021: 2.4%) and loss before tax of £4.1m (2021: profit £16.6m).
- Grosvenor Property Europe (GPEurope) delivered a revenue loss of £1.8m (2021: profit £2.6m) due to one-off restructuring costs (see international urban property strategy below). Outward yield movements on retail and commercial assets in Sweden and Spain led to a negative revaluation of £15.1m (2021: gain £8.2m), contributing to a total return of -2.8% (2021: 3.1%) and a loss before tax of £13.9m (2021: profit £12.1m).

#### Financial position

The Group's Shareholders' funds now stand at £4.9bn (2021: £4.8bn). The increase is largely due to foreign exchange gains recognised on the translation of overseas operations, offset by net revaluation losses on commercial assets, principally in the UK. Economic gearing was 28.6% (2021: 31.6%) at year end and resilience (the extent to which market values of the portfolio of property assets can fall before Group financial covenants are breached) was significantly above the Group's internal minimum of 40%.

During 2022, the Group's share of property assets (shown in [Note 15](#) and defined in the glossary) remained stable at £7.3bn and assets under management increased by £0.5bn to £11.5bn (2021: £11.0bn). Within property assets, net acquisitions in GPA and GDPI and foreign currency translation gains are offset by net disposals in GPEurope and GPAsia.

#### Financial capacity and liquidity

The Group is well funded and therefore positioned to manage risks and take advantage of opportunities as they arise. Financial capacity (being cash and undrawn, committed, general use facilities which are immediately available) increased to £2.0bn at 31 December 2022 (2021: £1.8bn). The weighted average life of wholly-owned facilities is 5.3 years (2021: 5.2 years).

Our relationship approach to treasury continues to work well. Most of our liquidity is provided by a £1.1 billion committed revolving credit facility provided by eleven relationship banks which we entered into in June 2021. The facility has two equal tranches of 3 years and 5 years, both of which have two one year extension options, and has a margin which adjusts in accordance with our sustainability performance. One of these extension options was exercised in the year. This cost-effective facility reflects the long-term nature of our banking relationships and the ongoing strength of our balance sheet.

#### International urban property strategy

In March 2022, a strategic decision was taken to focus our international urban property business on our UK and North American direct investment activities and on our Diversified Property Investments business. This strategy sets the direction of the property business for the years ahead and enables us to better meet our purpose of delivering lasting commercial, social and environmental benefit. The approach sees the evolution of our direct investment approach in Europe and Asia, where, going forward, investment activity will focus on backing local partners through our indirect investment model. Restructuring costs have been incurred in the process of implementing this strategy.

#### Future developments

We expect that challenging market conditions are likely to persist through 2023, due to the ongoing high inflationary environment, increased pressure on the cost of living, and the continuing war in Ukraine. Despite these factors, we expect operating performance to improve in 2023 through careful asset management and increased returns on our diversified investments. However overall profitability is expected to decrease in comparison to 2022 due to pressure on property values. The Group will continue to pursue its strategy of international diversification as it makes the business more resilient to regional variations in performance. The Group's ability to take a long-term view, combined with its strong balance sheet and financial capacity puts it in a good position to be able to manage risks as well as seek new opportunities.

## Strategic report

### Key performance indicators and measures of return

Appropriate key performance indicators are employed throughout the Group to help achieve ambitious goals and maintain a philosophy of continuous improvement.

The Group monitors revenue profit and total return on property assets on a proportional basis, i.e. including the appropriate share of joint ventures and associates.

Revenue profit is the measure by which we monitor our underlying performance, rather than profit before tax, as it excludes unrealised market movements and one-off disposal profits. We measure total return to show how our property portfolio has performed, including both income and capital returns.

Revenue profit is shown in [Note 4](#) to the financial statements. Total return and revenue profit are defined in the glossary.

Key Performance Indicator	Why it is measured	2022	2021	Comment
Profit before tax	To show the return on assets delivered in absolute and statutory terms.	<b>£8.4m</b>	£298.5m	Reduced primarily due to revaluation losses and lower gains in our operating companies, combined with decreased share of profits in JVs in GPA, offset by increased disposal profits.
Total return (including currency movement)	To show how the property portfolio has performed, including both income and capital returns.	<b>2.9%</b>	4.6%	Total return, before the impact of foreign currency translation, decreased to 1.3% (2021: 4.9%). This was due to negative revaluations primarily in GPUK. Foreign currency translation provided gains in 2022 (losses in 2021).
Revenue profit	To identify underlying performance, excluding market movements.	<b>£41.8m</b>	£88.9m	Due to lower trading profits and costs of implementing the new international urban property strategy (see page 2).
Shareholders' funds	To report the total value of the Shareholders' investment in the Group.	<b>£4.9bn</b>	£4.8bn	Shareholders' funds increased in the year primarily due to foreign exchange gains on translation of foreign operations, as well as actuarial gains on the pension fund, offset by ordinary shares redeemed.
Investment Property (IFRS basis)	To quantify the Group's investment property portfolio on an IFRS basis.	<b>£4.1bn</b>	£4.4bn	Decrease due to increased disposals activity and revaluation losses in GPUK.
Property assets (proportional basis)	To quantify the Group's financial investment in property assets.	<b>£7.3bn</b>	£7.3bn	Property valuations losses and net disposals in GPUK, offset by revaluation gains and trading property acquisitions in GPA.
Assets under management	To monitor the scale of the portfolio of property assets for which the Group's management teams are responsible.	<b>£11.5bn</b>	£11.0bn	Increase in GDPI assets following indirect acquisitions, as well as acquisitions of trading properties in GPA, offset by disposals in GPAsia and GPUK value losses.
Development exposure	To monitor the level of development risk within the portfolio, expressed as a proportion of total property commitments.	<b>17.1%</b>	12.3%	Increased exposure following the South Molton Triangle site moving into development phase in the GPUK portfolio.

### Risks and uncertainties

We aim to develop and co-ordinate an internationally diversified group of property companies and investments in property companies and other property ventures. Each Operating Company endeavours to maximise its returns in accordance with an agreed stance on risk. The Group seeks to ensure that the risks encountered by the business are identified, quantified, understood and managed in an appropriate way.

Our operations are managed under a devolved structure. However, since the underlying activities (property investment and development using our own and third-party capital) are common to each region, the nature of business risks encountered in each region is broadly similar. Set out below is a summary and explanation of the principal risks faced by the business.

## Strategic report

### Risks and uncertainties continued

#### Market risk

Property markets are cyclical and so the Group's businesses are subject to cyclical variations in the value of the portfolio. Several global property markets currently appear to be entering a cyclical downturn as a result of rising interest rates and declining economic conditions, so short-term market risk is currently heightened.

However, the Group takes a long-term view and its low level of gearing enables it to focus more on underlying income and value-generating potential than short-term value fluctuations. Beyond a low level of gearing, market risk is also mitigated through portfolio diversification across sectors, countries, currencies, locations and management teams. The Group also only commits to development projects, where short-term market risk is most relevant as market conditions may affect sales and leasing, after taking careful account of the market outlook. Development exposures are also sometimes shared by working in joint ventures.

The Group is also carefully monitoring a number of structural changes that can cause challenges for commercial property markets. These include an increasing online penetration of retail sales and the prevalence of hybrid working in some markets. The Group mitigates against market risks from these challenges through portfolio diversification across sectors.

The Group is also carefully monitoring the structural outlook for long-term interest rates and property yields. The Group primarily mitigates against market risks resulting from structurally higher interest rates through a low level of gearing.

The Group's new international urban property strategy will change the market risks that the Group faces. The strategy will concentrate on investing in places that are dynamic, diverse and well connected, which may prove to be more resilient than single-asset locations, possibly reducing market risk. A greater use of the indirect investment model may also enable portfolio diversification across a greater range of geographies, sectors and management teams.

#### Macroeconomic risk

Property markets are linked to macroeconomic conditions and are therefore subject to macroeconomic risk. In macroeconomic downturns property income can decrease, particularly in real terms, as a result of reduced leasing activity and declines in market rents; while values can fall as a result of lower income and investors demanding higher yields on property investments.

The global economy may be entering a downturn and so macroeconomic risk is currently heightened.

The Group manages macroeconomic risk in a similar manner to short-term market risks, as the two are closely linked. It therefore uses a combination of low leverage, portfolio diversification and a careful approach to development.

#### Capital allocation

Our primary financial objective is to maximise returns at an acceptable level of risk. Fundamental to this is the optimal allocation of capital between each of the Operating Companies and our Diversified Property Investment business and the devolution of property decision-making authority to local boards. The process for identifying both long-term targets and medium-term ranges for the proportion of capital to be allocated to each geographic region is set out on page 12. Following the adoption of the international urban property strategy, the balance of capital invested will shift away from direct holdings in Europe and Asia and into an indirect holdings model, allowing for wider diversification by geography and sector.

Long-term targets and medium-term ranges for capital allocated to regions and sectors are monitored on a quarterly basis by the Group Investment Committee.

At the Operating Company and Diversified Property Investment level, each Board reviews its strategy annually. These reviews take account of the geographic allocation within the respective territory, as well as the allocation between sectors and the split between property investment and development.

The Group Investment Committee reviews the five-year historic financial performance, 10-year strategic plans and current operational matters of each of the Operating Companies and Diversified Property Investment annually.

## Strategic report

### Risks and uncertainties continued

The distribution of the Group's property assets and assets under management at 31 December 2022 is shown below:

#### Group property interests and assets under management

	GROUP				THIRD-PARTY INTERESTS			Future development commitment £m	Assets under management £m
	Investment £m	Development £m	Financial assets £m	Total £m	Investment £m	Development £m	Total £m		
<b>Year ended 31 December 2022</b>									
Property UK	2,982	320	3	3,305	2,063	40	2,103	360	<b>5,768</b>
Property Americas	1,314	571	44	1,929	943	260	1,203	172	<b>3,304</b>
Property Asia	679	26	8	713	81	-	81	-	<b>794</b>
Property Europe	312	-	-	312	280	-	280	22	<b>614</b>
Diversified Property Investments:									
Sonae Sierra	115	5	-	120	-	-	-	-	<b>120</b>
Third-party managed	850	-	64	914	-	-	-	-	<b>914</b>
<b>TOTAL</b>	<b>6,252</b>	<b>922</b>	<b>119</b>	<b>7,293</b>	<b>3,367</b>	<b>300</b>	<b>3,667</b>	<b>554</b>	<b>11,514</b>
Commercial	2,468	352	2	2,822	943	40	983	304	<b>4,109</b>
Retail	1,459	47	-	1,506	1,534	-	1,534	74	<b>3,114</b>
Residential	1,182	523	65	1,770	692	260	952	176	<b>2,898</b>
Industrial	743	-	32	775	198	-	198	-	<b>973</b>
Student accommodation	249	-	-	249	-	-	-	-	<b>249</b>
Other	151	-	20	171	-	-	-	-	<b>171</b>
<b>TOTAL</b>	<b>6,252</b>	<b>922</b>	<b>119</b>	<b>7,293</b>	<b>3,367</b>	<b>300</b>	<b>3,667</b>	<b>554</b>	<b>11,514</b>

#### Property risks

##### Investment properties

A significant risk in property investment is the loss of income. The impact of the Covid-19 pandemic on tenants' ability to pay rent reduced further in 2022, however recoveries from tenants are still yet to reach pre-pandemic levels.

The Group's businesses ensure that properties are properly maintained and managed, occupancy is maximised and exposure to individual tenants is managed. Asset management is undertaken by teams with overall responsibility for the properties within their portfolios. Day-to-day property management is either outsourced to professional property managers or managed in-house.

Leasing risk is managed by dedicated in-house leasing teams and the use of professional leasing agents. Exposure to individual tenants or sector groups is reduced by maintaining a diversified tenant base and by reviewing the credit-worthiness of new tenants.

##### Developments

In property development, the main risks arise in managing the development process, including obtaining appropriate planning consents (which can be challenging to achieve in a timely manner) and controlling the construction process and costs. The Group has dedicated teams involved in site assembly and planning, and limits committed expenditure prior to planning consent being obtained. Construction risk is managed by in-house project management teams using external contractors. In many cases, construction risk is shared with partners.

## Strategic report

### Risks and uncertainties continued

#### Capital raising

The Group has no plans to seek further equity capital through the issue of new shares. Capital for investment is available from retained earnings.

Our preference for working with partners and investors provides access to capital beyond our own resources, for specific investment and development opportunities. Working with like-minded partners and investors in property is a core part of our business.

#### Acquisitions and sales

When acquiring or selling property, the principal risk is in assessing the future income flows in order to determine an appropriate price. The timing of property transactions is managed as part of the budget and annual asset allocation review within each Operating Company. Estimated price levels are supported by detailed financial appraisals, which are conducted for all property purchase and sale transactions. Every property transaction is subject to a due diligence review, including corporate due diligence where properties are acquired within corporate vehicles. The ongoing economic uncertainty has continued to disrupt the real estate market with some delays to planned disposals experienced.

#### Financial and tax risks

The principal financial risks faced by the Group are liquidity, credit, interest rate and foreign currency risk. Each of the principal financial risks is explained in more detail and analysed in [Note 28](#) to the Accounts.

Exposure to tax risk arises across a number of tax jurisdictions. In addition to different tax filing requirements in each territory, there is also exposure to the impact of changes in tax legislation. These risks are reviewed annually as stipulated in the Group's tax policy and are managed by an in-house team which works alongside external tax advisers.

#### Health and safety

The Group is committed to ensuring that its businesses maintain high standards of health and safety management in all their operations and adhere to best practice. The Group has a five-year vision for health and safety. Each Operating Company Board has assigned accountability for health and safety to one of its members. Operating Company Boards are responsible for health and safety within their business with the support of the internal Director for Health and Safety and external consultants with local expertise to help them achieve compliance. Operating Companies review and report formally their compliance each year and progress is monitored on a regular basis.

Each Operating Company sets itself annual targets to achieve its objectives and all follow the ISO 45001 international standard. This provides assurance that workplace and other risks are being managed where necessary and includes construction and development projects, property and land management. Each business made good progress in completing their 2022 annual health and safety action plan.

Operating Companies ensure that employees are well informed, engaged with, consulted, kept up to date and are competent to fulfil their responsibilities. Grosvenor has a web-based health and safety risk management system to assist its businesses.

There were no fatalities and no other reportable health and safety incidents to statutory authorities involving the Group's employees in 2022. There were four recorded minor incidents to employees and five near miss incidents to employees. Accidents and cases of ill health are treated seriously, investigated where necessary, lessons identified, and actions taken to prevent recurrences. There was one enforcement notice in our UK Operating Company which has been complied with. There were no prosecutions globally.

Operating Companies continue to review and improve their procedures for managing fire risks in their properties and on their construction projects. Grosvenor is supportive of fire and building safety improvements required in the UK. Internationally, more rigorous legislative arrangements are already in place to minimise similar issues to those arising from the UK Government's investigation into the Grenfell Tower fire. The Group continues to share its experience with UK Government officials and the British Property Federation.

The Group continues to make improvements to a small number of UK properties where remediation work has been identified. As industry and regulatory improvement in this area continues, the Group is committed to playing its part.

## Strategic report

### Risks and uncertainties continued

#### Reputation and brand

We take the management of our brand very seriously. Its strength is founded in our long-standing reputation which has been built over centuries and continues to evolve.

In order to protect and strengthen our brand and reputation we operate as a values-led business, promoting our values of integrity, respect and trust all of the time – with our people, customers, partners, suppliers and wider society.

We aim to apply the highest standards of corporate conduct, adopting best practice in developing and implementing several policies and procedures to ensure that these not only meet the letter but also the spirit of the law. These include policies on anti-bribery and corruption, anti-money laundering, UK Modern Slavery Act and the UK Criminal Finances Act.

All employees are made aware of the Group's policies and receive training appropriate to their roles and responsibilities. The Group seeks to manage and invest in its brand and reputation proactively, identifying potential risks, and acting swiftly to mitigate them. All staff are briefed on the expected values and conduct the Group seeks to uphold as well as its communications and brand policies and guidelines (which are also shared with relevant external consultants, as appropriate).

#### People

We take considerable care in recruiting, retaining and developing Grosvenor people. A wide range of development opportunities exist for people to undertake tailored learning, including opportunities for international secondments.

Succession planning is overseen by each Board through the HR committees as part of the Strategic People Agenda. Compensation is regularly benchmarked against the market, with particular attention given to the low-paid and legislative requirements. The Group rewards loyalty, excellence and effort in line with Grosvenor's values.

#### Information technology and security

Grosvenor's operations are dependent on the effectiveness of IT systems, including an international communications network, property and staff databases, and accounting and treasury systems. Procedures are in place to protect the security and integrity of data, and Grosvenor has detailed incident management and business continuity plans which are tested on a regular basis. The Group Technology Steering Committee (Group TSC) monitors the efficient delivery of Company-wide process and system changes.

Grosvenor recognises that effective governance is the cornerstone of good information security. It operates an organisation-wide Technology Risk Advisory Group (TRAG) with independent external expertise to provide challenge to the technology function and advice to Group and Operating Company Boards and Audit & Risk Committees.

New technology, digital disruption and corresponding emerging business models may disrupt the property industry and the traditional sectors in which we operate. The Group Innovation team undertakes ongoing horizon scanning for such industry trends and works closely with the regional Operating Companies and the Group Technology function to ensure that new technologies can be taken advantage of.

#### Climate risk disclosure

As a large, international real estate group, we recognise that our activities contribute to climate change and global warming which, in turn, will impact our assets and operations in the short, medium and long-term. These environmental risks will have a financial impact; more frequent and harmful weather events will damage our assets, leading to higher protection and repair costs. Governments, lenders and investors will increasingly use policy, taxation and regulatory regimes to encourage the necessary transition to a 'low carbon economy', in an effort to limit temperature rises.

This presents a significant risk to our activities and as such, we continue to voluntarily disclose our assessment and response to environmental risk in line with our approach to transparency through disclosure.

#### (i) Governance

Our overarching purpose is to ensure lasting commercial, social and environmental benefit. The Group Board has overall responsibility for delivering on this purpose, including the management of our environmental risk. The Group Board maintains a presence on each Operating Company board, through which they obtain oversight of the environmental risk management activities at the Operating Company level.

Operating Company Boards are responsible for delivering this purpose in their business. Environmental risk management is overseen by the Operating Company Boards, with CFOs seeking to understand the potential impact of climate risk on assets and business performance. Within each Operating Company, a sustainability lead works with the CFO and business teams to ensure that climate risk is integrated into decision-making. We have made good progress this year, but recognise that there is more work to be done to encourage a culture whereby climate risk is considered by every team, at every stage.



## Strategic report

### Risks and uncertainties continued

The Group Audit & Risk Committee reviews and approves the Financial Statements, which include our environmental risk disclosures, and our Non-Financial Data Report, which discloses our assured energy, water and waste data for the year. Our approach to environmental risk, including alignment with the recommendations of TCFD, has been an important topic discussed at the Group Audit & Risk Committee during the year.

The Group Finance Board (members include all Operating Company CFOs and Finance Directors) meets twice yearly, and on both occasions reviewed our approach to environmental assurance and risk management.

In relation to our climate risk, the Group Board reviews the 10 year strategic carbon plan which is produced annually to sit alongside the strategic financial plan. This has been in place since 2020. The strategic carbon plan sets out projected carbon emissions, based on our commercial strategy and carbon reduction strategies and targets.

A TCFD working group has been established, with representatives from Group and GPUK, to ready the Group for TCFD compliant reporting when the required disclosures become mandatory in 2023. Furthermore, PwC was engaged to review the Group and Operating Companies' approach to environmental risk management, including areas of potential non-compliance with the recommendations under the TCFD framework. Following this piece of work, PwC made several recommendations which we intend to address over the coming year.

#### (ii) Strategy

In 2022, we developed a Group decarbonisation strategy, aligned with limiting warming to 1.5 degrees. Every Operating Company will contribute to this strategy with their own Net Zero Carbon ("NZC") pathway (please see our Annual Review for more details). Two of these pathways have already been verified by SBTi and every pathway has been fully costed with resources made available to seek to ensure delivery.

The Board reviews our strategic financial plan annually, which sets out our commercial direction for the decade ahead. This year, the plan included the cost of delivering our NZC strategy, including costs such as those associated with retrofit programmes and sustainable development projects. This includes the cost of mitigating transition risks, such as new energy efficiency regulations in the UK and higher costs of fossil fuels. In time, we expect to incorporate the cost of potential physical risks into our downside strategic plan.

Since 2020, we have produced a strategic carbon plan to project the carbon impact of our financial strategy. For the first time this year, we have produced two plans projecting our emissions, with and without action. Moreover, these plans now cover all scopes, including scope 3 emissions for all Operating Companies. These plans have been developed as part of the Group decarbonisation project. Our 'business as usual' plan, shows the impact of our financial strategy without decarbonisation efforts, and our decarbonisation plan shows the impact of the decarbonisation strategy. The Grosvenor Trustees have reviewed these plans, as well as the Operating Company and Group Boards. These plans will be updated annually to track progress, understand the carbon consequences of our commercial strategy, and to ensure that sufficient costs have been set aside to implement our decarbonisation targets.

Climate change will also provide opportunities for the Group, and work is required to understand those that could be available to us with changing market demand and environmental standards.

#### (iii) Risk Management

In line with best practice, we recognise two distinct categories of environmental risk.

*Transition risk:* Risks associated with transitioning to a low carbon economy, including changes in policy, law, regulation, technology, market demands, and reputational risks should we not respond appropriately.

*Physical risk:* This is made up of two categories: acute and chronic risk. Acute risks are those posed by extreme weather events i.e., damage to assets. Chronic risks are associated with long-term environmental change i.e., sustained higher temperatures and sea level rise.

#### Scenario Analysis

In 2020, we carried out a high-level assessment of Grosvenor's exposure to transition and physical risks in a 2 and 4 degree warming scenario, at 2030 and 2050+. This work enabled each Operating Company to create a short-list of material environmental risks. In 2022, GPUK and GPA undertook further work to model transition and physical risk at the asset level, gaining a more granular understanding of the risk exposure of each asset. This work also estimated the climate value at risk. This work has fed directly into our strategy and informed our response to climate change, as set out below.

## Strategic report

### Risks and uncertainties continued

#### (iv) Risk Management and Response – Metrics & Targets

Each Operating Company is responsible for assessing and managing environmental risk. Transition and physical risks are identified and documented in local risk registers, to be reviewed by the relevant Executive and Audit & Risk Committees. We have chosen to present risk management alongside metrics and targets, as these will be used to track the progress of our mitigation activities.

**Grosvenor Property UK:** The GPUK business manages a portfolio of c. £5bn in London's West End. It also invests in new neighbourhoods elsewhere in London, Liverpool and across England. Climate risk is jointly managed by the financial and sustainability functions, with overall responsibility with the Chief Financial Officer. Physical risk and transition risk have both been included in the company risk register since 2019. This is discussed 6 monthly at its Audit and Risk Committee. Climate risk is regularly addressed at its Executive Committee as part of key decision making for major investment and development decisions, as well as for strategic planning.

The risk profile of GPUK's business varies across 3 main activity types, and as such is individually managed by the relevant business units. Across GPUK's standing portfolio and business operations, the understanding of key risks is well established through portfolio and asset level climate scenario analysis and historic weather events. In its development projects, understanding and mitigating climate risk is a core part of GPUK's Sustainable Development Brief. For investments, GPUK conducts reviews to understand the climate risk, and this forms part of the acquisition process.

Material risks identified across our UK business are:

Transition:

- **Reputation – investment risk:** Failure to meet publicly stated sustainability commitments poses a risk to Grosvenor's revenue and investment streams as clients and investors increasingly expect high levels of sustainability performance from organisations. The progress against GPUK's Net Zero Pathway, Social Impact Strategy, and Biodiversity Strategy will ensure this risk is minimised.
- **Reputation – customer risk:** Reputational damage through failure to act on the climate crisis may result in loss of income resulting from a decrease in customer satisfaction having an impact on retail, residential and office rents. This will materially affect GPUK's ability to deliver its business strategy. GPUK's sustainability strategy and proactive engagement with tenants helps mitigate this risk.
- **Policy and Legal – MEES Implementation:** Currently environmental regulation in the UK (MEES) prevents leasing space with an Energy Performance Contracting rating of worse than E and this is projected to increase to a rating of B by 2030. To ensure we stay ahead of legislation and provide high quality spaces that out-perform the industry standard, in 2020 we launched a £90m retrofit programme. This will upgrade our historic estate in line with best practice Energy Use Intensity targets, and remove fossil fuel heating across our assets.

Physical:

- **Storm damage:** The risk of storm damage across the UK is high in a warming climate, both from severe winds, as well as surface water flooding. This is already being felt in many urban areas experiencing flash flooding in recent years. As part of repairs and maintenance, GPUK's retrofit programme and biodiversity strategy, GPUK is working to reduce the probability, severity and impact of these events across its estate.
- **Heat stress:** GPUK's properties are predominantly in dense urban environments. These are likely to be exposed to both more frequent hot spells, as well as hotter and longer extreme weather events. As part of its retrofit strategy and biodiversity strategy GPUK is aiming to reduce the severity of the urban heat island effect, and its impact on its properties.
- **Ground instability and subsidence:** In a warming climate it is predicted the water table will move. This comes with a threat to ground stability and building foundation issues. This is a key design consideration in GPUK's development projects, and an acquisition consideration for investments.

**Grosvenor Property Americas:** The GPA business operates across North America and Canada, with three main activities: development, investment and structured development finance. The risk assessment process is tailored to each business activity.

**Development:** Environmental risk assessments are carried out as part of the overall risk assessment of all development projects. These are performed regularly ahead of and throughout a development project.

**Investment:** Every year, analysis is undertaken to determine whether to hold or dispose of investment assets. This year, GPA incorporated the transition and physical risk exposure of the assets into the decision-making process using analysis derived from a third party which assessed transition and physical risk exposure at the asset level.

## Strategic report

### Risks and uncertainties continued

**Structured Debt Finance:** Environmental and geo-technical reports are reviewed to assess flood plain, earthquake risk, etc. As part of its due diligence for prospective loans, GPA conducts an environmental review as a matter of course. GPA's loans contain covenants requiring the borrower to report any change in environmental conditions. This is monitored as part of GPA's monthly review process.

Transition:

**Reputation and market expectations:** Stakeholders such as lenders and investment partners have increasing requirements from GPA in respect of its Net Zero Carbon goals, ambitions and progress. Being unable to fulfil these demands could risk the loss of business opportunities.

**Policy and legal risks:** Building standards will likely become increasingly stringent across the US and Canada, particularly in GPA's investment regions. There is a risk that we will need to retrofit GPA's buildings to ensure they meet these standards. GPA's Net Zero Carbon pathway accounts for these changes, and appropriate resources have been made available to implement these changes.

Physical:

**Extreme weather events:** GPA's current portfolio risks exposure to heat stress, coastal flooding and damage from thunderstorms or cyclones. In a 4 degree scenario, the risk of wildfire also becomes more likely. Consideration of its assets' exposure to such events is part of GPA's investment/divestment decision-making process.

**Grosvenor Diversified Property Investments:** The GDPI business invests in real estate assets indirectly, co-investing with partners in third-party managed joint ventures and funds to grow and diversify exposure to regions, sectors and investment types beyond the focus of GPUK and GPA. GDPI investment cycles are typically five years and our partners are responsible for the day-to-day management of the ventures.

GDPI requires that its partners consider environmental risks in the due diligence and investment appraisal process. As the environmental risk assessment falls to the investment partner, the level of detail and quality will depend on how they typically assess risk. GDPI plans to set clearer expectations for its investment partners regarding how they assess environmental risk in, order to continuously improve the robustness and consistency of these assessments.

### Employees

The Directors recognise the importance of good communications and relations with the Group's employees and place considerable value on informing them on matters affecting them as employees and seeking their input through surveys, meetings and networks. Each part of the Group maintains employee relations appropriate to its own particular needs and environment.

Since the return to the office after the Covid-19 pandemic, employees' mental and physical wellbeing has continued to be supported through a range of tools, talks and workshops with employees openly encouraged by leaders to take part in these activities.

The Group gives full and fair consideration to applications by disabled persons for employment. Our success at Grosvenor is dependent on attracting, developing and retaining talented people who share and believe in our values. We are committed to building an inclusive culture which attracts people from all parts of society and values every person for the individual talents they bring. Further information on employees is provided in the Corporate governance report, Wates Principle Six - Stakeholder Relationships & Engagement on page 14.

## Strategic report

### Statement of Compliance with Section 172 of Companies Act 2006

Throughout 2022, the Directors have performed their duty to promote the success of the Company under Section 172, taking consideration of:

- issues, factors and stakeholders relevant in complying with Section 172(1)(a) to (f);
- main methods used to engage with stakeholders and to understand the issues to which they must have regard; and
- the effect of such issues on the Company's decisions and strategies during the financial year.

Grosvenor's property business has evolved over 340 years since the Grosvenor family's first association with London property began in 1677. As a result of this unique heritage and ongoing ownership, the Board takes decisions for the long term and seeks to apply the highest levels of corporate conduct. The Board and the Company's shareholders judge the success of the business based on the positive impact on the communities in which we operate currently, whilst being mindful of the needs of future generations.

We believe that adopting such an outlook, together with taking all necessary measures to ensure that the way business is done meets the highest standards of corporate conduct, leads to enhanced Shareholder value. More detail on the Group's purpose is provided in our Corporate governance report, *Wates Principle One – Purpose & Leadership* on page 12.

We operate as a values-led business, promoting our core values of integrity, respect and trust all of the time – with employees, customers, partners, suppliers and wider society, helping us to continue to earn a strong reputation and enhance our brand. How these different business relationships are managed is covered in the Corporate governance report, *Wates Principle Six – Stakeholder Relationships & Engagement* on page 14.

More information on the Group, our purpose and relationships with stakeholders is provided in the 2022 Annual Review available at [www.Grosvenor.com](http://www.Grosvenor.com).

