



# **Financial Results & Update on Business Priorities**

2019-2020

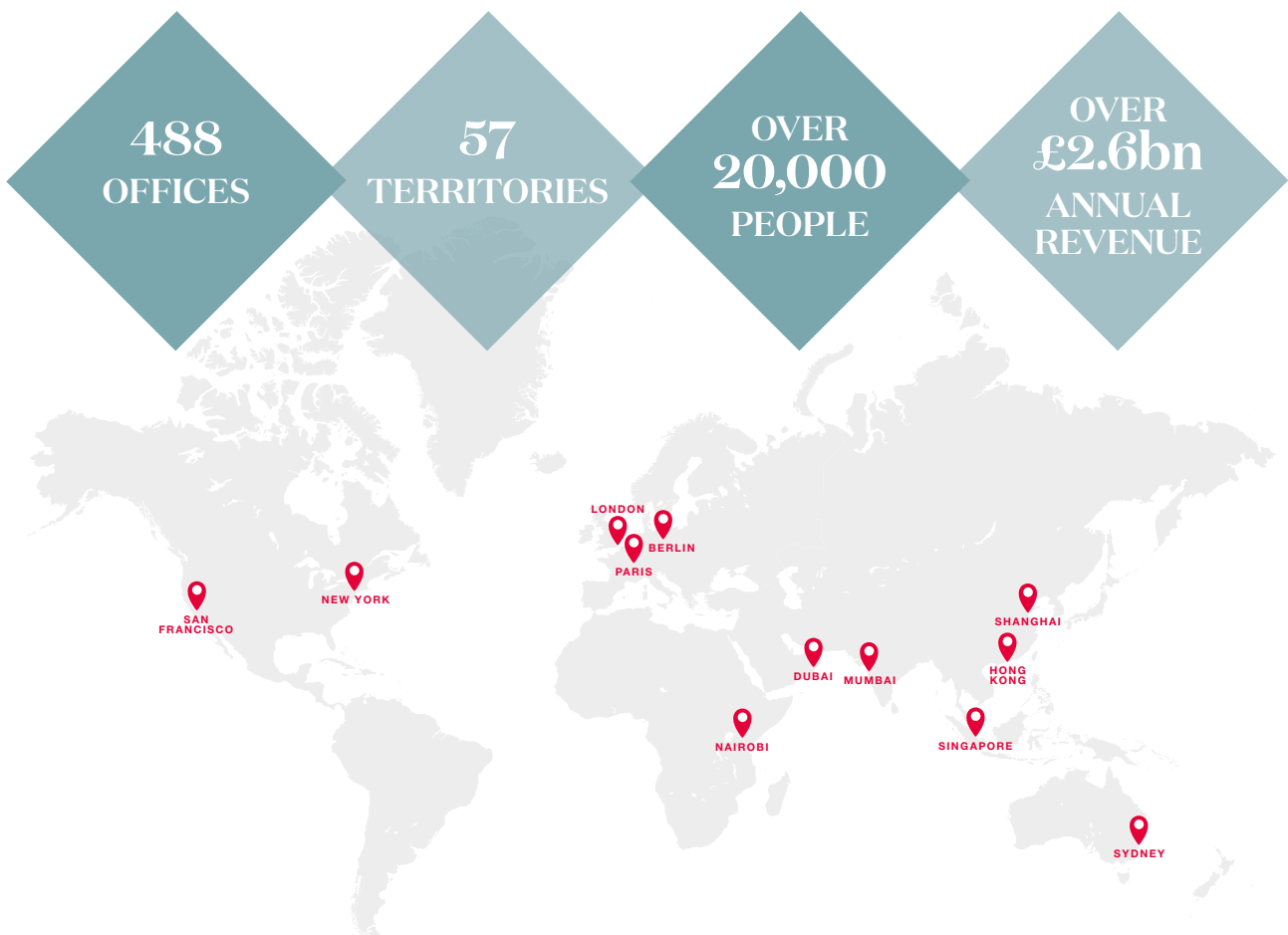
# FINANCIAL RESULTS & UPDATE ON BUSINESS PRIORITIES



Dear colleagues,

I wanted to take this opportunity to thank you all for your commitment and to reflect on our performance ahead of announcing our LLP (Limited Liability Partnership) financial results for the year ended 31 March 2020 on 2 November.

It is apparent from the full period of results that we have a strong global presence and we continue to build on our capabilities in our offices around the world. Collectively we operate with over 20,000 people in 488 offices in 57 territories. Together we generate over £2.6bn (US\$3.5bn) of annual revenue.



