GROSVENOR

Vancouver, BC, 28th April 2021

Grosvenor Group financial results for the year ending 31st December 2020

Grosvenor Group reports first negative return since the global financial crisis, but predicts a strong recovery over the next two years

- **Results are resilient in the context of the impact of Covid-19, with the Group's financial capacity allowing strong support for tenants and communities during the pandemic, as well as ambitious long-term plans to support economic recovery**
- **2020 financial results, announced today, show the Group's first negative return since the global financial crisis of -2.9% (2019: 2.6%). Revenue profit was CAD $44m (2019: $111.6m)**
- **Negative total return reflects a reduction in Covid-influenced property valuations of retail assets in the UK, the Americas and Europe**
- **Drop in revenue profit mainly attributed to financial support provided to vulnerable tenants affected by the pandemic, increased bad debt provisions, and delays in a number of sales**
- **89% of rents collected in 2020 (as at 31 January 2021), increasing to 95% after adjusting for Covid-19-related concessions provided in support of tenants**
- **Strong financial capacity of CAD $3bn gives strength and flexibility to pursue investment opportunities in the coming years**
- **Commitment to international diversification remains as strong as ever. The Group's portfolio diversification mitigated its financial under-performance**
- **Group predicts a strong recovery over the next two years**

Grosvenor Group Limited ("Grosvenor Group"), the privately-owned international property group, with a strong investment track record in Vancouver, BC, has reported significantly lower returns in its financial results for the year-ending 31st December 2020 – these being contextually resilient to the impact of Covid-19 and delivered alongside strong support for tenants and communities. The Group predicts a strong recovery over the next two years.

2020 Performance:

Mark Preston, Chief Executive of Grosvenor Group, said:

"Our 2020 financial performance was poor by historical standards, although contextually resilient. While our numbers may have suffered, our people excelled in how they responded to the pandemic, supporting the communities we work alongside and demonstrating the best in our values and purpose. It is a performance I am especially proud of.

"Our teams across the world were quick to act in support of their local communities. In North America, we worked with tenants to understand their circumstances, providing support to those most at risk by offering rent deferral arrangements, practical guidance and information on resources and available financial assistance programmes. We also helped our tenants adapt their business models to allow them to carry on operations safely during the pandemic; purchased laptops from one of our tenants to donate to high-schools in Washington, D.C. to help with remote learning; supported vulnerable residential tenants with grocery shopping needs and helped with loneliness and mental wellbeing in several locations. And we made a decision from the outset that we would not transfer our overhead costs to the taxpayer and so did not seek any pandemic related government employee assistance.

"Many of these initiatives, combined with increased bad debt provisions and a delay in a number of sales, have inevitably affected our financial performance.

"Regardless, the growth plans we put in place before the pandemic are moving ahead. In London, we secured planning permission for new rental homes and a new school in Bermondsey and for the South Molton Triangle, a sensitive and sustainable mixed-use scheme in the West End. We completed our largest investment in China to date and advanced our residential developments in Madrid, San Francisco, Washington, D.C. and Vancouver. We've worked to improve the resilience of our retail assets in Stockholm and Liverpool – where Liverpool ONE continues to perform above UK sales and footfall averages - broadening the tenant mix and supporting existing retailers.

"Across the Group, work to achieve our 2030 net zero carbon targets are advancing. Grosvenor Britain & Ireland and Grosvenor Europe published detailed 'pathway plans' to guide their delivery, while our investment strategy is also very much being driven by our net zero commitment, with new assets acquired in China, France and Spain being guided by our environmental criteria".

2021 and beyond

While remaining cautious about predicting the nature of the new 'normal', Mark Preston is broadly optimistic about the global recovery and the Group's prospects. He added:

"We have started a process of considering possible future scenarios for the use of commercial and residential property, based on an assessment of future patterns of working, living and digital disruption. We cannot hope to have all the answers, but we can anticipate the need for optionality of strategies, flexibility of accommodation and the need for lateral thinking as we focus more on the wellbeing of our communities and the environment.

