Urban&Civic plc

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Urban&Civic plc

("Urban&Civic", the "Company" or the "Group")

RESULTS FOR THE SIX MONTHS TO 31 MARCH 2020
MASTER DEVELOPER WORKING THROUGH THE PANDEMIC

Urban&Civic plc (LSE: UANC) announces its unaudited results for the six months to 31 March 2020.

	Six months to 31 March 2020	Year ended 30 September 2019	Six months to 31 March 2019
EPRA NAV (£m)	487.8	527.5	497.3
EPRA NAV per share (p)	335.1	360.3	340.6
EPRA NNNAV per share (p)	318.3	339.5	322.4
Large site discount per share (p)	145	135	139
EPRA NAV + large site discount per share (p)	480.1	495.3	479.6
Profit before tax (£m)	0.2	16.3	5.1
Residential plot completions	382	665	365
Total shareholder return (per cent)	(35.0)	7.8	(8.5)
Dividend per share (p)	-	3.9	1.4

In reaction to market conditions arising from pandemic -

- Opportunistic acquisitions and maintained infrastructure investment prioritised; discretionary spend curtailed; dividend decision postponed.

Financial highlights -

- **EPRA net assets per share + large site discount (335.1p + 145p) = 480.1p at 31 March 2020: 3.1 per cent down on September 2019 year end but marginally up over 12 months.**
- **Group share of current contracted forward revenues increased to £107.7 million (30 September 2019: £101.7 million).**
- Headline EPRA net asset value per share down 1.6 per cent over the year at 335.1p (31 March 2019: 340.6p; 30 September 2019: 360.3p), reflecting valuation uncertainties in light of Covid-19 crisis.
- EPRA triple net asset value per share 318.3p down 1.3 per cent from 31 March 2019 (30 September 2019: 339.5p).
- Large site discount highest ever at £212 million (43 per cent of EPRA NAV); or 145p per share.
- Profit before tax for the six months to 31 March 2020 £0.2 million (six months to 31 March 2019: £5.1 million); fall predominantly due to property revaluations.
- Decision to pay an interim dividend postponed, having regard to the deferral of cash receipts associated with residential sales.

Operational highlights -

- **Platform advantage as preeminent Master Developer providing unusually attractive project opportunities consequent upon Covid-19 disruptions in the land market.**
- 2 new strategic sites, prospectively adding a minimum of 10,000 new homes to pipeline.
- Terms settled on 6 new land promotions by Catesby for a further prospective 1,000 units.
- 3 new licences + a land sale totalling 594 plots signed since March; 3 medium/ large private housebuilders and 1 public; 1 existing and 3 new customers.
- Delivery spend supported by £96 million of new Government and Homes England facilities.
- Continued to work through lockdown.
- £18.6 million post balance sheet sale of accommodation at Waterbeach converted to housing for medical staff from Papworth Hospital Trust exceeded valuation. £18.2 million of proceeds received by Urban&Civic to clear all amounts previously advanced at Waterbeach.

Commenting on the results, Nigel Hugill, Chief Executive, said:

"Actions speak louder than words. This is the first time that the Urban&Civic Master Developer Model has been tested under stress. Prevailing uncertainties are providing exceptional opportunities to enlarge our strategic portfolio, with minimal acquisition risk. We have secured land holdings for two potential new settlements in the last fortnight. Government backing on projects in delivery has been terrific in enabling us prudently to maintain and accelerate spend. As the housebuilders rebuild output, the reasonable presumption is that capital lite, serviced plots will be at the top of their want list. Whatever the behavioural changes from this awful pandemic, it is hard to see well-planned housing with gardens, good connections, great schools, decent broadband and guaranteed access to green spaces being disadvantaged. Witness four new licences and land sales signed since March."

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A presentation for analysts and investors will be held as a live webcast at 9.30am today and the presentation will be available at www.urbanandcivic.com or via the following link: https://webcasting.brrmedia.co.uk/broadcast/5ed7692de9f4830247c9a151 and presentation slides will also be available to download.

Alternatively, details for the live dial-in facility are as follows:

Participants: Tel: +44 (0)330 336 9125

Passcode: 7236035

Chief executive's statement

Summary

Urban&Civic was established in the teeth of the last recession. Our Master Developer model was designed to sustain through economic cycles. The immensely challenging coronavirus environment is reflected in our first ever fall in net asset value. Up to the end of February, the Group was on track to meet or exceed guidance on plot realisations for the current year. That has obviously been superseded but mostly as a deferral, rather than actual loss, of revenues. Our valuers, CBRE, also made a precautionary move on discount rates with a corresponding reduction in current valuations and increase in the large site discount. Adding that back, EPRA NAV + large site discount was almost unchanged on March 2019. That feels about right. Having regard for the delay in cash receipts, a decision in relation to the payment of the interim dividend is being postponed until the current financial year end.

On the other hand, disruptions in the land market combined with our platform advantage as preeminent Master Developer are providing singular opportunities. Discretionary spend has been curtailed with absolute priority afforded to maintained infrastructure investment and new project acquisitions. Two new strategic projects with the potential for 10,000 new homes have been contracted in the last fortnight. In addition, Catesby has settled terms on 6 further land promotions prospectively totalling 1000 units. There is continuing housebuilder demand for our serviced parcels. Four new licences or land sales across three different strategic sites, together aggregating 594 plots, split between new and existing customers, have been contracted since March, with two signed in the past three weeks. There are clear indications that our model is particularly attractive to housebuilders in the current climate enabling them to accelerate build-out, whilst limiting their capital commitments.

Assets and receipts

The headline EPRA net asset value as at 31 March 2020 was £487.8 million, or 335.1p per share. EPRA triple net assets were also down at £463.3 million, or 318.3p per share. Depending upon the measure, the reductions were in the range 6.2 - 7.5 per cent against those at 30 September 2019, or 1.3 - 1.9 per cent as against 31 March 2019. In contrast, the large site discount rose relative to the year end figure to the equivalent of 145p per share. EPRA NAV + large site discount at 31 March 2020 amounted to 480.1p per share, compared with 495.3p per share six months previous.

Revenues, including the Group share of joint ventures and associates were up slightly at £47.6 million, compared with £47.3 million for the first half of last year. Profit before tax was down at £0.2 million (2018/19 interim: £5.1 million) with the entirety of the difference accounted for by the reduction in value of investment assets. In providing guidance as to plot realisations and proceeds last November, the expectation was for cash receipts in FY 2019/20, including joint ventures pro rata, of the order of £60 million. The revised full year figure is £35 million, of which approximately £20 million was received in the first half.

Timing differences consequent upon Covid-19

The shortfall against second half receipts mostly represents delayed timings. The eventual quantum is unlikely to be much altered. £10 million of the difference relates to delayed housing completions, including first occupations at Wintringham, a good proportion of which are on house sales that are either reserved or exchanged. In any event, receipts are underpinned by minimum commitments from the housebuilders averaging approximately 85 per cent of estimated sales value, with the remainder payable once houses are sold. Half of the remaining anticipated receipts were conditional on detailed planning approvals that will now go past September 2020 due to the delays in local planning departments moving online. An anticipated land sale of 360 plots at Houlton, Rugby has been restructured and split into two parcels, at least one of which is expected to complete in the second half.

All housebuilders have now returned to site and have stated universally that the priority will be to complete the existing sales pipeline. The level of reported cancellations remains low. Moreover, unlike our housebuilding partners, the contracted receipts to Urban&Civic require no further material capital investment.

The value of minimum receipts at times of stress

Minimum payments to which the housebuilders commit as a condition of our licences afford considerable land value protection under the Master Developer model. Our percentage participation in the realised value of individual house sales varies between contracts but is typically around one-third of the net purchase price. We share an element of downside price risk with our customers but this is collared by the minimum receivable on each plot. The position is correspondingly defensive. As at 31 March 2020, the minimum contracted share of future land receipts continued to exceed £100 million, representing 3.1x future annual minimum sales.

The proportion of percentage participations accounted for by minimums has been bid up progressively. The early 2016/17 contracts contained minimums which proved to be between 60 - 70 per cent of actual proceeds received from our participations. In more recent years, this has risen to 85 -

100 per cent. Most of the contracts are Retail Price Index linked. As illustration, minimum payments underpin approaching 90 per cent of the proceeds from estimated sales over the next two years, based on our revised pricing expectations and including existing exchanges. The obligations over the next two years are spread across ten housebuilders, with a very heavy weighting towards those commanding 4- and 5-star ratings. The security position under our licence arrangements is also much stronger than a conventional land creditor. Urban&Civic retain our charge over plots being built out to the point of sale to the homeowner, when housebuilder WIP is at its highest. As of April 2020, housebuilders on our strategic sites had almost 1,000 homes in the course of construction.

Around half of contracted minimum receipts are due from listed housebuilders, with a further 20 per cent from substantial private housebuilders who have made payments already, most recently in February 2020, arising from late starts. The model is not untested.

Strategic site plot carrying values and large site discount

31 March 2020 carrying values of housing plots net of servicing costs plots were £28,600 at Alconbury; £18,900 at Houlton; £27,300 at Wintringham; £13,400 at Priors Hall; £16,000 at Waterbeach and £6,600 at Newark. Those valuations are after the large site discount for scale or wholesale disposal and were appraised on house prices of market units at £300psf at Alconbury, £280psf at Rugby, £300psf at Wintringham, £235psf at Priors Hall, £380psf at Waterbeach and £220psf at Newark respectively.

The large site discount affords a further level of defensiveness against the actual quantum of future receipts. The calculation is made only on consented sites, once infrastructure spend has commenced, and represents the difference between the current open market of a typical retail parcel of 150 housing plots as appraised (often on the basis of our own sales evidence) and the estimated discount for bulk or wholesale disposal to establish the carrying value in the Group statutory accounts. On average, we would expect to receive around twice book via a licence sale. The contracted minimum receipts represent 1.7x weighted average March 2020 carrying values.

The average net of inflation discount rate used by CBRE in the 31 March 2020 valuation was increased by 0.25 per cent to 6.5 per cent. The consequences of that move are significant. Three quarters of the reported reduction in gross assets compared with last September came from the higher discount rates applied to the strategic land portfolio, which accounts for approximately 85 per cent of total property assets. The comparison between the current open market retail valuation of standard parcels and the wholesale figure included in our reported EPRA NAV amounted to a highest ever large site discount of £212 million, or 43 per cent of EPRA NAV at 31 March 2020.

The reasonable assumption is for the discount rate to narrow in more normal market conditions.

Homes England

The objectives and priorities of Urban&Civic as Master Developer run parallel with those of Homes England. The business was founded on the simple demographic proposition that it was not possible to meet housing need in South East England without a significantly greater contribution from large sites. This certainty was underpinned by conviction that strategic projects can make a contribution to the environment and sense of community that infill sites never can. This has been amply demonstrated by our residents pulling together over the past three months.

The interrelationship with national policy is reflected in continued Government backing to accelerate delivery. Two new project loans were signed at the onset of lockdown in March. The first was a £60.7 million infrastructure facility at Waterbeach from Homes England; near 11 years on our normal terms with interest accrued and payable only out of realised sales proceeds. The second was a £35.6 million repayable grant from the Department for Education to fund the early construction of a new secondary school at Houlton. The advance is to our joint venture company and will be returned in line with existing section 106 obligations, with final repayment date projected to be beyond 20 years.

Total facilities (including undrawn amounts) from Homes England, Local Authorities and the Department for Education across the five strategic sites in delivery aggregate £351 million, of which our pro rata share amounts to £258 million. There are no Group covenants attaching to those loans.

Urban&Civic currently has available £136.4 million of undrawn facilities on a look-through basis. 74 per cent of total facilities (drawn and undrawn) are without recourse to the Group.

Trading developments including two new strategic acquisitions

Demand for serviced land parcels on our strategic sites continues: two new licences were signed in March 2020 at Wintringham and Houlton, another in June at Houlton, coupled with a recent land sale at Corby. Together the transactions aggregate 594 new plots: one existing and three new customers. The terms were in line with pre-Covid-19 expectations.

