GROSVENOR

Financial Statements 2023

Contents

In addition to the information contained in the 2023 Financial Statements, you can download our 2023 Annual Review to find out more about our progress during the year.

Strategic report

The Directors present their Strategic report for Grosvenor Group Limited (the 'Group') for the year ended 31 December 2023.

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.

More detail on the Group's purpose, its approach and the impact of its activities can be found in the 2023 Annual Review available at www.Grosvenor.com.

Business review

Group performance

2023 financial results were impacted by the challenging economic and financial market conditions, with overall profitability lower than in 2022:

- Shareholders' funds decreased by £0.3bn to £4.6bn (2022: £4.9bn), largely due to revaluation losses on investment property, both wholly-owned and those held within joint ventures. Additionally, the strengthening of the Sterling has resulted in foreign exchange losses arising on the translation of foreign operations.
- Loss before tax of £175.0m (2022: £8.4m profit) was significantly lower than the prior year due to revaluation losses on investment property in the Americas and the UK, as well as reduced revenue from the sale of trading properties. These impacts were partially offset by disposal profits in the UK, higher recurring rental income and increased finance income derived from the higher interest rates on cash deposits.
- Total return (as defined in the glossary) was lower than prior year at -2.3% (2022: 2.9%) and this adverse variance was driven by valuation losses and foreign exchange (FX) losses, offset by disposal profits as referenced above. The impact of FX losses on total return was -1.2% (2022: 1.9%) arising due to the strengthening of Sterling over the year, with pre-FX returns on property assets of -1.1% (2022: 1.0%).
- Revenue profit decreased to £16.4m (2022: £41.8m) largely due to impairments taken against trading properties in the North American business. 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

- Grosvenor Property UK (GPUK) delivered revenue profit of £35.4m, £8.0m higher than the £27.4m achieved in 2022. The principal driver of the improved performance was rental growth derived from leasing events, reduced voids, the new flexible office portfolio, and reduced expected credit losses on rents receivable. Profit before tax was £14.8m (2022: £71.0m loss), with the year-on-year increase driven by strong disposal profits and reduced revaluation losses. Total return for the year was 1.8% (2022: -0.3%). This reflects the increases in revenue and disposal profits noted above, offset by some valuation losses due to outward yield shifts impacting mainly secondary office and retail values. Residential yields remained broadly flat, with a small adjustment included for the potential impact on values in light of the emerging Leasehold Reform Act legislation.
- Grosvenor Property Americas (GPA) achieved a revenue loss of £27.7m in 2023, compared to a profit of £14.9m in 2022. This loss is predominantly driven by underperformance in the trading property portfolio. As a result of slower sales activity in the portfolio, impairments have been taken against certain assets in California, reflecting slower recovery of the residential sector in the San Francisco bay area. Loss before tax was £179.1m (2022: £35.8m profit), with revaluation losses recognised on investment property in both the wholly-owned and joint venture portfolios. This reflects the outward yield shift associated with the higher interest environment and challenging market conditions across all asset sectors. The revenue loss and loss before tax resulted in a total return of -7.9% (2022: 2.9%).
- Grosvenor Diversified Property Investments (GDPI) delivered revenue profit of £10.3m, £5.9m lower than in 2022. Following the international urban property strategy decision in 2022, further capital has been allocated to the GDPI business. Investment activity has continued in 2023, with capital invested into existing funds and new investments, including the Group's first investment in India. Total return of 3.1% (2022: 5.9%) is lower than last year due to fair value losses on one fund investment. Despite this, positive revaluations of £22.6m across the remainder of the portfolio helped contribute to profit before tax of £36.0m (2022: £41.5m).

Strategic report

Business review continued

Financial position

The Group's Shareholders' funds now stand at £4.6bn (2022: £4.9bn). The decrease is largely due to the loss for the year, as well as foreign exchange losses recognised on the translation of overseas operations following the strengthening of the Sterling in the latter part of 2023. Economic gearing was 35.6% (2022: 29.8%) 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 2023, the Group's share of property assets (shown in Note 15 and defined in the glossary) reduced from £7.3bn to £7.0bn and assets under management decreased by £0.7bn to £10.8bn (2022: £11.5bn). Within property assets, revaluation losses in GPA and disposals in GPUK are being partly offset by acquisitions and capex.

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) has decreased to £1.8bn as at 31 December 2023 (2022: £2.0bn). The weighted average life of wholly-owned facilities is 5.4 years (2022: 5.3 years).

We continue to manage our approach to treasury on a relationship-centred basis. A key component of our financial capacity is our multi-lender, multi-currency two-tranche revolving credit facility which was established at £1.1bn in June 2021. We have exercised both one-year extension options, achieving consent from all lenders.

In November 2023 we refinanced one of the two tranches, agreeing a new five-year £540m with 10 relationship banks, all being continuing lenders. This facility is extendable by up to a further two years, at Grosvenor's request and lenders' consent.

These cost-effective facilities reflect the long-term nature of our banking relationships and the ongoing strength of our balance sheet. This provides enhanced financing security, allowing the Group 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.

Future developments

We expect that challenging market conditions are likely to persist through 2024, due to the ongoing high inflationary environment, increased pressure on the cost of living, and the continuing global political unrest. Despite these wider geopolitical and macro-economic factors, we expect operating performance to remain relatively stable in 2024 through careful asset management and increased investments in diversified investments. 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	2023	2022	Comment
(Loss)/Profit before tax	To show the return on assets delivered in absolute and statutory terms.	**(£175.0m)**	£8.4m	Reduced primarily due to revaluation losses and lower gains in our operating companies, combined with impairments of trading assets 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.	**-2.3%**	2.9%	Total return, before the impact of foreign currency translation, decreased to -1.1% (2022: 1.3%). This was due to negative revaluations in GPA. Foreign currency translation provided losses in 2023 (gains in 2022) due to the strengthening of the Sterling.
Revenue profit	To identify underlying performance, excluding market movements.	**£16.4m**	£41.8m	Due to impairments on trading properties recognised in GPA, reduced income from sale of trading assets, offset by savings in administrative expenses.
Shareholders' funds	To report the total value of the Shareholders' investment in the Group.	**£4.6bn**	£4.9bn	Shareholders' funds decreased in the year primarily due to the loss before tax, as well as foreign exchange losses on translation of foreign operations.
Investment Property (IFRS basis)	To quantify the Group's investment property portfolio on an IFRS basis.	**£4.0bn**	£4.1bn	Decrease due to revaluation losses in the GPA being offset by acquisitions and capital expenditure in GPUK.
Property assets (proportional basis)	To quantify the Group's financial investment in property assets.	**£7.0bn**	£7.3bn	Property valuation losses in GPA and net disposals in GPUK, offset by capex and additions in both GPA and GPUK.
Assets under management	To monitor the scale of the portfolio of property assets for which the Group's management teams are responsible.	**£10.8bn**	£11.5bn	Decrease due to revaluation losses, most significantly in GPA wholly-owned and third-party portfolios, as well as foreign exchange losses due to the strengthening Sterling.
Development exposure	To indicate the level of committed development activity, expressed as a proportion of total property commitments.	**12.7%**	17.1%	Decreased exposure following the completion of a number of development projects in GPUK, most notably the 65 Davies Street project.

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.

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 in 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 frequently 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 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 international urban property strategy seeks to mitigate market risk through investing in places that are dynamic, diverse and well connected, which may prove to be more resilient than single-asset locations. A greater use of the indirect investment model is also intended to 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 economic environment is challenging 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 24. Following the adoption of the international urban property strategy in 2022, 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 2023 is shown below:

Group property interests and assets under management

	GROUP				THIRD-PARTY INTERESTS				
Year ended 31 December 2023	Investment £m	Development £m	Financial assets £m	Total £m	Investment £m	Development £m	Total £m	Future development commitment £m	**Assets under management £m**
Property UK	3,132	139	25	3,296	1,855	47	1,902	342	**5,540**
Property Americas	1,120	612	38	1,770	733	290	1,023	140	**2,933**
Property Asia	620	21	8	649	90	–	90	–	**739**
Property Europe	273	–	–	273	228	–	228	–	**501**
Diversified Property Investments	994	13	50	1,057	–	–	–	–	**1,057**
TOTAL	6,139	785	121	7,045	2,906	337	3,243	482	**10,770**
Commercial	2,695	70	14	2,779	922	–	922	301	**4,002**
Retail	1,175	186	5	1,366	1,260	119	1,379	32	**2,777**
Residential	1,013	516	71	1,600	518	218	736	149	**2,485**
Industrial	920	–	11	931	–	–	–	–	**931**
Student accommodation	181	13	–	194	–	–	–	–	**194**
Other	155	–	20	175	206	–	206	–	**381**
TOTAL	6,139	785	121	7,045	2,906	337	3,243	482	**10,770**

Property risks

Investment properties

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 creditworthiness 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.

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 recent high inflation and interest environment has caused some disruptions to 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 2023 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 2023. 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 were no enforcements or 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.

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 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, the 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. Succession planning is overseen by each Board and both the Group Finance Board (GFB) and Group Executive Committee (GEC) have set aside time to consider talent and succession in 2023. For a number of our Finance Leadership team we have put in place a Finance Leadership Development programme which was launched towards the end of the year. Compensation is regularly benchmarked against the market, with particular attention given to the lower-paid and legislative requirements.

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 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 the impact of our activities on the climate, as well as the changing climate's impact on our assets and operations in the short, medium and long term. More frequent and severe weather events could damage our assets, leading to higher retrofit and repair costs whilst 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. We support the transition to a lower carbon world and must prepare for changing climatic conditions.

In line with our approach to transparency through disclosure, we continue to voluntarily disclose our assessment and response to climate risk.

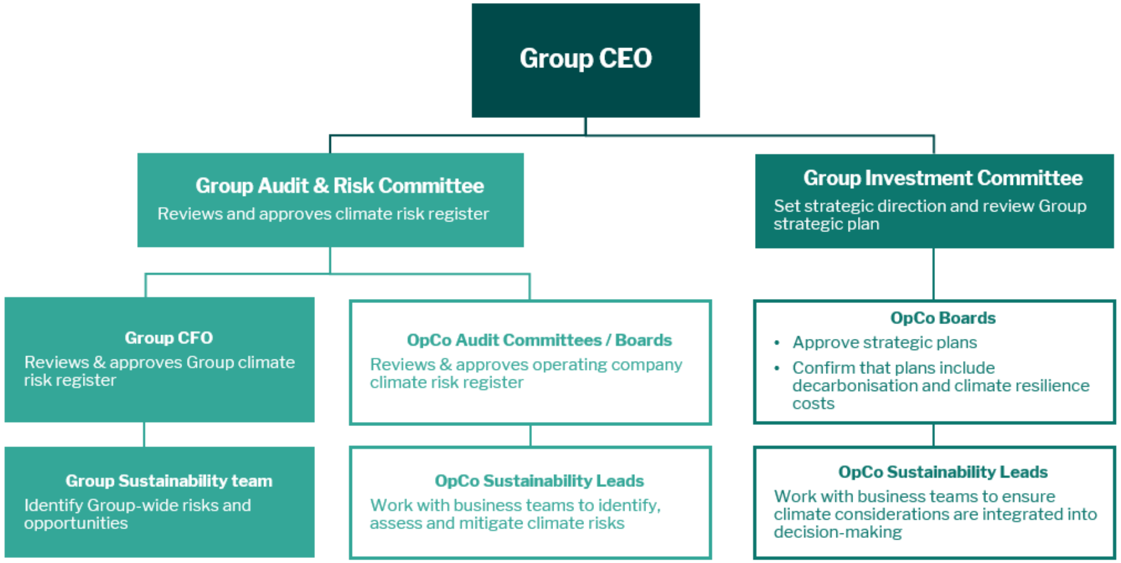
Governance

Our overarching purpose is to ensure lasting commercial, social and environmental benefit. The management of climate risk is integral to this as, if left unmitigated, it could impact on our ability to deliver all three aspects of our purpose.

The Grosvenor Chief Executive Officer (CEO) is responsible for the management of climate risk across the Group. This responsibility is delegated to the Group Audit & Risk Committee and the Group Investment Committee respectively.

The governance structure is set out below.

Risks and uncertainties continued



The Group Audit & Risk Committee oversees the Group's current climate risk exposure and annually reviews the Group climate risk register. This risk register is made up of climate risks identified at the Group and Operating Company levels. Any risks submitted by operating companies are reviewed and signed off by the relevant Operating Company Audit Committee and/or Board, ahead of submission to the Group Audit & Risk Committee. The Group Audit & Risk Committee approves the consolidated Financial Statements for Grosvenor Group Limited, including the voluntary climate risk disclosures which align with the recommendations of Task-force for Climate-related Financial Disclosures (TCFD).

The Group Investment Committee is ultimately responsible for ensuring that climate risk considerations are integrated into broader strategic decision-making, including reviewing and approving the 10-year strategic plan which is produced annually.

Investment decisions are made at Operating Company level and climate risk considerations are integrated into due diligence processes and hold/sell analyses. The Group Investment Committee has oversight of climate risk management activities in the operating companies, as the Grosvenor Chief Financial Officer (CFO) and Chief Investment Officer (CIO) are members of the Operating Company Boards.

In keeping with our devolved operating structure, operating companies are responsible for delivering Grosvenor's purpose in their businesses. Climate risk exposure is managed by Operating Company Audit Committees and/or Boards as appropriate. Within each Operating Company, a sustainability lead works closely with the Executive Committee and business teams to ensure that climate risk is integrated into decision-making. Training has been provided to upskill teams across the business and will continue to be rolled out in 2024.

The Group Finance Board (GFB) meets twice yearly and members include the CFOs from each Operating Company, as well as the Group Directors for tax, treasury and reporting. Climate risk management is a standing agenda item at the GFB. This year, each CFO developed and implemented a robust climate risk management approach, following recommendations from an external review that took place in 2022. The CFOs used the GFB to develop their plans and share best practices.

Across the Group and within operating companies, as well as being dependant on commercial outcomes, incentive programmes are linked to sustainability goals which are agreed at the beginning of each financial year.

Risks and uncertainties continued

Strategy

Due to the diverse nature of our operations across a range of sectors and geographies, our strategy for understanding and mitigating climate risk is a combined approach of central oversight, and devolved ownership of risk management across our operating companies.

We monitor risks across a short-term (0-5 years), medium-term (5-10 years) and long-term (10-20 years) timeframe.

In 2020, we conducted scenario analysis across all of our operating companies. We carried out an assessment of Grosvenor's exposure to transition and physical risks in a 2°C (RCP2.6) and 4°C (RCP8.5) warming scenario, across our medium- and long-term horizons. This work was used to develop a shortlist of material risks, which have then been built upon to strengthen our understanding of climate risk and embed it into decision-making.

We plan to repeat a full Group assessment of Grosvenor's exposure to transition and physical risks in a 2°C and 4°C warming scenario, at 2030 and 2050+ every five years.

To further our progress in mitigating transition-based climate risk, in 2022, we developed a Group decarbonisation strategy, aligned with limiting warming to 1.5°C. Every Operating Company developed a specific Net Zero Carbon (NZC) strategy to deliver the Group goal. Please see our Annual Review for more details[1]. These strategies have been published externally, with Grosvenor Property UK's strategy verified by the Science Based Targets initiative. Every strategy has been fully costed with resources made available to facilitate delivery.

The Group Investment Committee reviews our strategic plan annually, which sets out our commercial direction for the decade ahead. The plan includes the cost of delivering our NZC strategy, such as expenditure associated with retrofit programmes and sustainable development projects.

The Grosvenor Trustees, the Group Investment Committee and Operating Company Boards have approved our carbon commitment, which means that any update to our commercial strategy must be delivered in line with our target to limit global warming to 1.5°C.

Climate change will also provide opportunities for Grosvenor, and work is ongoing to understand those that could be available to us with changing market demand and environmental standards – please see our Annual Review for more information on this[1].

Risk Management

In line with best practice, we recognise two distinct categories of climate risk:

- **Transition risks:** As governments and industries transition to a low carbon economy, we will see changes across the policy, regulatory, taxation and legal environments which are likely to force faster, steeper investment in retrofit, higher taxes, and higher supply chain costs.
- **Physical risks:** This is made up of two categories: acute and chronic risk. Acute physical risk refers to extreme weather events (e.g. wildfires) which are likely to become more frequent, whilst chronic refers to longer-term changes to our environment (e.g. rising sea levels). The greater the degree of warming, the more extreme these risks will be. For standing assets and investments, this could lead to high repair and maintenance costs, rising insurance premiums and, at its most extreme, our ability to sell or lease these assets. It could also impact valuations, and in turn, financial returns.

Each Operating Company is responsible for maintaining a climate risk register which identifies and documents the transition and physical risks that will impact the business. This is reviewed by the relevant Executive and Audit Committees/Boards. The registers include information provided by high-level scenario analysis, and market- and region-specific knowledge, to agree a view of the most pertinent risks to their businesses. Risks are assessed for likelihood and impact. The following tables summarise the key risks identified across the Group and at each Operating Company.

[1] Please find the latest Annual Review at www.grosvenor.com

Strategic report

Group: The key risks have been identified in respect of governance, reputation and overexposure of our portfolio to physical risks in a warming world.