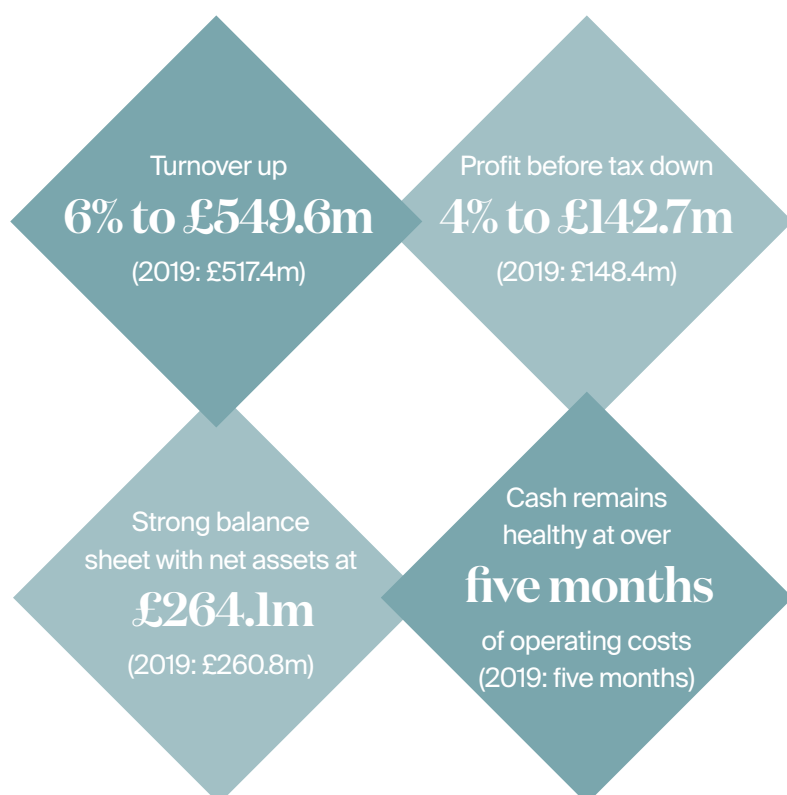
# OUR FULL-YEAR RESULTS FOR 2019 - 2020



As a partnership we have longevity at our heart. We continue to have no debt or shareholders, which puts us in a unique position and permits us to focus entirely on our people and our clients.

The LLP results report on our UK business performance, as well as all the entities in the Group where the LLP holds a significant share of the equity. We're required to report in this way, and so as you will see, the results do not cover our total Group. For that reason, we always ensure the narrative we put around these numbers is more inclusive of our full business. Even in the limited view created by these accounts, nearly 40% of the income is outside the UK, and when we look across the entire network of Knight Frank this rises to 87%. This truly proves the value and impact of our global firm.

Overall, our published results remain solid and we are pleased to report the below numbers to close the 2019 financial year:



Our turnover shows a 6% growth on the prior year, with solid growth of our activities in India, Greater China, Spain and France. This is supported by the continued upward trend of our core UK market presence. Hesitation due to Covid-19 in the final part of the year resulted in a slight drop in profits, with a number of transactions deferring into the following year.

Despite the earlier restrictions regarding Covid-19, our performance in Asia Pacific remained resilient and we saw improved margins in Europe. Overall, most markets performed well. Our well diversified income stream, backed by a strong debt free balance sheet, gives us the perfect platform to continue to grow.

# IMPACT OF COVID-19 DURING FIRST HALF OF 2020



Our financial year started with the Covid-19 pandemic, which continues to cause global uncertainty on every level.

I always say Knight Frank is a family that really cares about our people, our business, and our client relationships. The spirit and culture of our firm is an exemplar to others. The Group Executive Board (GEB) and I thank you all for the tremendous efforts and sacrifices you have made and continue to make to help Knight Frank navigate the most extreme economic conditions in a generation. Due to all your great efforts, we have adapted quickly and effectively.

As part of the plan, we had to make difficult decisions. Please be assured the intentions were to ensure we remain in control. A massive thank you from us for all your ongoing patience and understanding.



# DEALS TO CELEBRATE



Even in these uncertain markets, we have secured some exciting wins and deals. My thanks to the individuals and teams for their contributions:

