

## **US Real Estate Holdings No.2 Limited Strategic Report For the year ended 31 December 2019**

### **Principal activities and review of business**

The principal activity of the Company is to hold and maintain interests in US real estate assets, which are made available to other members of the Barclays Group.

### **Business Performance**

The Company reported a loss of \$35,239,257 (profit of 2018: \$45,475,671). The Company has net assets of \$36,882,199 as at 31 December 2019 (2018: \$72,121,456). Net cash flows from operating activities are \$38,208,860 for the year ended 31 December 2019 (2018: \$95,296,830).

### **Future outlook**

No significant change in the Company's principal activity is envisaged in the foreseeable future and the Directors expect the Company's performance to be in line with the current period. The Directors consider that the Company's position at the end of 31 December 2019 is consistent with the size and complexity of the business.

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Barclays PLC Barclays Group and are not managed separately. Accordingly, the principal risks and uncertainties of Barclays PLC, which include those of the Company, are discussed on pages 125 to 146 in the Barclays PLC 2019 Annual Report which does not form part of this report. The principal risks and uncertainties faced by the Company relate to the carrying value of its real estate assets under management.

### **COVID 19 risk**

Whilst the direct and indirect impact of the Coronavirus (COVID-19) outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries or affect the Company's employees and services it provides to the Barclays Group. In addition, an escalation in geopolitical tensions or increased use of protectionist measures may also negatively impact the Barclays Group's business in affected regions.

### **Key performance indicators**

The Directors of Barclays PLC manage the Barclays Group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Company as part of Barclays Group, are discussed on pages 18 to 36 in the Barclays PLC 2019 Annual Report which does not form part of this report. Given the nature of activities performed by the Company, a net profitability position and cash position are the key performance indicators for the Company. For the year ended 31 December 2019, the Company reported a loss after tax of \$35.24m (2018: profit after tax of \$45.48m) and cash and cash equivalents of \$28,545,474 (2018: \$98,659,936).

### **Section 172(1) statement**

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of US Real Estate Holdings No.2 Ltd. (the 'Company') for the benefit of its sole member, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

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The Directors also took into account the views and interests of a wider set of stakeholders, including our pensioners, our regulators, the Government, and non-government organisations, to the extent it is applicable.

Considering this broad range of interests is an important part of the way the Board makes decisions, although in balancing those different perspectives it will not always be possible to deliver everyone's desired outcome.

The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of Barclays means that stakeholder engagement often takes place at an operational level.

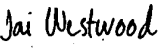
In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the Barclays Group.

The Board considers and discusses information from across the organisation to help it understand the impact of Barclays' operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each board meeting, and through in-person presentations.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the directors to comply with their legal duty under section 172 of the Companies Act 2006.

The purpose of the Company is to hold and maintain interests in US real estate assets, which are made available to other members of the Barclays Group. Due to the nature of the Company, no decisions were made by the Directors during the reporting period which required them to have regard to the matters set out in Section 172 of the Companies Act 2006.

### FOR AND ON BEHALF OF THE BOARD

DocuSigned by:  
  
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Jai Westwood  
Director  
02 December 2020  
Company number 9961642