Risk description	Mitigation measures
Physical Risk	
Portfolio exposure to extreme weather events e.g. over-exposure across the Group's portfolio to rising sea levels, heat exposure, and flash flooding. At its most extreme this could impact availability of finance and our licence to operate.	Scenario analysis performed every five years to model the climate risk exposure of our current and future portfolios at 2°C and 4°C of warming. This helps us to consider our capital allocation decisions in warming temperatures.
Transition Risk - Regulation & Reputation	
Group exposure to possible carbon taxation and regulations introduced in the UK (this could be applicable to all subsidiaries), and other jurisdictions in which we operate.	**External engagement –** Careful monitoring of taxation and regulatory environment by finance, tax and legal teams. Active participation in relevant industry bodies. **Internal governance –** Development of robust, decarbonisation plans to ensure that any exposure is limited, with financing made available to implement these plans.
Reputational risks related to our key public goals: Partnering with organisations that are not aligned with our commitments. Owning, managing or developing assets that are not resilient to climate risks. Missing our decarbonisation goals.	Ensure that operating companies carry out appropriate due diligence of new partners to ensure alignment of values. Appropriate governance of operating companies to ensure that climate risk is considered consistently across the Group and is integrated into business activities and decisions. Regular monitoring and reporting against carbon commitments and objectives. Upskilling to ensure that relevant personnel understand climate risk and our decarbonisation goals. Embedding our sustainability commitments within decision-making. Monitoring of litigation being raised in countries that could impact Grosvenor.
Governance Risk	
Lack of clarity and consistency across the Group in respect of assessing and responding to climate risk.	Responsibilities set out at Group and Operating Company level. Consistent approach to climate risk assessment and progress against carbon goals included in Board agendas and consolidated at Group level.

Grosvenor Property UK (GPUK): The GPUK business has a portfolio of c. £5bn with a heartland in London's West End. We also invest in Liverpool and regional cities across England. Climate risk is jointly managed by the financial and sustainability functions with overall responsibility with the Chief Financial Officer, and ultimately with the Chief Executive. Physical risk and transition risk have both been included in the Company risk register since 2019. This is discussed biannually at its Audit & 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 three main activity types (operations, development, and investment), and as such is managed by the relevant business units. In 2023, the Sustainability team ran workshops with each business unit to deepen understanding, identify climate risks and agree associated mitigants specific to their business activities. Across GPUK's standing portfolio and business operations, the understanding of key risks has been well established through portfolio and asset-level scenario analysis, including through historic weather events. In development projects, understanding and mitigating climate risk is a core part of our Sustainable Development Brief. With new investments, GPUK conducts reviews to understand climate risk as part of the acquisition process.

Strategic report

Material risks identified across our UK business are:

Risk description	Mitigation measures
Acute climate risk (Physical risk)	
Impact of extreme weather events e.g., storms, heatwaves or high winds are likely to damage our buildings.	**Standing portfolio –** Using climate tools to identify key risks and develop asset-specific mitigation measures. **Development projects –** The Sustainable Development Brief ensures that climate risks are embedded within decision-making at the design stage of our development projects. **New acquisitions –** Due diligence includes climate risk assessments to identify risks and price in mitigation.
Regulation risk (Transition risk)	
In a rapidly evolving political landscape, policy and compliance (e.g. planning, Minimum Energy Efficiency Standards, accreditations, reporting) will impact our business.	**Working with government** – We are members of the Mission Zero Coalition, pushing for Net Zero policy development in the UK. We have published two heritage and carbon papers to lobby government for change. **Working with industry** – Founding partners of the UK Green Building Council Advancing Net Zero programme, and co-chair of the Better Buildings Partnership's Carbon Working Group.
Supply chain risk (Transition risk)	
Supply chain impacts (skills & services) – Labour constraints, and insufficient skills in the supply chain. **Supply chain impacts (materials) –** Risks to materials in our supply chain due to environmental disruption leading to difficulty in sourcing.	Having a clear pipeline of retrofit projects thanks to our £90m retrofit fund, and long-term repairs and maintenance contracts ensures that our supply chain is aligned with our strategy. SME (small and medium-sized enterprises) supplier mentor programme helps support our SMEs to develop their own science-based targets. Our second heritage and carbon paper highlighted the skills gap and called on the government to address the issue. We have pledged £50,000 of our Apprenticeship Levy per year to support the skills within our supply chain and our local area.
Utility market risk (Transition risk)	
Availability of electricity is an increasing risk. – Decarbonisation of heating, and rollout of electric vehicles, will increase demand on the grid. – For developments, delays to connecting construction projects to the grid, and energising the finished building, would impact the delivery programme.	**In construction –** Early engagement with contractors and utility providers to ensure that connections are available for the project. **In operation –** Retrofit works, and energy monitoring and management to reduce electricity demand. Green leases to encourage low carbon tenant behaviour.

Grosvenor Property Americas (GPA): The GPA business operates across North America, with three main activities: development, investment and structured debt finance (provision of debt to enable development). The risk assessment process varies between each business activity.

Development: Climate risk assessments are carried out as part of the overall risk assessment of all development projects. These are performed ahead of and throughout a development project. Sustainable development guidelines encourage the development of lower carbon, energy-efficient assets which help to mitigate transition risks.

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

Strategic report

Structured Debt Finance: Environmental and geo-technical reports are reviewed to assess flood plain, earthquake risk, and other physical climate risks. As part of our due diligence for prospective loans, GPA conducts an environmental review which highlights any physical risk exposure. GPA's loans contain covenants requiring the borrower to report any change in environmental conditions and this is monitored as part of GPA's monthly review process.

Risk description	Mitigation measures
Acute climate risk (Physical risk)	
Impact of extreme weather events in our regions. In Canada, the most material physical risks are coastal flooding and extreme heat. In the USA, extreme heat, fluvial flooding and tropical cyclones are likely to have the most material impact.	**Standing portfolio –** Using climate tools to identify key properties at risk and develop asset-specific mitigation measures. Climate risk is integrated into all hold/sell analysis performed annually. **Development projects –** The sustainable development guidelines ensure that climate risks are embedded within decision-making at the site identification stage, and design stage of our development projects. **New acquisitions –** Due diligence includes climate risk assessments to identify risks and price in mitigation.
Regulation risk (Transition risk)	
Across North America, there is a risk that the regulatory environments at the state and federal levels evolve to encourage the transition away from fossil fuels, and to more stringently regulate emissions.	We have developed and published a comprehensive NZC pathway which sets out how we will decarbonise our business activities. This should ensure that we align with any regulations that are introduced. We will monitor closely any potential regulatory changes to ensure that we can respond appropriately and in good time.
Market risk (Transition risk)	
It is likely that, over time, capital providers such as joint venture partners and banks, will demand greater transparency and assurance over decarbonisation goals.	Our decarbonisation pathway has been published and shows how we will make the emissions reductions needed to keep global warming to 1.5°C. We will report on our progress as part of Group's decarbonisation reporting process and keep abreast of any market changes to ensure that we can meet the needs of capital providers. Emissions data verification or assurance will be conducted annually by a third party to ensure accuracy.
Energy risk (Transition risk)	
Electricity availability is a risk as we move away from gas. There is an increased risk of power outages which could impact our ability to operate our assets, or complete development projects.	Implementation of our decarbonisation pathway should reduce the energy requirements of our assets, reducing load on the grid. We are also engaging with tenants to ensure that they understand how to efficiently operate assets, and we are exploring the availability of power purchase agreements to increase the proportion of renewable energy used.
Supply chain risk (Transition risk)	
Delivery of our decarbonisation pathway is reliant on the availability of lower carbon materials for development projects. There is a risk that demand for such materials increases along with the cost of such materials.	We will assess our supply chain for any critical dependencies on materials and ensure that we have secured sufficient stocks.

Strategic report

Grosvenor Diversified Property Investments (GDPI): 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 no longer than 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. The extent to which climate risk is routinely assessed at the due diligence stage of new investments varies between partners, but from 2024 onwards, GDPI plans to set clear expectations for its investment partners and how they can potentially assess material climate-related risks. Climate risk is included in the GDPI risk register and is monitored by the GDPI Board as part of its ongoing risk management processes.

Risk description	Mitigation measures
Acute climate risk (Physical risk)	
A lack of transparency or understanding of physical climate risk in investment decisions. This could have multiple financial impacts, namely, that climate-related risks are not priced into investment decisions, and therefore future expected returns may be lower.	**Due diligence** to identify climate-related risks at the outset of deals and integrate into pricing as appropriate. If relevant, capex plans may consider mitigation measures. **Asset management** – Partners are required to report annually on material climate-related risk monitoring. Those assets with greater risk exposure will be reported on more frequently. Partners are encouraged to consider adaptation measures for developments and standing investments to increase climate resilience. **Climate risk tool** – A third-party tool has been licensed to enable climate risk assessment at regional and asset level, across multiple warming scenarios and time periods. This will ensure that climate risk is considered in strategic planning, and ahead of formal asset due diligence.
Transition risk	
Risk that partners are not aware of transition risks that might affect their assets, and therefore do not respond appropriately. Such risks will include: policy changes which could affect ability to lease assets (e.g. energy efficiency regulations), regulatory requirements, rising costs of energy which could impact operational costs, market demands, etc.	**Asset management** – Partners are required to report annually on material climate-related risk monitoring. Partners are expected to be familiar with transition risks that could arise in their region/sector.

Metrics and Targets

As part of our Group carbon commitment, all operating companies must report their scope 1, 2 and 3 emissions annually to the Group. From 2024, this will be published as part of our annual reporting cycle. Group emissions are also presented in the Energy and carbon reporting section on page 28.

Decarbonisation of our activities will go some way to mitigating our transition risks, especially in relation to rising costs of fossil fuels, energy efficiency regulation and potential carbon taxes. Given the diverse nature of our operating companies, decarbonisation strategies have been developed to reflect the level of control and influence each has across its emissions footprint. Simply, we developed two decarbonisation routes: reduce, and influence. The reduce track includes our direct operating companies, GPUK and GPA, which manage, own and develop assets, and thus have greater control over their emissions footprint. These operating companies are targeting absolute emissions reduction of 52% and 42% by 2030 respectively, with a long-term reduction target of 90%. Our indirect business, GDPI, is instead looking to influence its investment partners, with 100% of partners having 1.5°C aligned carbon reduction pathways by 2040.

Risks and uncertainties continued

Employees

The Directors recognise the importance of good communications and relations with the Group's employees. The Directors place considerable value on informing employees on matters affecting them 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.

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 that 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 18.

Strategic report

Statement of Compliance with Section 172 of Companies Act 2006

Throughout 2023, 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 16.

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 18.

More information on the Group, our purpose and relationships with stakeholders is provided in the 2023 Annual Review available at www.Grosvenor.com.

To further ensure that 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 2023 include:

– The Board appointed Tor Burrows as Group Sustainability Director to lead Grosvenor's global sustainability strategy across all its international property businesses. The newly created role is responsible for overseeing the organisation's global carbon commitment to reduce emissions in line with limiting global warming to 1.5°C.
– The Board approved the cancellation of part of the Group revolving credit facility, in order to enter into a new five-year £540m facility with 10 relationship banks, benefiting from two optional one-year extensions. This provides enhanced financing security, further underpinning 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.
– The Board approved the consolidated strategic plan for 2024-2033, which included plans and activities to deliver against the Group's commercial, environmental and social objectives.

Suzie McConnell
Company Secretary

UK Company registration number 12656651
Registered Office
70 Grosvenor Street
London W1K 3JP
19 March 2024

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 that 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.

Corporate governance

Corporate governance continued

The Board undertakes a regular evaluation of its own performance, with the most recent being carried out in 2020. The most recent evaluation is in progress and will be reported on to the Board in the first half of 2024.

The Board held five standard meetings during the year, plus an additional meeting in October 2023 to approve a new revolving credit facility and associated guarantee. There was full attendance by each Director at every meeting, except for 21 March 2023 when one Director was absent, 31 October 2023 which only two Directors attended, and 14 November 2023 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. The formulation of policies on key operational issues has been delegated to the Group Executive Committee (see page 21 for composition).

The Board has delegated certain governance functions to the Audit & Risk and Group Investment Committees. 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 advisers. 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.

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.

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. Against a backdrop of significant change and uncertainty, compounded by the significant market effects of, firstly the pandemic and, more recently, rising inflation and interest rates, our continued focus on innovation is ever more important to the long-term success of the business, particularly given the climate concern, digital disruption, rapidly changing consumer preferences and the corresponding impact on real estate business models. Our internal Innovation Programme (Future+) has embedded a number of successful projects into our operations during the year, whilst continuing to fund further trials.

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 15, and include market, property, financial and environmental risks amongst others.

Corporate governance

Corporate governance continued

Each Operating Company 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 the Group Team, is represented on the Group Finance Board, which met twice during 2023 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 Committees review 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 2023 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, which recognises that market conditions differ for the roles and skills we employ. 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. The GDPI business established its own Remuneration Committee in 2023. The continued inflationary environment has been considered in the assessment to our approach for salary increases in all parts of Grosvenor for 2024, but increases will remain targeted as they did in 2023. We recognise specific achievements on an ongoing basis through a Spot Award programme.

The Group published its Gender Pay Gap reporting for the UK for 2023 on the Group's website in March 2024. 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 rollout 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 2023 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 2023 Annual Review is widely distributed and, together with the 2023 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.

We have disclosed in the Directors' report (see page 28) certain greenhouse gas (GHG) emissions and energy consumption in line with the streamlined energy and carbon reporting requirements. Furthermore, we have made voluntary climate risk disclosures in line with our approach to transparency through disclosure (see pages 7-13).

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. 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 therefore receive information via the standard Board reporting.

Corporate governance

Board of Directors

The Board comprises:

– Michael McLintock (Chairman)*+
– The Duke of Westminster*+
– Jonathon Bond
– Robert Davis
– William Kendall*+
– Mark Preston+
– Dame Fiona Reynolds*+
– Alexander Scott*+

* Non-executive
+ Trustee

Committees of the Board

Audit & 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 to 2023 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 Chief Executive Officer or Grosvenor Investment Officer, Grosvenor Chief Financial Officer and other senior personnel as appropriate. The Audit & Risk Committee met three times during 2023, 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.

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 (until 31 December 2023)
- Ian Mair
- Steve O'Connell
- James Raynor
- Chris Taite
- Anthony James
- Nicholas Dobbs
- Tor Burrows

The Group Executive Committee met five times in 2023 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.

Directors' report

The Directors present the Group's audited consolidated Financial Statements for the year ended 31 December 2023.

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 15). 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 (resigned 22 March 2023), William Kendall, Michael McLintock, Christopher Pratt (resigned 22 March 2023), 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 2023	**At 31 December 2023**	At 1 January 2023	**At 31 December 2023**	At 1 January 2023	**At 31 December 2023**
Non-beneficial						
Michael McLintock	5,453,726	**5,453,726**	5,453,726	**5,453,726**	196,477,536	**196,477,536**
Mark Preston	4,324,433	**4,324,433**	4,324,433	**4,324,433**	207,572,784	**207,572,784**
Dame Fiona Reynolds	1,674,580	**1,674,580**	1,674,580	**1,674,580**	80,379,840	**80,379,840**
Alexander Scott	1,515,529	**1,515,529**	1,515,529	**1,515,529**	7,444,080	**7,444,080**
The Duke of Westminster	1,360,444	**1,360,444**	1,360,444	**1,360,444**	-	**–**
William Kendall	2,725,919	**2,725,919**	2,725,919	**2,725,919**	130,844,112	**130,844,112**

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 14 and the Corporate governance report on page 18.

Dividends

Dividends paid during the year amounted to £51,120,880 (2022: £49,917,037).

The Directors have proposed a final dividend of £34,647,080 to be paid on 2 April 2024.

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 15. 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 2023, Grosvenor Group Limited's charitable contributions amounted to £3.3m (2022: £3.3m) of which £3.0m (2022: £2.9m) 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 £1.3m in 2023 (2022: £1.1m).

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 2023, the total figure given by the Westminster Foundation in this way was £14,245 (2022: £19,206). In addition, Grosvenor supports Give As You Earn up to £1,200 pa for UK-based employees and in 2023 this amounted to £33,564 (2022: £33,333).

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, such as during the Covid-19 pandemic.

In response to the cost-of-living crisis, by the end of 2023, the Westminster Foundation had distributed £1m of emergency funding to charities and foodbanks fighting food poverty in Westminster, Chester and rural communities where it operates. In response to the humanitarian crisis in Israel and Gaza, a donation was made to the British Red Cross Appeal to support staff and volunteers of various charities with their work.

Charity offices

Grosvenor Property has for many years provided charity office space in South Belgravia, with the Westminster Foundation providing grant funding of up to 50% of rents. This has been funded by the Group and in 2023 totalled £550,000 (2022: £500,000). In 2023, Grosvenor created a new flexible workspace – 'Fivefields' in London's Victoria – designed specifically for charities and social impact organisations in support of the Westminster Foundation's mission to help vulnerable young people. Fivefields is managed by flexible workspace specialists x+why and welcomed its first members in October 2023. By joining the Fivefields community, like-minded charities can collaborate together, resulting in a wider impact on the lives of the young people they support. The Westminster Foundation will provide grant funding of up to 50% of membership costs to charities with financial support continuing to be provided by Grosvenor.

Full details of charities awarded grants in 2023 can be found in the Westminster Foundation report and accounts.