To further ensure the Directors meet their duties as set out in Section 172, including the consideration of stakeholder groups, Board agenda items throughout the year include consideration of a 10-year Group strategic plan which takes into account commercial, environmental and social outcomes, Health and Safety, People, updates from each Operating Company Board and Group Executive Committee meetings, capital allocation and a strategy progress update.

Some of the principal decisions made by the Group Board during 2022 include:

- In March 2022, the Board announced a new international urban property strategy, focussing on investing directly in the UK and North America, whilst using Grosvenor Diversified Property Investments to invest in other regions, backing local partners to benefit from projects delivered on a larger scale. This strategy supports the creation and maintenance of integrated places in which local communities can thrive and from which the Group can deliver continuing financial returns to its shareholders.
- The Board approved the terms of reference for the newly formed GDPI Board, with membership including external independent Non-executive Directors.
- The Board approved an additional capital allocation of £50m to Grosvenor Property Americas. The purpose of this additional capital is to take advantage of new investment and development opportunities in North America, supporting GPA's aspirations to deliver high-quality housing for local communities and financial returns for the Group's shareholders.
- The Sustainability Finance Framework was published, which sets out how the Group can execute sustainable financing transactions such as bank loans and bonds and how the providers of debt financing can help to deliver on the Group's ambitious sustainability strategy.
- In collaboration with the Operating Companies, a Group decarbonisation strategy was developed, aligned to limiting warming to 1.5 degrees. The strategy lays out net zero carbon pathways for each of the Operating Companies.
- The Board approved the extensions of the Group revolving credit facility, with the expiry extended by one year to June 2025 and June 2027 for the respective tranches. This further underpins the Group's liquidity, allowing it to continue to invest in delivering environmental and social benefit for local communities, maintain its ongoing commitments to suppliers and support financial returns for the Group's shareholders.



**Suzie McConnell**  
Company Secretary

UK Company registration number 12656651  
Registered Office  
70 Grosvenor Street  
London W1K 3JP  
21 March 2023

## Corporate governance

### Corporate governance

Grosvenor's business approach is based on openness and high levels of accountability, and the Board's approach to corporate governance is to issue clear policies and procedures it considers appropriate for a family-owned Group with its Shareholders represented on the Board. This year, the Board has again decided to report against the Wates Corporate Governance Principles for Large Private Companies, which provides a framework for the Group to report on corporate governance in a transparent manner and in line with our values and ethos.

#### Principle 1 – Purpose & Leadership

Direction for the formation of the Group's strategy is provided by the Shareholders in the form of their wider aspirations. In this context, Grosvenor's purpose, and thus how the Group's Shareholders judge success, is to improve property and places to deliver lasting commercial, social and environmental benefit.

We seek to optimise social and commercial outcomes for every investment and set ourselves challenging environmental targets – aiming to enhance our reputation for social responsibility.

We believe in learning from the past and in acting upon evidence-based research. By adopting a far-sighted perspective, we can better respond to the challenges that socio-economic and demographic change, environmental risk and technological disruption pose to urban communities.

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.

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

The Board is clear that, in order to protect and strengthen the reputation of the Group and enhance its brand, it must maintain a reputation for high standards of business conduct and therefore operate as a values-led business, promoting values of integrity, trust and respect at all times. The performance of all staff is assessed against the expected values and conduct that the Board seeks to uphold.

Fundamental to the Group's delivery of lasting commercial, social and environmental benefit is the optimal allocation of capital invested between each of the Operating Companies and the Diversified Property Investments business, executed through the devolution of property decision-making authority to local Boards. The allocation of capital is based on our long-term outlook for urban real estate returns across several of the world's leading cities and is reviewed at regular intervals by the Board, or when market or business needs require it. The allocation review process uses portfolio optimisation analysis, consideration of long-term risk and return factors (macro-economic and property market projections, political developments, country risk), a review of Operating Company historic performance, consideration of the overall strategic objectives of the Group and critical issues such as climate change.

On an annual basis, the Board reviews the five-year financial performance, 10-year strategic plans (which consider both commercial and social outcomes) and current operational matters of each of the Operating Companies and the Diversified Property Investments business.

#### Principle 2 – Board Composition

The composition of the Board is designed to ensure effective management and control of the Group, taking account of the devolved operating structure and ensuring that the Shareholders' interests are properly represented. It consists of the Grosvenor Executive Trustee, Grosvenor Chief Investment Officer, Grosvenor Chief Financial Officer and five Non-executive Directors (including the Chairman). The Non-executive Directors represent the Shareholders (as Trustees of the Grosvenor Trusts).

The Board recognises the benefits of diversity and has identified the need to increase the depth and breadth of diversity across all levels of the business, including the Board itself, to create an ever-more inclusive environment.

The Board is rich in cultural background and experience. The Non-executive Directors provide a diverse range of experience and professional backgrounds that enable them to make a valuable contribution to the Group and to provide independent judgement and challenge to the Board. The Board encourages the appointment of Executive Directors to appropriate external posts as this increases their breadth of knowledge and experience.

Biographies of the members of the Board, with their sub-committee memberships, are available at [www.Grosvenor.com](http://www.Grosvenor.com).

## Corporate governance

### Corporate governance continued

The Board undertakes a regular evaluation of its own performance, with the most recent being carried out in 2020. Given the changes made at the start of 2022 to the composition of the Board (see page 16 for Board of Directors), the next evaluation will be in 2023.

The Board held six standard meetings during the year, plus an additional meeting in March 2022 to approve a share capital reduction. There was full attendance by each Director at every meeting, except for 18 January 2022 when two Directors were absent and 22 March 2022 when one Director was absent.

#### Principle 3 – Director Responsibilities

The Board is responsible for setting and monitoring Group strategy (including the allocation of capital), reviewing performance, ensuring adequate funding, formulating policy on key strategic and operational issues and reporting to the Shareholders. From 1 January 2022, the formulation of policies on key operational issues has been delegated to the Group Executive Committee (see page 17 for composition).

The Board has delegated certain governance functions to the Audit and Risk and Group Investment Committees. From 1 January 2022, the Board has delegated remuneration and nomination matters to the Group Investment Committee, which consists of the Chief Executive Officer, Chief Investment Officer, Chief Financial Officer, the other Grosvenor Group Limited Non-Executive Directors and two independent advisors. This includes responsibility for reviewing the structure of the Board, considering succession planning and for making recommendations to the Board with regard to any changes. It is also responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Board has delegated day-to-day responsibility for the Group's property investment, development and joint venture activities, together with supporting functions, to the Operating Company and Group management teams. The Group's Operating Companies have local Boards, with independent Non-executive Directors, which oversee the Operating Companies' operations. These Boards form an integral part of the overall internal control process. The relationship between Operating Company Boards and the Group Board is clearly defined and is set out in formally approved documents. The membership of each Operating Company Board is available at [www.Grosvenor.com](http://www.Grosvenor.com). From 1 January 2022, the Diversified Property Investments Board has established its own Board, taking over responsibility for operational and investment decision making, historically undertaken by the Group Investment Committee.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including briefing papers distributed in advance of Board meetings. The Directors have access to the Company Secretary and may, at the Company's expense, take independent professional advice and receive additional training as they see fit. All new Directors participate in an induction training programme.

#### Principle 4 – Opportunity & Risk

##### Opportunity

The Board believes that success is not just about having property skills, a pipeline of opportunities and funding to deliver them, but also about having a focus on the future to ensure the Group's activity delivers lasting social and commercial value. Long-term success requires long-term thinking.

In line with this thinking the Board approved a strategic and operational review of the Group in 2020 to consider how the Group may need to adapt in the medium to long term to ensure it remains fit for the future. As a result of this review, organisational changes were made during 2021 to the functions that support the business activity e.g. marketing and communications, research etc. The impact of these changes were reviewed by the Group Executive Committee during the year. Long-term opportunities, that are consistent with Grosvenor's purpose of delivering lasting commercial, social and environmental benefit are considered by the Group Investment Committee throughout the year. The draft 10 year strategic plans are presented to and reviewed by the Group Investment Committee annually at the November meeting and formally approved at the subsequent meeting in January.

##### Risk

The Board considers that there is a continuous process for identifying, evaluating and managing significant risks faced by the Group in the course of its business, which has been in place throughout the year and up to the date of approval of the Annual Financial Statements. This process is regularly reviewed by the Audit & Risk Committee and the Board. The key risks and uncertainties are set out in the Strategic report, on pages 3 to 10, and include market, property, financial and environmental risks amongst others.

Corporate Governance

Corporate governance continued

Each Operating Company, the Diversified Property Investments team and the Group Team have management structures in place to enable effective decision-making, supported by documented procedures and a regular review of financial performance, including comparisons against budget and forecasts. Risk management is a regular agenda item for all parts of the business with the emphasis on continuous improvement. Each Operating Company Board undertakes a regular assessment of its exposure to financial, operational and strategic risks and the measures that have been put in place to manage those risks. Significant risks arising from Operating Company assessments are monitored by the Group Board.

In addition to local Boards, each Operating Company, together with Diversified Property Investments and the Group Team, is represented on the Group Finance Board, which met twice during 2022 and provides a forum for debating issues of a financial nature that are relevant to the Group as a whole, including Group financial policy and risk management.

The Group Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. This is designed to manage, rather than eliminate the risk of not achieving business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Group operates a 'co-sourced' approach to internal audit, working jointly with PwC. Each Operating Company Audit & Risk Committee approves an internal audit plan, which is executed by PwC, but supplemented by Grosvenor employees where appropriate. The Operating Company Audit & Risk Committee reviews the findings from the internal audit reports together with management plans to address any weaknesses in internal control. The Group Audit & Risk Committee has an oversight role, which involves reviewing the Operating Company and Group Team internal audit plans, summaries of internal audit activity throughout the Group and significant findings of individual reviews.

**Principle 5 - Remuneration**

Part of the Group Investment Committee's (GIC) role is to review the remuneration of the Chair, CEO and CFO of each Operating Company. In 2022 the remuneration for these roles was evaluated and decisions were informed by external market benchmarking and internal salary movements as well as our philosophy on remuneration. This philosophy is to not pay at the top or the bottom of the market. Instead we work to ensure a steady income for all levels of the organisation. Further aspects of the governance around remuneration ensured by the GIC include providing Principles for Variable Remuneration and Guidance on Annual Salary movements. Each Operating Company has its own variable pay plan managed by its own Remuneration Committee. Due to the continuing challenging economic environment of 2022, cost of living payments were made to 37% of employees across GPUK and the Group Team. Employees were also given the option to sell up to five days holiday from their 2022 entitlement. The continued inflationary environment is likely to impact salary increases in all parts of Grosvenor in 2023, but increases will be targeted.

The Group published its Gender Pay Gap reporting for the UK for 2022 on the Group's website in March 2023. While we ensure that there is equal pay for equivalent roles, there remains a gender pay gap in favour of men given the number of men in senior roles. Over time we expect this to come into balance, assisted by a series of initiatives, including more flexible working arrangements and awareness training.

**Principle 6 - Stakeholder Relationships & Engagement**

The Board is clear that the Group must maintain a reputation for high standards of business conduct and operate as a values-led business, promoting values of integrity, respect and trust in its interactions with its stakeholder community including employees, customers, partners, suppliers, funders, wider society and Shareholders. This approach will help protect and strengthen the reputation of the Group and enhance its brand (see Strategic report on page 7 for more information on Reputation and brand).

**Employees**

The Directors recognise the importance of good communications and relations with the Group's employees and place considerable value on informing them on matters affecting them. Each part of the Group maintains employee relations appropriate to its own needs and environment.

Our success at Grosvenor is dependent on attracting, developing and retaining talented people who share and believe in our values. We are committed to building an inclusive culture which attracts people from all parts of society and values every person for the individual talents they bring.

## Corporate governance

### Corporate governance continued

#### Suppliers, customers and lenders

Each Operating Company is responsible for managing its key business relationships with suppliers and customers. The Group Board sets policies for how these relationships should be managed including policies on anti-bribery and corruption, anti-money laundering, the UK Modern Slavery Act and the UK Criminal Finances Act. The Group Supply Chain Principles, which set out the minimum standards for our suppliers and expect that they: conduct business in an ethical manner; treat all workers fairly with trust, respect and integrity; support their communities; and respect the environment and efficiently use natural resources. We have started to roll out these principles, engaging with our suppliers on a materiality basis and aim to have 75% of our suppliers by spend committed by 2030. More detail is provided in the Annual Review 2022 and on our website. Operating Companies, where relevant, have also developed their own local Supply Chain Charters which build on the Group Supply Chain Principles and refer to specific local legislation, regulations and expectations.

For the Group Team's limited number of direct suppliers and all other business stakeholders, the 2022 Annual Review is widely distributed, and together with the 2022 Financial Statements is available on the Group's website.

The Group's policy is to maintain close contact during each financial year with banks, bondholders and other lenders at the Group and Operating Company level, recognising the importance of fostering these relationships for the long-term funding and financial success of the business.

#### Community and environment

Our purpose is to improve land, property, places, goods and services to deliver lasting commercial, social and environmental benefit, with the community and environment forming the two key elements of social benefit as defined by our Shareholders.

Each year, in the Annual Review, we report on our energy and water consumption, together with the amount of waste that is diverted from landfill. This year, we have disclosed in this Directors' report (see page 24) certain GHG emissions and energy consumption in line with the streamlined energy and carbon reporting requirements. Furthermore, we have made voluntary environmental risk disclosures in line with our approach to transparency through disclosure (see pages 7-10).

In 2019, we announced our commitment to the World Green Building Council and in doing so 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 the portfolio by 2050. Grosvenor Property UK and Grosvenor Property Europe published their net zero carbon pathways in 2020 while Grosvenor Property Asia developed a bespoke NZC strategy. 2021 saw Grosvenor Property Americas finalise its pathway, which was published in 2022. In 2022 we developed a Group decarbonisation strategy, aligned with limiting warming to 1.5 degrees. Please see our Annual Review for more details. Meanwhile, local communities continue to be at the centre of the Operating Companies' activities and examples of our activities in this areas are also included in the Annual Review.

#### Relations with Shareholders

All Shareholders are now Board members, and in months when no Board or Trustee meeting is scheduled receive a separate monthly report.



## Corporate governance

### Board of Directors

The Board comprises:

- Michael McLintock (Chairman)\*+
- The Duke of Westminster\*+
- Jonathon Bond
- Robert Davis
- Sir Philip Dilley\* (resigned 22 March 2022)
- William Kendall\*+
- Christopher Pratt\* (resigned 22 March 2022)
- Mark Preston+
- Dame Fiona Reynolds\*+
- Alexander Scott\*+

\* Non-executive

+ Trustee

### Committees of the Board

#### Audit and Risk Committee

The Audit & Risk Committee comprises:

- Michael McLintock (Chairman)
- Dame Fiona Reynolds
- Alexander Scott

The Audit & Risk Committee is responsible for reviewing a wide range of financial matters, including the Financial Statements and accompanying reports, Group internal and external audit arrangements, accounting policies, internal controls and the actions and procedures involved in the management of risk throughout the Group. The Audit & Risk Committee reviews annually the scope of the external auditor's work and fees. It also considers the auditor's independence which is ensured through a variety of procedures including regular rotation of audit partners. Any non-audit fees received by the auditor in excess of 70% of the average audit fee over the preceding three years are pre-approved by the Audit & Risk Committee. Non-audit fees in 2021 and 2022 were 10% of the audit fee.

The Audit & Risk Committee meets at least three times a year with the internal and external auditor and is attended by invitation by the Grosvenor Executive Trustee, Grosvenor Chief Financial Officer and other senior personnel as appropriate. The Audit & Risk Committee met three times during 2022, with full attendance at each of the meetings.

The Operating Companies each have their own Audit & Risk Committee, which meet at least twice a year. The key decisions of these Audit & Risk Committees are reported to the Group Audit & Risk Committee. A GDPI Audit & Risk Committee was formed in the year and held its inaugural meeting in November 2022.

## Corporate governance

### Committees of the Board continued

#### Group Executive Committee

Currently, the Group Executive Committee comprises:

- Mark Preston (Chairman)
- Jonathon Bond
- Robert Davis
- Sara Lucas
- Ian Mair
- Steve O'Connell
- James Raynor
- Chris Taite
- Anthony James
- Nicholas Dobbs

The Group Executive Committee met four times in 2022 and is responsible for co-ordinating the implementation of the Group Strategy. Biographies of the members of the Group Executive Committee are available at [www.Grosvenor.com](http://www.Grosvenor.com).

## Directors' report

The Directors present the Group's audited consolidated Financial Statements for the year ended 31 December 2022.

### Directors' report disclosures

Details of the principal activities, results and key performance indicators, future developments, exposure to market risk, capital allocation risk, property risks and employee policies are included in the Strategic report (pages 1 to 11). Details of the financial risk management objectives and policies, including the use of financial instruments, are disclosed in [Note 28](#) to the Accounts.

### Directors

The Directors of the Company during the period, and to the date of signing these Financial Statements (except where indicated) were Jonathon Bond, Robert Davis, Sir Philip Dilley (until 22 March 2022), William Kendall, Michael McLintock, Christopher Pratt (until 22 March 2022), Mark Preston, Dame Fiona Reynolds, Alexander Scott and The Duke of Westminster.

### Directors' interests in securities

The interests of the Directors who served during the year in the share and loan capital of Grosvenor Group Limited are shown below.

	Ordinary shares		'A' preference shares		Non-voting redeemable preference shares	
	At 1 January 2022	At 31 December 2022	At 1 January 2022	At 31 December 2022	At 1 January 2022	At 31 December 2022
<b>Non-beneficial</b>						
Michael McLintock	5,453,726	<b>5,453,726</b>	5,453,726	<b>5,453,726</b>	261,778,848	<b>196,477,536</b>
Mark Preston	4,324,433	<b>4,324,433</b>	4,324,433	<b>4,324,433</b>	207,572,784	<b>207,572,784</b>
Dame Fiona Reynolds	1,674,580	<b>1,674,580</b>	1,674,580	<b>1,674,580</b>	80,379,840	<b>80,379,840</b>
Alexander Scott	1,515,529	<b>1,515,529</b>	1,515,529	<b>1,515,529</b>	72,745,392	<b>7,444,080</b>
The Duke of Westminster	1,360,444	<b>1,360,444</b>	1,360,444	<b>1,360,444</b>	65,301,312	<b>-</b>
William Kendall	2,725,919	<b>2,725,919</b>	2,725,919	<b>2,725,919</b>	130,844,112	<b>130,844,112</b>

The non-beneficial interests above represent the shares owned by the respective Directors in their capacity as Trustees of the Grosvenor Trusts.

Where a Director has a joint interest in securities, the above disclosures include, for each Director, the number of securities that are jointly held.

Except as disclosed above, none of the Directors of the Company who served during the year had any interests in the securities of the Company or any of its subsidiary undertakings.

### Employee engagement and business relationships

Further detail is included in the Strategic report on page 10 and the Corporate governance report on page 14.

### Dividends

Dividends paid during the year amounted to £49,872,453 (2021: £48,662,547).

The Directors have proposed a final dividend of £33,798,837 to be paid on 1 April 2023.

### Financial services activities

Grosvenor Investment Management Limited, a wholly-owned subsidiary, is authorised and regulated in the UK by the Financial Conduct Authority for the purposes of undertaking regulated activities.

## Directors' report

### Going concern and viability

One of the core objectives agreed by the Group's Shareholders and Board is that the Board ensures a level of overall operational risk and an approach to debt and sufficient liquidity which collectively ensures the Group's survival. 'Ensuring survival' is interpreted as meaning that the Group should only be expected to call upon Shareholder support on a one in 50-year basis. The Group's long-term viability is of paramount importance and its consideration is embedded in all activities and operations of the Group.

Economic uncertainty, particularly in the UK, has the potential to impact the underlying business performance and tenants. The Group's financial planning already incorporates a broad range of outcomes including a significant property market and financial market crash. Therefore, the Directors are of the view that our planning already considers extreme downside volatility that may arise from ongoing macro-economic uncertainty.

The Group uses a range of financial limits as part of its risk management. The approach taken is to:

- Recognise that property markets are cyclical and to capitalise on the Group's corporate memory to use lessons from previous downturns in order to protect the Group from, and take advantage of, future market corrections.
- While investing only in real estate; diversify several risks, including sector, geography, currency and management.
- Focus on liquidity and balance sheet solvency, which are the two most common threats to the survival of property companies.
- Have limits which collectively aim to ensure the Group's survival, but which allow each Operating Company to allocate its risk 'ration' where it thinks best. This enables Operating Companies to be competitive on individual projects, while remaining more robust at an Operating Company level.
- Recognise that greater tolerance is justifiable for those property-related risks which we have expertise to manage and exploit.
- Have a lower tolerance for non-property (and particularly specialist) risk areas such as treasury, counterparty credit risk, tax, legal governance, investment in publicly listed securities etc. and increasingly engage suitably qualified specialists across the business to manage these risks in accordance with a very low level of risk tolerance.
- Devise targets and limits which facilitate delivery of the Group's long-term capital allocation objectives.
- Encourage business and structures which make the Group more robust against the shocks that occasionally occur in property and financial markets, such as encouraging sustainable future cash generation.

## Directors' report

### Going concern and viability continued

The Group uses the following financial measures:

- **Capital allocation:** Long-term capital allocation ranges are calculated using a Group level portfolio risk/return optimisation model. This describes the optimal ranges for gross asset value by geographic region and by Direct/Indirect Investment, to deliver maximum return at acceptable risk subject to several constraints. Medium-term targets describe more specific allocations within the ranges, which are desirable to migrate towards over a two- to five-year time frame.
- **Resilience:** Resilience is the extent to which the Group can experience market value declines, synchronised across all markets, before Group financial covenants are breached. The Group must be able to withstand an average Group-wide market decline of 40%.
- **Gearing:** Gearing limits are designed to allow our Operating Companies maximum flexibility to take on debt financing to drive growth, whilst still meeting the Group resilience target and interest cover limits.
- **Debt maturity:** This limit defines the maximum amount of debt that can mature in any one year, thereby encouraging longer tenor debt facilities and limiting the liquidity risk arising from the need to refinance a larger proportion of debt at what might be a difficult time in the market.
- **Free assets:** For instances where the Group may need to support further borrowing by way of security, Grosvenor Property UK and Grosvenor Property Americas are required to hold wholly-owned assets which are unencumbered with borrowing or other commitment and are capable of being sold or encumbered.
- **Interest cover:** Interest cover limits are designed to ensure that Operating Companies are structurally, over the medium term, able to support their debt using reasonably assured income, thereby supporting the objective of medium-term liquidity.
- **Recurring revenue ratio:** This target recognises that much of the cost base and dividend obligations of the business are fixed and encourages each Operating Company to develop lines of business which provide a minimum level of dependable, regular income with which to fund these fixed costs.
- **Shared ownership vehicles (SOVs):** A significant proportion of Group's cash flow comes from assets which Operating Companies co-own through joint ventures or other shared ownership vehicles. Generally, these entities are managed by wholly-owned Group entities, with commensurate cost which is recovered by way of cash flows from the joint ventures. Experience from previous market downturns shows us that these cash flows are less reliable than those from wholly owned-assets in times of economic stress. SOV limits are designed to limit this risk, whilst recognising that SOVs offer an important route for the Operating Companies to share beneficial interests in assets which they might otherwise be unable to access.
- **Stressed cash flow:** This is the Group's principal protection against insolvency, particularly in a stressed market, and is calculated quarterly with a five-year time span. It aims to ensure that in the event of a significant property market and financial market crash, the Group has the ability to meet all unavoidable cash commitments for a period of two years assuming a dramatic reduction in both the value of property assets and access to funds.
- **Total return:** The target for total return, for each Operating Company and for the Group, is that it should exceed the weighted average cost of capital over the cycle. This recognises that the Shareholders ultimately have a choice as to where they invest their capital and that in order to justify having that capital invested in the Group, the Group should generate a return which not only covers the cost of debt but also rewards the Shareholders for the risk they are taking when compared with alternative investment opportunities.
- **Weighted average cost of capital:** This is calculated for Group and Operating Companies by aggregating country level data weighted for the gross asset value in the countries in which investments are held.
- **Development risk:** On a quarterly basis, the Group's development risk is monitored and considers both the Group's overall capital exposure as a proportion of property assets.

## Directors' report

### Going concern and viability continued

#### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, and the principal risks and uncertainties faced by the Group are set out in the Strategic report on pages 1 to 11. In addition, [Note 28](#) to the Financial Statements includes an explanation of the Group's policies and processes for managing its financial and capital risks, details of its financial instruments and exposure to interest rates, credit and liquidity risk.

Each Operating Company and the Group, as part of its regular evaluation of liquidity risk, models the principal risks and uncertainties in its quarterly cash flow forecasts for the foreseeable future, including an assessment of compliance with banking covenants and the implications of any facilities that are due to expire in the next 12 months.

As part of the Group level assessment on the Operating Company and Group cash flow forecasts, the possible impact of a downturn in trading conditions is considered. The quarterly cash flow forecast includes a two-year forward view of a stressed cash flow scenario, applied to the Operating Companies' current income and cost assumptions and currently approved development and investment projects. The scenario incorporates an extreme downturn scenario; the assumptions for which have been derived from a thorough review of UK market downturns over the last 50 years. Each Operating Company is required to have sufficient cash and undrawn committed credit facilities to provide funding for at least a two-year period under this downturn scenario. This scenario incorporates an extreme downturn scenario seeking to replicate a one in 50-year property market crash, the assumptions for which have been derived from a thorough review of UK market downturns over the last 50 years.

Based on the Operating Company and Group cash flow projections, the Group is satisfied that it has sufficient headroom from its cash balances and committed borrowing facilities to support the funding requirements of those projections.

Therefore, after making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for at least 12 months from the date of signing of the Financial Statements and for the foreseeable future. Accordingly, the Financial Statements have been prepared on the going concern basis.

#### Assessment of viability

The Shareholders of the Group are the Trustees of Grosvenor, who hold the shares and other assets for the benefit of current and future members of the Grosvenor family. The Trustees require the Group to fulfil defined business and financial objectives, including the delivery of long-term returns, subject to appropriate levels of operational risk.

To enable the Directors to fulfil the requirements of the Trustees, consideration of the long-term viability of the Group is paramount.

A key component of this assessment is the production of an annual Group strategic plan covering a 10-year forward period based on a financial projection of the 'most likely' economic projections. Downturn projections and scenarios are also prepared.

This strategic plan is based on submissions from all the Group's Operating Companies, the Diversified Property Investments portfolio and the Group Team. The strategic plan covers analysis of:

- Income statement, balance sheet and cash flow forecasts.
- Total return forecasts.
- Growth of property assets through investment, development, refurbishment spend and asset sales, by sector and geography.
- Gearing projections.
- Interest cover and recurring revenue ratios.
- Capital allocation projections versus medium-term targets and long-term ranges.
- Forecast distributions to Shareholders.
- Five-year historical data to help with understanding and assessment of forward projections.

These metrics are subject to sensitivity analysis and downturn scenario planning which involves flexing several of the main assumptions underlying the forecast both individually and in unison.

Operating Companies' strategic plans are reviewed by their respective Boards annually. The consolidated strategic plan is also reviewed annually by the Group Board.

## Directors' report

### Going concern and viability continued

In addition, each quarter the Group considers a two-year forward view of a stressed cash flow scenario which incorporates an extreme downturn scenario; the assumptions for which have been derived from a thorough review of UK market downturns over the last 50 years. The cash flow forecasts are reviewed by the Group Chief Financial Officer on a quarterly basis.

### Charitable donations

Grosvenor's philanthropic activity is largely focused on supporting the Westminster Foundation – an independent organisation representing the charitable activity of The Duke of Westminster and Grosvenor businesses, that provides long term sustainable help and direction to children and young people early in life (aged 0-25) through opportunities to thrive, build confidence and raise their aspirations. In 2022, Grosvenor Group Limited's charitable contributions amounted to £3.3m (2021: £3.0m) of which £2.9m (2021: £2.7m) was donated via the Westminster Foundation.

Each Operating Company donates a percentage of its opening equity each year to the Westminster Foundation and has its own staff Charity Committee that makes recommendations to the Foundation Trustees for independent consideration. These recommendations are for grants to local charities working within the Operating Company's area of operation and which align with the Foundation's grantmaking strategy.

Charity Committees are supported by the Foundation team and provided with guidelines to ensure that grant nominations are made within the Foundation's criteria and that the suggested grant recipients can satisfy the necessary due diligence. Grants awarded to successful recipients by the Westminster Foundation amounted to £1.1m in 2022 (2021: £1.4m).

Staff charity committees also organise staff fundraising activities, volunteering and pro-bono support to charities selected by employees. The Westminster Foundation matches the fundraising of individual members of staff for registered charities of their own choosing up to £1,000 per member of staff in any given year. In 2022, the total figure given by the Westminster Foundation in this way was £19,206 (2021: £4,284). In addition, Grosvenor supports Give As You Earn up to £1,200 for UK-based employees and in 2022 this amounted to £33,333 (2021: £28,419).

### Responding to crises

While the Westminster Foundation takes a long-term funding approach, it also understands that communities need support right now and therefore makes 'crisis funding' available each year in addition to its usual grant-giving programmes. As reported in previous Annual Reports, the Westminster Foundation made available £12.5m in funding to charity and community organisations tackling the repercussions of Covid-19. The majority of funding was allocated in 2020 and 2021 with the remainder awarded at the start of 2022. £0.5m was also awarded in March 2022 to Save the Children's Ukraine Appeal to address the immediate needs of children and families in Ukraine and neighbouring countries.

In response to the cost-of-living crisis, the Westminster Foundation announced in September 2022 that £1m of emergency funding will be made available for distribution in 2022 and 2023. Funding will be made to charities and foodbanks fighting food poverty in Westminster, Chester and rural communities where the Westminster Foundation operates.

### Charity offices

A portfolio of approximately 20,000 sq. ft. of office space in South Belgravia has historically accommodated around 20 charities in small office units. This portfolio is managed by Grosvenor Property UK and each charity receives a contribution, typically amounting to 50% of its rent, from the Westminster Foundation. This is funded by the Group and in 2022 totalled £500,000 (2021: £430,000). Looking ahead to 2023, Grosvenor Property UK and the Westminster Foundation look forward to announcing an exciting and ambitious initiative to create an affordable and collaborative co-working space in the heart of Westminster for charities and social change organisations.