We are intent on using the interlude to enlarge holdings within our core target areas and have entered into legal agreements on two new projects of potentially regional significance in the past fortnight. The more advanced is at Tempsford in Central Bedfordshire. Options have been taken over more than 2,100 acres in a highly strategic location midway between Cambridge and Milton Keynes identified as a prospective development node within the Oxford to Cambridge arc. The land is accessible directly from the A428, which is being upgraded to provide a dual carriage way link between the adjoining A1 and the upgraded A14 with a committed budget of £1 billion. The now identified East West Rail preferred route corridor intersects with the East Coast Main Line across the site. The entire land is included within an area cited recently as a development corporation candidate by MHCLG.

Separately, we have entered into option arrangements on a substantial landholding within commuting distance to Cambridge. Our preliminary assessments are that the two combined could accommodate in excess of 10,000 new homes. The underlying interests remain subject to planning and the entry costs are modest, allowing us to build future positions for low initial capital outlay and managed acquisition risk.

Catesby

Catesby pre-tax profits for the first half amounted to £4.4 million after overheads. EPRA uplifts on new consents added £2.5 million. Netting out EPRA reversals on disposals and tax meant that there was no material change in net assets. The current moratorium on land acquisitions announced by several listed housebuilders and the procedural chaos in many planning authorities caused by the inability to conduct public meetings is likely to restrict immediate performance. The base case is for no further disposals until 2021, although the signs already are that may prove overly pessimistic. Several competitors, notably those carrying bank debt, are having to retrench. In contrast, Catesby is continuing to build pipeline with terms settled on 6 new land promotions prospectively totalling 1000 new homes. Again, entry premiums are low and the percentage participations somewhat better than we have seen for some time. The number of residences being promoted by Catesby will soon exceed 15,000.

Post balance sheet realisations

The sale has been completed of the key worker housing for Papworth Hospital at Waterbeach for £18.625 million, which is above business plan. The cost of conversion of two modern barracks blocks was funded by Urban&Civic. Proceeds from realisation were returned to the Group under the waterfall arrangements and cleared all advanced amounts relating to the consented 6,500 new homes, including planning costs and accrued project management charges. Initial Phase 1 marketing is proceeding well to both housebuilders and build to rent investors, notwithstanding the current logistical complications in undertaking viewings.

Build to rent

Residential construction is programmed to commence at Waterbeach in 2021. Given the location, three miles from Cambridge Science Park with direct cycle routes, the development is planned to include build to rent from the outset. The priority on our other sites had been to establish brand identification and location through owner occupation. Those foundations having now been established, discussions are taking place with build to rent operators and investors across all Urban&Civic strategic sites in delivery. This may also incorporate modular construction. After extensive research and due diligence, we have agreed in principle to run a pilot construction programme with Top Hat as our modular provider at Houlton. Build to rent affords considerable potential to increase absorption rates without cutting across core private sales. Modular construction is better suited to the demands of that particular market. We are also exploring cost effective methods of delivering build to rent using more traditional means. We see the two delivery routes as providing more design flexibility and being complementary. Should purchases prove slow to recover post Covid-19, institutional rentals could compensate for any weakened demand for owner occupation.

Dividend

Have regard for cash receipts being pushed back, the Board has elected to postpone a decision in relation to the payment of dividends. All discretionary expenditure has also been curtailed. The absolute priorities are to take advantage of current market conditions to add prudently to our portfolio of strategic assets and Catesby promotions, whilst maintaining infrastructure investment for future delivery.

The Board is acutely conscious of the balance in making dividend payments to shareholders and will reappraise the position at the current financial year end. No application has been made under the Government's Coronavirus Large Business Interruption Loan scheme.

Outlook

The consensus expectation amongst analysts and valuers appears to be for the UK housing market to suffer a 12 month period of hibernation. The real imponderable is what all this means for housing demand, in our case in areas of good historic affordability. Recent monthly price statistics cannot be taken as fully reliable but almost certainly point to a low level of overall housing transactions for the rest of the year. Hibernation supports our approach of strong backbone backed by continued Homes England investment. If anything, enforced saving through and coming out of lockdown helps housing deposit accumulation. Working from home determines the merits of having more space in which to live. Structurally low interest rates and the drop in petrol prices will go straight to net disposable income in Middle England for those that remain in work. The sheer impracticalities of viewing occupied properties may favour new builds, particularly where no onward chain is involved. There is the spectre of job insecurity and higher unemployment but our strategic projects provide immediate build to rent options. Plus, we can expect enormous political pushback if the additional debt burden from the pandemic were to be shouldered by young new house buying households.

As lockdown preoccupations abate, we will see new Government policies to promote a green economic recovery. The Real Estate sector has a big role to play. ESG considerations are baked into our Master Developer model without the need for material incremental spend. Clear demonstration of the resulting positive environmental and social impacts will remain one of our absolute priorities.

Conclusion

Urban&Civic is well set to perform in an economic downturn. The Group has contracted minimums representing 3.1x future annual sales without further material capital outlay. We would only lose real ground if housing demand fails to recover over the next three years, not in the second half of the current reporting year. That absence in demand recovery would also have to include new housing to rent. Accordingly, we have kept up school construction and civils preparation ready for the next set of licences. The listed majors have mostly suspended land acquisitions but as they look to start rebuilding output, we can expect that capital-lite, serviced plots will be at the top of their want list. Four new agreements since March with predominantly private housebuilders provide good support to that conclusion.

Whatever the behavioural changes and eventual outcomes to this pandemic, it is hard to see them as being bad for well-planned, countryside facing developments with good transport connections, great schools, decent broadband and guaranteed access to green spaces. ESG attributes may have taken something of a back seat while investors try to figure out what is going on in the world but look set to return stronger when attention switches to building a greener and more resilient future. The result for us would be a powerful alignment of government, investor and house-buyer interests. The current land market dislocations work in our favour. The housebuilders will seek to preserve immediate margin, whereas we will look to acquire for the future. Additional pipeline developments beyond the two further strategic projects contracted in the past fortnight are anticipated.

Nigel Hugill
Chief Executive

10th June 2020

Financial review

Introduction

I would like to start by highlighting the immediate and principal impacts that Coronavirus has had on the Group.

During the two weeks or so preceding the Government's lockdown on 23 March, sales completions and reservations at our sites understandably fell as visitor numbers slowed. Housebuilders ultimately closed their sales offices making reservations and completions more challenging.

These events principally affected the Group in two ways. Firstly, the Group's independent valuers (CBRE) reduced their valuations at the half year due to market uncertainties, and secondly receipts under our licence agreements slowed.

Although this slowdown of receipts did not significantly impact the period under review it will make achievement of our previous guidance for the full financial year unlikely.

Residential sales equivalent to 382 plots were made in the interim period generating £20.1 million of cash for the Group. This total is up 9.8 per cent over the comparable period and, although it represents only 33.5 per cent of the £60 million annual cash generation target, this was in line with our expectations as these targets were skewed towards increased second half performance - reflecting the progress of pipeline transactions at the forecast date and the expectation that Wintringham would start generating income from the third quarter this year.

Although a fully functioning market is of course preferable for all, the Group's cashflows are protected to an extent through its £107.7 million of forward contracted sales (up from £101.7 million at 30 September 2019). These forward contracts specify minimum annual sums which the housebuilders are required to pay whether houses are built or not. Although each contract is assessed on a 12-month look-back basis, meaning that the minimum sums will be receivable at different times, in the aggregate they are worth the equivalent of £34.9 million per annum to the Group (30 September 2019: £30.7 million) over 3.1 years.

In addition to reducing completions, the increased market uncertainty and consequently lower CBRE valuations have caused EPRA metrics to fall around 7 per cent across all measures at the half year. If, however, the large site discount (which represents the aggregated difference between the bulk land values ascribed by CBRE's strategic site valuations and the current retail prices being achieved on smaller parcel sales) is added to the EPRA NAV per share measure, this fall reduces to 3.1 per cent (see the Key Performance Indicator Table below).

Key Performance Indicators

The Group's Key Performance Indicators for the six months to 31 March 2020 remain consistent with those detailed in the Strategic Report section of the 2019 Annual Report and Accounts:

	Six months to 31 March 2020	Six months to 31 March 2019	Year ended 30 September 2019	Annual (decrease)/increase	Six monthly (decrease)/ increase
EPRA NAV (EPRA net assets)	£487.8m	£497.3m	£527.5m	(1.9)%	(7.5)%
EPRA NAV per share	335.1p	340.6p	360.3p	(1.6)%	(7.0)%
EPRA NNNAV (EPRA triple net assets)	£463.3m	£470.8m	£497.0m	(1.6)%	(6.8)%
EPRA NNNAV per share	318.3p	322.4p	339.5p	(1.3)%	(6.2)%
Total shareholder return	(35.0)%	(8.5)%	7.8%		
Total NAV return	(5.5)%	2.8%	8.6%		
Gearing - EPRA NAV basis	25.0%	18.2%	19.9%		
Strategic site plot completions[1,2]	382 plots	365 plots	665 plots	4.7%	n/a
Europa Way plots completions	133 plots	-	401 plots		
Cash flow generation from plot completions[3]	£20.1m	£18.3m	£34.3m	9.8%	n/a
Large site discount per share[5]	145p	139p	135p	4.3%	7.4%
EPRA NAV per share + large site discount per share (gross of tax)[4]	480.1p	479.6p	495.3p	0.0%	(3.1)%

1. Includes 239 of actual plot completions and land sales equivalent to 143 plots (Alconbury: 4; Rugby: 65; Newark: 64; Wintringham: 10).
2. Actual plot completions include 55 plots at Alconbury (six months ended 31 March 2019: 60; year ended 30 September 2019: 144); 93 at Rugby (six months ended 31 March 2019: 62; year ended 30 September 2019: 155); 35 at Newark (six months ended 31 March 2019: 63; year ended 30 September 2019: 87); 18 plots from new contracts at Priors Hall and 38 plots from pre-acquisition contracts at Priors Hall (six months ended 31 March 2019: 180; year ended 30 September 2019: 279).
3. Represents Urban&Civic's (U&C's) share of cash generated by strategic site plot completions.
4. EPRA NNNAV per share + large site discount per share (net of tax) equates to 435.8p (31 March 2019: 435.0p; 30 September 2019: 448.9p). The tax allowance was calculated by applying a tax rate of 19 per cent to the gross large site discount.
5. Large site discount represents the difference between the unserviced land values ascribed by CBRE strategic site valuations (which consider site scale and build-out duration among other matters) and the current retail prices being achieved on smaller parcel sales.

Although currently in an exceptional period of disruption, we maintain that EPRA NAV metrics and TSR remain the most reliable and therefore most appropriate principal measures by which to assess business performance, particularly when considering value growth.

In order to underpin the EPRA metrics, we engage CBRE Limited (independent valuers) to provide Red Book valuations for all our consented strategic land sites (as well as other assets). Having highlighted the reliability of EPRA metrics, at this half year, in common with the vast majority of 31 March valuations, CBRE's valuation report carries material uncertainty wording that states they are attaching less weight to previous market evidence for comparison purposes when forming opinions of value and that a higher degree of caution should be exercised when considering these valuations.

The basis for selecting our other KPI's is set out in the 2019 Annual Report.

Net Asset Value - EPRA and IFRS

Presented below is a non-statutory analysis explaining the movements in EPRA NAV in the last six months and comparable periods.