Political donations

No political donations were made during the year (2022: £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 2023, our economic share of tax payments totalled £87.3m (2022: £70.6m). This was higher than last year, primarily due to an increase in taxable gains in the UK and Japan.

TAX TYPE	TOTAL TAX BORNE (£m) 2023	%	TOTAL TAX BORNE (£m) 3 YEARS to 2023	%
Corporate Income Tax paid in the year	40.6	47	84.4	36
Property Transaction Taxes paid in the year	1.7	2	32.9	14
Annual Property Taxes	29.4	34	70.3	30
Employer Taxes and Social Security Costs	7.4	8	29.0	12
Irrecoverable VAT (UK only)	8.2	9	18.6	8
TOTAL	**87.3**	**100**	**235.2**	**100**

COUNTRY	TOTAL TAX BORNE (£m) 2023	%	TOTAL TAX BORNE (£m) 3 YEARS to 2023	%
United Kingdom	37.0	42	106.4	45
United States	15.0	18	34.3	15
Japan	14.5	17	14.6	6
Canada	5.9	7	28.9	12
Australia	4.6	5	10.8	5
Poland	3.6	4	5.3	2
China	2.6	3	6.4	3
France	1.9	2	11.0	5
Spain	1.3	1	8.2	3
Other	0.9	1	9.3	4
TOTAL	**87.3**	**100**	**235.2**	**100**

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. The report includes the Grosvenor Operational Companies of Grosvenor Property UK, Americas and Europe.

During the reporting period 1 January 2023 to 31 December 2023, measured Scope 1 and 2 emissions for our UK portfolio (location-based) totalled: 5,971 tCO2e compared to 5,749 tCO2e in the previous year. For Group this totalled: 19,672 tCO2e compared to 19,589 tCO2e across the whole Group in the previous year.

The breakdown of these figures is below:

	12 months ended 31 December 2023			12 months ended 31 December 2022		
Scope	**UK**	**Rest of world**	**Total**	UK	Rest of world	Total
Scope 1	**1,972**	**1,424**	**3,396**	2,168	1,649	3,817
Scope 2 (location-based)	**3,999**	**12,098**	**16,097**	3,581	12,191	15,772
Scope 2 (market-based)	**–**	**4,227**	**4,227**	77	4,507	4,844
Total Scope 1 and 2 (location-based)	**5,971**	**13,522**	**19,493**	5,749	13,840	19,589
tCO_2e per m^2	**0.03**	**0.05**	**0.05**	0.03	0.05	0.05

Across the Group, scope 1 & 2 emissions, when calculated on a location-basis, have remained fairly consistent from prior year, with only a slight increase of 0.4% from 2022 levels. In the UK portfolio, scope 1 & 2 emissions increased by 3.8%, whilst in North America and Europe, an emissions reduction of 2.3% has been achieved. Energy consumption, when measured in MWh, however, has reduced across the Group by 5.7% demonstrating that energy efficiency measures are continuing to have a positive impact.

In both regions, there has been an increase in emissions factors for the year 2023 which has impacted the carbon emissions associated with energy usage. Emissions factors are set by independent bodies and outside of Grosvenor's control; they reflect the mix of energy sources used to generate electricity on the grid and vary from region to region. Grosvenor purchases renewable energy across 100% of the UK portfolio, and across many assets in North America and Europe, so when calculating emissions on a market basis, scope 2 emissions reduce significantly.

Across the Group, hard work has taken place throughout 2023 to increase data accuracy and coverage, making significant improvements to the quality of data reported. This has also enabled the teams to better understand the impact of energy efficiency measures put in place, as both Operating Companies implement their net zero carbon pathways, which target short term reductions of 52% in the UK and 42% in North America by 2030. Measures such as the replacement of gas boilers with heat pumps and retrofits of properties to increase insulation and reduce heating requirements has ensured that despite the increases in emissions factors, our overall emissions footprint has remained stable.

Directors' report

Energy and carbon reporting continued

During the year, total fuel and electricity consumption totalled 78,994MWh (2022: 83,795MWh). The split between fuel and electricity consumption is displayed below.

	12 months ended 31 December 2023			12 months ended 31 December 2022		
Energy consumption (MWh)	**UK**	**Rest of world**	**Total**	UK	Rest of world	Total
Electricity & gas	**30,090**	**48,867**	**78,957**	30,398	53,397	83,795
Fuels (oil and diesel)	**–**	**37**	**37**	–	–	–
TOTAL	**30,090**	**48,904**	**78,994**	30,398	53,397	83,795

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 has been quantified and reported in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and following 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, fuel oil

Scope 2: Electricity, district heating and cooling

Scope 3: Not included in this disclosure.

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.

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.

Post balance sheet events

There have been no significant events affecting the Group since 31 December 2023.

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/themself 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.

Suzie McConnell
Company Secretary

UK Company registration number 12656651
Registered Office
70 Grosvenor Street
London W1K 3JP
19 March 2024

Statement of Directors' responsibilities

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 19 March 2024 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 2023 and of the Group's loss 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 statements of changes in equity;
– the consolidated and parent company balance sheets;
– the consolidated statement of cashflows;
– the related consolidated Notes 1 to 37; 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.

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. 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 tested 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
19 March 2024

Consolidated income statement

for the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Revenue	5	**242.0**	291.4
Property costs	6	**(154.0)**	(160.4)
Net property income		**88.0**	131.0
Administrative expenses	7	**(95.3)**	(117.8)
Net gains on other investments	11	**5.7**	37.7
Net losses on revaluation and sale of investment property	12	**(90.2)**	(55.5)
Impairment gain/(loss) on trade and other receivables, including contract assets		**0.1**	(7.3)
Share of (loss)/profit from joint ventures	19	**(54.1)**	58.1
(Loss)/profit from operations including share of joint ventures		**(145.8)**	46.2
Financial income	13	**30.7**	11.1
Financial expenses	13	**(55.7)**	(47.0)
Fair value adjustments	13	**(4.2)**	(1.9)
Net financing costs	13	**(29.2)**	(37.8)
(Loss)/profit before tax		**(175.0)**	8.4
Current tax expense	14	**(14.8)**	(31.2)
Deferred tax credit	14	**60.3**	56.3
(Loss)/profit for the year		**(129.5)**	33.5
Attributable to:			
Equity holders of the parent		**(113.3)**	56.6
Non-controlling interests		**(16.2)**	(23.1)
(Loss)/profit for the year		**(129.5)**	33.5

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 2023

	Notes	2023 £m	2022 £m
(Loss)/profit for the year		**(129.5)**	33.5
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:			
Revaluation of property, plant and equipment	17	**(0.7)**	(2.9)
Fair value adjustments on swaps:			
(Losses)/gains arising during the year		**(7.5)**	25.7
Exchange differences on translation of foreign operations – Group		**(62.5)**	63.3
Exchange differences on translation of foreign operations – Joint ventures and associates		**(31.9)**	91.7
Tax relating to gains on fair value adjustments and revaluations		**4.9**	(14.9)
Other comprehensive (expense)/income, net of tax, which may be reclassified to profit or loss in subsequent periods		**(97.7)**	162.9
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains on defined pension benefit schemes	9	**7.9**	84.1
Tax relating to actuarial gains	14	**(1.9)**	(21.0)
Fair value loss on investments in equity instruments designated as at fair value through other comprehensive income		**(30.1)**	–
Other comprehensive (expense)/income, net of tax, not to be reclassified to profit or loss in subsequent periods		**(24.1)**	63.1
Total comprehensive (expense)/income for the period		**(251.3)**	259.5
Attributable to:			
Equity holders of the parent		**(239.1)**	276.8
Non-controlling interests		**(12.2)**	(17.3)
		(251.3)	259.5

The final dividend proposed by the Directors of £34,647,080 is to be paid on 2 April 2024.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Attributable to equity holders of the parent									
	Share capital £m	Share premium £m	Translation reserve £m	Other reserve £m	Fair value reserve £m	Revaluation reserve £m	Retained earnings £m	**Total £m**	Non-controlling interest £m	**Total equity £m**
Balance at 1 January 2022	284.3	–	461.9	(0.1)	11.2	41.4	3,991.7	**4,790.4**	(0.5)	**4,789.9**
Changes in equity for 2022										
Profit for the year	–	–	–	–	–	–	56.6	**56.6**	(23.1)	**33.5**
Other comprehensive income/(expense)	–	–	155.0	19.8	0.1	(12.3)	57.6	**220.2**	5.8	**226.0**
Dividends	–	–	–	–	–	–	(49.9)	**(49.9)**	–	**(49.9)**
Transfers between reserves	–	–	–	–	(1.3)	–	1.3	**–**	–	**–**
Recycled to income statement	–	–	(26.2)	–	–	–	–	**(26.2)**	–	**(26.2)**
Non-controlling shares acquired by subsidiaries	–	–	–	–	–	–	–	**–**	79.9	**79.9**
Ordinary share redemption	(65.3)	–	–	–	–	–	–	**(65.3)**	–	**(65.3)**
Balance at 31 December 2022	219.0	–	590.7	19.7	10.0	29.1	4,057.3	**4,925.8**	62.1	**4,987.9**
Changes in equity for 2023										
Loss for the year	–	–	–	–	–	–	(113.3)	**(113.3)**	(16.2)	**(129.5)**
Other comprehensive (expense)/income	–	–	(94.4)	(5.8)	(23.8)	(4.3)	2.5	**(125.8)**	4.0	**(121.8)**
Dividends	–	–	–	–	–	–	(51.1)	**(51.1)**	–	**(51.1)**
Transfers between reserves	–	–	–	0.2	–	–	(0.2)	**–**	–	**–**
Recycled to income statement*	–	–	(4.4)	–	–	–	–	**(4.4)**	–	**(4.4)**
Non-controlling shares acquired by subsidiaries	–	–	–	–	–	–	–	**–**	12.3	**12.3**
Balance at 31 December 2023	219.0	–	491.9	14.1	(13.8)	24.8	3,895.2	**4,631.2**	62.2	**4,693.4**

* Amount of £(4.4)m recycled from the translation reserve to the income statement relates to realised FX losses following the disposal of GDPI's joint ventures and subsidiaries.

Approved by the Board and authorised for issue on 19 March 2024 and signed on behalf of the Board

Michael McLintock (Chairman)

Robert Davis (Chief Financial Officer)

Company registration number: 12656651

Consolidated balance sheet

as at 31 December 2023

	Notes	2023 £m	2022 £m
ASSETS			
Non-current assets			
Investment property	16	**4,019.2**	4,149.2
Other property, plant and equipment	17	**114.9**	118.2
Right-of-use assets	18	**5.4**	8.3
Investments in joint ventures and associates	19	**1,307.8**	1,423.7
Other financial assets	20	**91.1**	123.6
Intangible assets	21	**1.2**	2.9
Trade and other receivables	22	**63.9**	71.6
Employee benefits	9	**71.6**	61.4
Deferred tax assets	23	**60.6**	49.8
Total non-current assets		**5,735.7**	6,008.7
Current assets			
Trading properties	24	**494.7**	464.5
Assets classified as held for sale	25	**20.3**	18.3
Trade and other receivables	22	**107.6**	96.0
Other financial assets	20	**36.7**	3.8
Income tax receivable		**7.2**	8.1
Cash and cash equivalents	26	**557.6**	746.8
Total current assets		**1,224.1**	1,337.5
TOTAL ASSETS		**6,959.8**	7,346.2
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	27	**(1,174.1)**	(1,130.2)
Lease liabilities	18	**(5.4)**	(7.0)
Trade and other payables	29	**(205.0)**	(187.6)
Deferred tax liabilities	23	**(672.8)**	(733.2)
Provisions	30	**–**	(1.6)
Total non-current liabilities		**(2,057.3)**	(2,059.6)
Current liabilities			
Lease liabilities	18	**(1.4)**	(2.5)
Trade and other payables	29	**(205.0)**	(237.8)
Current tax payable		**1.6**	(22.7)
Provisions	30	**(4.3)**	(35.7)
Total current liabilities		**(209.1)**	(298.7)
TOTAL LIABILITES		**(2,266.4)**	(2,358.3)
NET ASSETS		**4,693.4**	4,987.9
Equity			
Share capital	34	**219.0**	219.0
Reserves		**517.0**	649.5
Retained earnings		**3,895.2**	4,057.3
Shareholders' funds		**4,631.2**	4,925.8
Non-controlling interests	36	**62.2**	62.1
TOTAL EQUITY		**4,693.4**	4,987.9

Approved by the Board and authorised for issue on 19 March 2024 and signed on behalf of the Board

Michael McLintock
(Chairman)

Robert Davis
(Chief Financial Officer)

Company registration number: 12656651

Consolidated statement of cash flows

for the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Operating activities			
Operating (loss)/profit before changes in working capital and provisions	35(a)	**(12.2)**	13.9
Increase in trade and other receivables		**(21.9)**	(0.5)
Increase in trading properties		**(40.7)**	(50.0)
Decrease in trade and other payables		**(28.0)**	(2.8)
(Decrease)/increase in employee benefits		**(2.4)**	2.1
(Decrease)/increase in provisions		**(2.1)**	1.5
Cash flow used in operations		**(107.3)**	(35.8)
Interest paid		**(65.6)**	(55.8)
Taxes paid		**(38.0)**	(25.4)
Interest received		**29.3**	10.8
Cash flow used in operating activities		**(181.6)**	(106.2)
Investing activities			
Proceeds from sale of investment properties		**161.4**	225.7
Acquisition of investment and development properties		**(68.6)**	(115.5)
Development of investment and development properties		**(93.9)**	(71.0)
Acquisition of other financial assets		**(32.2)**	(23.7)
Proceeds from sale of other financial assets		**8.0**	28.3
Acquisition of other plant, property and equipment		**(2.6)**	(2.4)
Proceeds from sale of other plant, property and equipment		**0.4**	0.1
Loans to joint ventures and associates		**–**	(1.2)
Loans repaid from joint ventures and associates		**7.5**	17.6
Distributions from joint ventures and associates		**43.2**	79.9
Acquisition of joint ventures and associates		**(172.0)**	(168.1)
Disposals of joint ventures and associates		**137.3**	152.2
Disposals of subsidiaries		**–**	110.6
Dividends received		**–**	79.9
Cash flow (used in)/from investing activities		**(11.5)**	312.4
Financing activities			
Proceeds from additional borrowings		**58.0**	191.3
Repayment of borrowings		**(7.8)**	(71.0)
Repayment of lease liabilities		**(2.8)**	(13.3)
Non-controlling shares acquired by subsidiaries		**12.2**	–
Redemption of ordinary shares		**–**	(65.3)
Dividends paid		**(51.1)**	(49.9)
Loans to joint ventures		**–**	(19.1)
Cash flow from/(used in) financing activities		**8.5**	(27.3)
Net (decrease)/increase in cash and cash equivalents		**(184.6)**	178.9
Cash and cash equivalents at 1 January		**746.8**	550.3
Effect of exchange rate fluctuation on cash held		**(4.6)**	17.6
Cash and cash equivalents at 31 December		**557.6**	746.8

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 15.

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 15.

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 103–113.

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 23. 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 has determined that investment funds that it invests in and manages are 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 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 2023. 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:

- IFRS 17 Insurance Contracts
- IAS 1 (Amendments) and IFRS Practice Statement 2: Disclosure of Accounting Policies
- IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IAS 12 (Amendments): Income Taxes relating to International Tax Reform
- IAS 8 (Amendments): Definition of Accounting Estimates.

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 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
- IAS 7 and IFRS 7 (Amendments): Supplier Finance Arrangements
- IFRS 16 (Amendments): Onerous Contracts – Cost of Fulfilling a Contract.

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.

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:

Notes to the Financial Statements

1 Accounting policies continued

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, including their sensitivity assessment.

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.

(w) Parent company guarantee

For the year ended 31 December 2023, the following subsidiaries of the Group are 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 DI Limited – company number 12436556
- Grosvenor Americas Holdings Limited – company number 08762378
- Grosvenor Overseas Holdings Limited – company number 02915888
- Grosvenor Continental Europe Holdings Limited – company number 04233654
- Grosvenor Americas UK Limited – company number 12359919
- Grosvenor Fund Management UK Limited – company number 05228441
- Old Broad Street Properties Limited – company number 03008914
- Grosvenor International Fund Management Limited – company number 04821118
- Grosvenor Europe LP Limited – company number 10605842
- GFAL Limited – company number 09698083
- Grosvenor Americas Investments Limited – company number 10179617
- GIO European Investments Limited – company number 12347639
- Grosvenor Australia Residential Opportunities Limited – company number 09698218
- GIO Investments Limited – company number 06301581
- Grosvenor International Investments (Finance) Limited – company number 11033185

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	
	2023 £1	2022 £1	**2023 £1**	2022 £1
US Dollars	**1.25**	1.23	**1.28**	1.21
Canadian Dollars	**1.68**	1.60	**1.69**	1.64
Euros	**1.15**	1.17	**1.15**	1.13
Australian Dollars	**1.88**	1.78	**1.87**	1.77
Hong Kong Dollars	**9.77**	9.64	**9.97**	9.43
Chinese Renminbi	**8.89**	8.31	**9.06**	8.47
Japanese Yen	**176.38**	161.56	**179.73**	158.49
Swedish Krona	**13.22**	12.47	**12.81**	12.60
Polish Zloty	**5.21**	5.49	**5.01**	5.28

3 Segmental analysis

The Group's reportable segments are the four regional Operating Companies and Diversified Property Investments, which 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 central overheads 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 are a key performance metric of the Group.