Full details of charities awarded major grants in 2022 can be found in the Westminster Foundation report and accounts.

### Political donations

No political donations were made during the year (2021: £nil).

## Directors' report

### Tax contribution

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 below).

In 2022, our economic share of tax payments totalled £70.6m (2021: £77.3m). This was lower than last year, primarily due to a decrease in property acquisitions.

TAX TYPE	TOTAL TAX BORNE (£m) 2022	%	TOTAL TAX BORNE (£m) 3 YEARS to 2022	%
Corporate Income Tax paid in the year	23.9	34	79.8	35
Property Transaction Taxes paid in the year	8.8	13	39.5	17
Annual Property Taxes	20.7	29	59.2	26
Employer Taxes and Social Security Costs	11.6	16	30.4	13
Irrecoverable VAT (UK only)	5.6	8	21.7	9
<b>TOTAL</b>	<b>70.6</b>	<b>100</b>	<b>230.6</b>	<b>100</b>

COUNTRY	TOTAL TAX BORNE (£m) 2022	%	TOTAL TAX BORNE (£m) 3 YEARS to 2022	%
United Kingdom	30.5	43	94.0	41
United States	7.7	11	33.5	14
Canada	13.7	19	26.4	11
Asia	4.7	7	29.3	13
France	6.6	9	9.5	4
Portugal	1.0	1	4.3	2
Spain	4.0	6	16.0	7
Australia	1.2	2	10.7	5
Other	1.2	2	6.9	3
<b>TOTAL</b>	<b>70.6</b>	<b>100</b>	<b>230.6</b>	<b>100</b>



## Directors' report

### Energy and carbon reporting

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the Government's policy on Streamlined Energy and Carbon Reporting.

During the reporting period 1 December 2021 to 30 November 2022, measured Scope 1 and 2 emissions (location-based) totalled 26,899 tCO<sub>2</sub>e (2021: 30,847 tCO<sub>2</sub>e). This comprised:

Scope	12 months ended 30 November 2022			12 months ended 30 November 2021 (restated)*		
	UK	Rest of world	Total	UK	Rest of world	Total
Scope 1	2,182	1,905	4,087	3,454	1,870	5,324
Scope 2 (location-based)	3,709	19,103	22,812	3,667	21,856	25,523
Scope 2 (market-based)	44	12,889	12,933	1,170	13,202	14,372
<b>Total Scope 1 and 2 (location-based)</b>	<b>5,891</b>	<b>21,008</b>	<b>26,899</b>	<b>7,121</b>	<b>23,726</b>	<b>30,847</b>
Scope 3	1,951	2,792	4,743	1,004	3,085	4,090
Scope 3 (business mileage)	411	536	947	5	54	59
<b>TOTAL (location-based)</b>	<b>8,253</b>	<b>24,336</b>	<b>32,589</b>	<b>8,130</b>	<b>26,866</b>	<b>34,996</b>
tCO <sub>2</sub> e per m <sup>2</sup>	0.03	0.05	0.05	0.05	0.06	0.06

\* 2021 figures have been restated due to significantly improved data completeness and quality achieved through implementation of automated data collection from Grosvenor's utility providers.

Overall, absolute Scope 1 and 2 (location-based) emissions decreased by 13% in 2022. The decrease can be principally attributed to disposals made during the period, particularly across the European and Asia businesses.

Across the Group when excluding disposals, Scope 1 and 2 (location-based) emissions have still decreased. Grosvenor Property UK has shown evidence of energy consumption measures successfully achieving their aims, while the American portfolio has a slightly increasing consumption trend, following a period of lower consumption due to Covid-19. In the UK portfolio, a number of gas boiler replacements with heat pumps has significantly reduced gas consumption.

The reduction in carbon emissions across all UK and Europe portfolios reflects the continued efforts and successes in reducing energy consumption, the disposal of less efficient properties and the decarbonisation of the national grids in which the businesses operate. The American region has shown a 1% increase in energy consumption since 2021, which still represents a reasonable outcome, when accounting for significant occupancy increases post Covid-19 at the most material commercial properties. The increased consumption in the Asia portfolio is largely driven by having Nanjing operational for the full 2022 year, a highly material property that was acquired early in 2021.

## Directors' report



**Suzie McConnell**  
Company Secretary  
UK Company registration number 12656651  
Registered Office  
70 Grosvenor Street  
London W1K 3JP  
21 March 2023

### Energy and carbon reporting continued

During the year, total fuel and electricity consumption totalled 110,758 MWh (2021: 121,955MWh), of which 28% was consumed in the UK. The split between fuel and electricity consumption is displayed below.

Energy consumption (MWh)	12 months ended 30 November 2022			12 months ended 30 November 2021 (restated)*		
	UK	Rest of world	Total	UK	Rest of world	Total
Electricity & gas	31,132	79,626	110,758	36,132	85,823	121,955
<b>TOTAL</b>	<b>31,132</b>	<b>79,626</b>	<b>110,758</b>	<b>36,132</b>	<b>85,823</b>	<b>121,955</b>

\* 2021 figures have been restated due to significantly improved data completeness and quality achieved through implementation of automated data collection from Grosvenor's utility providers.

Our emissions have been verified to a reasonable level of assurance by an external third party according to the ISAE 3000 standard.

#### Methodology

The Group's organisational GHG emissions have been quantified and reported in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. The Group's organisational boundary is consolidated according to the operational control approach. A materiality threshold of 5% has been adopted for GHG reporting purposes. The GHG sources that constituted the Group's operational boundary for the year are:

- Scope 1: Natural gas
- Scope 2: Electricity, district heating and cooling
- Scope 3: Tenant energy consumption, water, business travel, fuel and energy related activities

In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from the previous year as a proxy. For this reason, prior year figures are generally restated as more accurate data is received from utility providers. This is industry practice and all restatements are clearly set out in the methodology statement in our Non-Financial data Report.

The Scope 2 Guidance requires that Scope 2 emissions are quantified and reported according to two different methodologies ('dual reporting'): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

More information on the Group's energy consumption and net zero target and pathways is provided in the 2022 Non-Financial Data Report and 2022 Annual Review, both of which are available on the Group's website.

### Post balance sheet events

In March 2023, the Group sold down its remaining 10% stake in Sierra Sonae to Sonae SGPS, reducing its shareholding to nil.

### Auditor

Deloitte LLP has been reappointed as auditor under the provisions of Section 487 of the Companies Act 2006.

Each person who is a Director at the date of approval of this report confirms that:

- a) in so far as the Director is aware, there is no relevant audit information of which the auditor is unaware; and
- b) the Director has taken all the steps that he/she/they ought to have taken to make himself/herself/themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with United Kingdom adopted International Financial Reporting Standards (IFRSs) and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, IAS 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

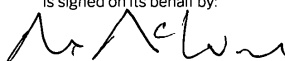
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

### Responsibility statement

We confirm that to the best of our knowledge:

- 1 the Financial Statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- 2 the Strategic report and Directors' report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This responsibility statement was approved by the Board of Directors on 21 March 2023 and is signed on its behalf by:



**Michael McLintock**  
Chairman

Corporate advisers  
and bankers

Corporate advisers and bankers

Auditor: Deloitte LLP  
Tax advisers: KPMG LLP  
Principal valuers: Altus Heylar, CBRE  
Lead bankers: NatWest Group plc  
Actuaries: Lane Clark & Peacock LLP

## Independent auditor's report

to the members of  
Grosvenor Group Limited

### Report on the audit of the Financial Statements

#### Opinion

In our opinion:

- the financial statements of Grosvenor Group Limited (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cashflows;
- the consolidated and parent company accounting policies;
- the related consolidated [Notes 1 to 38](#); and
- the related parent company [Notes 1 to 5](#).

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent auditor's report

to the members of  
Grosvenor Group Limited

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- review of financing facilities including nature of facilities, repayment terms and covenants
- review of linkage to business model and medium-term risks
- review of assumptions used in the forecasts
- review of amount of headroom in the forecasts (cash and covenants)
- review of stressed cash flow forecast and related assumptions
- assessment of the model used to prepare the forecasts and our assessment of the historical accuracy of forecasts prepared by management.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

The Directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent auditor's report

to the members of  
Grosvenor Group Limited

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Validity of data used by the external valuers in the estimation of the fair value of investment property – there is a potential fraud risk in management's ability to influence the lease data provided to the external valuers. To address this fraud risk, we obtained and documented an understanding of relevant controls in the valuation process and in particular the information provided to the valuers. The completeness and accuracy of a sample of the data provided to the external valuers is tested through agreeing a sample to underlying lease agreements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified including the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

## Independent auditor's report

to the members of  
Grosvenor Group Limited

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

#### Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Georgina Robb FCA  
(Senior statutory auditor)

For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
21 March 2023



## Consolidated income statement

for the year ended  
31 December 2022

	Notes	2022 £m	2021 £m
Revenue	5	291.4	193.5
Property costs	6	(160.4)	(93.6)
<b>Net property income</b>		<b>131.0</b>	<b>99.9</b>
Administrative expenses	7	(117.8)	(118.4)
Net gains on other investments	11	37.7	62.7
Net (losses)/gains on revaluation and sale of investment property	12	(55.5)	113.1
Impairment loss on trade and other receivables, including contract assets		(7.3)	(2.9)
Share of profit from joint ventures	19	58.1	157.5
<b>Profit from operations including share of joint ventures</b>		<b>46.2</b>	<b>311.9</b>
Financial income	13	11.1	15.6
Financial expenses	13	(47.0)	(40.1)
Fair value adjustments	13	(1.9)	11.1
<b>Net financing costs</b>	13	<b>(37.8)</b>	<b>(13.4)</b>
<b>Profit before tax</b>		<b>8.4</b>	<b>298.5</b>
Current tax expense	14	(31.2)	(31.5)
Deferred tax credit/(expense)	14	56.3	(151.0)
<b>Profit for the year</b>		<b>33.5</b>	<b>116.0</b>
Attributable to:			
Equity holders of the parent		56.6	116.0
Non-controlling interests		(23.1)	-
<b>Profit for the year</b>		<b>33.5</b>	<b>116.0</b>

Revenue profit is shown in [Note 4](#).

All results are derived from continuing operations.

## Consolidated statement of comprehensive income

for the year ended  
31 December 2022

	Notes	2022 £m	2021 £m
<b>Profit for the year</b>		<b>33.5</b>	<b>116.0</b>
<b>Other comprehensive income which may be reclassified to profit or loss in subsequent periods:</b>			
Revaluation of property, plant and equipment	17	(2.9)	7.0
Fair value adjustments on swaps			
Gains arising during the period – Group		25.7	6.7
Exchange differences on translation of foreign operations – Group		63.3	(35.0)
Exchange differences on translation of foreign operations – joint ventures and associates		91.7	1.6
Tax relating to gains on fair value adjustments and revaluations		(14.9)	(9.0)
<b>Other comprehensive income/(expense), net of tax, which may be reclassified to profit or loss in subsequent periods</b>		<b>162.9</b>	<b>(28.7)</b>
<b>Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:</b>			
Actuarial gains on defined pension benefit schemes	9	84.1	65.2
Tax relating to actuarial gains	14	(21.0)	(14.4)
Fair value gain on investments in equity instruments designated as at fair value through other comprehensive income		-	14.4
<b>Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods</b>		<b>63.1</b>	<b>65.2</b>
<b>Total comprehensive income for the period</b>		<b>259.5</b>	<b>152.5</b>
Attributable to:			
Equity holders of the parent		276.8	152.5
Non-controlling interests		(17.3)	-
		<b>259.5</b>	<b>152.5</b>

The final dividend proposed by the Directors of £33,798,837 is to be paid on 1 April 2023.

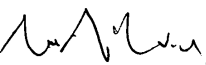
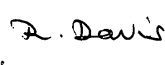
## Consolidated statement of changes in equity

for the year ended  
31 December 2022

	Attributable to equity holders of the parent							Non-controlling interest £m	Total equity £m
	Share capital £m	Translation reserve £m	Other reserve £m	Fair value reserve £m	Revaluation reserve £m	Retained earnings £m	Total £m		
<b>Balance at 1 January 2021</b>	284.3	491.7	(5.1)	3.5	38.0	3,877.0	<b>4,689.4</b>	(0.5)	<b>4,688.9</b>
<b>Changes in equity for 2021</b>									
Profit for the year	-	-	-	-	-	116.0	<b>116.0</b>	-	<b>116.0</b>
Other comprehensive (expense)/income	-	(33.1)	5.0	10.7	3.4	50.5	<b>36.5</b>	-	<b>36.5</b>
Dividends	-	-	-	-	-	(48.7)	(48.7)	-	(48.7)
Transfers between reserves	-	-	-	2.6	-	(2.6)	-	-	-
Recycled to income statement	-	3.3	-	(5.6)	-	-	(2.3)	-	(2.3)
Prior year adjustment	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
<b>Balance at 31 December 2021</b>	284.3	461.9	(0.1)	11.2	41.4	3,991.7	<b>4,790.4</b>	(0.5)	<b>4,789.9</b>
<b>Changes in equity for 2022</b>									
Profit for the year	-	-	-	-	-	56.6	<b>56.6</b>	(23.1)	<b>33.5</b>
Other comprehensive income/(expense)	-	155.0	19.8	0.1	(12.3)	57.6	<b>220.2</b>	5.8	<b>226.0</b>
Dividends	-	-	-	-	-	(49.9)	<b>(49.9)</b>	-	<b>(49.9)</b>
Transfers between reserves	-	-	-	(1.3)	-	1.3	-	-	-
Recycled to income statement*	-	(26.2)	-	-	-	-	<b>(26.2)</b>	-	<b>(26.2)</b>
Non-controlling shares acquired by subsidiaries	-	-	-	-	-	-	-	79.9	<b>79.9</b>
Ordinary share redemption	(65.3)	-	-	-	-	-	(65.3)	-	(65.3)
<b>Balance at 31 December 2022</b>	219.0	590.7	19.7	10.0	29.1	4,057.3	<b>4,925.8</b>	62.1	<b>4,987.9</b>

\* Amount of £(26.2)m recycled from the translation reserve to the income statement relates to realised FX losses following the disposal of GDPI's and GPAsia's stake in joint ventures and subsidiaries.

Approved by the Board and authorised for  
issue on 21 March 2023 and signed on behalf  
of the Board

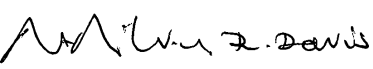



**Michael McLintock** **Robert Davis**  
(Chairman) (Chief Financial Officer)  
Company registration number: 12656651

# Consolidated balance sheet

as at 31 December 2022

Approved by the Board and authorised for  
issue on 21 March 2023 and signed on behalf  
of the Board

  
**Michael McLintock** **Robert Davis**  
(Chairman) (Chief Financial Officer)  
Company registration number: 12656651

	Notes	2022 £m	2021 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	16	4,149.2	4,441.0
Other property, plant and equipment	17	118.2	124.0
Right-of-use assets	18	8.3	9.4
Investments in joint ventures and associates	19	1,423.7	1,309.8
Other financial assets	20	123.6	110.4
Intangible assets	21	2.9	5.1
Trade and other receivables	22	71.6	84.5
Employee benefits	9	61.4	-
Deferred tax assets	23	49.8	59.7
<b>Total non-current assets</b>		<b>6,008.7</b>	<b>6,143.9</b>
<b>Current assets</b>			
Trading properties	24	464.5	382.5
Assets classified as held for sale	25	18.3	-
Trade and other receivables	22	96.0	83.6
Other financial assets	20	3.8	16.8
Income tax receivable		8.1	8.9
Cash and cash equivalents	26	746.8	550.3
<b>Total current assets</b>		<b>1,337.5</b>	<b>1,042.1</b>
<b>TOTAL ASSETS</b>		<b>7,346.2</b>	<b>7,186.0</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	27	(1,130.2)	(1,075.2)
Lease liabilities	18	(7.0)	(18.4)
Trade and other payables	29	(187.6)	(199.8)
Employee benefits	9	-	(22.2)
Deferred tax liabilities	23	(733.2)	(747.9)
Provisions	30	(1.6)	(35.8)
<b>Total non-current liabilities</b>		<b>(2,059.6)</b>	<b>(2,099.3)</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	27	-	(60.0)
Lease liabilities	18	(2.5)	(2.8)
Trade and other payables	29	(237.8)	(216.4)
Current tax payable		(22.7)	(17.6)
Provisions	30	(35.7)	-
<b>Total current liabilities</b>		<b>(298.7)</b>	<b>(296.8)</b>
<b>TOTAL LIABILITIES</b>		<b>(2,358.3)</b>	<b>(2,396.1)</b>
<b>NET ASSETS</b>		<b>4,987.9</b>	<b>4,789.9</b>
<b>Equity</b>			
Share capital	34	219.0	284.3
Reserves		649.5	514.4
Retained earnings		4,057.3	3,991.7
Shareholders' funds		4,925.8	4,790.4
Non-controlling interests	36	62.1	(0.5)
<b>TOTAL EQUITY</b>		<b>4,987.9</b>	<b>4,789.9</b>

## Consolidated statement of cash flows

for the year ended  
31 December 2022

	Notes	2022 £m	2021 £m
<b>Operating activities</b>			
Operating profit/(loss) before changes in working capital and provisions	35(a)	13.9	(24.5)
Increase in trade and other receivables		(0.5)	(5.5)
Increase in trading properties		(50.0)	(37.4)
(Decrease)/increase in trade and other payables		(2.8)	51.3
Increase in employee benefits		2.1	7.9
Increase in provisions		1.5	35.1
<b>Cash flow (used in)/from operations</b>		<b>(35.8)</b>	<b>26.9</b>
Interest paid		(55.8)	(56.1)
Taxes paid		(25.4)	(16.1)
Interest received		10.8	13.5
<b>Cash flow used in operating activities</b>		<b>(106.2)</b>	<b>(31.8)</b>
<b>Investing activities</b>			
Proceeds from sale of investment properties		225.7	152.9
Acquisition of investment and development properties		(115.5)	(233.1)
Development of investment and development properties		(71.0)	(52.8)
Acquisition of other financial assets		(23.7)	(33.0)
Proceeds from sale of other financial assets		28.3	94.1
Acquisition of other plant, property and equipment		(2.4)	(61.0)
Proceeds from sale of other plant, property and equipment		0.1	-
Loans to joint ventures and associates		(1.2)	(2.1)
Loans repaid from joint ventures and associates		17.6	31.5
Distributions from joint ventures and associates		79.9	93.5
Acquisition of joint ventures and associates		(168.1)	(180.4)
Disposals of joint ventures and associates		152.2	137.3
Disposals of subsidiaries		110.6	-
Non controlling shares acquired by subsidiaries		79.9	-
<b>Cash flow from/(used in) investing activities</b>		<b>312.4</b>	<b>(53.1)</b>
<b>Financing activities</b>			
Proceeds from additional borrowings		191.3	112.9
Repayment of borrowings		(71.0)	(135.6)
Repayment of lease liabilities		(13.3)	(8.4)
Redemption of ordinary shares		(65.3)	-
Dividends paid		(49.9)	(48.7)
Loans (to)/from joint ventures		(19.1)	19.1
<b>Cash flow used in financing activities</b>		<b>(27.3)</b>	<b>(60.7)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>178.9</b>	<b>(145.6)</b>
Cash and cash equivalents at 1 January		550.3	699.5
Effect of exchange rate fluctuation on cash held		17.6	(3.6)
<b>Cash and cash equivalents at 31 December</b>		<b>746.8</b>	<b>550.3</b>

# Notes to the Financial Statements

## 1 Accounting policies

### (a) General information and basis of preparation

Grosvenor Group Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 11.

The principal activities of the Company and its subsidiaries ('the Group') and the nature of the Group's operations are set out in the Strategic report on pages 1 to 11.

The consolidated Financial Statements have been prepared in accordance with United Kingdom adopted IFRSs in conformity with the requirements of the Companies Act 2006.

The individual Financial Statements of the Company have been prepared under Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and are set out on pages 100–112.

The Financial Statements are prepared in Sterling. They have been prepared on the going concern basis as described in the Going concern and viability section of the Directors' report on page 18. The principal accounting policies adopted are set out below. The Company has elected under Section 408 of the Companies Act 2006 not to include its own income statement in these Financial Statements.

### (b) Basis of consolidation

The consolidated Financial Statements of the Group incorporate the Financial Statements of the Company and its subsidiary undertakings.

Subsidiary undertakings are those entities, including special purpose entities, controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Associates are those entities over whose activities the Group has significant influence. Interests in joint ventures and associates are accounted for under the equity method whereby the consolidated balance sheet incorporates the Group's share of the net assets of its joint ventures and associates and the consolidated income statement includes the Group's share of the joint ventures' and associates' profit or loss after tax for the period. The Consolidated Financial Statements include the Group's share of the total recognised gains and losses of joint ventures and associates on an equity accounted basis.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that entitle their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis.

Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where the Group has contractual relationships to share assets with other entities (jointly-controlled assets), the Group's share of the individual items of assets, liabilities, income and expenses are recognised in the Financial Statements and classified according to their nature.

Where necessary, adjustments are made to the results of subsidiaries, joint ventures and associates to bring their accounting policies into line with those used by the Group. Intra-Group transactions, balances, income and expense are eliminated on consolidation, where appropriate.

Business combinations are accounted for under the acquisition method. The Group treats acquisition assets in corporate structures as asset purchases in line with the substance of the transaction.

The Group assesses whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Where the acquired corporate vehicle contains significant assets or liabilities in addition to property, the transaction is accounted for as a business combination. Where there are no such significant items, the transaction is treated as an asset purchase.

Any discount between the cost of the acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary, joint venture or associate at the effective date of acquisition is credited to the income statement in the period of acquisition, while any excess is recognised as goodwill. Goodwill is reported in the balance sheet as an intangible asset or included within associates and joint ventures, as appropriate. Goodwill has an indefinite useful life, is not subject to amortisation, is subject to annual impairment reviews and is stated at cost less any impairment. Acquisition-related costs are generally recognised in profit or loss as incurred.

The gain or loss on disposal of subsidiaries, joint ventures and associates is calculated by reference to the Group's share of the net assets at the date of disposal including the attributable amount of goodwill which has not been impaired.

The Group's managed investment funds are accounted for as joint ventures and associates. An interest arises as a result of the Group's power conveyed through the investment management and other agreements, which permit the Group to participate in the investing and operating decisions of the funds. The Group's interests in these funds include the management and performance fees that it earns from them, together with ownership interests that it holds.

## Notes to the Financial Statements

### 1 Accounting policies continued

#### (c) Foreign currency translation

At entity level, transactions denominated in foreign currencies are translated into the relevant functional currency at the exchange rate ruling on the date the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rate ruling at the balance sheet date or, if hedged, at the exchange rate under the related hedging transaction and the resultant exchange differences are dealt with in the income statement. On consolidation, the results of overseas companies are translated into Sterling at the average exchange rate for the period and their assets and liabilities are translated into Sterling at the exchange rate ruling at the balance sheet date. Exchange differences arising from the translation of foreign operations, and of related hedges, are taken to the translation reserve. They are released into the income statement upon disposal.

In the cash flow statement, cash flows denominated in foreign currencies are translated into Sterling at the average exchange rate for the period.

#### (d) Investment property

Investment properties, including freehold and long leasehold properties, are those which are held either to earn rental income or for capital appreciation or both. Investment properties include property that is being constructed or developed for future use as an investment property. Investment properties are initially measured at cost, including transaction costs. After initial recognition investment properties are carried at their fair values, based on annual market valuations as determined by independent valuers.

Any surplus or deficit on revaluation is recognised in the income statement as a valuation gain or loss.

When the Group begins to redevelop an existing investment property for continued use as investment property, the property continues to be classified as an investment property and is carried at fair value with valuation gains and losses being recorded in the income statement.

When the Group begins to redevelop an existing investment property with a view to sale, the property is transferred to trading properties and held as a current asset. The property is remeasured to fair value at the date of transfer and any gain or loss is recognised in the income statement. The remeasured amount becomes the deemed cost at which the property is then carried in trading properties.

#### (e) Leases

The Group has leases which it must account for from the position of both a lessee and a lessor.

##### Group as lessor

Leases to tenants where substantially all the risks and rewards of ownership are retained by the Group as the lessor are classified as operating leases. Payments made under operating leases, including prepayments, and net of any incentives provided by the Group, are charged to the income statement on a straight-line basis over the period of the lease.

Leases where substantially all the risks and rewards of ownership are transferred to the tenant are classified as finance leases. A finance lease asset is recognised as a receivable in the balance sheet at an amount equal to the present value of the minimum lease payments plus any unguaranteed residual values. Payments received are allocated between repayment of the finance lease receivable and interest income so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. A profit or loss on disposal is recognised in the income statement upon entering into a finance lease for any difference between the present value of the minimum lease payments plus any unguaranteed residual values and the carrying value of the property derecognised. As required by IFRS 9, an allowance for expected credit loss has been recognised on the finance lease receivables.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

##### Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of a contract based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has also elected to apply the following practical expedients:

- to account for each lease component and any non-lease components as a single arrangement.
- the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

## Notes to the Financial Statements

### 1 Accounting policies continued

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is presented as a separate line in the consolidated balance sheet. The right-of-use asset is initially measured at either:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- their carrying amount as if IFRS 16 had been applied since the lease commencement date, discounted by the Group's incremental borrowing rate as at 1 January 2019.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method.

The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Lease terms range from 2 to 15 years for office buildings. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. This will be assessed annually in line with IAS 36: Impairment of Assets.

#### (f) Other property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Land and buildings are stated at fair value, with valuation gains and losses recognised in equity.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately, at rates varying between 10% and 33.3% per annum, except for freehold property occupied by the Group, which is depreciated where material over its expected useful life.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

#### (g) Other financial assets

The Group has made an irrevocable election at initial recognition for certain equity investments to be classified as fair value through other comprehensive income. Equity investments at fair value through other comprehensive income (FVOCI) are stated at fair value which is determined by reference to an active market and any resultant gain or loss is recognised in the fair value reserve. There is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment.

Trade receivables, loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Financial assets are assessed for indicators of impairment at each balance sheet date.

Structured development loans comprise a loan principal, which attracts a rate of interest and a profit participation element which is treated as an embedded derivative. Under IFRS 9, structured development loans are classified entirely as a fair value through profit or loss financial asset. Changes in fair value are recognised in fair value adjustments in the income statement.

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (h) Trading properties

Trading properties are held as current assets and are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price at completion less the estimated costs of completion including the estimated costs necessary to make the sale.



## Notes to the Financial Statements

### 1 Accounting policies continued

#### (i) Trade and other receivables

Trade and other receivables are stated at cost less any impairment.

#### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term (held for three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a deduction from cash and cash equivalents for the purpose of the statement of cash flows.

#### (k) Derivative financial instruments

Derivative financial instruments utilised by the Group are interest rate swaps and forward exchange contracts against known transactions. The Group does not enter into derivative contracts for solely speculative purposes. Instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with its risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with gains or losses reported in the income statement.

#### (l) Trade and other payables

Trade and other payables are stated at cost.

#### (m) Borrowings and other financial liabilities

Borrowings and other financial liabilities are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings and other financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

#### (n) Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The calculation is performed by an actuary using the projected unit credit method. The future benefit liability is offset by the fair value of the pension plan assets at the balance sheet date.

The expected annual charge for the defined benefit pension costs as estimated by the actuary is included in the income statement and comprises the current service cost and the interest cost on the future net benefit liability.

Adjustments between expectation and actual, together with all actuarial adjustments, are recognised in full in the year in which they arise and are credited or debited directly to reserves.

#### (o) Revenue

The Group's revenue from contracts with customers, as defined in IFRS 15, comprises rental income, service charges and other recoverables from tenants, income from the provision of services including property management fees, income from hotel operations and fund management fees, proceeds of sales of its trading properties and development income.

Rental income from investment property leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the life of the lease.

The Group recognises revenue when a customer obtains control of the goods or services. Revenue is measured at the fair value of the consideration received or receivable. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded it is acting as principal in all of its revenue arrangements.

Revenue from service charges, other recoverables from tenants and income from the provision of services including property management fees and fund management fees are recorded as income over time in the period in which the services are rendered.

## Notes to the Financial Statements

### 1 Accounting policies continued

Revenue from development is recognised over time over the period of the contract in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. Revenue is not recognised if there are significant uncertainties regarding recovery of the consideration due. Provision is made for anticipated development losses.

Revenue from the sale of trading properties is recognised when control over the property has been transferred to the buyer. However, an enforceable right to payment does not arise until legal title has passed to the buyer, which is usually at completion. Therefore, revenue is recognised at a point in time when the legal title has passed to the buyer.

Performance fees receivable from funds are recognised in income when it is considered virtually certain that a performance fee will be received and that fee can be reliably estimated. The amount of the performance fee recognised is the lower of the fee that has accrued at the balance sheet date and a prudent estimate of the fee that will be receivable at the end of the life of the fund. Where material, performance fees are discounted with any unwinding of the discount being recognised in interest income.

#### (p) Expenses

Rental payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense on a straight-line basis over the life of the lease.

Minimum lease payments on finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### (q) Borrowing costs

Borrowing costs relating to the financing of development properties, major improvements to investment properties and trading properties that require substantial periods of time to bring into saleable condition are capitalised. Borrowing costs are calculated by reference to the actual rate payable on borrowings specific to a project or, where a project is financed out of general funds, to the average rate for all borrowings. Borrowing costs are capitalised from the commencement of the project, until the date of practical completion of the project. All other borrowing costs are recognised in the Group income statement in the period in which they are incurred.

#### (r) Corporate income taxes

Income tax on the profit and loss for the year comprises current and deferred tax including tax on capital gains. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years.

Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are not taxable or deductible. The liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period; refer to [Note 14](#) for reconciliation.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided on the initial recognition of assets and liabilities that affect neither accounting nor taxable profit and on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. The Group provides deferred tax on investment properties by reference to the tax that would be due on the ultimate sale of the properties. Recognition on this basis means that, where applicable, indexation allowance is taken into account in determining the tax base cost. Where tax liabilities arising on the sale of property are able to be deferred against the cost of new property, a deferred tax liability is provided, to recognise that tax may be payable should the new property be sold in the future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets are measured at the tax rates that are expected to apply in the period in which the asset is realised, based on tax rates (and tax laws) that have been enacted at the end of the reporting period. The measurement of deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets.

## Notes to the Financial Statements

### 1 Accounting policies continued

#### (s) Government grants

An unconditional government grant is recognised in the income statement as revenue when the grant becomes receivable. Any other government grant is recognised in the balance sheet initially as deferred income when it is virtually certain that it will be received and that the Group will comply with the conditions attaching to it. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset.

#### (t) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are disclosed where the Group considers that it has a present obligation as a result of a past event but cannot reliably measure the cost.

#### (u) Adoption of new and revised standards

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

During 2022 the IASB clarified the treatment of rent concessions granted in relation to Covid-19. The Group had previously deferred such concessions in line with its lease accounting policy as outlined in note 1 (e). The IASB clarification required that such amounts were immediately recognised in the Income Statement. Consequently the Group adjusted its 2022 financial statements to reflect this clarification, resulting in a charge of £2.5m in the 2022 financial statements.

The standards as presented below did not have any impact on the Group's accounting policies and did not require retrospective adjustments:

- Amendments to References to the Conceptual Framework in IFRS Standards; and
- IAS 1 and IAS 8 (Amendments): Definition of Material;

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts;
- IFRS 3 (Amendments) Business Combinations: Reference to the Conceptual Framework;
- IFRS 10 and IAS 28 (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- IAS 1 (Amendments): Classification of Liabilities as Current or Non-current;
- Annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture;
- IAS 16 (Amendments): Property, Plant and Equipment—Proceeds before Intended Use;
- IAS 37 (Amendments): Onerous Contracts – Cost of Fulfilling a Contract;
- IAS 1 (Amendments) and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- IAS 8 (Amendments): Definition of Accounting Estimates; and
- IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods

#### (v) Significant accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### i) Significant judgements in applying the Group's accounting policies

The following are critical judgements, apart from those involving estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in Financial Statements.

## Notes to the Financial Statements

### 1 Accounting policies continued

#### Taxation

The Group applies judgement in the application of taxation regulations and makes estimates in calculating current income tax and deferred tax assets and liabilities, including the likely availability of future taxable profits against which deferred tax assets can be utilised. Where there is uncertainty on the tax position, provision is made until the outcome is certain.

#### ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

##### Property valuations

Due to the size of the investment property portfolio held on the balance sheet at market value, small changes to the estimates used to derive the market values can have a significant impact on the valuations and therefore a significant impact on the results and financial position of the Group. This includes the value of the property yields and the estimated future rental income assumed in the valuations. See [Note 16](#) for details of the estimates used in deriving the valuations.

As deferred tax is provided on investment properties by reference to the tax that would be due on the ultimate sale of the properties, changes to the estimates used to derive the market values would also have an impact on the deferred tax provided.

##### Defined benefit pension schemes

The assumptions used in calculating the balance sheet assets and liabilities of the defined benefit pension schemes include estimates as set out in [Note 9](#). The assets and liabilities are sensitive to the application of these estimates and small changes can have a significant impact on the results and financial position of the Group.

##### Expected credit losses

In accordance with IFRS 9, the Group is required to make a provision for expected credit losses on financial assets. The most material source of estimation uncertainty in this regard relates to the Group's trade receivables (typically arrears on rental income) and any receivables held in relation to lease incentives provided to tenants.

At the balance sheet date, the Group assesses the likelihood of recovery and recognises an expected credit loss to the extent that any of the balance is considered irrecoverable by applying a probability-weighted percentage default rate to each receivable/debtor. For trade receivables, the principal consideration is the short-term liquidity of the counterparty, whereas for lease incentive debtors the estimate is driven by consideration of the ability of the tenant to fulfil its obligations for the duration of the lease. These assessments are based on the counterparty's circumstances: the Group has receivables from counterparties operating in a diverse variety of sectors and the specific impacts of the wider economic uncertainty are considered in the Group's estimation of expected credit losses.

#### (v) Parent company guarantee

For the year ended 31 December 2022, the following subsidiary of the Group is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act relating to subsidiary companies:

- Grosvenor Basingstoke Management Limited – company number 03580616

## Notes to the Financial Statements

### 2 Foreign currencies

The principal exchange rates used to translate into Sterling the results, assets, liabilities and cash flows of overseas companies were as follows:

	Average rate		Year end rate	
	2022 £1	2021 £1	2022 £1	2021 £1
US Dollars	<b>1.23</b>	1.37	<b>1.21</b>	1.35
Canadian Dollars	<b>1.60</b>	1.72	<b>1.64</b>	1.71
Euros	<b>1.17</b>	1.17	<b>1.13</b>	1.19
Australian Dollars	<b>1.78</b>	1.84	<b>1.77</b>	1.82
Hong Kong Dollars	<b>9.64</b>	10.68	<b>9.43</b>	10.52
Chinese Renminbi	<b>8.31</b>	8.85	<b>8.47</b>	8.57
Japanese Yen	<b>161.56</b>	151.72	<b>158.49</b>	155.23
Swedish Krona	<b>12.47</b>	11.84	<b>12.60</b>	12.20
Polish Zloty	<b>5.49</b>	5.32	<b>5.28</b>	5.47

## Notes to the Financial Statements

### 3 Segmental analysis

The Group's reportable segments are the four regional Operating Companies and Diversified Property Investments, which includes Sierra Sonae and third-party managed investments. These operating segments reflect the components of the Group that are regularly reviewed by the Group Board to allocate resources and assess performance. Not allocated represents the Group Team and consolidation adjustments. The accounting policies of the reportable segments are consistent with the Group accounting policies detailed in [Note 1](#). The balance sheet is presented on a proportional basis as property assets presented in this manner is a key performance metric of the Group.

2022

	Proprietary assets - Direct				Proprietary assets - Indirect				Total £m
	GP UK £m	GP America £m	GP Asia £m	GP Europe £m	Sierra Sonae £m	Third party managed £m	Other £m	Not Allocated £m	
<b>Income Statement</b>									
Revenue	144.4	101.7	5.2	40.5	-	(0.1)	-	(0.3)	<b>291.4</b>
Property costs (excluding major refurbishments)	(65.9)	(58.8)	(1.0)	(27.8)	-	-	-	-	<b>(153.5)</b>
<b>Net property income/(cost)*</b>	<b>78.5</b>	<b>42.9</b>	<b>4.2</b>	<b>12.7</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.3)</b>	<b>137.9</b>
Administrative expenses	(20.2)	(38.6)	(17.8)	(18.2)	-	-	(4.8)	(18.2)	<b>(117.8)</b>
Impairment loss on trade and other receivables, including contract assets	(7.3)	-	-	-	-	-	-	-	<b>(7.3)</b>
Net financing (costs)/income	(30.9)	(6.8)	(1.0)	(1.4)	-	1.3	0.2	5.0	<b>(33.6)</b>
Revenue profit of joint ventures and associates (Note 19)	7.3	17.4	13.2	5.1	5.3	14.3	-	-	<b>62.6</b>
<b>Group revenue profit/(loss)</b>	<b>27.4</b>	<b>14.9</b>	<b>(1.4)</b>	<b>(1.8)</b>	<b>5.3</b>	<b>15.5</b>	<b>(4.6)</b>	<b>(13.5)</b>	<b>41.8</b>
Net losses/(gains) on revaluation and sale of investment properties	(87.5)	40.5	(0.2)	(8.3)	-	-	-	-	<b>(55.5)</b>
Major refurbishment costs	(6.9)	-	-	-	-	-	-	-	<b>(6.9)</b>
Net gains on other investments	(0.4)	-	8.3	-	-	-	(8.2)	37.2	<b>36.9</b>
Derivative fair value adjustments	-	-	-	-	-	-	-	(0.1)	<b>(0.1)</b>
Derivative fair value adjustments related to structured development loans	-	(3.3)	-	-	-	-	-	-	<b>(3.3)</b>
Other (losses)/gains of joint ventures and associates (Note 19)	(3.6)	(16.3)	(10.8)	(3.8)	(0.8)	34.5	-	-	<b>(0.8)</b>
<b>Profit/(loss) before tax</b>	<b>(71.0)</b>	<b>35.8</b>	<b>(4.1)</b>	<b>(13.9)</b>	<b>4.5</b>	<b>50.0</b>	<b>(12.8)</b>	<b>23.6</b>	<b>12.1</b>
Tax and non-controlling interests in joint ventures and associates	(0.1)	0.3	(1.6)	(1.3)	(1.0)	-	-	-	<b>(3.7)</b>
<b>Profit/(loss) before tax reported in the income statement</b>	<b>(71.1)</b>	<b>36.1</b>	<b>(5.7)</b>	<b>(15.2)</b>	<b>3.5</b>	<b>50.0</b>	<b>(12.8)</b>	<b>23.6</b>	<b>8.4</b>
Tax (expense)/credit	34.4	(0.2)	(5.1)	6.3	-	(6.3)	(6.6)	2.6	<b>25.1</b>
<b>Profit/(loss) after tax reported in the income statement</b>	<b>(36.7)</b>	<b>35.9</b>	<b>(10.8)</b>	<b>(8.9)</b>	<b>3.5</b>	<b>43.7</b>	<b>(19.4)</b>	<b>26.2</b>	<b>33.5</b>

\* Included in net property income are net losses on trading properties amounting to £2.3m (2021: loss of £9.1m) arising from income from sale of trading and development properties of £68.7m (2021: £1.0m) less the carrying value of trading properties sold of £71.0m (2021: £10.1m).

## Notes to the Financial Statements

### 3 Segmental analysis continued

2022

	Proprietary assets - Direct				Proprietary assets - Indirect				Total £m
	GP UK £m	GP America £m	GP Asia £m	GP Europe £m	Sierra Sonae £m	Third party managed £m	Other £m	Not Allocated £m	
<b>Balance sheet (proportional basis)</b>									
Investment property	2,982.0	1,289.7	678.6	312.0	115.3	841.3	-	-	<b>6,218.9</b>
Investment property under development	317.6	5.6	-	-	4.6	8.0	-	-	<b>335.8</b>
Assets classified as held for sale	-	18.3	-	-	-	-	-	-	<b>18.3</b>
Trading property	2.0	571.1	26.1	0.2	-	-	-	-	<b>599.4</b>
Other financial assets	3.3	44.6	7.9	-	-	64.9	-	-	<b>120.7</b>
<b>Total property assets</b>	<b>3,304.9</b>	<b>1,929.3</b>	<b>712.6</b>	<b>312.2</b>	<b>119.9</b>	<b>914.2</b>	<b>-</b>	<b>-</b>	<b>7,293.1</b>
Net (debt)/cash	(574.3)	(590.0)	(21.8)	(122.9)	(33.6)	(344.7)	3.8	276.4	<b>(1,407.1)</b>
Deferred tax (liability)/asset	(481.2)	(139.1)	(16.7)	(2.7)	(18.3)	(34.5)	5.3	4.3	<b>(682.9)</b>
Other net (liabilities)/assets	(140.1)	(90.4)	(16.2)	54.9	6.1	(16.4)	130.4	(143.5)	<b>(215.2)</b>
<b>Net assets/(liabilities)</b>	<b>2,109.3</b>	<b>1,109.8</b>	<b>657.9</b>	<b>241.5</b>	<b>74.1</b>	<b>518.6</b>	<b>139.5</b>	<b>137.2</b>	<b>4,987.9</b>

## Notes to the Financial Statements

### 3 Segmental analysis continued

2021

	Proprietary assets – Direct				Proprietary assets – Indirect				Total £m
	GPUK £m	GP America £m	GP Asia £m	GP Europe £m	Sierra Sonae £m	Third party managed £m	Other £m	Not Allocated £m	
<b>Income Statement</b>									
Revenue	124.2	47.6	6.4	15.4	-	47.3	0.3	(0.4)	240.8
Property costs (excluding major refurbishments)	(55.2)	(23.4)	(1.1)	(5.5)	-	(11.6)	-	-	(96.8)
<b>Net property income</b>	69.0	24.2	5.3	9.9	-	35.7	0.3	(0.4)	144.0
Administrative expenses	(19.5)	(34.5)	(14.0)	(12.4)	-	(2.3)	(4.6)	(31.1)	(118.4)
Impairment loss on trade and other receivables, including contract assets	(2.9)	-	-	-	-	-	-	-	(2.9)
Net financing (costs)/income	(23.8)	2.0	(1.2)	(1.5)	-	7.3	(0.4)	(0.5)	(18.1)
Revenue profit of joint ventures and associates (Note 20)	2.4	47.1	13.7	6.6	6.3	8.2	-	-	84.3
<b>Group revenue profit/(loss)</b>	25.2	38.8	3.8	2.6	6.3	48.9	(4.7)	(32.0)	88.9
Net gains on revaluation and sale of investment properties	(5.4)	109.3	(0.3)	9.5	-	-	-	-	113.1
Major refurbishment costs	(8.4)	-	-	-	-	-	-	-	(8.4)
Net (losses)/gains on other investments	-	0.2	-	1.4	-	26.7	0.4	(1.7)	27.0
Derivative fair value adjustments	-	-	0.3	-	-	-	-	0.7	1.0
Derivatives fair value adjustments related to structured development loans	-	3.7	-	-	-	-	-	-	3.7
Other gains/(losses) of joint ventures and associates (Note 20)	(7.1)	17.2	12.8	(1.4)	(1.8)	58.8	-	-	78.5
<b>Profit/(loss) before tax</b>	4.3	169.2	16.6	12.1	4.5	134.4	(4.3)	(33.0)	303.8
Tax and non-controlling interests in joint ventures and associates	(0.2)	(0.2)	(2.8)	(0.4)	(1.7)	-	-	-	(5.3)
<b>Profit/(loss) before tax reported in the income statement</b>	4.1	169.0	13.8	11.7	2.8	134.4	(4.3)	(33.0)	298.5
Tax (expense)/credit	(114.6)	(33.5)	(0.9)	(4.8)	-	(22.1)	(11.5)	4.9	(182.5)
<b>Profit/(loss) after tax reported in the income statement</b>	(110.5)	135.5	12.9	6.9	2.8	112.3	(15.8)	(28.1)	116.0



## Notes to the Financial Statements

### 3 Segmental analysis continued

2021

	Proprietary assets - Direct				Proprietary assets - Indirect				Total £m
	GPUK £m	GP America £m	GP Asia £m	GP Europe £m	Sierra Sonae£m	Third party managed£m	Other£m	Not Allocated £m	
<b>Balance sheet (proportional basis)</b>									
Investment property	3,195.8	1,203.8	878.9	357.6	210.5	582.6	-	-	6,429.2
Investment property under development	233.6	-	-	-	4.8	8.4	-	-	246.8
Trading property	4.5	345.0	85.9	35.6	-	-	-	-	471.0
Other financial assets	3.0	40.5	5.6	0.1	-	69.7	-	-	118.9
<b>Total property assets</b>	<b>3,436.9</b>	<b>1,589.3</b>	<b>970.4</b>	<b>393.3</b>	<b>215.3</b>	<b>660.7</b>	<b>-</b>	<b>-</b>	<b>7,265.9</b>
Net (debt)/cash	(664.2)	(399.3)	(280.0)	(181.6)	(49.0)	(254.6)	73.3	241.6	(1,513.7)
Deferred tax (liability)/asset	(505.8)	(143.0)	(21.0)	(5.0)	(33.4)	(25.8)	0.1	8.2	(725.7)
Other net (liabilities)/assets	(176.8)	(44.0)	(27.2)	58.2	1.4	(19.7)	(171.3)	142.9	(236.6)
<b>Net assets/(liabilities)</b>	<b>2,090.1</b>	<b>1,003.0</b>	<b>642.2</b>	<b>264.9</b>	<b>134.3</b>	<b>360.6</b>	<b>(97.9)</b>	<b>392.7</b>	<b>4,789.9</b>

## Notes to the Financial Statements

### 4 Revenue profit

The Group uses revenue profit as its primary measure of underlying operating performance as the Group's property-related activities have only modest impact on short-term valuation movements, hence revenue profit is a better metric to assess the commercial impact of the Group's efforts. The calculation of revenue profit and its reconciliation to profit before tax is set out below.

	2022			2021		
	Group £m	Share of joint ventures and associates (Note 19) £m	Total £m	Group £m	Share of joint ventures and associates (Note 19) £m	Total £m
Revenue	291.4	200.7	492.1	240.8	298.2	539.0
Property costs (excluding major refurbishments)	(153.5)	(91.4)	(244.9)	(96.8)	(170.2)	(267.0)
<b>Net property income (before major refurbishments)</b>	<b>137.9</b>	<b>109.3</b>	<b>247.2</b>	<b>144.0</b>	<b>128.0</b>	<b>272.0</b>
Administrative expenses	(117.8)	(14.9)	(132.7)	(118.4)	(18.7)	(137.1)
Impairment loss on trade and other receivables, including contract assets	(7.3)	-	(7.3)	(2.9)	-	(2.9)
Net financing costs (excluding derivative fair value adjustments)	(33.6)	(31.8)	(65.4)	(18.1)	(25.0)	(43.1)
<b>Revenue profit/(loss)</b>	<b>(20.8)</b>	<b>62.6</b>	<b>41.8</b>	<b>4.6</b>	<b>84.3</b>	<b>88.9</b>
Reconciliation of revenue profit/(loss) to profit/(loss) before tax:						
Revenue profit/(loss)	(20.8)	62.6	41.8	4.6	84.3	88.9
Joint ventures and associates:						
- Revenue profit	-	(62.6)	(62.6)	-	(84.3)	(84.3)
- Equity accounted profit	-	58.1	58.1	-	157.5	157.5
Net (losses)/gains on revaluation and sale of investment properties	(55.5)	-	(55.5)	113.1	-	113.1
Major refurbishment costs	(6.9)	-	(6.9)	(8.4)	-	(8.4)
Net gains on other investments	36.9	-	36.9	27.0	-	27.0
Fair value realised from prior years related to structured development loans	(1.5)	-	(1.5)	(6.7)	-	(6.7)
Derivative fair value adjustments related to structured development loans	(1.8)	-	(1.8)	10.4	-	10.4
Derivative fair value adjustments	(0.1)	-	(0.1)	1.0	-	1.0
<b>Profit/(loss) before tax</b>	<b>(49.7)</b>	<b>58.1</b>	<b>8.4</b>	<b>141.0</b>	<b>157.5</b>	<b>298.5</b>

## Notes to the Financial Statements

### 5 Revenue

	2022 £m	2021 £m
Gross lease payments receivable	158.2	137.3
Amortisation of lease incentives	(0.6)	9.8
Amortisation of deferred lease premiums	9.1	7.3
<b>Gross rental income</b>	<b>166.7</b>	<b>154.4</b>
Revenue from contracts with customers:		
Income from sale of trading and development properties	68.7	10
Service charge income	20.2	17.3
Expense recoveries	10.3	-
Other income	25.5	20.8
<b>Revenue from contracts with customers</b>	<b>124.7</b>	<b>39.1</b>
	<b>291.4</b>	<b>193.5</b>

Investment properties are leased out under operating leases. The majority of operating lease terms fall in the range between six months and 20 years. Total contingent rents included in gross rental income amounted to £nil (2021: £nil).

Other income can be further analysed as follows:

	2022 £m	2021 £m
Fund management and asset management fees	14.5	17.2
Project management fees	2.6	1.1
Other income	8.4	2.5
	<b>25.5</b>	<b>20.8</b>

#### Disaggregation of revenue derived from contracts with customers

In the following table, revenue is disaggregated by the Group's reportable segments.

	GPUK £m	GPA £m	GPAsia £m	GPEurope £m	Other £m	Total £m
Income from sale of trading and development properties	4.1	39.8	-	24.8	-	68.7
Service charge income	20.0	-	-	0.2	-	20.2
Expense recoveries	-	8.2	-	2.1	-	10.3
Fund management and asset management fees*	6.8	5.8	0.4	1.5	-	14.5
Project management fees	-	2.6	-	-	-	2.6
Other income	1.1	6.8	-	0.8	(0.3)	8.4
	32.0	63.2	0.4	29.4	(0.3)	124.7
<b>Timing of revenue recognition</b>						
At a point in time	4.1	39.8	-	24.8	-	68.7
Over time	27.9	23.4	0.4	4.6	(0.3)	56.0
	32.0	63.2	0.4	29.4	(0.3)	124.7

\* Included within fund management and asset management fees are £1.3m (2021: £1.4m) of land development costs written-off.

## Notes to the Financial Statements

### 6 Property costs

	2022 £m	2021 £m
Service charge expenses	20.0	16.7
Major refurbishment costs	6.9	8.4
Development costs	6.0	1.6
Carrying value of trading properties sold	66.4	1.6
(Reversal of)/provision for impairment of trading properties	(1.4)	6.8
Other property operating expenses	62.5	58.5
<b>Total property costs</b>	<b>160.4</b>	<b>93.6</b>

Operating expenses associated with unlet properties totalled £0.5m (2021: £0.5m). The carrying value of trading properties sold includes £nil of capitalised interest (2021: £nil).

### 7 Administrative expenses

	2022 £m	2021 £m
Staff costs	95.0	95.3
Office costs	13.0	10.9
Auditor's remuneration		
- audit services in relation to financial statements	2.1	1.5
- other services	0.2	0.2
Other professional fees	12.6	12.3
Allocation of costs to Grosvenor Trusts	(20.7)	(21.9)
Other administrative expenses	15.6	20.1
<b>Total administrative expenses</b>	<b>117.8</b>	<b>118.4</b>

All of the Group's Operating Companies were audited by Deloitte LLP and other member firms of Deloitte Touche Tohmatsu Limited. £0.4m (2021: £0.2m) of the total audit fee is estimated to relate to the audit of the Group and £1.7m (2021: £1.2m) to the audit of the Group's subsidiaries. The Company's audit fees (£0.1m) were borne by another Group company (2021: £0.1m). Amounts paid to other accountancy firms for non-audit services in 2022 totalled £1.8m (2021: £1.3m).

## Notes to the Financial Statements

### 8 Employee information

	2022 £m	2021 £m
<b>Staff costs</b>		
Wages and salaries	77.4	83.6
Social security contributions	6.2	7.3
Other staff costs*	19.7	7.9
<b>Pension costs</b>		
Contributions to defined contribution plans	4.1	3.9
Net cost of defined benefit plans (Note 9)	5.4	11.3
	<b>112.8</b>	<b>114.0</b>
<b>Included in:</b>		
Administrative expenses	95.0	95.3
Property operating expenses	17.2	17.4
Development costs	0.6	1.3
	<b>112.8</b>	<b>114.0</b>

The costs of staff directly engaged in investment activities are included in property outgoings and the costs of those directly engaged in development activities are included in development costs.

\*Other staff costs have increased as a result of payments associated with the delivery of the international urban property strategy as disclosed in the Strategic Report.

#### Employee numbers

	At the end of the year		Average	
	2022 number	2021 number	2022 number	2021 number
GPUK	226	269	233	272
GPA	119	111	117	111
GPA Asia	14	47	34	49
GPEurope	27	47	36	57
GDPI	14	10	11	9
Group Team	111	86	102	82
	<b>511</b>	<b>570</b>	<b>533</b>	<b>580</b>

## Notes to the Financial Statements

### 9 Retirement benefit schemes

#### Defined contribution schemes

The Group operates a number of defined contribution retirement benefit schemes. The Group contributes a percentage of salary into defined contribution schemes to fund the benefits. The assets of the schemes are held separately from those of the Group, in funds under the control of independent pension providers. The only obligation of the Group with respect to the defined contribution schemes is to make the specified contributions.

The total cost of defined contribution pension schemes charged to the income statement was £4.1m (2021: £3.9m).

#### Defined benefit schemes

The Group operates several defined benefit pension schemes in the UK, the USA and Canada.

In the UK, the Group operates a defined benefit scheme which has sections where benefits are based on service and average or final salary. The scheme is approved by Her Majesty's Revenue and Customs for tax purposes, and is operated separately from the Group and managed by a set of Grosvenor Estate and Grosvenor Estate staff appointed Trustees. The Trustees are responsible for payment of the benefits and management of the scheme's assets. The scheme is subject to UK regulations, which require the Employers and Trustees to agree a funding strategy and contribution schedules for the schemes. The formal process results in the production and adherence to a Schedule of Contributions, both for regular ongoing contributions and, if required, any additional deficit contributions. This is signed by both the Principal Employer and the Trustees, and certified by the Scheme Actuary as making adequate contributions to meet accruing liabilities for a five-year period. The adequacy test is governed by regulations and certified by the Scheme Actuary.

In Canada, the Group operates defined benefit plans which have benefits based on service and final salary. The scheme was closed to new entrants in 2008. Benefits in the scheme in the USA were frozen in 2007. The plans are approved by the Canada Revenue Agency for Canadian tax purposes and the IRS for USA tax purposes, respectively, and are operated separately from the Group and managed by independent Trustees. The Trustees are responsible for payment of the benefits and management of the plans' assets. The plans are subject to Canadian and USA regulations, which require the Group and Trustees to agree a funding strategy and contribution schedule for the plans.

The three defined benefit schemes outlined above are funded. They are administered by member and employer nominated Trustees. Independent qualified actuaries complete valuations of the schemes every three years and, in accordance with their recommendations, annual contributions are paid to the schemes to secure the benefits set out in the rules.

As with the vast majority of similar arrangements, the Group incurs a high degree of risk relating to the defined benefit schemes. These risks include investment risks and demographic risks, such as the risk of members living longer than expected. The UK scheme holds a large proportion of its assets in equity investments, although during the year took steps to mitigate this risk by reducing the scheme's investment in equities. Strong future equity returns would be expected to reduce the Group's future cash contributions (and vice versa). If the contributions currently agreed are insufficient to pay the benefits due, the Group may need to make further contributions to the scheme. With headroom (being cash and committed undrawn facilities) of £2.0bn, the Group is comfortably positioned to make further contributions to the schemes should they be required.

## Notes to the Financial Statements

### 9 Retirement benefit schemes continued

The UK scheme is a multi-employer scheme because it provides pensions for both the Group and employees of other entities owned by the Shareholders. The Group accounts for its proportionate share of the defined benefit obligation, scheme assets and cost of this scheme, based on the proportion of the accrued liabilities that relate to the Group's employees. Changes in the Group's proportionate share of the assets and liabilities of this scheme arising during the year are treated as actuarial gains or losses. Upon wind-up of the plan or an entity's withdrawal from the plan, each employer would become liable to pay their share of the scheme's liabilities (their Section 75 debt).

Actuarial valuations were last carried out at the following dates:

UK	31 December 2020
USA	31 December 2021
Canada	31 December 2019

All the valuations have been updated to 31 December 2022 using updated assumptions. The results of these valuations together with the key assumptions used are set out below.

In addition to the defined benefit schemes set out above, the Group operates unfunded defined benefit schemes in the UK and the USA to satisfy pension commitments not catered for by the funded schemes.

In Canada, the Group agreed with the Trustees of the plans to make contributions, in addition to payments in respect of the continuing accrual of benefits, of CA\$1.3m for 2021 and 2022 to fund the plan deficit, and, in the USA, contributions are determined on an annual basis.

In the UK, no contributions in addition to payments in respect of the continuing accrual of benefits are currently required (2021: £nil). The requirement for additional contributions will be reviewed following the next triennial valuation due as at 31 December 2023.

The weighted average duration to payment of the expected benefit cash flows from the schemes in respect of accrued service at the end of the accounting period is approximately 20 years in the UK scheme, 11 years in the US scheme and 12 years in the Canadian scheme.

**The amounts recognised in the income statement in respect of defined benefit schemes are:**

	2022 £m	2021 £m
Current service cost	6.4	10.2
Past service cost	0.1	0.1
Interest (income)/cost	(1.2)	0.9
Administrative expenses	0.1	0.1
	<b>5.4</b>	<b>11.3</b>

**The amounts recognised in the statement of comprehensive income in respect of defined benefit schemes are:**

	2022 £m	2021 £m
Actuarial gains	<b>84.1</b>	<b>65.2</b>
	<b>84.1</b>	<b>65.2</b>

Within actuarial gains is a gain of £5.3m (2021: £11m gain) due to changes in demographic assumptions.

## Notes to the Financial Statements

### 9 Retirement benefit schemes continued

The movement in the net defined benefit obligation is:

	2022 £m	2021 £m
1 January	(22.2)	(79.4)
Expense charged to income statement	(5.4)	(11.3)
Amount recognised in the statement of comprehensive income	84.1	65.2
Employer contributions	3.4	3.1
Benefit payments	0.4	0.3
Exchange movement	1.1	(0.1)
<b>31 December</b>	<b>61.4</b>	<b>(22.2)</b>

The amounts included in the balance sheet arising from the Group's obligations in respect of defined benefit schemes are:

	2022 £m	2021 £m
Present value of unfunded obligations	(18.3)	(23.3)
Present value of funded obligations	(213.5)	(323.2)
<b>Present value of total defined benefit obligations</b>	<b>(231.8)</b>	<b>(346.5)</b>
Fair value of scheme assets	293.2	324.3
<b>Defined benefit pension surplus/(deficit)</b>	<b>61.4</b>	<b>(22.2)</b>

The net surplus/(deficit) arises in the following regions:

	2022 £m	2021 £m
UK	71.8	(9.3)
USA	(8.0)	(7.8)
Canada	(2.4)	(5.1)
	<b>61.4</b>	<b>(22.2)</b>

The Group recognises the full value of the surplus in the UK scheme as an asset in accordance with paragraph 11 (b) of IFRIC 14.