	Six months to	Six months to	Year ended

	31 March 2020				31 March 2019		30 September 2019	
	Group £m	Joint ventures £m	Total £m	Pence per share	Total £m	Pence per share	Total £m	Pence per share
Rental, hotel and other property profits	0.7	(0.1)	0.6	0.4	1.1	0.7	2.3	1.6
Revaluation of investment properties and write downs of trading properties[1,2]	(6.1)	(0.7)	(6.8)	(4.7)	1.0	0.6	5.1	3.5
Profit on trading property sales[3,4]	10.7	2.6	13.3	9.1	10.0	6.9	27.4	18.7
Project management and other fees	1.1	-	1.1	0.8	2.0	1.4	2.9	2.0
Administrative expenses	(7.6)	(0.1)	(7.7)	(5.3)	(8.8)	(6.0)	(20.0)	(13.7)
Tax and other income statement and retained earnings movements	(1.5)	0.1	(1.4)	(0.9)	(1.5)	(1.0)	(5.1)	(3.5)
Total comprehensive income movement	(2.7)	1.8	(0.9)	(0.6)	3.8	2.6	12.6	8.6
Dividends paid	(3.6)	-	(3.6)	(2.5)	(3.2)	(2.2)	(5.2)	(3.5)
Other equity movements	0.1	-	0.1	0.1	2.3	1.5	3.3	2.3
Effect of IFRS 15 adoption[4]	-	-	-	-	3.2	2.2	3.2	2.2
IFRS movement	(6.2)	1.8	(4.4)	(3.0)	6.1	4.1	13.9	9.6
Revaluation of retained trading properties[2]	(22.2)	(7.3)	(29.5)	(20.3)	14.6	10.0	39.3	26.8
Release of trading property revaluations on disposals[4]	(6.6)	-	(6.6)	(4.5)	(2.7)	(1.8)	(4.7)	(3.2)
Deferred taxation[2]	0.8	-	0.8	0.5	1.3	0.9	1.0	0.7
Effect of IFRS 15 adoption[2]	-	-	-	-	(3.2)	(2.2)	(3.2)	(2.2)
Effect of shares and dilutive options	-	-	-	2.1	-	(2.2)	-	(3.2)
EPRA NAV movement	(34.2)	(5.5)	(39.7)	(25.2)	16.1	8.8	46.3	28.5

Deferred taxation	6.0	-	6.0	4.0	(3.4)	(2.3)	(7.4)	(4.9)
EPRA NNNAV movement	(28.2)	(5.5)	(33.7)	(21.2)	12.7	6.5	38.9	23.6
EPRA NAV at start of period			527.5	360.3	481.2	331.8	481.2	331.8
EPRA NAV at end of period			487.8	335.1	497.3	340.6	527.5	360.3
EPRA NNNAV at start of period			497.0	339.5	458.1	315.9	458.1	315.9
EPRA NNNAV at end of period			463.3	318.3	470.8	322.4	497.0	339.5

1. Comprises deficits on the revaluation of investment properties (£4.8 million) and trading property write downs (£2.0 million; £0.7 million of which relate to joint ventures). 31 March 2019 comparable comprises £1.0 million of investment property revaluation surpluses. 30 September 2019 comparable comprises £5.8 million of investment property revaluation surpluses and trading property write downs of £0.7 million.
2. Total classified as property revaluations for the purposes of the below EPRA NNNAV growth commentary.
3. Comprises profits from trading and residential property sales (£9.4 million) and construction contracts (£1.1 million), whether earned by subsidiaries or joint ventures, as well as unwinding discounts applied to long-term residential property sales debtors (£2.7 million) and surpluses on revaluation of overage elements that were acquired with the Priors Hall asset (£0.1 million).
4. Total classified as profit on property sales for the purposes of the below EPRA NNNAV growth commentary.

From the table above it can be noted that property revaluations (identified by a superscript 2.) accounted for (24.5)p of the Group's (25.2)p EPRA NAV contraction, while overheads, dividends and the dilutive effect of share options have netted a further (5.7)p from EPRA NAV. Profits on property sales contributed a positive 4.6p (identified by a superscript 4.).

A more detailed reconciliation between IFRS, EPRA NAV and EPRA NNNAV is provided in note 18.

Total shareholder return

Having hit an all-time high share price of 375p per share on 19 February, the price fell back to 208p per share by 31 March - meaning U&C shares have fallen 116p per share or 35.8 per cent since 30 September 2019. Combined with the payment of a 2.5p final dividend, this has resulted in total shareholder return being minus 35.0 per cent.

Total NAV return, which substitutes movements in EPRA NNNAV for movements in share prices when compared to shareholder return calculations, is minus 5.5 per cent over the six months to 31 March 2020.

Consolidated statement of comprehensive income

Gross profit and loss/profit after tax (including the Group's share of joint ventures) have fallen £2.3 million and £4.7 million respectively. These decreases are predominantly due to downward property revaluations (as set out in the table below).

	Six months to 31 March 2020			Six months to 31 March 2019			Year ended 30 September 2019		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint venture and associates £m	Total £m	Group £m	Joint venture and associates £m	Total £m
Revenue	33.0	14.6	47.6	30.9	16.4	47.3	102.1	29.4	131.5
Rental, hotel and other property profits	0.7	(0.1)	0.6	1.1	-	1.1	2.3	-	2.3
Profit on trading property sales[1,2]	8.8	1.7	10.5	4.3	5.1	9.4	16.7	7.2	23.9
	1.1	-	1.1						

Project management and other fees[3]				2.0	-	2.0	2.9	-	2.9
Write down of trading properties[4]	(1.3)	(0.7)	(2.0)	-	-	-	(0.7)	-	(0.7)
Gross profit	9.3	0.9	10.2	7.4	5.1	12.5	21.2	7.2	28.4
Administrative expenses	(7.6)	(0.1)	(7.7)	(8.8)	-	(8.8)	(19.9)	(0.1)	(20.0)
(Deficit)/surplus on revaluation of investment properties and receivables[4]	(4.8)	-	(4.8)	1.1	-	1.1	5.8	-	5.8
Surplus on revaluation of receivables[2]	0.1	-	0.1	0.5	-	0.5	0.9	-	0.9
Impairment of loans to joint ventures and share of post-tax profit from joint ventures	1.8	(1.8)	-	5.2	(5.2)	-	8.0	(8.0)	-
Unwinding of discount applied to long-term debtors[2]	1.8	0.9	2.7	0.3	0.2	0.5	1.7	0.9	2.6
Tax and other income statement movements	(1.5)	0.1	(1.4)	(1.9)	(0.1)	(2.0)	(5.1)	-	(5.1)
(Loss)/profit after tax	(0.9)	-	(0.9)	3.8	-	3.8	12.6	-	12.6

1. Comprises profits from trading and residential property sales (£9.4 million; £1.7 million of which relate to join ventures) and construction contracts (£1.1 million).
2. Total classified as profit on trading and investment property sales in the EPRA movement table above.
3. Recurring project management fees comprise £0.9 million of the total (31 March 2019: £1.0 million; 30 September 2019: £2.1 million) and are earned through recharging administrative expenses to joint venture partners where Group employees are engaged in joint venture activities.
4. Total classified as revaluation of investment properties and write downs of trading properties in the EPRA movement table above.

Gross profit

Gross profit is down £2.3 million on last year (to £10.2 million including £0.9 million generated by joint ventures) reflecting

increased trading profits (up £1.1 million to £10.5 million), greater trading property write downs (up £2.0 million), reduced non-recurring fees (down £0.9 million) and lower profits from hotel operations (down £0.5 million).

Of the £10.5 million of profits from trading property sales, residential profits at Alconbury, Newark and Priors Hall accounted for £2.2 million, £1.7 million was earned in respect of Urban&Civic's share of residential profits at Rugby and Wintringham, £5.2 million was generated by Catesby land promotion sales, £1.1 million came from Europa Way residential parcel sales and £0.3 million was accounted for by non-core property disposals.

Consistent with prior periods, residential profits include profits from the Group's strategic site licence arrangements.

Due to the complexity of these licence arrangements from an accounting perspective, it is worth noting that profit under licences are predominantly recognised in two places in the income statement, although often at different points in time. In the first instance, we will typically recognise the full cost of sale together with the total minimum amounts due under a licence arrangement when the land has been transferred to the housebuilder (usually on contract completion). This minimum sum is discounted and recorded through the gross profit line together with an estimate of the overages that the Group expects to collect from the housebuilder when the homes are ultimately sold. This overage sum is also discounted, due to the length of time it takes to earn that overage, and it is only recognised if we do not believe there is a high probability that it will reverse due to market conditions prior to collection.

At each subsequent reporting period our estimates will be compared with what has taken place and adjustments made.

The second place where you might consider that 'residential profits' are recorded is through the finance income line. This is where the discount applied to the long-term minimums and overage debtors unwind; through either the passage of time or upon receipt of the licence proceeds, minimum sum and/or overage.

In the six months to 31 March 2020, £2.2 million of residential profits (associated with overages at Alconbury Weald, Newark and Priors Hall) were recognised through gross profit with a further £1.8 million of discount unwinding (in respect of minimum and overage receivables) being recognised in finance income.

Of the £1.7 million of joint venture residential profits (U&C's share), £0.6 million was attributable to the contractual minimums and discounted overages following the sale of a 235-plot parcel to Morris Homes at Wintringham, with a further £1.1 million of overages and other profits from Davidsons Homes, Morris Homes and Crest Nicholson agreements at Rugby. Joint ventures booked a further £0.9 million of discount unwinding (U&C's share), in respect of the overage receivables, through finance income, which has been consolidated into the Group's share of profits from joint ventures.

A breakdown of sales completions by site, with comparatives, has been included as a footnote to the KPI table above. These footnotes also set out how many of these sales completions relate to land sales as opposed to actual plot completions.

The terms minimums, overages and licences have been defined within the glossary on the last page of this interim statement.

Administrative expenses

Gross administrative costs have fallen £0.7 million to £10.2 million in the six months to 31 March 2020, largely as a result of decreased share based payment charges (following reduced EPRA and TSR performance over the last six months) and not having to incur the one off costs associated with the Group's move to the Premium Listing segment of the London Stock Exchange (which was completed last year).

We continue to capitalise overheads associated with development activity by reference to the amount of time spent by our employees on those activities. In the six months to 31 March 2020 this capitalised proportion increased to around 25 per cent compared to 20 per cent last year thereby reducing net overheads by £2.5 million.

No material benefit has been received under the Covid-19 job retention scheme, reflecting the Group's high activity levels during lockdown. A maximum of 10 employees, associated with administrative duties at the Group's offices or estate management at the strategic land sites, were furloughed at any one time. No employees remain furloughed.

Surplus on revaluation of investment properties

Investment properties now only comprise commercial buildings and commercial development land at Alconbury and a proportion of the Group's interest in Waterbeach, which could deliver both commercial buildings and residential rental properties in the future. Consequently, there are very few property revaluation movements accounted for through the income statement under IFRS.

In order to help the reader understand the value of the Group's total property portfolio, as well as reconcile the movements at both IFRS and EPRA levels, the below table has been produced.

Property portfolio £m	Investment properties (wholly owned)	Trading properties (wholly owned)	Properties within PPE (wholly owned)	Trade and other receivables (wholly owned)	Subtotal (wholly owned)	Trading properties (share of joint ventures)	Trade and other receivables (share of joint ventures)	Total (including share of joint ventures)
Valuation at 1 October 2019	52.9	402.4	3.2	52.6	**511.1**	163.7	27.7	**702.5**
Less: EPRA adjustment (trading properties)	-	95.4	-	-	95.4	20.6	-	116.0
IFRS carrying value at 1 October 2019	52.9	307.0	3.2	52.6	**415.7**	143.1	27.7	**586.5**
Capital expenditure (including capitalised overheads)	1.8	22.9	-	-	24.7	17.0	-	41.7
Disposals/depreciation/write downs	(1.5)	(20.6)	(0.1)	1.1	(21.1) (4.8)	(8.2)	3.6	(25.7) (4.8)

Revaluation movements (investment properties)	(4.8)	-	-	-		-	-	
IFRS carrying value at 31 March 2020	**48.4**	**309.3**	**3.1**	**53.7**	**414.5**	**151.9**	**31.3**	**597.7**
Add: EPRA adjustment (trading properties)	-	68.4	-	-	68.4	-11.5	-	79.9
Valuation at 31 March 2020	**48.4**	**377.7**	**3.1**	**53.7**	**482.9**	**163.4**	**31.3**	**677.6**
Memo: movement in EPRA adjustment (trading properties)	**-**	**(27.0)**	**-**	**-**	**(27.0)**	**(9.1)**	**-**	**(36.1)**
Comprising:								
EPRA adjustment on sites sold	-	(6.6)	-	-	(6.6)	-	-	(6.6)
EPRA adjustment on retained properties	-	(20.4)	-	-	(20.4)	(9.1)	-	(29.5)

Investment properties fell in value by £4.8 million in the period with a further £29.5 million reduction in value coming from the revaluation of retained trading properties at the EPRA level.

In addition to these movements, £6.6 million of EPRA adjustments have been reversed as properties have been disposed of or profits recognised.

Out of the total £34.3 million revaluation deficit in respect of retained properties, £12.2 million was attributable to a 4.3 per cent fall in the value of Alconbury.