2023

	Proprietary assets – Direct				Proprietary assets – Indirect			
	GP UK £m	GP America £m	GP Asia £m	GP Europe £m	Third-party managed £m	Other £m	Not allocated £m	**Total £m**
Income statement								
Revenue	154.0	75.7	–	13.0	–	–	(0.7)	**242.0**
Property costs (excluding major refurbishments)	(74.5)	(68.2)	–	(3.1)	(0.5)	–	–	**(146.3)**
Net property income/(cost)*	79.5	7.5	–	9.9	(0.5)	–	(0.7)	**95.7**
Administrative expenses	(19.9)	(32.4)	(4.9)	(6.1)	–	(5.3)	(26.7)	**(95.3)**
Impairment gain/(loss) on trade and other receivables, including contract assets	0.1	–	–	–	–	–	–	**0.1**
Net financing (costs)/income	(25.8)	(13.8)	1.0	(1.2)	1.8	0.1	13.2	**(24.7)**
Revenue profit of joint ventures and associates (Note 19)	1.5	11.0	9.7	4.2	12.7	1.5	–	**40.6**
Group revenue profit/(loss)	35.4	(27.7)	5.8	6.8	14.0	(3.7)	(14.2)	**16.4**
Net losses on revaluation and sale of investment properties	(8.5)	(60.3)	–	(21.4)	–	–	–	**(90.2)**
Major refurbishment costs	(7.7)	–	–	–	–	–	–	**(7.7)**
Net gains/(losses) on other investments	–	0.1	(1.7)	(0.5)	–	3.1	4.4	**5.4**
Derivative fair value adjustments	–	–	–	–	–	–	(0.1)	**(0.1)**
Derivative fair value adjustments related to structured development loans	–	(4.1)	–	–	–	–	–	**(4.1)**
Other (losses)/gains of joint ventures and associates (Note 19)	(4.4)	(87.1)	(7.6)	(16.2)	22.4	0.2	–	**(92.7)**
Profit/(loss) before tax	14.8	(179.1)	(3.5)	(31.3)	36.4	(0.4)	(9.9)	**(173.0)**
Tax and non-controlling interests in joint ventures and associates	(0.3)	(0.6)	(1.7)	0.9	–	(0.3)	–	**(2.0)**
Profit/(loss) before tax reported in the income statement	14.5	(179.7)	(5.2)	(30.4)	36.4	(0.7)	(9.9)	**(175.0)**
Tax credit/(expense)	6.0	44.5	(0.5)	0.6	(7.2)	1.4	0.7	**45.5**
Profit/(loss) after tax reported in the income statement	20.5	(135.2)	(5.7)	(29.8)	29.2	0.7	(9.2)	**(129.5)**

* Included in net property income are net losses on trading properties amounting to £35.8m (2022: £2.3m) arising from income from sale of trading and development properties of £14.6m (2022: £68.7m) less the carrying value of trading properties sold and impairment of trading properties of £50.4m (2022: £71.0m).

Notes to the Financial Statements

3 Segmental analysis continued

2023

	Proprietary assets – Direct				Proprietary assets – Indirect			
	GP UK £m	GP America £m	GP Asia £m	GP Europe £m	Third-party managed £m	Other £m	Not allocated £m	**Total £m**
Balance sheet (proportional basis)								
Investment property	3,132.0	1,099.3	620.4	272.8	994.5	–	–	**6,119.0**
Investment property under development	137.7	3.3	–	–	12.6	–	–	**153.6**
Assets classified as held for sale	–	20.3	–	–	–	–	–	**20.3**
Trading property	1.4	608.5	20.9	–	–	–	–	**630.8**
Other financial assets	25.4	37.5	8.4	–	49.8	–	–	**121.1**
Total property assets	3,296.5	1,768.9	649.7	272.8	1,056.9	–	–	**7,044.8**
Net (debt)/cash	(638.5)	(722.6)	(182.6)	(124.2)	(425.4)	204.9	235.0	**(1,653.4)**
Deferred tax (liability)/asset	(466.6)	(75.2)	(16.2)	–	(33.0)	4.3	3.8	**(582.9)**
Other net (liabilities)/assets	(91.5)	(73.0)	0.5	55.8	4.3	(3.4)	(7.8)	**(115.1)**
Net assets	2,099.9	898.1	451.4	204.4	602.8	205.8	231.0	**4,693.4**

Notes to the Financial Statements

3 Segmental analysis continued

2022

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

Notes to the Financial Statements

3 Segmental analysis continued

2022

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

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.

	2023			2022		
	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	**242.0**	**162.1**	**404.1**	291.4	200.7	492.1
Property costs (excluding major refurbishments)	**(146.3)**	**(62.9)**	**(209.2)**	(153.5)	(91.4)	(244.9)
Net property income (before major refurbishments)	**95.7**	**99.2**	**194.9**	137.9	109.3	247.2
Administrative expenses	**(95.3)**	**(12.3)**	**(107.6)**	(117.8)	(14.9)	(132.7)
Impairment gain/(loss) on trade and other receivables, including contract assets	**0.1**	**–**	**0.1**	(7.3)	–	(7.3)
Net financing costs (excluding derivative fair value adjustments)	**(24.7)**	**(46.3)**	**(71.0)**	(33.6)	(31.8)	(65.4)
Revenue profit/(loss)	**(24.2)**	**40.6**	**16.4**	(20.8)	62.6	41.8
Reconciliation of revenue (loss)/profit to loss before tax:						
Revenue (loss)/profit	**(24.2)**	**40.6**	**16.4**	(20.8)	62.6	41.8
Joint ventures and associates:						
– Revenue profit	**–**	**(40.6)**	**(40.6)**	–	(62.6)	(62.6)
– Equity accounted profit	**–**	**(54.1)**	**(54.1)**	–	58.1	58.1
Net losses on revaluation and sale of investment properties	**(90.2)**	**–**	**(90.2)**	(55.5)	–	(55.5)
Major refurbishment costs	**(7.7)**	**–**	**(7.7)**	(6.9)	–	(6.9)
Net gains on other investments	**5.4**	**–**	**5.4**	36.9	–	36.9
Fair value realised from prior years related to structured development loans	**–**	**–**	**–**	(1.5)	–	(1.5)
Derivative fair value adjustments related to structured development loans	**(4.1)**	**–**	**(4.1)**	(1.8)	–	(1.8)
Derivative fair value adjustments	**(0.1)**	**–**	**(0.1)**	(0.1)	–	(0.1)
(Loss)/profit before tax	**(120.9)**	**(54.1)**	**(175.0)**	(49.7)	58.1	8.4

Notes to the Financial Statements

5 Revenue

	2023 £m	2022 £m
Gross lease payments receivable	**155.0**	158.2
Amortisation of lease incentives	**2.9**	(0.6)
Amortisation of deferred lease premiums	**9.5**	9.1
Gross rental income	**167.4**	166.7
Revenue from contracts with customers:		
Income from sale of trading and development properties	**14.6**	68.7
Service charge income	**27.8**	20.2
Expense recoveries	**10.8**	10.3
Other income	**21.4**	25.5
Revenue from contracts with customers	**74.6**	124.7
	242.0	291.4

Investment properties are leased out under operating leases. The majority of operating lease terms fall in the range between six months and twenty years.

Total contingent rents included in gross rental income amounted to £nil (2022: £nil).

Other income can be further analysed as follows:

	2023 £m	2022 £m
Fund management and asset management fees	**14.0**	14.5
Project management fees	**3.0**	2.6
Other income	**4.4**	8.4
	21.4	25.5

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	–	14.5	–	0.1	–	**14.6**
Service charge income	27.8	–	–	–	–	**27.8**
Expense recoveries	–	8.9	–	1.9	–	**10.8**
Fund management and asset management fees*	7.8	5.5	(0.1)	0.8	–	**14.0**
Project management fees	–	3.0	–	–	–	**3.0**
Other income	2.0	2.2	0.1	0.5	(0.4)	**4.4**
	37.6	34.1	–	3.3	(0.4)	**74.6**
Timing of revenue recognition						
At a point in time	0.9	14.5	–	0.1	–	**15.5**
Over time	36.7	19.6	–	3.2	(0.4)	**59.1**
	37.6	34.1	–	3.3	(0.4)	**74.6**

* Included within fund management and asset management fees are £1.6m (2022: £1.3m) of land development costs written-off.

Notes to the Financial Statements

6 Property costs

	2023 £m	2022 £m
Service charge expenses	**27.7**	20.0
Major refurbishment costs	**7.7**	6.9
Development costs	**5.1**	6.0
Carrying value of trading properties sold	**16.0**	66.4
(Reversal of)/provision for impairment of trading properties	**29.3**	(1.4)
Other property operating expenses	**68.2**	62.5
	154.0	160.4

Operating expenses associated with unlet properties totalled £0.6m (2022: £0.5m). The carrying value of trading properties sold includes £nil of capitalised interest (2022: £nil).

7 Administrative expenses

		2023 £m	2022 £m
Staff costs		**61.7**	95.0
Office costs		**14.5**	13.0
Auditor's remuneration	– audit services in relation to Financial Statements	**1.8**	2.1
	– other services	**0.1**	0.2
Other professional fees		**14.0**	12.6
Allocation of costs to Grosvenor Trusts		**(21.0)**	(20.7)
Other administrative expenses		**24.2**	15.6
		95.3	117.8

All of the Group's Operating Companies were audited by Deloitte LLP and other member firms of Deloitte Touche Tohmatsu Limited. £0.4m (2022: £0.4m) of the total audit fee is estimated to relate to the audit of the Group and £1.4m (2022: £1.7m) to the audit of the Group's subsidiaries. The Company's audit fees (£0.1m) were borne by another Group company (2022: £0.1m). Amounts paid to other accountancy firms for non-audit services in 2023 totalled £1.8m (2022: £1.8m).

Notes to the Financial Statements

8 Employee information

	2023 £m	2022 £m
Staff costs		
Wages and salaries	**59.9**	77.4
Social security contributions	**7.6**	6.2
Other staff costs	**5.8**	19.7
Pension costs		
Contributions to defined contribution plans	**4.2**	4.1
Net cost of defined benefit plans (Note 9)	**0.8**	5.4
	78.3	112.8
Included in:		
Administrative expenses	**61.7**	95.0
Property operating expenses	**16.6**	17.2
Development costs	**–**	0.6
	78.3	112.8

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	
	2023 number	2022 number	2023 number	2022 number
GPUK	**227**	226	**230**	233
GPA	**124**	119	**125**	117
GPAsia	**1**	14	**4**	34
GPEurope	**13**	27	**18**	36
GDPI	**15**	14	**15**	11
Group Team	**106**	111	**100**	113
	486	511	**492**	544

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 £4.2m (2022: £4.1m).

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 His 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 Internal Revenue Service (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 £1.8bn, 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 2023
Canada	31 December 2022

All the valuations have been updated to 31 December 2023 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 2022 and 2023 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 (2022: £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 18 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:

	2023 £m	2022 £m
Current service cost	**3.7**	6.4
Past service cost	**–**	0.1
Interest (income)/cost	**(3.0)**	(1.2)
Administrative expenses	**0.1**	0.1
	0.8	5.4

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

	2023 £m	2022 £m
Actuarial gains	**7.9**	84.1
	7.9	84.1

Within actuarial gains is a gain of £3.9m (2022: £5.3m gain) due to changes in demographic assumptions.

9 Retirement benefit schemes continued

The movement in the net defined benefit obligation is:

	2023 £m	2022 £m
1 January	**61.4**	(22.2)
Expense charged to income statement	**(0.8)**	(5.4)
Amount recognised in the statement of comprehensive income	**7.9**	84.1
Employer contributions	**3.1**	3.4
Benefit payments	**0.4**	0.4
Exchange movement	**(0.4)**	1.1
31 December	**71.6**	61.4

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

	2023 £m	2022 £m
Present value of unfunded obligations	**(18.6)**	(18.3)
Present value of funded obligations	**(218.7)**	(213.5)
Present value of total defined benefit obligations	**(237.3)**	(231.8)
Fair value of scheme assets	**308.9**	293.2
Defined benefit pension surplus	**71.6**	61.4

The net surplus arises in the following regions:

	2023 £m	2022 £m
UK	**83.4**	71.8
USA	**(8.0)**	(8.0)
Canada	**(3.8)**	(2.4)
	71.6	61.4

Movements in the present value of defined benefit obligations are:

	2023 £m	2022 £m
At 1 January	**231.8**	346.5
Current service cost	**3.7**	6.4
Past service cost	**–**	0.1
Interest cost	**10.6**	8.8
Actuarial losses/(gains) due to:		
Experience on benefit obligation	**5.0**	15.6
Changes in financial assumptions	**0.6**	(134.2)
Changes in demographic assumptions	**(3.9)**	(5.3)
Benefits paid	**(8.7)**	(8.9)
Exchange movements	**(1.8)**	2.8
At 31 December	**237.3**	231.8

Notes to the Financial Statements

9 Retirement benefit schemes continued

Analysis of the scheme liabilities:

	2023 £m	2022 £m
UK	**181.5**	177.5
USA	**20.6**	21.2
Canada	**35.2**	33.1
At 31 December	**237.3**	231.8

Movements in fair value of scheme assets were:

	2023 £m	2022 £m
At 1 January	**293.2**	324.3
Interest on plan assets	**13.6**	10.0
Actuarial return on plan assets less interest on plan assets	**9.6**	(39.8)
Contributions by the employer	**3.1**	3.4
Benefits paid	**(8.3)**	(8.5)
Administrative expenses	**(0.1)**	(0.1)
Exchange movements	**(2.2)**	3.9
At 31 December	**308.9**	293.2

Analysis of scheme assets:

	2023 £m	2022 £m
Equities	**59.2**	123.5
Corporate bonds	**46.2**	112.5
Multi-asset credit funds	**24.4**	23.3
Liability driven investments	**98.0**	–
Other	**81.1**	33.9
Fair value of plan assets	**308.9**	293.2

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:

2023

	UK	USA	Canada
Discount rate	**4.43%**	**4.75%**	**4.65%**
Expected rate of salary increase	**3.40%**	**n/a**	**3.50%**
Expected rate of future pension increase	**2.90%**	**2.75%**	**2.00%**
Inflation	**2.97%**	**2.75%**	**2.00%**

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%

	Male		Female	
	2023	2022	**2023**	2022
Life expectancy of a 65-year-old today				
UK	**23.1**	23.9	**25.6**	26.2
USA	**20.7**	20.6	**22.6**	22.6
Canada	**23.3**	27.7	**25.6**	30.3
Life expectancy of a 65-year-old in 20 years				
UK	**24.6**	25.5	**27.2**	27.8
USA	**22.2**	22.1	**24.1**	24.0
Canada	**23.8**	28.8	**26.3**	31.3

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	237.3	1.1
Approximate impact of:		
Increase in discount rate by 0.25%	(9.1)	(0.1)
Increase in inflation rate by 0.25%	9.1	0.1
Increase in life expectancy by one year at 65	8.1	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

	2023 £000	2022 £000
Aggregate remuneration:		
Emoluments	**3,154**	2,962
Long-term incentive scheme	**189**	568
	3,343	3,530

The total amounts of 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 £1,245,000 (2022: £1,200,000) and long-term incentive scheme amounts of £189,000 (2022: £485,000).

Retirement benefits accrued to one Director. The total annual accrued pension under the defined benefit pension schemes was £268,000 (2022: £249,000) and for the highest paid Director was £268,000 (2022: £249,000). Total contributions in respect of money purchase pension benefits were £nil (2022: £nil) and for the highest paid Director were £nil (2022: £nil).

11 Net gains on other investments

	2023 £m	2022 £m
Profit on disposal of trade investments/other fixed assets	**5.7**	37.7
	5.7	37.7

12 Net losses on revaluation and sale of investment property

	2023 £m	2022 £m
Valuation losses on investment property	**(102.9)**	(66.8)
Valuation losses on redevelopment properties	**(38.2)**	(47.3)
Net valuation losses on investment property	**(141.1)**	(114.1)
Profit on disposal of investment property	**50.9**	58.6
	(90.2)	(55.5)

Notes to the Financial Statements

13 Net financing costs

	2023 £m	2022 £m
Interest income	**26.2**	7.7
Other financial income	**4.5**	3.4
Financial income	**30.7**	11.1
Gross interest expense	**(57.9)**	(49.6)
Interest expense on lease liabilities	**(0.2)**	(0.4)
Interest capitalised	**13.6**	10.3
Commitment and other financing costs	**(11.2)**	(7.3)
Financial expenses	**(55.7)**	(47.0)
Fair value adjustments on interest rate swaps and foreign exchange contracts	**(0.1)**	(0.1)
Fair value adjustments on embedded derivatives related to structured development loans	**(4.1)**	(1.8)
Total fair value adjustments	**(4.2)**	(1.9)
Net financing costs	**(29.2)**	(37.8)

The average rate of interest capitalised in the year was 6.4% (2022: 5.4%).