Movements in the present value of defined benefit obligations are:

	2022 £m	2021 £m
At 1 January	346.5	368.9
Current service cost	6.4	10.2
Past service cost	0.1	0.1
Interest cost	8.8	6.9
Actuarial losses/(gains) due to:		
Experience on benefit obligation	15.6	6.3
Changes in financial assumptions	(134.2)	(38.0)
Changes in demographic assumptions	(5.3)	(1.1)
Benefits paid	(8.9)	(7.6)
Exchange movements	2.8	0.8
<b>At 31 December</b>	<b>231.8</b>	<b>346.5</b>



## Notes to the Financial Statements

### 9 Retirement benefit schemes continued

#### Analysis of the scheme liabilities:

	2022 £m	2021 £m
UK	177.5	283.5
USA	21.2	23.8
Canada	33.1	39.2
<b>At 31 December</b>	<b>231.8</b>	<b>346.5</b>

#### Movements in fair value of scheme assets were:

	2022 £m	2021 £m
At 1 January	324.3	289.5
Interest on plan assets	10.0	6.0
Actuarial return on plan assets less interest on plan assets	(39.8)	32.4
Contributions by the employer	3.4	3.1
Benefits paid	(8.5)	(7.3)
Administrative expenses	(0.1)	(0.1)
Exchange movements	3.9	0.7
<b>At 31 December</b>	<b>293.2</b>	<b>324.3</b>

#### Analysis of scheme assets:

	2022 £m	2021 £m
Equities	123.5	196.2
Corporate bonds	112.5	75.0
Multi-asset credit funds	23.3	39.0
Other	33.9	14.1
<b>Fair value of plan assets</b>	<b>293.2</b>	<b>324.3</b>

The schemes do not invest directly in property occupied by the Group or in financial securities issued by the Group.

The schemes' assets are invested in a diversified range of asset classes as set out in this Note.

## Notes to the Financial Statements

### 9 Retirement benefit schemes continued

The principal actuarial assumptions used for accounting purposes reflect prevailing market conditions and are:

#### 2022

	UK	USA	Canada
Discount rate	4.61%	4.95%	5.30%
Expected rate of salary increase	3.60%	n/a	3.50%
Expected rate of future pension increase	3.23%	2.75%	2.00%
Inflation	3.23%	2.75%	2.00%

#### 2021

	UK	USA	Canada
Discount rate	1.97%	2.65%	3.25%
Expected rate of salary increase	3.60%	n/a	3.50%
Expected rate of future pension increase	3.23%	2.50%	2.00%
Inflation	3.23%	2.50%	2.00%

	Male		Female	
	2022	2021	2022	2021
<b>Life expectancy of a 65-year-old today</b>				
UK	23.9	23.8	26.2	26.1
USA	20.6	20.5	22.6	22.5
Canada	23.2	23.2	25.6	25.6
<b>Life expectancy of a 65-year-old in 20 years</b>				
UK	25.5	25.4	27.8	27.7
USA	22.1	22.0	24.0	23.9
Canada	24.2	24.2	26.5	26.4

The sensitivity to the significant assumptions above of the total defined benefit obligation and approximate income statement charge is set out below.

	Total defined benefit obligation £m	Approximate charge in 2023 £m
Based on the assumptions above	231.8	1.4
Approximate impact of:		
Increase in discount rate by 0.25%	(9.8)	(0.1)
Increase in inflation rate by 0.25%	9.7	0.1
Increase in life expectancy by one year at 65	7.2	0.1

The calculations in this section have been carried out using the same method and data as the Group's pensions and accounting figures with each assumption adjusted as shown above. Each assumption has been varied individually and a combination of changes in assumptions could produce a different result.

## Notes to the Financial Statements

### 10 Directors' remuneration details

	2022 £000	2021 £000
Aggregate remuneration:		
Emoluments	2,962	4,211
Performance-related bonus	-	409
Long-term incentive scheme	568	1,805
	3,530	6,425

The total amounts payable under long-term incentive schemes comprise all amounts to which Directors became unconditionally entitled during the year.

The amounts above include, for the highest paid Director, emoluments of £1,200,000 (2021: £1,484,000) and a long-term incentive plan payment of £485,000 (2021: £2,177,000).

Retirement benefits accrued to one Director. The total annual accrued pension under the defined benefit pension schemes was £249,000 (2021: £230,000) and for the highest paid Director was £249,000 (2021: £nil). Total contributions in respect of money purchase pension benefits were £nil (2021: £nil) and for the highest paid Director were £nil (2021: £nil).

### 11 Net gains on other investments

	2022 £m	2021 £m
Profit on disposal of trade investments/other fixed assets	37.7	62.7
	37.7	62.7

### 12 Net (losses)/gains on revaluation and sale of investment property

	2022 £m	2021 £m
Valuation (losses)/gains on investment property	(66.8)	100.5
Valuation losses on redevelopment properties	(47.3)	(13.9)
<b>Net valuation (losses)/gains on investment property</b>	<b>(114.1)</b>	<b>86.6</b>
Profit on disposal of investment property	58.6	26.5
	(55.5)	113.1

## Notes to the Financial Statements

### 13 Net financing costs

	2022 £m	2021 £m
Interest income	7.7	6.1
Other financial income	3.4	9.5
<b>Financial income</b>	<b>11.1</b>	<b>15.6</b>
Gross interest expense	(49.6)	(45.6)
Interest expense on lease liabilities	(0.4)	(1.0)
Interest capitalised	10.3	13.8
Commitment and other financing costs	(7.3)	(7.3)
<b>Financial expenses</b>	<b>(47.0)</b>	<b>(40.1)</b>
Fair value adjustments of interest rate swaps and foreign exchange contracts	(0.1)	1.0
Fair value adjustments of embedded derivatives related to structured development loans	(1.8)	10.1
<b>Total fair value adjustments</b>	<b>(1.9)</b>	<b>11.1</b>
<b>Net financing costs</b>	<b>(37.8)</b>	<b>(13.4)</b>

The average rate of interest capitalised in the year was 5.4% (2021: 4.7%).

The fair value adjustments above include interest rate swaps which relate to cash flow hedges that are not designated as effective. The movements in fair value of these derivatives arise from underlying market movements and changes in time to maturity.

## Notes to the Financial Statements

### 14 Corporate income tax

#### Recognised in the income statement

	2022 £m	2021 £m
<b>Current tax expense</b>		
UK corporation tax at 19.00% (2021: 19.00%)	12.2	12.4
Overseas tax	22.5	18.4
Adjustment for prior years	(3.5)	0.7
	31.2	31.5
<b>Deferred tax (credit) / expense</b>		
Origination and reversal of temporary differences	(36.0)	34.1
Effect of tax rate change	(9.1)	119.0
Adjustment for prior years	(11.2)	(2.1)
	(56.3)	151.0
<b>Total income tax (credit)/expense in the income statement</b>	<b>(25.1)</b>	<b>182.5</b>

#### Deferred tax recognised in other comprehensive income

	2022 £m	2021 £m
Revaluation of property plant and equipment	9.4	7.3
Fair value adjustments on financial instruments treated as cash flow hedges	5.5	1.7
Actuarial gains on defined pension benefit schemes	21.0	14.4
	35.9	23.4
<b>Reconciliation of tax</b>		
Profit before taxation	8.4	298.5
<b>Less: share of profit of joint ventures</b>	<b>(58.1)</b>	<b>(157.5)</b>
Add: profit of joint ventures where the tax charge is directly attributable to the Group	51.1	131.5
<b>Adjusted Group profit before taxation</b>	<b>1.4</b>	<b>272.5</b>
Tax on adjusted Group profit at standard UK corporation tax rate of 19.00% (2021: 19.00%)	0.3	51.8
Effect of foreign tax rates	3.3	11.3
Expenses not deductible for tax purposes	-	0.4
Deferred tax not recognised	2.1	0.9
Adjustment in respect of prior years	(4.6)	(1.4)
Other adjustments	(2.0)	0.5
<b>Total income tax (credit)/expense in the income statement excluding exceptional items</b>	<b>(0.9)</b>	<b>63.5</b>
Adjustment for prior years: deferred tax reclassified from income statement to other comprehensive income	(10.1)	-
FX gains recycled from translation reserve to income statement	(5.0)	-
Effect of tax rate change on deferred tax balance	(9.1)	119.0
<b>Total income tax (credit)/expense in the income statement</b>	<b>(25.1)</b>	<b>182.5</b>

## Notes to the Financial Statements

### 14 Corporate income tax continued

#### Factors affecting tax charges

Grosvenor, as an international property group, pays taxes in the jurisdictions in which it has operations and holds interests in property. The Group's tax charge and effective tax rate are a direct reflection of the mix of profits across the business regions. The Group's profits are comprised of realised profits, being net revenue and gains on property disposals, and unrealised profits, being revaluations of investment properties. The Group accrues and pays current tax (CT) to local governments on realised profits and gains and accrues deferred tax (DT) on unrealised profits on investment properties not yet sold.

A current tax rate of 19%, being the UK corporation tax rate throughout the period, has been applied to the year ended 31 December 2022.

From 1 April 2023, the UK corporation tax rate will increase to 25% (Finance Act 2021). A deferred tax rate of 25% has therefore been applied to UK opening balances and movements in deferred tax in the year ended 31 December 2022.

The 2022 total tax credit of £25.1m includes a current tax (CT) charge of £31.2m, and a deferred tax (DT) credit of £56.3m.

The CT charge of £31.2m is due to:

- Tax arising on investment property disposals during 2022.
- The impact of the Corporate Interest Restriction rules in the UK.
- The effect of foreign tax rates and withholding taxes on overseas profits.
- CT on rental income and other revenues.

The DT credit of £56.3m is due to:

- Release of deferred tax liabilities previously booked on investment property disposals.
- Movement in deferred tax arising from the revaluation movement in the accounts.
- A restatement of deferred tax provisions made in earlier years.

The Group's share of joint ventures' and associates' tax charges of £3.7m (2021: £5.3m) are included in the Share of profit from joint ventures and associates shown in the Consolidated income statement.

For information on the Group's global tax contribution, refer to page 23 of the Directors' report.

### 15 Property assets

The table below analyses the Group's interests in property assets on a proportional basis, including the Group's share of property assets in joint ventures and associates.

		2022 £m	2021 £m
Investment property	– Group	3,831.6	4,207.4
	– Share of joint ventures and associates	2,387.3	2,221.8
Investment properties under development	– Group	317.6	233.6
	– Share of joint ventures and associates	18.2	13.2
Assets classified as held for sale	– Group	18.3	–
Trading properties	– Group	464.5	382.5
	– Share of joint ventures and associates	134.9	88.5
Other financial assets*		120.7	118.9
<b>Total property assets</b>		<b>7,293.1</b>	<b>7,265.9</b>

\* Other financial assets included in property assets relating to equity and debt investments in property companies.

## Notes to the Financial Statements

### 16 Investment property

	Completed property			Under development			Total £m
	Freehold £m	Leasehold £m	Total £m	Freehold £m	Leasehold £m	Total £m	
<b>At January 2021</b>	982.0	3,129.5	4,111.5	104.0	51.3	155.3	<b>4,266.8</b>
Acquisitions	174.9	58.2	233.1	-	-	-	<b>233.1</b>
Costs capitalised	6.7	39.8	46.5	24.9	-	24.9	<b>71.4</b>
Disposals	(52.3)	(73.9)	(126.2)	-	-	-	<b>(126.2)</b>
Revaluation gains/(losses)	109.2	(8.7)	100.5	(13.9)	-	(13.9)	<b>86.6</b>
Transfer to development project	-	(67.3)	(67.3)	-	67.3	67.3	-
Transfer to investments in joint ventures	(69.2)	-	(69.2)	-	-	-	<b>(69.2)</b>
Exchange movements	(12.3)	(9.2)	(21.5)	-	-	-	<b>(21.5)</b>
<b>At 31 December 2021</b>	<b>1,139.0</b>	<b>3,068.4</b>	<b>4,207.4</b>	<b>115.0</b>	<b>118.6</b>	<b>233.6</b>	<b>4,441.0</b>
Acquisitions	61.8	44.5	106.3	-	9.2	9.2	<b>115.5</b>
Costs capitalised	6.0	66.8	72.8	1.7	4.4	6.1	<b>78.9</b>
Disposals	(87.2)	(138.6)	(225.8)	(116.7)	-	(116.7)	<b>(342.5)</b>
Revaluation gains/(losses)	8.1	(74.9)	(66.8)	-	(47.3)	(47.3)	<b>(114.1)</b>
Transfer to development project	(25.8)	(206.9)	(232.7)	-	232.7	232.7	-
Transfer to assets held for sale	(18.3)	-	(18.3)	-	-	-	<b>(18.3)</b>
Transfer to trading properties	(67.2)	-	(67.2)	-	-	-	<b>(67.2)</b>
Exchange movements	59.6	(3.7)	55.9	-	-	-	<b>55.9</b>
<b>At 31 December 2022</b>	<b>1,076.0</b>	<b>2,755.6</b>	<b>3,831.6</b>	<b>-</b>	<b>317.6</b>	<b>317.6</b>	<b>4,149.2</b>

During the year the Group increased its holding stake in a joint venture in Japan, via acquisition of a partner's share, thereby gaining control of the investee company. The majority of the value of the investee company is in one investment property; as such the Group has accounted for this transaction as the acquisition of a property asset in line with IFRS 3. Subsequently in the year the Group disposed a portion of its stake in the same investee; that transaction is recognised as a property asset disposal in line with the treatment used in recognising the associated acquisition.

## Notes to the Financial Statements

### 16 Investment property continued

Investment properties were valued at 31 December 2022 by independent external valuers on the basis of market value in accordance with generally accepted international valuation standards. Valuations were performed as follows:

			£m
GPUK	Freehold	CB Richard Ellis, Chartered Surveyors	106.6
	Long leasehold	CB Richard Ellis, Chartered Surveyors	3,051.4
	Long leasehold	Directors valuation	22.0
GPA	Freehold	Altus Group, Research valuation and advisory	764.8
GPEurope	Freehold	Colliers International Consultancy and Valuation	132.2
	Freehold	CB Richard Ellis	72.2
			<b>4,149.2</b>

The historical cost of the Group's investment properties was £2,238.7m (2021: £1,983.8m).

The carrying value of investment properties includes capitalised interest of £5.9m (2021: £63.5m).

At 31 December 2022, investment properties with a carrying amount of £2,147.4m were pledged as security for bank loans (2021: £2,272.3m).

#### Fair value measurement

The portfolio is valued on an annual basis by independent and qualified valuers on a fair value basis in accordance with generally accepted international valuation standards. The fee payable to the valuers is on a fixed basis.

Investment properties have been valued using one of the following methods: (i) the investment method which involves applying a yield to rental income streams. Inputs include yield, current rent and Estimated Rental Value (ERV); (ii) on a market comparable basis of value per square foot (psf) derived and adjusted from actual market transactions; (iii) income capitalisation where the normalised net operating income generated by the property is divided by the capitalisation (discount) rate; or (iv) discounted cash flow method which involves the projection of a series of cash flows (the duration of the cash flow and specific timings of inflows and outflows are determined by events such as rent reviews, lease renewal and re-letting, redevelopment or refurbishment), to which an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Development properties are valued using a residual method which involves valuing the completed investment property using an investment or comparable market method and deducting estimated costs to complete.

Valuation reports are based on both information provided by the Group e.g. current rents and lease terms which is derived from the Group's financial and property management systems and is subject to the Group's overall control environment, and assumptions applied by the valuers e.g. ERVs and yields. These assumptions are based on market observation and the valuers' professional judgement. The 2022 fair value represents the highest and best use of the properties.

The following table shows an analysis of the fair values of investment property recognised in the balance sheet by class of asset:



## Notes to the Financial Statements

Class of property	Fair value hierarchy	Valuation/FV 2022 £m	Valuation/FV 2021 £m	Valuation technique	Valuation inputs	Average property 2022	Average property 2021
GPUK – Office	Level 3	1,260.7	1,230.2	Investment method and market comparable method	Weighted average ERV psf ERV range psf Weighted average Eq yld Equivalent yield range	£72 psf £19–£189 psf 4.8% 3.5%–7.7%	£72 psf £19–£126 psf 4.3% 3.5%–6.3%
GPUK – Retail	Level 3	799.0	794.1	Investment method and market comparable method	Weighted average ERV psf ERV range psf Weighted average Eq yld Equivalent yield range	£56 psf £3–£131 psf 4.2% 3.5%–6.5%	£54 psf £3–£125 psf 3.9% 3.3%–5.5%
GPUK – Residential	Level 3	806.3	847.0	Investment method and market comparable method	Average revaluation capital value psf Capital value range psf	£1,615 psf £1000–£3,260 psf	£1,540 psf £60–£3,260 psf
GPUK – Hotel	Level 3	96.4	106.0	Discounted cash flow method and market comparable method	Weighted average ERV psf ERV range psf Weighted average Eq yld Discount rate range	£46 psf £45–£47 psf 4.8% 4.0%–5.8%	£46 psf £45–£47 psf 5.2% 4.0%–6.0%
GPUK – Investment properties under development	Level 3	321.4	437.0	Residual approach	Average capital value psf ERV range psf Exit yield	n/a £33–£158 psf 4.4%	n/a £37–£118 psf 3.6%
GPA – Office	Level 3	123.3	183.6	Discounted cash flow	Weighted average capitalisation rate Weighted average discount rate	6.1% 7.0%	5.4% 6.2%
GPA – Retail	Level 3	119.0	127.0	Discounted cash flow	Weighted average capitalisation rate Weighted average discount rate	5.4% 6.9%	4.9% 6.3%
GPA – Residential	Level 3	173.9	148.5	Discounted cash flow	Weighted average capitalisation rate Weighted average discount rate	4.8% 6.1%	4.9% 6.1%
GPA – Industrial	Level 3	349.0	286.4	Discounted cash flow	Weighted average capitalisation rate Weighted average discount rate	5.0% 6.0%	4.8% 5.8%
GPAAsia – Retail	Level 3	–	201.7	Investment method and market comparable method	Weighted average passing rents psf Weighted average ERV psf Weighted average running yield Weighted average reversionary yield	n/a n/a n/a n/a	£131 psf £144 psf 3.3% 3.6%
GPEurope	Level 3	204.4	205.2	(Shopping centre) Investment method and market comparable method (Office) Investment method and market comparable method	Weighted average ERV psf ERV range psf Equivalent yield range Weighted average reversionary yield ERV range psf Weighted average Eq yld Equivalent yield range	£24 psf £16–£73 psf 7.2% £20 psf £20 psf 4.4% 4.1%–5.1%	£59 psf £33–£80 psf 5.0% £82 psf £59–£112 psf 4.1% 4.0%–4.3%
<b>Total</b>		<b>4,253.4</b>	<b>4,548.1</b>				

The table above includes owner occupied property of £104.2m (2021: £107.1m).

## Notes to the Financial Statements

### 16 Investment property continued

**Class of property:** The portfolio consists of a variety of uses often within the same building. The class of property shown is based upon the predominant use by income.

**Fair value hierarchy:**

Level 1: fair values derived from quoted prices in active markets for identical assets/liabilities.

Level 2: fair values derived from observable inputs other than quoted prices.

Level 3: fair values derived from valuation techniques that include inputs that are not based on observable data.

There were no transfers between levels during the year.

**Valuation technique:** There were no changes in the valuation techniques during the year.

**Valuation inputs:** The portfolio contains a mix of different lease tenure types. These consist of market rented (properties let at a market rent which is reviewed periodically), geared rented (properties let on long leases which pay only a percentage of the market rent which is reviewed periodically) or ground rented (properties which are let on long leases at low fixed ground rents). Properties may contain a mix of these tenure types. The average rents/ERVs referred to above ignore properties which have a tenure type which is completely ground rented as these can distort the averages.

The range of inputs within a class of property has been stated for GPUK due to the large and diverse nature of the portfolio of properties.

**Sensitivity to significant changes in unobservable inputs**

Rents and ERVs have a direct relationship to valuation, while yield has an inverse relationship. Estimated costs of a development project will inversely affect the valuation of development properties. There are interrelationships between all of these unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable input could be to magnify the impact on the valuation. The impact on the valuation will be mitigated by the interrelationship of two unobservable inputs moving in directions which have an opposite impact on value e.g. an increase in rent may be offset by an increase in yield, resulting in no net impact on the valuation.

The following table shows the impact (in isolation) of changes in key unobservable inputs on the fair values of investment property recognised in the balance sheet by class of asset:

Sector	Market value	+ 5% ERV	- 5% ERV	+ 5% Capital value	- 5% Capital value	+25bp Equivalent yield	-25bp Equivalent yield	+ 25bp Capitalisation rate	- 25bp Capitalisation rate	+100bp Disc rate	-100 bp Disc rate
Office	1,444.7	59.2	(59.2)	-	-	(69.0)	76.8	(2.7)	3.4	(8.4)	9.7
Retail	1,022.7	37.0	(37.0)	-	-	(50.6)	57.0	(3.5)	3.9	(9.3)	9.9
Residential	987.7	-	-	37.7	(37.7)	(13.9)	15.0	(5.5)	6.4	(13.0)	14.5
Industrial	348.9	-	-	-	-	-	-	(10.9)	11.8	(24.9)	27.0
Hotel	96.4	-	-	2.1	(2.5)	(7.2)	7.8	-	-	-	-
<b>Total</b>	<b>3,900.4</b>	<b>96.2</b>	<b>(96.2)</b>	<b>39.8</b>	<b>(40.2)</b>	<b>(140.7)</b>	<b>156.6</b>	<b>(22.6)</b>	<b>25.5</b>	<b>(55.6)</b>	<b>61.1</b>

\* Total market value excludes £317.6m of investment properties under development and includes £104.2m of property classed in Other Property, Plant and Equipment.

## Notes to the Financial Statements

### 17 Other property, plant and equipment

#### 2022

	Land and buildings £m	Leasehold improvements £m	Computer and IT equipment £m	Fixtures, fittings and motor vehicles £m	Total £m
<b>Cost</b>					
At 1 January 2022	107.1	14.0	35.5	16.9	<b>173.5</b>
Additions	-	0.5	1.7	0.9	<b>3.1</b>
Disposals	-	(0.8)	(0.2)	(0.9)	<b>(1.9)</b>
Revaluation losses	(2.9)	-	-	-	<b>(2.9)</b>
<b>At 31 December 2022</b>	<b>104.2</b>	<b>13.7</b>	<b>37.0</b>	<b>16.9</b>	<b>171.8</b>
<b>Depreciation</b>					
At 1 January 2022	-	(9.5)	(28.7)	(11.3)	<b>(49.5)</b>
Depreciation charge for the year	-	(1.3)	(2.7)	(1.5)	<b>(5.5)</b>
Disposals	-	0.5	0.1	0.8	<b>1.4</b>
<b>At 31 December 2022</b>	<b>-</b>	<b>(10.3)</b>	<b>(31.3)</b>	<b>(12.0)</b>	<b>(53.6)</b>
<b>Carrying amount</b>					
At 1 January 2022	107.1	4.5	6.8	5.6	<b>124.0</b>
<b>At 31 December 2022</b>	<b>104.2</b>	<b>3.4</b>	<b>5.7</b>	<b>4.9</b>	<b>118.2</b>

#### 2021

	Land and buildings £m	Leasehold improvements £m	Computer and IT equipment £m	Fixtures, fittings and motor vehicles £m	Total £m
<b>Cost</b>					
At 1 January 2021	41.3	13.9	34.1	16.9	106.2
Additions	58.8	0.1	1.5	0.6	61.0
Disposals	-	-	(0.1)	(0.6)	(0.7)
Revaluation gains	7.0	-	-	-	7.0
Transfer from investment property	-	-	-	-	-
<b>At 31 December 2021</b>	<b>107.1</b>	<b>14.0</b>	<b>35.5</b>	<b>16.9</b>	<b>173.5</b>
<b>Depreciation</b>					
At 1 January 2021	-	(8.4)	(25.1)	(10.2)	(43.7)
Depreciation charge for the year	-	(1.1)	(3.7)	(1.6)	(6.4)
Disposals	-	-	0.1	0.5	0.6
<b>At 31 December 2021</b>	<b>-</b>	<b>(9.5)</b>	<b>(28.7)</b>	<b>(11.3)</b>	<b>(49.5)</b>
<b>Carrying amount</b>					
At 1 January 2021	41.3	5.5	9.0	6.7	62.5
<b>At 31 December 2021</b>	<b>107.1</b>	<b>4.5</b>	<b>6.8</b>	<b>5.6</b>	<b>124.0</b>

The land and buildings above are long leasehold properties and were valued at 31 December 2022 by independent valuers CB Richard Ellis, Chartered Surveyors, on the basis of fair value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

## Notes to the Financial Statements

### 17 Other property, plant and equipment continued

The historical cost of the revalued land and buildings above at 31 December 2022 was £71.3m (2021: £71.3m).

The carrying value of the freehold land and buildings above includes capitalised interest of £nil (2021: £nil).

At 31 December 2022, land and buildings above with a carrying value of £nil were pledged as security for bank loans (2021: £nil).

### 18 Right-of-use of assets and lease liabilities

As of 1 January 2022, the Group had recognised £8.3m of right-of-use assets and £9.4m of lease liabilities.

	Right-of-use assets £m
<b>At 1 January 2022</b>	<b>9.4</b>
Additions	1.5
Depreciation of right-of-use assets	(3.1)
Disposals	(0.2)
Effects of movement in exchange rates	0.7
<b>At 31 December 2022</b>	<b>8.3</b>
	Lease liabilities £m
Current	2.5
Non-current	7.0
	<b>9.5</b>
	Right-of-use assets £m
<b>At 1 January 2021</b>	<b>29.4</b>
Additions	15.4
Depreciation of right-of-use assets	(4.4)
Disposals	(30.9)
Effects of movement in exchange rates	(0.1)
<b>At 31 December 2021</b>	<b>9.4</b>
	Lease liabilities £m
Current	2.8
Non-current	18.4
	<b>21.2</b>

Right-of-use assets and lease liabilities are in respect of office buildings.

## Notes to the Financial Statements

### 18 Right-of-use of assets and lease liabilities continued

#### Amounts recognised in the income statement:

	2022 £m	2021 £m
Interest expense on lease liabilities	0.4	1.0
Expense relating to short-term leases	–	0.3
Expense relating to leases of low-value assets	0.1	0.2
<b>Charged to the income statement</b>	<b>0.5</b>	<b>1.5</b>

#### Maturity analysis

	2022 £m	2021 £m
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	1.8	5.6
Between one and five years	5.4	17.8
More than five years	1.5	24.2
<b>Total undiscounted lease liabilities at 31 December</b>	<b>8.7</b>	<b>47.6</b>

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

## Notes to the Financial Statements

### 19(a) Investments in joint ventures and associates

2022

	Proprietary assets – Direct				Proprietary assets – Indirect		Total £m
	GPUK £m	GPA £m	GPAsia £m	GPEurope £m	Sierra Sonae* £m	Third-Party Managed £m	
<b>Share of profit from joint ventures and associates</b>							
Revenue	14.5	61.7	35.4	23.9	19.9	45.3	<b>200.7</b>
Property costs	(4.1)	(36.3)	(13.3)	(17.2)	(5.0)	(15.5)	<b>(91.4)</b>
<b>Net property income</b>	10.4	25.4	22.1	6.7	14.9	29.8	<b>109.3</b>
Administrative expenses	(0.5)	(0.3)	(0.4)	(0.4)	(7.6)	(5.7)	<b>(14.9)</b>
Net financing income/(costs)	(2.6)	(7.7)	(8.5)	(1.2)	(2.0)	(9.8)	<b>(31.8)</b>
<b>Revenue profit</b>	7.3	17.4	13.2	5.1	5.3	14.3	<b>62.6</b>
Net (losses)/gains on revaluation and sale of investment properties	(3.6)	(16.6)	(11.1)	(3.8)	(0.8)	28.6	<b>(7.3)</b>
Derivative fair value adjustments	-	0.3	0.3	-	-	5.9	<b>6.5</b>
<b>Profit/(loss) before tax</b>	3.7	1.1	2.4	1.3	4.5	48.8	<b>61.8</b>
Current tax	(0.1)	0.3	(1.0)	(1.4)	(1.1)	-	<b>(3.3)</b>
Deferred tax	-	-	(0.6)	0.1	0.1	-	<b>(0.4)</b>
	3.6	1.4	0.8	(0.0)	3.5	48.8	<b>58.1</b>
<b>Share of assets and liabilities</b>							
Non-current assets							
- investment properties	119.7	524.9	678.6	107.6	115.3	841.2	<b>2,387.3</b>
- investment properties under development	-	5.6	-	-	4.6	8.0	<b>18.2</b>
- other	1.1	-	0.1	0.1	4.2	-	<b>5.5</b>
Current assets							
- cash	10.8	8.0	34.8	5.6	18.3	24.8	<b>102.3</b>
- trading properties	2.1	106.3	26.1	0.4	-	-	<b>134.9</b>
- other	17.9	8.7	46.9	6.5	11.0	11.8	<b>102.8</b>
Non-current liabilities	(68.7)	(254.1)	(273.5)	(111.1)	(70.1)	(370.9)	<b>(1,148.4)</b>
Current liabilities	(25.5)	(25.5)	(84.3)	(3.8)	(11.7)	(28.1)	<b>(178.9)</b>
<b>Net assets</b>	57.4	373.9	428.7	5.3	71.6	486.8	<b>1,423.7</b>
Borrowings included in liabilities	(68.6)	(262.2)	(263.3)	(110.6)	(51.9)	(369.5)	<b>(1,126.1)</b>

\* Grosvenor owned a 10% stake Sierra Sonae at 31 December 2022. In order to best reflect the underlying results of the Group, for purposes of presenting the Group's revenue profit (Note 4) and share of property assets (Note 15), Sierra Sonae's results have been incorporated on a proportionate share of its underlying investments.