Other reductions in value across our property portfolio included Rugby (U&C's share: £5.6 million), Newark (£3.9 million), Priors Hall (£3.8 million) and the Manchester commercial assets (U&C's share: £5.7 million). Catesby planning consents yielded the Group's only valuation surpluses in the period with £2.2 million being generated from achieving planning consents on three sites.

The revaluation deficits reflect the current market uncertainties and in arriving at their valuations, CBRE have increased discount rates, reduced sales rates and lowered both house price and serviced land value inflation assumptions within their discounted cashflow models. Servicing works continue across all of the Group's consented strategic sites.

As previously mentioned in the KPI section above, and in common with substantially all valuation reports at this date, the independent valuer's opinion for this half year carries a material uncertainty qualification due to the lack of market evidence at this time.

Alconbury remains the Group's most significant property asset comprising 40.5 per cent of the total property portfolio value.

Taxation expense
The tax charge as a proportion of profits has increased over recent reporting periods as historic tax losses have been utilised and changes in legislation have restricted how much of these historic tax losses can be accessed in any one period.

In the six months to 31 March 2020 the Group's tax charge totalled £1.1 million compared to a profit before taxation of £182,000. This is the result of additional deferred tax being provided for at an increased rate of 19 per cent this period, rather than the 17 per cent applied at the year end following the Government's decision not to enact the intended reduction in tax rates to 17 per cent (£561,000), and deficits on revaluation of investment properties not being a recognised deduction for tax purposes (£868,000) among other matters.

Dividend
Despite the Group's development progress at its strategic land sites the Board has elected to postpone a decision in relation to the payment of dividends due to the current market volatility, which has affected both our property portfolio values and growth in plot completions and cash generation.

The Board intends to reappraise the position at the year end.

The Group paid its 2019 final dividend of 2.5p per share (£3.6 million) in February 2020.

Consolidated balance sheet

Overview

	At 31 March 2020			At 31 March 2019			At 30 September 2019		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint venture and associates £m	Total £m	Group £m	Joint venture and associates £m	Total £m
Investment properties	48.4	-	48.4	46.5	-	46.5	52.9	-	52.9
Trading properties	309.3	151.9	461.2	320.8	129.3	450.1	307.0	143.1	450.1
Properties within PPE	3.1	-	3.1	3.4	-	3.4	3.2	-	3.2
Properties[1]	360.8	151.9	512.7	370.7	129.3	500.0	363.1	143.1	506.2
Investment in joint ventures and associates	123.6	(123.6)	-	113.6	(113.6)	-	121.3	(121.3)	-
Trade and other receivables									
Non-current property[1]	37.1	26.5	63.6	20.0	18.9	38.9	45.9	22.1	68.0
Current property[1]	16.7	4.7	21.4	9.3	2.5	11.8	6.7	5.6	12.3
Current - other	14.6	7.5	22.1	14.3	12.6	26.9	11.8	12.6	24.4
	68.4	38.7	107.1	43.6	34.0	77.6	64.4	40.3	104.7
Cash	12.7	6.2	18.9	28.2	3.5	31.7	24.4	3.0	27.4
Borrowings	(134.8)	(58.7)	(193.5)	(118.6)	(35.5)	(154.1)	(129.3)	(47.6)	(176.9)
Deferred tax liability (net)	(6.2)	-	(6.2)	(4.9)	-	(4.9)	(5.9)	-	(5.9)
Other net liabilities	(25.9)	(14.5)	(40.4)	(37.5)	(17.7)	(55.2)	(35.0)	(17.5)	(52.5)
Net assets	398.6	-	398.6	395.1	-	395.1	403.0	-	403.0
EPRA adjustments - property[1]	68.4	11.5	79.9	76.2	17.3	93.5	95.5	20.5	116.0
EPRA adjustments - deferred tax	9.3	-	9.3	8.7	-	8.7	8.5	-	8.5
EPRA NAV	476.3	11.5	487.8	480.0	17.3	497.3	507.0	20.5	527.5
EPRA NNNAV adjustments	(24.5)	-	(24.5)	(26.5)	-	(26.5)	(30.5)	-	(30.5)
EPRA NNNAV	451.8	11.5	463.3	453.5	17.3	470.8	476.5	20.5	497.0
EPRA NNNAV per share			318.3p			322.4p			339.5p

1. Total property related interests: £677.6 million (31 March 2019: £644.2 million; 30 September 2020: £702.5 million).

Investment properties

Investment properties at 31 March 2020 amounted to £48.4 million and comprised the commercial development area at Alconbury (£39.4 million) and the proportion of the Waterbeach site that could deliver both commercial buildings and residential properties for rent (£9.0 million).

The Group's total period-end property portfolio, irrespective of balance sheet classification, was valued at £677.6 million, 95 per cent by independent valuers CBRE and 5 per cent by Directors.

Trading properties

The carrying value of trading properties increased by £2.3 million in the period to £309.3 million.

This increase was the result of capital expenditure of £14.4 million (including £10.0 million in respect of Alconbury and Priors Hall development works), capitalised overheads amounting to £2.3 million, capitalised finance costs of £1.9 million - all net of £15.0 million of disposals (including residential disposals at Alconbury and Newark of £12.3 million and £2.5 million in respect of the sale of Catesby sites) and £1.3 million of write downs (in respect of non-core properties).

Investment in joint ventures and associates

The Group's joint venture in Rugby has been included in the balance sheet at £88.7 million, which along with a half interest in the 351 apartment scheme known as Manchester New Square (£15.2 million), a one-third interest in a 400 acre (162.3 hectares) site at Wintringham Park, St. Neots (£17.9 million) and £1.8 million of other residual interests combine to form an overall Group investment in joint ventures and associates of £123.6 million.

Trade and other receivables

At the half year, non-current and current trade and other receivables (totalling £68.4 million) included acquired Priors Hall receivables (£1.2 million), discounted contractual minimum receivables (£45.4 million) and pre-completion discounted overages (£2.1 million) with Morris Homes, Redrow, Crest Nicholson and Hopkins Homes at Alconbury, Kier at Corby and Avant and Bellway at Newark. Also included is £5.1 million in respect of deferred consideration on the sale of a parcel at Newark to Countryside in the period.

Equivalent receivables (U&C's share) are owed to the Rugby joint venture by Crest Nicholson (£1.6 million) and again Morris Homes (£4.3 million) and Redrow (£12.6 million) and to the Wintringham joint venture by Cala (£6.4 million) and Morris Homes (£6.3 million).

These property receivables will be received as and when the houses to which they relate are sold, or if earlier, when the housebuilders are contractually obliged to pay minimum sums. The discounts applied to these balances will unwind through finance income over time.

Cash

Group cash balances at the period end totalled £12.7 million, down £11.7 million since last year end; largely due to property additions (£18.0 million), admin expenses (£13.9 million), loan repayments (£3.7 million) and payment of dividend (£3.6 million) exceeding sales receipts (£21.6 million) and loan drawdowns (£10.1 million).

Sales receipts comprised £8.5 million of Catesby promotion proceeds (including cost reimbursement) and £13.1 million of residential sales receipts.

Subsequent to 31 March, Urban&Civic received £18.2 million under the Development Management Agreement arrangement at Waterbeach (see post balance sheet matters note below).

Current and non-current borrowings - financial resources and capital management

In the six months to 31 March 2020 the Group has put in place £96.2 million of additional financial resources in the form of a loan from Homes England and an amortising grant from the Department for Education (DfE); which has been recorded as an 'other creditor' within joint ventures in the financial statements.

The £60.6 million loan is a ten year and nine-month Homes England infrastructure facility at Waterbeach and the interest free amortising grant from the DfE is for £35.6 million, which will be used to fund the early construction of a new secondary school at Houlton, Rugby. The DfE grant will be repaid in line with the Houlton's existing Section 106 obligations (attaching to the provision of secondary school), meaning that the final repayment date is anticipated to be mid-2042.

This additional financial resource means that the Group now benefits from £136.4 million of undrawn facilities on a look-through basis (U&C's share £111.6 million), 86.0 per cent of which is with Homes England, Local Authorities, DfE and other government bodies.

In response to Covid-19 related construction and sales delays, the Group has sought and received credit approval to extend facility durations and milestones in respect of two loans funding our Manchester New Square joint venture development. The 10 month extension (to October 2021) of the £51.0 million senior facility and 17 month extension (to May 2022) of the £24.6 million mezzanine facility will provide additional time in which to complete the construction and sale of the residential apartments; 44 per cent of which have already been reserved or exchanged).

In addition to these measures the Group has also applied for a number of facility expansions with existing lenders and these are being reviewed by respective credit departments at this time. None of these extensions are being relied upon to form our view on going concern, which has no material uncertainties attaching to it and which has been described in more detail in note 1.

The Group has not taken advantage of the Coronavirus Large Business Interruption Loan scheme. HSBC (the Group's corporate lender) has indicated that the Group would qualify, subject to usual approvals and processes.

The Group's net debt position at 31 March 2020 totalled £122.1 million (30 September 2019: £104.9 million), producing a net gearing ratio of 30.6 per cent (30 September 2019: 26.0 per cent) on an IFRS NAV basis and 25.0 per cent (30 September 2019: 19.9 per cent) on an EPRA NAV basis. Look-through gearing levels are higher as shown below due to the shorter-term borrowings used to fund development expenditure in respect of the Manchester New Square and Homes England borrowings within the Rugby and Wintringham joint ventures.

Homes England now account for 75.1 per cent of all Group borrowings with Local Authorities and other government bodies accounting for a further 1.4 per cent (as shown in the table below).

	At 31 March 2020				
	Group £m	Proportion of Group borrowings	Joint ventures £m	Look-through £m	Proportion of look-through borrowings
Homes England	102.7	75.1%	26.8	129.5	66.1%
Corporate RCF	20.9	15.3%	-	20.9	10.7%
Manchester New square	-	0.0%	32.2	32.2	16.4%
Deansgate Hotel	11.2	8.2%	-	11.2	5.8%
Huntington District Council	2.0	1.4%	-	2.0	1.0%
Borrowings before loan arrangement costs	136.8	100.0%	59.0	195.8	100.0%
Loan arrangement costs	(2.0)		(0.3)	(2.3)	
Borrowings after loan arrangement costs	134.8		58.7	193.5	
Cash	(12.7)		(6.2)	(18.9)	
Net debt	122.1		52.5	174.6	
EPRA NAV	487.8			487.8	
EPRA NAV gearing	25.0%			35.8%	

The Group's only gearing covenant, which attaches to the £40 million Revolving Credit Facility with HSBC, has a limit of 40 per cent and is based on borrowings (on a non-look-through basis) and EPRA NAV.

Other principal loan covenants (which are predominantly associated with Homes England loans) are based on loan to value ratios attaching to specific property assets. These ratios typically range between 40 per cent and 75 per cent.

The Group was covenant compliant in the six months to 31 March and is forecast to remain compliant throughout the going concern review period, as described in note 1. Compliance has been stress tested as part of that exercise and the Group has identified further mitigations that could be used to cure any potential covenant breaches, including pledging more asset value as security. On large sites we typically seek to give lenders charges over smaller areas of land, rather than a charge over the whole site, which provides additional charging capacity if required. By way of example, out of a total value of £272.4 million for Alconbury at 31 March, £133.6 million is subject to a fixed charge, leaving £138.8 million of additional charging capacity.

The Group's weighted average loan maturity at 31 March 2020 was 6.3 years (30 September 2019: 6.7 years) and weighted average cost of borrowing on drawn debt was 3.7 per cent (30 September 2019: 3.8 per cent).

The Group has no loans maturing over the next three years, except for the Newark Homes England facility (£6.1 million currently drawn), the £11.2 million Deansgate Hotel facility (which is currently being marketed as a development site with planning) and the joint venture development loans at Manchester New Square. The Newark facility will be repaid out of residential plot sales and the Manchester New Square and Deansgate borrowings will also be repaid from sale proceeds.

The Group continues to assess its long-term viability using the procedures set out on page 33 of the 2019 Annual Report and Accounts, however in this period of uncertainty, particular attention has been paid to the Group's assumptions around non-contractual receipts and non-committed expenditure as well as the additional mitigations that might be used to counter adverse events (as described in note 1).

Having completed this review, the Directors can confirm that they have a reasonable expectation that the Group has adequate resources to continue in operation and meet its liabilities as they fall due over the 18 months to 30 September 2021.