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

	2023 £m	2022 £m
Current tax expense		
UK corporation tax at 23.5% (2022: 19.0%)	**17.0**	12.2
Overseas tax	**4.6**	22.5
Adjustment for prior years	**(6.8)**	(3.5)
	14.8	31.2
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	**(61.3)**	(36.0)
Effect of tax rate change	**(1.3)**	(9.1)
Adjustment for prior years	**2.3**	(11.2)
	(60.3)	(56.3)
Total income tax credit in the income statement	**(45.5)**	(25.1)

Deferred tax recognised in other comprehensive income

	2023 £m	2022 £m
Revaluation of property plant and equipment	**(3.3)**	9.4
Fair value adjustments on financial instruments treated as cash flow hedges	**(1.6)**	5.5
Actuarial gains on defined pension benefit schemes	**1.9**	21.0
	(3.0)	35.9
Reconciliation of tax		
(Loss)/profit on ordinary activities before taxation	**(175.0)**	8.4
Less: share of loss/(profit) of joint ventures	**54.1**	(58.1)
Add: (loss)/profit of joint ventures where the tax charge is directly attributable to the Group	**(50.4)**	51.1
Adjusted Group (loss)/profit before taxation	**(171.3)**	1.4
Tax on adjusted Group (loss)/profit at standard UK corporation tax rate of 23.5% (2022: 19.0%)	**(40.3)**	0.3
Effect of foreign tax rates	**(0.5)**	3.3
Expenses not deductible for tax purposes	**3.2**	–
Deferred tax not recognised	**(2.0)**	2.1
Adjustment in respect of prior years	**(0.7)**	(4.6)
Other adjustments	**1.0**	(2.0)
Total income tax credit in the income statement excluding exceptional items	**(39.3)**	(0.9)
Adjustment for prior years: deferred tax reclassified from income statement to other comprehensive income	**(3.8)**	(10.1)
FX gains recycled from translation reserve to income statement	**(1.1)**	(5.0)
Effect of tax rate change on deferred tax balance	**(1.3)**	(9.1)
Total income tax credit in the income statement	**(45.5)**	(25.1)

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 results across the business regions. The Group's results are comprised of realised profits / (losses), being net revenue and gains/(losses) on property disposals, and unrealised profits/(losses) on revaluations of investment properties. The Group accrues for the current tax (CT) that it pays to local governments on realised profits and gains and accrues deferred tax (DT) on unrealised profits/(losses) on investment properties not yet sold.

The UK CT rate increased to 25% on 1 April 2023 and a CT rate of 23.5%, being the blended UK corporation tax rate for the period, has been applied to the year ended 31 December 2023.

A DT rate of 25% has been applied to UK opening balances and movements in DT in the year ended 31 December 2023.

The 2023 total tax credit of £45.5m includes a CT charge of £14.8m, and a DT credit of £60.3m.

The CT charge of £14.8m is due to:

– CT on rental income and other revenues
– CT arising on investment property disposals during 2023
– The offset of interest expense previously disallowed under UK Corporate Interest Restriction rules
– The effect of foreign tax rates and withholding taxes on overseas profits.

The DT credit of £60.3m 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
– Prior year adjustments to deferred tax provisions.

The Group's share of joint ventures' and associates' tax charges of £2.0m (2022: £3.7m) 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 27 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.

		2023 £m	2022 £m
Investment property	– Group	**3,881.6**	3,831.6
	– Share of joint ventures and associates	**2,237.4**	2,387.3
Investment properties under development	– Group	**137.6**	317.6
	– Share of joint ventures and associates	**16.0**	18.2
Assets classified as held for sale	– Group	**20.3**	18.3
Trading properties	– Group	**494.7**	464.5
	– Share of joint ventures and associates	**136.1**	134.9
Other financial assets*		**121.1**	120.7
Total property assets		**7,044.8**	7,293.1

* 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			
	Freehold £m	Leasehold £m	Total £m	Freehold £m	Leasehold £m	Total £m	**Total £m**
At January 2022	1,139.0	3,068.4	4,207.4	115.0	118.6	233.6	**4,441.0**
Acquisitions	61.8	44.5	106.3	–	9.2	9.2	**115.5**
Costs capitalised	6.0	66.8	72.8	1.7	4.4	6.1	**78.9**
Disposals	(87.2)	(138.6)	(225.8)	(116.7)	–	(116.7)	**(342.5)**
Revaluation gains/(losses)	8.1	(74.9)	(66.8)	–	(47.3)	(47.3)	**(114.1)**
Transfer to development project	(25.8)	(206.9)	(232.7)	–	232.7	232.7	**–**
Transfer to assets held for sale	(18.3)	–	(18.3)	–	–	–	**(18.3)**
Transfer to trading properties	(67.2)	–	(67.2)	–	–	–	**(67.2)**
Exchange movements	59.6	(3.7)	55.9	–	–	–	**55.9**
At 31 December 2022	1,076.0	2,755.6	3,831.6	–	317.6	317.6	**4,149.2**
Acquisitions	15.8	17.1	32.9	–	–	–	**32.9**
Costs capitalised	11.5	71.9	83.4	–	25.4	25.4	**108.8**
Disposals	(5.4)	(89.0)	(94.4)	–	–	–	**(94.4)**
Revaluation losses	(98.4)	(4.5)	(102.9)	–	(38.2)	(38.2)	**(141.1)**
Transfer from development projects	–	167.2	167.2	–	(167.2)	(167.2)	**–**
Transfer to assets held for sale	(2.0)	–	(2.0)	–	–	–	**(2.0)**
Exchange movements	(34.2)	–	(34.2)	–	–	–	**(34.2)**
At 31 December 2023	963.3	2,918.3	3,881.6	–	137.6	137.6	**4,019.2**

Notes to the Financial Statements

16 Investment property continued

Investment properties were valued at 31 December 2023 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	**96.0**
	Long leasehold	CB Richard Ellis, Chartered Surveyors	**3,055.9**
GPA	Freehold	Altus Group, Research valuation and advisory	**685.5**
GPEurope	Freehold	Colliers International Consultancy and Valuation	**116.0**
	Freehold	CB Richard Ellis, Chartered Surveyors	**65.8**
			4,019.2

The historical cost of the Group's investment properties was £2,114.5m (2022: £2,238.7m).

The carrying value of investment properties includes capitalised interest of £4.0m (2022: £5.9m).

At 31 December 2023, investment properties with a carrying amount of £2,112.8m were pledged as security for bank loans (2022: £2,147.4m).

At 31 December 2023 the Group had investment properties with fair value of £17.1m (2022: £22.8m) under offer from third parties and were considered to be held for sale.

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 2023 fair value represents the highest and best use of the properties.

Notes to the Financial Statements

16 Investment property continued

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

Class of property	Fair value hierarchy	Valuation/FV 2023 £m	Valuation/FV 2022 £m	Valuation technique	Valuation inputs	Average property 2023	Average property 2022
GPUK – Office	Level 3	**1,440.0**	1,260.7	Investment method and market comparable method	Weighted average ERV psf	£80 psf	£72 psf
					ERV range psf	£20–£172 psf	£19–£189 psf
					Weighted average Eq yld	5.1%	4.8%
					Equivalent yield range	3.8%–8.4%	3.5%–7.7%
GPUK – Retail	Level 3	**809.7**	799.0	Investment method and market comparable method	Weighted average ERV psf	£58 psf	£56 psf
					ERV range psf	£5–£137 psf	£3–£131 psf
					Weighted average Eq yld	4.5%	4.2%
					Equivalent yield range	4.0%–6.8%	3.5%–6.5%
GPUK – Residential	Level 3	**745.6**	806.3	Investment method and market comparable method	Average revaluation capital value psf	£1,600 psf	£1,615 psf
					Capital value range psf	£1000–£3,400 psf	£1000–£3,260 psf
GPUK – Hotels	Level 3	**97.9**	96.4	Discounted cash flow method and market comparable method	Weighted average ERV psf	£47 psf	£46 psf
					ERV range psf	£46–£48 psf	£45–£47 psf
					Weighted average Eq yld	5.0%	4.8%
					Discount rate range	4.3%–6.0%	4.0%–5.8%
GPUK – Investment properties under development	Level 3	**162.4**	321.4	Residual approach	Average capital value psf	n/a	n/a
					ERV range psf	£35–£170 psf	£33–£158 psf
					Exit yield	4.4%	4.4%
GPA – Office	Level 3	**105.9**	123.3	Discounted cash flow	Weighted average capitalisation rate	6.6%	6.1%
					Weighted average discount rate	8.4%	7.0%
GPA – Retail	Level 3	**79.6**	119.0	Discounted cash flow	Weighted average capitalisation rate	6.3%	5.4%
					Weighted average discount rate	7.7%	6.9%
GPA – Residential	Level 3	**134.9**	173.9	Discounted cash flow	Weighted average capitalisation rate	5.5%	4.8%
					Weighted average discount rate	7.0%	6.1%
GPA – Industrial	Level 3	**365.1**	349.0	Discounted cash flow	Weighted average capitalisation rate	5.2%	5.0%
					Weighted average discount rate	6.2%	6.0%
GP Europe	Level 3	**181.8**	204.4	(Shopping centre) Investment method and market comparable method	Weighted average ERV psf	£22 psf	£24 psf
					ERV range psf	£11-£50 psf	£16-£73 psf
					Equivalent yield range	7.3%	7.2%
				(Office) Investment method and market comparable method	Weighted average reversionary yield	£19 psf	£20 psf
					ERV range psf	£19 psf	£20 psf
					Weighted average Eq yld	4.9%	4.4%
					Equivalent yield range	4.4%–5.7%	4.1%–5.1%
Total		**4,122.8**	4,253.4				

The table above includes owner occupied property of £103.6m (2022: £104.2m).

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 that 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.

In light of the recently published draft Leasehold & Freehold Reform Bill, uncertainty exists around what impact such legislation will have on the value of enfranchiseable residential leases and capitalised ground rents. As such CB Richard Ellis (CBRE) have issued their valuation report with a material valuation uncertainty declaration. The material certainty clause serves as a precaution and does not invalidate the valuation.

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	1,611.1	66.9	(66.6)	–	–	(76.3)	84.8	(2.1)	2.2	(6.9)	7.5
Retail	985.0	36.3	(36.3)	–	–	(45.8)	51.5	(1.9)	2.3	(6.0)	6.8
Residential	946.4	–	–	35.9	(35.9)	(14.0)	15.0	(3.7)	4.1	(10.1)	11.1
Industrial	365.1	–	–	–	–	–	–	(9.4)	13.2	(23.8)	29.0
Hotel	97.9	–	–	2.3	(2.1)	(6.7)	7.8	–	–	–	–
Total	**4,005.5**	**103.2**	**(102.9)**	**38.2**	**(38.0)**	**(142.8)**	**159.1**	**(17.1)**	**21.8**	**(46.8)**	**54.4**

* Total market value excludes £137.6m of investment properties under development but includes £103.6m of property classed in Other Property, Plant and Equipment and £20.3m of assets held for sale.

Notes to the Financial Statements

17 Other property, plant and equipment

2023

	Land and buildings £m	Leasehold improvements £m	Computer and IT equipment £m	Fixtures, fittings and motor vehicles £m	**Total £m**
Cost					
At 1 January 2023	104.2	13.7	37.0	16.9	**171.8**
Additions	0.1	–	1.1	0.8	**2.0**
Disposals	–	(0.9)	(0.2)	(2.7)	**(3.8)**
Revaluation losses	(0.7)	–	–	–	**(0.7)**
At 31 December 2023	103.6	12.8	37.9	15.0	**169.3**
Depreciation					
At 1 January 2023	–	(10.3)	(31.3)	(12.0)	**(53.6)**
Depreciation charge for the year	–	(0.8)	(1.8)	(2.0)	**(4.6)**
Disposals	–	1.0	0.2	2.6	**3.8**
At 31 December 2023	–	(10.1)	(32.9)	(11.4)	**(54.4)**
Carrying amount					
At 1 January 2023	104.2	3.4	5.7	4.9	**118.2**
At 31 December 2023	103.6	2.7	5.0	3.6	**114.9**

2022

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

The land and buildings above are long leasehold properties and were valued at 31 December 2023 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 2023 was £71.3m (2022: £71.3m).

The carrying value of the freehold land and buildings above includes capitalised interest of £nil (2022: £nil).

At 31 December 2023, land and buildings above with a carrying value of £nil were pledged as security for bank loans (2022: £nil).

18 Right-of-use of assets and lease liabilities

As of 1 January 2023, the Group had recognised £8.3m of right-of-use assets and £9.5m of lease liabilities.

	Right-of-use assets £m
At 1 January 2023	**8.3**
Additions	**–**
Depreciation of right-of-use assets	**(2.5)**
Disposals	**(0.2)**
Effects of movement in exchange rates	**(0.2)**
At 31 December 2023	**5.4**

	Lease liabilities £m
Current	**1.4**
Non-current	**5.4**
	6.8

	Right-of-use assets £m
At 1 January 2022	9.4
Additions	1.5
Depreciation of right-of-use assets	(3.1)
Disposals	(0.2)
Effects of movement in exchange rates	0.7
At 31 December 2022	8.3

	Lease liabilities £m
Current	2.5
Non-current	7.0
	9.5

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:

	2023 £m	2022 £m
Interest expense on lease liabilities	**0.2**	0.4
Expense relating to short-term leases	**0.1**	–
Expense relating to leases of low-value assets	**–**	0.1
Charged to the income statement	**0.3**	0.5

Maturity analysis

Maturity analysis – contractual undiscounted cash flows	2023 £m	2022 £m
Less than one year	**1.4**	1.8
Between one and five years	**4.0**	5.4
More than five years	**1.3**	1.5
Total undiscounted lease liabilities at 31 December	**6.7**	8.7

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

2023

	Proprietary assets – Direct				Proprietary assets – Indirect	
	GPUK £m	GPA £m	GP Asia £m	GP Europe £m	Third-party managed £m	**Total £m**
Share of profit from joint ventures and associates						
Revenue	9.4	39.9	31.9	7.6	73.3	**162.1**
Property costs	(3.4)	(20.4)	(11.4)	(1.8)	(25.9)	**(62.9)**
Net property income	6.0	19.5	20.5	5.8	47.4	**99.2**
Administrative expenses	(0.5)	(0.4)	(0.4)	(0.3)	(10.7)	**(12.3)**
Net financing costs	(4.0)	(8.1)	(10.4)	(1.3)	(22.5)	**(46.3)**
Revenue profit	1.5	11.0	9.7	4.2	14.2	**40.6**
Net (losses)/gains on revaluation and sale of investment properties	(4.4)	(87.0)	(9.3)	(16.2)	26.6	**(90.3)**
Net gains on other investments	–	–	1.9	–	–	**1.9**
Derivative fair value adjustments	–	(0.1)	(0.2)	–	(4.0)	**(4.3)**
(Loss)/profit before tax	(2.9)	(76.1)	2.1	(12.0)	36.8	**(52.1)**
Current tax	(0.3)	(0.6)	(0.1)	(0.2)	(0.3)	**(1.5)**
Deferred tax	–	–	(1.6)	1.1	–	**(0.5)**
	(3.2)	(76.7)	0.4	(11.1)	36.5	**(54.1)**
Share of assets and liabilities						
Non-current assets						
– investment properties	117.8	413.7	620.4	91.0	994.5	**2,237.4**
– investment properties under development	–	3.4	–	–	12.6	**16.0**
– other	1.1	–	0.1	0.1	0.2	**1.5**
Current assets						
– cash	8.4	7.0	34.4	7.3	15.5	**72.6**
– trading properties	1.6	113.5	21.0	–	–	**136.1**
– other	13.9	19.1	20.5	2.2	28.4	**84.1**
Non-current liabilities	(69.8)	(252.1)	(245.6)	(107.7)	(440.8)	**(1,116.0)**
Current liabilities	(21.3)	(22.0)	(53.3)	(2.9)	(24.4)	**(123.9)**
Net assets	51.7	282.6	397.5	(10.0)	586.0	**1,307.8**
Borrowings included in liabilities	(69.7)	(259.2)	(231.8)	(107.8)	(440.9)	**(1,109.4)**

Notes to the Financial Statements

19(a) Investments in joint ventures and associates continued

2022

	Proprietary assets – Direct				Proprietary assets – Indirect		
	GPUK £m	GP America £m	GP Asia £m	GP Europe £	Sierra Sonae £m	Third-party managed £m	Total £m
Share of profit from joint ventures							
Revenue	14.5	61.7	35.4	23.9	19.9	45.3	200.7
Property costs	(4.1)	(36.3)	(13.3)	(17.2)	(5.0)	(15.5)	(91.4)
Net property income	10.4	25.4	22.1	6.7	14.9	29.8	109.3
Administrative expenses	(0.5)	(0.3)	(0.4)	(0.4)	(7.6)	(5.7)	(14.9)
Net financing costs	(2.6)	(7.7)	(8.5)	(1.2)	(2.0)	(9.8)	(31.8)
Revenue profit/(loss)	7.3	17.4	13.2	5.1	5.3	14.3	62.6
Net (losses)/gains on revaluation and sale of investment properties	(3.6)	(16.6)	(11.1)	(3.8)	(0.8)	28.6	(7.3)
Derivative fair value adjustments	–	0.3	0.3	–	–	5.9	6.5
Profit/(loss) before tax	3.7	1.1	2.4	1.3	4.5	48.8	61.8
Current tax	(0.1)	0.3	(1.0)	(1.4)	(1.1)	–	(3.3)
Deferred tax	–	–	(0.6)	0.1	0.1	–	(0.4)
	3.6	1.4	0.8	(0.0)	3.5	48.8	58.1
Share of assets and liabilities							
Non current assets							
– investment properties	119.7	524.9	678.6	107.6	115.3	841.2	2,387.3
– investment properties under development	–	5.6	–	–	4.6	8.0	18.2
– other	1.1	–	0.1	0.1	4.2	–	5.5
Current assets							
– cash	10.8	8.0	34.8	5.6	18.3	24.8	102.3
– trading properties	2.1	106.3	26.1	0.4	–	–	134.9
– other	17.9	8.7	46.9	6.5	11.0	11.8	102.8
Non-current liabilities	(68.7)	(254.1)	(273.5)	(111.1)	(70.1)	(370.9)	(1,148.4)
Current liabilities	(25.5)	(25.5)	(84.3)	(3.8)	(11.7)	(28.1)	(178.9)
Net assets	57.4	373.3	428.7	5.3	71.6	486.8	1,423.7
Borrowings included in liabilities	(68.6)	(262.2)	(263.3)	(110.6)	(51.9)	(369.5)	(1,126.1)

* Grosvenor owned a 10% stake in Sonae Sierra 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), Sonae Sierra's results have been incorporated on a proportionate share of its underlying investments.