## Notes to the Financial Statements

### 19(a) Investments in joint ventures and associates continued

2021

	Proprietary assets – Direct				Proprietary assets – Indirect		Total £m
	GPUK £m	GP America £m	GP Asia £m	GP Europe £	Sierra Sonae £m	Third Party Managed £m	
<b>Share of profit from joint ventures</b>							
Revenue	22.2	154.0	33.6	30.2	28.5	29.7	298.2
Property costs	(18.3)	(100.5)	(12.0)	(21.4)	(6.4)	(11.6)	(170.2)
<b>Net property income</b>	3.9	53.5	21.6	8.8	22.1	18.1	128.0
Administrative expenses	(0.3)	(0.4)	(0.7)	(0.6)	(12.7)	(4.0)	(18.7)
Net financing costs	(1.2)	(6.0)	(7.2)	(1.6)	(3.1)	(5.9)	(25.0)
<b>Revenue profit/(loss)</b>	2.4	47.1	13.7	6.6	6.3	8.2	84.3
Net gains/(losses) on revaluation and sale of investment properties	(7.2)	17.0	12.7	(1.4)	(1.8)	58.0	77.3
Derivative fair value adjustments	-	0.2	0.2	-	-	0.8	1.2
Profit/(loss) before tax	(4.8)	64.3	26.6	5.2	4.5	67.0	162.8
Current tax	(0.2)	(0.2)	(1.3)	(0.6)	(1.1)	-	(3.4)
<b>Deferred tax</b>	-	-	(1.5)	0.2	(0.6)	-	(1.9)
	(5.0)	64.1	23.8	4.8	2.8	67.0	157.5
<b>Share of assets and liabilities</b>							
<b>Non current assets</b>							
- investment properties	122.4	458.3	695.8	152.4	210.5	582.4	2,221.8
- investment properties under development	-	-	-	-	4.8	8.4	13.2
- other	1.1	-	0.1	0.1	4.6	-	5.9
<b>Current assets</b>							
- cash	7.9	10.5	27.2	12.2	50.6	15.8	124.2
- trading properties	2.8	45.9	27.4	12.4	-	-	88.5
- other	17.3	12.9	29.6	3.2	10.3	7.3	80.6
<b>Non-current liabilities</b>	(70.3)	(171.4)	(306.5)	(136.4)	(132.5)	(270.0)	(1,087.1)
<b>Current liabilities</b>	(24.9)	(16.1)	(45.6)	(5.5)	(18.3)	(26.9)	(137.3)
<b>Net assets</b>	56.3	340.1	428.0	38.4	130.0	317.0	1,309.8
<b>Borrowings included in liabilities</b>	(70.2)	(179.0)	(296.8)	(137.0)	(99.6)	(270.1)	(1,052.7)

\* Grosvenor owned a 20% stake in Sierra Sonae at 31 December 2021. In order to best reflect the underlying results of the Group, for purposes of presenting the Group's revenue profit (Note 4) and share of property assets (Note 15), Sierra Sonae's results have been incorporated on a proportionate share of its underlying investments.

## Notes to the Financial Statements

### 19(b) Investments in joint ventures and associates

Summarised financial information in respect of the Group's material associate, Sonae Sierra is set out below. This represents amounts shown in Sierra Sonae's Financial Statements prepared in accordance with IFRS and is prepared on a different basis to the information shown in [Note 19\(a\)](#) where it is presented on a management accounts basis.

#### Sonae Sierra

	2022 £m	2021 £m
Net rental income	99.9	83.2
Depreciation and amortisation	(2.5)	(2.4)
Other operating expenses	(89.2)	(74.9)
Financial income	1.7	1.5
Financial expenses	(9.6)	(8.1)
Share of results of associates	28.1	20.8
Gains on investments	5.1	0.1
<b>Profit before tax</b>	<b>33.5</b>	<b>20.2</b>
Tax	(4.2)	(1.9)
<b>Profit before tax</b>	<b>29.3</b>	<b>18.3</b>
Attributable to:		
Equity holders of Sonae Sierra	26.2	13.0
Non-controlling interest	2.8	5.3
<b>Consolidated net profit for the period</b>	<b>29.0</b>	<b>18.3</b>
<b>The Group's share of profit for the year</b>	<b>2.9</b>	<b>2.8</b>
	2022 £m	2021 £m
<b>Non-current assets</b>	<b>953.0</b>	<b>806.0</b>
<b>Current assets</b>		
– cash	114.1	202.1
– other current assets	48.8	30.2
<b>Total assets</b>	<b>1,115.9</b>	<b>1,038.3</b>
<b>Non-current liabilities</b>		
– non-current financial liabilities	(107.1)	(187.8)
– other non-current liabilities	(65.4)	(57.8)
<b>Current liabilities</b>		
– current financial liabilities	(117.2)	(41.7)
– other current liabilities	(56.0)	(45.8)
<b>Total liabilities</b>	<b>(345.7)</b>	<b>(333.1)</b>
<b>Net assets</b>	<b>770.2</b>	<b>705.2</b>
Shareholders' funds	717.3	649.9
Non-controlling interest	52.7	55.3
<b>Total Equity</b>	<b>770.0</b>	<b>705.2</b>
<b>Carrying amount of the Group's interest in Sonae Sierra</b>	<b>71.7</b>	<b>130.0</b>



## Notes to the Financial Statements

### 19(c) Investments in joint ventures and associates

At 31 December 2022, the Group had the following principal interests in joint ventures and associates which are accounted for on the basis explained in [Note 1\(b\)](#):

	Principal activities	Country of incorporation/registration	Effective interest %	Group share of net assets £m
<b>Grosvenor Property UK</b>				
GC Bankside LLP	Property development	England and Wales	50.0	1.9
Grosvenor Liverpool Fund	Property investment	England and Wales	23.0	56.3
Other	Property development	England and Wales	50.0	(0.8)
<b>Grosvenor Property Americas</b>				
Joint ventures with BBCAF Inc	Property investment	United States of America	50.0/25.0	247.3
Joint ventures with the Getty Family Trust	Property investment	United States of America	50.0	17.9
GEMOA Inc	Property investment	United States of America	20.0	21.1
Joint ventures with PSP and A TRF	Property investment	United States of America	51.0	0.4
Joint ventures with Clark Ballpark Residential LLC	Property investment	United States of America	50.0	0.1
Hoffman and True North Three LP	Property development	United States of America	26.7	6.8
Joint venture with ADMNS	Property investment	Canada	43.2	59.1
Joint venture with Transca & Citimark	Property development	Canada	30.7	21.3
<b>Grosvenor Property Asia</b>				
Richly Leader Limited*	Property investment	Hong Kong	50.0	293.5
Imperial Time Limited*	Property development	Hong Kong	20.0	11.4
Nanjing Maoxu Investment Co. Limited	Property investment	China	50.0	95.8
Grosvenor Park Partners Limited	Property development	Cayman Islands	63.3	15.6
GPT Tokutei Motuteki Kaisya	Property development	Japan	67.8	12.0
Paramount Shine Limited	Property development	Hong Kong	30.0	0.1
Fortune Joy Properties Limited	Property investment	Hong Kong	50.0	1.9
Other	Property investment	Hong Kong	50.0	(1.7)
<b>Grosvenor Property Europe</b>				
Grosvenor London Office Fund*	Property investment	England and Wales	12.7	0.0
Grosvenor Retail European Properties	Property investment	Luxembourg	14.0	0.3
Grosvenor European Retail Partnership	Property investment	Luxembourg	5.0	0.8
Retail Centres V (Sweden) Limited Partnership	Property investment	England and Wales	20.2	(5.1)
Urban Value add 1 Spain	Property investment	Spain	50.0	1.7
Madrid Office JV	Property investment	Spain	50.0	5.8
Paris Office JV	Property investment	Paris	50.0	1.8

\* Associate (all other investments are joint ventures).

## Notes to the Financial Statements

### 19(c) Investments in joint ventures and associates continued

	Principal activities	Country of incorporation/registration	Effective interest %	Group share of net assets £m
<b>Diversified Property Investments</b>				
Sonae Sierra SGPS SA	Property investment and development	Portugal	10.0	71.6
Australian Diversified Healthcare Fund	Property investment	Australia	50.0	0.1
Stockdale Parking, LLC	Property investment	United States of America	90.0	7.5
Polish Logistics (UK) LLP	Property investment	England and Wales	99.0	145.0
AGP JV LLC	Property investment	United States of America	99.0	110.2
Brazilian Student Housing JV LLC	Property investment	United States of America	80.0	43.1
MP Fund III Platform JV, LLC	Property investment	United States of America	50.0	15.1
Gateway Capital Industrial Partnership	Property investment	Australia	97.0	52.5
GINCOP Investment Partnership	Property investment	Australia	79.2	4.4
BOF III Platform JV, LLC	Property investment	United States of America	98.0	77.2
FHRG Investments LLC	Property investment	United States of America	98.5	30.6
Uliving Holdings S.A.	Property management	Brazil	36.9	1.1

\* Associate (all other investments are joint ventures).

### 19(d) Investments in joint ventures and associates

The Financial Statements include, on an equity accounted basis, the results and financial position of the Group's interests in UK limited partnerships. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnerships (Accounts) Regulations 2008, which dispenses with the requirement for those partnerships to file accounts with Companies House.

### 19(e) Event after the reporting period

In March 2023, the Group committed to the sale of the remaining 10% stake in Sonae Sierra to Sonae SGPS, which will reduce our holding to 0%.

## Notes to the Financial Statements

### 20 Other financial assets

	2022 £m	2021 £m
<b>Non-current assets</b>		
Equity shares	12.2	8.8
Structured development loans	40.8	23.8
Other financial assets	70.6	77.8
	<b>123.6</b>	<b>110.4</b>
<b>Current assets</b>		
Structured development loans	3.8	16.7
Other financial assets	-	0.1
	<b>3.8</b>	<b>16.8</b>

Included in the above are property-related financial assets of £120.7m (2021: £118.8m).

#### Structured development loans

Structured development loans are provided to residential developers in the USA and Canada. A return is earned comprising a fixed rate of interest and a share of the profits on completion of the development.

## Notes to the Financial Statements

### 21 Intangible assets

#### 2022

	Goodwill £m	Other intangible assets £m	Total £m
<b>Cost</b>			
At 1 January 2022	5.1	-	<b>5.1</b>
Additions	-	0.2	<b>0.2</b>
Disposals	(2.5)	-	<b>(2.5)</b>
Exchange movements	0.1	-	<b>0.1</b>
<b>At 31 December 2022</b>	<b>2.7</b>	<b>0.2</b>	<b>2.9</b>
<b>Amortisation/impairment</b>			
At 1 January 2022	-	-	-
Amortisation	-	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>			
At 1 January 2022	5.1	-	<b>5.1</b>
<b>At 31 December 2022</b>	<b>2.7</b>	<b>0.2</b>	<b>2.9</b>

#### 2021

	Goodwill £m	Total £m
<b>Cost</b>		
At 1 January 2021	7.2	7.2
Additions	0.7	0.7
Disposals	(2.4)	(2.4)
Exchange movements	(0.4)	(0.4)
<b>At 31 December 2021</b>	<b>5.1</b>	<b>5.1</b>
<b>Amortisation/impairment</b>		
At 1 January 2021	-	-
Exchange movements	-	-
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>		
At 1 January 2021	7.2	7.2
<b>At 31 December 2021</b>	<b>5.1</b>	<b>5.1</b>

Goodwill balances relate to the Group's acquisitions in Grosvenor First European Property Investments SA and Grosvenor Investments (Portugal) Sarl.  
Disposal of goodwill relates to the sale of 10% stake in Sierra Sonae in 2022.

## Notes to the Financial Statements

### 22 Trade and other receivables

	2022 £m	2021 £m
Current receivables		
Trade receivables	47.6	42.6
Expected credit loss allowance	(8.3)	(11.6)
	39.3	31.0
Receivables due from joint ventures	17.7	16.2
Other receivables	27.2	26.2
Prepayments	5.8	6.0
Accrued income	6.0	4.2
	96.0	83.6
Non-current receivables		
Receivables due from joint ventures	71.6	84.5
	71.6	84.5
	167.6	168.1

Non-current receivables relate to loans to joint ventures which are considered to be low credit risk. Credit risks for these loans have not increased since their initial recognition.

The expected loss provision mainly relates to rental and other arrears and rent-free debtors in GPUK, with some tenants within this segment facing challenges arising from wider economic uncertainty and volatility in the financial markets.

## Notes to the Financial Statements

### 23 Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	2022			2021		
	Assets £m	Liabilities £m	Net £m	Assets £m	Liabilities £m	Net £m
Investment property – contingent gains	–	(707.8)	(707.8)	–	(733.5)	(733.5)
Investment property – deferred gains	47.4	–	47.4	46.7	–	46.7
Other property, plant and equipment	–	(12.8)	(12.8)	–	(14.4)	(14.4)
Interest-bearing loans and borrowings	–	(5.2)	(5.2)	0.51	0.0	0.5
Employee benefits	–	(7.4)	(7.4)	11.8	–	11.8
Tax value and loss carry-forwards recognised	2.4	–	2.4	0.7	–	0.7
<b>Tax assets/(liabilities)</b>	<b>49.8</b>	<b>(733.2)</b>	<b>(683.4)</b>	<b>59.7</b>	<b>(747.9)</b>	<b>(688.2)</b>

The deferred tax assets are recognised on the basis that it is probable that the temporary differences will reverse in the foreseeable future, and that taxable profits will be available against which the temporary differences can be utilised.

Temporary differences, including those from unremitted earnings, can arise on the Group's investments in subsidiaries and jointly controlled entities.

Deferred tax is not recognised on these as the Group is able to control their reversal and it is probable they will not reverse in the foreseeable future.

At 31 December 2022, the total of these temporary differences was £839.8m (2021: £830.9m) and the potential tax effect was £42.0m (2021: £41.5m), accruing principally as a result of potential dividend withholding taxes levied by overseas tax jurisdictions.

#### Unrecognised deferred tax assets

	2022 £m	2021 £m
<b>Tax losses</b>	<b>91.8</b>	<b>90.1</b>

#### Movement in temporary differences during the year

	Balance at 1 January 2022 £m	Recognised in income £m	Recognised in equity £m	Exchange movement £m	Balance at 31 December 2022 £m
Investment property – contingent gains	(733.5)	51.0	(9.4)	(15.9)	(707.8)
Investment property – deferred gains	46.7	0.7	–	–	47.4
Other property, plant and equipment	(14.4)	1.6	–	–	(12.8)
Interest-bearing loans and borrowings	0.5	(0.2)	(5.5)	–	(5.2)
Employee benefits	11.8	1.4	(21.0)	0.4	(7.4)
Tax value and loss carry-forwards recognised	0.7	1.8	–	(0.1)	2.4
<b>Tax assets/(liabilities)</b>	<b>(688.2)</b>	<b>56.3</b>	<b>(35.9)</b>	<b>(15.6)</b>	<b>(683.4)</b>

## Notes to the Financial Statements

### 24 Trading properties

	2022 £m	2021 £m
At 1 January	382.5	347.8
Additions	114.7	46.9
Capitalised interest	5.2	2.4
Disposals	(130.0)	(3.9)
Reversal of/(provision for) impairment	1.4	(8.0)
Transfer from investment properties	67.2	-
Exchange movements	23.5	(2.7)
	464.5	382.5

At 31 December 2022, trading properties with a carrying value of £61.1m were pledged as security for bank loans (2021: £189.2m).

### 25 Assets classified as held for sale

	2022 £m	2021 £m
Investment property	18.3	-

At 31 December 2022 Grosvenor Property Americas transferred an asset from investment property to assets held for sale, per the requirements of IFRS 5.

### 26 Cash and cash equivalents

	2022 £m	2021 £m
Bank balances	351.0	344.1
Cash deposits	395.8	206.2
<b>Cash and cash equivalents</b>	<b>746.8</b>	<b>550.3</b>
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>746.8</b>	<b>550.3</b>

The amount of cash and cash equivalents not available for use by the Group totals £48.1m (2021: £55.7m), of which £0.5m (2021: £3.0m) has been pledged as collateral.

## Notes to the Financial Statements

### 27 Interest-bearing loans and borrowings

	2022 £m	2021 £m
<b>Non-current liabilities</b>		
Secured bank loans	331.9	426.2
Secured bond issues	250.6	250.9
Unsecured bond issues	555.0	405.0
Deferred finance costs	(7.4)	(6.7)
Currency swaps	0.1	(0.2)
	<b>1,130.2</b>	<b>1,075.2</b>
<b>Current liabilities</b>		
Current portion of secured bank loans	-	-
Current portion of unsecured bank loans	-	60.0
Current deferred finance costs	-	-
	<b>-</b>	<b>60.0</b>
	<b>1,130.2</b>	<b>1,135.2</b>

The secured bank loans and secured bonds are secured over investment properties with a carrying value of £2,147.4m (2021: £2,216.8m) and trading properties with a carrying value of £61.1m (2021: £189.2m). Included in secured bond issues is £0.7m (2021: £0.9m) of net unamortised premium.

### 28 Financial instruments

#### Capital risk management

The capital structure of the Group comprises debt, which includes the borrowings disclosed in [Note 27](#); cash and cash equivalents disclosed in [Note 26](#); and equity, comprising issued share capital as disclosed in [Notes 34](#) and [the SOCIE](#).

The Group manages its capital to optimise the allocation of equity between the Operating Companies and Indirect Investments and to enable them to meet their short-, medium- and long-term targets. Internal gearing and interest cover limits are set for each Operating Company. Group gearing on an IFRS basis at the year end is 7.8% (2021: 12.2%); while gearing on an economic basis is 28.6% (2021: 31.6%).

#### Categories of financial instruments and their fair values

##### 2022

	Effective interest rate %	Financial assets at amortised cost £m	At fair value through profit and loss £m	At fair value through other comprehensive income £m	Total carrying amount £m	Fair value £m
<b>Financial assets:</b>						
Equity shares	-	-	-	12.2	12.2	12.2
Structured development loans (current and non-current)	9.6	-	44.6	-	44.6	44.6
Other financial assets	-	-	-	63.8	63.8	63.8
Trade and other receivables	-	66.5	-	-	66.5	66.5
Loans to joint ventures	4.6	89.3	-	-	89.3	89.3
Cash and cash equivalents	1.5	746.8	-	-	746.8	746.8
<b>Total financial assets</b>		<b>902.6</b>	<b>44.6</b>	<b>76.0</b>	<b>1,023.2</b>	<b>1,023.2</b>



## Notes to the Financial Statements

### 28 Financial instruments continued

The table below provides an analysis of financial instruments that are measured at amortised cost subsequent to initial recognition.

	Effective interest rate %	Financial liabilities at amortised cost £m	Total carrying amount £m	Fair value £m
<b>Financial liabilities:</b>				
<b>Fixed rate loans</b>				
Sterling secured bond 2026	6.5	(200.7)	(200.7)	(219.6)
Sterling secured mortgage 2034	10.4	(50.0)	(50.0)	(71.9)
Sterling unsecured bond 2032	3.2	(150.0)	(150.0)	(126.9)
Sterling unsecured bond 2028	2.8	(100.0)	(100.0)	(90.1)
Sterling unsecured bond 2031	5.6	(95.0)	(95.0)	(96.4)
Sterling unsecured bond 2033	3.0	(105.0)	(105.0)	(84.4)
Sterling unsecured bond 2037	5.0	(30.0)	(30.0)	(27.7)
Sterling unsecured bond 2040	3.1	(45.0)	(45.0)	(31.4)
Sterling unsecured bond 2041	6.1	(30.0)	(30.0)	(30.6)
Canadian Dollars	3.0	(35.1)	(35.1)	(35.1)
Euros	1.4	(21.7)	(21.7)	(21.7)
<b>Total fixed rate loans</b>		(862.5)	(862.5)	(835.8)
<b>Floating rate loans fixed through interest rate swaps</b>				
US Dollars	2.8	(113.7)	(113.7)	(113.7)
Canadian Dollars	4.4	(5.0)	(5.0)	(5.0)
Euros	1.4	(31.9)	(31.9)	(31.9)
<b>Total floating rate loans fixed through interest rate swaps</b>		(150.6)	(150.6)	(150.6)
<b>Floating rate loans</b>				
US Dollars	5.9	(76.7)	(76.7)	(76.7)
Canadian Dollars	4.4	(61.1)	(61.1)	(61.1)
<b>Total floating rate loans</b>		(137.8)	(137.8)	(137.7)
Lease liabilities	3.9	(9.5)	(9.5)	(9.5)
Deferred Finance Costs		8.4	8.4	8.4
Trade and other payables		(142.2)	(142.2)	(142.2)
<b>Total financial liabilities</b>		(1,294.2)	(1,294.2)	(1,267.4)

Notes to the  
Financial Statements

28 Financial instruments continued

	At fair value through profit and loss £m	Total carrying amount £m	Fair value £m
<b>Derivatives</b>			
Interest rate swaps			
US Dollars	10.5	10.5	10.5
Euros	1.9	1.9	1.9
<b>Total interest rate swaps</b>	<b>12.4</b>	<b>12.4</b>	<b>12.4</b>
Currency swaps			
Canadian Dollars & US Dollars	0.1	0.1	0.1
<b>Total currency swaps</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Total derivatives</b>	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>

## Notes to the Financial Statements

### 28 Financial instruments continued

The table below provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped according to the degree to which the fair value is derived from observable data.

	2022			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Financial assets at fair value through other comprehensive income</b>				
Equity shares	12.2	-	-	12.2
Other	-	-	63.8	63.8
<b>Financial assets at fair value through profit and loss</b>				
Structured development loans	-	-	44.6	44.6
<b>Total financial assets</b>	<b>12.2</b>	<b>-</b>	<b>108.4</b>	<b>120.6</b>
<b>Financial liabilities at fair value</b>				
Derivatives	-	12.5	-	12.5
<b>Total financial liabilities</b>	<b>-</b>	<b>12.5</b>	<b>-</b>	<b>12.5</b>

There were no transfers between levels during the period.

Level 1: fair values derived from quoted prices in active markets for identical assets/liabilities.

Level 2: fair values derived from observable inputs other than quoted prices.

Level 3: fair values derived from valuation techniques that include inputs that are not based on observable data.

The fair values of financial assets and liabilities are determined as follows:

- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair value of financial assets and liabilities with standard terms and conditions and traded on active markets is determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

#### 2021

	Effective interest rate %	Financial assets at amortised cost £m	At fair value through profit and loss £m	At fair value through other comprehensive income £m	Total carrying amount £m	Fair value £m
<b>Financial assets:</b>						
Equity shares		-	-	8.8	8.8	8.8
Structured development loans (current and non-current)	10.0	-	40.5	-	40.6	40.6
Other financial assets		-	-	69.6	69.6	69.6
Trade and other receivables	6.0	157.9	-	-	157.9	157.9
Cash and cash equivalents	0.0	550.3	-	-	550.3	550.3
<b>Total financial assets</b>		<b>708.2</b>	<b>40.5</b>	<b>78.4</b>	<b>827.1</b>	<b>827.1</b>

## Notes to the Financial Statements

### 28 Financial instruments continued

	Effective interest rate %	Financial liabilities at amortised cost £m	Total carrying amount £m	Fair value £m
<b>Financial liabilities:</b>				
Fixed rate loans				
Sterling secured bond 2026	6.5	(200.9)	(200.9)	(247.2)
Sterling secured mortgage 2034	10.4	(50.0)	(50.0)	(93.2)
Sterling unsecured bond 2032	3.4	(60.0)	(60.0)	(62.0)
Sterling unsecured bond 2028	2.8	(100.0)	(100.0)	(108.0)
Sterling unsecured bond 2031	5.6	(95.0)	(95.0)	(124.4)
Sterling unsecured bond 2033	3.0	(105.0)	(105.0)	(113.8)
Sterling unsecured bond 2037	5.0	(30.0)	(30.0)	(39.9)
Sterling unsecured bond 2040	3.1	(45.0)	(45.0)	(47.9)
Sterling unsecured bond 2041	6.1	(30.0)	(30.0)	(45.3)
Canadian Dollars	2.8	(33.7)	(33.7)	(33.7)
Japanese Yen	0.9-1	(130.5)	(130.5)	(130.5)
Euros	1.5	(30.2)	(30.2)	(30.2)
<b>Total fixed rate loans</b>		<b>(910.3)</b>	<b>(910.3)</b>	<b>(1,076.1)</b>
Floating rate loans fixed through interest rate swaps				
US Dollars	2.9	(101.3)	(101.3)	(101.3)
Canadian Dollars	4.0	(5.1)	(5.1)	(5.1)
Euros	0.9	(21.2)	(21.2)	(21.2)
<b>Total floating rate loans fixed through interest rate swaps</b>		<b>(127.6)</b>	<b>(127.6)</b>	<b>(127.6)</b>
Floating rate loans				
US Dollars	2.3	(36.7)	(36.7)	(36.7)
Canadian Dollars	2.9	(58.3)	(58.3)	(58.3)
Euros	0.9	(8.0)	(8.0)	(8.0)
<b>Total floating rate loans</b>		<b>(102.9)</b>	<b>(102.9)</b>	<b>(102.9)</b>
Lease liabilities	3.3	(21.2)	(21.2)	(21.2)
Loan from joint ventures	1.3	(19.1)	(19.1)	(19.1)
Deferred Finance Costs		6.7	6.7	6.7
<b>Trade and other payables</b>		<b>(134.0)</b>	<b>(134.0)</b>	<b>(134.0)</b>
<b>Total financial liabilities</b>		<b>(1,308.5)</b>	<b>(1,308.5)</b>	<b>(1,474.3)</b>

## Notes to the Financial Statements

### 28 Financial instruments continued

	At fair value through profit and loss £m	Total carrying amount £m	Fair value £m
<b>Derivatives</b>			
Interest rate swaps			
US Dollars	(0.9)	(0.9)	(0.9)
Canadian Dollars	(0.1)	(0.1)	(0.1)
<b>Total interest rate swaps</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>
Currency swaps			
Euros	0.2	0.2	0.2
<b>Total currency swaps</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Total derivatives</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(0.8)</b>

The table below provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped according to the degree to which the fair value is derived from observable data.

	2021			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Financial assets at fair value through other comprehensive income</b>				
Equity shares	8.8	-	-	8.8
Other	-	-	69.6	69.6
<b>Financial assets at fair value through profit and loss</b>				
Structured development loans	-	-	40.5	40.5
<b>Total financial assets</b>	<b>8.8</b>	<b>-</b>	<b>110.1</b>	<b>118.9</b>
<b>Financial liabilities at fair value</b>				
Derivatives	-	(0.8)	-	(0.8)
<b>Total financial liabilities</b>	<b>-</b>	<b>(0.8)</b>	<b>-</b>	<b>(0.8)</b>

There were no transfers between levels during the period.

Level 1: fair values derived from quoted prices in active markets for identical assets/liabilities.

Level 2: fair values derived from observable inputs other than quoted prices.

Level 3: fair values derived from valuation techniques that include inputs that are not based on observable data.

The fair values of financial assets and liabilities are determined as follows:

- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair value of financial assets and liabilities with standard terms and conditions and traded on active markets is determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

# Notes to the Financial Statements

## 28 Financial instruments continued

### Financial risk management

The Group has a central treasury function, which monitors and manages the financial risks relating to the Group's operations and seeks to maximise the efficiency of borrowings and cash deposits throughout the Group. Operational treasury management is co-ordinated by the central treasury function in close cooperation with the Operating Company finance teams. Treasury policies, approved by the Board, are:

- To manage wholly-owned treasury operations in a co-ordinated manner; debt for joint ventures and funds is raised at joint venture and fund level but is managed within the co-ordinated approach.
- To ensure sufficient committed loan facilities to support anticipated business requirements as they arise.
- To ensure that the Group's debt can be supported from sustainable cash flow through clear internal guidelines.
- To manage interest rate exposure with a combination of fixed rate debt and interest rate swaps so that a minimum of 60% of borrowings are at fixed interest rates.
- Not to hedge long-term net asset positions held in foreign currencies absent in abnormal circumstances.
- To invest short-term cash with approved institutions within limits agreed by the Board.

Transactions in financial instruments, including derivatives, are either governed by specific delegations to Operating Company boards or have prior Board approval. The Group does not enter into any treasury positions for purely speculative purposes. Detailed treasury reports are produced on a monthly basis with consolidated treasury risk reports presented to the Board. Risks include market risk (interest rates, currency and pricing), credit risk and liquidity risk.

### Interest rate risk

Exposure to interest rate movements is controlled through the use of a mixture of floating and fixed rate debt and interest rate derivatives, to achieve a balanced interest rate profile to ensure that a minimum level of borrowings are at fixed interest rates. The interest rate profile is reviewed by the Group on a monthly basis.

The total average cost of debt for the year ended 31 December 2022 was 4.1% (2021: 3.9%).

## Notes to the Financial Statements

### 28 Financial instruments continued

#### Interest rate sensitivity

The sensitivity analysis below is based on the exposure to interest rates at the balance sheet date. For floating rate liabilities and cash balances, it is assumed the liability or asset at the balance sheet date was outstanding for the whole year.

For illustrative purposes the interest rate sensitivity has been estimated based on a 50 basis point increase or decrease to interest rates. If interest rates had been 0.5% higher and all other variables were held constant, the impact on the Group's equity would be:

		2022 £m	2021 £m
Increase in results for the year	- interest	3.5	2.2
	- mark to market of interest rate swaps	0.1	2.7
	- tax charge	(0.7)	(0.9)
<b>Total impact on profit and equity</b>		<b>2.9</b>	<b>4.0</b>

Similarly, if interest rates had been 0.5% lower, then Group profit and equity would have decreased by £2.9m (2021: £4.0m).

As part of the Group's interest rate risk management, interest rate swaps exchanging floating for fixed interest with a notional principal of £119.3m (2021: £107.4m) and a fair value liability of £7.9m (2021: £3.2m liability) were designated for cash flow hedge accounting at 31 December 2022. These hedges were highly effective during the year.

#### Foreign currency risk

Investments outside the UK are held for the long term, so it is the Group's policy not to hedge the net investment in these regions absent exceptional circumstances. Within each region, there is a certain amount of natural currency hedging as debt is drawn in local currency to finance local operations. Committed cash flows between currencies are routinely hedged by the use of foreign exchange derivatives. Anticipated cash flows between currencies are reviewed and may also be hedged to reduce any foreign currency risk.