Post balance sheet matters

Subsequent to 31 March 2020, the Waterbeach joint arrangement sold the converted medical accommodation (let to Papworth Hospital Trust) for £18.6 million. The Development Management Agreement arrangements were such that Urban&Civic received £18.2 million of these proceeds to clear all amounts previously advanced.

Principal risks and uncertainties

The principal risks of the business are set out on pages 38 to 43 of the 2019 Annual Report and Accounts, which include a commentary on their potential impacts, links to the Group's strategic priorities and identification of relevant mitigation factors.

Since the publication of the 2019 Annual Report and Accounts, the Board, with the support of the Executive Management Committee, has undertaken further reviews and believes that although there have been no material changes to the composition of the Group's principal risks, the risk scores and ratings across a number of these risks have increased as a result of Coronavirus. The movements in risk ratings and a description of the movement are set out below.

Risk description	Movement description	Risk rating (after mitigation) at 31 March 2020	Risk rating (after mitigation) at 30 September 2019	Change in risk rating (after mitigation) since September 2019
Market risk[1]	Covid-19 and the associated lockdown has had, and is likely to continue to have, an impact on the Group's customers, suppliers and contractors, thereby increasing the risk of operating in the residential market.	Red	Red	^
Strategic risk[1]	Covid-19 has caused market disruption that will mean the Group's contractual minimums are likely be tested for the first time in a market downturn. First charges over land that secure unpaid sums, lack of force majeure clauses in our contracts and underlying financial stability of our housebuilder customers (78 per cent have been assessed as five star or four star builders by the HBF) provides the Group with good mitigation prospects.	Green	Green	^
People risk[1]	The longer term effects of a significant lockdown period on U&C's workforce is not fully understood, however active work programmes, training and increased levels of communication throughout lockdownhave helped to mitigate unfavourable effects.	Green	Green	^
Cyber risk[1]	Home working and remote operations caused by the lockdown has increased the risk of cyber-attack. Additional IT security (such as multi-factor authentification) and a continuing focus on maintaining existing protocols have helped to counter this increased threat.	Green	Green	^

Planning risk	Achieving a planning consent (or successful appeal) in a period where physical meetings are not being scheduled could cause delays. Although virtual planning committee meetings are now starting to be scheduled, there remains an increased risk of delay.	Amber	Green	^
Health and safety risk	Social distancing and restrictions on physical movements increase health and safety risks when operating development sites and head office operations (post lockdown). Although the Group has implemented enhanced working practices, there remains an increased risk.	Amber	Green	^
Delivery risk	Coronavirus disruption has affected the Group's ability to maintain delivery of its projects in an efficient manner and increased the financial vulnerability of its contractors. Additional credit checks, bonds where appropriate and requests for additional management information from our suppliers, contractors and customers are being sought or undertaken, however there remains an increased risk	Amber	Green	^
Finance risk[1]	Reduced values and income generation have increased the Group's finance risk. Additional funding capacity, revised milestones and covenants together with undertaking covenant sensitivity analysis provides the Group with confidence that current mitigations are effective.	Amber	Amber	^

1. Although the risk rating has not changed classification in the period, the risk score has increased.

The Board believes the previously reported mitigation actions, together with the increased controls noted above, appropriately manage these increased risks.

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and a description of where to find the principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

Signed on behalf of the Board on 10 June 2020

David Wood
Group Finance Director

Consolidated statement of comprehensive income

For the six month period-ended 31 March 2020

	Notes	**Six months to 31 March 2020 Unaudited £'000**	Six months to 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Revenue	2	**33,044**	30,894	102,114
Direct costs	2	(23,707)	(23,587)	(80,890)
Gross profit	2	**9,337**	7,307	21,224
Administrative expenses		**(7,607)**	(8,779)	(19,875)
(Deficit)/surplus on revaluation of investment properties		**(4,845)**		

	Notes			
	9		1,046	5,791
Surplus on revaluation of receivables	14	98	528	850
Impairment of loans to joint ventures	11	(718)	-	-
Share of post-tax profit from joint ventures	11	2,488	5,240	8,039
Profit on disposal of investment properties		6	-	-
Operating (loss)/profit	3	**(1,241)**	5,342	16,029
Finance income	5	2,350	531	1,777
Finance costs	5	(927)	(774)	(1,470)
Profit before taxation		**182**	5,099	16,336
Taxation expense	6	(1,129)	(1,250)	(3,707)
Total comprehensive (loss)/income		**(947)**	3,849	12,629
Basic (loss)/earnings per share	7	**(0.7)p**	2.7p	8.8p
Diluted (loss)/earnings per share	7	**(0.7)p**	2.6p	8.6p

The Group had no amounts of other comprehensive income for the current or prior periods and the (loss)/profit for the respective periods is wholly attributable to equity shareholders.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated balance sheet

As at 31 March 2020

	Notes	31 March 2020 Unaudited £'000	31 March 2019 Unaudited £'000	30 September 2019 Audited £'000
Non-current assets				
Investment properties	9	**48,371**	46,553	52,937
Property, plant and equipment	10	**8,024**	4,223	3,958
Investments in joint ventures	11	**123,631**	113,624	121,262
Deferred tax assets	12	**3,137**	3,808	2,565
Trade and other receivables	14	**37,088**	19,953	45,898

		220,251	188,161	226,620
Current assets				
Trading properties	13	309,342	320,750	306,998
Trade and other receivables	14	31,321	22,875	18,463
Cash and cash equivalents		12,673	28,165	24,441
		353,336	371,790	349,902
Total assets		573,587	559,951	576,522
Non-current liabilities				
Borrowings	16	(128,651)	(117,560)	(128,265)
Deferred tax liabilities	12	(9,308)	(8,713)	(8,509)
		(137,959)	(126,273)	(136,774)
Current liabilities				
Borrowings	16	(6,134)	(1,000)	(1,000)
Trade and other payables	15	(30,850)	(37,555)	(35,715)
		(36,984)	(38,555)	(36,715)
Total liabilities		(174,943)	(164,828)	(173,489)
Net assets		398,644	395,123	403,033
Equity				
Share capital	17	29,036	29,023	29,030
Share premium account		169,268	169,065	169,163
Capital redemption reserve		849	849	849
Own shares		(3,590)	(4,261)	(4,086)
Other reserve		113,785	113,785	113,785
Retained earnings		89,296	86,662	94,292
Total equity		398,644	395,123	403,033
NAV per share	18	273.9p	270.6p	275.3p

EPRA NAV per share	18	335.1p	340.6p	360.3p
EPRA NNNAV per share	18	318.3p	322.4p	339.5p

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated statement of changes in equity

For the six month period-ended 31 March 2020

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own Shares £'000	Other reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2019	**29,030**	**169,163**	**849**	(4,086)	**113,785**	**94,292**	**403,033**
Shares issued under scrip dividend scheme	6	105	-	-	-	-	111
Deferred bonus award and share option exercise satisfied out of own shares	-	-	-	2,220	-	(2,210)	10
Purchase of own shares	-	-	-	(1,724)	-	-	(1,724)
Share-based payment expense	-	-	-	-	-	1,752	1,752
Total comprehensive loss for the period	-	-	-	-	-	(947)	(947)
Dividends paid	-	-	-	-	-	(3,591)	(3,591)
Balance at 31 March 2020 (unaudited)	**29,036**	**169,268**	**849**	(3,590)	**113,785**	**89,296**	**398,644**
Balance at 1 October 2018	**29,009**	**168,881**	**849**	(4,748)	**113,785**	**81,247**	**389,023**
Effect of adoption of IFRS 15	-	-	-	-	-	3,203	3,203
Balance at 1 October 2018 restated	**29,009**	**168,881**	**849**	(4,748)	**113,785**	**84,450**	**392,226**
Shares issued under scrip dividend scheme	14	184	-	-	-	-	198
Deferred bonus award and share option exercise satisfied out of own shares							

	-	-	-	762	-	(504)	258
Purchase of own shares	-	-	-	(275)	-	-	(275)
Share-based payment expense	-	-	-	-	-	2,023	2,023
Total comprehensive income for the period	-	-	-	-	-	3,849	3,849
Dividends paid	-	-	-	-	-	(3,156)	(3,156)
Balance at 31 March 2019 (unaudited)	**29,023**	**169,065**	**849**	**(4,261)**	**113,785**	**86,662**	**395,123**
Balance at 1 October 2018 restated	**29,009**	**168,881**	**849**	**(4,748)**	**113,785**	**84,450**	**392,226**
Shares issued under scrip dividend scheme	21	282	-	-	-	-	303
Deferred bonus award and share option exercise satisfied out of own shares	-	-	-	1,417	-	(1,577)	(160)
Purchase of own shares	-	-	-	(755)	-	-	(755)
Share-based payment expense	-	-	-	-	-	3,955	3,955
Total comprehensive income for the year	-	-	-	-	-	12,629	12,629
Dividends paid	-	-	-	-	-	(5,165)	(5,165)
Balance at 30 September 2019 (audited)	**29,030**	**169,163**	**849**	**(4,086)**	**113,785**	**94,292**	**403,033**

Consolidated cash flow statement

For the six month period-ended 31 March 2020

	Six months to 31 March 2020 Unaudited £'000	Six months to 31 March 2019 Unaudited £'000	Year ended 30 September 2019 Audited £'000
Cash flows from operating activities			
Profit before taxation	**182**	5,099	16,336
Adjustments for:			
Deficit/(surplus) on revaluation of investment properties	**4,845**	(1,046)	(5,791)
Surplus on revaluation of receivables	**(98)**	(528)	(850)
Impairment of loans to joint ventures	**718**	-	

			-
Share of post-tax profit from joint venture	(2,488)	(5,240)	(8,039)
Finance income	(2,350)	(531)	(1,777)
Finance costs	927	774	1,470
Depreciation charge	422	502	918
Write down of trading properties	1,285	-	730
Profit on disposal of investment properties	(6)	-	-
Loss on disposal of property, plant and equipment	1	9	13
Share-based payment expense	1,752	2,023	3,955
Cash flows from operating activities before change in working capital	**5,190**	1,062	6,965
(Increase)/decrease in trading properties	(1,449)	(3,770)	11,034
(Increase)/decrease in trade and other receivables	(1,910)	10,761	(9,243)
Decrease in trade and other payables	(8,970)	(9,703)	(12,368)
Cash absorbed by operations	**(7,139)**	(1,650)	(3,612)
Finance costs paid	(633)	(549)	(1,126)
Finance income received	41	36	72
Tax paid	(2,545)	(806)	(1,498)
Net cash flows from operating activities	**(10,276)**	(2,969)	(6,164)
Investing activities			
Additions to investment properties	(1,621)	(503)	(2,144)
Additions to property, plant and equipment	(162)	(225)	(381)
Loans advanced to joint ventures	(599)	(4,185)	(9,203)
Loans repaid by joint ventures and associates	-	-	179
Proceeds from disposal of investment properties	1,496	-	-

Net cash flows from investing activities	**(886)**	(4,913)	(11,549)
Financing activities			
New loans	**7,893**	24,340	37,335
Issue costs of new loans	**(61)**	(43)	(580)
Repayment of loans	**(3,234)**	(1,656)	(5,622)
Purchase of own shares	**(1,724)**	(275)	(755)
Dividends paid	**(3,480)**	(2,957)	(4,862)
Net cash flows from financing activities	**(606)**	19,409	25,516
Net (decrease)/increase in cash and cash equivalents	**(11,768)**	11,527	7,803
Cash and cash equivalents at start of period	**24,441**	16,638	16,638
Cash and cash equivalents at end of period	**12,673**	28,165	24,441

Notes to the condensed consolidated interim financial statements

For the six month period-ended 31 March 2020

1. Accounting policies

Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 Annual Report and Accounts. The financial information for the six months ended 31 March 2020 and 31 March 2019 does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006 and is unaudited.

The statutory annual accounts of Urban&Civic plc for the year ended 30 September 2019 have been reported on by the Company's auditor and have been delivered to the Registrar of Companies. The independent auditor's report on the annual accounts for 2019 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Group will continue to meet its liabilities as they fall due.

The Directors continue to assess going concern through reviewing five year business plans, which are presented periodically at Board meetings, however in this period of uncertainty a more detailed review, focussing on monthly cash positions over the next 18 months to 30 September 2021, has been undertaken.