"While Covid-19's global impact has affected even the broadest diversified strategy, the case for international diversification remains compelling. There are global challenges and opportunities which we plan to address and capture within our investment strategy, notably those connected to digital disruption and climate change.

"Our strong financial capacity, remaining at CAD$3bn, gives us the strength and flexibility to capitalise on investment opportunities, as well as the confidence to continue delivering longer-term projects with a strong social impact."

Operational highlights from 2020 include:

Grosvenor Americas

Rental income in Grosvenor Americas was less impacted as collection rates remained high, but anticipated trading profits have largely been delayed or reduced because of Covid-19 disruption. This resulted in reduced revenue profits of CAD $27.7m (2019: $38.6m). Negative revaluation movements, relating primarily to retail assets, have driven a total return of -2.1% (2019: 7.0%).

Grosvenor Americas started 2020 with the portfolio at its highest level of occupancy in decades. The Structured Development Finance programme marked its 20th year and proved to be highly resilient in a challenging year. The completion of a transformative mixed-use project in West Vancouver, several strategic investment transactions and multiple property financings helped to increase liquidity and strengthen financial capacity in preparation for the coming recovery.

Social restrictions have however impacted high-cost urban centres, leading to stagnant condominium sales in San Francisco and Vancouver.

Steve O'Connell, Chief Executive of Grosvenor Americas, said:

"In 2020, our focus was on the wellbeing of our people, tenants and communities while we proactively managed our properties and projects through a time of great uncertainty. We are now positioning ourselves for the coming recovery.

While Vancouver has been significantly impacted by the pandemic, we remain confident in the many attributes that have made it successful over the 69 years that we have been active here. With this in mind, throughout the pandemic, we have continued to advance our initiatives in Vancouver. Following 14 years of community engagement and effort, we are very proud to have completed Grosvenor Ambleside while also advancing construction on two new condominium towers in Downtown Vancouver and Burnaby. We successfully completed several projects with our partners in our structured finance program and our asset managers worked diligently with our tenants to help and support those that were put hardship from the pandemic. As we position ourselves for the coming recovery, we will continue to advance our commitment to Net Zero operations across our portfolio and look forward to dedicating the first commercial Passive House building to the City of Vancouver in 2021."

Grosvenor Britain & Ireland

Grosvenor Britain & Ireland's recurring income stream has been impacted by the meaningful financial support provided to its vulnerable tenants during the pandemic. Net income was enhanced by trading profits relating to the Campden Hill residential development but still resulted in reduced revenue profit of CAD $33.1m (2019: $69.6m). Total return of -4.1% (2019: 3.1%) reflected negative valuation movements, primarily in relation to the retail assets. However, with CAD $8.9bn assets under management, the balance sheet remains strong.

When the first lockdown was announced, the business offered immediate financial and practical support to people and companies affected by Covid-19. It waived all rent for hundreds of vulnerable businesses and charities in the second quarter and created a fund to invest in retail and hospitality businesses while providing cash donations, physical space and significant other resources to hard hit communities. Actions have been designed to keep vacancies low and enable a quicker recovery, while commercial voids remained below 5%.

In December 2020, we secured planning permission for the South Molton Triangle in London. On the sustainability front, this year saw the launch of Grosvenor Britain & Ireland's Net Zero Carbon Pathway, in which it committed to a 52% reduction in emissions over the course of a decade, from a 2019 baseline. The business has already started introducing green leases to new and existing tenants and committed CAD $156.8m to accelerate a targeted retrofit and energy efficiency programme in Mayfair and Belgravia.

Grosvenor Europe

Grosvenor Europe delivered a revenue profit of CAD $2.4m (2019: -$1.5m), despite the challenges of Covid-19. The income from retail assets was reduced due to tenant support provided and bad debt provisions, but this was partly offset by the full year benefit of office acquisitions in Paris and Madrid made towards the end of 2019. Total return was -7.1% (2019: -0.8%) due mainly to the negative revaluation of retail assets.