19(b) Investments in joint ventures and associates

On 15 March 2023, the Group disposed of its final 10% shareholding in its associate, Sonae Sierra. The carrying value of the investment at the disposal date was £75.3m, with proceeds received of £78.0m resulting in a profit on disposal of £2.7m. The Group's share of profit for 2023 up to the date of disposal was £1.3m, this is included within third party managed in note 19(a). For the year ended 31 December 2022, the Group's share of Sonae Sierra's profit for the year was £3.5m, and its share of net assets at 31 December 2022 was £71.6m.

19(c) Investments in joint ventures and associates

At 31 December 2023, 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
Grosvenor Property UK				
GC Bankside LLP	Property development	England and Wales	50.0	1.8
Grosvenor Liverpool Fund	Property investment	England and Wales	23.0	51.5
Other	Property development	England and Wales	50.0	(0.8)
Grosvenor Property Americas				
Joint ventures with BBCAF Inc	Property investment	United States of America	50.0/25.0	172.4
Joint ventures with the Getty Family Trust	Property investment	United States of America	50.0	11.6
GEMOA Inc	Property investment	United States of America	20.0	11.8
Joint ventures with PSP and A TRF	Property investment	United States of America	20.0	0.1
Hoffman and True North Three LP	Property development	United States of America	26.7	7.0
Joint venture with Leo Montis	Property investment	Canada	10.0	2.7
Joint venture with ADMNS	Property investment	Canada	50.0/20.0	39.1
Joint venture with Citimark	Property development	Canada	49.0	5.5
Joint venture with MG and Transca	Property development	Canada	25.0	32.4
Grosvenor Property Asia				
Richly Leader Limited*	Property investment	Hong Kong	50.0	278.3
Imperial Time Limited*	Property development	Hong Kong	20.0	7.1
Nanjing Maoxu Investment Co. Limited	Property investment	China	50.0	90.8
Grosvenor Park Partners Limited	Property development	Cayman Islands	42.9	10.5
GPT Tokutei Motuteki Kaisya	Property development	Japan	67.8	11.9
Fortune Joy Properties Limited	Property investment	Hong Kong	50.0	(1.3)
Other	Property investment	Hong Kong	50.0	0.2

* 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
Grosvenor Property Europe				
Grosvenor London Office Fund*	Property investment	England and Wales	12.9	0.0
Grosvenor Retail European Properties	Property investment	Luxembourg	14.0	0.2
Grosvenor European Retail Partnership	Property investment	Luxembourg	5.0	0.1
Retail Centres V (Sweden) Limited Partnership	Property investment	England and Wales	20.2	(16.0)
Urban Value add 1 Spain	Property investment	Spain	50.0	0.3
Madrid Office JV	Property investment	Spain	50.0	1.7
Paris Office JV	Property investment	Paris	50.0	2.6
Diversified Property Investments				
Australian Diversified Healthcare Fund	Property investment	Australia	50.0	0.0
Stockdale Parking, LLC	Property investment	United States of America	90.0	3.3
Polish Logistics (UK) LLP	Property investment	England and Wales	99.0	138.8
AGP JV LLC	Property investment	United States of America	99.0	96.1
Brazilian Student Housing JV LLC	Property investment	United States of America	80.0	62.4
MP Fund III Platform JV, LLC	Property investment	United States of America	50.0	36.6
Gateway Capital Industrial Partnership	Property investment	Australia	97.0	56.3
GINCOP Investment Partnership	Property investment	Australia	79.2	4.2
BOF III Platform JV, LLC	Property investment	United States of America	95.0	81.4
FHRG Investments LLC	Property investment	United States of America	98.5	105.3
Uliving Holdings S.A.	Property management	Brazil	40.0	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

There have been no significant events affecting the Group since 31 December 2023.

Notes to the Financial Statements

20 Other financial assets

	2023 £m	2022 £m
Non-current assets		
Equity shares	**15.2**	12.2
Structured development loans	**21.5**	40.8
Other financial assets	**54.4**	70.6
	91.1	123.6
Current assets		
Structured development loans	**16.1**	3.8
Other financial assets	**20.6**	–
	36.7	3.8
	127.8	127.4

Included in the above are property-related financial assets of £121.1m (2022: £120.7m).

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

2023

	Goodwill £m	Other intangible assets £m	**Total £m**
Cost			
At 1 January 2023	2.7	0.2	**2.9**
Additions	–	0.9	**0.9**
Disposals	(2.5)	(0.1)	**(2.6)**
At 31 December 2023	0.2	1.0	**1.2**
Amortisation/impairment			
At 1 January 2023	–	–	**–**
Amortisation	–	–	**–**
At 31 December 2023	–	–	**–**
Carrying amount			
At 1 January 2023	2.7	0.2	**2.9**
At 31 December 2023	0.2	1.0	**1.2**

2022

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

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 the final 10% stake in Sonae Sierra in 2023.

Other intangible assets relate to carbon credits acquired during the year. Carbon credits are disposed of as and when the certificates are retired.

Notes to the Financial Statements

22 Trade and other receivables

	2023 £m	2022 £m
Current receivables		
Trade receivables	**37.6**	47.6
Expected credit loss allowance	**(4.9)**	(8.3)
	32.7	39.3
Receivables due from joint ventures	**16.4**	17.7
Other receivables	**29.9**	27.2
Prepayments	**22.1**	5.8
Accrued income	**6.5**	6.0
	107.6	96.0
Non-current receivables		
Receivables due from joint ventures	**63.9**	71.6
	63.9	71.6
	171.5	167.6

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.

23 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

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

	2023			2022		
	Assets £m	**Liabilities £m**	**Net £m**	Assets £m	Liabilities £m	Net £m
Investment property – contingent gains	**–**	**(638.3)**	**(638.3)**	–	(707.8)	(707.8)
Investment property – deferred gains	**50.6**	**–**	**50.6**	47.4	–	47.4
Other property, plant and equipment	**–**	**(20.1)**	**(20.1)**	–	(12.8)	(12.8)
Interest-bearing loans and borrowings	**–**	**(2.5)**	**(2.5)**	–	(5.2)	(5.2)
Employee benefits	**–**	**(11.9)**	**(11.9)**	–	(7.4)	(7.4)
Tax value and loss carry-forwards recognised	**10.0**	**–**	**10.0**	2.4	–	2.4
Tax assets/(liabilities)	**60.6**	**(672.8)**	**(612.2)**	49.8	(733.2)	(683.4)

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 2023, the total of these temporary differences was £692.9m (2022: £839.8m) and the potential tax effect was £34.6m (2022: £42.0m), accruing principally as a result of potential dividend withholding taxes levied by overseas tax jurisdictions.

Unrecognised deferred tax assets

	2023 £m	2022 £m
Tax losses	**84.2**	91.8

Movement in temporary differences during the year

	Balance at 1 January 2023 £m	Recognised in income £m	Recognised in equity £m	Exchange movement £m	**Balance at 31 December 2023 £m**
Investment property – contingent gains	(707.8)	58.1	3.3	8.1	**(638.3)**
Investment property – deferred gains	47.4	3.2	–	–	**50.6**
Other property, plant and equipment	(12.8)	(7.3)	–	–	**(20.1)**
Interest-bearing loans and borrowings	(5.2)	0.9	1.6	0.2	**(2.5)**
Employee benefits	(7.4)	(2.4)	(1.9)	(0.2)	**(11.9)**
Tax value and loss carry-forwards recognised	2.4	7.8	–	(0.2)	**10.0**
Tax assets/(liabilities)	**(683.4)**	**60.3**	**3.0**	**7.9**	**(612.2)**

Notes to the Financial Statements

24 Trading properties

	2023 £m	2022 £m
At 1 January	**464.5**	382.5
Additions	**87.9**	114.7
Capitalised interest	**9.6**	5.2
Disposals	**(17.9)**	(130.0)
(Provision for)/reversal of impairment	**(29.3)**	1.4
Transfer from investment properties	**–**	67.2
Exchange movements	**(20.1)**	23.5
	494.7	464.5

At 31 December 2023, trading properties with a carrying value of £108.1m were pledged as security for bank loans (2022: £61.1m).

25 Assets classified as held for sale

	2023 £m	2022 £m
Investment property	**20.3**	18.3
	20.3	18.3

At 31 December 2023, 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

	2023 £m	2022 £m
Bank balances	**93.9**	351.0
Cash deposits	**463.7**	395.8
Cash and cash equivalents	**557.6**	746.8
Cash and cash equivalents in the statement of cash flows	**557.6**	746.8

The amount of cash and cash equivalents not available for use by the Group totals £48.7m (2022: £48.1m), of which £0.1m (2022: £0.5m) has been pledged as collateral.

Notes to the Financial Statements

27 Interest-bearing loans and borrowings

	2023 £m	2022 £m
Non-current liabilities		
Secured bank loans	**374.2**	331.9
Secured bond issues	**250.5**	250.6
Unsecured bond issues	**555.0**	555.0
Deferred finance costs	**(5.6)**	(7.4)
Currency swaps	**–**	0.1
	1,174.1	1,130.2

The secured bank loans and secured bonds are secured over investment properties with a carrying value of £2,089.4m (2022: £2,147.4m) and trading properties with a carrying value of £108.1m (2022: £61.1m). Included in secured bond issues is £0.5m (2022: £0.7m) of 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 Note 34 and the Statement of changes in equity.

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 13.3% (2022: 7.8%); while gearing on an economic basis is 35.6% (2022: 29.8%).

Categories of financial instruments and their fair values

2023

	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
Financial assets:						
Equity shares		–	–	15.2	**15.2**	**15.2**
Structured development loans (current and non-current)	8.8	–	37.6	–	**37.6**	**37.6**
Other financial assets	8.0	20.6	–	47.8	**68.4**	**68.4**
Trade and other receivables		62.6	–	–	**62.6**	**62.6**
Loans to joint ventures	4.5	80.2	–	–	**80.2**	**80.2**
Cash and cash equivalents	4.3	557.6	–	–	**557.6**	**557.6**
Total financial assets		721.0	37.6	63.0	**821.6**	**821.6**

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**
Financial liabilities:				
Fixed rate loans				
Sterling secured bond 2026	6.5	(200.5)	**(200.5)**	**(211.0)**
Sterling secured mortgage 2034	10.4	(50.0)	**(50.0)**	**(72.7)**
Sterling unsecured bond 2032	3.2	(150.0)	**(150.0)**	**(133.3)**
Sterling unsecured bond 2028	2.8	(100.0)	**(100.0)**	**(92.1)**
Sterling unsecured bond 2031	5.6	(95.0)	**(95.0)**	**(100.5)**
Sterling unsecured bond 2033	3.0	(105.0)	**(105.0)**	**(89.2)**
Sterling unsecured bond 2037	5.0	(30.0)	**(30.0)**	**(29.5)**
Sterling unsecured bond 2040	3.1	(45.0)	**(45.0)**	**(34.0)**
Sterling unsecured bond 2041	6.1	(30.0)	**(30.0)**	**(32.8)**
Canadian Dollars	3.0	(34.8)	**(34.8)**	**(34.8)**
Euros	1.4	(21.7)	**(21.7)**	**(22.3)**
Total fixed rate loans		(862.0)	**(862.0)**	**(852.2)**
Floating rate loans fixed through interest rate swaps				
US Dollars	4.3	(162.2)	**(162.2)**	**(162.2)**
Canadian Dollars	4.0	(4.7)	**(4.7)**	**(4.7)**
Euros	4.6	(30.9)	**(30.9)**	**(30.9)**
Total floating rate loans fixed through interest rate swaps		(197.8)	**(197.8)**	**(197.8)**
Floating rate loans				
US Dollars	5.8	(68.6)	**(68.6)**	**(68.6)**
Canadian Dollars	8.0	(59.4)	**(59.4)**	**(59.4)**
Total floating rate loans		(128.0)	**(128.0)**	**(128.0)**
Lease liabilities	4.6	(6.8)	**(6.8)**	**(6.8)**
Deferred finance costs		6.1	**6.1**	**6.1**
Trade and other payables		(111.9)	**(111.9)**	**(119.5)**
Total financial liabilities		(1,300.4)	**(1,300.4)**	**(1,298.2)**

28 Financial instruments continued

	At fair value through profit and loss £m	**Total carrying amount £m**	**Fair value £m**
Derivatives			
Interest rate swaps			
US Dollars	6.4	**6.4**	**6.4**
Euros	1.3	**1.3**	**1.3**
Total interest rate swaps	7.7	**7.7**	**7.7**
Currency swaps			
Canadian Dollars & US Dollars	–	**–**	**–**
Total currency swaps	–	**–**	**–**
Total derivatives	7.7	**7.7**	**7.7**

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.

	2023			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through other comprehensive income				
Equity shares	**15.2**	**–**	**–**	**15.2**
Other	**–**	**–**	**47.8**	**47.8**
Financial assets at fair value through profit and loss				
Structured development loans	**–**	**–**	**37.6**	**37.6**
Other	**–**	**–**	**20.6**	**20.6**
Total financial assets	**15.2**	**–**	**106.0**	**121.2**
Financial liabilities at fair value				
Derivatives	**–**	**7.7**	**–**	**7.7**
Total financial liabilities	**–**	**7.7**	**–**	**7.7**

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.

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
Financial assets:						
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
Total financial assets		902.6	44.6	76.0	1,023.2	1,023.2

28 Financial instruments continued

	Effective interest rate %	Financial liabilities at amortised cost £m	Total carrying amount £m	Fair value £m
Financial liabilities:				
Fixed rate loans				
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	1.5	(21.7)	(21.7)	(21.7)
Total fixed rate loans		(862.5)	(862.5)	(835.8)
Floating rate loans fixed through interest rate swaps				
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)
Total floating rate loans fixed through interest rate swaps		(150.6)	(150.6)	(150.6)
Floating rate loans				
US Dollars	5.9	(76.7)	(76.7)	(76.7)
Canadian Dollars	4.4	(61.1)	(61.1)	(61.0)
Total floating rate loans		(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)
Total financial liabilities		(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
Derivatives			
Interest rate swaps			
US Dollars	10.5	10.5	10.5
Canadian Dollars	1.9	1.9	1.9
Total interest rate swaps	12.4	12.4	12.4
Currency swaps			
Euros	0.1	0.1	0.1
Total currency swaps	0.1	0.1	0.1
Total derivatives	12.5	12.5	12.5

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
Financial assets at fair value through other comprehensive income				
Equity shares	12.2	–	–	12.2
Other	–	–	63.8	63.8
Financial assets at fair value through profit and loss				
Structured development loans	–	–	44.6	44.6
Total financial assets	12.2	–	108.4	120.6
Financial liabilities at fair value				
Derivatives	–	12.5	–	12.5
Total financial liabilities	–	12.5	–	12.5

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 co-operation 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 2023 was 5.2% (2022: 4.1%).

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:

		2023 £m	2022 £m
Increase in results for the year	– interest	**2.0**	3.5
	– mark to market of interest rate swaps	**2.3**	0.1
	– tax charge	**(1.0)**	(0.7)
Total impact on profit and equity		**3.3**	2.9

Similarly, if interest rates had been 0.5% lower, then Group profit and equity would have decreased by £3.3m (2022: £2.9m).

As part of the Group's interest rate risk management, interest rate swaps exchanging floating for fixed interest with a notional principal of £144.1m (2022: 119.3m) and a fair value liability of £6.9m (2022: £7.9m liability) were designated for cash flow hedge accounting at 31 December 2023. 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 £1.5m (2022: increase/decrease by £1.2m) 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:

2023	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
Financial assets at amortised cost							
Trade and other receivables	22	N/A	Low risk	12m ECL	96.1	(4.9)	91.2
Loans to joint ventures	22	N/A	Low risk	12m ECL	80.3	–	80.3
Cash and cash equivalents	26	Refer to Note 28	Low risk	12m ECL	557.6	–	557.6

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 2023 £m	Total cash and cash equivalents at 31 December 2022 £m
AAA	**182.1**	353.6
AA–	**0.6**	37.9
A+	**248.7**	181.9
A	**113.8**	138.3
A–	**12.2**	34.9
BBB+	**0.2**	0.2
	557.6	746.8

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 £32.7m net of ECL allowances of £4.9m (2022: £39.3m net of ECL allowances of £8.3m) of which £7.6m was outstanding at 1 March 2024 (1 March 2023: £6.8m).