The assumptions attaching to these forecasts provide for maintained construction programmes (as these are largely fully funded through existing development facilities) and reduced residential sales (which assumed that sales rates do not recover markedly until April 2021).

Forecast house price, land price and cost price inflation assumptions are in line with those used by CBRE in arriving at their strategic site valuations at 31 March and broadly reflect no house price or land price inflation until Q2 2021 (2.5 per cent to 4 per cent thereafter) and cost price inflation at 2 per cent throughout the forecast period.

Any forecast disposals in the base case prior to Spring 2021 relate to transactions that are in documentation at the time of the review (such as the Papworth sale which is noted in the financial review as completing subsequent to 31 March and realised £18.2 million of cash for the Group).

In addition, the base case model includes further downside sensitivities:

- Removal of non-contracted residential sales income (leaving £34.1 million of contractual minimums due over the period to 30 September 2021; equivalent to 2.1 times the annual cash overhead sum of £16 million; which comprises £25 million of gross overheads less depreciation, non-cash share based payment charges and discretionary bonuses).
- A further six-month deferral (to Autumn 2021) of 50 per cent of non-contracted land promotion receipts, together with an assumption that 10 per cent of forecast base case promotion receipts are fully abortive.

These downside sensitivities combine to form an extreme downside scenario which reduces the forecast cash flows by a maximum of £84.5 million over the 18-month period to 30 September 2021.

Mitigating actions that could be taken to address this extreme downside scenario include:

- Cessation of uncommitted strategic land development works, which are not associated with contracted residential sales income.
- Cessation of non-committed capital investment in respect of a number of identified early stage projects.
- Further drawdown under the Group's Revolving Credit Facility.
- Cessation of dividends beyond this interim period.

These combined mitigations would increase the Group's cash flows by a maximum of £91.2 million over the 18 month period to 30 September 2021.

A further £66.5 million of other potential mitigations (including the facility expansions referred to in the financial review, the expected disposal of Deansgate development site and drawings under the Coronavirus Large Business Interruption Loan scheme) would provide additional headroom.

The Board is satisfied that these mitigating actions would protect the Group from the extreme downside scenario set out above and would mean that the Group would still have sufficient cash resources to meet its obligations.

No key loan covenants are projected to be breached during the period under review, having analysed prior period recessionary falls in land values (in the Group's geographic locations), calculated consequential covenant headroom and identified additional uncharged land which could be used to enhance loan security for lenders (as noted in the financial review). Strategic site land values would need to fall between 17 per cent and 72 per cent before any covenants were breached. In such an event the Group has the option of pledging further land as additional security.

Three loan facilities currently expire in the 18 months to 30 September 2021. The first is the Newark Homes England facility (£6.1 million currently drawn), the second is the £11.2 million Deansgate Hotel facility (which is currently being marketed as a development site with planning) and the last is the joint venture development loans at Manchester New Square.

Post 31 March 2020 credit approvals were received for extensions to expiry dates for the Manchester New Square loans and the Deansgate loan. These extensions push terms beyond 30 September 2021 and provide additional time for development completion (in the case of Manchester New Square) and sale; thereby triggering loan repayments.

The Newark facility is capable of being repaid out of existing contracted residential receipts and plot reservations.

The Directors have concluded that it is appropriate to prepare the consolidated interim financial statements on a going concern basis.

Significant accounting policies

In the current period, the Group has adopted IFRS 16 'Leases' which has resulted in the Group recognising a right-of-use asset and liability on the balance sheet initially at the present value of all future lease payments for any leases for which it is the lessee. The treatment of leases where the Group is acting as a lessor is substantially unchanged from that currently applied under IAS 17. The Group has elected to adopt IFRS 16 using the Cumulative Effect Method meaning that full retrospective adjustment of comparative periods is not required. The impact on the Group's balance sheet at 1 October 2019 was to increase both property, plant and equipment and other payables by £4,327,000.

Other than as described above, the same accounting policies, presentation and method of computation are followed in these condensed interim financial statements as were applied in the Group's latest audited financial statements and the accounting policies used in preparing these condensed interim financial statements are those which are expected to be applied for the financial year ending 30 September 2020.

Use of estimates and judgements

Revenue recognition

Judgement is involved when determining how much revenue to recognise at a point in time in respect of residential property sales where there is variable consideration which is only determined at the point of the future onward sale of constructed homes by the Group's housebuilder customers. In determining the amount of revenue recognised, the Directors consider factors that may give rise to significant reversals and for this period have assessed that a 20 per cent reduction in house prices, being the approximate peak to trough fall in house prices in the last two recessions, and a one year delay in receipt of overage payments, to take into account a significant fall in sales rates in a downturn, are appropriate reductions to cover the risk of significant reversal.

Fair value measurement of properties

The Group's investment properties, as presented within the results, and the majority of the Group's trading properties for the purpose of EPRA valuations, are valued on a semi-annual basis by CBRE Limited (CBRE), an independent firm of chartered surveyors, and to a lesser extent by the Directors, on the basis of fair value. Where property assets are bifurcated between investment and trading properties, the Directors have allocated CBRE's valuation with reference to the nature of the properties in each classification. The valuation at each period end is carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors. Fair value represents the estimated amount that should be received for selling an investment property in an orderly transaction between market participants at the valuation date. EPRA valuations are discussed in further detail within note 18.

Due to the outbreak of Covid-19, the following wording was included in CBRE's valuation report at 31 March 2020 in relation to the assets subjected to their valuation:

"The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors, as at the Valuation Date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. Consequently, less certainty - and a higher degree of caution - should be attached to our Valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that you keep the Valuation of these Properties under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the Valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that - in the current extraordinary circumstances - less certainty can be attached to the Valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the Valuation".

Director valuations are deemed to have the same level of uncertainty at 31 March 2020.

Property value assumptions

The key inputs to the strategic property valuations, for both investment properties and trading properties valued for EPRA purposes including properties wholly owned, within joint ventures vehicles, or subject to joint arrangements included:

	31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
House price - private (£psf)	220 - 300	215 - 300	215 - 300
House price - affordable (£psf)	125 - 200	125 - 200	125 - 200
House price inflation (per cent)	2.5	3.0	2.5
Cost price inflation (per cent)	2.0	2.0	2.0
Residential land prices (£'000 per NDA)	700 - 1,600	694 - 1,450	694 - 1,622
Commercial land value (£'000 per acre)	150 - 400	150 - 400	150 - 400
Risk-adjusted discount rate (per cent)	6.25 - 10.0	6.0 - 10.25	6.0 - 10.0

The inter-relationship between the unobservable inputs set out above and the fair value measurement is unchanged from that reported in the 2019 Annual Report and Accounts. Please refer to note 1 for the impact of the Coronavirus on the property valuations at 31 March 2020.

Other than as described above, there have been no new or material revisions to the nature and amount of estimates reported in the 2019 accounts.

2. Revenue and gross profit

	Six months to 31 March 2020 £'000	Six months to 31 March 2019 £'000	Year ended 30 September 2019 £'000
Trading property sales	7,989	8,863	30,279
Residential property sales	14,460	10,964	49,307
Revenue on construction contracts	4,315	3,243	7,972
Rental and other property income	1,439	1,357	2,884
Recoverable property expenses	396	735	1,116
Hotel income	3,300	3,761	7,621
Project management fees and other income	1,145	1,971	2,935
Revenue	33,044	30,894	102,114
Cost of trading property sales	(2,529)	(6,402)	(17,665)
Cost of residential property sales	(12,278)	(9,498)	(46,529)
Costs of construction contracts	(3,181)	(2,917)	(6,641)
Direct property expenses	(1,190)	(1,114)	

			(2,251)
Recoverable property expenses	**(396)**	(735)	(1,116)
Cost of hotel trading	**(2,848)**	(2,921)	(5,957)
Write down of trading properties	**(1,285)**	-	(731)
Direct costs	**(23,707)**	(23,587)	(80,890)
Gross profit	**9,337**	7,307	21,224

3. Operating (loss)/profit

Operating (loss)/profit is arrived at after allocating £2,482,000 of directly attributable administrative expenses to the cost of investment and trading properties (six months to 31 March 2019: £2,142,000; year ended 30 September 2019: £5,461,000).

4. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and within the 2019 Annual Report and Accounts. The chief operating decision maker has been identified as the Board of Directors.

The segmental results that are monitored by the Board include all the separate lines making up the segmental IFRS operating profit. This excludes central overheads and taxation which are not allocated to operating segments.

Consolidated statement of comprehensive income
For the six month period-ended 31 March 2020

	Strategic sites & Catesby £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	29,292	3,752	-	33,044
Direct costs	(19,615)	(4,092)	-	(23,707)
Gross profit	9,677	(340)	-	9,337
Share-based payment expense	-	-	(1,752)	(1,752)
Other administrative expenses	-	-	(5,855)	(5,855)
Administrative expenses	-	-	(7,607)	(7,607)
Deficit on revaluation of investment properties	(4,845)	-	-	(4,845)
Surplus on revaluation of receivables	98	-	-	98
Impairment of loans to joint ventures	-	(718)	-	(718)
Share of post-tax profit from joint ventures	2,488	-	-	2,488
Profit on disposal of investment properties	6	-	-	6
Operating profit/(loss)	7,424	(1,058)	(7,607)	(1,241)
Net finance income/(cost)	1,889	(466)	-	1,423
Profit/(loss) before tax	9,313	(1,524)	(7,607)	182

Consolidated balance sheet
As at 31 March 2020

	Strategic sites & Catesby £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	48,371	-	-	48,371
Property, plant and equipment	3,292	288	4,444	8,024
Investments in joint ventures	106,648	16,983	-	123,631
Deferred tax assets	-	-	3,137	3,137
Trade and other receivables	37,088	-	-	37,088
Non-current assets	195,399	17,271	7,581	220,251
Trading properties	281,539	27,803	-	309,342
Trade and other receivables	27,195	4,126	-	31,321
Cash and cash equivalents	-	-	12,673	12,673
Current assets	308,734	31,929	12,673	353,336
Borrowings	(103,311)	(11,093)	(20,381)	(134,785)
Trade and other payables	(15,948)	(14,902)	-	(30,850)
Deferred tax liabilities	(8,545)	-	(763)	(9,308)
Total liabilities	(127,804)	(25,995)	(21,144)	(174,943)
Net assets	376,329	23,205	(890)	398,644

Consolidated statement of comprehensive income
For the six month period-ended 31 March 2019

	Strategic sites & Catesby £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	24,419	6,475	-	30,894
Direct costs	(20,030)	(3,557)	-	(23,587)

Gross profit	4,389	2,918	-	7,307
Share-based payment expense	-	-	(2,023)	(2,023)
Other administrative expenses	-	-	(6,756)	(6,756)
Administrative expenses	-	-	(8,779)	(8,779)
Surplus on revaluation of investment properties	1,046	-	-	1,046
Surplus on revaluation of receivables	528	-	-	528
Share of post-tax profit from joint ventures	5,231	9	-	5,240
Operating profit/(loss)	11,194	2,927	(8,779)	5,342
Net finance income/(cost)	362	(605)	-	(243)
Profit/(loss) before tax	11,556	2,322	(8,779)	5,099

Consolidated balance sheet
As at 31 March 2019

	Strategic sites & Catesby £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	46,553	-	-	46,553
Property, plant and equipment	3,359	485	379	4,223
Investments in joint ventures	95,859	17,765	-	113,624
Deferred tax assets	-	-	3,808	3,808
Trade and other receivables	19,953	-	-	19,953
Non-current assets	165,724	18,250	4,187	188,161
Trading properties	291,893	28,857	-	320,750
Trade and other receivables	16,996	5,879	-	22,875
Cash and cash equivalents	-	-	28,165	28,165
Current assets	308,889	34,736	28,165	371,790
Borrowings	(91,275)	-	(27,285)	(118,560)
Trade and other payables	(25,729)	(11,826)	-	(37,555)
Deferred tax liabilities	(8,071)	-	(642)	(8,713)
Total liabilities	(125,075)	(11,826)	(27,927)	(164,828)
Net assets	349,538	41,160	4,425	395,123

Consolidated statement of comprehensive income
for the year ended 30 September 2019