At the end of the year, other than that arising on its equity in non-UK Operating Companies investments and related hedges and those stated above, the Group has no material foreign exchange currency risk as there are no material financial instruments denominated in non-functional currencies.

#### Equity price risk

The Group is exposed to equity price risks arising from its equity investments disclosed in [Note 20](#). Equity investments designated as fair value through other comprehensive income are held for strategic rather than trading purposes.

#### Equity price sensitivity

The sensitivity analysis below is based on the exposure to equity price risks at the balance sheet date.

If equity prices had been 10% higher/lower, other equity reserves would increase/decrease by £1.2m (2021: increase/decrease by £0.9m) as a result of changes in fair value of equity shares.

## Notes to the Financial Statements

### 28 Financial instruments continued

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual financial obligations resulting in financial loss to the Group. The Group is exposed to credit risk in respect of its surplus cash deposits, undrawn committed borrowing facilities, trade receivables, structured development loans that are measured at fair value through profit or loss, loans to joint ventures and in the money derivatives.

Surplus cash is deposited with major financial institutions and in money market funds with credit ratings at or above a specified level. Limits are set to restrict the total amount of funds that can be deposited with any single counterparty.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about issuers.

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

2022	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
<b>Financial assets at amortised cost</b>							
Trade and other receivables	22	N/A	Low risk	12m ECL	86.6	(8.3)	78.3
Loans to joint ventures	22	N/A	Low risk	12m ECL	89.3	-	89.3
Contract assets	22	N/A	Low risk	12m ECL	-	-	-
Cash and cash equivalents	26	Refer to Note 28	Low risk	12m ECL	746.8	-	746.8

At the year end, deposits were invested as follows using ratings from major, reputable credit rating institutions:

	Total cash and cash equivalents at 31 December	
	2022 £m	2021 £m
AAA	353.6	209.2
AA-	37.9	35.8
A+	181.9	147.7
A	138.3	146.9
A-	34.9	10.4
BBB+	0.2	0.3
	<b>746.8</b>	<b>550.3</b>

Trade receivables consist of amounts due from a large number of tenants, spread across diverse industries and geographical areas. Credit checks are carried out before commencement of tenancies and before entering joint venture partnership agreements and continuing credit evaluation seeks to ensure any receivables are provided for as required. Trade receivables are small relative to turnover and therefore do not present a significant risk to the Group. Trade receivables at the year end totalled £39.3m net of ECL allowances of £8.3m (2021: £31.0m net of ECL allowances of £11.6m) of which £6.8m was outstanding at 1 March 2023 (1 March 2022: £7.3m).



## Notes to the Financial Statements

### 28 Financial instruments continued

Structured development loans represent loans to developers on which the Group earns interest and a share of the development profit. The Group provides loans to established developers with a track record of stable performance and carries out due diligence before committing funds. In the majority of such loans, the Group receives a second charge on the development property and a guarantee regarding the principal and interest.

The carrying amount of financial assets, excluding equity investments, recorded in the Financial Statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk on those financial assets without taking account of the value of any collateral obtained.

#### Liquidity risk

The Group obtains financing from a number of sources, including secured lending at project level together with secured and unsecured borrowing at various corporate levels. To ensure sufficient cash is available to meet operating plans, cash flow projections are maintained at Operating Company level and are reviewed by the Group on a monthly basis. In addition to facilities at Operating Company and project level, committed borrowing facilities are maintained in the Holding Company at levels deemed appropriate by the Group Board.

At 31 December, the Group had the following drawn and undrawn committed borrowing facilities available:

	Drawn facilities		Undrawn facilities	
	2022 £m	2021 £m	2022 £m	2021 £m
Expiring in less than one year	88.7	64.9	-	-
Expiring from one to two years	5.0	63.1	-	-
Expiring from two to five years	329.2	455.9	1,262.1	1,216.9
Expiring after more than five years	707.1	576.1	-	-
<b>Total</b>	<b>1,130.0</b>	<b>1,160.0</b>	<b>1,262.1</b>	<b>1,216.9</b>

Borrowing limits are set for each Operating Company. Each Operating Company and the Group produces, on a monthly basis, a medium-term cash forecast under an expected and stressed scenario, the latter designed to simulate an extreme financial and market crash. The Operating Companies and the Group seek to maintain sufficient liquidity to sustain such a crash for at least two years.

The Group also monitors its resilience to potential falls in property market values. Resilience is defined in the glossary.

The maturity profile of the anticipated future cash flows, including interest, relating to the Group's non-derivative financial liabilities, on an undiscounted basis (which therefore differs from both carrying value and fair value) is as follows:

#### 2022

	Fixed rate loans £m	Floating rate loans £m	Lease liabilities £m	Other £m	Total £m
Due within one year	46.4	99.4	2.8	128.7	277.3
From one to two years	46.4	10.2	2.6	13.5	72.7
From two to three years	87.9	44.5	2.2	-	134.6
From three to four years	243.6	34.4	2.1	-	280.1
From four to five years	52.6	1.2	1.5	-	55.3
After five years	848.1	25.4	90.1	-	963.6
	1,325.0	215.1	101.3	142.2	1,783.6

## Notes to the Financial Statements

### 28 Financial instruments continued

2021

	Fixed rate loans £m	Floating rate loans £m	Finance lease liabilities £m	Other £m	Total £m
Due within one year	100.2	9.2	3.9	124.6	237.9
From one to two years	38.5	66.7	3.6	9.4	118.2
From two to three years	162.7	11.3	2.3	-	176.3
From three to four years	86.2	42.8	2.2	-	131.2
From four to five years	235.2	30.9	2.1	-	268.2
After five years	705.9	22.9	99.6	-	828.4
	1,328.7	183.8	113.7	134.0	1,760.2

The maturity profile of the Group's financial derivatives, using undiscounted cash flows, is as follows:

	2022		2021	
	Payable £m	Receivable £m	Payable £m	Receivable £m
Due within one year	(84.4)	81.8	(20.4)	20.3
From one to two years	(6.2)	3.7	(1.4)	0.9
From two to three years	(5.0)	2.5	(1.6)	1.0
From three to four years	(2.5)	1.8	(1.6)	1.0
From four to five years	(0.7)	0.8	(1.0)	0.6
After five years	(0.3)	0.4	(0.9)	0.5
	(99.1)	91.0	(26.9)	24.3

### 29 Trade and other payables

	2022 £m	2021 £m
Current liabilities		
Trade payables	30.1	18.6
Payables due to joint ventures	-	4.9
Other payables	98.6	105.8
Accrued expenses	59.6	48.2
Deferred income	49.5	38.9
	237.8	216.4
Non-current liabilities		
Payables due to joint ventures	-	14.3
Other payables	13.5	9.4
Deferred income	174.1	176.1
	187.6	199.8
	425.4	416.2

Deferred income includes £189.4m in respect of deferred lease premium profits (2021: £186.5m).

Other payables include incentive dues to employees, deposits due to tenants and development-related liabilities.

## Notes to the Financial Statements

### 30 Provisions

#### Development loss provision

	2022 £m	2021 £m
<b>Current liabilities</b>		
At 1 January	-	0.2
Reclassified in the year	35.7	-
Utilised in the year	-	(0.2)
<b>At 31 December</b>	<b>35.7</b>	<b>-</b>
<b>Non-current liabilities</b>		
At 1 January	35.8	0.4
Recognised in the year	-	35.8
Released in the year	1.5	(0.4)
Reclassified in the year	(35.7)	-
<b>At 31 December</b>	<b>1.6</b>	<b>35.8</b>
	<b>37.3</b>	<b>35.8</b>

The current provision recognised in the year related to GPUK's deferred consideration arising on acquisition of the 65 Davies St asset. The consideration becomes payable on completion of the agreed development.

### 31 Operating lease commitments

#### Leases as lessee

The amount of lease rentals charged to the income statement during the year comprised:

	2022 £m	2021 £m
Land and buildings	-	-

From 1 January 2019, the Group has recognised right-of-use assets on leases of land and buildings, except for short-term and low-value leases, see [Note 18](#) for further information.

Non-cancellable operating lease rentals are payable as follows:

	2022 £m	2021 £m
Less than one year	0.1	0.8
Between one and five years	-	0.7
	<b>0.1</b>	<b>1.5</b>

#### Leases as lessor

Future minimum lease receipts under non-cancellable leases are as follows:

	2022 £m	2021 £m
Less than one year	109.0	120.1
Between one and five years	268.6	285.0
More than five years	939.0	932.1
	<b>1,316.6</b>	<b>1,337.2</b>

## Notes to the Financial Statements

### 32 Capital commitments

	2022 £m	2021 £m
Investment properties contracted but not provided	35.0	63.8
Development properties contracted but not provided	140.2	87.9
Investment in funds	54.4	-
	229.6	151.7

Capital commitments to funds relate to capital pledged by the Group which has not yet been called.

Included in the above is the Group's share of joint venture and associate capital commitments of £0.1m (2021: £5.4m) relating to development properties.

### 33 Contingent liabilities

In the UK, the enactment of the Building Safety Act 2022 in April 2022 extended the period of liability under the Defective Premises Act to 30 years. As part of its regular business operations, the Group has developed properties within this timeframe that could be eligible for a claim, and as such may be liable for certain costs. The extent to which the Group may incur liabilities associated with this new legislation is at present unknown and is under review. Additionally, as the ultimate holding company of the GPUK business, the Group has signed the UK Government's Developers' Self-Remediation Contract in relation to GPUK's activities, which obliges the Group to ensure that it remediates, procures remediation of or funds remediation costs associated with residential buildings 11 metres or over that GPUK developed in the 30 years from 1992, and which have life-critical fire-safety risks as assessed under the terms of that contract. The Directors will make an appropriate provision once they have a sufficient degree of confidence in the value of these potential liabilities.

Certain Group companies have given performance and financial undertakings to third parties in respect of various contractual obligations entered into in the ordinary course of business. Some of these obligations meet the threshold for recognition as provisions under IAS 37 and are disclosed in Note 30.

### 34 Share capital

	Authorised number of shares	2022 £m	Authorised number of shares	2021 £m
Allocated, called up and fully paid				
Ordinary shares of £1	5,684,877	5.7	5,684,877	5.7
'A' Preference Shares of £1	5,684,877	5.7	5,684,877	5.7
Non-voting redeemable D1 preference shares of £1*	207,572,784	207.6	272,874,096	272.9
	218,942,538	219.0	284,243,850	284.3

#### Rights of classes of shares

Profits determined by the Directors as available for distribution are to be applied first in paying a fixed non-cumulative dividend of 12% per annum on the amounts paid up on the 'A' preference shares; secondly in paying to the holders of the D1 and D2 preference shares. The balance of profits available for distribution shall be distributed *pari passu* by way of dividend to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

On a return of the Company's assets to Shareholders the assets are to be applied first in repaying to the holders of the 'A' preference shares the amounts paid up on their shares; secondly repaying to the holders of the 'D1' and 'D2' preference shares in the amounts paid up or deemed paid up on their shares. The balance of the assets is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

\* During the year redeemable D1 preference shares worth £65.3m were cancelled and paid up to the holder.

## Notes to the Financial Statements

### 35 Notes to the consolidated statement of cash flows

#### (a) Reconciliation of profit from operations including share of profit from joint ventures to operating profit before changes in working capital and provisions

	2022 £m	2021 £m
<b>Operating activities</b>		
Profit from operations including share of profit from joint ventures and associates	46.2	311.9
Adjustments for:		
Depreciation	8.7	10.7
Amortisation of capitalised lease incentives	0.6	(9.8)
Amortisation of deferred lease premiums	(9.1)	(7.3)
Recognition of income from operating lease incentives	0.5	0.4
Net gains on other investments	(37.7)	(62.7)
Net losses/(gains) on revaluation and sale of investment property	55.5	(113.1)
Share of loss from joint ventures and associates	(58.1)	(157.5)
Impairment gain on trade and other receivables, including contract assets	7.3	2.9
<b>Operating profit/(loss) before changes in working capital and provisions</b>	<b>13.9</b>	<b>(24.5)</b>

#### (b) Analysis of net debt

	1 January 2022 £m	Cash flow £m	Disposal of subsidiary borrowings	Other non-cash movements £m	Exchange £m	31 December 2022 £m
Cash at bank and in hand	344.1	(4.3)	-	-	11.2	351.0
Short term deposits and short-term liquidity investments	206.2	183.2	-	-	6.4	395.8
<b>Cash and cash equivalents</b>	<b>550.3</b>	<b>178.9</b>	<b>-</b>	<b>-</b>	<b>17.6</b>	<b>746.8</b>
Borrowings due within one year	(60.0)	60.0	-	-	-	-
Borrowings due after more than one year	(1,075.2)	(180.3)	129.8	11.5	(15.9)	(1,130.1)
<b>Total borrowings</b>	<b>(1,135.2)</b>	<b>(120.3)</b>	<b>129.8</b>	<b>11.5</b>	<b>(15.9)</b>	<b>(1,130.1)</b>
<b>Net debt</b>	<b>(584.9)</b>	<b>58.6</b>	<b>129.8</b>	<b>11.5</b>	<b>1.7</b>	<b>(383.3)</b>

Other non-cash movements include net fair value adjustments on interest rate and currency swaps.

## Notes to the Financial Statements

### 36 Non-controlling Interests

On 22 September 2022, the Group entered into an arrangement with a partner to pursue the development of the South Molton Triangle in North Mayfair. A newly created entity, South Molton LP, acts as the legal entity through which the development is carried out, and is owned 51% by the Group. The contractual agreements between the Group and its fellow investor indicate that the control over South Molton LP rests with the Group. As such, South Molton LP has been treated as a subsidiary of Grosvenor Limited within these financial statements.

Summarised financial information in respect of South Molton LP is shown below:

	2022 £m
<b>South Molton LP</b>	
Non-current assets	126.5
Current assets	2.9
Current liabilities	(1.6)
<b>Net assets</b>	<b>127.8</b>
Equity attributable to owners of the Company	65.2
Non-controlling interests	62.6
<b>Total Equity</b>	<b>127.8</b>

	22 September 2022 to 31 December 2022 £m
<b>South Molton LP</b>	
Revenue	0.4
Expenditure	(0.2)
Revaluation of Investment Property	(47.3)
Loss before tax for the period	(47.1)
Deferred tax credit	11.8
Loss after tax	(35.3)
Loss attributable to owners of the Company	(18.0)
Loss attributable to the non-controlling interests	(17.3)

Included within Total Equity in the consolidated balance sheet are net liabilities of £0.5m relating to further immaterial non-controlling interests (2021: £0.5m).

## Notes to the Financial Statements

### 37 Related party transactions

The Group is wholly-owned by Trustees of the Grosvenor Trusts who hold the shares for the benefit of current and future generations of the Grosvenor family headed by The Duke of Westminster. During 2022, the Group entered into the following transactions with the Grosvenor Trusts and members of the Grosvenor family:

	2022 £m	2021 £m
Rent and service charge income	0.4	0.5
Rent and service charge expense	(1.4)	(1.1)
Development management fees	1.5	1.4
Management and administration fees	20.0	21.3

During 2022, the Group entered into the following transactions with other related parties:

	2022 £m	2021 £m
Development and asset management fees received from joint ventures	0.1	0.2
Fees received from joint ventures	2.1	2.7
Fees paid to joint ventures	(0.4)	(0.1)
Insurance premiums payable by a company related by common control	(12.2)	(9.8)

At the end of the year, the following amounts were due from/(to) related parties:

	2022 £m	2021 £m
Amounts due from joint ventures	89.3	100.7
Amounts due from a related company	1.9	(19.1)

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

### 38 Ultimate controlling party

The Group is wholly-owned by trusts on behalf of the Grosvenor family, headed by The Duke of Westminster. The Group's ultimate controlling party are the Trustees.

The Group represents the largest and smallest group of undertakings for which group accounts are prepared.

## Consolidated income statement presented in US Dollars

for the year ended  
31 December 2022  
(Unaudited)

	2022 \$m	2021 \$m
Revenue	358.6	265.8
Property costs	(197.4)	(128.6)
<b>Net property income</b>	<b>161.2</b>	<b>137.2</b>
Administrative expenses	(144.9)	(162.7)
Net gains/(losses) on other investments	46.4	86.1
Net (losses) gains on revaluation and sale of investment property	(68.3)	155.4
Impairment loss on trade and other receivables, including contract assets	(9.0)	(4.0)
Share of profit from joint ventures	71.5	216.4
<b>Gain from operations including share of joint ventures</b>	<b>56.9</b>	<b>428.4</b>
Financial income	13.7	21.4
Financial expenses	(57.9)	(55.1)
Fair value adjustments	(2.3)	15.2
<b>Net financing costs</b>	<b>(46.5)</b>	<b>(18.5)</b>
<b>Profit before tax</b>	<b>10.4</b>	<b>409.9</b>
Current tax expense	(38.4)	(43.3)
Deferred tax credit/(expense)	69.3	(207.4)
<b>Profit for the year</b>	<b>41.3</b>	<b>159.2</b>
Attributable to:		
Equity holders of the parent	69.7	159.4
Non-controlling interests	(28.4)	-
<b>Profit for the year</b>	<b>41.3</b>	<b>159.4</b>

The statements presented on pages 95 to 96 represent the consolidated results of the group in GBP, converted into foreign currency using the rate as at the reporting date for the balance sheet.



# Consolidated balance sheet presented in US Dollars

As at 31 December 2022  
(Unaudited)

	Group	
	2022 \$m	2021 \$m
<b>Assets</b>		
<b>Non-current assets</b>		
Investment property	5,018.1	5,988.7
Other property, plant and equipment	142.9	167.2
Right-of-use assets	10.0	12.7
Investments in joint ventures	1,721.7	1,766.2
Other financial assets	149.4	148.9
Intangible assets	3.5	6.9
Trade and other receivables	86.6	113.9
Employee benefits	74.3	-
Deferred tax assets	60.5	80.5
<b>Total non-current assets</b>	<b>7,267.0</b>	<b>8,285.0</b>
<b>Current assets</b>		
Trading properties	561.7	515.8
Assets classified as held for sale	22.1	-
Trade and other receivables	116.2	112.6
Other financial assets	4.6	22.7
Income tax receivable	9.8	12.0
Cash and cash equivalents	903.2	742.1
<b>Total current assets</b>	<b>1,617.6</b>	<b>1,405.2</b>
<b>TOTAL ASSETS</b>	<b>8,884.6</b>	<b>9,690.2</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	(1,366.8)	(1,449.9)
Lease liabilities	(8.5)	(24.8)
Trade and other payables	(226.9)	(269.5)
Employee benefits	-	(30.0)
Deferred tax liabilities	(886.8)	(1,008.5)
Provisions	(1.9)	(48.2)
<b>Total non-current liabilities</b>	<b>(2,490.9)</b>	<b>(2,830.9)</b>
<b>Current liabilities</b>		
Interest bearing loans and borrowings	-	(80.9)
Lease liabilities	(3.0)	(3.8)
Trade and other payables	(287.6)	(291.7)
Income tax payable	(27.5)	(23.7)
Provisions	(43.2)	-
<b>Total current liabilities</b>	<b>(361.3)</b>	<b>(400.1)</b>
<b>TOTAL LIABILITIES</b>	<b>(2,852.2)</b>	<b>(3,231.0)</b>
<b>NET ASSETS</b>	<b>6,032.4</b>	<b>6,459.2</b>
<b>Equity</b>		
Share capital	264.9	383.4
Reserves	785.5	693.6
Retained earnings	4,906.9	5,382.9
Shareholders' funds	5,957.3	6,459.9
Non-controlling interests	75.1	(0.7)
<b>TOTAL EQUITY</b>	<b>6,032.4</b>	<b>6,459.2</b>

## Consolidated income statement presented in Euros

for the year ended  
31 December 2022  
(Unaudited)

	2022 €m	2021 €m
Revenue	341.0	225.5
Property costs	(187.7)	(109.1)
<b>Net property income</b>	<b>153.3</b>	<b>116.4</b>
Administrative expenses	(138.0)	(138.0)
Net gains on other investments	44.1	73.1
Net (losses)/gains on revaluation and sale of investment property	(64.9)	131.8
Impairment loss on trade and other receivables, including contract assets	(8.5)	(3.4)
Share of profit from joint ventures	68.0	183.6
<b>Gain from operations including share of joint ventures</b>	<b>54.0</b>	<b>363.5</b>
Financial income	13.0	18.2
Financial expenses	(55.0)	(46.7)
Fair value adjustments	(2.2)	12.9
<b>Net financing costs</b>	<b>(44.2)</b>	<b>(15.6)</b>
<b>Profit before tax</b>	<b>9.8</b>	<b>347.9</b>
Current tax expense	(36.5)	(36.7)
Deferred tax credit/(expense)	65.9	(176.0)
<b>Profit for the year</b>	<b>39.2</b>	<b>135.2</b>
Attributable to:		
Equity holders of the parent	66.2	135.2
Non-controlling interests	(27.0)	-
<b>Profit for the year</b>	<b>39.2</b>	<b>135.2</b>

The statements presented on pages 97 to 98 represent the consolidated results of the group in GBP, converted into foreign currency using the rate as at the reporting date for the balance sheet.

# Consolidated balance sheet presented in Euros

as at 31 December 2022  
(Unaudited)

	Group	
	2022 €m	2021 €m
<b>Assets</b>		
<b>Non-current assets</b>		
Investment property	4,686.1	5,286.6
Other property, plant and equipment	133.5	147.6
Right-of-use assets	9.3	11.2
Investments in joint ventures	1,608.0	1,559.2
Other financial assets	139.3	131.4
Intangible assets	3.3	6.0
Trade and other receivables	80.9	100.6
Employee benefits	69.3	-
Deferred tax assets	56.5	71.1
<b>Total non-current assets</b>	<b>6,786.2</b>	<b>7,313.7</b>
<b>Current assets</b>		
Trading properties	524.6	455.3
Assets classified as held for sale	20.7	-
Trade and other receivables	108.4	99.4
Other financial assets	4.3	20.0
Income tax receivable	9.1	10.6
Cash and cash equivalents	843.5	655.1
<b>Total current assets</b>	<b>1,510.6</b>	<b>1,240.4</b>
<b>TOTAL ASSETS</b>	<b>8,296.8</b>	<b>8,554.1</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	(1,277.5)	(1,279.9)
Lease liabilities	(7.9)	(21.9)
Trade and other payables	(211.9)	(237.8)
Employee benefits	-	(26.5)
Deferred tax liabilities	(828.1)	(890.3)
Provisions	(1.8)	(42.6)
<b>Total non-current liabilities</b>	<b>(2,327.2)</b>	<b>(2,499.0)</b>
<b>Current liabilities</b>		
Interest bearing loans and borrowings	1.0	(71.4)
Lease liabilities	(2.8)	(3.3)
Trade and other payables	(268.6)	(257.5)
Income tax payable	(25.6)	(21.0)
Provisions	(40.3)	-
<b>Total current liabilities</b>	<b>(336.3)</b>	<b>(353.2)</b>
<b>TOTAL LIABILITIES</b>	<b>(2,663.5)</b>	<b>(2,852.2)</b>
<b>NET ASSETS</b>	<b>5,633.3</b>	<b>5,701.9</b>
<b>Equity</b>		
Share capital	247.3	338.4
Reserves	733.5	612.2
Retained earnings	4,582.4	4,751.9
Shareholders' funds	5,563.2	5,702.5
Non-controlling interests	70.1	(0.6)
<b>TOTAL EQUITY</b>	<b>5,633.3</b>	<b>5,701.9</b>

## Ten-year summary (Unaudited)

### Income statement

	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Revenue	515.4	254.1	209.1	225.1	378.5	391.8	269.8	209.5	193.5	291.4
Property costs	(315.3)	(124.8)	(86.3)	(91.4)	(224.2)	(218.9)	(132.5)	(97.9)	(93.6)	(160.4)
Administrative and other expenses	(98.6)	(94.7)	(103.9)	(108.9)	(116.5)	(125.8)	(123.5)	(127.8)	(121.3)	(125.1)
Net (losses)/gains on other investments	(17.7)	(0.2)	(0.5)	1.5	6.8	(18.5)	6.1	1.0	62.7	37.7
Net (losses)/gains on revaluation and sale of investment properties	354.7	540.6	386.3	(36.4)	20.1	48.9	135.1	(241.1)	113.1	(55.5)
Impairment of goodwill	(4.4)	-	-	(0.3)	-	-	-	-	-	-
Share of (loss)/profit from joint ventures	103.2	138.1	151.3	167.7	189.7	145.4	21.5	(28.7)	157.5	58.1
<b>Profit/(loss) before net financing costs and tax</b>	<b>537.3</b>	<b>713.1</b>	<b>556.0</b>	<b>157.3</b>	<b>254.4</b>	<b>222.9</b>	<b>176.5</b>	<b>(285.0)</b>	<b>311.9</b>	<b>46.2</b>
Net financing costs	(30.4)	(31.3)	(29.4)	(20.5)	(21.3)	(26.3)	(20.0)	(25.8)	(13.4)	(37.8)
<b>Profit/(loss) before tax</b>	<b>506.9</b>	<b>681.8</b>	<b>526.6</b>	<b>136.8</b>	<b>233.1</b>	<b>196.6</b>	<b>156.5</b>	<b>(310.8)</b>	<b>298.5</b>	<b>8.4</b>
<b>Revenue profit</b>	<b>153.3</b>	<b>80.1</b>	<b>83.3</b>	<b>79.2</b>	<b>143.5</b>	<b>131.0</b>	<b>65.9</b>	<b>25.4</b>	<b>88.9</b>	<b>41.8</b>

### Balance sheet

	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Total property assets including share of joint ventures	5,491.3	6,001.2	6,674.6	6,509.5	6,843.2	6,985.3	7,075.4	6,729.2	7,265.8	7,293.1
Investment property	3,349.0	3,876.7	4,349.4	3,745.2	4,177.1	4,345.8	4,561.0	4,266.8	4,441.0	4,149.2
Investment in joint ventures	964.1	992.9	1,114.0	1,350.1	1,426.3	1,406.3	1,219.8	1,112.5	1,309.8	1,423.7
Other financial assets	43.6	67.0	83.3	105.3	53.9	105.8	129.5	137.4	110.4	123.6
Other non-current assets	113.0	134.3	218.8	305.9	305.9	201.2	245.4	284.1	282.7	312.2
	4,469.7	5,070.9	5,765.5	5,506.5	5,963.2	6,059.1	6,155.7	5,800.8	6,143.9	6,008.7
Trading properties	124.9	128.1	157.1	336.7	192.7	119.8	207.8	347.8	382.5	464.5
Assets classified as held for sale	-	-	-	-	-	-	28.9	-	-	18.3
Cash and cash equivalents	516.6	477.6	237.6	741.8	430.8	780.5	766.3	699.5	550.3	746.8
Other net current assets/(liabilities)	(49.2)	(68.7)	(109.6)	(150.0)	(90.4)	(72.0)	(119.3)	(94.6)	(127.5)	(190.8)
	592.3	537.0	285.1	928.5	533.1	828.3	883.7	952.7	805.3	1,038.8
Borrowings (including current)	(825.8)	(743.4)	(736.4)	(816.2)	(840.9)	(1,025.8)	(1,113.0)	(1,180.5)	(1,135.2)	(1,130.2)
Deferred tax	(613.7)	(703.4)	(749.1)	(668.3)	(612.6)	(605.4)	(586.1)	(572.4)	(747.9)	(733.2)
Other non-current liabilities	(81.6)	(106.2)	(103.7)	(173.8)	(156.5)	(229.2)	(273.7)	(311.7)	(276.2)	(196.2)
	(1,521.1)	(1,553.0)	(1,589.2)	(1,658.3)	(1,610.0)	(1,860.4)	(1,972.8)	(2,064.6)	(2,159.3)	(2,059.6)
<b>Net assets</b>	<b>3,540.9</b>	<b>4,054.9</b>	<b>4,461.4</b>	<b>4,776.7</b>	<b>4,886.3</b>	<b>5,027.0</b>	<b>5,066.6</b>	<b>4,688.9</b>	<b>4,789.9</b>	<b>4,987.9</b>
Share capital and share premium	106.8	85.2	85.2	85.2	85.2	312.6	312.6	284.3	284.3	219.0
Reserves	3,348.3	3,881.4	4,289.0	4,693.1	4,803.2	4,714.7	4,754.3	4,405.1	4,506.1	4,706.9
<b>Shareholders' funds</b>	<b>3,455.1</b>	<b>3,966.6</b>	<b>4,374.2</b>	<b>4,778.3</b>	<b>4,888.4</b>	<b>5,027.3</b>	<b>5,066.9</b>	<b>4,689.4</b>	<b>4,790.4</b>	<b>4,925.9</b>
Non-controlling interest	85.8	88.3	87.2	(1.6)	(2.1)	(0.3)	(0.3)	(0.5)	(0.5)	62.1
<b>Total equity</b>	<b>3,540.9</b>	<b>4,054.9</b>	<b>4,461.4</b>	<b>4,776.7</b>	<b>4,886.3</b>	<b>5,027.0</b>	<b>5,066.6</b>	<b>4,688.9</b>	<b>4,789.9</b>	<b>4,988.0</b>


## Company balance sheet

as at 31 December 2022

	Notes	2022 £m	2021 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	2	4,515.8	4,688.9
<b>Current assets</b>			
Trade and other receivables	3	229.6	4.7
<b>NET ASSETS</b>		<b>4,745.4</b>	<b>4,693.6</b>
<b>Equity</b>			
Share capital	4	219.0	284.3
Reserves		4,404.6	4,404.6
Retained earnings		121.8	4.7
<b>TOTAL EQUITY</b>		<b>4,745.4</b>	<b>4,693.6</b>

The Company recognised a profit of £167.0m for the period ended 31 December 2022 (2021: £49.5m).