Grosvenor Europe expanded its office portfolio in Paris and Madrid and divested two retail-led assets in Sweden. Liverpool ONE, which now sits under the management of Grosvenor Britain & Ireland, continued to outperform its peers, with sales and footfall well above the UK average. Significant progress was made regarding residential developments in Madrid, in which two projects were completed.

The business accelerated its social benefit agenda, defining 25 targets for 2025 which span sustainable buildings, businesses and communities, health and wellbeing and nature. Grosvenor Europe also launched its net zero carbon strategy, which aims to halve the business' total carbon impact by 2030.

Grosvenor Asia Pacific

Grosvenor Asia Pacific's improved performance was driven by trading profits, mainly from the sale of units at Dukes Place (delayed from 2019) and the sale of DAYU Villa in Nanjing. This resulted in revenue profit of CAD $37.4m being generated (2019: $3.9m). Total return at 2.6% (2019: 3.8%) was down marginally, reflecting subdued market values and lower disposal profits compared to 2019.

The business saw increased activity and growth while furthering net zero carbon reduction goals. A mixed-use development now under construction in Ginza, Tokyo, will be Grosvenor Asia Pacific's first-ever net zero-ready development in the region.

The business embarked on a new strategy for its China portfolio back in 2018, investing into preferred markets and sectors through strategic joint ventures. It made its most significant investment in China to date in Nanjing IFC, a landmark Grade A office and retail property, in partnership with Shui On Land. Together with our mixed-used development in Tokyo, Nanjing IFC represents the second of two key investments made during 2020.

Indirect Investment

Indirect Investment's third-party managed assets have shown resilience to the more widely seen impacts of the global pandemic. However, this has been overshadowed by the significant impact that Covid-19 has had on the performance of Sonae Sierra, the international real estate specialist, resulting in an overall revenue profit of CAD $.7m (2019: $43.2m). Likewise, significant revaluation losses in Sonae Sierra are the main driver for the much lower total return of 0.3% (2019: 5.1%).

Outside of Sonae Sierra, the business' largest investment exposures cover: student accommodation in the US and Brazil; industrial and logistics assets in the UK, the US and Poland; residential apartments and healthcare assets in Australia; affordable housing investments in the US; and shares in a PropTech portfolio managed by the GreenSoil Building Innovation Fund. Whilst none of these investments have been insulated from the impact of Covid, the rent collection rates across this portfolio have exceeded 95%.

Ends

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Notes to editors

About Grosvenor Group:

Grosvenor Group is a privately-owned international property company.

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

This is achieved by adopting a farsighted perspective, by being locally engaged and sharing and benefitting from our international experience. We call this our Living Cities approach.

Through the activities of Grosvenor Britain & Ireland, Grosvenor Americas, Grosvenor Asia Pacific and Grosvenor Europe we diversify the Group's property portfolio by geography, sector, activity, currency and management teams. Our Indirect Investment business further diversifies the Group's property interests by backing specialist third-party management teams. It invests Grosvenor's capital in Australia, Europe and North and South America.

About Grosvenor Americas

Grosvenor Americas is an active developer and investor in several high-quality cities across the U.S. and Canada. Our strategy is to invest in vibrant urban locations where our activities can make a positive contribution to neighborhoods and communities.

Our active development pipeline focuses on projects in urban, transit-oriented and/or amenity-rich neighborhoods and includes current projects such as The Pacific in downtown Vancouver and City Homes in Washington, D.C. We are also advancing larger multi-year projects in West Silicon Valley and Vancouver; the majority of our CAD $3.4bn development pipeline will be targeted, designed, and constructed to LEED Gold standards.

Our Investment program adds value to residential, commercial and retail assets while also managing a portfolio of stable, high-quality properties across North America. Our Structured Development Finance business provides funds for much-needed residential development projects in our high growth markets. We are part of Grosvenor Group, a privately owned international property company. With a track record of 344 years, the Group develops, manages and invests with a purpose of improving property and places to deliver lasting commercial and social benefit.

As of December 31, 2020, Grosvenor Americas had assets under management of CAD $4.6bn.

www.grosvenor.com

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