	Strategic sites & Catesby £'000	Commercial £'000	Unallocated £'000	Total £'000
Revenue	87,322	14,792	-	102,114
Other direct costs	(71,689)	(8,471)	-	(80,160)
Write down of trading properties	(730)	-	-	(730)
Total direct costs	(72,419)	(8,471)	-	(80,890)
Gross profit	14,903	6,321	-	21,224
Share-based payment expense	-	-	(3,955)	(3,955)
Other administrative expenses	-	-	(15,920)	(15,920)
Total administrative expenses	-	-	(19,875)	(19,875)
Surplus on revaluation of investment properties	5,791	-	-	5,791
Surplus on revaluation of receivables	850	-	-	850
Share of post-tax profit from joint ventures	8,027	12	-	8,039
Operating profit/(loss)	29,571	6,333	(19,875)	16,029
Net finance income/(cost)	1,478	(1,171)	-	307
Profit/(loss) before tax	31,049	5,162	(19,875)	16,336

Consolidated balance sheet
as at 30 September 2019

	Strategic sites & Catesby £'000	Commercial £'000	Unallocated £'000	Total £'000
Investment properties	52,937	-	-	52,937
Property, plant and equipment	3,348	299	311	3,958
Investments in joint ventures	103,563	17,699	-	121,262
Deferred tax assets	-	-	2,565	2,565
Trade and other receivables	45,898	-	-	45,898
Non-current assets	205,746	17,998	2,876	226,620
Trading properties	279,307	27,691	-	306,998
Trade and other receivables	13,782	4,681	-	18,463
Cash and cash equivalents	-	-	24,441	24,441
Current assets	293,089	32,372	24,441	349,902
Borrowings	(101,899)	(11,045)	(16,321)	(129,265)
Trade and other payables	(24,351)	(11,364)	-	(35,715)
Deferred tax liabilities	(7,806)	-	(703)	(8,509)
Total liabilities	(134,056)	(22,409)	(17,024)	(173,489)
Net assets	364,779	27,961	10,293	403,033

5. Finance income and finance costs

	Six months to 31 March 2020 £'000	Six months to 31 March 2019 £'000	Year ended 30 September 2019 £'000
Interest receivable from cash deposits	**41**	33	81
Unwinding of discounts applied to long-term receivables	**2,008**	497	1,663

Other interest receivable	301	1	33
Finance income	**2,350**	531	1,777
Interest payable on borrowings	(2,496)	(1,813)	(4,044)
Amortisation of loan arrangement costs	(338)	(258)	(503)
Finance costs pre-capitalisation	(2,834)	(2,071)	(4,547)
Finance costs capitalised to trading properties	1,907	1,297	3,077
Finance costs	**(927)**	(774)	(1,470)
Net finance income/(costs)	**1,423**	(243)	307

Finance costs are capitalised at the same rate as the Group is charged on respective borrowings.

6. Tax on profit on ordinary activities

(a) Analysis of tax charge in the period

	Six months to 31 March 2020 £'000	Six months to 31 March 2019 £'000	Year ended 30 September 2019 £'000
Current tax:			
UK corporation tax on profits for the year	902	1,070	2,482
Adjustments in respect of previous periods	-	(6)	-
Total current tax charge	902	1,064	2,482
Deferred tax:			
Origination and reversal of timing differences	227	186	1,225
Total deferred tax charge	227	186	1,225
Total tax charge	1,129	1,250	3,707

(b) Factors affecting the tax charge for the period

	Six months to 31 March 2020 £'000	Six months to 31 March 2019 £'000	Year ended 30 September 2019 £'000
Profit attributable to the Group before tax	182	5,099	16,336
Profit multiplied by the average rate of UK corporation tax of 19 per cent (31 March 2019 and 30 September 2019: 19 per cent)	35	969	3,104
Expenses not deductible for tax purposes	386	379	937
Differences arising from taxation of chargeable gains and property revaluations	868	1,037	190
Changes in tax rates	561	-	-
Tax losses and other items	(721)	(1,135)	(524)
	1,129	1,250	3,707
Adjustments to tax charge in respect of previous periods	-	-	-
Total tax charge	1,129	1,250	3,707

7. (Loss)/earnings per share

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on a loss of £947,000 (six months to 31 March 2019: profit of £3,849,000; year ended 30 September 2019: profit of £12,629,000) and on 143,782,177 (six months to 31 March 2019: 143,397,834; year ended 30 September 2019: 143,442,735) shares, being the weighted average number of shares in issue during the period less own shares held.

Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on a loss of £947,000 (six months to 31 March 2019: profit of £3,849,000; year ended 30 September 2019: profit of £12,629,000) and on 145,328,565 (six months to 31 March 2019: 145,875,912; year ended 30 September 2019: 146,176,846) shares, being the weighted average number of shares in issue, less own shares held and the dilutive impact of share options granted.

Weighted average number of shares	Six months to 31 March 2020 Number	Six months to 31 March 2019 Number	Year ended 30 September 2019 Number
In issue at start of period	145,148,088	145,044,582	145,044,582
Effect of shares issued under scrip dividend scheme	6,712	12,664	49,325
Effect of own shares purchased and transferred	(1,372,623)	(1,659,412)	(1,651,172)
Weighted average number of shares during the period - basic	143,782,177	143,397,834	143,442,735
Dilutive effect of share options	1,546,388	2,478,078	2,734,111
Weighted average number of shares during the period - diluted	145,328,565	145,875,912	146,176,846

8. Dividends

	Six months to 31 March 2020 £'000	Six months to 31 March 2019 £'000	Year ended 30 September 2019 £'000
Final dividend of 2.5p per share proposed and paid February 2020	3,480	-	-
Final dividend of 2.5p per share granted via scrip dividend	111	-	-
Interim dividend of 1.4p per share paid July 2019	-	-	1,907

Interim dividend of 1.4p per share granted via scrip dividend	-	-	102
Final dividend of 2.2p per share proposed and paid February 2019	-	2,957	2,957
Final dividend of 2.2p per share granted via scrip dividend	-	199	199
	3,591	3,156	5,165

9. Investment properties

	£'000
Valuation	
At 1 October 2018	86,918
Additions at cost	504
Transfer to trading properties	(41,915)
Surplus on revaluation	1,046
At 31 March 2019	46,553
Additions at cost	1,639
Surplus on revaluation	4,745
At 30 September 2019	52,937
Additions at cost	1,769
Disposals	(1,490)
Deficit on revaluation	(4,845)
At 31 March 2020	48,371

The Group's investment properties are all carried at fair value and classified as level 3 within the fair value hierarchy as some of the inputs used in determining the fair value are based on unobservable market data. The process of fair valuing the Group's investment properties, including the significant unobservable inputs applied in the valuations, is explained in note 1. The following summarises the valuation technique used in measuring the fair value of the Group's investment properties.

Valuation technique

Discounted cash flows: the valuation model for the Group's investment properties considers the present value of net cash flows to be generated from the properties (reflecting the current approach of constructing the infrastructure and discharging the Section 106 cost obligations), taking into account expected land value growth rates, build cost inflation, absorption rates and general economic conditions. The expected net cash flows are discounted using risk-adjusted discount rates and the resultant value is benchmarked against transaction evidence.

Transfer of properties

On 1 October 2018, based on the site intention set out in the submitted development plan and the commencement of development works, the Group agreed that the strategy for Grange Farm at Alconbury Weald previously held within investment properties was to develop it for sale. Accordingly, on 1 October 2018 this element of the property was reclassified as a trading property. No further transfers have taken place.

10. Property, plant and equipment

	Freehold property £'000	Leasehold property £'000	Furniture and equipment £'000	Right of use asset £'000	Total £'000
Cost					
At 1 October 2018	5,425	740	1,596	-	7,761
Additions	-	17	209	-	226
Disposals	-	-	(197)	-	(197)
At 31 March 2019	5,425	757	1,608	-	7,790
Additions	-	-	155	-	155
Disposals	-	-	(6)	-	(6)
At 30 September 2019	5,425	757	1,757	-	7,939
Effect of adoption of IFRS 16	-	-	-	4,327	4,327
As at 30 September 2019 as restated	5,425	757	1,757	4,327	12,266
Additions					

	-	-	162	-	162
Disposals	-	-	(19)	-	(19)
At 31 March 2020	**5,425**	**757**	**1,900**	**4,327**	**12,409**
Depreciation					
At 1 October 2018	1,772	437	1,044	-	3,253
Charge for the period	213	65	224	-	502
Release on disposals	-	-	(188)	-	(188)
At 31 March 2019	1,985	502	1,080	-	3,567
Charge for the period	212	67	137	-	416
Release on disposals	-	-	(2)	-	(2)
At 30 September 2019	2,197	569	1,215	-	3,981
Charge for the period	94	68	85	175	422
Release on disposals	-	-	(18)	-	(18)
At 31 March 2020	**2,291**	**637**	**1,282**	**175**	**4,385**
Net book value					
31 March 2020	**3,134**	**120**	**618**	**4,152**	**8,024**
31 March 2019	3,440	255	528	-	4,223
30 September 2019	3,228	188	542	-	3,958

11. Investments

Investments in joint ventures

	Total £'000
Cost or valuation	
At 1 October 2018	103,418
Effect of adoption of IFRS 15	781
As at 1 October 2018 as restated	104,199
Loans advanced	4,185
Share of post-tax profit	5,240
At 31 March 2019	113,624
Loans advanced	5,017
Share of post-tax profit	2,799
Profits distributed	(178)
At 30 September 2019	121,262
Loans advanced	599
Impairment of loans to joint ventures	(718)
Share of post-tax profit	2,488
At 31 March 2020	**123,631**

At 31 March 2020 the Group's interests in its joint arrangements were as follows:

Joint ventures

SUE Developments LP	50%	Property development
Wintringham Partners LLP	33%	Property development
Manchester New Square LP	50%	Property development
Achadonn Limited	50%	Property development
Altira Park JV LLP	50%	Property development

Joint operations	
Waterbeach	Property development

Waterbeach is a joint arrangement with a landowner that is structured through a contractual arrangement, rather than a separate entity. Decisions about relevant activities in relation to the Waterbeach development require unanimous consent by the Group and the landowner. When the development assets are sold to a third party, the Group will have a right to a proportion of the sales proceeds under a waterfall agreement which will include recovery of costs incurred and a 9 per cent share of residual proceeds. At 31 March 2020, the Group had incurred £23,522,000 (31 March 2019: £20,064,000; 30 September 2019: £21,404,000) of costs in relation to the project, which have been capitalised into investment and trading properties.

	SUE Developments LP £'000	Wintringham Partners LLP £'000	Manchester New Square LP £'000	Achadonn Limited £'000	Altira Park JV LLP £'000	Total £'000
The carrying value consists of:						
Group's share of net assets	34,874	1,710	-	-	426	37,010
Loans	53,788	16,276	15,165	1,392	-	86,621
Total investment in joint ventures	**88,662**	**17,986**	**15,165**	**1,392**	**426**	**123,631**

12. Deferred tax

The net movement on the deferred tax account is as follows:

	Six months to 31 March 2020 £'000	Six months to 31 March 2019 £'000	Year ended 30 September 2019 £'000
At start of period	**(5,944)**	(4,063)	(4,063)
Effect of adoption of IFRS 15	-	(656)	(656)
At start of period as restated	**(5,944)**	(4,719)	(4,719)
Movement in the period (see note 6)	**(227)**	(186)	(1,225)
At end of period	**(6,171)**	(4,905)	(5,944)

The deferred tax balances are made up as follows:

	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Deferred tax assets			
Tax losses	**3,137**	3,808	2,565
	3,137	3,808	2,565
Deferred tax liabilities			
Revaluation surpluses	**8,839**	8,125	8,035
Revenue recognised under IFRS 15	**469**	588	474
	9,308	8,713	8,509

At 31 March 2020, the Group had unused tax losses of £20,239,000 (31 March 2019: £22,477,000; 30 September 2019: £20,513,000), of which £16,510,000 (31 March 2019: £21,956,000; 30 September 2019: £15,089,000) has been recognised as a deferred tax asset. A further £3,410,000 (31 March 2019: £96,000; 30 September 2019: £5,104,000) has been applied to reduce the Group's deferred tax liability recognised at the balance sheet date as required by IAS 12 'Income Taxes' in respect of tax potentially payable on the realisation of investment properties at fair value at the balance sheet date. No deferred tax asset is recognised in respect of realised or unrealised capital losses if there is uncertainty over future recoverability.