Approved by the Board and authorised for  
issue on 21 March 2023 and signed on behalf  
of the Board



**Michael McLintock** **Robert Davis**  
(Chairman) (Chief Financial Officer)

Company registration number: 12656651

## Company statement of changes in equity

for the year ended  
31 December 2022

	Share capital £m	Merger Capital reserve £m	Retained earnings £m	Total equity £m
<b>Balance at 1 January 2021</b>	284.3	4,404.6	3.9	<b>4,692.8</b>
Retained profit for the year	-	-	49.5	<b>49.5</b>
Dividends paid	-	-	(48.7)	<b>(48.7)</b>
<b>Balance at 31 December 2021</b>	284.3	4,404.6	4.7	<b>4,693.6</b>
Retained profit for the year	-	-	167.0	<b>167.0</b>
Dividends paid	-	-	(49.9)	<b>(49.9)</b>
Cancellation of shares	(65.3)	-	-	<b>(65.3)</b>
<b>Balance at 31 December 2022</b>	219.0	4,404.6	121.8	<b>4,745.4</b>

## Notes to the Company Financial Statements

### 1 Company accounting policies

#### (a) General information and basis of preparation

Grosvenor Group Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 11.

The principal activities of the Company and its subsidiaries ('the Group') and the nature of the Group's operations are set out in the Strategic report on pages 1 to 11.

The Company Financial Statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The Financial Statements are prepared in Sterling. The principal accounting policies adopted are set out below.

#### (b) Financial Reporting Standard 102 – Reduced Disclosure Exemptions

The Company meets the definition of a qualifying entity under FRS 102 (Financial Reporting Standard 102) issued by the Financial Reporting Council.

Accordingly, in preparing these Financial Statements Grosvenor Group Limited has taken advantage of the following disclosure exemptions available under FRS 102:

- a) The requirements of Section 7 Statement of Cashflows.
- b) The requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The Company recognised dividends received in the year of £167.0m which are classified as retained earnings in the statement of changes in equity. The Company has no employees.

The Company's results are included in the publicly available consolidated Financial Statements of Grosvenor Group Limited and these Financial Statements can be found at [www.Grosvenor.com](http://www.Grosvenor.com).

#### (c) Going concern

The Company Financial Statements have been prepared on the going concern basis as described in the Going concern and viability section of the Directors' report on page 19.

#### (d) Investments in subsidiary undertakings, associated undertakings and significant holdings

The Company is a holding company for the Grosvenor Group Limited Group. Shares in subsidiary undertakings, associated undertakings and significant holdings are carried at amounts equal to their original cost less any provision for impairment. A review of the potential impairment of an investment is carried out by the Directors if impairment indicators are identified that indicate that the carrying value of the investment may not be recoverable.

#### (e) Other

Accounting policies for trade and other receivables are the same as those of the Group and are set out on page 40.

Notes to the  
Company Financial  
Statements

2 Investments in subsidiary undertakings, associated undertakings and significant holdings

Company	
Shares at cost	£m
At 1 January 2022	4,688.9
Disposals	(173.1)
At 31 December 2022	4,515.8

During the year Grosvenor Estate Holdings, a wholly owned subsidiary, paid a dividend of £306m to the Company. In accordance with FRS102, to the extent that this dividend exceeded the increase in retained earnings of the subsidiary since it was acquired by the Company it has been deemed a return of capital for accounting purposes.

At 31 December 2022, the Company had the following subsidiary undertakings, associated undertakings and significant holdings:

**Direct subsidiary**

The Company has a 100% interest in the ordinary share capital of Grosvenor Estates Holdings (registered office: 70 Grosvenor Street, London W1K 3JP).

**Indirect subsidiaries**

Unless otherwise stated, the Company has a 100% interest in the capital of the following entities, which are registered in the countries below.

United Kingdom  
Registered office: 70 Grosvenor Street, London W1K 3JP

- Grosvenor Americas Holdings Limited
- Grosvenor Americas Investments Limited
- Grosvenor Americas UK Limited
- Grosvenor Australia Asia Pacific Limited
- Grosvenor Australian Residential Opportunities Limited
- Grosvenor Basinstoke Management Limited
- Grosvenor Commercial Properties
- Grosvenor Community Investment Limited
- Grosvenor Continental Europe Holdings Limited
- Grosvenor Developments (GB) Limited
- Grosvenor Developments (UK) Limited
- Grosvenor Developments Limited
- Grosvenor DI Limited
- Grosvenor Eighty Five Limited
- Grosvenor Eighty Four Limited
- Grosvenor Eighty Seven Limited
- Grosvenor Eighty Six LLP
- Grosvenor Eighty Three Limited
- Grosvenor Estate Belgavia
- Grosvenor Estate Holdings
- Grosvenor Estate International Developments
- Grosvenor Estate International Investments Limited
- Grosvenor Estate International Properties
- Grosvenor Estate Investment Management Limited
- Grosvenor Estate Management Limited

- 110 Park Street Limited
- 1-5 GP Management Limited
- 29-37 Davies Street Limited
- 32-42 BPR Limited
- 64/70 South Audley Street Limited
- 65 Davies Street Development Limited
- 65 Davies Street Investment Limited
- 70G5 Property Company Limited
- Bankside 4 Limited
- Belgrave House Developments Limited
- Belgravia Leases Limited
- Coton Park Limited
- Drummond Road Limited
- Due West Investments Limited
- Eaton Square Properties Limited
- Fountain North Limited<sup>1</sup>
- Fourier Securities Limited
- GCH Investments (1) Limited
- GCH Investments (2) Limited
- GCH Investments LLP
- GEB2 Limited
- GFAL Limited
- GGL Group Number Two Limited
- Gio European Investments Limited
- Gio Investments Limited



## Notes to the Company Financial Statements

### 2 Investments in subsidiary undertakings, associated undertakings and significant holdings continued

Grosvenor Europe Investments Limited	Grosvenor SMT GP Holdco Limited
Grosvenor Europe Limited	Grosvenor SMT Investments Limited
Grosvenor Europe LP Limited	Grosvenor Sports Club Limited
Grosvenor European Properties Limited	Grosvenor UK Finance plc
Grosvenor Fund Management Limited	Grosvenor West End Properties
Grosvenor Fund Management UK Limited	Grosvenor Westminster Holdings Limited
Grosvenor Garden Leisure Limited	Liffey Valley Limited
Grosvenor Group Holdings Limited	Liverpool One Residential GP Limited
Grosvenor Group Management Services Ltd	Liverpool Property Investments Limited
Grosvenor International Fund Management Limited	Liverpool PSDA Limited
Grosvenor International Investments (Finance) Ltd	Liverpool Site 11 Hotel Limited
Grosvenor International Investments Limited	Liverpool Site 12 Limited
Grosvenor Investment Management Limited	London Leasehold Flats Limited
Grosvenor Investments HoldCo Limited	London Leasehold Properties Limited
Grosvenor Investments Limited	Mayfair Leasehold Properties Limited
Grosvenor Investments UK Limited	Montrose Place Development Limited
Grosvenor Keysign Limited	Old Broad Street Properties Limited
Grosvenor Limited	Quarryvale Two Limited
Grosvenor Liverpool Limited	Retail Centres V (Sweden) General Partner Ltd
Grosvenor Management Limited	SMT GP Limited – 51% ownership
Grosvenor Mayfair Properties Limited	SMT Nominee 1 Limited – 51% ownership
Grosvenor OEI Limited	South Molton LP – 51% ownership
Grosvenor Overseas Holdings Limited	Southwark GP 1 Limited
Grosvenor Policy Management Limited	Southwark GP 2 Limited
Grosvenor Properties	Southwark GP Nominee 1 Limited
Grosvenor Property Asset Management Limited	Southwark GP Nominee 2 Limited
Grosvenor Property Developments Limited	Southwark Holding LP
Grosvenor Property Group Limited	Southwark LP
Grosvenor Property Management Services Limited	Southwark Real Estate Investments Limited
Grosvenor Quarryvale Limited	UNHEM Construction Limited
Grosvenor Realty Investments Limited	Urban Neighbourhood Holdings Limited
Grosvenor Residential Investments Limited	Urban Neighbourhoods Limited
Grosvenor Seventy Five Limited	

Registered office:<sup>1</sup> 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ

## Notes to the Company Financial Statements

### 2 Investments in subsidiary undertakings, associated undertakings and significant holdings continued

#### Australia

Registered office: Suite 6.02, Level 6, 10 Spring Street, Sydney, NSW 2000

GAIPL Management Pty Ltd

GAIPL Co-Invest Trust 1

Grosvenor Australasia Investments Pty Ltd

#### British Virgin Islands

Registered office: PO Box 957, Offshore Incorporations Centre, Road Town, Tortola

Golden Eternal Limited

#### Canada

Registered office: 2000-1040 West Georgia

1146078 B.C Limited

1164 Robson Holdings BT Limited

1300 Marine Holdings Ltd

4th Street Station Development Ltd

Brentwood BT Development Limited

Brentwood Office Centre Limited

Edgemont Village BT Ltd <sup>1</sup>

Edgemont Village Parking Limited <sup>1</sup>

GOTC Development Ltd <sup>3</sup>

Grosvenor 5th Avenue Holdings Limited

Grosvenor Americas Corporation <sup>2</sup>

Grosvenor Beltline Holdings II Limited

Grosvenor Beltline Holdings III Limited

Grosvenor Beltline Holdings Limited

Grosvenor Brentwood Development Limited

Grosvenor Canada Limited

Grosvenor Capital Corporation

Grosvenor Development Corporation

Grosvenor Edgemont Holdings Limited

Grosvenor International Investments (Canada) Limited

<sup>1</sup> 1200 Waterfront (BLG); <sup>2</sup> 1959 Upper Water Street, suite 900, PO Box 997 Halifax, NS, B3J 3N2; <sup>3</sup> 20th Floor, The Grosvenor Building, 1040 West Georgia Street, Vancouver, B.C., V6E 4H1;

Grosvenor Metrotown Limited

Grosvenor Oak Townhomes Development Limited

Grosvenor Pacific Development Limited

Grosvenor Properties (2008) Limited

Grosvenor True North Services Canada

Grosvenor True North Services Management Canada

Hornby BT Holdings Ltd

Hornby Pacific GP Limited <sup>1</sup>

Marine Drive BT Holdings Limited

Marine Drive WV Development Limited

Oak 37 BT Limited

Pacific BT Holdings Limited

The Pacific Parking Limited

True North GP Limited

True North Residential One LP <sup>1</sup>

True North Residential Three LP <sup>1</sup>

True North Residential Two LP <sup>1</sup>

True North Two GP Limited <sup>1</sup>

West 15 Ventures Ltd

#### China

Registered office: Unit 4108, HKRI Centre One, HKRI Taikoo Hui, 288 Shimen Yi Road, Shanghai 20004, People's Republic of China

Grosvenor Management Consulting (Shanghai) Limited

## Notes to the Company Financial Statements

### 2 Investments in subsidiary undertakings, associated undertakings and significant holdings continued

#### France

Registered office: 69 Boulevard Haussman, 75008 Paris

Bruyeres 9 SAS

Grosvenor Development SAS

Grosvenor Continental Europe SAS

#### Hong Kong

Registered office: 1910-1917 Jardine House, One Connaught Place, Central, Hong Kong

First Globe Limited

Grosvenor Hong Kong Limited

Fortune Joy Properties Limited

Grosvenor Limited (HK)

Global Trinity Limited

Majesty International Limited

Grosvenor Asia Pacific Limited

Regal Way International Limited

Grosvenor Asia Strategic Adjacencies Limited

Silver Brilliance Limited

Grosvenor Fund Management Hong Kong Limited

Star Land Enterprises Limited

#### Isle of Man

Registered office: 2nd floor, St Georges Court, Upper Church St, Douglas IM1 1EE

Grosvenor Belgravia Investment Limited

#### Japan

Registered office: 3-22-10-201, Toranomon, Minato-ku, Tokyo

Grosvenor Limited Japan branch

#### Jersey

Registered office: 22 Grenville St, St Helier, Jersey JE4 8PX

Grosvenor Management Jersey Limited

#### Luxembourg

Registered office: 46a Avenue John F Kennedy, L1855 Luxembourg

GFM (CE) S.A.

Grosvenor International Sarl

Grosvenor Continental Europe Holdings Sarl

Grosvenor Investments Portugal Sarl

#### Spain

Registered office: Calle de Génova 17, 3ªA, 28004 Madrid, Spain

Avenida de America 38, SL

Grosvenor RE Spain SL

GEurope Investments Madrid SL

Titan 8 Mendez Alvaro SL

GEurope Investments Spain SL

## Notes to the Company Financial Statements

### 2 Investments in subsidiary undertakings, associated undertakings and significant holdings continued

#### Sweden

Registered office: Smalandsgatan 10, 4tr, 11146 Stockholm

Grosvenor Fund Management Sweden AB

KB Lidingo NYA Centrum<sup>1</sup>

Lidingo Centrum GP AB<sup>1</sup>

Lidingo Centrum Investments AB<sup>1</sup>

Lidingo Centrum LP AB<sup>1</sup>

Registered office:<sup>1</sup> c/o KPMG AB, Box 49, 721 04, Vasteras, Stockholm

#### United States of America

Registered office: One California Street, Suite 3000, San Francisco, CA 94111

1 Neal Place, LLC

1645 Pacific Homes LLC

1951 Shattuck LLC

240 Stockton LLC

2600 Telegraph Avenue, LLC

2610 Orchard Parkway LLC

394 Pacific, LLC

560 Winchester LLC

720 Battery LLC

875 California II LLC

875 California LLC

Ballpark Hotel LLC<sup>1</sup>

Chelsea at Juantina Village LP

CP6WW LLC

Eckington Residential LLC<sup>1</sup>

ElectriQ Power Inc

FCB Silver Spring LLC<sup>1</sup>

Fenton Street Apartments LLC<sup>1</sup>

GMOB MP Member II LLC

GMOB MP Member LLC

GP Warehouse Investment Member One LLC

Grosvenor Americas Joint Ventures LLC

Grosvenor Americas Partners

Grosvenor Americas USA Inc

Grosvenor Atlantic Limited

Grosvenor California Limited

Grosvenor Capco Limited

Grosvenor Financial California LLC

Grosvenor Financial Inc<sup>1</sup>

Grosvenor Fund Management LLC

Grosvenor GP Limited LLC

Grosvenor International (American Freeholds) Limited

Grosvenor International (Westcoast Freeholds) Limited

Grosvenor Investment North American Holdings Inc

Grosvenor Investments North America LLC

Grosvenor Residential GP Limited LLC

Grosvenor USA Limited

Hamilton Marketplace LLC

True North California Three LLC

True North California Two, LLC

True North California, LLC

True North US Three, Inc<sup>1</sup>

True North US Two, Inc<sup>1</sup>

True North US, Inc<sup>1</sup>

Registered office:<sup>1</sup> 1701 Pennsylvania Avenue, Suite 450, Washington

## Notes to the Company Financial Statements

### 2 Investments in subsidiary undertakings, associated undertakings and significant holdings continued

#### Indirectly held joint venture entities, associates and significant undertakings

##### England and Wales

Registered office: 70 Grosvenor Street, London W1K 3JP

10 Bourdon Street Limited – 66.7% owned

20 Balderton Street Project 1 Limited – 50% owned

7 Green Street Limited <sup>6</sup> – 33.3% owned

Alpha Place Developments LLP – 33.3% owned

Barton Oxford LLP – 50% owned

Barton Park Estate Management Company – 50% owned

Clan Kensington LLP <sup>3</sup> – 33.3% owned

Coton Park Consortium Limited <sup>4</sup> – 50% owned

GC Bankside LLP <sup>3</sup> – 50% owned

GC Campden Hill LLP <sup>3</sup> – 16.7% owned

Grosvenor CPPIB (GB) Ltd – 50% owned

Grosvenor Liverpool Fund – 22.94% owned

Grosvenor Liverpool Residential Fund – 22.94% interest

Grosvenor London Office Fund – 12.89% owned

Grosvenor Stow Limited – 50% owned

Grosvenor Stow Projects 2 Limited – 50% owned

Grosvenor Stow Projects Limited – 50% owned

Liverpool One Management Company Limited <sup>5</sup> – 50% owned

Montrose Place LLP – 50% owned

NLG Campden LLP <sup>3</sup> – 33.3% owned

Paris Office JV Limited – 50% owned

Polish Logistics LLP <sup>2</sup> – 99% owned

Retail Centres V (Sweden) Investment Ltd – 20.17% owned

Retail Centres V (Sweden) Limited Partnership – 20.17% owned

Trumpington Meadows Land Company Limited – 50% owned

Urban Retail V (UK) General Partner Limited – 9.09% owned

Urban Retail V (UK) Limited Partnership – 9.09% owned

Registered office: <sup>1</sup> 4th Floor, 7/10 Chandos Street, Cavendish Square, London W1G 9DQ; <sup>2</sup> 9–10 Carlos Place, London W1K 3AT;

<sup>3</sup> The Pavilion, 118 Southwark Street, London SE1 0SW; <sup>4</sup> The Office, 12 Westfield Close Gravesend Kent DA12 5EH; <sup>5</sup> 33 Margaret Street, London, W1G 0LD;

<sup>6</sup> 33 Kinnerton Street, London, SW1X 8ED

##### Australia

Australian Diversified Healthcare Fund – 50% owned

Gateway Capital Holdings Pty Limited – 11.3% owned

Gateway Capital Industrial Partnership Investment Partnership (GIPIP)

GINCOP Investment Partnership – 80% owned

##### Registered office

01' Suite 7, 56 Clarence Street, Sydney NSW 2000

Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia

Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia

Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia

##### Brazil

Uliving Holdings S.A. – 37% ownership

##### Registered office

Rua Maestro Cardim 1218, Bela Vista, São Paulo. ZIP Code 01323-001

##### British Virgin Islands

Acute Choice Limited – 20% owned

Bonrite Limited – 30% owned

Eagle Wonder Limited – 20% owned

Group United Limited – 20% ownership

Spring Plus Limited – 50% owned

UP Trade Global Limited – 20% Owned

##### Registered office

Sea Meadow House, Blackburn Highway, PO Box 116, Road Town, Tortola

PO Box 957, Offshore Incorporations Centre, Road Town, Tortola

PO Box 957, Offshore Incorporations Centre, Road Town, Tortola

Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola

PO Box 957, Offshore Incorporations Centre, Road Town, Tortola

Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola

## Notes to the Company Financial Statements

### 2 Investments in subsidiary undertakings, associated undertakings and significant holdings continued

#### Canada

Registered office: 1200 Waterfront, Vancouver

1300 Marine LP – 30% owned

Connaught Retail GP Limited – 20% owned

Connaught Retail Limited Partnership – 20% owned

Greensoil Building Innovation Fund (International) LP – 88.71% owned (38.2% of underlying investments)

Greensoil Building Innovation Fund Co-Investment I, LP

Hornby Pacific Limited Partnership – 50% owned

Oak 37 GP Limited – 49% owned

Oak 37 Limited Partnership – 49% owned

Oakridge Transit Centre GP Ltd – 25% ownership

<sup>1</sup> 2000–1040 West Georgia, Vancouver, Canada

Oakridge Transit Centre Limited Partnership – 25% ownership

OTC Project BT Ltd – 25% ownership

Rise BT Holdings Ltd – 50% owned

The Cambie Rise Limited Partnership – 50% owned

The Rise GP Limited – 50% owned

Transca (Polaris) GP Limited <sup>1</sup> – 25% owned

Transca (Polaris) Limited Partnership <sup>1</sup> – 25% owned

True North Three GP Limited – 33.33% owned

West 15 Project Holdings Limited – 50% owned

#### Cayman Islands

Registered office: PO Box 309, Ugland House, Grand Cayman, KY-1104

Grosvenor Park Partners Limited – 61.22% owned

#### China

Nanjing Maoxu Investment Co., Ltd – 50% owned

Nanjing Fucheng Real Estate Development Co., Ltd – 50% owned

#### Registered office

No. 1 Hanzhong Road, Qinhuai District, Nanjing

3701 Nanjing International Financial Center, No. 1 Hanzhong Road, Qinhuai District, Nanjing

#### France

Registered office: 69 Boulevard Haussman, 75008 Paris

A France 85 SAS – 50% owned

#### Hong Kong

Dukes Place Management Services Ltd – 20% owned

GDP Holdings Limited – 38.46% owned

GDP Investment 1A Limited – 38.46% owned

GDP Investment 1B Limited – 38.46% owned

GDPHK Holdings Limited – 50% owned

Group United Limited – 20% ownership

Hope Harbour Limited – 20% ownership

Imperial Time Limited – 20% owned

Lucky New Investment Limited – 30% owned

Paramount Shine Limited – 50% owned

Richly Leader Ltd – 50% owned

Sino Profit Development Limited – 50% owned

Unity Asian Development Limited – 60% owned

#### Registered office

3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong

1910–1917 Jardine House, One Connaught Place, Central, Hong Kong

1910–1917 Jardine House, One Connaught Place, Central, Hong Kong

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1910–1917 Jardine House, One Connaught Place, Central, Hong Kong

31/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong

31/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong

3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong

30<sup>th</sup> Floor, YF Life Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong

30<sup>th</sup> Floor, YF Life Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong

21<sup>st</sup> Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong

34/F, Shui On Centre, 6–8 Harbour Road, Hong Kong

1910–1917 Jardine House, One Connaught Place, Central, Hong Kong

34/F, Shui On Centre, 6–8 Harbour Road, Hong Kong

## Notes to the Company Financial Statements

### 2 Investments in subsidiary undertakings, associated undertakings and significant holdings continued

#### Ireland

Registered office: 21 Lavitts Quay, Cork

Barkhill Limited – 50% owned

Dietacaron Limited – 50% owned

<sup>1</sup> 4<sup>th</sup> Floor, 76 Lower Baggot Street, Dublin 2

FGPO Ireland Fund III<sup>1</sup> – 54% owned

Liffey Valley Office Campus Management Company Limited – 50% owned

#### Japan

Registered office: 3-22-10-201, Toranomon, Minato-ku, Tokyo

GPT Tokutei Mokuteki Kaisya – 50% owned

#### Luxembourg

Registered office: 46a Avenue John F Kennedy, L1855 Luxembourg

GERP Luxembourg SARL – 5% owned

Grosvenor Retail European Properties SA – 13.95% owned

#### Mauritius

Registered office: Level 5, Alexander House, 35 Cybercity, Ebène 72201, Republic of Mauritius

RMB Westport Fund II – 10.9% owned

#### Portugal

Registered office: Lugar do Espido, Via Norte, Apartado 1197, 4471-909 Maia

Sonae Sierra SGPS SA (Portugal) – 20% owned

#### Spain

Registered office: Calle de Génova 17, 3<sup>a</sup>A, 28004 Madrid, Spain

A de Europa Investments 19 SL – 50% owned

Alcobendas Investments SL – 50% owned

Escorial 4 Investment SLU – 50% owned

G De Parades 4 SL – 50% owned

Jorge J.53 SL – 50% owned

Modesto L.26 Investment SL – 50% owned

Santa E. 32 Real Estate SL – 50% owned

Urban Value Add I (Spain) SL – 50% owned

#### Sweden

Registered office: c/o KPMG AB, Box 49, 721 04, Vasteras, Stockholm

GERP Sverige AB – 5% owned

RCV Skarholmen AB – 20.17% owned

Skarholmen Property Management AB – 20.17% owned

Skarholmen Retail AB – 20.17% owned

Notes to the  
Company Financial  
Statements

2 Investments in subsidiary undertakings, associated undertakings and significant holdings continued

United States of America	
Registered office: One California Street, Suite 3000, San Francisco, CA 94111	
1500 K Street LLC – 20% owned	Frontier Drive Metro Centre LP <sup>1</sup> – 50% owned
1701 Pennsylvania LLC – 50% owned	Green Harris LLC – 25% owned
180 Post Street LLC – 50% owned	Grosvenor Maple Leaf Ventures III LP – 20% owned
185 Post Street LLC – 50% owned	Grosvenor Maple Leaf Ventures V LP – 20% owned
1900 Duke Street LP <sup>1</sup> – 25% owned	Grosvenor Urban Maryland <sup>1</sup> – 25% owned
251 Post Street LLC – 50% owned	MD Tower, LLC <sup>8</sup> – 50% ownership
306 Rodeo Drive LLC – 50% owned	MedProperties Fund III, LP – 15.4% owned
5520 Wisconsin LCC – 25% owned	MedProperties Fund III, Platform JV, LLC – 50% owned
701 North Michigan Avenue LLC – 20% owned	MP Fund IV Platform JV, LLC <sup>7</sup> – 60% ownership
AGP JV LLC <sup>4</sup> – 99% owned	Parklands North Creek LLC – 25% owned
Ballpark Residential LLC <sup>1</sup> – 50% owned	Rice Lake Square LP – 25% owned
Ballpark Square LLC <sup>1</sup> – 99.4% owned	Stockdale Parking, LLC <sup>3</sup> – 90% owned
BOF III Platform JV, LLC <sup>2</sup> – 98% ownership	The Row Townhouses LLC – 25% owned
Brazil Student Housing JV LLC <sup>5</sup> – 80% owned	TN Waterfront Station LLC <sup>1</sup> – 33.33% owned
District Property Holdings LLC – 25% owned	Urban Retail LLC – 25% owned
FHRG Investments LLC <sup>6</sup> – 98.5% owned	
Registered office: <sup>1</sup> 1701 Pennsylvania Avenue, Suite 450, DC 20006 Washington; <sup>2</sup> 111 East Sego Lily Drive, Suite 400, Salt Lake City, UT 84070;	
<sup>3</sup> c/o Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801; <sup>4</sup> 2711 Centerville Road, Suite 400, Wilmington, DE 19801;	
<sup>5</sup> 200 Bellevue Parkway, Suite 210, Wilmington, DE 19809; <sup>6</sup> 160 Gould Street, Suite 125, Needham, MA 02494; <sup>7</sup> 2300 North Field Street, Suite 2150, Dallas, TX 75201; <sup>8</sup> 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware 19904	



## Notes to the Company Financial Statements

### 3 Trade and other receivables

	2022 £m	2021 £m
<b>Non-current receivables</b>		
Receivables due from subsidiaries	229.6	4.7
	<b>229.6</b>	<b>4.7</b>

### 4 Share capital

	Authorised number of shares	2022 £m	Authorised number of shares	2021 £m
<b>Allocated, called up and fully paid</b>				
Ordinary shares of £1	5,684,877	5.7	5,684,877	5.7
'A' Preference Shares of £1	5,684,877	5.7	5,684,877	5.7
Non-voting redeemable D1 preference shares of £1*	207,572,784	207.6	272,874,096	272.9
	<b>218,942,538</b>	<b>219.0</b>	<b>284,243,850</b>	<b>284.3</b>

\* During the year redeemable D1 preference shares worth £65.3m were cancelled and paid up to the holder.

### 5 Related party transactions

There were no transactions with related parties other than wholly-owned companies within the Group.

## Glossary

### Assets under management

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

### Co-investment

Where the Group invests equity in joint venture or fund vehicles alongside third parties.

### Development exposure

The Group's share of development properties, including its share of the future development commitment, as a percentage of property assets including the future development commitment.

### Development property

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

### ERV (Estimated Rental Value)

The estimated market rental value of the total lettable space in a property, calculated by the Group's valuers. This will usually be different from the rent being paid.

### Equivalent yield

The weighted average yield which if applied to all cash flows from an investment property, including the current rent, reversions to the valuers' current estimated rental value on rent review, lease renewals and new lettings and other items including voids and expenditure produces the valuation having taken the notional purchasers' costs into account. Rent is assumed to be received annually in arrears.

### Finance lease

A lease that transfers substantially all the risks and rewards of ownership from the lessor to the lessee.

### Financial capacity

Wholly-owned unrestricted cash and undrawn committed facilities.

### Future development commitment

The expected costs to complete the development programme to which the Group is committed.

### Gearing

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

Gearing is calculated both on an IFRS basis (using wholly-owned net debt) and an economic basis incorporating our wholly-owned and share of joint venture net debt.

### Gross rental income

Total income from rents from the Group's properties.

### Grosvenor Estate

The Grosvenor Estate is the term used to represent all the interests of the Grosvenor family headed by The Duke of Westminster. There are three principal elements to these activities: Grosvenor Group, WheatSheaf Investments and The Family Investment Office.

### Ground-rented

Property where the freeholder grants a long lease to the tenant, usually in exchange for an up-front premium (for the major part of the value) and a lower ground rent payment for the duration of the lease.

### Group

Grosvenor Group Limited and its subsidiary undertakings.

### IFRS

International Financial Reporting Standard(s).

### Indirect Investments

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

### Interest rate swap

A contractual agreement with a counterparty (usually a bank) to exchange an interest obligation for an alternative interest obligation for a predetermined period of time (usually used to convert floating rate interest obligation to fixed rate obligations).

### Investment property

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

### Joint venture

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

### London estate

The Grosvenor Estate's and the Group's portfolio of office, retail and residential properties in the Mayfair and Belgravia areas of London's West End.

### Mark to market

An accounting adjustment to adjust the book value of an asset or liability to its market value.

### Market value

Market value is the amount for which an interest in an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. For investment properties, it is determined by independent external valuers.

### 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.

### Operating Companies

The Group's regional investment and development businesses.

### Passing rent

The annual rental income receivable, which may be more or less than the ERV.

## Glossary

### Performance fees

Fees that are payable in the event that the performance of the underlying investment exceeds a predetermined benchmark.

### Property assets

Investments in property and property-related instruments – comprises investment properties, development properties, trading properties, structured development 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, with the exception of our share of Sonae Sierra, which is accounted for on a management accounts basis.

### Proprietary

Relating to the Group's share of investments in property assets. Proprietary assets are both directly and indirectly owned.

### Resilience

The extent to which market values of property assets, on a proportional basis, can fall before Group financial covenants are breached.

### 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. See also [Note 4](#) to the Financial Statements.

### Reversionary yield

The anticipated yield to which running yield will rise (or fall) once the rent reaches ERV; calculated as ERV as a percentage of the value of investment properties.

### Running yield

Passing rent as a percentage of the value of investment properties.

### Structured development loans

Loans to property developers that are subordinated to senior loans in return for interest and a profit share in the completed development.

### Third-party interests

The non-Group share of investments managed by Group.

### Total return

Total return on property assets is 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

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