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	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Expiring in less than one year	**–**	88.7	**–**	–
Expiring from one to two years	**7.1**	5.0	**3.9**	–
Expiring from two to five years	**662.4**	329.2	**1,191.7**	1,262.1
Expiring after more than five years	**504.5**	707.1	**–**	–
Total	**1,174.0**	1,130.0	**1,195.6**	1,262.1

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:

2023

	Fixed rate loans £m	Floating rate loans £m	Finance lease liabilities £m	Other £m	**Total £m**
Due within one year	51.7	17.6	2.3	104.8	**176.4**
From one to two years	58.7	12.5	2.3	7.1	**80.7**
From two to three years	331.5	128.2	2.2	–	**461.9**
From three to four years	53.2	41.6	1.5	–	**96.3**
From four to five years	213.8	24.4	1.0	–	**239.2**
After five years	630.3	–	87.8	–	**718.0**
	1,339.3	224.3	97.0	111.9	**1,772.6**

Notes to the Financial Statements

28 Financial instruments continued

2022

	Fixed rate loans £m	Floating rate loans £m	Finance 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

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

	2023		2022	
	Payable £m	**Receivable £m**	Payable £m	Receivable £m
Due within one year	**(162.0)**	**160.8**	(84.4)	81.8
From one to two years	**(5.5)**	**3.2**	(6.2)	3.7
From two to three years	**(54.1)**	**53.2**	(5.0)	2.5
From three to four years	**(0.6)**	**0.8**	(2.5)	1.8
From four to five years	**(21.6)**	**21.7**	(0.7)	0.8
After five years	**–**	**–**	(0.3)	0.4
	(243.8)	**239.7**	(99.1)	91.0

29 Trade and other payables

	2023 £m	2022 £m
Current liabilities		
Trade payables	**32.0**	30.1
Other payables	**72.8**	98.6
Accrued expenses	**59.5**	59.6
Deferred income	**40.7**	49.5
	205.0	237.8
Non-current liabilities		
Payables due to joint ventures	**–**	–
Other payables	**7.1**	13.5
Deferred income	**197.9**	174.1
	205.0	187.6
	410.0	425.4

Deferred income includes £202.2m in respect of deferred lease premium profits (2022: £189.4m).

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

Notes to the Financial Statements

30 Provisions

Development loss provision

	2023 £m	2022 £m
Current liabilities		
At 1 January	**35.7**	–
Recognised in the year	**4.3**	–
Reclassified in the year	**–**	35.7
Utilised in the year	**(35.7)**	–
At 31 December	**4.3**	35.7
Non-current liabilities		
At 1 January	**1.6**	35.8
Released in the year	**(1.6)**	1.5
Reclassified in the year	**–**	(35.7)
At 31 December	**–**	1.6
	4.3	37.3

The provision utilised in the year related to a land payment arising on acquisition of the 65 Davies Street asset. The consideration became payable on completion of the agreed development in October 2023.

31 Operating lease commitments

Leases as lessee

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

	2023 £m	2022 £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:

	2023 £m	2022 £m
Less than one year	**–**	0.1
Between one and five years	**–**	–
	–	0.1

Leases as lessor

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

	2023 £m	2022 £m
Less than one year	**106.2**	109.0
Between one and five years	**279.7**	268.6
More than five years	**618.7**	939.0
	1,004.6	1,316.6

32 Capital commitments

	2023 £m	2022 £m
Investment properties contracted but not provided	**45.7**	35.0
Undrawn loan facilities provided to residential developers	**96.8**	–
Development properties contracted but not provided	**47.9**	140.2
Investment in funds	**68.8**	54.4
	259.2	175.2

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

Loan facilities amounts relate to the amount of the available facilities granted to residential developers which remains undrawn at the year end.

Included in the above is the Group's share of joint venture and associate capital commitments of £1.8m (2022: £0.1m) relating to development properties.

33 Contingent liabilities

The enactment of the Building Safety Act 2022 in April 2022 extended the period of liability under the Defective Premises Act to 30 years for buildings constructed between 1992 and 2022, and 15 years for buildings constructed from 2022 onwards. 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 has been assessed and no liabilities have been identified. Additionally, GPUK has signed the Government's Developers' Self-Remediation Contract, which obliges GPUK to remediate, procure remediation of, or fund remediation costs associated with residential buildings 11 metres or over that it 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 are making appropriate provisions when they become probable and there is 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	2023 £m	Authorised number of shares	2022 £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**	207,572,784	207.6
	218,942,538	**219.0**	218,942,538	219.0

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' preferences 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.

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

	2023 £m	2022 £m
Operating activities		
Profit from operations including share of profit from joint ventures and associates	**(145.8)**	46.2
Adjustments for:		
Depreciation	**7.1**	8.7
Amortisation of capitalised lease incentives	**(2.9)**	0.6
Amortisation of deferred lease premiums	**(9.5)**	(9.1)
Recognition of income from operating lease incentives	**0.5**	0.5
Uplift on trading properties completed and transferred to investment property	**(0.1)**	–
Net gains on other investments	**(5.7)**	(37.7)
Net gains on revaluation and sale of investment property	**90.2**	55.5
Share of profit/(loss) from joint ventures and associates	**54.1**	(58.1)
Impairment (loss)/gain on trade and other receivables, including contract assets	**(0.1)**	7.3
Operating profit/(loss) before changes in working capital and provisions	**(12.2)**	13.9

(b) Analysis of net debt

	1 January 2023 £m	Cash flow £m	Other non-cash movements £m	Exchange £m	31 December 2023 £m
Cash at bank and in hand	351.0	(252.7)	–	**(4.4)**	**93.9**
Short-term deposits and short-term liquidity investments	395.8	68.1	–	**(0.2)**	**463.7**
Cash and cash equivalents	746.8	(184.6)	–	**(4.6)**	**557.6**
Borrowings due within one year	–	–	–	**–**	**–**
Borrowings due after more than one year	(1,130.1)	(50.2)	(7.3)	**13.5**	**(1,174.1)**
Total borrowings	(1,130.1)	(50.2)	(7.3)	**13.5**	**(1,174.1)**
Net debt	(383.3)	(234.8)	(7.3)	**8.9**	**(616.5)**

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

Notes to the Financial Statements

36 Non-controlling Interests

The Group consists of a parent company, Grosvenor Limited, incorporated in the United Kingdom, and a number of subsidiaries and associates held directly and indirectly by the Group, which operate and are incorporated in the United Kingdom. Note 2 of the Company's separate Financial Statements lists details of the interest in subsidiaries.

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:

South Molton LP	**2023 £m**	2022 £m
Non-current assets	**120.6**	126.5
Current assets	**10.3**	2.9
Current liabilities	**(3.2)**	(1.6)
Net assets	**127.7**	127.8
Equity attributable to owners of the Company	**65.1**	65.2
Non-controlling interests	**62.6**	62.6
Total Equity	**127.7**	127.8

South Molton LP	**2023 £m**	22 September 2022 to 31 December 2022 £m
Revenue	**0.1**	0.4
Expenditure	**(0.4)**	(0.2)
Revaluation of Investment Property	**(32.8)**	(47.3)
Loss before tax for the period	**(33.1)**	(47.1)
Deferred tax credit	**8.2**	11.8
Loss after tax	**(24.9)**	(35.3)
Loss attributable to owners of the Company	**(12.7)**	(18.0)
Loss attributable to the non-controlling interests	**(12.2)**	(17.3)

Included within Total Equity in the consolidated balance sheet are net liabilities of £0.4m relating to further immaterial non-controlling interests (2022: £0.5m).

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 2023, the Group entered into the following transactions with the Grosvenor Trusts and members of the Grosvenor family:

	2023 £m	2022 £m
Rent and service charge income	**0.5**	0.4
Rent and service charge expense	**(1.0)**	(1.4)
Development management fees	**1.8**	1.5
Management and administration fees	**20.3**	20.0

During 2023, the Group entered into the following transactions with other related parties:

	2023 £m	2022 £m
Development and asset management fees received from joint ventures	**–**	0.1
Fees received from joint ventures	**1.7**	2.1
Fees paid to joint ventures	**0.8**	(0.4)
Insurance premiums payable by a company related by common control	**(16.8)**	(12.2)

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

	2023 £m	2022 £m
Amounts due from joint ventures	**80.2**	89.3
Amounts due from a related company	**0.8**	1.9

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

Consolidated income statement presented in US Dollars

for the year ended 31 December 2023 (Unaudited)

	2023 $m	2022 $m
Revenue	**301.9**	358.6
Property costs	**(192.1)**	(197.4)
Net property income	**109.8**	161.2
Administrative expenses	**(118.9)**	(144.9)
Net gains/(losses) on other investments	**7.1**	46.4
Net (losses)gains on revaluation and sale of investment property	**(112.5)**	(68.3)
Impairment profit/(loss) on trade and other receivables, including contract assets	**0.1**	(9.0)
Share of profit from joint ventures	**(67.5)**	71.5
Gain from operations including share of joint ventures	**(181.9)**	56.9
Financial income	**38.3**	13.7
Financial expenses	**(69.5)**	(57.9)
Fair value adjustments	**(5.2)**	(2.3)
Net financing costs	**(36.4)**	(46.5)
Profit before tax	**(218.3)**	10.4
Current tax expense	**(18.5)**	(38.4)
Deferred tax credit/(expense)	**75.2**	69.3
Profit for the year	**(161.6)**	41.3
Attributable to:		
Equity holders of the parent	**(146.4)**	69.7
Non-controlling interests	**(15.2)**	(28.4)
Profit for the year	**(161.6)**	41.3

Consolidated balance sheet presented in US Dollars

As at 31 December 2023 (Unaudited)

	Group 2023 $m	Group 2022 $m
Assets		
Non-current assets		
Investment property	**5,128.1**	5,018.1
Other property, plant and equipment	**146.6**	142.9
Right-of-use assets	**6.9**	10.0
Investments in joint ventures	**1,668.6**	1,721.7
Other financial assets	**116.2**	149.4
Intangible assets	**1.6**	3.5
Trade and other receivables	**81.4**	86.6
Employee benefits	**91.5**	74.3
Deferred tax assets	**77.3**	60.5
Total non-current assets	**7,318.2**	7,267.0
Current assets		
Trading properties	**631.2**	561.7
Assets classified as held for sale	**25.9**	22.1
Trade and other receivables	**137.3**	116.2
Other financial assets	**46.8**	4.6
Income tax receivable	**11.3**	9.8
Cash and cash equivalents	**711.4**	903.2
Total current assets	**1,563.9**	1,617.6
TOTAL ASSETS	**8,882.1**	8,884.6
LIABILITIES		
Non-current liabilities		
Interest-bearing loans and borrowings	**(1,498.0)**	(1,366.8)
Lease liabilities	**(6.9)**	(8.5)
Trade and other payables	**(261.6)**	(226.9)
Deferred tax liabilities	**(858.4)**	(886.8)
Provisions	**–**	(1.9)
Total non-current liabilities	**(2,624.9)**	(2,490.9)
Current liabilities		
Lease liabilities	**(1.8)**	(3.0)
Trade and other payables	**(261.6)**	(287.6)
Income tax payable	**–**	(27.5)
Provisions	**(5.5)**	(43.2)
Total current liabilities	**(268.9)**	(361.3)
TOTAL LIABILITIES	**(2,893.8)**	(2,852.2)
NET ASSETS	**5,988.3**	6,032.4
Equity		
Share capital	**279.4**	264.9
Reserves	**659.6**	785.5
Retained earnings	**4,969.9**	4,906.9
Shareholders’ funds	**5,908.9**	5,957.3
Non-controlling interests	**79.4**	75.1
TOTAL EQUITY	**5,988.3**	6,032.4

Consolidated income statement presented in Euros

for the year ended 31 December 2023 (Unaudited)

	2023 €m	2022 €m
Revenue	**278.9**	341.0
Property costs	**(177.5)**	(187.7)
Net property income	**101.4**	153.3
Administrative expenses	**(109.7)**	(138.0)
Net gains on other investments	**6.6**	44.1
Net (losses)/gains on revaluation and sale of investment property	**(104.0)**	(64.9)
Impairment profit/(loss) on trade and other receivables, including contract assets	**0.1**	(8.5)
Share of profit from joint ventures	**(62.4)**	68.0
Gain from operations including share of joint ventures	**(168.0)**	54.0
Financial income	**35.4**	13.0
Financial expenses	**(64.2)**	(55.0)
Fair value adjustments	**(4.9)**	(2.2)
Net financing costs	**(33.7)**	(44.2)
Profit before tax	**(201.7)**	9.8
Current tax expense	**(17.1)**	(36.5)
Deferred tax credit/(expense)	**69.5**	65.9
Profit for the year	**(149.3)**	39.2
Attributable to:		
Equity holders of the parent	**(135.2)**	66.2
Non-controlling interests	**(14.1)**	(27.0)
Profit for the year	**(149.3)**	39.2

Consolidated balance sheet presented in Euros

as at 31 December 2023 (Unaudited)

	Group 2023 €m	Group 2022 €m
Assets		
Non-current assets		
Investment property	**4,635.3**	4,686.1
Other property, plant and equipment	**132.5**	133.5
Right-of-use assets	**6.2**	9.3
Investments in joint ventures	**1,508.3**	1,608.0
Other financial assets	**105.1**	139.3
Intangible assets	**1.4**	3.3
Trade and other receivables	**73.6**	80.9
Employee benefits	**82.7**	69.3
Deferred tax assets	**69.9**	56.5
Total non-current assets	**6,615.0**	6,786.2
Current assets		
Trading properties	**570.5**	524.6
Assets classified as held for sale	**23.4**	20.7
Trade and other receivables	**124.1**	108.4
Other financial assets	**42.3**	4.3
Income tax receivable	**10.2**	9.1
Cash and cash equivalents	**643.1**	843.5
Total current assets	**1,413.6**	1,510.6
TOTAL ASSETS	**8,028.6**	8,296.8
LIABILITIES		
Non-current liabilities		
Interest-bearing loans and borrowings	**(1,354.1)**	(1,276.5)
Lease liabilities	**(6.2)**	(7.9)
Trade and other payables	**(236.5)**	(211.9)
Deferred tax liabilities	**(775.9)**	(828.1)
Provisions	**–**	(1.8)
Total non-current liabilities	**(2,372.7)**	(2,326.2)
Current liabilities		
Lease liabilities	**(1.6)**	(2.8)
Trade and other payables	**(236.4)**	(268.6)
Income tax payable	**–**	(25.6)
Provisions	**(5.0)**	(40.3)
Total current liabilities	**(243.0)**	(337.3)
TOTAL LIABILITIES	**(2,615.7)**	(2,663.5)
NET ASSETS	**5,412.9**	5,633.3
Equity		
Share capital	**252.6**	247.3
Reserves	**596.3**	733.5
Retained earnings	**4,492.3**	4,582.4
Shareholders' funds	**5,341.2**	5,563.2
Non-controlling interests	**71.7**	70.1
TOTAL EQUITY	**5,412.9**	5,633.3

Ten-year summary (Unaudited)

Income statement

	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	**2023 £m**
Revenue	254.1	209.1	225.1	378.5	391.8	269.8	209.5	193.5	291.4	**242.0**
Property costs	(124.8)	(86.3)	(91.4)	(224.2)	(218.9)	(132.5)	(97.9)	(93.6)	(160.4)	**(154.0)**
Administrative expenses	(94.7)	(103.9)	(108.9)	(116.5)	(125.8)	(123.5)	(127.8)	(121.3)	(125.1)	**(95.3)**
Net gains/(losses) on other investments	(0.2)	(0.5)	1.5	6.8	(18.5)	6.1	1.0	62.7	37.7	**5.7**
Net gains/(losses) on revaluation and sale of investment properties	540.6	386.3	(36.4)	20.1	48.9	135.1	(241.1)	113.1	(55.5)	**(90.2)**
Impairment of goodwill	–	–	(0.3)	–	–	–	–	–	–	**–**
Impairment loss on trade and other receivables, including contract assets	–	–	–	–	–	–	–	–	–	**0.1**
Share of profit/(loss) from joint ventures	138.1	151.3	167.7	189.7	145.4	21.5	(28.7)	157.5	58.1	**(54.1)**
Profit/(loss) before net financing costs and tax	713.1	556.0	157.3	254.4	222.9	176.5	(285.0)	311.9	46.2	**(145.8)**
Net financing costs	(31.3)	(29.4)	(20.5)	(21.3)	(26.3)	(20.0)	(25.8)	(13.4)	(37.8)	**(29.2)**
Profit/(loss) before tax	681.8	526.6	136.8	233.1	196.6	156.5	(310.8)	298.5	8.4	**(175.0)**
Revenue profit	80.1	83.3	79.2	143.5	131.0	65.9	25.4	88.9	41.8	**16.4**