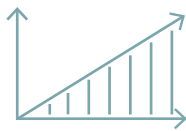
- **Paris:** Acquired Le Curve, Saint-Denis, France for €185m on behalf of a French institutional client.
- **London:** Acquired 40 Leadenhall, EC3, for £335.0m on behalf of M&G Real Estate.
- **Dubai:** Sold Villa at District One for AED 60,000,000 (\$16.3 million).
- **Africa:** Awarded three year real estate asset valuations mandate for FCO.
- **London:** Sales agents at The Verdean, a new residential development, comprising 160 apartments in Acton, W3. As one of the first major schemes to launch in London since lockdown was lifted, it became 100% reserved within the first three weeks following the launch – making it one of London's fastest selling schemes in the last two years.
- **Saudi Arabia:** Valued five landmark tower hotel assets with extensive retail space on behalf of Jabal Omar, all overlooking the Holy Mosque in Makkah.
- **London:** Involved in 60% of £10m+ residential transactions in London, accounting for a total exchange value of £1,434,100,00 from April 2019 to March 2020.
- **Sydney:** Brokered the sale of 201 Elizabeth Street in Sydney CBD for A\$630m on behalf of Dexus, Australia's largest office landlord, via an off market international placement process.
- **London:** Sold Dolphin Square to Axa with an asking price of £850 million. The deal of 1 million sq ft gross is the largest single asset Residential Investment transaction in the UK to date and inc 1,234 tenanted apartments along with extensive amenity, landscaped gardens and 280 car parking spaces.
- **Hong Kong:** Sold a residential property at Jardine's Lookout behind Causeway Bay for HK\$800m.
- **London:** Provided valuation advice to lenders on the £4.7bn Blackstone acquisition of the iQ (student accommodation) Portfolio. The UK's largest private real estate transaction and our largest ever bank valuation.
- **Bangalore:** Transacted lease of 427,000 sq ft at Prestige RMZ Startech for OLA Cabs in Koramangala, Bangalore.
- **UK:** Sold a £1.3 million Grade II listed town house in Cheltenham to an international buyer after a WhatsApp video tour.
- **Delhi:** Acquired 363,000 sq ft for setting up a built to suit data centre for STT at NOIDA expressway with DLF.
- **London:** Sold 7 Soho Square on behalf of Landsec for £78 million.
- **Asia Pacific:** Appointed as Shell's corporate real estate service provider for real estate related acquisitions, lease transactions, administration and consultancy in Asia Pacific Region.



# LOOKING AHEAD



There will be continued global economic uncertainty due to the Covid-19 pandemic. Given these circumstances, it is extremely difficult to generalise the impact on the real estate sector. However, from our perspective we have seen the following trends supported by changing demographics and patterns of consumption:



Areas such as lease advisory, valuations, property management and most consultancy services have held up extremely well, with some strong performances.



We continue to believe in the intrinsic and long-term value of the workplace and are working closely with occupiers and landlords to establish how work environments might best adapt for the future needs.



Logistics is maintaining its strength and we continue to expand our global platform in the locations where our clients need us most.



Alternative sectors including data centres, retirement, automotive, healthcare and the private rented sector remain central focus areas. They are holding up well and present opportunities for the medium to long term.



Since we have been able to reopen our offices and properly re-engage with our clients, activity has picked up considerably for our market leading UK Residential business. The past quarter has been especially busy for country property, even in comparison with previous years.



Retail continues to be restructured, alongside the food and beverage industry, providing opportunities for us to offer strategic and repurposing advice.

I am proud of all we have achieved during this challenging time and continue to be inspired by teams going above and beyond to find innovative ways to grow our business and serve our customers.

# OUR PEOPLE AGENDA



We continue to prioritise your safety and well-being during this unprecedented period. We have adapted to the new working environment and continue to focus on providing support and service to all our clients. We of course continue to respect government guidance and social distancing and follow strict hygiene protocols for our offices to remain open wherever possible.

Despite much change in our working environments and lives, our focus on retaining and attracting the best diverse people throughout the business remains unchanged.

We have made some significant hires across our network: Sarah Cervinka as Head of our Munich office, Katherine Lu as Managing Director in Beijing and Alexandra Innes as Non-Executive Advisor to the GEB. We have also appointed Rob Man as our Group Head of Marcomms, Kathi Leon as Head of Group Internal Communications and Stephen Beard as Head of Data Centres. Please join me in welcoming them all to the Knight Frank family and wishing them every success in creating and implementing their respective strategies.



**Sarah Cervinka**  
Head of our Munich office



**Katherine Lu**  
Managing Director in Beijing



**Rob Man**  
Group Head of Marcomms



**Kathi Leon**  
Head of Group Internal Communications



**Stephen Beard**  
Head of Data Centres



We have sharpened our focus on ESG (Environmental, Social and Corporate Governance). We are working with the Carbon Trust on our firm-wide net zero strategy and are setting clear target dates for the achievement of net zero in accordance with the Science Based Targets Initiative (SBTI). This is a critical adaptation of our own business model that also ensures that we can advise our clients on the challenges and opportunities they face. Our wellbeing agenda as well as our Business Balance initiatives are a central focus for the GEB. We have appointed a range of external partners to implement our strategy with short- and long-term targets. We recognise there is still much to do but are pleased to see we are gathering significant momentum and will continue to share with you our progress.

This is especially important as we head into the second half of 2020/2021, but I am confident that we have all the skills and resources we need to achieve success.

As we approach 2021, Knight Frank is celebrating its 125th Anniversary. This is an opportunity to celebrate our strong heritage and to look ahead for what the future will bring. The GEB and a specifically created project team are working on some exciting plans. Please stay tuned and we will share more details shortly.

We've covered a lot here – but I wanted to share as much as I can with you after a turbulent, but successful year. Let's stay focused and ensure we deliver on our plans for the second half of this financial year.

Many thanks for your hard work and ongoing commitment to our firm.

Best wishes,

**Alistair Elliott**

Senior Partner & Group Chairman



## Knight Frank LLP: Group Executive Board