Tax losses of £320,000 (31 March 2019: £424,000; 30 September 2019: £320,000) have not been recognised as it is not considered sufficiently certain that there will be appropriate taxable profits available in the foreseeable future against which these losses can be utilised.

The Group's deferred tax balances have been measured at 19 per cent (2019: 17 and 19 per cent), being the enacted rates of corporation tax in the UK at the balance sheet date against which the temporary differences giving rise to the deferred tax are expected to reverse.

13. Trading properties

	Six months to 31 March 2020 £'000	Six months to 31 March 2019 £'000	Year ended 30 September 2019 £'000
At start of period	**306,998**	273,770	273,770
Additions at cost	**18,616**	20,166	46,583
Costs written down	**(1,285)**	-	(730)
Disposals	**(14,987)**	(15,101)	(54,540)
Transfer from investment properties	-	41,915	41,915
At end of period	**309,342**	320,750	306,998

Capitalised interest of £7,715,000 is included within the carrying value of trading properties as at 31 March 2020 (31 March 2019: £4,706,000; 30 September 2019: £5,933,000).

14. Trade and other receivables

Non-current	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Trade receivables	36,478	17,802	44,365
Other receivables	610	2,151	1,533
	37,088	19,953	45,898

Current	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Trade receivables	22,494	15,382	11,588
Less: provision for impairment of trade receivables	(91)	(80)	(83)
Trade receivables (net)	22,403	15,302	11,505
Other receivables	1,639	3,526	1,563
Contract assets - amounts recoverable under contracts	119	1,346	3,203
Prepayments and accrued income	7,160	2,701	2,192
	31,321	22,875	18,463

Trade receivables include minimum and overage amounts due from housebuilders on strategic land parcel sales which are payable on the completion of the onward sale of completed units by the respective housebuilders, subject to certain minimum amounts that are payable annually over a three to five-year period post sale.

Other receivables include an amount of £1,240,000 (31 March 2019: £3,609,000; 30 September 2019: £2,163,000) relating to overage entitlements that were acquired with the Priors Hall asset in a prior period and attributed a purchase price allocation of £9,366,000. The asset is measured at fair value through profit and loss using a discounted cash flow model and is categorised as level 3 in the fair value hierarchy.

The key assumptions applied in the valuation are current expectations over future house price values, the timing of housebuilder delivery and a discount rate of 8.0 per cent (31 March 2019: 8.8 per cent; 30 September 2019: 8.0 per cent). The fair value movement in the period is £98,000 (31 March 2019: £528,000; 30 September 2019: £850,000) which has been credited to the income statement for the period.

Amounts totalling £9,377,000 have been collected by 31 March 2020 (31 March 2019: £7,375,000; 30 September 2019: £8,357,000).

15. Trade and other payables

	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Trade payables	9,523	7,771	10,751
Taxes and social security costs	1,179	1,467	4,896
Other payables	12,026	8,379	7,104
Accruals	6,586	18,118	11,350
Deferred income	1,536	1,820	1,614
	30,850	37,555	35,715

Other payables include a £1,000,000 grant that is conditional on certain milestones of construction being achieved before 2020. The grant is only repayable if these are not reached.

16. Borrowings

	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Bank loans and overdrafts	31,474	27,285	27,366
Other loans	103,311	91,275	101,899
	134,785	118,560	129,265

Maturity profile	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Less than one year	6,134	1,000	1,000
Between one and five years	39,546	37,228	45,218
More than five years	89,105	80,332	83,047
	134,785	118,560	129,265

Other loans comprise borrowings from Homes England and Huntington District Council. Interest on borrowings from Homes England is charged between 2.2 and 4.0 per cent above the EC Reference Rate and the facilities are secured against specific land holdings.

There are two bank loans (the Revolving Credit Facility and Deansgate Investment Facility), which are secured against specific property holdings.

17. Share capital

Urban&Civic plc	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Issued and fully paid			
Shares of 20p each	**29,036**	29,023	29,030

Movements in share capital in issue

	Issued and fully paid	
Ordinary shares	£'000	Number
At 1 October 2018	29,009	145,044,582
Shares issued under scrip dividend scheme	14	72,024
At 31 March 2019	29,023	145,116,606
Shares issued under scrip dividend scheme	7	31,482
At 30 September 2019	29,030	145,148,088
Shares issued under scrip dividend scheme	6	31,494
At 31 March 2020	**29,036**	**145,179,582**

Transactions in own shares

At the end of the period the Employee Benefit Trust held 1,182,033 20p shares in Urban&Civic plc (31 March 2019: 1,589,015; 30 September 2019: 1,491,248). The market value of those shares at 31 March 2020 was £2,458,629 (31 March 2019: £4,449,000; 30 September 2019: £4,832,000). The movement is as follows:

Employee Benefit Trust	Number of shares	Cost £'000
At 1 October 2018	1,769,935	4,748
Share purchase	103,215	275
Transferred to employees under deferred bonus scheme arrangements and on share option exercise	(284,135)	(762)
At 31 March 2019	1,589,015	4,261
Share purchase	148,889	480
Transferred to employees on share option exercise	(246,656)	(655)
At 30 September 2019	1,491,248	4,086
Share purchase	500,844	1,724
Transferred to employees under deferred bonus scheme arrangements and on share option exercise	(810,059)	(2,220)
At 31 March 2020	**1,182,033**	**3,590**

Share options

During the six month period to 31 March 2020 the Company granted 1,723,250 share options (including 109,499 in place of a dividend) to employees (six months to 31 March 2019: 1,981,452; year ended 30 September 2019: 1,981,452), 732,756 share options were exercised (six months to 31 March 2019: 163,084; year ended 30 September 2019: 466,510) and 242,365 options lapsed (six months to 31 March 2019: 450,284; year ended 30 September 2019: 528,644). The number of share options outstanding at 31 March 2020 was 6,430,119 (31 March 2019: 6,544,122; 30 September 2019:, 6,162,336).

18. Net asset value and EPRA net asset value per share

Net asset value and EPRA net asset value per share are calculated as the net assets or EPRA net assets of the Group attributable to shareholders at each balance sheet date, divided by the number of shares in issue and to be issued at that date, adjusted for own shares held and the dilutive effect of outstanding share options.

EPRA NAV metrics are one of the Group's principal performance measures, particularly when assessing value growth. EPRA balance sheet measures record the net asset value attributable to equity shareholders, adjusted for the revaluation of trading properties without tax (EPRA net asset value) or with tax (EPRA triple net asset value).

	At 31 March 2020 Unaudited	At 31 March 2019 Unaudited	At 30 September 2019 Audited
Number of shares in issue	**145,179,582**	145,116,606	145,148,088
Own shares held	**(1,182,033)**	(1,589,015)	(1,491,248)
Dilutive effect of share options	**1,546,388**	2,478,078	2,734,111
	145,543,937	146,005,669	146,390,951
NAV per share	**273.9p**	270.6p	275.3p
Net asset value (£'000)	**398,644**	395,123	403,033
Revaluation of trading property held as current assets (£'000)			
- Alconbury Weald	**33,246**	42,107	42,302
- Rugby	**3,221**	8,240	8,763
- Priors Hall	**10,202**	12,466	13,952
- Waterbeach	**17,868**	-	19,492
- Newark	**(3,750)**	(1,560)	154
- Wintringham St Neots	**10,551**	10,052	12,297
- Manchester sites	**(125)**	5,224	5,600
- Land promotion sites	**8,775**	15,461	12,963
- Other	**(190)**	1,425	424
	79,798	93,415	115,947
Deferred tax liability (£'000)	**9,308**	8,713	8,509
EPRA NAV (£'000)	**487,750**	497,251	527,489
EPRA NAV per share	**335.1p**	340.6p	360.3p
Deferred tax (£'000)	**(24,470)**	(26,461)	(30,539)

EPRA NNNAV (£'000)	**463,280**	470,790	496,950
EPRA NNNAV per share	**318.3p**	322.4p	339.5p

Of the £79,798,000 EPRA valuation uplift, £71,023,000 has been valued by CBRE and £8,775,000 has been valued by Directors based on the stage in the planning process at which each individual site is and the expected profit that the site will realise.

The process of fair valuing the Group's trading properties for the purpose of EPRA valuations is explained in note 1.

19. Contingent liabilities, capital commitments and guarantees

Capital commitments relating to the Group's development sites are as follows:

	At 31 March 2020 £'000	At 31 March 2019 £'000	At 30 September 2019 £'000
Contracted but not provided for	**39,155**	51,359	50,059

Total commitments include the construction of a secondary school at Houlton, Rugby through a joint venture and earthworks at Priors Hall. Of the total, £34,984,000 is due to be paid for by existing funding arrangements.

20. Related party transactions

There have been no material changes to the nature of the related party transactions described in the 2019 Annual Report and Accounts.

Details of transactions with and amounts owed from joint ventures are given in note 11.

21. Post balance sheet events

Post balance sheet events are disclosed within operational highlights at the beginning of this announcement.

Independent review report to Urban&Civic plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2020 which comprises the Consolidated Group Statement of Comprehensive Income, the Consolidated Group Statement of Financial Position, the Consolidated Group Cash Flow Statement, the Consolidated Group Statement of Changes in Equity and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Emphasis of Matter: Property valuations

We draw attention to note 1, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Company's property valuer has advised that less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. Our opinion is not modified in respect of this matter.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London
10 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Glossary of terms

Company	Urban&Civic plc
Earnings per share (EPS)	Profit after tax divided by the weighted average number of shares in issue during the period
EBT	Urban&Civic Employment Benefit Trust
EC Reference Rate	European Commission Reference Rate
EPRA	European Public Real Estate Association
EPRA net asset value (EPRA NAV)	Net assets attributable to equity shareholders of the Company, adjusted for the revaluation surpluses on trading properties and eliminating any deferred taxation liability for revaluation surpluses
EPRA net gearing	Total debt less cash and cash equivalents divided by EPRA net assets
EPRA triple net asset value (EPRA NNNAV)	EPRA net asset value adjusted to include deferred tax on property valuations and capital allowances
Fair value	The price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurable date (i.e. an exit price)
Gearing	Group bank borrowings as a proportion of net asset value
Group	Urban&Civic plc and subsidiaries, joint ventures and associates
HBF	Home Builders Federation
Homes England	Homes England, formerly Homes and Communities Agency
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Key performance indicators (KPIs)	Significant areas of Group operations that have been identified by the Board capable of measurement and are used to evaluate Group performance
Large site discount	Represents the difference between the unserviced land values ascribed by CBRE strategic site valuations (which take into account site scale and build-out duration among other matters) and the current retail prices being achieved on smaller parcel sales.
Licences	Agreements entered into with housebuilders, which typically comprise a fixed element (the Minimums) due to the Group upon reaching unconditional exchange and a variable element (the Overage) which is dependent on the final selling price of the house.
Look-through gearing	Gearing including the Group's balance sheet attributable to the owners of the Company
Minimums	Contractual right to receive a minimum plot value in respect of a minimum number of plots each year, These minimums are payable on a look back basis if minimum sales are not achieved.
Net asset value (NAV)	Value of the Group's balance sheet attributable to the owners of the Company
Net gearing	Total debt less cash and cash equivalents divided by net assets
Overage	Variable consideration which applies an agreed percentage to the house sales price and then nets off any Minimum already paid. No overage is payable where Minimums are not achieved.
Private rented sector (PRS)	A sector of the real estate market where residential accommodation is privately owned and rented out as housing, usually by an individual landlord, but potentially by housing organisations
Resolution to Grant (planning consent)	Where a Local Authority planning committee resolves to grant planning permission subject to the completion of a planning agreement (such as a Section 106 agreement)
Return on Capital Employed (ROCE)	A financial ratio that measures how well a company is generating profits from its capital
Section 106 agreement	Planning obligations under Section 106 of the Town and Country Planning Act. These obligations focus on mitigating site specific impacts of development and include, by way of example, developer contributions to schools and/or highways.
Total NAV return	The growth in EPRA NAV per share plus dividends paid, expressed as a percentage of EPRA NAV per share at the beginning of the period.
Total return	Movement in the value of net assets, adjusted for dividends paid, as a proportion of opening net asset value
Total shareholder return (TSR)	Growth in the value of a shareholding, assuming reinvestment of any dividends into shares, over a period
Urban&Civic plc	Parent company of the Group

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