Balance sheet

	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	**2023 £m**
Total property assets including share of joint ventures	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	**7,044.8**
Investment property	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	**4,019.2**
Investment in joint ventures	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	**1,307.8**
Other financial assets	67.0	83.3	105.3	53.9	105.8	129.5	137.4	110.4	123.6	**91.1**
Other non-current assets	174.3	218.8	305.9	305.9	201.2	245.4	284.1	282.7	312.2	**317.6**
	5,110.9	5,765.5	5,506.5	5,963.2	6,059.1	6,155.7	5,800.8	6,143.9	6,008.7	**5,735.7**
Trading properties	128.1	157.1	336.7	192.7	119.8	207.8	347.8	382.5	464.5	**494.7**
Assets classified as held for sale						28.9			18.3	**20.3**
Cash and cash equivalents	477.6	237.6	741.8	430.8	780.5	766.3	699.5	550.3	746.8	**557.8**
Other net current assets/(liabilities)	(108.7)	(109.6)	(150.0)	(90.4)	(72.0)	(119.3)	(94.6)	(127.5)	(190.8)	**(57.5)**
	497.0	285.1	928.5	533.1	828.3	883.7	952.7	805.3	1,038.8	**1,015.1**
Borrowings (including current)	(743.4)	(736.4)	(816.2)	(840.9)	(1,025.8)	(1,113.0)	(1,180.5)	(1,135.2)	(1,130.2)	**(1,174.1)**
Deferred tax	(703.4)	(749.1)	(668.3)	(612.6)	(605.4)	(586.1)	(572.4)	(747.9)	(733.2)	**(672.8)**
Other non-current liabilities	(106.2)	(103.7)	(173.8)	(156.5)	(229.2)	(273.7)	(311.7)	(276.2)	(196.2)	**(210.4)**
	(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)	**(2,057.3)**
Net assets	4,054.9	4,461.4	4,776.7	4,886.3	5,027.0	5,066.6	4,688.9	4,789.9	4,987.9	**4,693.4**
Share capital and share premium	85.2	85.2	85.2	85.2	312.6	312.6	284.3	284.3	219.0	**219.0**
Reserves	3,881.4	4,289.0	4,693.1	4,803.2	4,714.7	4,754.3	4,405.1	4,506.1	4,706.8	**4,412.2**
Shareholders' funds	3,966.6	4,374.2	4,778.3	4,888.4	5,027.3	5,066.9	4,689.4	4,790.4	4,925.8	**4,631.2**
Non-controlling interest	88.3	87.2	(1.6)	(2.1)	(0.3)	(0.3)	(0.5)	(0.5)	62.1	**62.2**
Total equity	4,054.9	4,461.4	4,776.7	4,886.3	5,027.0	5,066.6	4,688.9	4,789.9	4,987.9	**4,693.4**

Company balance sheet

as at 31 December 2023

	Notes	2023 £m	2022 £m
ASSETS			
Non-current assets			
Investments in subsidiaries	2	**4,515.8**	4,515.8
Current assets			
Trade and other receivables	3	**178.5**	229.6
NET ASSETS		**4,694.3**	4,745.4
Equity			
Share capital	4	**219.0**	219.0
Reserves		**4,404.6**	4,404.6
Retained earnings		**70.7**	121.8
TOTAL EQUITY		**4,694.3**	4,745.4

Approved by the Board and authorised for issue on 19 March 2024 and signed on behalf of the Board

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

Company registration number: 12656651

Company statement of changes in equity

for the year ended 31 December 2023

	Share capital £m	Share premium £m	Merger capital reserve £m	Retained earnings £m	**Total equity £m**
Balance at 1 January 2022	284.3	–	4,404.6	4.7	**4,693.6**
Retained profit for the year	–	–	–	167.0	**167.0**
Dividends paid	–	–	–	(49.9)	**(49.9)**
Cancellation of shares	(65.3)	–	–	–	**65.3**
Balance at 31 December 2022	219.0	–	4,404.6	121.8	**4,745.4**
Retained profit for the year	–	–	–	–	**–**
Dividends paid	–	–	–	(51.1)	**(51.1)**
Balance at 31 December 2023	219.0	–	4,404.6	70.7	**4,694.3**

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 15.

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 15.

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 Cash flows.

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.

(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 23.

(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 44.

Notes to the Company Financial Statements

2 Investments in subsidiary undertakings, associated undertakings and significant holdings

Company

	Shares at cost £m
At 1 January 2023	4,515.8
Disposals	–
At 31 December 2023	**4,515.8**

At 31 December 2023, 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

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
70GS 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 [1]
Fournier 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
Grosvenor Europe Investments Limited
Grosvenor Europe Limited
Grosvenor Europe LP Limited
Grosvenor Seventy Five Limited
Grosvenor Americas Holdings Limited
Grosvenor Americas Investments Limited
Grosvenor Americas UK Limited
Grosvenor Australia Asia Pacific Limited
Grosvenor Australian Residential Opportunities 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 Belgravia
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
Grosvenor SMT GP Holdco Limited
Grosvenor SMT Investments Limited
Grosvenor Sports Club Limited

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

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

[1] 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ

Australia

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

GAIPL Management Pty Ltd [1]
GAIPL Co-Invest Trust [1] - 99% ownership
Grosvenor Australasia Investments Pty Ltd

[1] Level 38, KPMG Tower 3, International Towers, 300 Barangaroo Avenue Sydney NSW 2000

Notes to the Company Financial Statements

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

Canada

Registered office: 1040 W Georgia Street, 2000, Vancouver, BC V6E 4H1, Canada

1146078 B.C. Limited	Grosvenor International Investments (Canada) Limited
1164 Robson Holdings BT Limited	Grosvenor Metrotown Limited
1300 Marine Holdings Ltd	Grosvenor Oak Townhomes Development Limited
4th Street Station Development Ltd	Grosvenor Pacific Development Limited
Annacis Island Properties Ltd	Grosvenor Properties (2008) Limited
Brentwood BT Development Limited	Grosvenor True North Services Canada
Brentwood Office Centre Limited	Grosvenor True North Services Management Canada
Edgemont Village BT Ltd [1] – 20% ownership	Hornby BT Holdings Ltd
Edgemont Village Parking Limited [1] – 50% ownership	Hornby Pacific GP Limited [1]
GOTC Development Ltd [3]	Marine Drive BT Holdings Limited
Grosvenor 5th Avenue Holdings Limited	Marine Drive WV Development Limited
Grosvenor Americas Corporation [2]	Oak 37 BT Limited
Grosvenor Beltline Holdings Limited	Pacific BT Holdings Limited
Grosvenor Beltline Holdings II Limited	The Pacific Parking Limited
Grosvenor Beltline Holdings III Limited	True North GP Limited
Grosvenor Brentwood Development Limited	True North Residential One LP [1] – 33% ownership
Grosvenor Canada Limited	True North Residential Three LP [1] – 0.01% ownership
Grosvenor Capital Corporation	True North Residential Two LP [1]
Grosvenor Development Corporation	True North Two GP Limited [1] – 25% ownership
Grosvenor Edgemont Holdings Limited	West 15 Ventures Ltd

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

France

Registered office: 69 Boulevard Haussman, 75008 Paris

Grosvenor Continental Europe SAS	Grosvenor Development SAS

Hong Kong

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

Excellent Galaxy Limited [1] – 20% ownership	Grosvenor Asia Strategic Adjacencies Limited
First Globe Limited	Grosvenor Hong Kong Limited
Fortune Joy Properties Limited	Grosvenor Limited (HK)
Forum Capital Limited [1] – 20% Ownership	Majesty International Limited
Global Trinity Limited	Regal Way International Limited
Grosvenor Asia Pacific Limited	

[1] 31/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong;

Isle of Man

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

Grosvenor Belgravia Investment Limited

Notes to the Company Financial Statements

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

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 Continental Europe Holdings Sarl
Grosvenor International Sarl

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

Avenida de America 38, SL
GEurope Investments Madrid SL
GEurope Investments Spain SL
Grosvenor RE Spain SL
Titan 8 Mendez Alvaro SL

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

KB Lidingo NYA Centrum
Lidingo Centrum GP AB
Lidingo Centrum Investments AB
Lidingo Centrum LP AB

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 [2]
2610 Orchard Parkway LLC
394 Pacific, LLC
560 Winchester LLC
720 Battery LLC
875 California II LLC
875 California LLC
Chelsea at Juantina Village LP
CP6WW LLC
Eckington Residential LLC [1]
ElectrIQ Power Inc [3] – 1.85% ownership
Grosvenor Americas Partners
Grosvenor Americas USA Inc
Grosvenor Atlantic Limited
Grosvenor California Limited
Grosvenor Capco Limited
Grosvenor Financial California LLC
Grosvenor Financial Inc [1]
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

Notes to the Company Financial Statements

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

Fenton Street Apartments LLC [1]	True North California Three LLC – 0.01% ownership
GMOB MP Member II LLC [2]	True North California Two, LLC – 0.01% ownership
GMOB MP Member LLC	True North US Three, Inc [1] – 0.01% ownership
Grosvenor Americas Joint Ventures LLC	True North US Two, Inc [1] – 0.01% ownership

Registered office: [1] 1701 Pennsylvania Avenue, Suite 450, Washington, D.C.; [2] One California Street, Suite 3000, San Francisco, CA 94111; [3] 625 North Flagler Drive, Suite 1003B, West Palm Beach, FL, 33401

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	Grosvenor London Office Fund – 12.89% owned
20 Balderton Street Project 1 Limited – 50% owned	Grosvenor Stow Limited – 50% owned
7 Green Street Limited [6] – 33.3% owned	Grosvenor Stow Projects 2 Limited – 50% owned
Alpha Place Developments LLP – 33.3% owned	Grosvenor Stow Projects Limited – 50% owned
Barton Oxford LLP – 50% owned	Liverpool One Management Company Limited [5] – 50% owned
Barton Park Estate Management Company – 50% owned	Montrose Place LLP – 50% owned
Clan Kensington LLP [3] – 33.3% owned	Paris Office JV Limited – 50% owned
Coton Park Consortium Limited [4] – 50% owned	Polish Logistics LLP [2] – 99% owned
GC Bankside LLP [3] – 50% owned	Retail Centres V (Sweden) Investment Ltd – 20.17% owned
GC Campden Hill LLP [3] – 16.7% owned	Retail Centres V (Sweden) Limited Partnership – 20.17% owned
Grosvenor CPPIB (GB) Ltd – 50% owned	Trumpington Meadows Land Company Limited – 50% owned
Grosvenor Liverpool Fund – 22.94% owned	Urban Retail V (UK) General Partner Limited – 9.09% owned
Grosvenor Liverpool Residential Fund	

Registered office: [1] 4th Floor, 7/10 Chandos Street, Cavendish Square, London W1G 9DQ; [2] 9–10 Carlos Place, London W1K 3AT; [3] The Pavilion, 118 Southwark Street, London SE1 0SW; [4] The Office, 12 Westfield Close Gravesend Kent DA12 5EH; [5] 33 Margaret Street, London, W1G 0LD; [6] 33 Kinnerton Street, London, SW1X 8ED

Australia	Registered office
Australian Diversified Healthcare Fund – 50% owned	Level 41, Chifley Tower, 2 Chifley Square, Sydney NSW 2000
Gateway Capital Holdings Pty Limited – 13.6% owned	Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia
Gateway Capital Industrial Partnership Investment Partnership (GIPIP) – 97.02% owned	Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia
Gateway Capital Urban Logistics Partnership – Passive – 0.096% owned	Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia
Gateway Capital Urban Logistics Partnership – Active – 0.096% owned	Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia
Gateway Funding Trust 1 – 0.16% owned	Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia
GINCOP Investment Partnership – 80% owned	Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia
Shareholder Investment Vehicle Passive Trust– 1.92% owned	Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia
Shareholder Investment Vehicle Active Trust– 1.92% owned	Suite 6.02, Level 6, 10 Spring Street, Sydney NSW 2000, Australia

Brazil

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

Uliving Holdings S.A. – 40% ownership	VBI Uliving FII – 80% ownership

Notes to the Company Financial Statements

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

British Virgin Islands	Registered office
Acute Choice Limited – 20% owned	Sea Meadow House, Blackburn Highway, PO Box 116, Road Town, Tortola
Eagle Wonder Limited – 20% owned	PO Box 957, Offshore Incorporations Centre, Road Town, Tortola
Spring Plus Limited – 50% owned	PO Box 957, Offshore Incorporations Centre, Road Town, Tortola
UP Trade Global Limited – 20% owned	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola

Canada

Registered office: 1200 Waterfront, Vancouver

1300 Marine LP – 30% owned	Oakridge Transit Centre Limited Partnership – 25% ownership
Connaught Retail GP Limited – 20% owned	OTC Project BT Ltd – 25% ownership
Connaught Retail Limited Partnership – 20% owned	Rise BT Holdings Ltd – 50% owned
Greensoil Building Innovation Fund (International) LP – 88.71% owned (38.2% of underlying investments)	The Cambie Rise Limited Partnership – 50% owned The Rise GP Limited – 50% owned
Greensoil Building Innovation Fund Co-Investment I, LP – 61.16 % owned	Transca (Polaris) GP Limited [1] – 25% owned
Hornby Pacific Limited Partnership – 50% owned	Transca (Polaris) Limited Partnership [1] – 25% owned
Oak 37 GP Limited – 49& owned	True North Three GP Limited – 33.33% owned
Oak 37 Limited Partnership – 49% owned	West 15 Project Holdings Limited – 50% owned
Oakridge Transit Centre GP Ltd - 25% ownership	

Registered office: [1] 2000–1040 West Georgia, Vancouver, Canada

Cayman Islands

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

Grosvenor Park Partners Limited – 48.8552% owned

France

Registered office: 69 Boulevard Haussman, 75008 Paris

A France 85 SAS – 50% owned

Hong Kong	Registered office
Dukes Place Management Services Ltd – 20% owned	3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
Group United Limited – 20% ownership	3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
GDPHK Holdings Limited – 50% owned	1910–1917 Jardine House, One Connaught Place, Central, Hong Kong
Group United Limited – 20% ownership	31/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
Hope Harbour Limited – 20% ownership	31/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
Imperial Time Limited – 20% owned	3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
Richly Leader Ltd – 50% owned	21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong
Sino Profit Development Limited – 50% owned	34/F, Shui On Centre, 6–8 Harbour Road, Hong Kong
Unity Asian Development Limited – 100% owned	1910-1917 Jardine House, One Connaught Place, Central, 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
FGPO Ireland Fund III [1] – 48.8% owned
Liffey Valley Office Campus Management Company Limited – 50% owned

[1] 4th Floor, 76 Lower Baggot Street, Dublin 2

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

Singapore

Registered office: 163 Penang Road #08-01, Winsland House II, Singapore (238463)

IndoSpace Logistics Parks IV LP – 14.25% owned

Spain

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

A de Europa Investments 19 SL – 50% owned
Alcobendas Investments SL – 50% owned
Escorial 4 Investment SLU – 50% owned
Jorge J.53 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
1701 Pennsylvania LLC – 50% owned
180 Post Street LLC – 50% owned
185 Post Street LLC – 50% owned
1900 Duke Street LP [1] – 25% owned
251 Post Street LLC – 50% owned
306 Rodeo Drive LLC – 50% owned
5520 Wisconsin LCC [1] – 24% owned
701 North Michigan Avenue LLC – 20% owned
AGP JV LLC [4] – 99% owned
BOF III Platform JV, LLC [2] - 95% ownership
Brazil Student Housing JV LLC [5] – 80% owned
Breakthrough Properties Growth Portfolio LP [9] – 1.4% owned
Breakthrough Properties Income Portfolio LP [9] – 1.4% owned
District Property Holdings LLC – 25% owned
FHRG Investments LLC [6] – 98.5% owned
Frontier Drive Metro Centre LP [1] – 50% owned
Green Harris LLC – 25% owned
Grosvenor Urban Maryland [1] – 25% owned
MD Tower, LLC [8] – 50% ownership
MedProperties Fund III, LP [7] – 15.4% owned
MP Fund III, Platform JV, LLC [7] – 50% owned
MP Fund IV Platform JV, LLC [7] – 60% ownership
Parklands North Creek LLC – 25% owned
Rice Lake Square LP – 25% owned
Stockdale Parking, LLC [1] – 90% owned
The Row Townhouses LLC – 25% owned
TN Waterfront Station LLC [10] – 27% owned
Urban Retail LLC [1] – 25% owned

Registered office: [1] 1701 Pennsylvania Avenue, Suite 450, Washington, D.C. 20006; [2] 111 East Sego Lily Drive, Suite 400, Salt Lake City, UT 84070; [3] c/o Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801; [4] 2711 Centerville Road, Suite 400, Wilmington, DE 19801; [5] 200 Bellevue Parkway, Suite 210, Wilmington, DE 19809; [6] 160 Gould Street, Suite 125, Needham, MA 02494; [7] 2300 North Field Street, Suite 2150, Dallas, TX 75201; [8] 850 New Burton Road, Suite 201, Dover, County of Kent, Delaware 19904; [9] 251 Little Falls Drive, Wilmington, Delaware 19808, USA; [10] 10850 Wilshire Boulevard, Suite 1050, Los Angeles, California 90024

Notes to the Company Financial Statements

3 Trade and other receivables

	2023 £m	2022 £m
Current receivables		
Receivables due from subsidiaries	**178.5**	229.6
	178.5	229.6

4 Share capital

	Authorised number of shares	2023 £m	Authorised number of shares	2022 £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**	207,572,784	207.6
	218,942,538	**219.0**	218,942,538	219.0

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.

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.